InPost
out of the box

InPost S.A.

Annual Report 2021

Contents

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Chairman's statement

GRI [102-10]: 2021 was a year of significant milestones in the history of InPost. In January, the company was floated on the Euronext stock exchange in Amsterdam in what was Europe's largest IPO of the year and one of the biggest in the world in 2021."

Mark Robertshaw
Chairperson of the Supervisory Board

GRI [102-10]: At the end of June, we then completed the acquisition of Mondial Relay for €513m as a key element in our strategy to grow InPost from being the leading e-commerce logistics provider in Poland to an increasingly pan-European business.

I am pleased to report that InPost delivered very strong year-on-year progress in 2021 in our home market of Poland, both in terms of revenue and profitability, at a level of growth which was very significantly ahead of the underlying e-commerce market. We also saw strong year-on-year growth in our international revenues as we increasingly get traction with rolling out InPost's differentiated, out-of-home e-commerce logistics proposition in new geographies.

While the share price performance in our first year on the Amsterdam market fell short of our hopes, we are confident in our ability to deliver long-term shareholder value. We will do so by continuing to execute on our strategy with a focus on innovation, leveraging technology, and building strategic partnerships. At the heart of this is our unwavering focus on customer centricity creating a unique consumer experience of quality, service and convenience.

Equally important to our strategy is our commitment to sustainability with our aim for InPost to be an industry-leader in environmental initiatives. Delivery to our Automated Parcel machines – where multiple parcels are delivered at the same time - results in significantly lower levels of carbon dioxide emissions than from traditional to-door deliveries. As we continue to put environmental sustainability at the heart of our business our comprehensive ESG strategy is based on three pillars: Clients, Planet & People. Central to this is our commitment to adopting Science Based Targets ('SBTs') an international initiative which helps us set clear goals for decarbonising the InPost Group in the years ahead. We are also a member of the UN Global Compact and have aligned our ESG strategy to the United Nations SDGs.

We are acutely conscious that the world in 2021 continued to face the multiple challenges from the COVID-19 pandemic. For InPost, as with most businesses, this has created a very fluid and volatile environment as periods of lockdown and re-opening create very different market and operating dynamics. The secondary effects of COVID-19 through global supply-chain disruptions create additional challenges against which to forecast anticipated demand levels. Our focus remains on being nimble, entrepreneurial and relentlessly customer-centric to continue to out-grow significantly the underlying e-commerce markets in which we operate, by delivering exceptional levels of service, quality, reliability and value.

Although the pandemic is not over yet and we still see its consequences, it is heartbreaking that we are facing another world scale threat - war on Poland's border. While we have no revenue or operational exposure to any of the countries involved in the conflict, a large number of our employees are Ukrainian citizens. In this difficult time for our colleagues and our continent, we stand in solidarity with war-affected Ukraine and have committed meaningful resources towards the humanitarian crisis they are suffering. Using our logistics facilities and transport fleet, we help to deliver to civils large quantities of products collected in campaigns and collections organised throughout Poland.

Especially because of that, on behalf of the Board, I would like to thank all our employees for their dedication and commitment throughout these challenging times. They have shown great ingenuity and resilience whilst keeping an overriding customer focus throughout as well as a heart-warming commitment to helping those in need. We truly appreciate all their efforts.

As our first year of business as a public company draws to an close it has been a pleasure to welcome in 2021 three new Supervisory Board members who joined the company at the IPO: Marieke Bax, Cristina Berta Jones and Ranjan Sen. InPost is delighted to have them on board for the breadth of experience and expertise that they bring to the business.

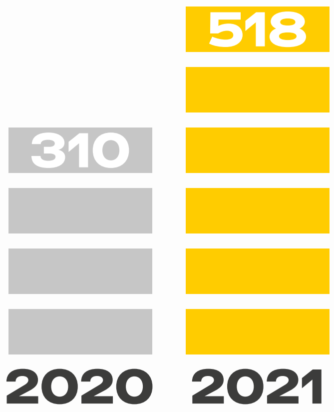
Mark Robertshaw
Chairperson of the Supervisory Board

Letter from the CEO

2021 was a year of significant milestones and progress in Inpost's mission to transform e-commerce last-mile logistics for European consumers and merchants. Leveraging our ongoing success in Poland, we began 2022 extremely well positioned to similarly transform and optimise last-mile e-commerce in many large European markets."

Rafał Brzoska
Chief Executive Officer

Total parcels delivered (millions)



GRI [102-14]: **First, we completed our listing on Euronext Amsterdam, Europe's largest-ever technology IPO and a milestone in our company's history. We are not only the leading automated e-commerce last-mile business in Europe, but we are also the only listed representative of our sector.**

We look forward to introducing key European markets to our highly sustainable differentiated last-mile solution."

Rafał Brzoska
Chief Executive Officer

While the outbreak of war in Ukraine, energy price spikes and the overall surge in inflation bring many hardships and challenges in 2022, we believe the structural story associated with our automated locker proposition only becomes more prominent. Although like most firms we face cost pressures, the gap between more expensive to-door delivery and our automated locker proposition will only rise in this inflationary environment. And while it is clear the inherently more sustainable vehicle & C02 footprint of lockers has been rising in importance for both merchants and consumers, the sanctions associated with the war have made the objective of reducing energy consumption even more socially urgent. In e-commerce delivery, automated lockers are both the most energy efficient and cost-effective last-mile solution.

Looking back at 2021 we made considerable progress towards our mission to improve the consumer experience, the sustainability, and efficiency of last-mile e-commerce, and we have delivered all we had communicated at the moment of IPO. In July, we completed the acquisition of French e-commerce giant Mondial Relay, a very strong strategic fit for our business which significantly accelerates our strategy of bringing automated lockers to consumers to Europe. Mondial operates in France, Spain, the Netherlands, Belgium, and Luxembourg. These are all markets with significant share of parcels handled via

Letter from the CEO
continued

convenience stores where consumers pick up and drop off ('PUDO') packages. Mondial's scale in out-of-home markets allows us tap into a sizeable existing merchant base that is already very familiar with the consumer benefits and attractions out of home collection vs to-door delivery. Mondial's pre-existing large scale out of home markets allow us to tap a sizeable merchant base that already engages with Mondial, and crucially the consumer base that is already acknowledging their preference for out-of-home collection vs to-door. We expect Mondial's large merchant base will embrace the improvements in speed reliability and consistency that we look to bring to consumers with the existing PUDO network, that will only be enhanced with the introduction of automated lockers.

Our initial roll out of 300 APMs in France has so far confirmed our thesis that this transition to automation in Mondial's markets offers significant potential for us to capture both increased share on rising consumer satisfaction, and improved economics vs PUDO. The initial ramp-up curve in utilisation and adoption is more promising than we have seen in Poland. We look forward to introducing key European markets to our highly sustainable differentiated last-mile solution.

While the acquisition and integration of Mondial Relay brought greater scale and complexity to our business, we feel we are making good progress advancing the challenging integration of structure, systems, and IT support.

Already having the most environmentally and socially sustainable business model of any scalable last-mile solution, we made considerable progress in 2021 towards implementing an ambitious and comprehensive ESG strategy. We have developed detailed plans to ensure sustainability is embedded in the fabric of our organisation and guides every decision we make. It is a critical component of responsible growth and a reflection of the material concerns of our stakeholders. Our ambition is nothing less than being recognised as one of the world's most important enablers of e-commerce sustainability with a best practice approach to ESG that is at the heart of our highly sustainable product offering.

Making a difference

We believe we can make a significant contribution to the communities in which we live and work, as well as to our people, our customers, and our planet.

Our Automated Parcel Machines offer the most environmentally friendly package delivery method. Our logistics process means that deliveries to APMs allow a reduction of last-mile CO_2 emissions by as much as 75% in comparison to traditional to-door deliveries. This not only helps our merchants on their path towards achieving their net zero goals, the reduced number of delivery vans required vs to-door also improves quality of life, health and safety in our cities. Imagine that every single APM deployed so far, reduces as much CO_2 every day, as nine big trees during the whole year!

> **Furthermore, a recent study highlighted that we have the most preferred last-mile delivery service for 91% of consumers in Poland[1]."**

We intend to lead sustainable change in logistics. As a market leader we act responsively and have in mind that we set targets not only for ourselves but also for competitors and our partners. We want to continue to amaze people, using the potential of technology for the good of the planet.

Strong competitive position

With the transformative power of APMs increasingly clear to many, we are naturally facing competition both from some of legacy to-door focused players and also from new entrants in Poland and across our wider international network. While it is clear that given sustainability and cost advantages of the model automated last-mile delivery will likely attract some degree of increased competition, creating a successful model which combines the right network density, logistics excellence and digitisation of consumer experience that are all an integral part of our product offering is very complex. We will remain focused on delivering the best possible consumer experience and value to our customers. As the nearest InPost locker becomes increasingly a part of consumers' lives, this facilitates the growth of our e-commerce merchant partners driving our network effect. We are confident that merchants and their consumers will continue to recognise the value of our scaled APM business model in helping them achieve their objectives.

[1] Gemius, 2021

Letter from the CEO
continued

Part of that strategy is to secure and expand attractive locations, as density and proximity are crucial components of our value proposition. In Poland we now have 56% of the population within a 7 minute walk of one of our lockers, up from 50% at the end of 2020. By contrast our nearest competitor in Poland reaches only 11% of the population on this metric.

In Poland, we deployed a record 5,669 APMs in 2021, 60% more new deployments than our competitors combined. As our lockers are larger, this meant we accounted for 90% of all new lockers in the market in 2021. We now have a total of 2.4 million lockers, representing 95% of all parcel lockers across the market in Poland. In the meantime, we were launching key partnerships with Amazon Poland, Shopee and OLX (biggest e-commerce consumer-to-consumer platform), as well as we started signing pan-European framework agreements with multinational merchants like Vinted – multiplying the volumes we generate from the Polish market. Together with our award-winning InPost Mobile app, we offer a unique experience for almost eight million of our active consumers in Poland, continually launching new services that make life simpler. These service innovations include remote locker opening, redirection of a courier parcel to a locker, label less packages, and our new grocery service, InPost Fresh.

The InPost Flywheel

In Poland, we continued to accelerate our APM growth through our "flywheel", where offering greater convenience, leads to improved customer experience fuelling wider merchant adoption and generating greater efficiencies, both within country and across borders. This strategy has further extended our leadership position and significantly enhanced our long-term growth potential. We are confident that we will continue our successful expansion by leveraging our experience and detailed use of data to build the right APM partnerships in the right locations.

High consumer satisfaction

Customers sit at the heart of our strategy, and we continue to invest in enhancing our best-in-class consumer experience. I am pleased to note that our APM service's net promoter score (NPS) improved again, reaching a new record level of 75 in Poland. Furthermore, a recent study highlighted that we have the most preferred last-mile delivery service for 91% of consumers in Poland. Internationally our lockers are already achieving very strong NPS from both merchants and consumers.

UK return opportunity

Unlike the pre-existing scale we have in Poland and with Mondial markets, in the UK we are taking a very disciplined approach to introducing merchants and

As well as launching our new ESG strategy, InPost delivered a range of environmental initiatives in the e-commerce sector in 2021.

In addition to continuing to enhance the sustainability of parcel delivery logistics, we installed electric vehicle charging points and air quality sensors around our APMs and launched a project piloting solar-powered APMs to provide electricity from more sustainable energy sources.

Our Green City Partnership initiative now covers 26 cities in Poland. For example, in Wroclaw, we have created an environmental hub by combining our electric vehicle fleet, air pollution sensors, and electric charging points.

Letter from the CEO continued

consumers to the benefits of automated lockers. We have concentrated our efforts around Greater London, Manchester, and Birmingham with a focus on facilitating returns which have traditionally been an economically costly part of merchant business, and a frustrating experience for consumers. In March, we launched an instant returns service, providing consumers and merchants with new levels of convenience and customer satisfaction. This label-less service allows consumers to return items in seconds – 24 hours a day, 7 days a week and is now live with more than 100 fashion focused retailers including Asos, Boohoo and JD Sports.

We have now installed over 3,000 APMs in the UK and announced key landlord partnerships with organisations such as Transport for London for installations at Underground stations and national retail chains, including Tesco, Lidl, Morrisons, and WHSmith. These alliances support our network expansion plans in 2022 and beyond. As we further increase our locker density and customer appreciation of the control and convenience lockers provide, we anticipate expanding our services with our existing and new merchants which will generate strong growth for the business over the coming years. To date we have served more than seven million consumers in a youthful fashion and sustainability focused demographic. Their adoption of lockers led by "First mile" returns and our consumer to consumer focus, as well as merchant satisfaction with our service, has positive long term implications when we add a last-mile locker pick up proposition.

A digital ecosystem

InPost has benefited from strong underlying secular tailwinds, many of which were amplified over the past year. While there will be cyclical fluctuations driven in part by the current rise in inflation, I believe that the shift towards the digital economy, accelerated by the impact of Covid-19, is irreversible. This shift has created new growth opportunities and highlighted the existing challenges of last-mile delivery ecosystems across the globe, particularly for the traditional to-door courier model.

Looking ahead

Our focus remains on sustainable growth, building on our existing relationships and nurturing new opportunities. In 2022, we will:

- Continue to strengthen the flywheel effect both in Poland and across our geographies by increasing consumer satisfaction, improving the density of our APM network, and maintaining our market position;
- Accelerate the transformation of Mondial Relay to capture the out-of-home automation opportunity in the large French market;
- Leverage our cross border opportunities with merchants to grow our coverage in Italy;
- Embed our ESG strategy across the company;
- Accelerate the education of merchants, consumers and all our stakeholders to the comparative advantage of our APM proposition, particularly given heightened merchant sensitivity to both fuel costs and CO_2 emissions.

Finally, I would like to take this opportunity to thank our employees for the dedication and determination they have shown throughout this past year, and during this current geopolitical and socially challenging time for many. I am also grateful for the support and loyalty of our customers, partners, and investors during this exciting and challenging year.

Rafał Brzoska
Chief Executive Officer

> **We believe we can make a significant contribution to the communities in which we live and work, as well as to our people, our customers, and our planet."**

Rafał Brzoska
Chief Executive Officer

About us

We are driven by a passion for innovation, responsibility, proactivity, and respect in all our actions.

Who we are:

GRI [102-1, 102-16]: We are InPost S.A., Europe's leading out-of-home delivery partner. We enjoy a growing international footprint, providing automated parcel machine (APM) delivery services, direct-to-door delivery services, pick-up drop-off (PUDO), and fulfilment services to e-commerce merchants.

Our purpose:

We amaze people, using the potential of technology for the good of the planet. We create sustainable services and products that make sending and receiving packages easier and more secure for millions of customers every day. We are committed to harnessing the potential of emerging technology to tackle climate change and reduce our environmental footprint.

Our values:

We are driven by a passion for innovation, responsibility, proactivity, and respect in all our actions.

Our vision:

We are committed to redefining the e-commerce market. By leveraging our unique experience and success in Poland, we are scaling our unique service to new and important markets. We want to give more customers in more places a simpler, greener, and more secure last-mile delivery service, no matter where they live.

Our mission:

We enable innovative and sustainable e-commerce solutions to customers through strategic partnerships with businesses and retailers. By thinking 'out of the box', we ignite the passion and professionalism that fuel our growth.

2021 Highlights

Going public

GRI [102-7]: In January, we reached another important milestone for the company; InPost listed its ordinary shares on Euronext Amsterdam to trade under the symbol 'INPST' in Europe's largest ever technology IPO.

PLN 4,602m

Revenue in 2021 (+82% on 2020)

PLN 1,436.1m

Operating EBITDA (+46% on 2020)

~12,700

Number of permanent and temporary employees including contractors

517.6m

Number of parcel deliveries (+67% on 2020)

2021 Highlights
continued

Enhancing ESG
As a growing international company, we will use our technology, products, and services to help tackle climate change and create a better future for all. Working in collaboration with all our stakeholders, our new ESG strategy sets out our ambitions.

Fast-tracking growth
As announced on July 1, we acquired French-based Mondial Relay for EUR 513 million. The deal for the international delivery company is part of our global growth strategy to become Europe's leading out-of-home automated solution for e-commerce.

38,000
Integrated merchants in Poland
(+27% on 2020)

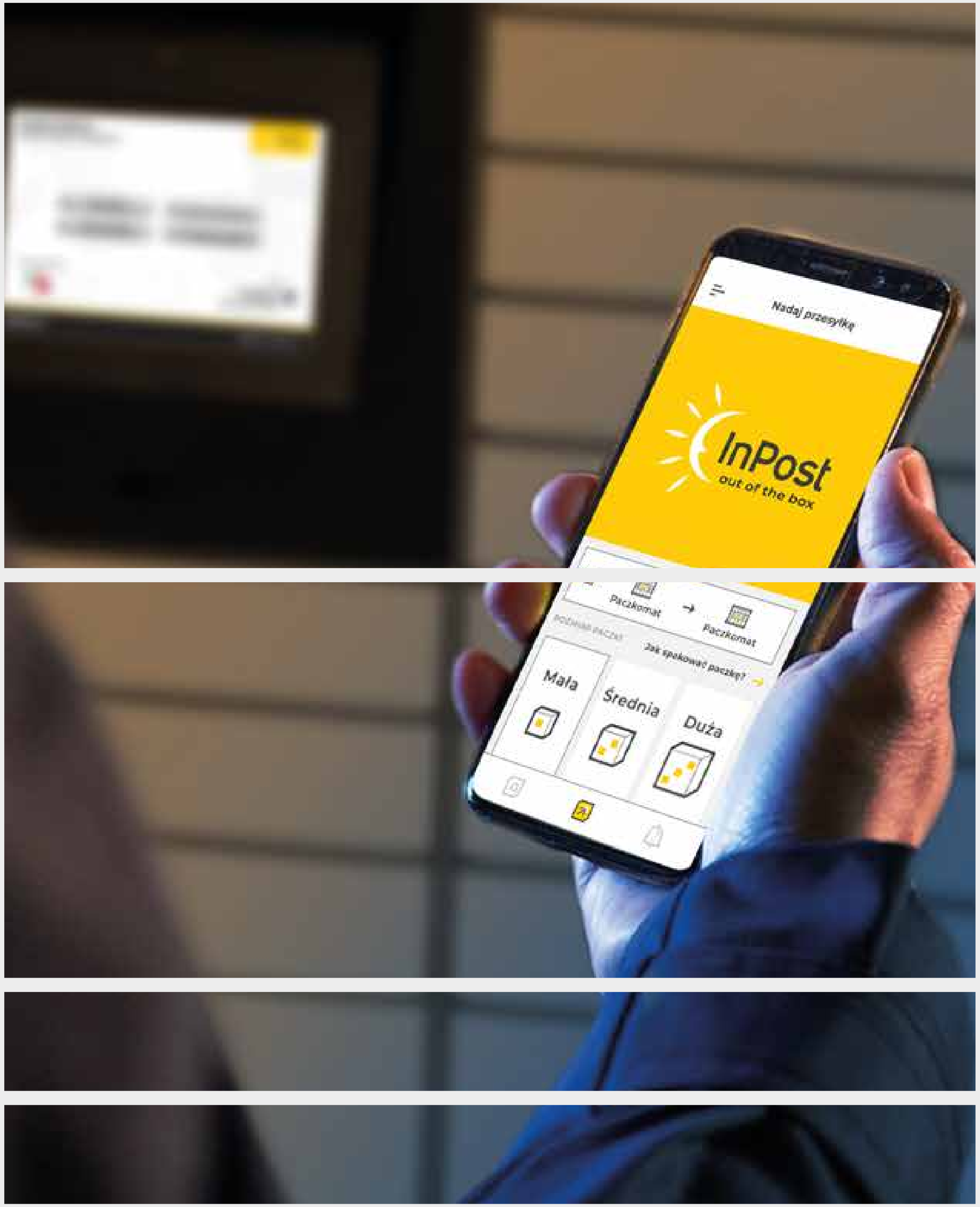
2,638,000
lockers
(+70% on 2020)

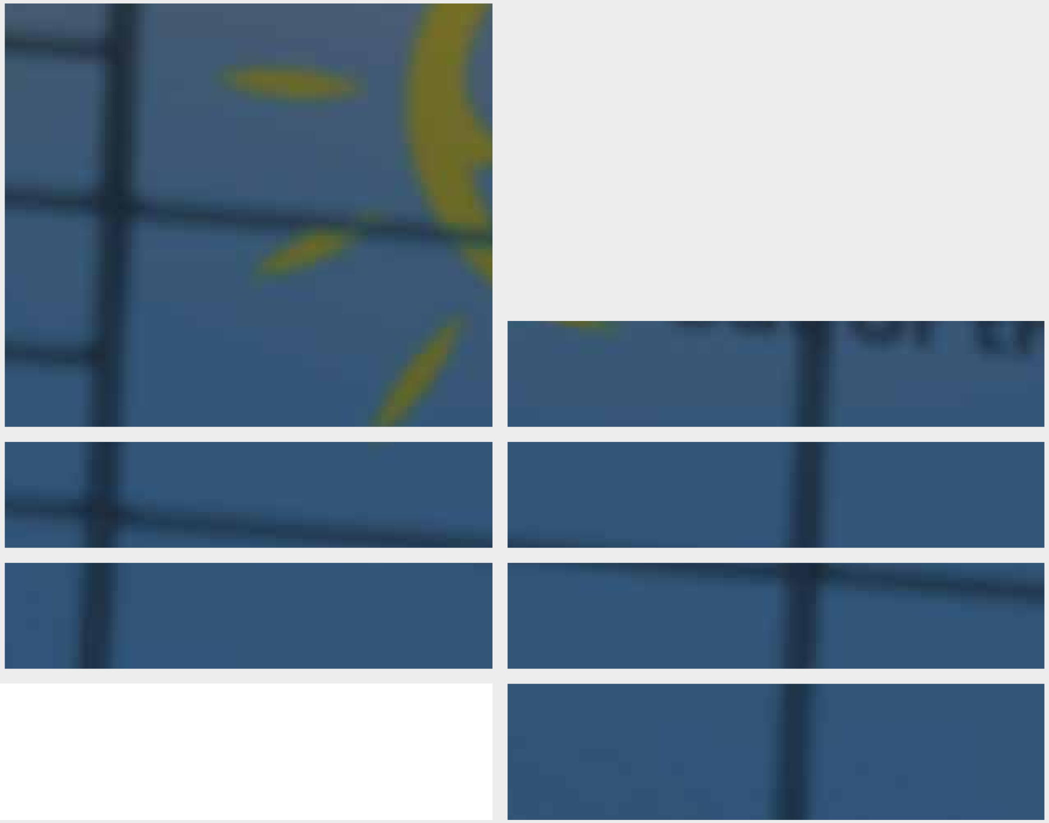
17,000
PUDOs in Mondial Relay network

~8,000,000
Active mobile users in Poland
(+39% on 2020)

20,367
Automated Parcel Machines
(+66% on 2020)

InPost
out of the box





OUT OF THE BOX OUR STORY

From a small start-up in Poland in 1999, InPost has become Europe's leading out-of-home delivery partner, making deliveries secure and convenient for millions of customers every day.

Innovative use of digital technology and data analysis makes our business agile and highly responsive."

Adam Aleksandrowicz
Chief Financial Officer

But we have much more to do. Our ambition is to leverage our success in Poland to scale our operations across eight European markets, including France, the UK, Italy, and Spain.

We provide a new vision for the "last-mile" experience, partnering with business and retailers to deliver innovative and sustainable solutions to help meet the goal of net zero carbon emissions.

InPost is accelerating e-commerce penetration by providing deliveries and returns that are quick, easy, and reliable. Our landmark acquisition of Mondial Relay is fuelling the expansion of our already extensive APM network, ensuring parcels are always safe and ready for convenient collection.

As a sought-after partner for retailers, InPost adds value to businesses and helps to reduce their costs. We drive consumer adoption and retention by redefining the delivery experience to ensure that the last-mile of each customer's purchase journey is positive and efficient, reducing the CO_2 in a retailer's supply chain along the way. We support retailers to facilitate cross-border sales through our international network, helping to grow and reach new customers.

InPost's use of digital technology and data analysis makes the business agile and highly responsive to changing customer needs and market conditions. Our award-winning InPost mobile app allows consumers to redirect parcels, track friends and family shipments, and send parcels without labels.

InPost's story began more than 20 years ago and since then the world has changed significantly. We're proud to have been at the forefront of change, and InPost's ambition is to continue leading the way; helping to shape the low-carbon cities of tomorrow and delivering better out-of-home delivery for businesses and people everywhere.

Secure + accessible

For customers our service is better because parcels are always in a safe place and easy to access whenever they want. Thanks to our extensive and secure network of APM's, customers can simply pick the location that's right for them, and InPost takes care of everything else.

Sustainable + convenient

We recognise the importance of our environment which is why sustainability is embedded in our business model. As a result, our delivery service emits significantly less CO_2. That's great for our customers who want to decarbonise the supply chain, great for local governments who want to improve air quality, and great for customers everywhere who get a more convenient service, 24/7.

Efficient + controllable

For the last-mile of every single parcel journey, our service is better because we're able to deliver six to ten times more than conventional couriers can carry. In Poland; we established an incredible 98% record of next-day delivery while customers enjoy complete control over their parcels by using the InPost Mobile app.

Innovative + simple

For the future of logistics, our service is better because digital transformation enables us to redefine the delivery experience, with a simple, award-winning app and a simple, easy-to-use service. Customers welcome these innovations, and they love using InPost services.

First + agile

For our own future as a business, our service is better because it can consistently deliver sustainable growth, scale, and profitability. It's a proven model that uses advanced data analysis to make InPost highly agile and able to respond to changing customer needs and market conditions.

up to 75%

Reduction in carbon emissions in Poland for APM vs. to-door delivery

Out of the box delivering better

Secure + accessible

Sustainable + convenient

Efficient + controllable

Innovative + simple

First + agile

Out of the box delivering better

Secure + accessible

For customers, our service is **better** because your parcels are always in a safe place that's easy for you to access. Thanks to our extensive pan-European network of parcel lockers and pick-up points, all you have to do is pick the location that's right for you, and we take care of everything else.

FIND OUT MORE ON P13

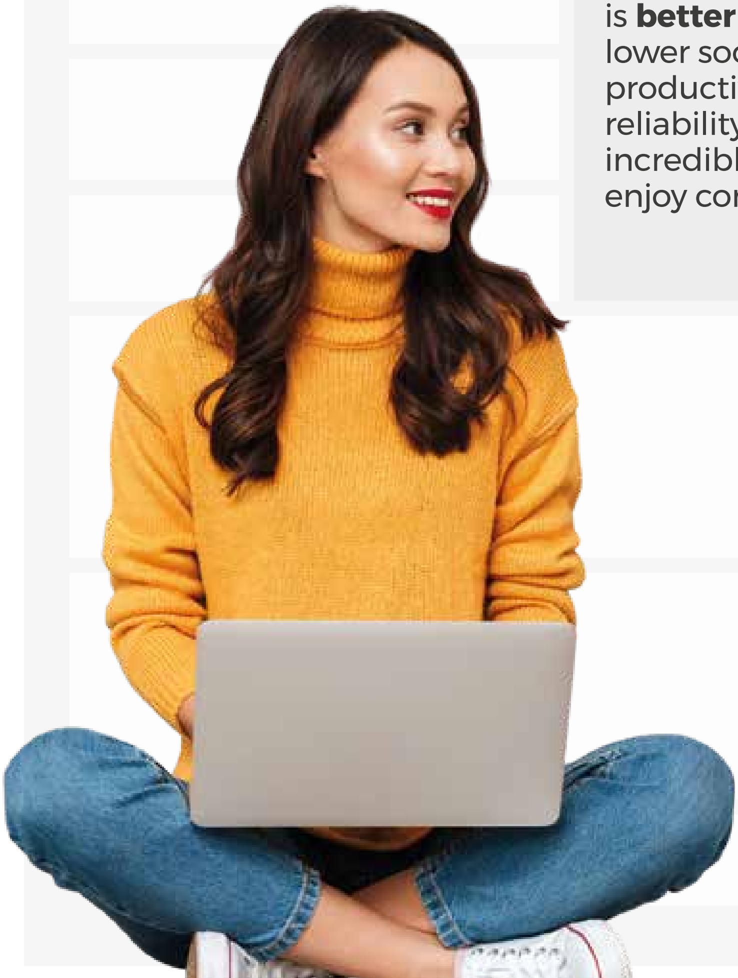
Out of the box delivering better

Sustainable + convenient

We are all concerned about the environment. Our service is **better** because we emit significantly less CO^2 in making our deliveries. That's great for our customers who want to decarbonise their supply chain, great for local governments that want to improve air quality, and great for customers everywhere who get a more convenient service, 24/7.

FIND OUT MORE ON P49

Out of the box delivering better



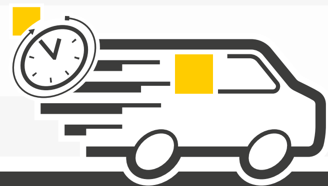
Efficient + controllable

For the last-mile of every single parcel journey, our service is **better** because we're able to deliver your parcel at much lower social and environmental cost. Underlying higher productivity of our delivery model translates to speed and reliability of delivery. Proven in Poland; we established an incredible 98% record of next-day delivery while customers enjoy complete control over their parcels.

FIND OUT MORE ON P12

98%

record for next-day delivery



Out of the box delivering better

Innovative + simple

For the future of logistics, our service is **better** because digital transformation enables us to redefine the delivery experience, with a simple, easy-to-use app and a simple, easy-to-use service. Customers welcome these innovations and they love using InPost services.

FIND OUT MORE ON P33

Ranked **5.0** App Store

Ranked **4.9** Google Play

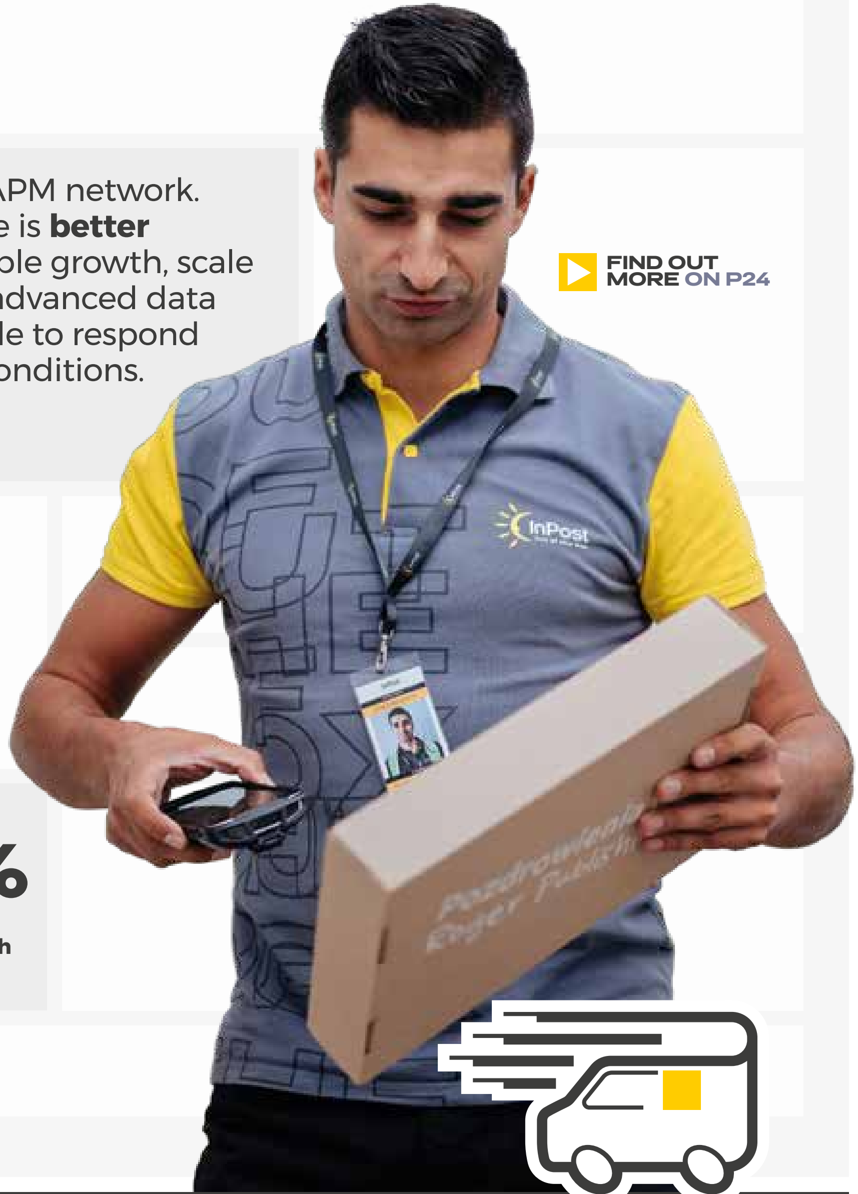
Out of the box delivering better

First + agile

One of the **first** on the market to build an APM network. For our own future as a business, our service is **better** because it can consistently deliver sustainable growth, scale and stability. It's a proven model that uses advanced data analysis to make InPost highly agile and able to respond to changing customer needs and market conditions.

FIND OUT MORE ON P24

82%
Year on year revenue growth



At a glance

GRI [102-7]

16,445
APMs in Poland

517m
Parcels delivered annually (424m in Poland and 93m international)

3,609
APMs in the UK and Italy

~12,700
Number of permanent and temporary employees including contractors

19.6m
Consumers using the InPost service in Poland

38,000
Integrated merchants served in Poland

What we do

GRI [102-4, 102-2]: We are the leading out-of-home e-commerce enablement platform in Europe. Founded by Rafal Brzoska, our CEO, in Poland in 1999, InPost provides delivery services through a network of more than 20,000 APMs and to-door courier and fulfilment services to e-commerce merchants. Following our acquisition of Mondial Relay, we also facilitate 17,000 pick up drop off ('PUDO') services. GRI [102-4]: We remain the leading e-commerce enablement platform in Poland, with growing operations in France, Benelux, Iberia, the UK, and Italy.

GRI [102-2]: We provide a cost-effective and greener solution for merchants which give customers more convenience. In Poland, these include:

- APM products: deliveries to Parcel Lockers and Service Points, including pick up drop off sites. We support individual customers and businesses, including co-branded products for Allegro, and a fast returns service.
- To-door products: deliveries to the recipient – classic courier service. To-door products are tailored to the needs of specific segments, such as individual and business customers. We provide same-day and timed deliveries and provide special services such as Smart Courier, which offers parcel forwarding, and Fast Shipments for Allegro merchants.
- Fulfilment – comprehensive warehousing, packaging, and logistics service.
- InStore – packaging – sales of boxes and packaging materials.
- eGrocery – delivery services for food and FMCG products to dedicated machines and to the recipient using the InPost Fresh app.

Following the acquisition of Mondial Relay, in France, Spain, and Benelux we offer individuals and businesses PUDO delivery of parcels, parcel deliveries through APMs, and home delivery through a third-party network.

In the UK, we provide APM deliveries to individuals and businesses, while in Italy we use a third-party partner to offer PUDO and APM deliveries.

Our platform

Data and technology underpin our operations. We have developed a highly efficient technology infrastructure that links all stages of the value chain, from the first step to the last-mile. It offers both retailers and customers a best-in-class experience with a strong focus on the scalability, security, and performance of each platform component.

The Group's technology platform core consists of its central APM management system and a transportation management system.

At a glance
continued

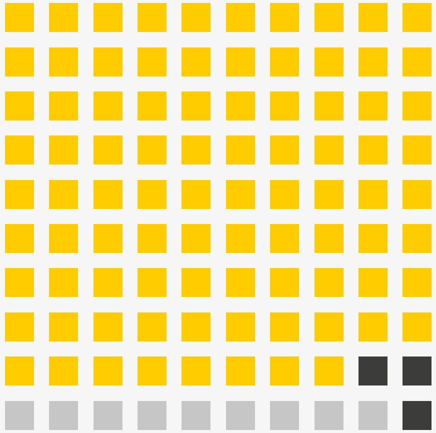
Our partners

Our business thrives on partnership, and our partners thrive with us.

In 2021, we helped more than 38,000 integrated merchants with their delivery needs. In Poland, we began a partnership with Makro, a leading food retailer, to support the launch of our new InPost Fresh app, which expands on our parcel delivery service to include fresh groceries. We also signed deals with Polish convenience store Żabka, to provide pick-up locations in-store, and Shopee, a popular online shopping platform from Singapore, now making inroads into Europe.

Meanwhile, we continue to facilitate cross-border e-commerce on an international scale. For example, we support Vinted with their mission to make second-hand first-choice. The platform enables the world to sell, buy, and swap second-hand wardrobe items – and we help deliver them.

In the UK, we completed a significant deal with Tesco to site our APMs at up to 500 of the supermarket's locations, and with the Westfield Group to add lockers at their two shopping centres in London.



Merchant mix in Poland

- B2C Domestic **~88.7%**
- B2C International **~2.5%**
- C2X **~8.8%**

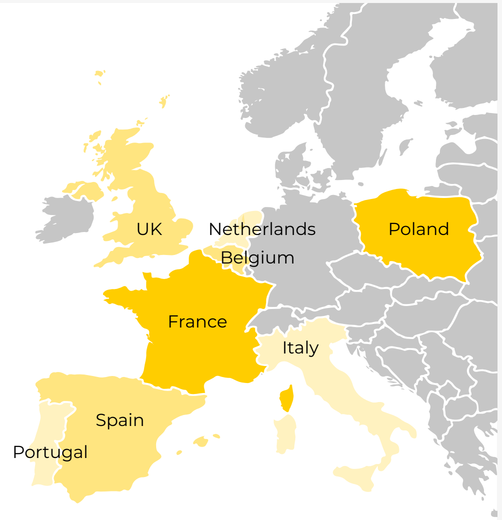
"Today InPost is an international e-commerce and logistics company with its roots in Poland. It is increasingly perfecting the lockers system, they really know what works and what doesn't work, because that's what they're also great at – testing and learning."

Marieke Bax
Chairman of the Audit Committee

Where we operate

GRI [102-6]: We have a growing international reach and an aggressive expansion policy designed to deliver greater efficiency and speed with a reduced environmental footprint.

We will continue to expand the number of automated parcel machine locations in cities as well as increasing our presence outside metropolitan areas. As of the end of 2021, 56% of the Polish population lives within seven minutes on foot of one of our APMs. Rural areas in Poland were home to 29% of APMs – adding a valuable service to those with reduced postal opportunities.



Enhances the market
Self-sustainable team

Investing for growth
50/50 local vs. Group support

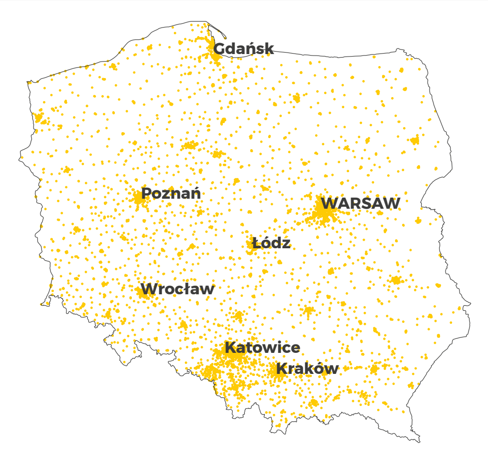
Start up
Identifying product market fit – small teams with heavy Group support

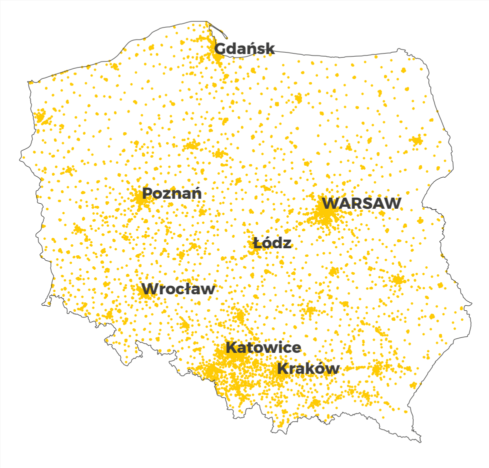
Key Milestones

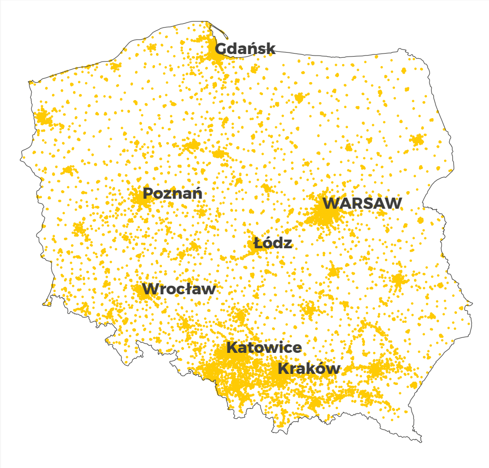
1999	Founding of the Group
2007	Debut on the Warsaw Stock Exchange
2010	Installation of the first APM
2014	Start of cooperation with Allegro
2016	Launch of door-to-door delivery service
2017	Delisting from the Warsaw Stock Exchange Acquisition by Advent
2020	Total number of APMs exceed 10,000
2021	Debut on EuronextAmsterdam
2021	Acquisition of Mondial Relay

At a glance continued

	Density of APM network in Poland 2019	Density of APM network in Poland 2020	Density of APM network in Poland 2021
APMs	7.2K	10.8K	16.4K
Lockers	830K	1.5m	2.4m







	2019	2020	2021
% of population within a seven minute walk of an InPost APM		Achieved 50%	Achieved 56%

At a glance
continued

PLN 1,079.8m
Mondial Relay contribution to revenue after the date of acquisition in 2021

PLN 100.1m
Mondial Relay contribution to profit before tax from continuing operations of the Group

On 1 July the acquisition of Mondial Relay for €513m was completed, representing a key element of our growth strategy towards becoming the leading out-of-home ('OOH') e-commerce logistics provider in Europe.

Mondial Relay
International expansion is a core part of the Group's long-term value creation strategy. The Group strongly believes in the international transferability of the OOH/APM last-mile delivery model combined with a strong focus on merchant and end-user experience, i.e. the core elements of the 'flywheel', which drove InPost's success in Poland. While the Group also pursues an organic expansion model, the M&A route allows us to fast-track the development of several necessary elements of the value chain from scratch (e.g. brand recognition, logistics network, parcel volume, team-building) while focusing on transforming the existing business into a leading OOH player by leveraging InPost's experience in Poland.

When evaluating acquisitions, the Group looks for several qualities which make an attractive acquisition target:

- **Presence in one of the priority markets for the Group**
- **Existence of a nationwide logistics network**
- **Brand recognition and end-user advocacy**
- **Existing e-tailer (merchant) relationships and significant parcel volume**
- **At least some experience in operating an OOH last-mile network**
- **Acquisition price allowing the Group to realise significant shareholder value-creation**

Due diligence of Mondial Relay fully confirmed its strong positioning on all the above acquisition criteria. As of February 2021, it operated a network of approximately 15,800 PUDOs under a strong brand, across France, Benelux and Iberia, serving 156 million parcels. In France alone the network comprised 11,000 PUDOs, while logistics were based out of 24 depots and four hubs across the country. In the financial year 2020, Mondial Relay achieved revenues of €437m and operating EBITDA of €60m, meaning an attractive acquisition valuation.

At a glance
continued

Post-acquisition, the Group has implemented a focused, transformational Value Creation Plan (VCP), focused on:

Area	Description
Network	• **Strong development of the OOH network in France** based on dynamic deployment of APMs across the country while maintaining and expanding the existing PUDO network
Commercial	• **Boosting sales and improving market share** through development of the sales team, leveraging pan-European merchant relationships and developing new, innovative product offerings
Operations	• **Improvement in quality and speed of service** through investment into the logistics network and implementation of lean principles
Marketing	• **Revamp of the Mondial Relay brand** and its approach to end-user marketing e.g. through implementation of a mobile app
HR	• **Strengthening the management team** as a key enabler for realising business goals

In 2021 focused works have been initiated across all pillars of the VCP to improve logistics network coverage and deliver next day at a competitive price, with 300+ APMs already operating in France as at 2021 year-end.

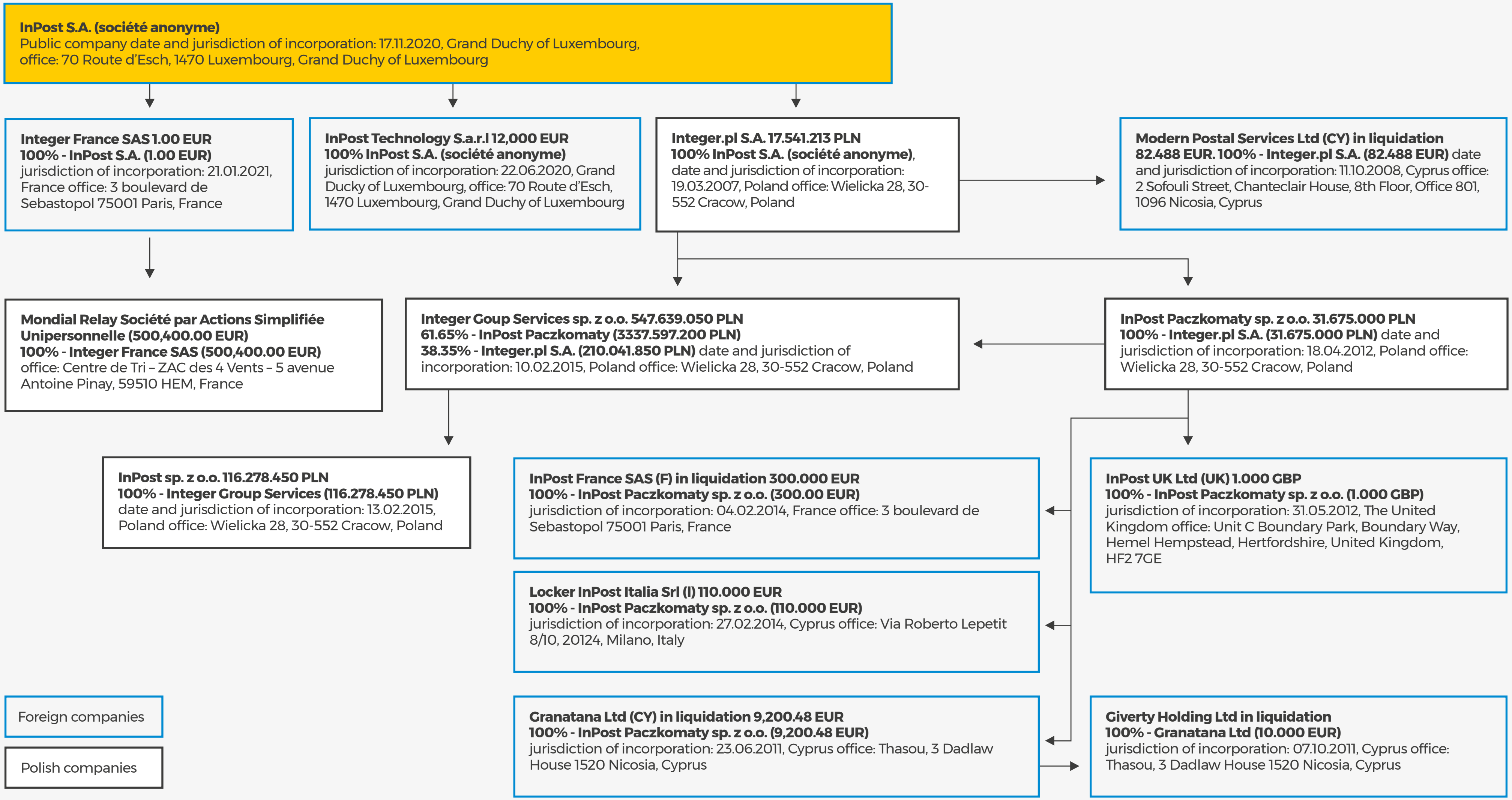
We are delighted to have completed this strategically significant acquisition. Mondial Relay's extensive market presence in one of Europe's largest e-commerce markets provides a tremendous opportunity for InPost to fast-track our international expansion strategy. Together with Mondial Relay, we will immediately become Europe's leading OOH solution for e-commerce with multiple levers to accelerate our growth and create value for all our stakeholders.

We welcome our Mondial Relay colleagues to the InPost team and are excited to start our journey together as we unlock untapped markets and re-define the last-mile delivery experience for consumers."

Rafał Brzoska
CEO, InPost Group

How we are structured

GRI [102-3, 102-5]



Members of the Management Board

GRI [102-8, 102-5, 405-1]

General

InPost S.A. is a public limited company (société anonyme) incorporated and existing under the laws of the Grand Duchy of Luxembourg (the "Company"), and together with its subsidiaries is hereafter referred to as the "Group".

It operates a two-tier board structure consisting of a Management Board and a Supervisory Board.

Composition of the Management Board and the Supervisory Board

In 2020, most of the members of the Management Board and the Supervisory Board acted as members of the management board and/or the supervisory board of Integer.pl. The composition below describes the situation as of the Settlement Date.

Rafal Brzoska
Chief Executive Officer and founder

Appointment

January 2021

Skills and experience

Mr. Brzoska is the founder of InPost and shareholder at InPost S.A. He is also a member of the management board of Integer.pl, InPost Paczkomaty and other companies within the Group. Mr. Brzoska is furthermore director of Giverty Holding Limited, Granatana Limted, CEO of AR Holding sp. z. o.o. and FH FENIKS sp. z o.o., member of the supervisory board of Social WIFI sp. z o.o. Web2Print sp. z o.o., Benhauer sp. z o.o. and Bright Future sp. z o.o. and limited partner of WLW Inwestycje sp. k., BVALUE Bridge sp. z o.o. and BVALUE Unicorns sp. z o.o.

Adam Aleksandrowicz
Chief Financial Officer

Appointment

January 2021

Skills and experience

Adam Aleksandrowicz joined InPost in 2017 as CFO of the Group. He is the Group CFO and a member of the management board of companies within the Group. Previously, he was CFO of American Heart of Poland from 2012 to 2016 and member of the supervisory board of American Heart of Poland from 2016 to 2018, Bioton and various subsidiaries in Europe of AstraZeneca and Teva Pharmaceuticals. He was also a member of the supervisory board of WSiP S.A., (book publisher) and vice president of AHP Inwestycje.

Michael Rouse
Chief Executive Officer International

Appointment

September 2021

Skills and experience

Mr. Rouse joined InPost as Chief Executive Officer International in October 2020 following more than 20 years of experience in general management, operations, mergers and acquisitions, and go-to-market leadership. Previously, Mr. Rouse was the Group Chief Commercial & Revenue Officer at Klarna Bank AB in Sweden from 2015 to 2020, and held a number of executive positions at American Express and United Biscuits.

Composition of the Management Board

Name	Age	Nationality	Position	Member since	Term
Rafal Brzoska	44	Polish	CEO/Chair of the Management Board/Management Board member	2021	2025
Adam Aleksandrowicz	50	Polish	CFO/Management Board member	2021	2025
Michael Rouse	49	Northern Irish	CEO International Business/Management Board member	2021	2025

Composition of the Management Board and the Supervisory Board

Supervisory Board Composition

Mark Robertshaw is chairperson of the supervisory board of Integer.pl (since 2017). He is currently also chairperson of the board of Vita Global Limited and a director of Kensington Capital Global Industrials.

Michael Roth is a member of the supervisory board of Integer.pl (since 2020). He is currently also member of the board of Rent The Runway (since 2020), Fleetpride (since 2019), member of the board for Lasership (since 2021) and advisor to the board of Pattern.

Nick Rose is a member of the supervisory board of Integer.pl (since 2017). He is currently also a managing director of Advent International Ltd., member of the board of Mercury A Capital Limited (since 2015) and of Hermes UK and Germany (since 2020).

Ranjan Sen is a member of the supervisory board of Integer.pl (since 2021). He is currently also a managing partner at Advent International, head of the German office and a member of the European and Asion Investment Advisory Committee of Advent International. Furthermore, he is currently a member of the board of Dufry AG.

Ralf Huep is a member of the supervisory board of Integer.pl (since 2017). He is currently also a managing director of Circap Sp.z.o.o., Holistic Group Holding Sp.z.o.o., Holistic Clinic Sp.z.o.o. and Aslan Investment Sp.z.o.o, Amberger & Co. GmbH, M&A Bauträger GmbH, RH-Verwaltungsgesellschaft mbH, LH Reitsport Verwaltungsgesellschaft mbH, Gustav Pepenbrink GmbH and QIN-Form GmbH Verwaltungsgesellschaft and a member of the board of Plastic Energy Global SL.

Marieke Bax is a member of the Supervisory Board and a member of the supervisory board of Integer.pl (since 2021). She is currently also chairperson of the board of Climate Transition Capital (since 2021), chairperson of the audit committee of Mediq (since 2022) and Vion Foods (since 2015), chair of the nomination committee at Frontier Economics (since 2020), board member of Xior Student Housing (since 2021), and a member of the board of advisors of the Faculty of Law at the University of Amsterdam. She has extensive executive experience as head M&A of Sara Lee Corporation, as CFO of one of the first Dutch e-commerce companies and as founder of an investor relations firm. Ms. Bax was the initiator of Talent to the Top, a Dutch diversity initiative. She holds a master's degree in Law from both the University of Amsterdam and Cambridge plus an MBA from INSEAD.

Cristina Berta-Jones also serves as a member of the leadership team of Picnic, an online grocery company based in the Netherlands. From 2005 to 2011, she worked at Nokia, where she held various sales and corporate development roles. From 2011 to 2018, she held a number of senior roles at Naspers, a global consumer internet company and one of the largest technology investors in the world. From 2015 to 2018, she served as Chief Operating Officer of Naspers' B2C e-commerce operations. The Supervisory Board has nominated Ms. Cristina Berta Jones for appointment based on her proven expertise and directly relevant experience across both the technology and e-commerce sectors. Ms. Jones holds a bachelor's degree in Mathematics and an MBA from Harvard Business School.

Composition of the Supervisory Board

Name	Age	Nationality	Position	Independent	Committee	Member since	Term
Mark Robertshaw	53	UK	Chair of the Supervisory Board/ Supervisory Board member	Yes	Audit Committee/Selection, Appointment and Remuneration Committee	2021	2024
Michael Roth	55	German and US	Supervisory Board member	Yes	Selection, Appointment and Remuneration Committee	2021	2024
Nick Rose	41	UK	Supervisory Board member	No	Audit Committee/Chair of the Selection, Appointment and Remuneration Committee	2021	2025
Ranjan Sen	52	German	Supervisory Board member	No	n/a	2021	2025
Ralf Huep	60	German	Supervisory Board member	Yes	n/a	2021	2023
Marieke Bax	61	Dutch	Supervisory Board member	Yes	Chair of the Audit Committee	2021	2025
Cristina Berta-Jones	45	Romanian	Supervisory Board member	Yes	Selection, Appointment and Remuneration Committee	2021	2025

Why invest in InPost?

We have a powerful investor proposition backed by a highly experienced management team and a history of success.

We are growing

1

We have grown our out-of-home network across Polish and international markets, including the biggest e-commerce markets in Europe. After acquiring Mondial Relay, increasing density of the existing network, almost doubling the number of machines in the UK and deploying additional APMs in Italy, the total parcel volume increased by 67%.

We are environmentally responsible

2

We have developed and integrated a new ESG policy and framework. At the same time, we have delivered a greener solution for increasing e-commerce delivery volumes, while also reducing pollution and congestion. A larger number of parcel machines means optimisation of deliveries to the same address, thus reducing the number of delivery vans. Plus, the development of the APMs and PUDO can help prevent traffic congestion. We have pledged carbon neutrality in scope 1 and 2 emissions by 2025, with a target of 2040 for scope 3.

We are innovative

3

Our technology-enabled platform offers premium solutions. Our award-winning app is extremely popular with almost eight million users in Poland alone and was the best-ranked app on the Polish Google Play and App Store. This year we launched our grocery delivery app, InPost Fresh, in Poland and established the InPost delivery app in the UK. Meanwhile, our systems include package ordering-fulfilment, contract management and parcel management.

We are scalable

4

We benefit from multiple avenues for sustainable future growth with a highly sustainable and exportable business model. We believe APMs are the key pillar of success as well as the strength of InPost's brand that represents our dedication towards best user-experience and quality.

We are profitable

5

We are a category leader in the e-commerce market with 82% year-on-year revenue growth and an EBITDA of PLN 1,436.1m. Our scalable business model enables high growth and profitability, with net profit growing from PLN 350.2m in the period ended on 31 December, 2020 to PLN 491.6m in the period ended on 31 December, 2021. With growing international businesses our aim is to drive profitable growth across all our markets.

Our purpose-driven approach

GRI [102-16]

Our vision & mission

To be the most customer-friendly and cooperative business partner, providing sustainable automated solutions for e-commerce.

We believe in our mission:

- We want to redefine the e-commerce market
- To provide unique experiences
- To make everything simpler

Our purpose & values

To amaze people by using the potential of technology for the good of the planet.

Our ambitions revolve around:

- Innovativeness
- Reliability
- Responsibility
- Proactiveness
- Respect
- Sustainability

Our growth strategy

To accelerate the 'flywheel' effect to drive sustainable long-term growth.

Our strategic plan delivers:

- Greater convenience
- Improved consumer experience
- Wider merchant adoption
- Scale economies

FIND OUT MORE HERE

Our business model

To capture the entire e-commerce value chain, creating synergies and enabling us to improve the experience of our merchants and consumers.

We provide a unique value proposition to both merchant and end-user. We continuously endeavour to improve our products and services, and create and maximise value for all our stakeholders.

FIND OUT MORE HERE

Supported by

Our culture

At the heart of InPost is its culture of innovation, inspiring collaboration and growth.

Our purpose-driven approach
continued

We believe that creating and sharing value with our stakeholders is about more than just financial returns.

Through our sustainable proposition, we have an opportunity to make a positive contribution to tackling climate change and reducing emissions. For example, the carbon footprint of a parcel delivered to a parcel locker in Poland is up to 75% lower than for the same package delivered by a courier, based on the InPost carbon footprint calculator[2]. And using one of our lockers means there are fewer vehicles on the road, reducing traffic, accident risk and noise.

We are proud to contribute to the communities in which we live and work. As well as helping with socioeconomic development, we make an indirect contribution to the prosperity of our communities through various initiatives such as our InPost Green City programme and employee volunteering.

InPost offers fulfilling careers and a range of competitive benefits for employees. We also invest in providing training opportunities for their personal and professional development and are dedicated to promoting employee wellbeing. At the same time, we provide tools and systems to make work and decision-making easier and more efficient.

A strong and increasing NPS of 75 in Poland for parcel machines highlights the value we bring to our customers. The service we provide is shaped by a deep understanding of customer needs and our commitment to an exceptional experience in the delivery market. The convenience of our APMs combined with a service that is inexpensive, easy to use, and fast ensures we stand out in the market.

Our partners also benefit from contented consumers and the added value we provide through data-driven insights and innovative technology that reduces their operational costs and drives efficiency from billing to stock management.

"We want to provide to our employees systems and tools to support their everyday work in delivering the best service to our customers and partners."

Agata Jach
Head of HR

[2] The calculator was developed in cooperation with scientists from the Foundation for Economy and Public Administration in Krakow, Poland and the Polish Academy of Sciences

Operating environment

The COVID-19 pandemic continues to influence consumer behaviour and has accelerated the structural shift to a digital economy.

GRI [102-15]: This retail evolution has provided us with a strong tailwind, providing new and timely opportunities to deliver real value for our customers.

Consumers have embraced the added convenience of online shopping combined with a best-in-class delivery experience. We believe that even after the aftershocks of COVID-19 ease, consumers will continue to shop online in more significant numbers. That makes our value proposition even more potent, as consumers become more attracted to convenient and sustainable "last-mile" habits.

Retailers have seen a significant reduction in the requirement for physical retail space as customers increasingly turn to the benefits of virtual shopping. A new generation of dedicated digital consumers has prompted traditional retailers to enhance their online strategies rapidly.

It's no surprise, then, that established online retailers are acquiring their traditional counterparts and integrating them into the digital space. As a result, there is a pressing need for more efficient and less expensive delivery services that challenge more expensive and labour-intensive to-door delivery.

Consumers and retailers alike are also demanding greater sustainability in delivering and receiving goods.

The COVID-19 pandemic has caused global transportation bottlenecks across Europe, with the potential to dent consumer confidence while increasing the cost of products at the same time.

Energy costs are rising, and the coal-based energy supplies in Poland are particularly susceptible to the impacts of this, alongside the increase in the cost of CO_2 emission certificates. Inflation in the labour space is also a challenge, accelerated by shortages on the supply side and record low unemployment rates pushing up wages.

If inflation continues to rise across markets, as expected, we expect to see slower growth in consumer spending. However, reduced disposable income may be amortised in the e-commerce space. If consumers have less to spend, they will look for less expensive products online.

We expect slower growth over the next 12 months due to continuing issues as outlined earlier. Still, we are confident that our business model will prevail. InPost's model is less labour intensive – for example, our couriers will leave many more parcels per stop versus one package per stop in the traditional model – therefore, we have the opportunity to reflect that in our lower pricing. This helps to differentiate us from our competition.

Ukraine

Increasing uncertainty has driven further macro-economic headwinds following the Russian invasion of Ukraine. Inflation rates have already increased against previous expectations, with food and energy prices most hard hit. These are expected to remain high as a result of supply disruptions caused by the escalating conflict. The latest market consensus forecast for Polish GDP growth in 2022 is a drop by 1.4pp to 3.1%.

In 2022, energy and food inflation look set to further depress disposable income and consumer confidence. This is expected to weaken the Polish zloty, driving price shocks on imports, and further impacting inflation. Fuel prices across Europe will continue to place greater pressure on margins and cause further disruption to supply chains.

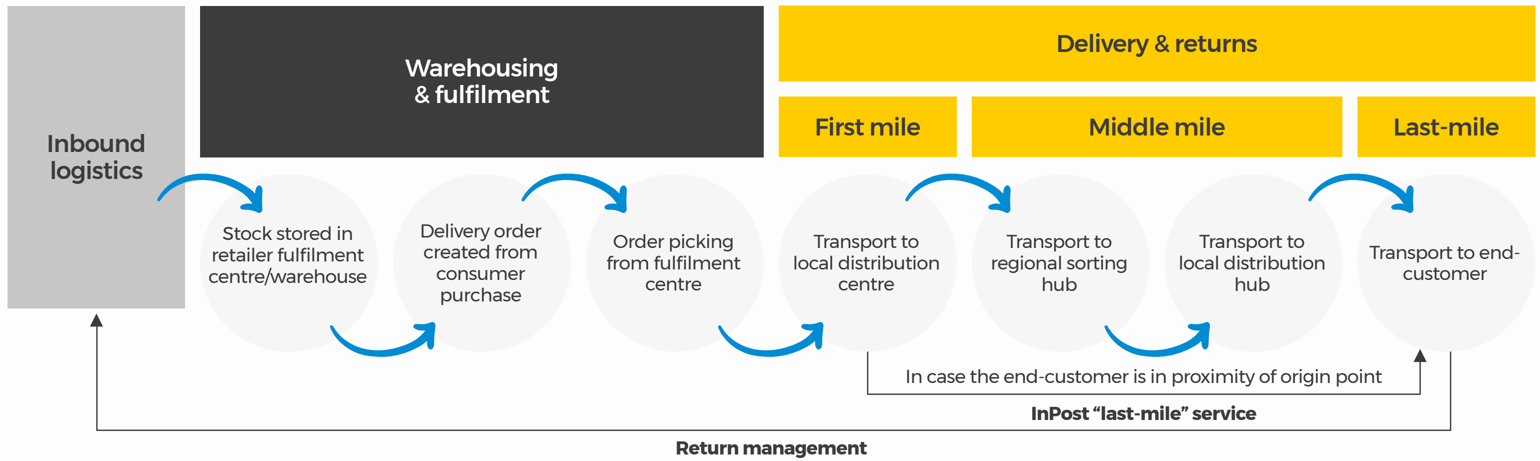
Our business model

Our activities capture the entire e-commerce value chain, creating synergies in first and middle mile costs and enabling us to improve the experience of our merchants and consumers.

What we do

GRI [102-9]: Using the potential of technology for the good of the planet

- APM delivery services, next-day and weekend delivery.
- To-door delivery services to e-commerce merchants, where it delivers parcels directly to the home or office address of consumers.
- Fulfilment services to e-commerce merchants.



Our key strengths

- **Proven record of driving growth**
- **Enabling greener solutions for e-commerce**
- **Innovative technology-enabled platform**
- **Attractive price, competitive cost and business model scalability**
- **A strong balance sheet**

Our business model
continued

> A sustainable and scalable business with high margins."

Mark Robertshaw
Chariman of the Supervisory Board

How we share value with our stakeholders

End users

GRI [102-15]: Best-in-class experience with clear brand awareness of 80%, and consumer NPS of 75 for APM delivery.

- Ease of process/delivery
- Convenience of APM pick-up and drop-off
- Contactless, and social-distancing friendly
- Most eco-friendly solution
- Fast delivery
- Low price

Our people

We strive to build highly qualified experts and leaders who tie career development with the success of the company. We achieve this through attracting employees with the best fit to our organisation, and through creating an engaging culture with a good employee experience.

We provided 13.5 training hours per employee last year to make sure our employees' development supports our growth strategy. Our employees have a dedicated range of fringe benefits at ther disposal on the WellTime cafeteria platform.

Merchants

Value-enhanced offering driving repeat sales and end-user stickiness.

- Cost advantage
- Better consumer experience
- Ease of returns and stock management
- Delivery consistency
- Customer data
- Efficiency gains

Our communities

Our business makes contributions to developing local communities in Poland. We contribute to the socio-economic development of the regions and make an indirect contribution to the prosperity of our communities We are also a member of business organisations and those promoting corporate social responsibility.

Our shareholders

Our strategy aims to provide high growth and long-term returns to our shareholders by opening growth avenues outside Poland and delivering above market returns on invested capital.

How we maximise value

Clear strategy

FIND OUT MORE HERE

Innovative and inclusive culture

FIND OUT MORE HERE

Sound governance

FIND OUT MORE HERE

Responsible approach

FIND OUT MORE HERE

Robust risk management

FIND OUT MORE HERE

Our business model
continued

InPost
out of the box

VISION

We are committed to redefining the delivery market. By leveraging our unique experience and success in Poland, we are scaling our unique service to new and important markets. We want to give more customers in more places a simpler, greener, and more reliable last-mile delivery service no matter where they live.

MISSION

We provide innovative and sustainable e-commerce solutions to customers through strategic partnerships with businesses and retailers. By thinking 'out of the box', we ignite the passion and professionalism that fuel our growth.

PILLARS

POLAND

Building on our position, launching new services, and capitalising on synergies

INTERNATIONAL

Successful integration of Mondial Relay with UK acceleration and a priority plan for other markets

NEW SERVICES

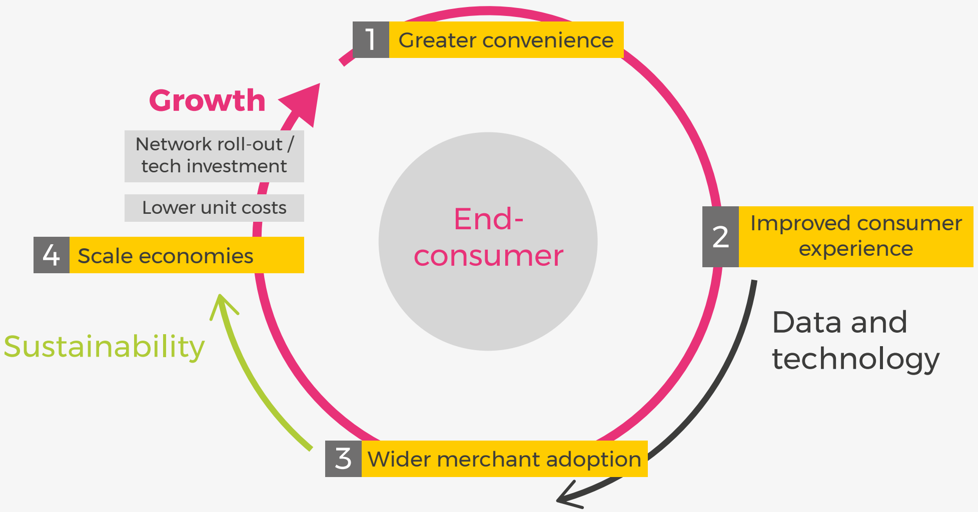
Developing new services to drive user stickiness and explore adjacencies

ESG

Embedding and highlighting ESG throughout our operations

1. The strong InPost brand	4. Continuous operational improvement	7. Nurturing talent and appreciating people who are the core value of InPost
2. Innovation culture	5. Strong data usage and best-in-class mobile applications	8. ESG strategy integrated with business strategy
3. Keeping the pace and agility	6. Efficient collaboration and communication across the markets	9. Creating sustainable value for the shareholders with profitability above industry levels

Our strategy



> **The Group's strategy is to drive sustainable long-term growth."**

Filip Orliński
Head of Corporate Strategy and Strategic Projects

GRI [102-2, 102-6, 102-15]: InPost's strategy is to maintain its profitable growth and to continue to offer merchants and consumers a constantly improving delivery experience.

InPost has built four pillars to support its business strategy:

- Poland – continuing to cement our leadership position, launching new services and capitalising on synergies
- International – successful integration of Mondial Relay with UK acceleration and a priority plan for other markets
- New services – developing new services to drive user stickiness and explore adjacencies; and
- ESG – embedding ESG throughout our operations.

We will underpin these pillars with foundations of: technology, people, data, a loyalty programme, partnerships, and governance.

Our strategy

The Group's strategy is to accelerate the 'flywheel' effect to drive sustainable long-term growth. The Group will seek to achieve this through a combination of:

- Optimising its existing operations and services,
- Increasing the population coverage with new APM roll outs,
- Driving the adoption of its offering to support a sustainable future,
- Expanding internationally through a combination of organic investments and acquisitions and
- Introducing additional products and establishing a foothold in the e-grocery market.

In addition, the Group aims to ramp up its fulfilment offering to further enhance its speed of delivery.

FIND OUT MORE HERE

Our strategy
continued

InPost Strategy – Further detail

Leveraging Data Science to optimise business processes

The Group continues to constantly optimise its daily activities through cooperation with an internal Data Science Hub. As of 31 December 2021, approximately eight million active mobile app users, which is approximately 40% of online shoppers in Poland, the 6th largest e-commerce market in the EU (after Germany, France, Italy, and the Netherlands) with the prospect of becoming the 5th in 2025[3], and 38,000 merchants use its delivery services.

This year we further expanded monitoring and forecasting capacities enabling us to optimise operations and enhance planning processes. We also use our data to further personalise content, and identify opportunities for cross-sell and up-sell for both existing and new services. We constantly work to improve the parcel's dwell time in an APM and service quality; iin key areas for Christmas 2021 we fulfilled the most ambitious declaration of delivering 2.5 million parcels by December 22 arriving in time for Christmas. This is in line with our approach of setting the bar higher and higher.

The Group made significant progress in 2021 in terms of unifying reporting and implementing Business Intelligence across countries; the Group aims to further expand the usage of data and further develop new solutions not only for Poland and local markets but for the whole Group. We are working on combining internal sources with external data providers and using best-in-class methods to drive the value of our operations.

Building on our strong position – increasing the serviceable volume and population covered with new 'whitespace APM's' roll out

In 2021 we further improved the population coverage in Poland. Scale and density of the APM network are critical drivers for consumer convenience and operating efficiency. APM network expansion ensures that the Group's services become increasingly more attractive to end-consumers, which in turn encourages merchants to offer and communicate InPost delivery methods. The Group has a demonstrated track record of successful APM deployment. As of 31 December 2021, 56% of the Polish population was able reach an APM location in seven minutes from their home (walking time)[4]. As of 31 December 2021, the Integer Group had more than 1.8 million million lockers in urban areas and more than 0.6 million lockers in rural areas in Poland, where it also sees a large opportunity to increase its presence. In cities we work with municipalities in the InPost Green City programme and put more focus on indoor locations in order to both provide greater convenience and maximise space usage. The roll-out of new APMs is supported by strong data analytics and aimed at optimising the customer experience, which has driven growth in the past; the Group expects that it will continue to do so in the future.

The Group also focuses on increasing the capacity of its already deployed APM network. As extensions are a cost-and-capex-effective way to grow capacity without acquiring new locations, the Integer Group increased the average number of lockers per APM from 139 at the end of 2020 to 148 as at 31 December 2021. Apart from successfully developing multi-parcel delivery, multiple refills and several data-driven initiatives to increase end-user engagement and foster quick pick-up habits, the research and development ('R&D') department creates, in collabortion wih our partners, new solutions, such as robotised indoor machines that aim to increase the volume handled on a limited indoor space.

In terms of international markets we utilise our proven know-how, adjusted to the local market conditions, to successfully rollout the APM network. Within less than six months from the Mondial Relay acquisition we managed to deploy over 300 machines in France, as at the end of 2021.

Offering new products and new adjacencies

Meanwhile, we will further capitalise on opportunities to enhance the e-commerce customer experience and attract new users with the simplicity and convenience of our delivery service. To drive this, we will continue to develop the services and products we offer across each of our markets. To improve consumer experience with its delivery service, the Group is constantly developing its mobile app. As at 31 December 2021 InPost Mobile had almost eight million users in Poland. In 2021 pick-up time extension for end-customers and labelless send was introduced in Poland, and labelless returns in the UK. While scaling up weekend deliveries in Poland we provided same-day delivery for free in particular regions for customers' convenience.

3 Source: Statista 2020; We based the calculation on 20 million online shoppers in Poland (yoy of 4.6%. Source: Euromonitor International Passport, January 2021. Source: Company, Market Reports
4 Source: Company information

Our strategy
continued

InPost will continue to develop new services, entering new segments to become an end-to-end partner for e-commerce and to provide the best user experience for end-consumers across all markets. New products can be expected within the core delivery services, as well as new areas such as shopping financing services and eco-solutions (with ReZip – reusable packaging being currently tested).

To make the best use of the creativity of InPost employees we are in the process of launching InnovationLab, that will facilitate innovation both coming from within, as well as working with external partners to test new ideas, many of them connected to the green agenda.

InPost Fresh

InPost is changing its position in the market from supporting third parties in particular elements, to being an end-to-end provider and running our own process in terms of e-grocery in Poland. In 2021 the e-grocery market size in Poland was around PLN 5b in Poland (Source: Company, Market reports[5]) reaching around 2% penetration. Due to COVID-19, 31% of e-grocery clients increased their spend, and 50% of those new to e-grocery claim they will continue to shop this way. Double-digit market growth is expected in the upcoming years.

In 2021 we successfully piloted InPost Fresh with Makro, offering both two-hour express and same-day delivery. With a dedicated team from 2022 we will be working on scaling-up InPost Fresh, both in terms of functionality as well as coverage.

We will carry on growing the Fresh Food category, an important value and frequency-driver, but will also investigate other segments. Furthermore we will search for ways to join forces with parcel operations to further drive the profitability of Fresh Food in the near future. The Cleaning Supplies and Animal Feed are the first categories to be added to Fresh Food, and to start with. This will bring profits and open doors for InPost Fresh in Poland. To meet customer expectations and to grow quickly we will introduce new merchants and work on the optimal operational model.

InPost fulfilment

The addressable fulfilment market is expected to reach PLN 4.0b in 2026[5]. Market growth is due to both increasing B2C parcel volumes, as well as a growing willingness to outsource fulfilment. The addressable fulfilment market is dominated by merchants with >1k parcels per month, where fashion, electronics, and beauty are particularly important segments. InPost is redefining its fulfilment strategy to meet the needs of the market.

Based on our research only 34% of merchants surveyed know what third-party fulfilment service is, and educating the market is key to our success. From this group around 6% of merchants already outsource fulfilment, but another 28% would consider working with partners that will enable, support and advise on the growth of their businesses, beyond simple fulfilment outsourcing, and we want to be such a partner – an end-to-end e-commerce partner.

In 2021 we continued to increase our share of checkout (the total volume of the Polish Group's merchants using its delivery services, divided by the volume for which they used its fulfilment services.

International Expansion

Our international activity is directly supporting the overall business vision, and delivering against our key success pillars for each market. 1. Localised product offering (role of the InPost mobile app, definition of products to be determined, working towards D+1, green agenda and local brand), 2. Retailer and partner coverage (client segmentation, product offering by segment, sales team coverage, pricing management, share of checkout activity, merchant integrations), 3. Logistics & service quality, 4. Network coverage (APM network design, PUDO network design, scouting and landlord

[5] Source: Company data, market reports

Our strategy
continued

targets, deployment process, cross-border service). Our ultimate goal is to push other markets to a similar level of maturity and operational effectiveness as Poland, while recognising and adjusting to local market characteristics. We will also capitalise on the scale and synergies realised from the integration with Mondial Relay to drive cross-border growth.

- **In France**, we are progressing with general integration activities – the Value Creation Plan. Our focus is on further development of the last-mile network, enriched by the introduction of APMs alongside the existing Mondial Relay PUDO business, increasing the French sales team in order to increase our share of the French B2C e-commerce market, optimising and improving quality of the French logistics operations, investing in the Mondial Relay brand as well as end-customer solutions (e.g. mobile app). In order to achieve the above, we will also strengthen our Mondial Relay's team of managers and employees and network of partners.
- **In the UK**, in 2021 we achieved a significant milestone of over 3,000 APMs deployed, enabling us to offer UK-based merchants a more attractive proposition. Capitalising on this milestone, in 2022 our focus is on further acquisition of outbound (i.e. address-to-locker) volume, leveraging our pan-European merchant relationships, while continuing to enlarge our APM network. In 2021 we also launched a mobile app in the UK, while 2022 will be focused on growing its adoption among consumers.
- **In Spain, Italy and Benelux**, which are currently our nascent markets, we will focus on laying out solid foundations for investments in the upcoming years. In Italy in particular, we are already deploying APMs, having 459 on the ground at the end of 2021, and intend to continue doing so in 2022.

In order to leverage the merchant relationships already in place, in 2021 we established a dedicated **pan-European sales** team to strengthen our local, country-focused sales teams. Some of our largest merchants (e.g. Vinted, H&M and Inditex) offer their services in a number of European markets in which we are present, hence our aim is to provide them with a comprehensive account management as well as product offering. The initiative is already proving successful with an international deal with Vinted, one of our largest merchants.

ESG

ESG will also play a fundamental role in our development. We have created a new ESG strategy which is being embedded across the Group at every level and is a key component of our business model. It incorporates trends in e-commerce, the risks and opportunities identified for the company, and areas where a more structured approach is required from stakeholders. The strategy links to the United Nations Sustainable Goals (SDGs) to create a robust, comprehensive foundation on which to apply the best practices in sustainable business practices.

Summary

InPost delivers great convenience and superior customer experience to consumers, which drives usage and adoption and consequently the demand for more APMs and PUDO services. As the Group continues to expand its network of solutions, and increase the density of its offering, its services become increasingly more attractive for consumers. As adoption grows, so do volumes, driving better unit economics and cash flow for InPost, allowing it to accelerate its roll-out of APMs and PUDO solutions, which in turn leads to greater convenience for both consumers and merchants. The flywheel, therefore, creates a continuous cycle, which has accelerated the Group's growth and will continue to do so while offering a greener solution for e-commerce.

We believe we will be a beneficiary of the long-term growth in the e-commerce of consumables tailwinds, with InPost operations in the UK and Italy already seeing positive growth. With the acquisition of Mondial Relay, InPost now has a presence in three of the top four largest e-commerce markets in Europe.

Success factors for our strategy

We have defined nine factors as critical to successful implementation of our strategy:

1. **The strong InPost brand**. Our brand represents our dedication towards best user-experience and quality. We set ourselves ambitious goals, which we constantly meet or exceed resulting in our brand reaching a NPS of 75 in Poland. We are there for our merchants and clients when they need us, offering fast deliveries even during the Christmas period.
2. **Innovation culture**. InPost is well known for continuous innovation; we will continue to surprise and change the market with our new products and functionalities, increasing the involvement of employees across all levels of the organisation.

Our strategy
continued

3. **Keeping the pace and agility**. As the e-commerce market is constantly changing we continue to be agile and remain at the forefront of those changes to support e-sales in all ways possible.

4. **Continuous operational improvement**. With growing volumes, international expansion and new products, we continue to optimise and automate our operations to reduce the costs and provide a seamless experience.

5. **Strong data usage and best-in-class mobile applications**. A structured data organisation for enabling growth, creating new solutions, delivering operational improvements, as well as for reporting and monitoring, with a dedicated , growing mobile team.

6. **Efficient collaboration and communication across markets**. With the recent acquisition of Mondial Relay and development of the UK market, well established working streams across the Group are key to communicating and delivering the InPost promise.

7. **Nurturing talent and appreciating people who are the core value of InPost**. Continuous investment in succession planning and leadership development at all levels of the organisation, with dedicated mentoring and development programmes is key to scaling up and efficient implementation of Group strategy as well as allowing us to quickly adjust to changing market conditions.

8. **Creating sustainable value for the shareholders with profitability above industry levels**. Strong financial focus on continuous company value improvement, clear reporting and sustained investments.

9. **ESG strategy integrated with business strategy**. Strong focus on ESG strategy divided into three main pillars: We CHANGE the lifestyle of tomorrow; we DELIVER low-carbon e-commerce, we MOTIVATE employees and business partners.

We see ESG as our license to operate and it's actually integral to the DNA of the firm. We welcome the European sustainability directive and are developing KPIs which will help provide even greater assurance to shareholders."

Marieke Bax
Chairperson of the Audit Committee

Business review

Poland

In 2021, there was strong growth in our parcel market with a 38% uplift in the number of parcels we handled, bringing the total to 424.3 million. Of those, 354.8 million were APM deliveries – up 44% and 69.5 million were to-door deliveries, an increase of 15%.

We continue to benefit from the flywheel effect that is central to our strategy. We have added greater convenience by providing more APMs – up 53% on last year – including a 41% increase in rural areas. We also added extra capacity with the provision of 63% more compartments.

Increased network-density and enhanced productivity helped achieve economies of scale – underpinned by comparatively low labour costs. We now have almost eight million InPost mobile app users and have increased the speed of deliveries.

We added some 8,000 new retailers taking our total to 30,000 merchants, giving us a market share of more than 46%[6] of the b2c market share in Poland. We will continue to strengthen our competitive advantage to support long-term sustainable growth and maintain our industry-leading position.

[6] Source: InPost Q4 2021 trading update

In 2021 we began a partnership with Makro, a leading food retailer, to support the launch of our new InPost Fresh app, which expands on our parcel delivery service to include fresh groceries. We also signed deals with Polish convenience store Żabka, to provide pickup locations in-store, and Shopee, a popular online shopping platform from Singapore, now making inroads into Europe.

Meanwhile, we continue to facilitate cross-border e-commerce on an international scale. For example, we have tightened our cooperation with global customers, including Shopee, OLX and Amazon.

Our reputation in Poland as the consumers' preferred parcel delivery service is fuelling a growth in new contracts, alongside an increased focus on direct sales.

International

A rapidly expanding client base, the acceleration of our APM roll-out, and the acquisition of Mondial Relay fuelled an extensive increase in parcel deliveries in 2021. In total, we handled 93.3 million packages throughout the year – up from 2.2 million in 2020, out of which 84.9 million markets with operations under Mondial Relay Brand and 8.4 million in the UK and Italy combined.

The acquisition of Mondial Relay in July 2021 provided immediate incremental growth in earnings and cash flow, fast-tracking our ambition to become Europe's leading out-of-home automated solution for e-commerce.

The deal has transformed the scale and the trajectory for our international expansion, where foreign markets become the new key capital allocation, while Polish Capex declines. We have delivered on key strategic priorities, and quickly established foundations to transform Mondial Relay's offering over the coming years.

After the acquisition, we have increased pick up drop off ('PUDO') capacity and deployed our first 300 APMs in France. To achieve network scale and logistics quality, high capex is required. Initial uptake and reduction in dwell times have already proved positive. PUDO services in France help reduce the carbon footprint of a parcel and significantly cut associated urban traffic.

As well as opening a major new hub to serve the Paris metropolitan area, we will continue to install APMs in France in 2022. By leveraging our existing network of merchants and technology, we will drive additional parcel volumes and performance improvement.

In the UK, one of Europe's largest and highest penetrated e-commerce markets, we gained momentum as retailers sought to capitalise on our consumer-centric, greener, faster, and smarter last-mile delivery services. The focus on the urban centres of London, Manchester, and Birmingham, presents a wide range of diverse opportunities to increase our units across the UK.

We have partnered with retailers such as Asos, Dune, New Look, JD Sports, Karen Millen and Schuh, which all want a convenient service, which is also carbon-friendly and reflects positively on their brands. We have also cemented our partnership with Vinted, the popular pre-owned online retailer to transform their delivery experience.

Partners, such as Transport for London, Tesco, WHSmith and Lidl, have placed APMs across their locations.

We work with a diverse range of firms to meet our logistics and supply chain needs. In France, we work with a total of 124 transport companies, and more than 600 delivery companies, and have over 11,700 pick-up and drop-off locations. In the UK, courier deliveries are carried out by Hermes and CitySprint for all products and services. We currently have 50 separate suppliers for the whole business in UK.

Business review
continued

Technology

As our pace of growth accelerates, our technological capabilities ensure we continue to thrive. We continue to invest in our technology infrastructure and innovation to deliver the best customer experience.

In 2021, we have enhanced our back-office operations and focused on attracting and retaining the best e-commerce and 'tech' talent across our markets, creating a number of recruitment ambassadors in our technology teams.

Data analytics and technology remain central to InPost's growth. Our highly efficient technology infrastructure drives operational efficiency, linking all stages of the value chain, and we are committed to investing in its continuous development.

The technology tools we provide to clients help them with functions such as contract management, payment services, package ordering, and fulfilment. Meanwhile, our intuitive and accessible mobile app, offers customers an easy-to-use service for added convenience. The success of the app was recognised in several awards this year, including Best Logistic Tool E-Commerce Poland Awards 2021 and Gold Effie Marketing and Business Solution 2021.

Meanwhile, we continue to invest in research and development to ensure our products and services meet the needs and exceed the expectations of our users.

Stakeholder engagement

GRI: [102-42, 102-43]

At InPost we engage with our stakeholders at every stage of our value chain: from designing a solution to executing it in the market. We are open to feedback, and it serves us to improve services and grow, meaning the flywheel approach is also applied to stakeholder management. The frequency of the communication with stakeholders varies and depends on the group, but for most is conducted at least once a week. To provide a high level of transparency, we use InPost social media and other digital channels.

We have identified 9 key stakeholders groups (see next page).

Business review
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GRI [102-40, 102-44]: Stakeholder engagement

Stakeholder	Channels of communication	Frequency of engagement	Key topics
Employees	Intranet, mailings, InPost News, InTalk, posters, screens	Daily	Business updates (financial results, targets, new projects etc.). New products and solutions launch. HR updates and new benefits.
Suppliers	Mailing, online meetings, direct meetings, fairs, informal networking	Daily	Current information the proposition. Terms of trade.
Local communities, municipalities and NGOs	Online meetings, phone calls, e-mail, direct meetings	Depending on entity, varies from a few times a week to several times a year	Establishing cooperation. Charity initiatives.
Industry	Conferences and public information	Several times a month	Presentation of new products and services, business information.
Merchants	InPost social media and digital tools (websites, mailing, apps), advertising and educational campaigns, surveys, direct contact	Daily	Current information on services provided and the proposition.
Couriers	Morning briefings, direct contact, push notifications via dedicated app (branch and HQ level), internet messenger, surveys	Daily	Current information on the proposition. Trainings, test and reviews.
Customers	InPost social media and digital tools (website, mailings, app, newsletters), traditional and online advertising campaigns, PR channels	Daily	Presentaions of new products, services and initiatives. Handling complaints and suggestions.
Media	PR channels, InPost, social media and digital tools	Daily	Information on new offers, solutions, business results. Replies to media inquiries.
Shareholders	Meetings, online communications, briefings	Daily	Business update (performance, future financial expectations, capital allocation etc.).

Business review
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Membership in the Associations

GRI [102-13]: Together with our stakeholders we initiate and support projects and initiatives which we perceive as vital to sustainable development and consistent with our strategy. We are also a member of business groups and organisations promoting corporate social responsibility. In 2021 we joined:

Business Centre Club ('BCC'). This is a prestigious business club and the largest individual entrepreneur organisation in Poland. BCC gathers more than 2,000 members (individual entrepreneurs and companies) representing various industries, jointly controlling USD 30b in capital and employing 400,000 people. BCC also incorporates lawyers, journalists, scientists, publishers, physicians, members of the military and students. BCC concentrates on lobbying activities aimed at furthering the growth of the Polish economy.

The French-Polish Chamber of Commerce ('CCIFP'). Established in 1994 as an association of entrepreneurs, the chamber has been developing continuously since then. CCIFP is an independent, self-financing organisation, currently supporting almost 500 French and Polish companies – it is one of the most active bilateral chambers in Poland. CCIFP makes a significant contribution to the development of investment and business activities in Poland and plays an active role in contacts with state administration bodies and employer organisations. It is also an excellent platform for the exchange of experience and best business practices.

Employers of Poland. The oldest and largest employers' organisation in Poland – established in 1989, they represent 19,000 companies with over five million employees. A significant majority – 85 percent – are privately-owned.

The strength of Employers of Poland is based on communication with political and economic decision-makers, as well as in the number and diversity of its members: associations, federations, and companies. Employers of Poland work for the common interests of employers in member organisations – companies who often compete on the market, but who are well aware of the need to work together for the common good of employers and entrepreneurs.

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SEGMENTATION

For reporting purposes, InPost is split into four reportable segments and two geographical areas.

Segments in Poland:

- APM segment – The APM segment focuses on delivering of parcels to automated parcel machines.
- To-door segment – The to-door segment includes delivery of parcels using door-to-door couriers.

Segments outside of Poland:

- Mondial Relay segment includes APM business and PUDO points in France, Spain, Belgium, Netherlands and Portugal.
- International Other segment includes APM business (delivery of parcels to automated parcel machines) in the United Kingdom and Italy.

In addition to the above reportable segments in Poland, another segment consists mainly of marketing and IT services provided for external customers and the production and sale of APMs to external customers.

The segments are based on the structure of internal management reporting of the Group to facilitate decision-making concerning the allocation of resources and assess the performance of the operations of the Group. Segment performance is evaluated based on revenue and gross profit or loss, measured consistently with those in the consolidated financial statements. Additionally aggregated segments at the geography level are assessed based on Operating EBITDA and Adjusted EBITDA.

Revenue other operating income[7]	2021	2020
Poland	**3,453.4**	**2,510.3**
APM segment	2,624.4	1,815.3
To-door segment	731.5	634.9
Other[8]	100.5	62.8
Inter-segmentation elimination[9]	(3.0)	(2.7)
International	**1,148.8**	**17.7**
Mondial Relay	1,080.0	–
Other	68.8	17.7
Total	**4,602.2**	**2,528.1**
Total reportable segments	**4,504.7**	**2,468.0**

[7] Revenue and other operating income are combined on a segment level in order to be able to reconcile to operating profit on a segment level by deducting all costs.

[8] Other consists mainly of APM production & sale (to third parties) and marketing and IT services (intercompany and to third parties).

[9] Transactions between segments are eliminated upon consolidation and reflected in the 'inter-segment elimination' row.

COMPARISON OF RESULTS OF OPERATIONS FOR 2021 AND 2020

Revenue

Revenue increased by 82% (PLN 2,074.1m) from PLN 2,528.1m in 2020 to PLN 4,602.2m for year ended 31 December, 2021. The increase was driven by the acquisition of Mondial Relay, which contributed PLN 1,080.0m to revenue following the completion of the deal.

The Group continued to grow in each segment. Without the new business in like-for-like comparison, revenue increased by PLN 994.1m, or 39%, further growth of its business in Poland, the UK and Italy.

Other operating income

Other operating income increased by 42% (PLN 6.0m) from PLN 14.3m at year-end in 2020 to PLN 20.3m at 31 December, 2021. This increase was primarily the result of higher income from contractual penalties and compensations, as well as – to a lesser extent – higher income from subsidies. The Group agrees certain key performance indicators with the courier partners that it engage in parcel deliveries as subcontractors. These key performance indicators set certain standards for the InPost couriers with respect to the quality of their delivery services and are subject to a contractual penalty if the agreed standards are not met. As parcel volumes increase, breaches of contractual key performance indicators by courier partners also increase. Consequently, as a result of parcel volume growth during the 12 months ended 31 December, 2021 compared to the same period in the preceding year, the Group invoiced more contractual penalties to its courier partners.

APM segment

Revenue and other operating income for the APM segment increased by 45% (PLN 809.1m) from PLN 1,815.3m in 2020 to PLN 2,624.4m in 2021. This increase in revenue was mainly driven by an increase in parcel volumes in the APM segment on the back of an acceleration of e-commerce penetration in Poland, as well as the efforts of the Group to further optimise its APM network and to contract new key and strategic merchants. The price impact on APM segment revenues was insignificant.

To-door segment

Revenue and other operating income for the to-door segment increased by 15% (PLN 96.6m) from PLN 634.9m in 2020 to PLN 731.5m for the year ended 31 December, 2021. This increase was driven by an increase in parcel volumes in this segment on the back of an acceleration of e-commerce penetration in Poland, as well as the efforts of the

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Group to contract new key and strategic merchants.

Mondial Relay

Revenue and other operating income from Mondial Relay segment accounted to PLN 1,080m for the year ended 31 December, 2021.

Other international

Revenue and other operating income for the international segment increased by 289% (PLN 51.1m) from PLN 17.7m in 2020 to PLN 68.8m in 2021. This increase was mainly driven by higher sales in the UK and – to a lesser extent – Italy. The growth of the UK business was mainly the result of implementing a new strategy for the UK market, and the integration of new business volumes from strategic merchants.

Depreciation and amortisation

Depreciation and amortisation increased by PLN 253.6m in 2021, up 71%, from PLN 356.1m in 2020. This increase was primarily the result of the expansion of the Group's APM network and the related increase in the number of APMs and parcel lockers, resulting in an increase in the value of the Group's APM network on its statement of financial position, as well as increases due to Mondial Relay acquisition which increase D&A costs by PLN 76.9m.

Raw materials and consumables

Raw materials and consumables increased by 105% (PLN 45.7m) from PLN 43.5m in 2020, to PLN 89.2m in 2021. This increase was primarily driven by Mondial Relay acquisition which resulted in PLN 34.6m additional costs, in addition increased costs for consumables, such as packaging, envelopes, stickers and courier uniforms, as well as an increase in energy costs is a result of the expansion of the Group's APM and logistics network to handle the increased parcel volume growth.

External services

External services increased by 96% (PLN 1,179.5m) from PLN 1,228.1m in 2020 to PLN 2,407.6m in 2021. This increase was mainly driven by Mondial Relay acquisition which added PLN 767.4m to Group external services. Additional increase was caused by an increased use of external parcel delivery services to handle higher parcel volumes in the Group's APM and to-door segments. As a percentage of revenue, external services costs increased from 49.0% in the year ended 31 December, 2020 to 52.5% in the year ended 31 December, 2021, which is result of including the Mondial Relay business model, which operates as a lower margin PUDO network in comparison to the APM networks in Poland.

Taxes and charges

Taxes and charges increased by 367% (PLN 7.7m) from PLN 2.1m in 2020 to PLN 9.8m in 2021. Increase was driven by Mondial Relay acquisition which added PLN 7.3m of additional tax impact.

Payroll

Payroll increased by 146% (PLN 292.6m) from PLN 200.5m in 2020 to PLN 493.1m in 2021. This reflected the rise in the number of employees supporting the growth of the Group. This increase was primarily driven by an increase in the number of employees to support the growth of the Group's business, Mondial Relay acquisition and Share based programmes expenses. Mondial Relay acquisition which resulted in the increase of PLN 95.8m, share based programs resulted in an increase of PLN 82.4m, the remaining increase was caused by a headcount increase in Poland and International markets by 36% as well as the minimum salary increase in Poland.

Social security and other benefits

Social security and other benefits increased by 124 % (PLN 55.6m) from PLN 44.8m in 2020 to PLN 100.4m in 2021. This increase was primarily driven by the Mondial Relay acquisition which resulted in PLN 31.8m of additional social security costs as well as the increase in the number of employees and the increases in employee salaries and benefits accompanied by higher costs of personnel training in the Polish, Italian and UK subsidiaries.

Other expenses

Other expenses increased by 142% (PLN 17.7m) from PLN 12.5m in 2020 to PLN 30.2m in 2021. This increase was driven by higher parcel volumes, as well as additional insurance costs resulting from the Group expansion to the new markets and also increases in insurance premiums in the market.

Costs of goods and materials sold

Costs of goods and materials sold increased by 40% (PLN 4.1m) from PLN 10.2m in 2020 to PLN 14.3m in 2021.

Other operating expenses

Other operating expenses increased by 125% (PLN 8.4m) from PLN 6.7m in 2020 to PLN 15.1m in 2021. This increase was mainly the result of lease contract terminations which resulted in liquidation of lease assets amounting to PLN 3.7m as well as increase in unused production capacity of the new manufacturing site in Poland where APMs are produced which resulted in PLN 2.4m of additional costs.

Impairment (gain) loss on trade and other receivables

Net impairment gain on trade and other receivables decreased by 264% (PLN 10.3m) from revenue of PLN 3.9m

Financial review
continued

in 2020 to a loss of 6.4m in 2021. This decrease was driven by individual clients that as assessed by group are unable to repay their receivables, this was partially offset by lower expected credit loss calculated on basis of collective approach due to automation of the client debt collection process which led to lower DSO (days sales outstanding).

Total operating expenses

Total operating expenses increased by 99% (PLN 1,875.2m) from PLN 1,900.6m in 2020 to PLN 3,775.8m in 2021. This increase was primarily the result of the Mondial Relay acquisition as well as growth of the Group's business, which led to increases in external services and payroll costs, as described above.

Operating profit

Operating profit increased by 32% (PLN 198.9m) from PLN 627.5m in 2020 to PLN 826.4m in 2021. This increase was primarily driven by a substantial increase in revenue which was greater than the increase in total operating costs as a result of the growth of the Group's business and increased parcel volumes which leads to positive effects in the degressive cost model.

Gross profit

Gross profit increased by 64% (PLN 843.7m) from PLN 1,319.2m in 2020 to PLN 2,162.9m in 2021.

Gross profit	2021	2020
Poland	**1,941.7**	**1,329.0**
APM segment	1,667.5	1,074.0
To-door segment	230.8	198.3
Other[10]	43.9	58.1
Inter-segmentation elimination[11]	(0.5)	(1.4)
International	**221.2**	**(9.8)**
Mondial Relay	250.2	–
Other	(29.0)	(9.8)
Total	**2,162.9**	**1,319.2**
Total reportable segments	**2,119.5**	**1,262.6**

APM segment

Gross profit for the APM segment increased by 55% (PLN 593.5m) from PLN 1,074.0m in 2020 to PLN 1,667.5m in 2021. This increase was primarily driven by a 43.5% parcel volume growth in this segment. As a result of increased parcel volumes, the Group achieved lower costs per parcel as a result of the benefits from operating leverage such as higher efficiency by the increased automation at its sorting hubs and branches and the degressive courier remuneration system.

To-door segment

Gross profit for the to-door segment increased by 16% (PLN 32.5m) from PLN 198.3m in 2020 to PLN 230.8m in 2021. This increase was primarily driven by a 14.9% parcel volume growth in this segment. As a result of increased parcel volumes, the Group achieved lower costs per parcel driven by higher efficiency in its logistics network such as increased courier efficiency (i.e. couriers increasing their daily parcel shipping capacity), and at its depots by the increased automation at its sorting hubs and branches.

Mondial Relay

Gross profit for Mondial Relay segment accounted to PLN 250.2m for the year ended 31 December, 2021.

Other international

Gross profit for the international segment decreased by 196% (PLN 19.2m) from a loss of PLN 9.8m in 2020 to a loss of PLN 29.0m in 2021. Although revenue in the international segment increased, the increase was more than offset by higher logistic costs per parcel as a result of a new contract with one of the Group's international courier partners in the UK. However, these higher logistic costs will decline per parcel if the parcel volumes further increase, as this new agreement contains an arrangement that lowers the price per parcel as the parcel volumes progress. Additionally, the increase in revenue was also offset by unfavourable exchange rates between the British Pound and Euro on the one hand and PLN on the other.

Finance income

Finance income increased by PLN 16.0m, to PLN 16.1m for the year ended 31 December, 2021, from PLN 0.1m for the year ended 31 December, 2020. The increase was the result of a PLN 15.4m foreign exchange gain which resulted from favourable exchange rates between the British Pound and Euro on the one hand and PLN on the other.

Finance costs

Finance costs decreased by 21% (PLN 34.8m) from PLN 164.5m in 2020 to PLN 129.7m in 2021. This decrease reflected favourable exchange rates between the British Pound and Euro on the one hand, and PLN on the other (in year 2020, unfavourable exchange rates resulted in PLN 60.0m exchange rate loss). This effect was partially offset by higher interest costs of PLN 49.2m, resulting from APM network expansion (higher IFRS 16 lease balances) and new Loan agreements and Bonds issuance in 2021.

10 Other consists mainly of APM production & sale (to third parties) and marketing and IT services (intercompany and to third parties).
11 Transactions between segments are eliminated upon consolidation and reflected in the 'inter-segment elimination' row.

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Profit before tax

Profit before tax increased by 54% (PLN 712.8m) from PLN 463.1 in 2020 to PLN 712.8m in 2021 as a result of the factors described above.

Income tax expense (benefit)

Income tax expense increased by PLN 109.9m to PLN 221.5m for the year ended 31 December, 2021, from PLN 111.6m for the year ended 31 December, 2020. This change was primarily due to the increase in profit before income tax in the year ended 31 December, 2020 and unrecognised deferred tax assets from losses incurred in the UK.

Profit from continuing operations

Profit from continuing operations increased by PLN 139.8m to PLN 491.3m for the year ended 31 December, 2021, from PLN 351.5m for the year ended 31 December, 2020, as a result of the factors described above.

Profit from discontinued operations amounted to PLN 0.3m for the year ended 31 December, 2021, as compared to a loss of PLN 1.3m for the year ended 31 December, 2020, resulted from liquidation of subsidiaries in Brazil and Malaysia, and deconsolidation of a Subsidiary in France which resulted from loss of control as subsidiary went under liquidation and is controlled by state appointed liquidator. While several operations were discontinued in the years ended 31 December, 2017 and 2016, no further operations have been discontinued since. Most of the costs of winding-up these discontinued operations were incurred in the years ended 31 December, 2017 and 2016, but the Group still recognises income and cost from discontinued operations as the winding-up of certain of these discontinued operations in the years ended 31 December, 2016 and 2017 are still ongoing. However, the remaining costs of these discontinued operations are not expected to be material (approximately PLN 1m).

Net profit

Net profit increased by 40% (PLN 141.4m) from PLN 350.2m in 2020 to PLN 491.6m in 2021 due to the factors described above.

Operating EBITDA

Operating EBITDA increased by 46% (PLN 452.4m) from PLN 983.6m in 2020 to PLN 1,436.1m in 2021, primarily as a result of an increase in revenue, which was partially offset by an increase in operating costs, as described above.

Adjusted EBITDA

Adjusted Operating EBITDA (calculated as operating EBITDA plus costs related to the recognition of the incentive program) increased by 64% (PLN 632.6m) from PLN 993.7m in 2020 to PLN 1,626.4m for 2021. Operating EBITDA Margin decreased by 7.7 pp to 31.2% in 2021, from 38.9% for the year ended 31 December, 2020. This decrease was partially driven mainly by Mondial Relay acquisition which is running lower margin PUDO delivery network in comparison to high margin APM network in Poland.

Adjusted Operating EBITDA Margin decreased by 4.0 pp to 35.3% for the year ended 31 December, 2021, from 39.3% for the year ended 31 December, 2020.

Operating EBITDA per geographical area

Poland

Poland's operating EBITDA increased by 44% (PLN 454.6m) from PLN 1,027.8m in 2020 to PLN 1,482.4m in 2021. This increase was primarily the result of the revenue growth in the Group's APM and to-door segment, partially offset by an increase in general costs by PLN 488.3m, or 33%, to support the further growth and development of its business.

Other international

Operating EBITDA for the international segment decreased by 183% (PLN 80.5m) from a negative Operating EBITDA PLN 44.1m in 2020 to a negative Operating EBITDA of PLN 124.6m in 2021. Although revenue in the international segment increased, the increase was more than offset by higher logistic costs per parcel as a result of a new contract with one of the Group's international courier partners. However, these higher logistic costs will decline if parcel volumes increase, as this new agreement contains an arrangement that lowers the price per parcel when higher parcel volumes are obtained by the Group. Additionally, the increase in revenue was also offset by favourable exchange rates between the British Pound and other currencies, as well as additional investments in general costs (such as sales and marketing) to support the growth of the international segment of the business of the Group.

Sustainability report

Towards a sustainable future

We believe that to develop as a company and market leader, we must listen to the needs of our customers, employees, and business partners. We want to tap into the potential of technology to shape a new, more sustainable reality together. With creativity and innovation, we want to change the lifestyle of tomorrow, change cities, accelerate climate change mitigation and adaptation, and empower people and businesses.

Our journey to sustainability

InPost aims to change online shopping behaviour to create greener communities and more sustainable deliveries, by reducing last-mile journeys and emissions.

90%

reduction in CO_2 emissions in rural areas relative to to-door deliveries[1]

For almost 75% of our customers it is important for InPost to take action to increase its positive impact

[1] Source: Environmental & Sustainability Report, On behalf of InPost UK Limited December 2019

FIND OUT MORE HERE

Towards a sustainable future continued

As we conduct regular dialogue with our key stakeholders, we understand that for 88% of our employees and 74% of our customers it is important for InPost Group to take action to increase its positive impact and contribute to sustainable development.

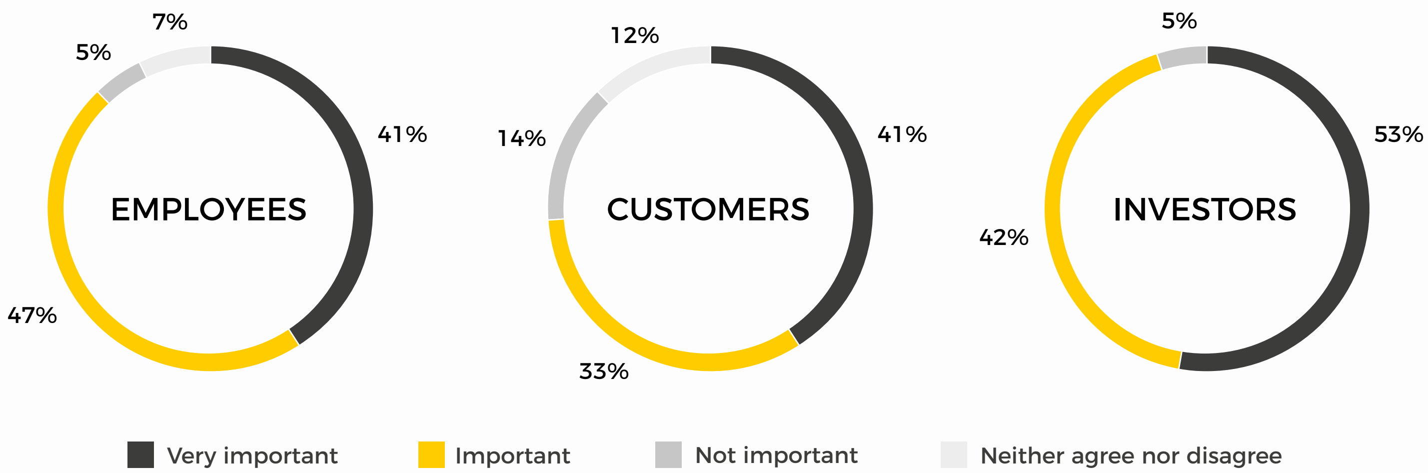
We listen carefully to our investors who raise the importance of strategic actions towards climate footprint reduction. We want to tap into the potential of technology to shape a new, more sustainable reality together. With creativity and innovation, we want to change the lifestyle of tomorrow, change cities, accelerate climate change mitigation and adaptation, and empower people and businesses.

For **88%* of employees** it is (very) important for InPost Group to take action to increase its positive impact

74%* of customers find it (very) important for InPost Group to take actions aimed at increasing its positive impact

95%* of investors find it (very) important for InPost Group to take actions aimed at increasing its positive impact on the environment

FIGURE 1 – ESG materiality survey results (I, 2022)



* Sum of "very important" and "important" responses. ESG pulse check, Survey conducted in January to February 2022, 1009 respondents.

The impact we have and the role we can play in sustainable development

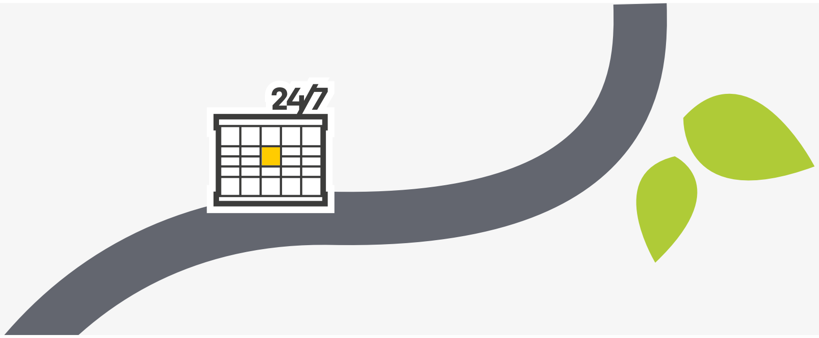
InPost is perceived by stakeholders as a leading brand in the e-commerce market (90%), stakeholders as standing out from the competition (87%), leading on the e-commerce market (85%), constantly developing and innovative (82%)[2]. This is how I'd imagined this company, back in 2006. We have set the bar high and we have reached it. Today we redefine the landscape of e-commerce and we are a significant partner within the value-chain of leading global consumer brands including Amazon, Vinted-CCC and Modivo. What would happen if InPost did not exist? In our home market we deliver HALF of all newly generated parcels[3]. We add around PLN 6b yearly to the national economy, where at least half is NEW value-added. We are the most climate-friendly model of delivery available on the market emitting 75% less CO_2 than traditional to-door services.

Looking forward to 2025, 2030 and 2050 I want InPost Group to become a leader of green and sustainable e-commerce, a role model for others. What will happen in future thanks to InPost's presence? An APM can be something more. A recycling point where customers bring electronic devices that they no longer use. A sensor of air quality in big cities. There's a lot more to come. And to do that we need to collaborate. GRI [102-12]: With that in mind, we have joined recognised and trustworthy initiatives such as UN Global Compact, EVCOM programme in France and one of the first in the industry - Science Based Targets Initiative funded by CDP, UNGC, WRI and WWF."

Rafał Brzoska
CEO, InPost Group

2 ESG pulse check, conducted in Jan-Feb 2022, 1009 respondents.
3 Comparison with both the regional median and historical market trends in Poland shows that InPost's parcels were "extra" parcels, that would not materialise without the introduction of our business model.

The impact we have and the role we can play in sustainable development continued



Key products brief

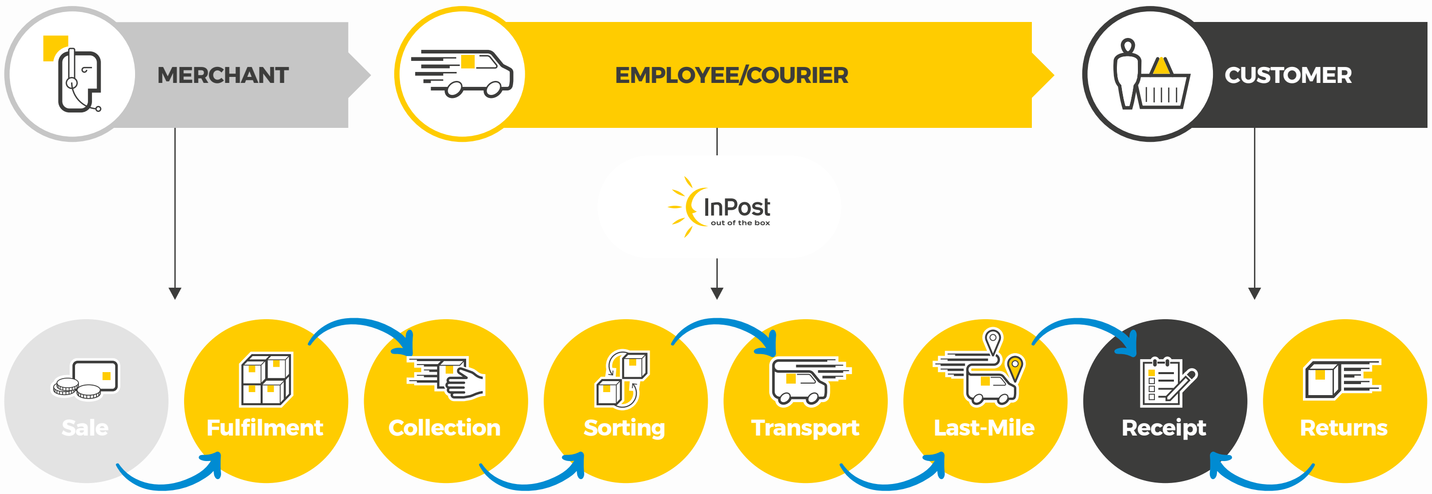
Parcel locker
Deliveries to Automated Parcel Machines ('APM') and pick up drop off ('PUDO')

Courier to-door
Deliveries to the recipient – classic courier service

Fulfilment
Comprehensive warehousing, packaging and logistics services

InStore – packaging
Sales of boxes and packaging materials

eGrocery
Delivery services for food and FMCG – to dedicated machines and to the recipient, using the InPost Fresh application



- New, innovative services
- Packaging innovations (closing loop, recycling)
- Quality of services
- Accessibility of APMs/PUDOs and geographical coverage
- Cyber security and high technology standards

- Low-carbon last-mile delivery
- Energy-efficiency on sites and of APMs
- Health and safety standards
- Integrated management systems
- Employee development and engagement
- Diversity at workplace
- Couriers, education and engagement
- Strengthening cooperation with suppliers and others in the value-chain
- Technology driven-efficiency in value chain

- Wide geographical coverage and accessibility
- Seamless customer experience
- Large selection of merchants
- New services aligned with e-commerce development and sustainability drivers
- Collaboration with local communities and cities

The impact we have and the role we can play in sustainable development continued

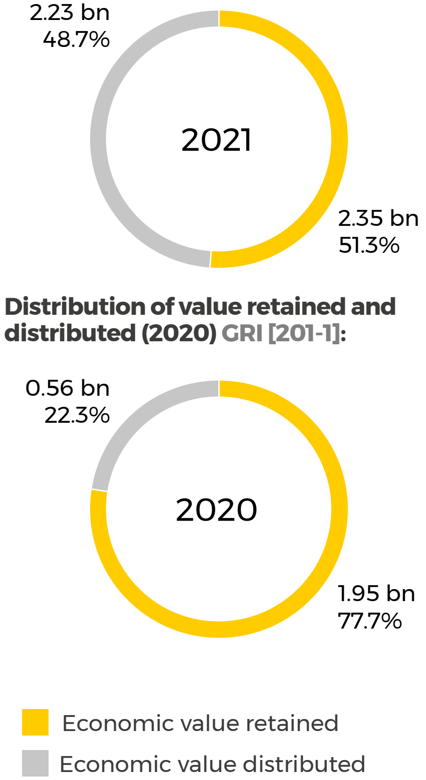
Our highly efficient business model is based on a flywheel effect that drives superior growth.

We deliver value by improving the convenience and efficiency of the delivery experience, and empower growth in our partners through the services we provide.

GRI [201-1]: In 2021, the economic value generated by the whole InPost Group with Mondial Relay was over PLN 4.6 bn; 48.7% of which was distributed to stakeholders (26pp more than in 2020), Shareholders and employees were the groups receiving the largest shares, with shareholders receiving 61% of the total (up 25pp on 2020), and employees receiving 27%.

FIGURE 2:
Distribution of value retained and distributed (2021) GRI [201-1]:

Distribution of value retained and distributed (2020) GRI [201-1]:



Please be aware that the data presented above is not consistent with EBITDA.

The impact we have and the role we can play in sustainable development continued

We also benefit the markets in which we operate. In Poland, our main market, InPost is responsible for delivering half of all newly generated parcel[4]. As a result, we estimate that we added circa PLN 1.9b[5] to the national economy, with another PLN 2b contributed by our subcontractors.[6] Meanwhile, the increase of e-commerce efficiencies adds another PLN 4b. We can conservatively assume that at least half of it is new value-added, that would not be delivered by other, less efficient, companies. We also contribute to the emergence of new businesses, which accounted for around PLN 1.125b in additional consumption in 2020, further boosting Poland's GDP.

With the ESG factors at the very heart of the business, we help to secure a sustainable future for all our stakeholders. We understand our role in the face of the current climate crisis. 98.6% (KPI for turnover) of our activities is taxonomy-eligible. Our logistics operates through our own fleet as well as a network of more than 7,600 independent couriers in total (this means that 100% of our couriers, who are also drivers, are independent contractors). GRI [302-1]: In Poland we use energy in 45 of our own warehouses and fulfilment centres as well as through data centres[7]. In 2021, for example, we have used 80101 MWh; 288364 GJ to power our home-market operations.

This is equal to the energy consumption of almost 9200 homes (based on EU average). Our innovative business model already lowers GHG emission up to 75% compared to traditional door-to-door deliveries. We want to do more to support green transformation of the economy than 'greening' the last-mile experience. As one of the first capital groups in CEE and e-commerce we have joined the Science Based Targets Initiative. Our goal is to achieve full climate neutrality of the whole value-chain (scope 1, 2 and 3) in all markets by 2040 and within next five years to close the loop in our own operations.

We plan to expand scale, accessibility and proximity of our services for customers. This will increase the potential for us to have a beneficial impact on climate change. Optimisation of deliveries permits gradual reduction of shipment prices by 30%, which in turn facilitates purchases by individuals who, for financial reasons, could not afford them before. As a result, we help the market to open up for previously excluded consumers. We support sustainable consumption. The convenience of nearby lockers, which additionally help facilitate returns, gives consumers additional reassurance.

Even though for many years InPost has been active in the environmental and social field, and has been recognised as an aware and engaged company, 2021 was a groundbreaking year. Alongside the IPO and Mondial Relay acquisition, an ESG strategy was developed, and will be integrated into business processes to align with the principles of sustainable development.

Thanks to our ESG strategy, InPost Group will:

- **implement a structure of management of ESG issues, including the responsibilities of the Supervisory Board and the Management Board**
- **develop and implement a number of policies and strategies, including the strategy for decarbonisation, social engagement, and the environmental policy, as well as implementing solutions, which have proven successful in Poland, in other markets**
- **monitor progress in meeting targets**
- **report progress to internal and external stakeholders on an ongoing basis**

[4] Comparison with both the regional median and historical market trends in Poland shows that InPost's parcels were "extra" parcels, that would not materialise without the introduction of our business model.
[5] Value-added is the most important component of GDP which, according to the methodology of national accounts, accounts for more than 85% of this indicator (the other components are taxes on products less subsidies to them).
[6] Subcontractors other than couriers, who are included in direct impact; further impact estimated based on the Input-Output model.
[7] Franchise branches are not included in the calculations.

Towards a sustainable future continued

Our strategy and commitments

Our ESG strategy creates a framework that will prepare the company for future challenges and meet the expectations of our diverse range of stakeholders.

Our ESG ratings

Sustainalytics	25.3 Medium risk
MSCI	BBB
ISS ESG	C-
FTSE	2,3

We aren't starting from scratch. InPost has been active in the environmental and social field for many years, recognised as an environmentally aware and socially engaged company. However, 2021 was a groundbreaking year. Alongside the IPO and Mondial Relay acquisition, we developed an ESG strategy to support the Group's integration. Today, ESG is one of four priorities in our business strategy. So, ESG, climate risks, and value-creation will act as a guide to our growth alongside maintaining our number one position in Poland, accelerating opportunities on a pan-European scale, enhancing the customer experience, and delivering new services. We are well-placed to build on this success and do better tomorrow."

Adam Aleksandowicz
CFO

GRI [103-1, 103-3]: In creating our first five-year ESG strategy, we leveraged the strength of the Group's value-creation model, with its focus on continuous improvement, efficiency, and excellence in the customer experience. As a purpose-driven company, we strongly believe that a robust ESG framework and governance structure are essential.

We have a need for a more structured approach that will help accelerate the growth of InPost and enable a Europe-wide impact. The ESG strategy is adapted to the business model and fully integrated with the business strategy. This means that it takes into account trends in e-commerce, covers the risks and opportunities identified for the company, and encompasses areas where a more structured approach is required from stakeholders. In order to help maximise real impacts, the ESG strategy both aligns with regulations (preparing for future regulatory change) and links to the United Nations Sustainable Goals (SDGs) and international initiatives such as the UN Global Compact to create a robust, comprehensive foundation on which to apply the best practices in sustainable business.

We have identified three areas where we can most effect positive change; for our clients, our people, and for the planet. These form the main pillars of our ESG strategy. For each pillar, we have set out our ambitions, commitments and targets. Each is accompanied by specified timeframes, scope, reach, and KPIs.

We have a positive contribution to make to the global transition to a more sustainable and equitable future for all. We are aligned to the SDGs and have identified areas where we can have a real impact, using our strengths and experience to create solutions to tackle climate change, promote gender equality, improve the quality of life in cities, and combat the geographical exclusion of rural areas.

Towards a sustainable future continued

Our ESG strategy framework

	IN_ PLANET	IN_ CLIENT	IN_ PEOPLE
PILLARS	**WE DELIVER** low-carbon e-commerce	**WE CHANGE** the lifestyle of tomorrow	**WE MOTIVATE** our employees and business partners
AMBITION	We are climate-neutral across the markets where we operate. With this, we not only protect the planet, but also care for the quality of life of our customers.	We change the lives of our customers and their environment encouraging them to be more sustainable.	Our strength lies in the skills and commitment of our employees and business partners, which is why their satisfaction is one of the cornerstones of our activity.
THEMATIC AREAS	• We are committed to decarbonisation, through the successive improvement of operational efficiency • We support the second-life of products and raw materials	• We create innovative and sustainable services • We improve the quality of life in cities • We are part of local communities	• We are committed to the development of our employees • We support the growth of our business partners • Diversity is what lets us grow
COMMITMENTS	• We declare to be NET ZERO until 2040 in scopes 1, 2 and 3 in accordance with SBTi • By 2024, we will ensure that 100% of packaging in our own operations will come from recycled materials and it will be possible to process them in recycling processes	• We set the direction of changes in the industry by implementing at least two sustainable consumer solutions in e-commerce a year • InPost is the first choice of customers (industry leadering NPS in all markets) • We support our local communities by creating community involvement programmes reaching two million beneficiaries	• The level of commitment of our employees will not be lower than 50% (according to the Kincentric methodology) • We will employ 1,000 employees and couriers as a result of the implementation of programmes related to equalising of opportunities on the labour market • We create a workplace that thrives on diversity. Strong support for gender equality is a foundation for our growth (30% of the Management Board and N-1 of the InPost Group are women by 2026)

Our UN Sustainable Development Goals

Towards a sustainable future continued

IN_PLANET
We deliver low-carbon e-commerce

In the e-commerce sector we believe reducing greenhouse gas (GHG) emissions and waste from the production of packaging materials are two of the most important issues we face.

100%
Recycled packaging materials by 2024

Finding solutions is gaining urgency as e-commerce grows rapidly and is estimated to make up 21% of total global retail spending by 2025. Being the leader in the e-commerce ecosystem in Europe means taking responsibility for the challenges that lie ahead and creating new standards. Although APMs and PUDO business models are the most sustainable forms of delivery – creating GHG emission levels 75% and 20% lower than door-to-door deliveries respectively – we constantly strive to improve our contribution to sustainable consumption and carbon neutrality.

This also reflects customer expectations. In 2021, 84% of parcels delivered by InPost in Poland were sent to APMs. Moreover, in a recent survey 80% of respondents said they felt InPost APMs are an environmentally-friendly shipping method.[8]

At each stage of APM or the PUDO experience, from placing an order, to providing transport and collecting the package, we have already launched services and solutions that enable us to reach our zero-emissions and circularity targets.

OUR COMMITMENT

WE DECLARE TO BE NET ZERO UNTIL 2040 IN SCOPES 1, 2 AND 3 IN ACCORDANCE WITH SBTI

We do not want the operations of the InPost Group to negatively impact the planet or contribute to climate change. We want to support progress towards goals set by Paris Agreement, reclaimed at COP 26 – EU carbon neutrality in 2050, 55% reduction of emissions by 2036, and to work to reduce the gap between existing emission-reduction plans and what is required to reduce emissions, so that the rise in the global average temperature can be limited to 1.5 or 2 degrees. That is why we will strive to achieve climate neutrality, which we understand as limiting emissions in absolute terms to a minimum and neutralising residual emissions in the whole value chain (scope 1-3), based on the commonly recognised reduction approach indicated by the GHG Protocol. We want to validate our goals by the Science Based Targets initiative.

BY 2024 WE WILL ENSURE THAT 100% OF PACKAGING USED IN OUR INTERNAL OPERATIONS IS SOURCED FROM RECYCLED RAW MATERIALS AND WILL BE RECYCLABLE

We want InPost to operate with respect for the planet's natural resources. Therefore, where we do have an influence, such as our internal operations, we intend to implement a closed-loop circulation of raw materials to prevent waste generation. In our internal operations, we use the same type of packaging as those offered for sale, along with packaging used in the fulfilment area, including cardboard boxes, foil, fillers, and tapes.

8 InPost image research, Kantar, X 2021
9 In comparison with 1990

Towards a sustainable future continued

Our Contribution to SDGs

We focus on areas of significant importance to quality of life, as indicated by the SDGs: SDG 9 (Industry, Innovation, and Infrastructure), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Change), and SDG 17 (Partnerships for the Goals). The most concerning for the markets where InPost operates is the stagnation of progress on tackling climate change (SDG 13). As one of the most complex issues, it also requires the most urgent action.

For each of our major markets, there will be different paths to achieving our goals at country-level. For example, Poland's level of recycled materials usage lowered from 11.6% in 2015 to 9.8% in 2019 (SDG 12, Responsible Consumption and Production). SDG 9 reached its expected target with major progress in France and the UK, with Poland facing significant challenges, yet still progressing with expenditures on R&D growing from 1% of GDP in 2015 up to 1.3% in 2020. SDG 17 is on track in France and the UK in regard to the expected speed of transformation.

Direct impact on SDGs specific targets

	SDG TARGET	GRI [103-2]: InPost GROUP CONTRIBUTING ACTIONS - EXAMPLES
13 CLIMATE ACTION	Integrate climate change measures into national policies, strategies and planning (13.2)	• ESG strategy implementation • SBTi commitment
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse (12.5)	• Electro Return programme • Multiuse packaging (co-operation with Modivo) • Blue Angel certified foils in use
17 PARTNERSHIPS FOR THE GOALS	Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships, data, monitoring and accountability (17.17)	• InPost Green City programme launch and expansion • United Nations Global Compact membership • Partnership with Transport for London

Three targets for SDG 9 are covered under Pillar 2 – We CHANGE the lifestyle of tomorrow.

Towards a sustainable future continued

How We Impact the Planet

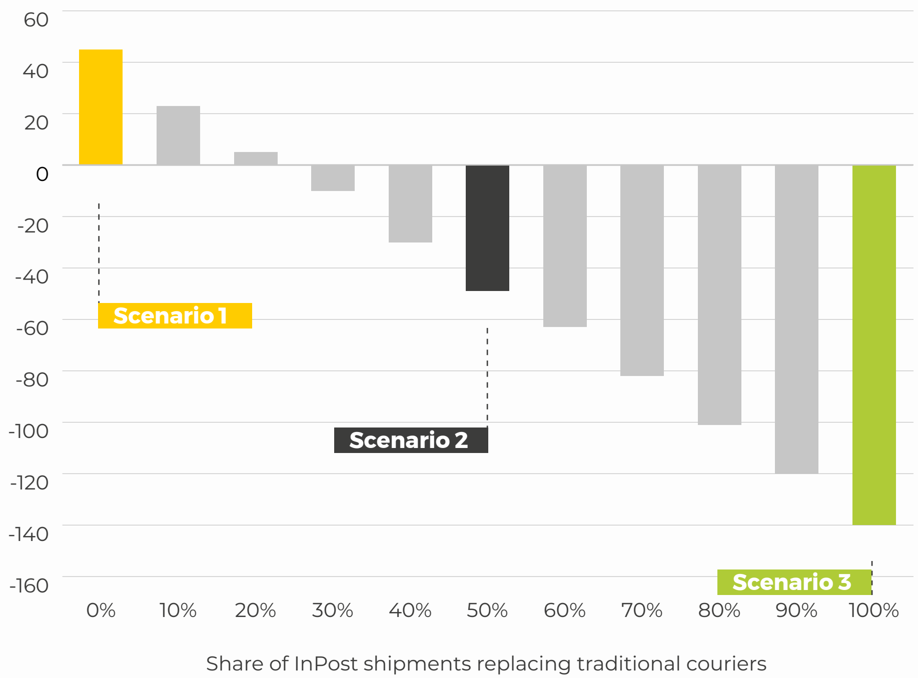
Our objective is to grow while reducing our negative impact on the environment. Thanks to the APMs business model, InPost operations contribute to the reduction of e-commerce's carbon footprint. Compared with traditional courier deliveries, the APMs delivery system emits up to 75% less CO_2 than to-door in Poland services. Even if half of InPost parcels are new streams, lower emissions from shipping that we took over from traditional couriers contributed to our reduction of the overall balance of emissions by 47 kt CO_2 in 2020[10]. Moreover, thanks to InPost, customers in Poland alone have made 100 million short walks to collect their parcels instead of using a car or public transport. This adds to another significant emission reduction.

In France, we provide a similar environmental benefit with our PUDO services. They reduce the carbon footprint of a parcel by 20% and decrease urban traffic resulting in 22% fewer vehicles per km². This is why 70%[11] of Mondial Relay's customers believe that the PUDO solution is the most eco-friendly delivery method compared to delivering parcels directly to the home.

70%

of Mondial Relay's customers believe that the PUDO solution is the most eco-friendly delivery method

Change in CO_2 emissions (kt) in 2020



1

In alternative reality, the parcels handled by InPost are not shipped.

InPost's operations lead to extra CO_2 emissions of 43 kt in 2020.

2

InPost takes over 50% of shipments handled by traditional couriers.

InPost's operations help avoid extra CO_2 emissions of **47 kt** in 2020.

3

All shipments handled by InPost are sent by traditional couriers.

InPost's operations help avoid extra CO_2 emissions of **137 kt** in 2020.

The calculation is rested on an assumption that unsent products were produced, i.e. we only look at emissions related to transport. Another question is whether InPost generates more demand for merchandise with a high carbon footprint or that manufactured in an environmentally-friendly manner. Emissions data related to courier services and InPost shipments are based on emission calculator - InPost v2.6. Analyses of the socio-economic impact of InPost operations in Poland made on the basis of the latest updated data from the Office of Electronic Communications (for 2020). Due to the lack of data for 2021, it was impossible to update the analyses.

10 Assuming that InPost took over 50% of parcels previously handled by traditional couriers. The calculations are based on an assumption that the non-shipped products were actually manufactured, i.e. we only compare transport-related emissions. Data on emissions related to courier services and shipments completed by InPost are sourced from InPost's Emissions Calculator v2.6 for Poland.

11 OpinionWay study on the delivery habits of private individuals: Home delivery vs pick-up points conducted by Mondial Relay - January 2021

Towards a sustainable future continued

What is our climate footprint?

GRI [305-1, 305-2, 305-4]: We are aware that transportation is the most polluting sector in Europe when it comes to emissions (28% of emissions comes from transport). Domestic transportation emits 820 $MtCO_2e$ a year, accounting for 21% of EU emissions[12]. To emit this much CO_2, a plane would have to circle the earth approximately 230 thousand times. As a result we are actively monitoring our environmental impact in this area. We monitor GHG emissions in scope 1, 2 and 3 (in line with GHG Protocol methodology) within the markets of key importance to our organisation: Poland and France. We will start monitoring emissions in other markets from 2022. Cumulative emissions in 2021 for scopes 1 and 2 were 33770.97 tCO_2e (PL). It is the equivalent to that produced by driving 137m km, or between London and Warsaw almost 84 times. The highest emissions of the Group are recorded in scope 3, or the indirect emissions in the value chain, which are mainly associated with fuel consumption of courier vehicles (external), but also with the production of parcel machines (used in markets where InPost operates) and the purchase of equipment and raw materials. Energy-related emissions, which are another significant source of greenhouse gases, or scope 2, amounted to 24998.6 tCO_2e (PL) in 2021. (the equivalent of 100 million km or driving Warsaw to London more than 61 thousand times). In 2021, the emission factor per package remained at a similar level as in the previous year, which is 0.57kg CO_2/parcel[13] in Poland and 0.48kg in France (compared to our industry peers, emissions from 0.2 kg/ letter for companies shipping mostly letters up to 0.8kg/parcel for parcel shipment)[14]. The total increase in emissions in 2021 for the entire organisation is related to the launch of new logistics centres and the delivery of a larger number of parcels (an increase from 310 m to 518 m).

InPost Group's ambition is to offer zero-emission delivery within less than two decades. Our goals are supported by our involvement in the international Science Based Targets (SBTi) initiative, which promotes responsible and transparent setting of carbon footprint reduction goals based on scientific knowledge. Lower emissions natively support the business model implemented in our organisation: deliveries to parcel machines and collection points. It allows us to achieve much lower emissions than the logistics of traditional courier companies delivering parcels directly to customers. According to estimates, at the final stage of parcel delivery – also known as the "last-mile" – our emissions in Poland are up to 75% lower than those of competitors delivering parcels in the to-door system.

At InPost, we understand the challenges related to climate change. In 2021, we analysed the resulting risks and opportunities for our organisation (TCFD section on page 103).

Figure 3 Scope 1 emissions GRI [305-1]

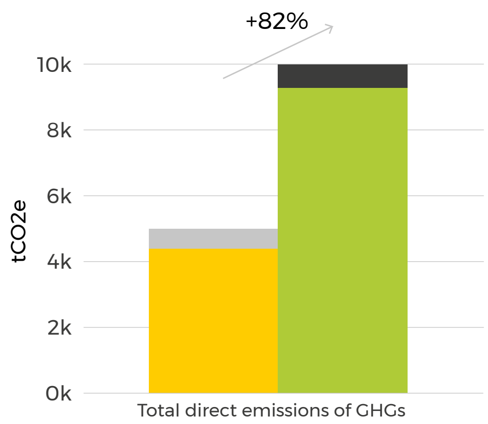


Figure 4 Scope 2 emissions GRI [305-2]

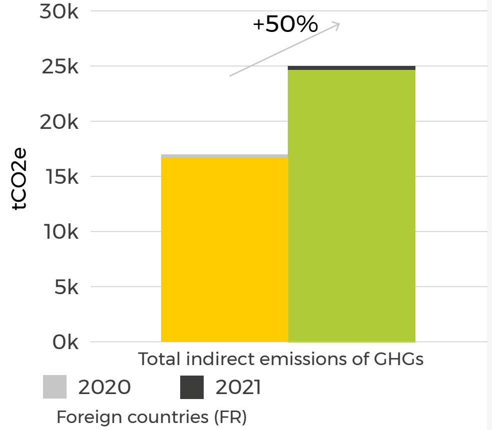
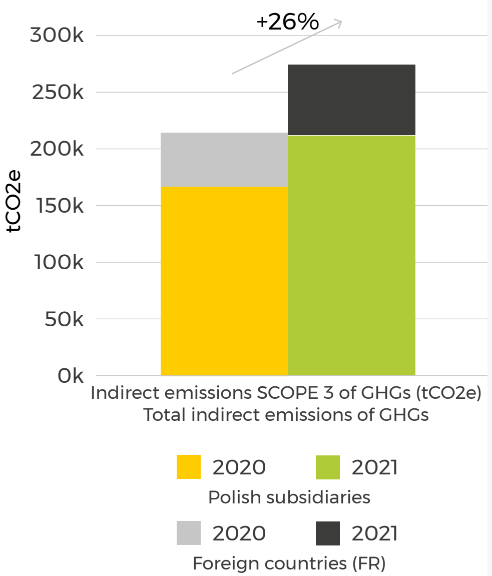


Figure 5 Scope 3 emissions GRI [305-3]



12 Net-Zero Europe report by McKinsey&Company.
13 Carbon footprint from the entire company value-chain calculated separately for Poland and France.
14 The carbon footprint for a parcel delivered to-door is on average 0.659 kg CO_2, for the whole route of the parcel and 0.294 kg CO_2 of this is attributable to only the last-mile. The average result for deliveries to automated parcel machines is only 0.229 kg CO_2 over the entire route and only 0.075 kg CO_2 for the last-mile. Source: InPost Footprint Calculator v.2.6.

Towards a sustainable future continued

What actions do we take?

GRI [103-2]: Issues are critical to us. This manifests itself through five implemented environmental targets with measurable KPIs to reduce the environmental impact of our operations by the end of 2022, defined in our environmental policy. They are: (1) a reduction of exhaust emissions from our vehicles (2) a reduction of plastic and paper waste; (3) to provide services in environmentally friendly conditions; (4) an improvement of energy efficiency; (5) continuous improvement. In Poland the envinronmental policy is linked to all policies of the Integrated System and is managed in accordance with ISO Standard 14001. In 2022 we continue to set coherent and integrated environmental governance in the whole Group based on best market practice and recognized standards. However, in France we concentrate on energy efficiency, waste management and carbon footprint as stated in key policies (Regulatory energy audit NF EN 16247 Standard, Waste Sorting 5 Streams Decree 2016-288 and Carbon Footprint policy). GRI [302-1]: As a basis, we track our energy consumption levels: total energy consumption for Poland and France was 52,069.5 MWh in 2020 and 88,644.8 MWh in 2021 (70% increase).

The most important step on the way to meeting our commitment was joining Science Based Target Initiative (SBTi). This means in 2022, we will be working on the development of emission reduction pathways based on scientific modelling in reference to the GHG Protocol, which will consider the growth plans for InPost Group. Furthermore, the pathways are revised on a regular basis so that they can be adapted to the evolving situation and company's needs. This means the climate neutrality target we set for InPost Group considers the company's growth plans, and indicates tools ensuring the flexibility of reactions to the evolving business environment.

We have already achieved Mondial Relay's commitment to the EVCOM programme, whereby Mondial Relay adopted an emissions reduction goal of 8% over the next three years. The company also implemented several solutions contributing to GHG emissions reduction: more than 95% of the transport vehicle fleet complies with the Euro 5 and 6 standards, which provide a new restriction in terms of atmospheric pollution that reduces the quantity of pollutants emitted by heavy goods vehicles. Furthermore, 40% of Mondial Relay's fleet (company and service vehicles) is made up of hybrid vehicles.

Knowing the sources and scale of emissions in each scope, we take the most significant effort in three areas such as vehicles, APMs and logistics centres energy efficiency.

Although delivery to APMs is the most sustainable form of courier delivery, we are still implementing new solutions to gradually minimize our impact on the environment. That is why we are already launching innovations that will make APMs themselves a tool for achieving carbon neutrality.

In 2021, we started testing autonomously powered APMs that are equipped with photovoltaic panels. They do not use the power grid (which, despite varying national power mixes, usually involves consumption of energy from coal or other fossil fuels). Instead, they operate on the basis of renewable energy that they have produced themselves. In addition, in cooperation with Green Way, we will, wherever city space allows, install electric vehicle charging stations near the APMs and similar solutions will be provided for InPost logistics centers. The process of building the charging stations network started in 2021 and will be continued in following years (see best practice). Another example of green investment are screenless APMs only operated remotely via the InPost application that will further reduce associated emissions previously spent on screens (see best practice). InPost also plans to further install air quality sensors (80 devices of this type have already been installed in 2021, mostly in cities participating in InPost Green City programme), anti-smog paving stones, and using plants that absorb air pollutants alongside APMs. They also absorb rainwater, and this ecosystem is cooling APMs, thus decreasing energy consumption which finally results in decreasing emissions.

An important tool for reducing energy consumption is investing in certified infrastructure solutions. In the case of InPost in Poland, this means, amongst other things, placing logistics centres in buildings with a BREEAM certificate of Good as a minimum (most of all own branches have such a certificate, and each subsequent one will be certified at least at the same level, or the BREEAM Excellent level). These buildings are subject to external audits and an integrated energy management system ISO 50001 is planned to be implemented. In France, all new building will be BREEAM, HQE or LEED certified.

SBTi is gradually becoming the global standard for decarbonization, which is why at InPost we cannot aim for anything less. As the majority of our emissions are in scope 3, meeting decarbonisation targets will require close cooperation with our business partners along the supply chain. It presents another opportunity to grow and transform together."

Izabela Karolczyk-Szafrańska
Marketing Director, InPost Group

Towards a sustainable future continued

BEST PRACTICE

Let's RE-charge

To achieve climate neutrality, we take a broad view of reducing emissions and do not limit ourselves only to the implementation of APMs powered by renewable energy. In cooperation with Green Way, we will develop a network of AC and DC electric vehicle charging stations. We want them to supply not only InPost's growing electric car fleet but also to be generally accessible to residents living in the vicinity of parcel lockers. As 50% of car owners declares their willingness to buy an EV[15], we strongly support the development of public EV infrastructure. What's more, we plan on investing in our internal EV chargers network – all 30 InPost branches in Poland are to be equipped with such devices.

Our efforts have already been appreciated – we were awarded a special prize at the e-Mobility Media Awards and were recognised as a Brand of the Year 2021 by the Polish Association of Alternative Fuels.

GRI [305-5]: What's most important is that we have already delivered nearly eight million parcels via the EV fleet and diminish emissions by 356,87 TCO_2e in 2021.

"If we want to deal effectively with climate challenges, we must make green resources, such as renewable energy, become even more widely available, ceasing to be only a luxury. The implementation of infrastructure solutions, such as chargers for electric cars at APMs, for example in frequently frequented places, is one of the most important steps on the way to the systemic change of residents' expectations, as well as the way we think about our urban spaces."

Rafał Czyżewski
CEO, GREEN WAY

We expanded our delivery and service fleet of electric vehicles by 250 in Poland this year. It includes the Mercedes e-Sprinter, and in 90% Nissan Voltia e-EN200 with capacity up to 10m3 which cover major Polish cities: Warsaw, Krakow, Lodz, Wroclaw, Poznan, Gdansk, Bielsko-Biała, Zielona Góra, Szczecin, Torun, Bydgoszcz, Katowice, Opole, Częstochowa and Piotrków Trybunalski.

15 Outcome of assessment developed by InPost in Poland in 2020.

BEST PRACTICE

Less is more

Our research and development team works on the constant improvement of solutions that have already been implemented. One of the solutions currently being tested is the screenless APM. Thanks to the elimination of the traditional screen and the use of a QR code scanner, we save space that can be used for more lockers. It will be equipped with motion sensors which will activate the device only after it senses the presence of an approaching client. It will also have a set of solar panels that will enable it to self-charge and thus make it independent from the grid (even in highly unfavourable weather conditions). All these innovations contribute to the significant reduction of energy consumption by over 63%[16] and a decrease in raw materials usage, thus making screenless APMs far more sustainable. It's another step on the path to becoming carbon neutral. The machine will be fully compatible with the InPost app. After a successful pilot phase, screenless APMs will be deployed on a wider scale.

"The screenless APM is one of the solutions that will play a role in InPost's decarbonization pathway. A lower impact on the environment, higher efficiency, an even better user experience – these are improvements in the three most crucial areas for InPost. Apart from lower energy usage, we perceive it as an opportunity to broaden the access to InPost services in distant locations with limited access to utilities."

Wojciech Mazur
Head of Global APM Network Development

16 Screenless APM uses 36.5 W while NEW FM OUTDOOR model (the most popular model of parcel lockers) uses 100 W, data for APMS charged with 230V.

Towards a sustainable future continued

What is our waste footprint?

[GRI 301-1, 301-2]: In retail, e-commerce sales are expected to grow annually by 6.3% globally between 2021 and 2025[17]. As the e-commerce market grows, so does the use of materials such as stretch foil. As an "e-commerce enabler," we see for ourselves the importance of reducing the consumption of packaging materials and raw materials used in online shopping. When it comes to strech foil in 2021 we used 11.64t of this material. According to the Ellen McArthur Foundation, less than 14% of the nearly 86mt of plastic packaging produced globally each year is recycled. To improve those results, in 2021 we introduced recycled materials to our services, which means 127t of poly mailers used came from recycled materials in 2021.

Packaging materials are not the only category of used materials in InPost Group. A significant portion of the materials are the raw materials needed to build the APMs. In 2021, we used magnelis, aluminum, carbon black steel, and stainless steel. A register of materials used for the construction of APMs will be kept in forthcoming year.

[GRI 306-1, 306-2]: Most of the identified waste is derived from sorting and storage operations (cardboard and foil) and are largely non-hazardous and recyclable (cardboard). Despite having appropriate regulations listing prohibited contents of parcels, there are still cases of customers sending prohibited substances, which in case of damage to parcels generates hazardous waste. Although as a company we have no possibility to directly influence the number of such cases, we notice its annual decrease.

We strive to use reusable or recyclable packaging in our sorting and storage facilities. We also selectively collect waste in our facilities and offices. Our environmental policy is to reduce the use of paper and plastic.

We do not identify any threats of waste generated for the environment as we work with reputable waste management companies that comply with local legislation.

[GRI 306-3]: InPost Group generate several types of waste. 99% of waste is generated by non-hazardous waste of three kinds: municipal mixed waste (generated by employees), paper and cardboard packaging, and plastics (generated by work processes coming mainly from the process of transporting shipments).

Table 1 Waste generated in Poland in 2021

[GRI 306-3]

Waste composition	Waste generated (composition)	Total weight in tonnes in 2020	Total weight in tonnes in 2021
Non-hazardous	Municipal mixed waste	6,479	11,104
Non-hazardous	Paper and carboard packaging	752	1,253
Non-hazardous	Plastic/stretch foil	342	383
Hazardous	Non-regulatory shipments	22	28
Total		7,595	12,769

In 2021, there was a significant increase in the amount of waste compared to 2020 due to the increase in business activity, especially in the area of parcels handled, as well as the expansion of the branch network from 54 to 61 locations.

Where is there waste in our transportation process? Couriers transport smaller parcels in cardboard boxes. If a parcel gets damaged during transport or if a cardboard box gets wet, for example due to the spillage of substances from an irregular shipment, such parcels are repacked into new packaging and damaged cardboard boxes are stored in our warehouse as waste. In the case of plastic/stretch foil, waste is generated because of wrapping pallets with packages, which are protected against falling out during transportation. The more parcels we have in the network, the more pallets we need, so in case the number of metal bars is limited, the branches use wooden carriers. Wooden pallets need to be wrapped with foil from the bottom up, so that the parcels do not fall out during shipping, therefore requiring more stretch foil. Less than 1% of waste is hazardous waste from non-regulatory or damaged shipments. If the sender or recipient is unable to accept the shipment in person, we have the right to dispose of the shipment in accordance. Even though we constantly educate our customers how to pack, along with what you can and cannot put in the package, we unfortunately still come across these types of shipments."

Bogusław Kryska
Head of the Health and Safety Department

[17] https://www.statista.com/forecasts/220177/b2c-e-commerce-sales-cagr-forecast-for-selected-countries

Towards a sustainable future continued

What actions do we take?

[GRI 306-2]: An important factor contributing to the achievement of climate neutrality is the optimisation of the use of raw materials for efficiency to finally "close" their circulation in supply chains. Also with such a high level of waste generated by our business, we feel it is our responsibility to reduce it as much as possible. To address this, we are taking steps to reduce our impact in this area.

In the field of shipping and main operations:

- We transform toward circularity by cooperation with our customers: At the end of 2021 we announced an introduction of reusable packaging with possibility for the customer to return it via an APM – the most important achievement in circularity implementation, implemented in cooperation with Modivo. can be used up to ten times, and they are already made from recycled materials. It is a breakthrough on the Polish market and a response to one of the greatest challenges in the e-commerce industry (see best practice).

Because some materials are hard to recycle, InPost UK launched a joint venture with the online beauty shop Lookfantastic.com which will allow customers to send back hard-to-recycle plastic packaging by dropping it off at their local InPost Locker, at their convenience.

- We have introduced Blue Angel-certified poly-mailers which consist of 80% recycled plastic. In 2021, they already accounted for 78% of sales of all our foils in December – the peak season.
- Every year we increase the number of more durable carriers such as metal grates in which shipments are transported.
- We reuse cardboard boxes in our warehouses and branches. In addition, work is underway on the implementation of FSC-certified cardboard.
- We strive to make APMs stay functional for as long as possible, extending the life of older machines by equipping them with new components. As a result, steel structures, which require the most raw materials to build, may get a second life. In 2021 we purchased new machines for production to minimise sheet metal waste.

Educating our customers is important as they are an important element in reaching a circular economy. To facilitate the transition to a more sustainable lifestyle, we run the YouTube channel "Is Poland eco?" where we refute many myths, answer troubling questions, and show various interesting facts through which we aim to make ecological awareness more familiar, accessible, and practical. As environmental protection and climate change are broad topics, we also use our voice to raise awareness for issues such as biodiversity loss or the negative effects of littering, and also to promote sustainable businesses and local initiatives.

We also aim to educate our employees:

- We organise training for employees to raise environmental awareness.
- We use reusable toners.
- We segregate our waste according to five waste categories (in line with EU regulations) and conduct trainings to ensure that all our employees are fully informed and to secure highest possible level of recycling.

BEST PRACTICE

RE-zip to close the loop

Going circular with packaging is becoming crucial for e-commerce operations. This is why InPost has teamed up with Modivo, the fashion retailer from CCC Group's eobuwie.pl, to introduce Poland's first reusable packaging system for online retailers. After receiving their order, Modivo customers can return the package by visiting an APM and scanning a label to send it back to InPost, where it is disinfected and then returned to the retailer. The packages are adjusted to the product size, further improving the efficiency of the shipping process. Once proven successful, the system can be implemented in over 16,000 existing APMs along with new ones scheduled for 2022 and the following years. This effort makes InPost the largest logistics network providing such solutions. Since the returns are managed by the InPost app, the whole process is seamless for customers. Again, the app provides the means to manage different technologies for the best e-commerce experience.

"Both business and consumers are aware of how single-use packaging is a major problem, and this is no less applicable to e-commerce. To develop in a sustainable manner, we have decided to face this challenge together with InPost. By joining forces, the circular economy becomes a reality."

Damian Zapłata
CEO, MODIVO
CCC Group

Towards a sustainable future continued

IN_CLIENT
We change the lifestyle of tomorrow

People are at the heart of our business. It is for them that we are redefining the customer experience of e-commerce at the last-mile. We have also received direct positive feedback from customers' with a NPS[18] for APMs of 75 points – the highest among all major competitors, with innovation, use of mobile solutions and being green as major distinguishing factors.[19] 91% of on-line shoppers in Poland choose InPost APMs as the delivery method. This means that those potential customers may abandon the cart due to the inability to collect the order from a parcel locker even if the store has a satisfactory offer.[20]

We tap into the potential of technology to link people and businesses and give everyone the opportunity to enter the future today. Sustainable. At your fingertips. For everyone. We create new solutions to transform the reality around us, because we believe that, with technology, we can improve our efficiency and thus make our customers' lives easier and more comfortable. With almost 16,500 APMs in Poland, 3,609 internationally and 17,000 PUDOs across markets with the Mondial Relay brand, we make people's lives easier, while changing their cities into more pleasant places to live. We are taking another step and expanding to towns and rural areas to give their inhabitants access to new products and services, including those that are more sustainable but have been limited to major cities. This network also equips small entrepreneurs with the means to reach new clients and gives them a cost-effective tool for expansion. In Poland, APMs deployed in rural areas add up to almost 30% of all APMs.

OUR COMMITMENT

WE SET THE DIRECTION OF CHANGES IN THE INDUSTRY BY IMPLEMENTING AT LEAST TWO SUSTAINABLE CONSUMER SOLUTIONS IN E-COMMERCE A YEAR

We want to strengthen our leading position, using the power of technology to set new trends and solutions in e-commerce, which is why we focus on development and innovation that support a sustainable lifestyle. In other words, we intend to launch new market solutions (such as service, application functionality, a new hardware and software solution or a service offering) in the following ESG areas: circular economy, decarbonisation, no more food waste, wellbeing, and counteracting technical and technological exclusion for seniors and people with disabilities. Solutions are tested and launched in at least one market (commercial deployment).

InPost IS THE FIRST CHOICE OF CUSTOMERS (INDUSTRY LEADER NPS IN ALL MARKETS)

We want the customer satisfaction index to confirm their satisfaction with the way we use and manage the APMs and PUDOs network to improve the quality of life in their cities, how we strive for enabling sustainable consumption and finally how we challenge ourselves to make their everyday routines easier. First, we will measure the NPS for Poland and France; other markets will follow in the future.

WE SUPPORT OUR LOCAL COMMUNITIES BY CREATING COMMUNITY INVOLVEMENT PROGRAMMES REACHING TWO MILLION BENEFICIARIES

We want to be an active participant in the life of local communities and tackle future challenges together. Our commitment refers to the cumulative number of beneficiaries of community engagement programmes from 2021 through 2026, aligned with the social engagement strategy. A beneficiary is a person who directly benefits from the project results (such a recipient of donations, people using purchased equipment, webinar or workshop participant, etc.).

18 Net Promoter Score is a method of using a single survey question to gauge customer satisfaction with a product or service.
19 TNS Kantar study, October 2021
20 InPost image research, Kantar, X 2021

Towards a sustainable future continued

We share our vision with others. We collaborate with visionary people; those who are full of passion and commitment and looking for new challenges.

Whether it means facilitating placing orders, adding new functionalities to the APMs to redefine their usage and impact on their surroundings, or further simplifying collection, we are overcoming barriers, growing local communities to build new cities together. We are observing the development of competition in the Polish market, and at the same time we face the challenge of implementing our business model in new markets. These market conditions are only an additional motivation for us to continue our philosophy of operation, continuing the search for innovative services and improving customer experience. We want to surprise the market and set trends that will be implemented in Europe after being piloted in Poland. Just in 2021 we launched four sustainable services and solutions, and that's just the beginning.

Technology, our APM network and IT architecture are the core drivers of the InPost ecosystem

1. Automated Central Sorting Hub
2. Fulfilment
3. Remote opening of lockers and sending without labels via the InPost Mobile app
4. Chatbot and Interactive Voice Response ('IVR'), optimising the handling of inquiries (claims robots), robotisation of processes
5. Artificial Intelligence and Data Science
6. Multilocker Service
7. Eco-friendly electric vehicles
8. Dynamic courier routing
9. Refrigerated lockers
10. InPost 24-hour Office
11. Indoor Parcel Locker
12. Parcel Locker with an air quality sensor
13. EV chargers near to APMs
14. Screenless Parcel Locker
15. Solar-powered Parcel Locker
16. E-grocery
17. Same Day Delivery

Towards a sustainable future continued

Our contribution to SDGs

With growing APMs and PUDO networks, we are a constant presence in cities and becoming a part of the rural landscape. In having this impact, we want to invest in innovation and technologies that are beneficial for inhabitants and result in them minimising our impact on the climate and improving the quality of air. For this purpose, we have identified four SDGs relevant for reaching this ambition: SDG 3 (Good Health and Well-being), SDG 9 (Industry, Innovation, and Infrastructure), SDG 11 (Sustainable Cities and Communities) and SDG 13 (Climate Change).

As EU27 face very different challenges related to infrastructure or urban development and its impact on health, than developing countries, the necessary progress was hindered by the COVID-19 pandemic, and France, Poland and the UK have fallen behind schedule in most of them. The most challenging one is SDG 11 with only mild progress in all three countries. Even significant progress in Poland's number of "green" public buses from 3.6% in 2015 up to 9.7% in 2019 isn't sufficient to impact the air quality in cities – the Pm3.5 dust level declined only by 2 µg/m3 from 32 in 2015 to 21 in 2019). More positive results are observed in SDG 9, where France and UK have reached their targets, with only Poland still struggling.

Direct impact on SDGs specific targets

SDG TARGET		GRI [103-2] InPost GROUP CONTRIBUTING ACTIONS - EXAMPLES
11 SUSTAINABLE CITIES AND COMMUNITIES	By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management **(11.6)**	• InPost Green City programme
3 GOOD HEALTH AND WELL-BEING	By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination **(3.9)**	• APMs with air quality sensors
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all **(9.1)**	• APMs deployment in rural areas (almost 29% of total APMs in Poland)
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities **(9.4)**	• EV fleet development • EV charging stations
11 SUSTAINABLE CITIES AND COMMUNITIES	Support positive economic, social, and environmental links between urban, per-urban and rural areas by strengthening national and regional development planning **(11.a)**	• APMs deployment in rural areas

The target for SDG 13 is covered under pillar 1 – We DRIVE low-carbon e-commerce.

Towards a sustainable future continued

How we impact society and quality of life

Research shows that thanks to e-commerce, customers are happier as they can save time[21], get products better suited for their needs[22] or even get access to products that were unavailable to them as a result of geographical exclusion[23]. In Poland, InPost has almost 16,500 APMs[24], and we delivered over 424 million parcels annually. We cover almost 30% of all e-commerce in Poland, which gives almost 3bn PLN of new value[25] – improves customer satisfaction.

However, the impact we have extends beyond just economic value. We are a constant part of our customers' daily routines. Being part of their reality means being able to influence them, provide them new opportunities, and shape and support sustainable attitudes in a positive way. Our ambition is for the innovation and efficiency of InPost to shape customers' lifestyles and their environment in a sustainable direction, full of positive energy. They even expect that from us – 40% of our customers says we should be shaping good customer habits, 25% expect we will take care of the air quality in cities and even become carbon neutral[26]. And with the strong mandate they give us (85% of them sees InPost as an innovative company developing new technologies)[27], we will strive to meet those expectations.

What is our social footprint?

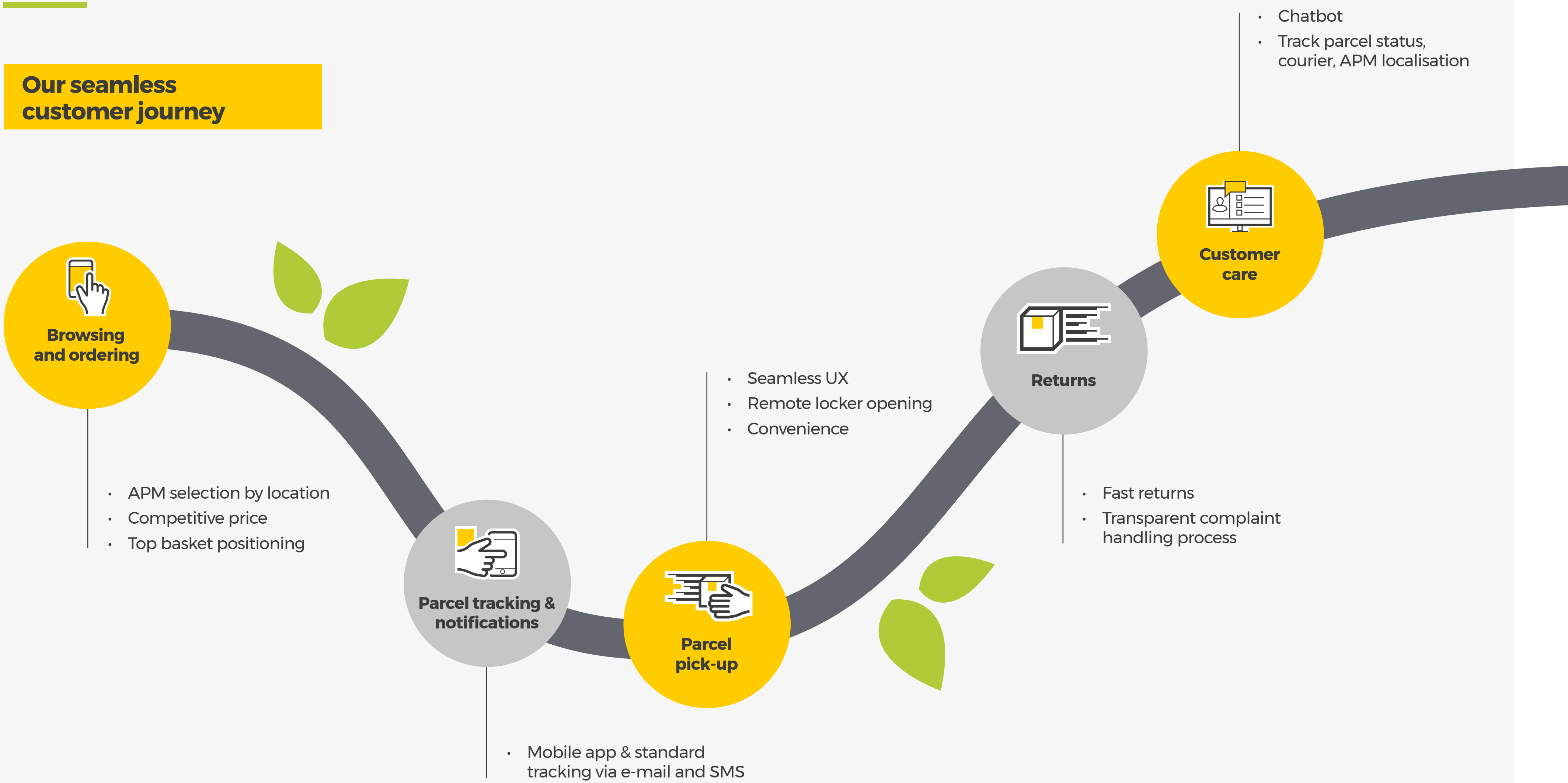
[GRI 201-1]: Some 86% of on-line shoppers declare that in order to get them to shop more often, the delivery time should take less than 12 hours. 96% of Parcel Locker shipments at InPost are delivered within one day of posting, which meets e-commerce customers' preferences[28]. From the financial point of view, in 2021 InPost generated more than 4.5bn PLN, and it distributed almost half of that value. The rest was used for further investments to rapidly grow InPost's market share, so more people could have access to quick and reliable deliveries. In making the e-commerce experience as easy and efficient as possible, we have reached for the most convenient and resourceful tool everyone has: the mobile phone. Our InPost app is the very heart of the customer experience. It is a solution for managing all the services we provide along the way to the final client. We use one app to combine different levels of interactions with technology to make last-mile experience effortless.

Currently, with almost eight million users in Poland, the app covers 64% of parcels sent and constantly evolves and expands as a response to consumers' changing needs. With every new service launched, we gain new users. When they expect safety and want to limit their contact even with the APM itself, we provide an option for opening the locker remotely (with approximately 1.7m users in March 2021 to almost 3m in the next month after launching the service). When they want to send a parcel via our APM, they can use the app (with almost half a million new users within one month). When they have trouble reaching the higher lockers, we give them the possibility to order a delivery to lockers that are placed at a lower height. It has become an ecosystem that enables us and customers to manage not both parcel management (sending and delivery) and communication. All new features are the result of a dialogue facilitated by technology and innovation. Finally, using the app means higher security – a lower risk of phishing and quicker and safer transactions. All customer-oriented functionalities are highly rated by users, and the InPost app scored 5.0 (AppStore) and 4.9 (Google Play) at the end of 2021.

21 Chen & Dubinsky, 2003; Dolfen et al . 2019, Huang & Bronnenberg, 2020
22 Broda & Weinstein, 2010, Quan & Williams (2018)
23 Luo et al., 2019; Fan et al., 2018, Huang & Bronnenberg, 2019
24 As on 31.12.2021.
25 InPost impact analysis, 4 bln pln are the results given the conservative assumption of only 50% of parcels being delivered by InPost, Deloitte, 2021
26 InPost customer survey, February 2022
27 InPost customer survey, February 2022
28 Kantar study, October 2021

Towards a sustainable future continued

Our seamless customer journey



Towards a sustainable future continued

The parcel locker gives me more freedom. Before, I would have to track all my individual orders across various sites and often plan my day to wait for a courier at home. Now I don't have to worry about this at all. I click, I buy, and I know that my locker is a stone's throw away. The convenience is unmatched. It's also useful that I can shop while on holiday, without worrying about the addresses. I've yet to travel somewhere without a parcel locker nearby. As a bonus, the ability to open the lockers through the app makes my children think I'm a sort of sorcerer!"

Agnieszka, 34
resident of Bytom

Not many people outside the e-commerce sector know just how important delivery is to the customers' opinions and impressions of a business. The best product, if delivered with delay, can cause the reputation of the business to suffer. Parcel lockers, and the service of InPost in general, have really changed our working reality 180°, at least in deliveries. Firstly, we can dispatch as soon as we're ready – we have a locker nearby. Secondly, clients are immediately notified when we've prepared and dispatched their package, and can immediately start tracking. Finally, we no longer have to field calls with requests to change delivery dates. Now the package waits for the client, not the client for the package. We now promote delivery to parcel lockers on our site, because we really believe this is the best solution for both us and our clients."

Paweł
owner of an internet store selling cameras and lenses in Poznan

What actions do we take?

The InPost app is the tool that makes the experience effortless, but for many clients, the APM is the gamechanger in e-commerce. When choosing an APM, from the moment of purchase to the moment of collecting the parcel, the customer makes more sustainable choices. They choose the most ecological form of delivery, and since parcel lockers are easily accessible in the vicinity of their residence, they often leave the car and pick-up the package on foot. Finally, they benefit from the option of using a multi-locker, i.e. ordering items from different stores to the same APM and picking them up during one visit. Each of these steps brings us closer to increasing sustainable purchasing. As InPost, we want to provide our clients with more such opportunities and remove barriers that could hinder the use of an APM. This has a direct impact both on the convenience of the consumer themselves and, considering the scale effect, on the quality of life in cities. If we follow the pathway from purchase to collection, one can see the breadth and depth of solutions with which we can support the customer in making sustainable decisions at every stage of this path. By working with platforms such as Vinted (in every market where InPost operates) Ree-Fashion (Poland) Thrift+ (UK) and Yellow Octopus (see best practice), we promote giving clothes a second life, which significantly contributes to saving raw materials (up to 11,000 litres of water are needed to produce a new pair of jeans). We have also started co-operation with OLX – the largest second-hand exchange platform in Poland.

It is equally important for us to extend the accessibility of APMs. Given the projected further growth in e-commerce, it is important that as many customers as possible benefit from having access to this most sustainable method of parcel delivery. This means not only eliminating geographic exclusion or introducing systemic solutions thanks to strategic partnerships with development companies such as Echo Investment (the cooperation covered investments in Warsaw, Krakow and Poznan), but also introducing new solutions for people with disabilities. That is why we have launched the Easy Access Zone service for people with limited mobility, thanks to which the customer can order a package pickup to one of the lower lockers. From the moment the service was launched in October until the end of 2021, it was used 487,217 times. Another such solution will be a voice bot which will enable contact with client-service to visually impaired customers (pilot phase started in Q1 2022).

Towards a sustainable future continued

We are introducing new and innovative services to support the dynamically changing urban lifestyle. This is the purpose of **InPost Fresh** – a new app that allows you to order groceries from Makro (a food retailer) with a delivery directly to your home or any given address (in Warsaw, Poland). Customers can choose both the location of the delivery and the date. InPost Fresh received direct positive feedback from customers' (NPS at 72) points (IX-XII 2021). Along with this, we are expanding a network of refrigerator APMs (Refrigerated Locker Machines "RLM", which are available in major Polish cities) which hold deliveries from partnering food retailers (like Auchan Direct) or from online caterers (like Body Chef). These types of APMs have lockers with different levels of temperature, enabling orders of a wide variety of products, from fresh vegetables and frozen meals to meat and fish. Both options are a convenient solution for all of those who do not have time to shop during standard store opening hours, or who do not have time to travel to locations that are too distant. What's important, the RLMs use optimised quantities of the refrigerant agents R-449A and R-404A, so we are not required to monitor and report them to the Central Registry of Operators (CRO) in accordance with the official regulations.

[GRI 203-1]: An APM can be more than a collection point, as it can also become a recycling point where customers bring electronic devices that they no longer use and can actively contribute to the improvement of air quality in cities by equipping it with air quality sensors, and surrounding it with anti-smog pavement and plants that absorb pollutants (implementation in 2022). 80 sensors were installed in 2021,, with a plan to install over 1000 in total. Our aim is to receive positive feedback from the community, hopefully recognising the free service that increases awareness of air pollution and monitors it on the local level.

The total investment cost amounted to 1.1 million PLN, and the expected lifetime of the sensors is ten years.

InPost's main activity related to the environment is also focused on the **InPost Green City programme**. One of its elements is the gradual increase in the use of electric cars. This means not only a significant reduction in CO_2 emissions, but also an investment in noise reduction, and thus a significant improvement in the quality of life of residents.

Another example of a fruitful cooperation with local authorities is InPost UK's partnership with Transport for London. Thanks to 60 APMs rolled out in Rail and Underground Stations and nearly another 1,000 across the city, Londoners can conveniently collect and return parcels as part of their daily routine. Furthermore, a growing lockers network will significantly lower emissions, reducing local noise and air pollution and congestion on city roads. This cooperation helps Londoners directly contribute towards London's target to become a zero-carbon city by 2030. With a direct effect on lowering levels of exhaust and non-exhaust pollutants, the APM system has potential to help to reduce the projected £3.7bn cost associated with the health impact from exposure to poor quality air[29] Similarly, APMs are being installed at libraries, car parks and community centres across Manchester to help bring down harmful emissions in the residential area of Salford.

The impact of similar decisions is visible both on the macro and micro scales, especially in the improvement of the quality of the inhabitants of local communities. In 2021, as part of our pro-social activities, we engaged in three areas of activity: health, ecology, and support of women's professional development. There were also activities as part of the 29th Final of the Great Orchestra of Christmas Charity. InPost auctioned the golden heart no. 2 (a unique charity donation for Poland's biggest charity organisation), for the amount of 402,000 PLN for the development of health care units in Poland.

[29] Environmental and Sustainability Report, Barton Willmore, on behalf of InPost UK, December 2019

Towards a sustainable future continued

Thanks to the support of the Wosh Wosh campaign in Poland, we have facilitated the collection of nearly 4,000 pairs of shoes for the homeless. Similar actions are taken in France, where we support vulnerable groups by opening our PUDOs to local partners like Petits Freres Des Pauvres, Imagine For Margo or THRICOTON which use them as collection points for donations or other activities. This way we supported raising funds for genetic disease and paediatric cancer research, as well as for support for isolated people. Also, with local communities in mind, InPost joined the Clean Poland #fromTATRY to BAŁTYK campaign. After the holiday season, these places struggle with litter, which is a significant challenge for residents who are left with a large amount of waste discarded by tourists. This year, InPost equipped volunteers with starter packages. Nearly 4,000 volunteers took part in the event, and approximately 2.5 tons of rubbish were collected and recycled. The initiative was awarded with the Złoty Spinacz in the "social even" category.

[GRI 203-1]: Our charity work benefited about 20,000 people in 2021 in Poland. In addition, the total cost of investment in infrastructure for social purposes, implemented in the form of pro-bono investments, amounted to three million PLN and included Air Quality Sensors, InPost Green City® anti-pollution paving stones and EV charging points.

3m PLN

Pro-bono investments

BEST PRACTICE

Supporting reuse

Unused electronic devices are often difficult to recycle; searching for special collection points can be troublesome. Therefore, a significant part of this type of equipment remains in homes or is thrown away, contributing to the waste of valuable resources. That is why InPost, in cooperation with Fundacja Odzyskaj Środowisko (Regain the Environment Foundation) launched the Elektro Returns service, which allows consumers to give a second life to unused phones, laptops or small household appliances. InPost provides users with a form and a free shipping code, allowing them to simply print, pack, and post the item free of charge. The equipment will go to a professional electronics refurbishment company, where it will be checked for efficiency and the possibility of reuse in part or in full. If the faults or defects allow the original function of the device to be maintained and the costs of its service do not exceed the production costs, the product can be reintroduced to the market. If the equipment cannot be reused, it will be transferred to professional electrical and electronic equipment waste processing plants to recover the materials. The service was launched mid-November, and by the end of 2021 customers returned almost 1,600 parcels with electronic devices.

We can no longer afford to throw away equipment and thus waste the raw materials from which they were built. As inhabitants of the only planet we have, we cannot permit that. We need solutions that allow resources to be reused or processed and used in a different form, and we must build them on a mass scale. That is why there is so much potential in combining proven solutions that consumers are used to, such as using an APM, with a new and much needed dimension, such as using an APM as a place to return old electrical devices. By removing barriers to reuse and recycling, we can significantly increase APMs efficiency.

Both business and consumers are aware of how single-use packaging is a major problem, and this is no less applicable to e-commerce. To develop in a sustainable manner, we have decided to face this challenge together with InPost."

Krzysztof Kieszkowski
Regain the Environment Foundation

Towards a sustainable future continued

BEST PRACTICE

Fulfilment solutions

The dynamic development of e-commerce means that new companies can grow so fast that they will need comprehensive support in delivering their products almost overnight. The fulfilment service is helpful for such companies, and thanks to this service they do not have to worry about acquiring and financing warehouse space or hiring employees to pack the shipment. They gain developmental flexibility while optimising costs and, most importantly, they acquire a connection to an effective and sustainable model of product delivery. By using the InPost Fulfilment service, the company has the option to purchase recycled Blue Angel-certified packaging.

BEST PRACTICE

Cybersecurity

We do not compromise when it comes to cybersecurity. We provide solutions for the e-commerce market, and we are aware of the huge responsibility it entails. Throughout the organisation, we use cutting-edge technology and IT security practices. We only use proven and reliable solutions. We treat cybersecurity as a continuous process-- along with IT development, the security and processes we implement are also evolving and developing. We also regularly train the Group's employees in cybersecurity. We monitor threats to our clients and keep them informed on issues such as phishing campaigns. We use our own communication channels and cooperate with high-range media, sensitising recipients to fraud attempts by criminals.

BEST PRACTICE

InPost Green City going greener and scaling up

Since parcel lockers and the trucks that serve them have become a natural element of the urban landscape and a part of the life of residents and local communities, we want their presence to have the most positive impact on the quality of life in cities. We were guided by this idea when creating the InPost Green City Programme, which relies on close cooperation with municipalities in order to jointly develop an optimal model of InPost's presence in a given city, favourable to residents and in line with the smart city idea. This means not only offering innovative services such as electric chargers at APMs, but also actively supporting the fight against urban challenges, such as air pollution, congestion, and the noise it causes. This is done by equipping the network of APM's with a range of technology including sensor monitoring, air quality, anti-smog pavements and air-purifying plants. In the partner cities, we additionally intend to successively replace our delivery fleet with electric cars, which not only do not cause additional CO_2 or particulate emissions, but are also much quieter, and thus more friendly to residents. The programme will ultimately cover 40 Polish cities. So far, 21 cities have joined the programme: Kraków, Łódź, Częstochowa, Kielce, Wałbrzych, Zielona Góra, Sopot, Rybnik, Białystok, Bobrowniki, Chełm, Rzeszów, Wrocław, Gorzów Wielkopolski, Bytom, Tarnobrzeg, Nowy Sącz, Konin and Pabianice, Starachowice, and Suwałki.

Cities like Wroclaw develop dynamically. We must combine the needs of transport with environmental protection. Therefore, we focus on collective communication and sustainable transport. Certainly, a more ecological solution is also the "collective transport of package" rather than individual delivery to each address. If the service is performed by electric cars, it significantly reduces the harm to the environment. This is why we believe that the solutions proposed by InPost make sense."

Jakub Mazur
Vice President, City of Wroclaw

Towards a sustainable future continued

BEST PRACTICE

Go Yellow to be green

InPost UK launched a partnership with Yellow Octopus Group to support circularity in fashion. They encourage consumers to recycle their clothing or donate it to charity via the reGAIN app. The mechanism is very simple: consumers register their donations via Yellow Octopus's reGAIN app and drop them off at any InPost locker in the UK free of charge. The incentive is that they earn discount coupons for a range of retailers for each donation made. As circularity in fashion is crucial, with the reGAIN app, unwanted clothes are then distributed to charities, as well as across a network of textile recycling innovators, research initiatives, students' projects and fashion designers to be renewed, upcycled or recycled into new sustainable products.

Our own research suggests that consumers – especially 18–34 year-olds – are increasingly looking for ways to live more sustainably. What we need to do is try to make it as convenient as possible to adopt green behaviour."

Jason Tavaria
CEO of InPost UK

Awards

Forbes Diamonds 2021

Sustainable Economy Diamond

Towards a sustainable future continued

IN_PEOPLE
We motivate our employees and business partners

If we want to change our world, we need to provide people with knowledge, competencies, faith in their skills, and energy to share their experience with others.

Building a sustainable future means assuming responsibility for the whole value chain. This applies to us and our business partners. We are an ecosystem that is at its best when we grow together by supporting one another. We want to look for innovation, ideas, and exchange knowledge across functions and countries. Diversity drives change and technology enables us all to work more effectively together.

Every day, we are ready to take on new challenges and keep pushing our limits. Our unique business model enables us to be constantly innovative and push boundaries even further. This attracts people with unique competencies which we cherish as a significant business advantage that helps secure our long-term success. We grow as people and as businesses. And our efforts are appreciated – 84% of our investors see InPost as a company that stands out from the competition[30]. Together, we will amaze the world.

OUR COMMITMENT

THE LEVEL OF COMMITMENT OF OUR EMPLOYEES WILL NOT BE LOWER THAN 50% (ACCORDING TO THE KINCENTRIC METHODOLOGY)

Employee engagement is the key to success of any company; therefore, we are ready to test it on a regular basis. We will introduce a single assessment methodology for all markets to ensure consistency and efficiency across the entire InPost Group.

WE WILL EMPLOY 1,000 EMPLOYEES AND COURIERS AS A RESULT OF THE IMPLEMENTATION OF PROGRAMMES RELATED TO EQUALISING OPPORTUNITIES ON THE LABOUR MARKET

We know that early investment in personnel development affords an opportunity to build a long-term relationship and is a necessary response to the challenges of the present-day labour market. This commitment refers to the cumulative number of staff (in the years 2021-2026) in all markets who benefit from equal opportunities programmes run by InPost and who have worked (or will have worked) at InPost for at least half a year. This objective applies to the personnel of the InPost Group and couriers, regardless of the legal form of employment.

WE CREATE A WORKPLACE THAT THRIVES ON DIVERSITY. STRONG SUPPORT FOR GENDER EQUALITY IS A FOUNDATION FOR OUR GROWTH (30% OF THE MANAGEMENT BOARD AND SENIOR MANAGEMENT (N-1) OF THE InPost GROUP ARE WOMEN BY 2026)

We want to galvanise our employees into learning from diversity and knowledge exchange; therefore, we will create programmes and encourage projects carried out on at least two markets in parallel, so that any international exchange that occurs can actively contribute to the integration of the InPost Group. All our employees will be informed via internal communication tools about international, open opportunities in the Group. The recruitment process for each position will be held according to the company standards and procedures.

[30] ESG pulse check, conducted in Jan-Feb 2022, 1009 respondents.

Towards a sustainable future continued

Our Contribution to SDGs

Growth for InPost Group means growth for people. That is why we focus strongly on the four SDGs that support their development and foster an inclusive and a fair working environment and external cooperation: SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth) and SDG 10 (Reduced Inequalities).

The COVID-19 pandemic had a significant impact on working conditions, stopped progress in education, and the fight against inequality, especially gender-based. For the EU the impact was not as strong as for some developing countries, but the achievement of particular SDGs has slowed down and Poland, France and UK still face challenges. For SDG 4, SDG 5 and SDG 8 all three countries are making only mild progress. In SDG 10 we can observe quite a significant distance between the UK with major issues still to address and even regressing, while Poland has already achieved this particular goal due to staying on track with its transformation.

Direct impact on SDGs specific targets

	SDG TARGET	GRI [103-2] InPost GROUP CONTRIBUTING ACTIONS – EXAMPLES
5 GENDER EQUALITY	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life **(5.5)**	• 35% of women in managerial positions
5 GENDER EQUALITY	Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women **(5.b)**	• 'Top women in e-business' educational programme
10 REDUCED INEQUALITIES	By 2030, empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status **(10.2)**	• Diversity Policy implementation
10 REDUCED INEQUALITIES	Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality **(10.4)**	• Remuneration Policy in place
3 GOOD HEALTH AND WELL-BEING	By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and wellbeing **(3.4)**	• WellTime programme • 'Therapy is not a shame' campaign
8 DECENT WORK AND ECONOMIC GROWTH	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors **(8.2)**	• Innovation process, incl. Innovation Lab • Ongoing robotisation
8 DECENT WORK AND ECONOMIC GROWTH	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value **(8.5)**	• Mondial Relay internship programme

Towards a sustainable future continued

The impact we have on employees and business partners

With a decreasing working-age population, securing a sufficient number of employees is becoming a greater challenge every year. In 2021 alone, the number of companies reporting labour shortages from the transportation and storage industry (including courier services) nearly doubled (approx. 20 in 2020 – to almost 40 in 2021 in Poland[31]). This is a challenge for traditional courier services, but as the InPost business model requires fewer staff to deliver our services, the continuing deployment of APMs makes us less sensitive to that risk. This is especially important when considering that for all e-commerce, the base for growth is acquiring new customers by building reach – which means targeting rural areas that are even more effected by depopulation.

Although labour shortages in operations and production present us with less risk than for our competitors, we still want to invest in building long-term relationships with our employees and developing loyalty-building programmes.

[31] Statistics, Poland

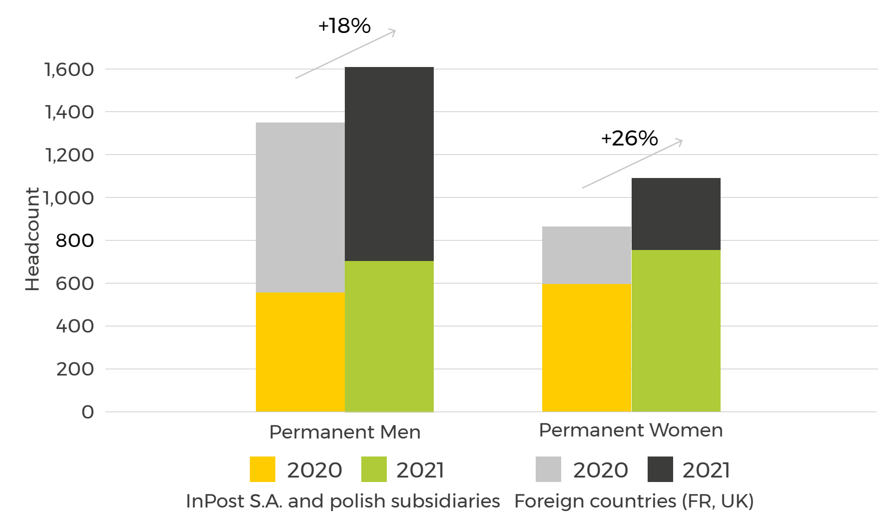
Our geographical expansion means fighting geographical exclusion and providing access to products and services for clients, as well as creating a chance to grow for local businesses. Through APMs they gain an additional tool opening them up to new customers and tapping into local potential.

What is our footprint concerning human and relationship capital within our value chain?

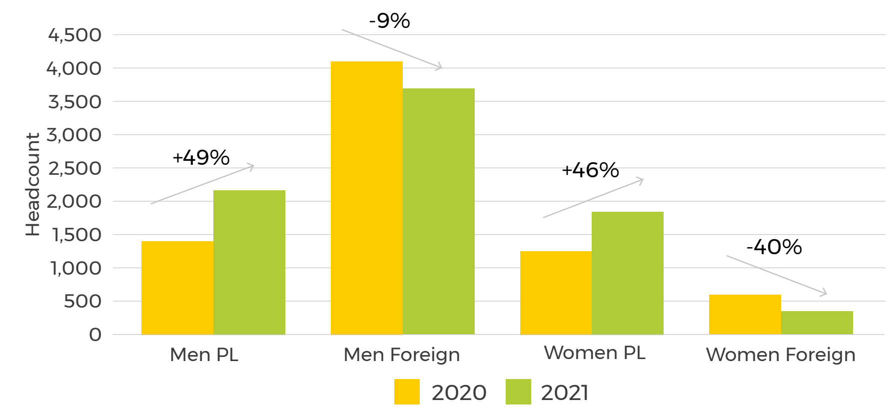
GRI [102-8] We employ over 7,976 people in all our markets and an additional 4,710 contractors (MR+UK+PL). In Poland alone we work with about 7,600 couriers and serve more than 38,000 merchants. The flexibility provided by on B2B relationships or partnerships translates into a high ability to respond to a changing business environment, especially in peak seasons (i.e Christmas) or during unprecedented situations like COVID-19. We operate in a large and significant network and through collaboration we can transform the scale of our impact and the multitude of relationships with our employees and business partners. InPost employees form a team that has become the driving force behind the Group's enormous development in recent years. Specialists in the field of technology, development, logistics, and marketing have built an innovative, effective company respected by customers and investors. Now the same team capitalises on the experience gained in Poland on a broader scale.

At the same time, we see a great opportunity to build on the capital of over 20 years of business experience gained at Mondial Relay.

GRI [102-8] **Figure 6 Permanent employment headcount**



GRI [102-8] **Figure 7 Sum of employment headcount**



Towards a sustainable future continued

As a Group, we identify challenges in the field of personnel management, which have undoubtedly been strengthened in the past two years by the COVID-19 pandemic and the related rapid growth. In Poland the increased rotation (at the level of 25.94%) is slightly above the market benchmark for Poland of 22%. The Polish employment market had become more dynamic in 2021 in comparison to previous years which isreflected in the higher turnover ratio. The reason for Polish turnover ratio is mainly early attrition in customer-facing functions such as the call centre and rotation in opertions which are caused by 3-shift system. The Polish business grew rapidly in 2021 which resulted in some employees moving to work in a less dynamic environment. We are currently introducing multiple initiatives such as regular pulse checks for new joiners, advanced analytics of reasons for employee rotation, redesign of the onboarding process and dedicated plans for various parts of the organisation.

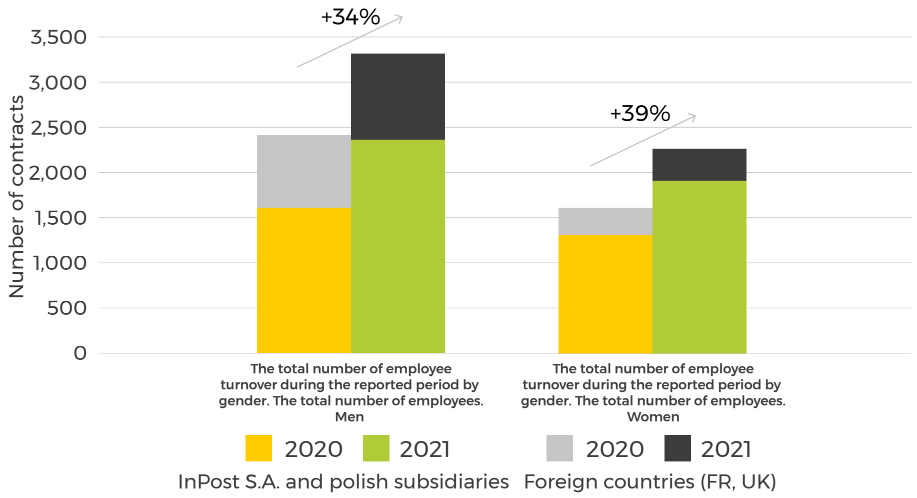
The French employment market was quite dynamic in 2021 in comparison to the previous year. The main cause for the turnover ratio is the ease of changing jobs for blue-collar workers from a shift system to a daily nine- to-five job. The turnover ratio for Mondial Relay aligns with expectations post-merger. The French management recognises the trend and is planning to implement some initiatives to improve the employee experience such as: new office space, internal communication improvement tools and the profit participation plan, which will also be a crucial retention factor as the company will become more and more profitable.

A similar situation is observed in the UK. This is a market where APMs are only just being deployed and where employees are not yet familiar with the specifics of working in a business that is new to them. This often results in divergent expectations on the part of both the employer and the employee, and consequently translates into turnover rates. To ensure a more consistent understanding of the scope of responsibilities and requirements for a potential employee, it is planned to

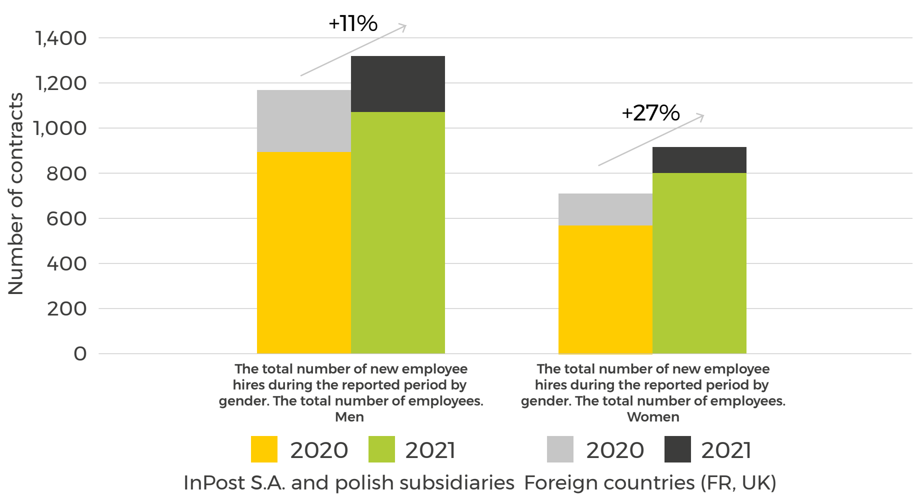
Table 2 Rate of turnover [GRI 401-1]

		InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	Unit	2021	2020	2021	2020	2021	2020
Rate of employee turnover	%	25.9	21.5	40.9	20.8	17.6	26.9

GRI [401-1] Figure 8 Total number of employee turnover



GRI [401-1] Figure 9 Total number of new employee hires



Towards a sustainable future continued

implement more specific recruitment process, additional competence development tools and employee appraisals.

[GRI 102-41]: In Mondial Relay 100% of our employees is covered by collective bargaining agreements, while in InPost UK a collective bargaining agreement was not implemented.

Mondial Relay created more new jobs in 2021 than in 2020. Our goal is to attract, retain, and develop employees with unique competencies and share the spirit of innovation and InPost's high performance culture with new employees. One of the ways we do so is through training courses. In 2021, the average number of training hours among the Group's employees was 13.5. Over 3,000 of our employees are active in our employee evaluation and career development system. Another distinct part of our culture is in our diversity, which is confirmed by our breakdown of workforce where 41% female, 59% men (data for Mondial Relay only for permanent employees; no gender data). The diveristy of nationalities and cultures makes it possible to build modern services tailored to the diverse needs of consumers all over Europe.

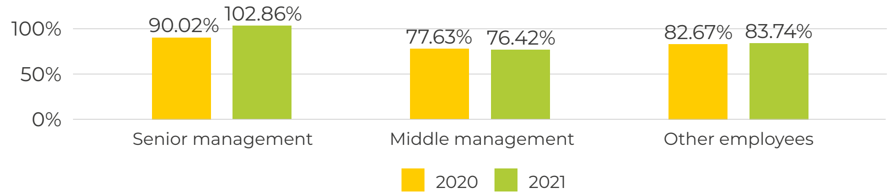
[GRI 202-1]: It is also important to us that women and men are paid equally for the same work and in accordance with local regulations. In 2021 in Polish subsidiaries the ratio of the entry level wage to the minimum wage in Poland was 1.1 both for women and men. In Mondial Relay the results were at a similar level, 1.0. However, the situation was significantly different at InPost UK. In 2021 the ratio of the entry level wage to the minimum wage in United Kingdom for women was 1.7 and for men 1.4. The situation results from historical decisions on wages, employment and various types of departure, which had an impact on the value of remuneration of people performing the lowest paid work.

What actions do we take?

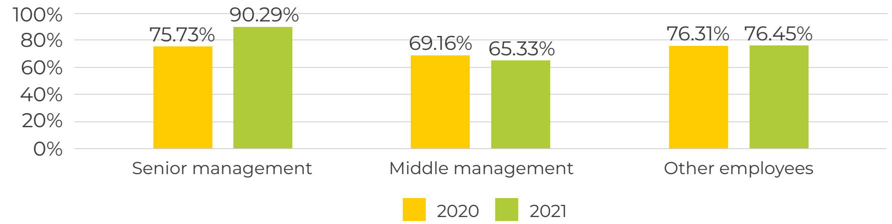
We plan to draw up development and cooperation programmes for our employees and business partners, including couriers. The aim is to strengthen ties within the InPost Group and respond to the challenges of the labour market. Our ambition is to strengthen employee and business partner engagement, because their skills and commitment directly translate into the firm position of the InPost Group.

As 2021 was a year of a transition, major challenges in people management are still ahead of us. However, even with this transformation in mind, we have made efforts to ensure that our employees were provided with a safe and inspiring working environment, and our business partners could grow along with us.

GRI [405-2] Figure 10 The ratio of the basic salary of women to men for each employee category



GRI [405-2] Figure 11 The ratio of remuneration of women to men for each employee category



Development and benefits

We are committed to equal treatment for all. Only by guaranteeing equal treatment and respect for diversity can we create working conditions in which creativity and innovation express themselves without restrictions. The principles of non-discrimination are outlined in the anti-harassment and anti-discrimination policy adopted in 2019 and updated in 2021.

GRI [103-3]: In 2020 we introduced a Diversity Policy which clearly outlines the principles of non-discrimination. These are enshrined in our recruitment processes and we have a system for monitoring and reporting any abuses.

GRI [405-1]: Taking into account the dynamic employment growth in 2021 and the specifics of the industry, it is a positive result to maintain a similar employment ratio for women and men. It is visible on the vast majority of levels, including middle and senior management. Acknowledging the importance of equal treatment and an inclusive organisational culture for the company's development, we attach great importance to supporting women in the workplace, e.g. by providing support after returning from maternity leave.

[GRI 405-2]: In 2021 the ratio of the basic salary of women to men for senior management was 102.86%.

Towards a sustainable future continued

This is the highest result among all employment categories and the highest improvement over 2020 (by 43.2pp). When it comes to middle management, the ratio was 76.4%, while for other employees it was 83.7%.

For senior management, the ratio of remuneration of women to men was 90.3%. As in the case of basic salary, middle management has the lowest ratio of remuneration of women to men, which is 65.3%. The ratio among other employees was 76.5%. Differences in remuneration between men and women are a result of the employment structure in the company and the distribution of the level of experience required between the individual departments. In order to provide equal salary, we implemented a Remuneration Policy that adopts the principle of equal pay for equal work performed. In addition, remuneration levels are regularly reviewed in relation to market benchmarks. We strive to improve the remuneration ratio at all levels.

GRI [401-2]: For employees we offer a lot of benefits. One thing common to all markets is the health-care option.When it comes to unique benefits, Mondial Relay offers profit sharing, InPost UK provides staff discounts with retailers, and InPost SA as well as Polish subsidiaries offer days off for internship (length depending on the length of service at the Group).

GRI [404-1]: In 2021, 3,474 employees participated in training about InPost's compliance policies. We place particular emphasis on supporting women's entrepreneurship. Therefore, we not only make it easier for our employees to reconcile their parental roles with professional development, but we also support women in starting their own businesses.

All activities aimed at employees is focused on two main themes: health (including mental health), and development. The main step is to provide development opportunities by defining career paths and succession plans.

In 2021 these were defined for managers, with a complementary monitoring programme. We will subsequently develop plans for individual functions across the organisation. Following the acquisition of Mondial Relay, we will implement their internship programme across the InPost Group. As a result, as many as 12% of new employees in France are graduates of the programme.

InPost's employees are given many opportunities to grow, including taking part in different training and development programmes.
GRI [404-1]: In 2021 the number of average training hours per employee was equal to 13.5.

GRI [404-2]: We are committed to the development of our employees. For this purpose, we organise various training programmes in order to improve their competence. In 2021 in InPost SA and polish subsidiaries there were six such programmes: the "People Out of the box" successor and talent detection programme - changing approach in talent management policy and scope of development programmes; Foreign language classes; Upskilling programmes for professional and managerial competencies; Onboarding programme; Wellbeing programme and 360 assessment for key managers. In Mondial Relay most of training actions concerned security and risk management. In InPost UK we have not run such programmes in 2021, but we are now creating various training programmes for our employees for 2022. In InPost Group there are no transitional assistance programme who are retiring or who have been terminated.

> **There is a huge emphasis on people and training and culture, which is integral and essential part of effective risk management."**
> **Marieke Bax**
> Chairman of the Audit Committee

GRI [404-3]: All Polish employees below senior management received regular career development reviews in 2021. Although Mondial Relay is at the beginning of the integration process, the rate is already higher than 50%, while in the UK the process will begin in 2022.

Wellbeing continues to be front of mind as the pandemic continues in our daily lives. We conducted the second edition of our WellTime programme on the topic of holistic health. Invited experts responded to key issues in the areas of health maintenance, mental health care, and a healthy lifestyle – including diet, exercise and building positive relationships with the environment.

The programme lasted for 12 weeks, and webinars were accompanied by newsletters going into greater detail about each topic. Employees had the opportunity to get advice from psychologists or take time off for preventive examinations. More than 300 people participated in the webinars, almost 50 took the opportunity to consult a psychiatrist, and more than 60 took time off for medical appointments.

We recognise the importance of good mental health, so we took part in the 'Therapy is not shame' campaign, which aimed to teach parents to talk consciously about their emotions with their children and to help them cope with difficult situations.

Health and safety

GRI [103-2]: The safety and wellbeing of our employees is paramount. We comply with the highest standards and all regulations related to work safety.

GRI [403-1, 403-2]: Occupational health and safety is part of the Integrated Management System in the InPost Group and is based on the ISO 45001: 2018 standard.

GRI [403-8]: We provide all InPost employees with the highest possible level of safety to prevent accidents at work and occupational diseases, and to continuously improve the health and safety across the organisation.
GRI [403-3]: All health-related information is confidential and according to the standards provided by

Towards a sustainable future continued

the Compliance System, it cannot affect the treatment of workers in any way.

GRI [403-2, 403-4, 403-6]: We are aware of the great importance of employees attitude to safe work. Therefore, we invite them to consult and participate in shaping solutions related to health and safety.

GRI [403-3]: We have a five-person Health and Safety Committee which meets once every three months. At the same time, our services responsible for safety issues regularly carry out activities to increase the awareness of employees and contractors in the field of safety as well as environmental protection and Occupational, Heals and Safety (OHS). The Committee is also involved in the processes used to investigate work-related incidents.

Health and safety communication is carried out in accordance with ISO INS_PP 9-1-100 Informing employees. Top-down communication concerns informing employees about hazards and is carried out by the OHS service and organisational unit managers. Bottom-up communication concerns, among other things, proposals and suggestions from employees for reducing work-related risks and improving health and safety in the organisation. It is directed to H&S department and executed in accordance with the ISO INS_PP 9-1-110 Consultation and participation in OSH. Another form for raising concerns regarding H&S risks is using channels provided by Whistleblowing Policy (see page 91). The non-retaliation rule applies also in this type of reports.

GRI [403-5]: Occupational health and safety training is carried out in accordance with applicable legal regulations. Each employee undergoes initial training (general and on-the-job training) and periodic training. In 2021, 983 people were trained. Specialist training is given by external companies for people designated to provide first aid. In 2021, 158 people were trained in first aid. Employees are also trained additionally according to the needs and risks (such as additional training in the safe operation of transport carts, or training in reacting to dangerous shipments).

Short health and safety training courses are also held during daily briefings. Employees expand their knowledge by having access to Health and Safety Alerts (after accidents) and health and safety analyses (monthly summaries).

GRI [403-2, 403-9]: Every year we update the Occupational Risk Assessment for individual positions in our organisation. The assessment is based on PHA method which analyses the scale and probability of an incident and results in prioritizing levels of possible incidents. The identified top 3 potentially most dangerous situations are freight departures, linking of conveyor elements and operation of trolleys. To prevent them, we implemented new safety tools, speed limits, the reorganisation of the relevant workplaces, we introduced additional linkings markings,

Table 3: Work-related injuries – selected data [GRI 403-9]

	InPost SA and PL subsidiaries		Mondial Relay	
	2021	**2020**	**2021**	**2020**
Minor accidents	52	45	394	369
Serious accidents	0	0	0	0

Methodology: Entities included: InPost Technology S.a.r.l, Mondial Relay Société par Actions Simplifiée, Integer.pl S.A., Integer Group Services sp.z o.o., InPost sp. z o.o., InPost Paczkomaty Sp. z o.o. and temporary employment agencies.
H&S reports do not present data for InPost S.A. and InPost UK Limited.
Data collected separately for Poland and France.
The accident classification complies with local legislation.

monitoring systems and mandatory near-miss reporting. None of these hazards caused or contributed to high-consequence injuries. Additionally, for some of the positions in warehouses, we also carry out work environment measurements performed by an accredited testing laboratory included in our Occupational Risk Assessment. This includes the level of noise or exposure to vibrations in work on forklifts. As a result, no exceedances of the permissible NDN values for noise and vibration and vibration were found.

Throughout the organisation, we closely monitor the number of accidents at work, which are mainly bruises, sprains, fractures, and cuts. We keep records of accidents and near misses, and the circumstances of each dangerous event are carefully analysed.

GRI [403-7]: The Health and Safety alerts provide information about the accident and tips on how to prevent it in the future. Health and Safety reports are regularly submitted to the Company's Management Board. In the years 2020-2021, we did not record any hazards related to working in InPost that pose a risk of serious injury.

GRI [403-9]: In 2020 and 2021 there were no cases of serious accidents. However, in the case of minor accidents, we recorded 52 in InPost SA and Polish subsidiaries and 394 in Mondial Relay. In Poland, most of those accidents were caused by haste in carrying out duties or resulting from a breach of Health and Safety regulations. As for Mondial Relay, such a significant number is a result of a much wider definition of an accident provided by the local legal system. Nevertheless, we aim at reducing this number by launching a series of awareness-raising activities across the company.

Although the supervision of courier safety issues is not formally the responsibility of the InPost Group, we monitor the number of incidents involving couriers and take preventive measures to minimise the number of incidents. Unfortunately, we recorded one fatal accident involving couriers. This incident occurred at a railway crossing. We'd previously launched a series of

Towards a sustainable future continued

training related to safety in this regard (as a response to accidents recorded among our competitors), but it didn't prevent this unfortunate situation. We offered our support to the deceased's family and the training will be intensified. GRI [403-10]: No cases of work-related ill-health reported in InPost Group in 2021 and 2020.

Courier engagement

GRI [103-2]: At InPost, we always remember who delivers our shipments; good relationships with over 7.5 thousand couriers across Poland are the foundation of our organisation. In 2019, we implemented our own standard of InPost's contract with couriers, which clearly indicates the mutual commitments of the company and couriers.

We know that not everyone who wants to work as a courier has experience. For this reason,we created a comprehensive training programme for all candidates. We provide practical and theoretical workshops, and offer the opportunity to participate in an "induction day," that illustrates the job in practice.

We explain the specifics of the job, and teach them how to use the courier device – a handheld terminal which includes a scanner, InPost Courier Application, ICRA, telephone, a camera, access to maps, Internet access and payment terminal. We show them how to stack parcels correctly into the vehicles, and how to plan their route. Each courier also learns the billing procedures at InPost. The whole process is outlined in the Guidelines For The InPost Courier Candidate Training Process and is part of the ISO standard applicable at InPost. The quality of our training process is evidenced by the results– 88% of candidates evaluate the theoretical training as very good or good.

We support the professional development of the couriers working with InPost. Each courier can access our innovative e-learning platform, EduKurier, which is customised to the tasks carried out by couriers. Couriers can count on training related to the protection of personal data, health & safety, new processes and products, and customer service. A key element of the training are daily and monthly tests.

Before the start of every workday, our couriers solve a quiz, or morning test. Each quiz is composed of four short questions covering knowledge that is essential for the performance of their work tasks. The tests review crucial information and provide information about newly available services. Almost 90% of our couriers pass the test. Every month, the couriers with the best results receive a voucher or reward. Specialised tests on specific topics are also conducted with the participation of all couriers at least once a month.

At InPost, we understand the everyday challenges of a courier's work, which is why we are implementing innovative and user-friendly solutions to support tasks. Our ICRA application saves time for couriers and allows them to operate parcel lockers almost twice as fast. All devices provided to couriers also include the Courier App, which is an easy-to-use tool to help the courier do their job, from the moment they receive the order to the moment of delivery. Thanks to the Courier App, our couriers can receive notifications about packages, accept orders and monitor the availability of parcel machines.

In addition to their remuneration, our couriers are also awarded with attractive benefits. All couriers have access to the Multisport card on special terms. We also offer the most affordable life insurance package on the market, and access to a large network of health care as a part of PZU health insurance. We have also introduced the special "InPost Summer Tour" summer programme. Couriers who use their vacation days can receive vouchers to cover their stay. The value of the bonus increases with seniority.

We know that motivation is an important element of our couriers' jobs, which is why this year we are implementing additional campaigns to motivate some healthy competition. The main element of the effort to motivate high results is the "Five-star courier" campaign. Our Coordinators will identify couriers who have achieved good results in five of the most important areas of a courier's job, and award them the Kurier na 5 title. The winner of the ranking will receive a financial bonus, along with a special vest they can wear in their department. This title is held for a month, until the next winner is determined.

For all employees and couriers, InPost's absolute priority is to provide them with safe working conditions. This applies to people directly employed by InPost as well as those performing work indirectly. Our business partners must comply with the Code of Conduct for Business Partners.

Business partners approach

The last group of stakeholders that significantly influences the development of the company are our business partners. The creation of new fields of collaboration and the development of complementary services contributes to mutual growth. An example is the dynamic expansion of parcel locker availability in the UK, as a result of partnerships with retail chains, such as Tesco and Lidl. This development significantly increases the comfort and convenience for their customers, enhancing their shopping experience.

InPost also began working with eBay, the biggest e-commerce platform in the UK. An important step in supporting partners in developing their potential is the creation of a fulfilment service, which gives them the opportunity to focus on building their portfolio or acquiring valuable customers by removing the burden of developing their own logistics.

Beyond the business benefits of establishing partnerships, it is also important to join forces to build ESG competence and grow together in a sustainable way. This was our aim when we joined the United Nations Global Compact and the We Mean Business initiative. Each of them offers the opportunity to draw on the knowledge and experience of recognized entities, whose maturity in the field of SDGs implementation will be a great support for InPost in the implementation of our ESG strategy.

Towards a sustainable future continued

BEST PRACTICE

Keep innovating

InPost's goal is to amaze and delight through technology. To do so, we actively promote an organisational culture in which innovation, creativity, and the willingness to chart new paths are the cornerstones of thinking about everyday work. We have implemented a series of processes to encourage an innovative approach, starting from strategic planning to execution management.

Our first step was to build an Empowerment Team by gathering change leaders from 11 departments. Their role is to map out and address key internal challenges and find solutions to them. In doing so, they will strengthen our integrity across all markets, increasing cross-department collaboration, and stimulating greater efficiency and innovation.

We use the design-thinking approach to drive Innovation in Strategy. In a series of workshops to develop Value Creation Plans, ideas were created and repetition assessed for further development.

In 2021 we laid the foundation for the creation of an Innovation Lab, through which every employee, regardless of the department they work in, can submit ideas for new services, products, or processes. The solutions will also be used for cooperation with start-ups and other external partners in areas such as customer experience, sustainable services and products, and decarbonisation. The Innovation Lab's launch is scheduled for 2022.

Finally, we use innovation to boost internal efficiency. We conducted a series of analysis of internal processes (from model as-is to model to-be) to map those applicable for robotisation. From 88 processes selected for development, 20 have an implementation documentation prepared and three of them have already been launched in 2021. They cover financial control, risk management, and general business management. Importantly, our employees can submit new ideas for robotisation every day at the Processes and Robotisation Centre.

There is no InPost without innovation. For employees, this means that they can create new solutions, break out of patterns, and think outside the box every day. There aren't many companies on the Polish market that surprise their customers with new services or functionalities as often as we do, and there are not many companies that are able to redefine the entire industry alone. InPost is a place for people who have the ambition to change reality."

Paweł Cegła
IT Department, InPost

BEST PRACTICE

Take a test for a better day

Providing a best-in-class service is fundamental to securing our clients' satisfaction. That is why we have developed a series of tools in-house that helps to increase couriers' competencies. The most important ones are morning tests that all couriers take before staring their workday. Each test consists of a number of short questions covering the scope of knowledge necessary to perform the job effectively. This is a convenient tool for highlighting key information related to the core offer and providing data on newly-launched services. The daily reminder system translates into high quality service and great results in increased capabilities.

Almost 90% of couriers taking the morning test pass them. This directly impacts their score on the competencies assessment. Being prepared for everyday challenges has a positive effect on other aspects of their job that are part of regular evaluation: being detail-oriented, building a professional image and even being less susceptible to stress."

Leszek Czykiel
Courier Training Department, InPost Group

Towards a sustainable future continued

BEST PRACTICE

Supporting womens' development in e-commerce

When it comes to female empowerment, we put our money where the mouth is. Our commitment to supporting women in the development of competencies, as well as in running their own businesses, is visible in many areas of the company's activity. The knowledge and experience shared by InPost can become the foundation of their business for many female entrepreneurs starting out.

"To better support women starting their journey as entrepreneurs, we created the "Top women in e-business" initiative. The support provided by a company with such high level of female employment at all levels of management very effectively underpins the empowerment we wish to develop."

Dorota Bachman
organiser Top women in e-business

We are proud that our organisation obtained the Highest Quality HR 2022 certificate awarded by the Polish Association of Human Resource Management (PSZK). The Highest Quality HR Certificate is a confirmation for employees and candidates that the company is a good, credible and reliable employer, using the latest solutions in the field of human capital management. Awarded employers are organisations that set trends in human resource management and promote high standards of human resource management in Poland. For 2021, two projects were awarded – the "Wellbeing project" and the 'InPost recruitment project'.

Awards

'Best Employer' by Kincentric

'Poland's Best Employer' by Forbes

HR of the Highest Quality

Future outlook

GRI [102-15, 103-2]

The ESG transformation will be executed in three phases across our markets:

1. Phase I – ESG governance framework established:
   - All necessary policies will be completed in line with upcoming regulations and international standards (CSRD, taxonomy, TCFD and climate risk management)
   - Governance bodies will be appointed and set up
   - Key strategic initiatives will be developed
2. Phase II – flagship programmes and reporting processes implemented
   - All necessary processes under implemented policies will be put in place and running
   - Regular reporting processes will be operational
   - Key strategic initiatives will be scaled up
3. Phase III – all commitments will be delivered:
   - Full cross-markets ESG management integrity
   - Key strategic initiatives will be managed on a market-level
   - Regular external assessment for ESG compliance

The comprehensiveness of the strategy makes it a crucial tool that strengthens InPost Group's integration into all markets it operates. Thanks to this strategy, by 2026 InPost Group will be:

- 100% circular in controlled operations
- 100% climate neutral in scope 1 & 2
- Contributing to climate neutral cities across Europe thanks to InPost Green City programme
- the best employer in e-commerce enablers
- An ESG leader in value-chain management thanks to green certification programme
- Positively impacting two million people thanks to our social engagement strategy

As a result of the ESG strategy, the InPost Group will be able to:

- Implement a structure for the management of ESG issues, including the responsibilities of the Supervisory Board and the Management Board;
- Develop and implement a number of policies and strategies, including the strategy for decarbonisation, social engagement, or environmental policy, as well as implementing solutions, which have proven successful in Poland, in other markets;
- Monitor progress in meeting targets;
- Report them to internal and external stakeholders, including investors, on an ongoing basis

ESG governance structure

GRI [102-18]

SUPERVISORY BOARD
setting ESG strategic directions and supervision of progress

COMMITTEE CHAIR **President of the Management Board – Rafał Brzoska**

InPost GROUP ESG COMMITTEE

STRATEGIC PILLAR SPONSORS **Rafał Brzoska**
Adam Aleksandrowicz
Michael Rouse

ESG MANAGER (MARKETS)

Report periodically to the team at the InPost Group level

ESG TEAM

Operationalise and monitor the delivery on the strategy

ADVISORY BODY

ESG Risk Management
ESG in Supply Chain
Procurement, Sales, Audit, HR, IR, Green Officer, Diversity & Inclusion Officer

OPERATING TEAMS FOR STRATEGY IMPLEMENTATION
(by area and within cross-disciplinary working teams)

1

- We create innovative ad sustainable services
- We improve the quality of life in cities
- We are part of local communities

2

- We are committed to decarbonisation, also through the successive improvement of operational efficiency
- We support the second-life of products and raw materials

3

- We are committed to the development of our employees
- We support the growth of business partners
- Diversity is what lets us grow

IMPLEMENTATION SUPPORT

- HR
- Finance
- Project Management Office
- Internal communication
- External communication

ESG governance structure continued

GRI [102-20]: The ESG strategy for the InPost Group was approved by the Group's Supervisory Board, which will supervise implementation. The Board appointed the InPost Group ESG Committee with a sponsor dedicated for each strategic pillar and Rafał Brzoska as its chairman.

The Committee consists of:
- Rafał Brzoska – leads overall supervision and assumes full managerial responsibility for ESG management
- Adam Aleksandrowicz – drives the process of decarbonisation, climate risk management and the operationalisation of the ESG strategy
- Michael Rouse – accountable for implementation of the ESG strategy across all markets (excl. Poland)

GRI [102-19]: The ESG team will be responsible for putting the strategy into operation across the Group. An ESG manager in each country will report to the team. The team will have additional support from an advisory body consisting of representatives of implementation-related departments, including Green Officer and Diversity & Inclusion Officer positions, which will be appointed by mid-2022.

The implementation will be managed and monitored in line with the strategic pillars. Within these pillars each commitment will have a Director responsible for success in achieving the defined goals.

The company will develop ESG-related success metrics which will be incorporated into bonus systems which will initially apply to the ESG Committee, and subsequently be extended further in the company, in accordance with the strategy. To provide full understanding and engagement for reaching all commitments defined in the ESG Strategy, a series of ESG trainings for all employees will be put in place in mid 2022 across the InPost Group.

Material Topics Management

GRI [103-2, 103-3]: Incorporating ESG strategy into the already existing management system and its roll-out across markets is a task set for 2022. The policies in force for 2021 that set the management approach for material topics are presented below or in Governance section. The Management Board member responsible for overseeing those policies is Adam Aleksandrowicz, CFO. In case of Heath and Safety, the responsibility lies with Rafal Brzoska, CEO.

Integrated Management System (IMS)

GRI [103-2]: We are able to maintain high level of customer satisfaction by always delivering on the quality of services provided. This means timely handling of complete and undamaged shipments from sender to customer at an optimal cost of service. To achieve that we implemented Integrated Management System Policy which sets Integrated management System (IMS). The IMS is based on six ISO standards:

- ISO 9001: 2015 (Quality management)
- ISO 14001:2018 (Environmental management)
- ISO 45001:2018 (Health & Safety management)
- ISO 28000:2007 (Security management)
- ISO 22301:2014 (Security and resilience)
- ISO 27031:2011 (ICT).

The management of the organisation and its processes takes a risk-based approach, assessing external and internal factors. Risks and opportunities are identified for each process and are considered when planning, executing, monitoring, and improving processes. Where necessary, improvement actions are taken. The results of the risk assessment and the effectiveness of the improvement actions taken are periodically analysed and taken into account in further process management. We report on a quarterly basis and update the register of strategic risks with such frequency (only in relation to strategic risk management).

Environment Health Safety (EHS)

InPost's Health and Safety as well as Environmental departments are linked and managed by the same people. GRI [103-2]: The overarching policy to which we adhere at EHS is the Integrated Management System Policy. Health and safety activities are conducted in accordance with the ISO standard 45001. However, the main procedure according to which we operate in the field of occupational health and safety is The occupational health and safety management procedure with its subordinate process instructions. The purpose of the procedure is to present all the principles of the Occupational Health and Safety Management System concerning the assessment of occupational risks, the organisation of work related to risks, the way it is carried

ESG governance structure
continued

out and the documentation occurring in all organisational units.
HSE Department is responsible for:

- determination of the method of occupational risk assessment and supervising its implementation
- performance of occupational risk assessment of employees at workstations
- keeping them updated
- monitoring of the state of occupational health and safety in the organisation.

The organisation, procedures and preventive measures are applied continuously to protect employees from the adverse effects of work conditions. The risk assessment is reviewed for relevance once a year (prior to the review by senior management) or when new working methods, materials, processes, equipment or changes in standards and legal guidelines are introduced, in addition to every time an accident occurs.

Awareness and mitigation of environmental issues is integral to our company. This manifests itself through the five environmental targets with measurable KPIs to reduce the environmental impact of our operations to be implemented by the end of 2022.

They are:
- reduction of exhaust emissions from cars
- reduction of plastic and paper waste in comparison to the previous year
- to provide services in environmentally-friendly conditions
- improvement of energy efficiency
- continuous improvement

GRI [103-2]: The environmental policy is linked to all policies of the Integrated System and is managed in accordance with ISO Standard 14001. To ensure highest quality we conduct external certifications and then submit to regular recertification which takes place every three years. Between recertifications, review audits are conducted. All certifications and external audits are carried out by QS Zurich. So far certification processes included:

- couriers – ISO 9001 and ISO 14001 (2019), ISO 45001 (January 2022)
- fulfilment services – ISO 9001, 14001 and 45001 (January 2022)

Regarding improvement, the results of internal audits, process measurement and process risks are analysed during each annual review of management systems. Any irregularities are analysed and changes recommended in the form of goals for individual areas, such as quality, environment, health and safety, operational continuity safety and supplier chain safety.

Human Resource:

In terms of Human Resources, we act in accordance with Polish Labor Code and internal procedures: Work Regulations, Remuneration Regulations, Bonus and Performance Regulations, and the Recruitment Procedure. Within this scope of policies, the company establishes a work environment that meets clear rules for social respect, compliance with law, and inclusion (see Governance, Ethics and compliance system section). It also defines the assessment of Management Board members, including review by Supervisory Board members and the Remuneration Committee. Moreover, we are guided by General Rules for awarding annual bonuses; Rules of setting annual targets, Assessment of target achievement and the Appeal procedure.

As a company proud of innovation being part of our DNA, we put special focus on building a work environment that nourishes creativity. That translates into putting diversity at the very core of our company's culture. We strongly believe that gender equality and a policy of non-discrimination of any kind gives our employees and business partners trust and freedom and empowers them to reach further and think out of the box. We secure this work environment from the very first contact with InPost Group as an employer by having a clear and open recruitment policy.

Taxonomy

EU Taxonomy – introduction

Taxonomy defines what types of investments represent a path towards a carbon neutral and sustainable economy. It is an important element of the EU's future climate policy action. Taxonomy will help channel flows of public and private capital more effectively in an environmentally sustainable direction.

According to Taxonomy Regulation to qualify as environmentally sustainable, an economic activity shall, among other things, contribute substantially to one or more of the six environmental objectives:

- Climate change mitigation
- Climate change adaption
- Protection of water and marine resources
- Waste reduction, recycling and transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The Group is subject to the obligation to disclose non-financial data in accordance with The Non-financial Reporting Directive (NFDR), falls under the **Taxonomy Regulation**[32], together with the delegated acts: Delegated Act supplementing Article 8 of the Taxonomy Regulation ("the Disclosures Delegated Act[33]") and the EU Taxonomy Climate Delegated Act[34]. Therefore in the reporting process for 2021 classification of environmentally sustainable economic activities applies only to contribution to the first two of the environmental objectives: climate change mitigation and adaptation to climate change.

In the reports for 2021 non-financial undertakings are obliged to **disclose only the percentage of eligible and non-eligible economic activities in total turnover, capital and operating expenses**, but without checking if they meet the technical criteria defined by the Taxonomy; and the additional qualitative information referred to in Article 8 Delegated Act point 1.2 of Annex I.

Analysis of Taxonomy eligible activities

To meet the obligation under above quoted regulations, InPost Group has conducted an analysis of its activities to identify those that are Taxonomy eligible. The analysis was based on the description of Taxonomy-eligible activities according to the final version of Climate Delegated Act: Annex I and Annex II.

For the purpose of CapEx and OpEx KPIs calculations we have analyzed relevant expenditures on assets and processes and identified the related economic activity described in the Climate Delegated Act. As the allocation of eligible CapEx and OpEx was conducted on case-by-case basis, we ensure that no expenditure is considered more than once.

Taxonomy eligible activities in terms of turnover

The Group classifies it's main revenue streams (i.e. APM and courier deliveries) as taxonomy eligible due to the fact that they fall under Activity 6.6 Freight transport services by road.

Taxonomy eligible activities in terms of CapEx and OpEx

The Group classifies the Capex and OpEx expenditures related to the APM and courier deliveries as taxonomy eligible due to the fact that they fall under Activity 6.6 Freight transport services by road.

InPost Taxonomy KPIs for 2021

KPI for turnover	98.3%
KPI for capex	80.6%
KPI for opex	93.1%
KPI non-eligible	6.9%

Information consolidation process

Consolidation rules applied for the purpose of calculation of KPIs (Turnover, CapEx, OpEx) are the same, as the rules applied by InPost for the purpose of preparation of consolidated financial statements.

32 Regulation EU 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation 2019/2088 published on 10 December, 2021.
33 Commission Delegated Regulation (EU) 2021/2178 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation published on 10 December, 2021.
34 Commission Delegated Regulation (EU) 2021/2139 of 4 June, 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

Taxonomy
continued

The information consolidation process was subject to analysis and control by the team in charge of reporting data by activities (eligibility) or by facilities, projects, services or products (alignment), and by the corporate Reporting team (in charge of reporting the Group's consolidated indicators) and by the CSR Manager (in charge of coordinating and preparing the Taxonomy Report) to ensure consistency in the criteria adopted for reporting the indicators, the treatment of intra-group operations and the breakdown of the indicators by business activity segment or sub-segment.

Contextual information & Accounting policy

The core business of the InPost Group is delivering parcels either to the APMs or to-door. This activity is classified as taxonomy eligible and falls under Activity 6.6 Freight transport services by road.

- **KPI for turnover**

Denominator - the turnover shall cover the revenue recognised pursuant to International Accounting Standard (IAS) 1, paragraph 82(a).
References to the Consolidated Financial Statements for the year ended 31 December 2021:

- Net turnover presented in the Consolidated Income Statement for the year ended 31 December 2021 - note 12.1

Revenue from sales of services is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Numerator - the part of the net turnover derived from products or services, including intangibles, associated with Taxonomy eligible economic activities. InPost Group calculates taxonomy – eligible turnover as revenue generated Activity 6.6 Freight transport services by road. This includes turnover from the Group's activities, where InPost Group provides courier and APM services.

- **KPI for CapEx**

Denominator - shall cover additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator shall also cover additions to tangible and intangible assets resulting from business combinations.

The Group's additions of property, plant and equipment and intangible assets including those from business combinations determined at fair value and including additions of right-of-use assets.

References to the Consolidated Financial Statements for the year ended 31 December 2021:

- Intangible assets – note 19.
- Property, Plant and Equipment additions (including right-of-use assets additions) – note 20.

Numerator - equals to the part of the capital expenditure included in the denominator that is any of the following:

(a) related to assets or processes that are associated with Taxonomy eligible economic activities;

(b) part of a plan to expand Taxonomy eligible economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy eligible ('CapEx plan');

(c) related to the purchase of output from Taxonomy eligible economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, as well as other economic activities and provided that such measures are implemented and operational within 18 months.

InPost Group calculates Taxonomy eligible capex from Activity 6.6 Freight transport services by road. Long-term leases of cars measured at cost less accumulated depreciation and impairment losses, long-term leases of land for purpose of APM deployment and APM additions. The Group does not include additions to development projects connected with logistic software and additions connected with new logistic hubs..

- **KPI for OpEx**

Denominator – shall cover direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Taxonomy
continued

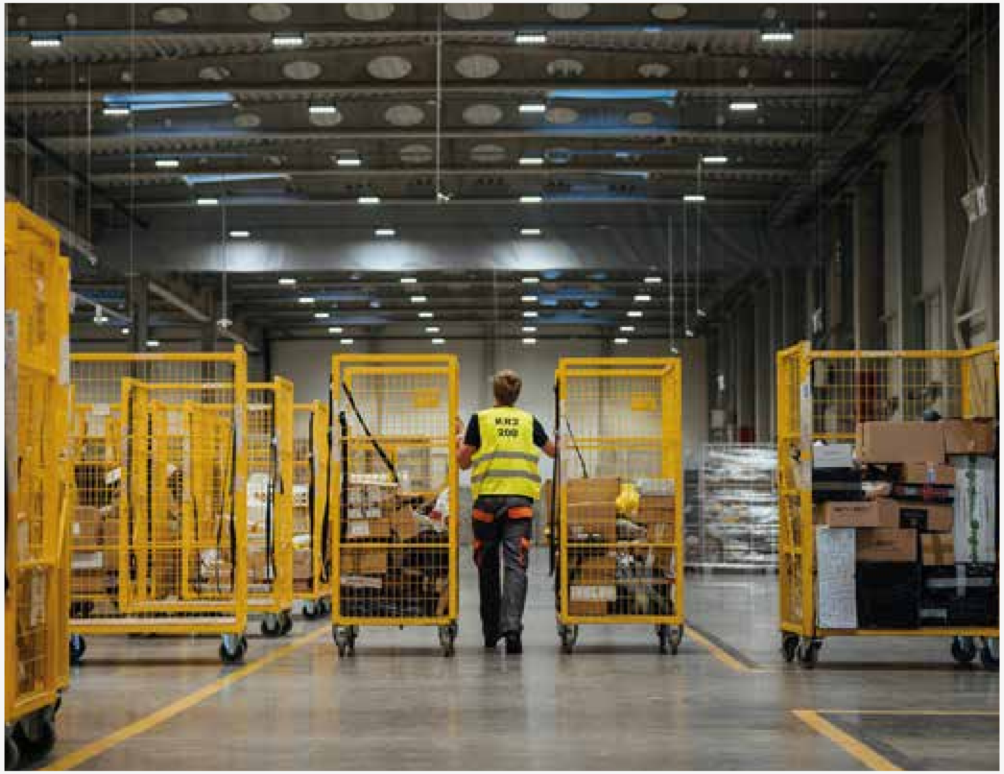
InPost Group has not included wages of employees working on IT maintenance in OpEx, as these are not defined as an costs related to day-to-day servicing of property, plant and equipment.

Numerator - equals to the part of the operating expenditure included in the denominator that is any of the following:

(a) related to assets or processes associated with Taxonomy eligible economic activities, including training and other human resources adaptation needs, and direct non-capitalised costs that represent research and development;
(b) part of the CapEx plan to expand Taxonomy eligible economic activities or allow Taxonomy-eligible economic activities to become Taxonomy eligible within a predefined timeframe;

(c) related to the purchase of output from Taxonomy eligible economic activities and to individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions as well as individual building renovation measures and provided that such measures are implemented and operational within 18 months.

For the Group Taxonomy eligible OpEx includes maintenance costs for APM network, research costs connected with development of new APM types which fall under Activity 6.6 Freight transport services by road.



Corporate governance

Corporate governance

2021 was the year of InPost S.A.'s initial public offering on Euronext Amsterdam. We also experienced the rapid growth of our presence in the UK and the acquisition of Mondial Relay. Such dynamic growth poses a great challenge, taking into account the scale of integration. This task requires the development of a governance ecosystem that will be resilient to the rapidly changing e-commerce environment, and which will secure flexibility in maintaining relations with a variety of stakeholders along the value chain. In 2021 we have focused on the unification and standardisation of key policies and procedures across the Group, for our complex management system. In 2022 we will continue to integrate compliance including ESG and to strengthen the integrated, ethical, and values-driven corporate culture.

GRI [103-2]

Governance ecosystem

Internal

Ethics and compliance system

Code of Conduct, Anti-Corruption Policy
Insider Trading Policy, Anti-Harrassment and Anti-Discrimination Policy,
Diversity Policy, Whistleblower Policy

Complementary policies

Cybersecurity, Data Protection Policy Framework

External

Risk management
Approach to tax
AML/CTF policy (regards Poland clients)

Supply chain

Suppliers' Code of Conduct
Business Partner Verification Procedure

We want to be performance-driven, focused on innovation and customer experience, but at the same time also on good governance, ethics, compliance, making evidence-based decisions based on data. Unifying several governance systems into one body that enables us to reach our ambitions, at the same time giving us tools to protect the company from emerging risks, is one of the most important tasks we have set out to accomplish in 2022. Although a core of this system is already in place, various integration processes must happen. We embrace this challenge and see it as a way to build a strong organisation based on consistent values, aiming for one common goal."

Adam Aleksandrowicz
CFO

Corporate governance

continued

We define our governance ecosystem as a set of solutions (procedures, processes, and tools) that regulate both internal relations within the Group and our relationships with our external environment, with emphasis on the supply chain and tax compliance.

GRI [102-12]: Its fundamentals are developed in accordance with domestic and international law, with respect for human dignity and the necessity for the protection of human rights as expressed in the Universal Declaration of Human Rights. We strive to contribute to SDG 16 and SDG 17. As a member of United Nations Global Compact, we will fully comply with its principles:

Principle 1:
Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:
make sure that they are not complicit in human rights abuses.

Principle 3:
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4:
Elimination of all forms of forced and compulsory labour.

Principle 5:
Effective abolition of child labour.

Principle 6:
Elimination of discrimination in respect of employment and occupation.

Principle 7:
Businesses should support a precautionary approach to environmental challenges.

Principle 8:
Undertake initiatives to promote greater environmental responsibility.

Principle 9:
Encourage the development and diffusion of environmentally friendly technologies.

Principle 10:
Businesses should work against corruption in all its forms, including extortion and bribery.

The legal framework for The InPost Group governance is determined by Luxembourg Law and the Articles of Association. The Company has also chosen to voluntarily apply the regulations of the Dutch Corporate Governance Code.

UN GLOBAL COMPACT
Network Poland

Corporate governance

continued

DEVIATIONS FROM THE DUTCH CORPORATE GOVERNANCE CODE

As a public limited company organised under the laws of the Grand Duchy of Luxembourg, the Company is not subject to the Dutch Corporate Governance Code. However, the Company has chosen to voluntarily apply the regulations of the Code. The Management Board and the Supervisory Board believe that deviations of some individual provisions of the Code are justified. These deviations are explained below.

Internal audit function – best practice provisions 1.3.1-1.3.5

In 2021 the Company did not comply with best practice provisions 1.3.1 through 1.3.5, regarding the internal audit function. The Company deviated from this best practice provision as it did not have a separate department for the internal audit function. However, the Company has hired an internal audit Director in 2022 and is in progress of establishing the function.

Independence of the Supervisory Board – best practice provision 2.1.7

The Company does not comply with best practice provision 2.1.7, which provides that in order to safeguard its independence, the Supervisory Board should be composed in accordance with the criteria as set out in best practice provisions 2.1.7 and 2.1.8. The Company deviates from best practice provision 2.1.7 (iii) as two of the members of the Supervisory Board are appointed upon nomination of AI Prime and A&R.

Establishment of the Committees – best practice provision 2.3.2

The Company does not comply with best practice provision 2.3.2, which provides that if there are more than four Supervisory Board members, the Supervisory Board shall appoint an audit committee, a remuneration committee and a selection and appointment committee. The Company deviates from this best practice provision as the functions and the responsibilities of the remuneration committee and the selection and appointment committee are combined in one committee, the Selection, Appointment and Remuneration Committee.

Remuneration Policy – best practice provision 3.1.2

The Company does not fully comply with best practice provision 3.1.2, which provides that if Management Board members are awarded remuneration in the form of shares, these shares should be held for at least five years after they are awarded. The Company deviates from this best practice provision as the Company's Remuneration Policy requires members of the Management Board to hold any shares acquired pursuant to their annual deferred bonus for three years rather than five years after they have been awarded.

Remuneration of Supervisory Board member – best practice provision 3.3.2

The Company does not comply with best practice provision 3.3.2, which provides that Supervisory Board members may not be awarded remuneration in the form of shares. The Company deviates from this best practice provision as certain members of the Supervisory Board may, as per the agreed policy, receive up to 25% of their annual remuneration in Shares. For 2021, none of the members of the Supervisory Board received any remuneration in Shares. The remuneration of the Supervisory Board members, including the share component, is not dependent on the results of the Company or the Group.

Cancelling the binding nature of a nomination of dismissal – best practice provision 4.3.3

Pursuant to the Articles of Association, AI Prime has a right to nominate candidates for appointment as members of the Supervisory Board. Pursuant to Luxembourg law, if AI Prime, when exercising its nomination right, includes at least two candidates for the position in the proposal for the appointment to the Supervisory Board, the General Meeting has to appoint one of the proposed candidates. In that case, it is not possible under Luxembourg law to set aside the binding nature of the nomination right, which results in a deviation from best practice provision 4.3.3.

The Committee's responsibilities include primarily (but are not limited to): determining on a timely basis the disclosure treatment of Inside Information and other material information; assisting in the design, implementation and periodic evaluation of disclosure controls and procedures; identification of Inside Information and Insider List and ensuring its compliance with the provisions of the Company's Insider Trading Policy.

The general quorum for a meeting of the Disclosure Committee is any two members of the Management Board and the Supervisory Board, one of whom must be the Chief Executive Officer or the Chief Financial Officer and one must be one of the independent Supervisory Board members. In case of a significant event or issue, the Secretary of the Disclosure Committee may decide that it is necessary for both the Chief Financial Officer and the Chief Executive Officer to participate in the Disclosure Committee.

Corporate governance

continued

1. Internal governance

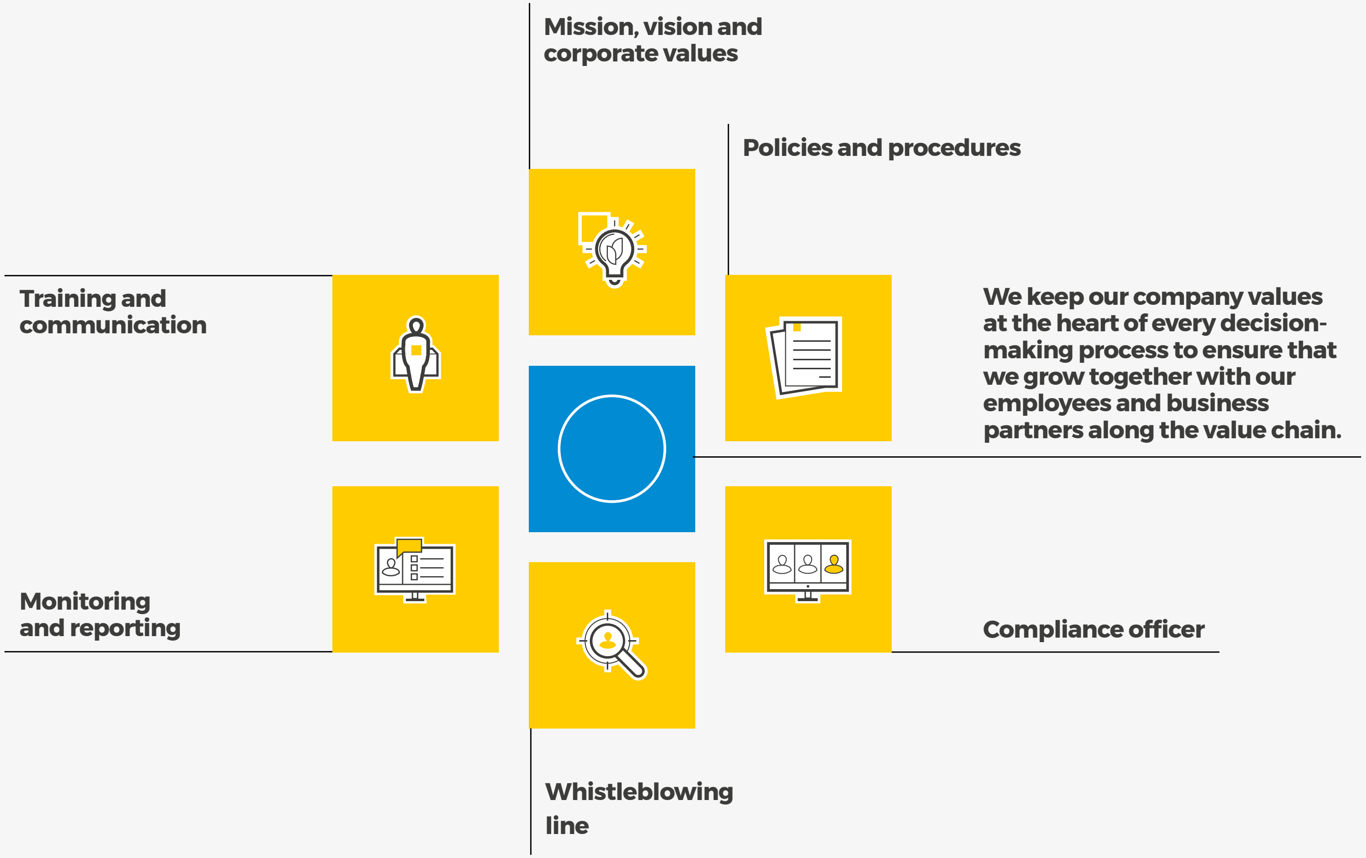
Ethics and Compliance System

[GRI 102-16] With the ambition of being a sustainability leader in e-commerce, we keep our company values at the heart of every decision-making process to ensure that we grow together with our employees and business partners along the value chain.

> **Having a strong corporate governance is an advantage; It is a means of setting yourself apart and communicating clearly to your stakeholders."**

Marieke Bax
Chairperson of the Audit Committee

Fig. 12 Internal governance and compliance scheme



Corporate governance

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GRI [103-2]: Before entering new markets and the Mondial Relay acquisition, Polish InPost was a value-based and purpose-driven company. As we have become InPost Group, we bring this attitude to new markets. Our core values remain the same. Strong ethics supported by a comprehensive compliance system are at the heart of our governance system and guide the daily decision-making of all our employees. With the growing importance of subsidiaries outside of Poland, we have identified the need to provide one set of regulations to which all employees across markets could refer. For this purpose, we have replaced the existing policies with the new InPost Group Compliance System applicable across the whole Group. It consists of the InPost Group Code of Conduct, which is an overarching policy and can also be regarded as our business ethics policy, and accompanying policies which contain more detailed guidelines relating to topics described in the Code of Conduct:

- **InPost Group Code of Conduct** – the general policy, setting the standards and tone for the entire Compliance System. It sets high-level standards of conduct for employees and management, presents the organisation's approach to matters such as corruption, relationships with third parties, reporting of irregularities, discrimination, and diversity. It also describes the role of the Compliance Officer in the organisation.
- **Anti-Corruption Policy** – a document describing standards of conduct in relationships with suppliers, clients, and public authorities, aimed at preventing all forms of corruption and other illegal or illicit behaviours. The Policy considers the legal frameworks regarding corruption, bribery and influence peddling in all jurisdictions where the Group conducts its business operations. It states that InPost Group does not support any political parties and it does not engage in any political events. The Policy also includes case studies facilitating the understanding of standards of conduct. [GRI 415-1]
- GRI [103-3]: Anti-harassment and Anti-discrimination Policy – the policy for all employees of the Group, setting the standard of conduct in relation to colleagues, supervisors, junior staff, and potential employees, and aimed at preventing employee complaints and conflict in the workplace. It outlines the Group's zero-tolerance approach to discrimination, workplace harassment, sexual harassment, and other forms of unwanted behaviour. The Policy also provides the framework for addressing incidents related to discrimination and harassment.
- **Diversity Policy** – the policy setting the standard for hiring new employees, aimed at promoting a fair, merit-based hiring process. The Policy sets the guidelines for individuals involved in the hiring process. It prohibits discrimination based on age, skin colour, disability, gender, marital status, nationality, race, religion, sexual orientation or other ethnic or cultural aspects. The guidelines apply to all employees, including the Board members and the Executive Committee.
- **Insider Trading Policy** – the policy regarding restrictions in trading in InPost S.A. shares and other InPost S.A. securities. The Policy explains the conditions by which an employee is awarded insider status and explains the regulatory framework around trading in InPost S.A. securities.
- AML/CTF Policy – introduced at InPost sp. z o.o., which holds an obliged entity status as a postal operator under Polish law. The Policy provides a framework for compliance with the relevant legal framework, including the processes of client identification and ultimate beneficial owner identification. The policy also introduces the role of an Anti-Money Laundering (AML) Manager.
- **Know Your Customer (KYC) Policy** – a policy introduced at InPost sp. z o.o., aimed at reducing risk in dealing with third parties, i.e. suppliers and clients who are not subject to KYC verification. The Policy outlines the duties of the employees in relation to supplier and client verification.

The policies included in the compliance system were drafted by the Compliance Officer in broad cooperation with internal departments. The compliance policies were formally approved by the Management Board by way of a Management Board resolution. Based on our experience as an organisation, and having identified the current market trends, we have extracted four core values: compliance with applicable laws, honesty, integrity, and openness. The InPost Group Code of Conduct sets the standards of conduct for the Group's employees and management in areas such as conflict of interest, corruption, integrity in cooperation with third parties and other staff members, as well as in financial

Corporate governance

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reporting, compliance with applicable laws, and health and safety.
The Code of Conduct introduces the Compliance Officer and describes their role in the organisation. The Compliance Officer is to revise the compliance system so that it responds to the current needs of the organisation, to implement the system and communicate it to both the employees and other stakeholders. They are also responsible for providing training for the employees and monitoring the compliance system by responding to the employees' queries and performing investigations as needed. Although the Compliance Officer maintains the highest level of independence, organisationally they report to the Group CFO, who is responsible for overseeing the compliance area across InPost Group. The Compliance Officer supervises the compliance system at the Group level and has their counterparts on each market, who report to them indirectly. Our Code of Conduct and the accompanying policies are available in English via the inpost.eu website with unlimited access for all employees, business partners and other stakeholders. The policies have been translated into Polish and are available on the company intranet. They will also soon be made available to our Italian and French employees via the respective subsidiaries' intranets in their respective languages, as well as in English.

Chief Financial Officer

Chief Executive Officer

Ethics and compliance system
Compliance Officer

Risk management team
Risk Officer

IT security team
IT Security Team Manager, Quality and Operational Security Officer

Data protection office
Data Protection Officer

Corporate governance

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Whistleblowing and concerns raised

GRI [205-3]: Zero incidents of corruption (alleged or confirmed) in 2021

GRI [102-17, 103-2]: A critical element of a well-functioning compliance system is a mechanism for feedback and concerns about ethics. Described in the Whistleblowing Policy, the reporting mechanism is based on a non-retaliation policy and a guarantee of the whistleblower's anonymity. The employees are instructed that the Compliance Officer will not take any actions to establish a whistleblower's identity. The whistleblowers are assured that their reports will not be considered with less attention than if they had contained personal details of the whistleblower. All reports are treated with confidentiality by the Compliance Officer. If the Compliance Officer decides they need support from another person within the organisation in order to conduct an investigation properly, the person involved is obliged to maintain confidentiality as well.

People both inside and outside the organisation can voice their concerns about unethical or illicit behaviour via e-mail:

- compliance@inpost.pl or compliance@inpost.eu, which was added in 2021 in response to the new teams across Europe
- Traditional post addressed to the Compliance Officer in the Kraków, Poland headquarters, whereby the persons receiving mail are instructed that any correspondence addressed to the Compliance Officer is not to be opened and is to be immediately delivered personally to the Compliance Officer
- SpeakUp whistleblowing platform applied throughout the organisation. The platform can be accessed via a mobile app or a website. It gives the whistleblowers the opportunity to notify the Compliance Officer completely anonymously and in any language used in the organisation. The platform provides secure machine translation of any report into English if needed. Additionally, all data regarding a report is erased from the system within 30 days of closing a given case by the case handler to ensure that data security is always maintained.

All channels of communication are available 24/7 and reports can be made in any of the languages used in the organisation: Polish, English, French, Italian, Portuguese, Spanish, German, and Dutch (Netherlands and Belgium), and it is the Compliance Officer's responsibility to ensure communications with the person reporting, in a language they understand. Reports regarding compliance incidents not made directly to the Compliance Officer (e.g. to the relevant HR office) are forwarded to the Compliance Officer in order to ensure the Compliance Officer has all relevant knowledge of alleged breaches of ethics in the whole organisation.

In such instances, the Compliance Officer offers support and advice in investigating a report. Every report is analysed by means of a case-by-case approach which allows the adjustment of tools used to best address the situation. Finally, the Compliance Officer is required to inform the Chairperson of the Supervisory Board of every new report and submit a written summary of actions taken and the resolution of an investigation to the Audit Committee.

> **As a company, we go beyond a "zero tolerance for corruption" approach. We build our relationships with employees and various partners on mutual trust and open dialogue. Therefore, both reports and enquiries are welcomed and deeply appreciated."**
>
> **Arleta Adamus**
> Compliance Officer
>
> Arleta Adamus joined InPost in 2018 as the Director of the Legal Department for Integer pl S.A. and its subsidiaries in Poland. From January 2021 she is a Compliance Officer for InPost S.A. Group and Group General Counsel. Previously, she was legal counsel in a leading terrestrial TV and radio broadcast infrastructure operator in Poland and worked as a legal counsel in the Capital Group of the largest fuel company in Central Europe. Arleta is also a certified mediator and compliance officer.

Corporate governance

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All employees were introduced to the new Compliance System of the InPost Group

In 2021, only two compliance incidents were reported in Poland. The first incident was resolved and the employee responsible for misconduct had their employment contract terminated without notice. The incident, investigation or resolution in this case did not affect processes or procedures in place at InPost Group. The second case was deemed unsubstantiated.

GRI [307-1, 419-1]: Additionally, as of 31 December, 2021, there have been no incidents of corruption, whether alleged or confirmed. There were no incidents in which employees were dismissed or disciplined for corruption. We have not had a single case of discrimination reported in the Group over the last two years. No cases of non-compliance with environmental laws and regulations were registered or issued, neither were cases of non-compliance with laws and regulations in the social and economic area.

Reporting channels were used twice to report cases of possible conflicts of interests and bribery with the Compliance Officer, which shows both the effectiveness of conducted trainings and the trust put in the Compliance Officer.

Recruitment free of discrimination

GRI [103-2]: The status of the Diversity Policy as one of the pillars of our Compliance System has resulted in the development of a recruitment procedure for the Polish companies which was then adopted as the general guideline throughout InPost Group. Its goal is to ensure equal employment opportunities without discrimination or harassment on the basis of race, ethnicity, religion, sex, sexual orientation, gender identity or expression, age, disability, marital status, citizenship, national origin, genetic information, or any other characteristic protected by law. InPost Group prohibits any such discrimination or harassment.

The following general rules apply for recruitment process in InPost Group:

- **EQUALITY**: All candidates involved in the recruitment process are treated equally.
- **CONFIDENTIALITY**: All the information provided by the candidate must be treated as confidential and must not be shared with anyone who is not involved in the recruitment or decision-making process.
- **RESPONSIBILITY**: All Hiring Managers or employees involved in the recruitment process need to be prepared to perform such roles.
- **PROFESSIONALISM**: It is important to perform all recruitment processes with the highest quality of professionalism, creating a positive candidate experience.
- **TRANSPARENCY**: When the Hiring Manager has a close relationship with a considered candidate, another person is required to participate to verify the candidate's competencies.

Individuals who believe they have been the victim of misconduct can report the situation through the candidate experience survey form, which is available to those participating in the hiring process. All reported allegations of discrimination are subject to investigation in line with the procedure set in Whistleblowing Policy.

GRI [406-1] Incidents of discrimination
GRI [205-3] Confirmed incidents of corruption

Type of incident	Poland		Mondial Relay		UK	
	Reported	Confirmed	Reported	Confirmed	Reported	Confirmed
Conflict of interests	0	0	0	0	0	0
Corruption	0	0	0	0	0	0
Harrassment/ discrimination	1	1	Not available	Not available	0	0

Corporate governance

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Communication and training

The new Compliance System launch was communicated by the Compliance Officer to all employees throughout InPost Group via e-mail and dedicated training.

Contact points for raising concerns are communicated via the inpost.eu website's contact site, as well as on the Intranet sites of our subsidiaries so that the employees can easily find the relevant e-mail address. Additionally, the introduction of the new reporting tool was communicated to all employees via e-mail; the employees in each country received an e-mail with an access link and QR code for the platform and a brief user manual in their respective languages.

GRI [205-2]: The launch of the Compliance System was followed by a compulsory compliance training for all employees in Poland and was conducted via an on-line training platform. The training consisted of two parts (a presentation and a test) and covered all policies that are part of the system. 87% (3,474) employees completed the training successfully. Our compliance plan accounts for an annual compulsory compliance training for all employees. The on-line training has proved efficient and allows us to track the number of participants and their progress. Therefore, it will remain the preferred way to provide compliance training to the employees.

Moreover, compliance training has become a part of the onboarding training for new employees in Poland since the middle of 2021. The onboarding training is done on-line, and the compliance segment contains a pre-recorded video presentation conducted by a member of the legal team. Between 01 June, 2021 and 31 December, 2021, over 1,000 new hires received compliance training and were informed that the relevant policies can be found on the company Intranet as well as on the inpost.eu website. We will continue to provide compliance training as a part of onboarding training in 2022.

Complementary Policies

GRI [203-2, 103-3]: We identified two areas that are crucial for conducting our business and its protection depends on building a resilient internal framework with a capacity building system that supports it. As we rely on data, both consumer and client, we constantly improve processes and solutions in cybersecurity and data protection, keeping in mind not only compliance

GRI [205-2] Communication and training about anti-corruption policies and procedures

Number of employees that received training	InPost SA and PL subsidiaries 2021	Mondial Relay 2021
Management Board	5 (100%)	10 (100%)
Supervisory Board	0 (0%)	0 (0%)
Senior Management	15 (63%)	0 (0%)
Middle Management	268 (81%)	0 (0%)
Other employees	3,192 (88%)	0 (0%)

The organisation's anti-corruption policies and procedures have been communicated to 100% of all groups of employees.

Corporate governance

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with laws, but also enabling better efficiency for further growth by securing best-in-class infrastructure.
In both areas we developed training systems that consist of training for employees and new hires where both cybersecurity and data protection are part of the onboarding process. When necessary, trainings for particular departments or even individual ones are put in place. For cybersecurity we also developed 16 phishing attack scenarios and carried out almost 20 stress tests.

Cybersecurity

GRI [103-2]: One of the main foundations of e-commerce is data. We pay special attention to data protection. As the threats in this area increase, we are constantly improving our solutions and implementing new security measures.

GRI [103-2]: We operate in accordance with the Information Security Policy that is linked with strategic objectives and the prioritisation of the organisation. The policy guides the business on how to effectively implement cybersecurity by: ensuring compliance with legal requirements; confidentiality, integrity and availability of data and IT services; technical and organisational security measures; and a high-level of awareness of employees in the field of data security.

Following the Policy, at least twice a year we perform cyber risk assessments in terms of two main aspects, Severity and Confidence, which results in the implementation of appropriate processes. Moreover, we conduct internal security tests to assess the effectiveness of technical and organisational security measures at least once a year (or in the case of significant changes). Once a year, an external audit is carried out in accordance with the NIST Cyberframework.

In terms of cybersecurity, we also apply other subordinate policies such as Acceptable Use Policy, Business Continuity Management Security Policy, Cryptography Policy, HR Security Policy, Identity and User Access Management Policy, Information Classification Policy, Information Security Policy, IT Operations Security Policy, Network Security Policy, Systems and Applications Security Policy, and the Vulnerability Management Policy. They cover the area of information security management in accordance with ISO27001 and the NIST Cybersecurity Framework.

The roles and responsibilities regarding information security have been established in accordance with the Information Security Policy document. In order to pursue the aforementioned actions, the key roles and responsibilities concerning information security have been assigned to managing persons in the Group, particularly to: the IT Security Team Manager – in the scope of data security and protection of ICT systems; DPO – Data Protection Officer, with regard to personal data protection; Operational Security Office manager with regard to physical security; Compliance Officer – in the scope of ensuring legal compliance and compliance with valid internal regulations; Risk Officer – in the scope of risk management. The IT Security Team, in cooperation with the Data Protection Team and the Quality and Operational Security Office under supervision of the manager of the IT Security Team, is responsible for taking any actions related to operating, monitoring, reviewing, maintaining and improving the established Information Security Management System (ISMS).

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Data protection

GRI [103-2]: The security of InPost's customer data is our top priority. Therefore, we take all measures to safeguard and improve data security. To ensure full compliance with legislation, in particular with the General Data Protection Regulation (GDPR), we have adopted a system of standards and guidelines designed to provide a high level of protection for customers, employees and suppliers. One of the main documents introduced within the organisation is the Personal Data Security Policy. It determines the basic principles and methods of ensuring personal data safety applied by all companies that are members of InPost S.A. The organisation's strategic goals for data protection include ensuring that legal requirements are met; confidentiality, integrity of the personal data processed and continuity of access to the data; technical and organisational security measures; and a high level of employee awareness concerning personal data security. We have implemented technical and organisational solutions that provide clear and accessible communication mechanisms with data subjects and allow them to apply their rights, including the right to access, erase, rectify, supplement or amend their personal data.

GRI [418-1]: Substantiated complaints concerning breaches of customer privacy and losses of customer data

	InPost S.A., UK and PL subsidiaries		Mondial Relay	
	2021	2020	2021	2020
Substantiated complaints received concerning breaches of customer privacy:	45	40	0	0
– Complaints received from outside parties and substantiated by the organisation	40	36	0	0
– Complaints from regulatory bodies	5	4	0	0
Total number of identified leaks, thefts, or losses of customer data.	2	2	1	n/a

All complaints for InPost UK are included in InPost SA and PL subsidiaries total.
Please note that we do not maintain a separate register for InPost S.A and InPost UK. Records of data subjects' requests and complaints are kept separately for InPost Technology S.a.r.l, Integer.pl S.A., Integer Group Services sp.z o.o., InPost sp. z o.o., InPost Paczkomaty Sp. z o.o. and Mondial Relay.

The number of complaints and breaches registered in Poland includes both cases reported by customers and those identified internally and reported to the relevant authorities by InPost. Most consumer complaints concerned lost parcels. The proceedings conducted by the Office of the Protection of Personal Data as a result of complaints regarding the manner of processing personal data did not result in negative decisions for InPost.

The InPost Group data protection framework consists of:

- Procedure for handling requests from data subjects on the exercise of rights in relation to the processing of personal data – specifies the general framework for handling a person's demands directed to the Controller, related to the Data Subject Rights
- Procedure for the assessment and notification of personal data breaches - defines the general principles for the assessment, recording and notification of Personal Data Breaches under the GDPR
- Data retention policy – specifies the principles for processing data in accordance with the principle of limited retention
- Procedure for risk analysis and impact assessment of personal data processing - describes the principles of conducting risk analysis for the protection of Personal Data

Due diligence procedures have not been introduced within the adopted policies, yet all procedures are subject to regular internal audits . Based on latest audit, no changes in procedures are required. We provide capacity-building communication and staff training to strengthen awareness and ensure adaptation to any emerging risks.

Compliance with the personal data protection principles is supervised by the Data Protection Officer. The individual is supported by the Data Protection Team in each subsidiary.

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2. External governance

Approach to tax

GRI [207-1] Our approach to tax matters has been formed in line with core organisational values and principles, with the purpose of correct and timely tax contributions as well as the protection of our reputation within the international community.

The correct and reliable fulfilment of tax obligations constitutes the cornerstone of social responsibility and an important element of InPost Group's overall economic strategy. We have implemented procedures and processes to comply with all tax obligations under the respective tax laws and deployed processes and procedures to identify potential tax risks at an early stage. Compliance with these procedures is monitored by the respective employees and supervised by the Management Board.

The Management Board reviews and approves the tax strategy. The Management Board quarterly revises and updates the Group's tax strategy to ensure its relevancy as well as alignment with the Group's wider purpose and code of ethics.

The tax strategy is harmonised within the Group and applicable to all its subsidiaries. The tax strategy is publicly available on (Informacje o strategii podatkowej | Grupa Kapitałowa Integer.pl; Tax strategy of InPost S.A. (Lux)).

The key principles of the strategy can be summarised as follows:

- The diligent application of tax law as well as its most recent interpretation by the relevant tax authorities supported by publicly available government explanations and court rulings;
- Continuous monitoring of changes in the tax law and evolutions in tax interpretations and relevant practices;
- A cautious approach towards tax risks, which minimalises the likelihood of disputes in case of unclear regulations. Identified risks are managed by the tax specialists responsible for the possible related tax obligation in cooperation with the leader of the tax department and other relevant employees. We are risk averse and in the case of ambiguity related to taxes, we seek confirmation from the respective tax authorities through tax rulings, opinions, etc.
- The inclusion of tax consequences while making economic or business-related decisions.
- The introduction and application of extensive and detailed internal tax procedures which ensure tax compliance at every level of the organisation and aid the identification of tax risks at an early stage. These procedures include but are not limited to those regarding proper recognition of economic events for tax purposes, calculations of tax liability, processing of tax documentation, communication with tax authorities, and the spread of information about tax developments among our stakeholders.
- The practice of hiring experienced tax professionals, continually

Corporate governance

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investing in their development (including trainings on current tax matters) as well as seeking advice from external renowned tax advisors with regards to complex matters.

- The practice of trainings and exchange of experience between those responsible for managing tax functions.
- Use of specific software developed by a reputable external company aiming at proper calculation and verification of our tax settlements. The technology constitutes an important role in the tax strategy (all accounts are prepared using a specialised software, addressing management of tax data such as obligatory standard audit files in Poland or electronically submitted tax declarations).

Tax Governance, control and risk management

GRI [207-2] InPost Group organisational structure ensures the appropriate flow of information, division of duties and responsibilities within the individual departments. The tax policy is supervised by the Chief Financial Officer. Management, who together with the Tax and Accounting Department, is responsible for the correct settlement of the Group's tax obligations.

Tax governance is covered by internal control and external audit.

[GRI 207-1]: The Supervisory Board and the Management Board engage in regular discussions about risk, including the approach to minimising tax risks. On a quarterly basis, Management conducts a review and updates the tax strategy to ensure its relevance as well as alignment with the company's wider purpose and Code of Conduct. The Supervisory Board regularly discusses and reviews the Group's compliance with its stated tax policy and framework. The Tax and Accounting Departments, under the supervision of the Chief Financial Officer, are responsible for carrying out the tasks related for tax functions. Tax risk management is overseen by the Management Board's members and is included in reports to the Audit Committee. All of the company's employees are bound by the Code of Conduct and Whistleblower Policy is in place that covers also tax matters.

The Group's Tax Contribution

The most substantial taxes include the Corporate Income Tax, value-added tax, wage tax, social security contributions, and withholding tax. The taxes and charges paid remained relatively stable in the period from FY20 to FY21.

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Corporate income taxes paid in millions of PLN

	2021	2020	2019	2018
Luxembourg	0	0	-	-
Poland	180	127	4	0
France	50	54	52	-
Italy	0	0	0	0
United Kingdom	0	0	0	0
Other European countries	0	0.25	1	0
Rest of the world	0	0	0	0
Total	230	181	56	0

Other taxes paid in 2021 in millions of PLN

	VAT	Wage tax and social security	Total 2021	Total 2020
Luxembourg	0	0.03	0.03	0
Poland	148	103	251	221
France	0	33	33	29
Italy	0	2	2	0.6
United Kingdom	12	12	24	11
Other European countries	0	0	0	0
Rest of the world	0	0	0	0
Total	160	150.3	310.3	261.6

[GRI 207-2]: The information provided in this report is factual and up to date. The source of the data are the official annual accounts of the Group. This report has been reviewed and confirmed by the Management and the Audit Committee.

Relationship with tax authorities

GRI [207-3]: InPost Group pays particular attention to transparency and clarity in the performance of its obligations. One of our main objectives is to maintain proper relations with the tax authorities based on mutual respect and trust. In light of the goal of open and transparent communication regarding our tax strategy and other tax matters, we pursue a strong relationship with local tax authorities, and generally consider requesting additional opinions from the competent tax authorities in ambiguous tax matters, especially in Poland. We often apply for supporting opinions or interpretations of tax law from tax authorities (e.g. various tax rulings and tax opinions issued by the respective tax authorities obtained in 2020-2021). We fulfil our mandatory DAC 6 data reporting obligations in the EU (e.g. information on tax schemes) in a regular and timely fashion. In case of tax-controlling activities or tax audits, we cooperate fully with the authorities.

Stakeholders

At InPost Group, we strongly believe in open and transparent communication with our stakeholders regarding our tax policy. We highly value the interests of all our stakeholders and work to achieve a balance between our financial interests and social and environmental responsibilities. We do not engage in aggressive tax planning (including limitation of cooperation with entities located in tax havens). Among other factors, we consider tax laws when structuring our commercial activities and making economic decisions, with a view to maximise value on a sustainable basis for our stakeholders.

We are fully aware of the importance of not only a transparent, but also sustainable and responsible tax approach. We have an obligation to our stakeholders individually and as a company. This means being open to any public or media inquiries. Any accusations of tax evasion or financial misconduct we have proven to be unfounded as we abide by the law and maintain full transparency as our guiding principles.”

Rafał Brzoska
CEO

Review and Approval

Tax reports are reviewed and confirmed by the management and the Audit Committee.

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GRI [207-4]: Country-by-country reporting

Country of tax jurisdiction	Name of the resident entity	Primary activities	Number of employees
Luxembourg	InPost S.A. InPost Technology S.a r.l	Holding company IT services	323
United Kingdom	InPost UK	Logistic and courier services	96
France	Integer France SAS Mondial Relay	Holding company Logistic and courier services	3,937
Italy	Locker InPost Italia S.a r.l	Logistic and courier services	38
Poland	Integer.pl S.A. InPost Sp. z o.o. Integer Group Services Sp. z o.o. InPost Paczkomaty Sp. z o.o.	Holding company Logistics and courier services	3,974
Other European countries	-	-	-
Rest of the world	-	-	-
Total	10	-	8,014

GRI [207-4]: Country-by-country reporting in millions of PLN

Country of tax jurisdiction	Revenues from third-party sales		Revenues from intra-Group transactions		Profit/loss before tax*		Tangible assets other than cash and cash equivalents**		Corporate income tax paid on a cash basis		Corporate income tax accrued on profit/loss		Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Luxembourg	0	0	0	0	(95)	(5.79)	39,635	18.48	0	0	0	0	
United Kingdom	66.27	15.50	0	0.02	(129.36)	209.13	281.86	82.17	0	0	0	0	
France	1091.70	0	11.90	0	24.80	(3.82)	3,295.17	9.61	41.1	54	38.90	0	
Italy	2.34	2.40	0	0	(23.63)	(9.50)	29.94	20.94	0	0	0	0	
Poland	3,421.56	2,495.94	2,373.48	1,763.27	1,171.57	596.45	5,762.65	4,173.99	201.86	103.76	219.75	131.18	deferred tax, waived IC loans, incentive plan related to shares (2020)
Other European countries	0	0	0	0	(3.42)	(0.84)	0.02	2.10	0	0.25	0	0.00	
Rest of the world	0	0	0	0	0	(1)	0	0.07	0	0	0	0	
Total	4,581.88	2,513.84	2,385.36	1,763.29	944.46	785.04	49,004.63	4,307.36	242.99	104.01	258.69	131.18	

*without IC elimination
**without elimination of IC margin on Fixed Assets and IC receivables

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Risk management

GRI [103-2, 102-11, 102-15]: At InPost Group, we maintain a risk management system for strategic markets which includes a set of processes, organisational measures and documented rules that are designed to mitigate risk and ensure that all significant risks related to the Group's activities are properly measured, reported and controlled, and that they do not pose a threat to the stability and continuity of operations. The risk management system has been designed to identify, assess and continuously monitor those risks that may affect the achievement of strategic, operational and compliance objectives across the Group's business and organisational units. The objectives of the risk management system include:

- ongoing and proactive risk management
- identification of threats and irregularities
- reduction of risks to acceptable levels
- full exploitation of business opportunities
- improvement of internal process efficiency
- improvement of service quality
- effective use of financial, human and material resources and prevention of financial losses.

The risk management system has been fully adopted at the Polish company level and does not cover companies outside of Poland. The organisation is in the process of rolling forward the Group-wide risk management system to Mondial Relay which is planned in 2022. The Risk Management Strategy and the Risk Management Procedure have been implemented, which define the risk management framework, the scope of the system and its regulations. They also describe our approach to risk management and the individual components of the system.

GRI [103-2]: The documents that are an integral part of the risk management framework and provide details of the principles of risk management within InPost Group include:

- policies and procedures with regard to ensuring business continuity
- Information Security Policy
- Personal Data Security Policy
- AML and business partner verification procedures
- Compliance Policy
- documentation of the organisational structure and the division of competences and tasks regarding risk management.

The Group of Companies pursue goals related to risk management by:

- Risk identification – identification of potential risk indicators. Risk identification is a necessary precondition for correct risk assessment.
- Risk analysis and assessment – analysis of identified threats for the Group's operations to determine the risk profile.
- Risk reduction and mitigation – minimisation of the risk present in the Group's operations based on a system of risk-restricting limits.
- Risk monitoring – early warning system allowing remedial actions to be taken.
- Risk reporting – provides cyclical information to the Group's management about the risk profile.

Risk Management System

Risk management responsibilities are divided between the relevant participants of the Risk Management system:

MANAGEMENT BOARD
- Strategic risk management and risk management system supervision

RISK MANAGEMENT TEAM
- Coordination and compliance assurance of risk management actions
- Strategic risk register management

RISK COMMITTEE
- Opinion-making advisory body of the Management Board
- Risk Management Team's actions

DIRECTORS
- Verification of significant threat on the strategic and organisational level in their respective areas

EMPLOYEES
- Reporting information about any emerging risks

Current risk management activities include monitoring and reduction of risk and introduction of a comprehensive risk knowledge-management system, including employee access to all policies and procedures explaining the risk management system. The adopted organisational structure ensures effective risk management and control by proper division of tasks. An additional guarantee of proper risk management in the company is the appointment of the position of Internal Auditor, whose task will be to regularly verify the correct course of internal processes. The scope of his duties together with the full management approach will be developed and implemented in 2022. Internal Audit will be under the supervision of the CFO.

Key risks

The report presents the key risks which may materially affect the Company's achievement of its long-term strategic objectives. The key risks were identified as those which, in accordance with the adopted methodology and specified significance and probability weights, received an overall rating of medium or high. It is worth noting that the Group uses a two-factor risk assessment system in which the risks are re-assessed quarterly based on probability and potential impact. The latest risk assessment was made and approved at the end of 2021.

Corporate governance

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Group of risks	Risk description	Mitigation
Strategic	• The Group's business is dependent on the overall level of consumer spending, which is affected by general economic conditions and spending patterns. • The conflict in Ukraine may change customers' behaviours resulting in decreased demand for logistics services.	• Closely monitor trends and use specialist advisors to better understand changing consumer expectations as to maintain attractive offer. • InPost Group's flexibility at adjusting to difficult market situation is high and, combined with the development of the service portfolio, translates into greater resilience to uncertain consumer behaviour. InPost has a strong market advantage in Poland and is the first choice of consumers, so any negative effects of consumer attitudes should affect us the least.
	• The Group may face competition from new entrants and existing competitors on the e-commerce delivery market in Poland.	• Observe competition in its international markets from various players including Amazon, DPD, Lockar who have recently announced their intention to roll out their own parcel locker networks. • Monitor the announcements and actions of its competitors, and potential competitors, related to existing and new forms of delivery services.
	• The growth of the Group's business depends on the development and growth of the retail market in the countries in which the Group is active, especially in the online retail and e-commerce segment in which it currently operates.	• Continue portfolio diversification: focus on C2X and emerging segments. • Closely monitor trends and use specialist advisors to better understand changing consumer expectations to ensure our offer remains attractive.
	• A major breach of information security, data regulation or a major cyber security incident could trigger material service or operational interruption.	• Continuously improve internal procedures and policies . • Periodic assessments with external advisors. • Cybersecurity insurance put in place.
	• The Group is subject to laws and regulations. Changes in the laws and regulations that the Group is subject to could have a negative effect on its business.	• Implement various policies to enforce compliance with the regulatory framework . • Monitor changes in laws and regulations in Poland and the foreign markets. • Work with advisors to properly interpret and respond to the changing regulatory framework.
	• Interpretation of Polish laws and regulations may be unclear.	• Monitor new laws and regulations and focus on analysing the impact of any new interpretations or rulings with support by external advisors both in Poland and abroad to be able to anticipate the impact of any regulatory changes on the entire Group.
	• Tax authorities may perform tax audits in all countries in which the Group operates that could result in additional costs for the Group.	• To be consistent with InPost Group Tax Policy. • Engage with external advisors to support its interpretation and application of tax law.

Corporate governance

continued

Group of risks	Risk description	Mitigation
Strategic continued	• The Group may fail to acquire other businesses as assumed by its growth strategy or to realise the expected benefits from such acquisitions and the Group may inadvertently acquire actual or potential liabilities.	• Continuously evaluate possible acquisition transactions in continental Europe, benefiting from the ability to identify suitable acquisition candidates and investment opportunities.
	• Economic espionage.	• Raise the awareness and sense of responsibility of its employees, associates and contractors.
Operational	• The Group may not be able to identify or secure suitable new APM locations in a timely manner or at all; the Group may not be able to expand its current APM locations and it may not be able to renew its existing leases for APM locations or negotiate acceptable lease terms for new APM locations.	• Offer a compelling value proposition to its landlords and plan to continue to cooperate with its landlords to deploy new APMs to increase the capacity and density of its APM network to support its growth.
	• The Group may face challenges in expanding its operations outside of Poland.	• Continuous evaluation of possible acquisition targets.
	• If the Group cannot retain its management team and other key employees, it may not be able to manage its operations successfully and therefore pursue its strategic objectives.	• Incentive programmes aimed at maintaining and motivating key management and personnel. • ESG oriented culture, diversity and inclusion approach. • Monitor employees' engagement level, employee net promoter score (eNPS) and turnover rate.
	• Disruptions in the operations of the value chain elements affecting the continuation of business processes and the provision of key services to customers. • The Group does not identify the risk of interrupting continuity of deliveries due to the lack of employees or due to any other reason.	• Strategic supply chain management. • Increasing transparency of supply chain (in terms of potential risk identification).
	• Risk of not meeting obligations imposed by the regulator, risk of not fulfilling bond conditions. Additionally, risk of raising insufficient capital from bond issuance resulting in failure to achieve business objectives.	• Retain clear and open communication with lenders.
	• The Group's systems and those of its third-party service providers, including data centre facilities, cloud storage services and telecom service providers, have experienced service interruptions in the past and may experience service interruptions in the future.	• Developed disaster recovery plans. • Insurance in place. • Internal platforms development neutralising dependence on external providers.

Climate-related risks are reported in the **Climate change risks (in line with TCFD guidelines)** section (page 103)

Corporate governance

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Strategic risk management is one of the key processes which allows InPost to react to materialising risks conditions with the agility required for a market leader. It is our ambition to create a risk-aware culture amongst all employees through regular training and risk identification workshops. In 2021, we held 12 such workshops. We continuously identify and manage risks at a strategic level and from a business unit perspective. The risk management team maintains the Strategic Risk Register, which at the end of 2021 included 52 risks, and the Departmental Risk Registers, where in 2021 we identified 95 risks in 12 areas. Our next ambition is to implement risk and controls management into the process flows using modern process management software."

Magdalena Ociepka
Group Finance Processes and Risk Director

The culture of risk awareness

We place significant emphasis on the process of improving employee risk awareness by involving them in the assessment of the effective risk management process in our organisation. Building a risk awareness culture is a long-term process, supported through a system of training and workshops. The scope of conducted trainings primarily includes the principles of risk identification and assessment and building awareness of risk management processes. During workshops, participants are familiarised with the internal regulations adopted and the risk assessment methodology applied in the Group. Until now the workshops had only been provided to the Polish companies but there is a plan for extending them to the entire Group. The training sessions are attended by managers and appointed employees from the respective departments.

In 2021, the Risk Management Team completed a total of 12 training cycles for designated areas. During the workshop sessions, the risks, to which the department under review is exposed, were identified and assessed, lists of control mechanisms were created and a risk management strategy was developed.

Climate change risks (in line with TCFD guidelines)

GRI [201-2]: In order to inform employees of the identification and assessment of climate-related risks and opportunities process, and to comply with the Recommendations of the Task-Force on Climate-Related Financial Disclosures (TCFD), InPost performed a climate scenario analysis in 2021.

Key scenario assumptions:

1.5˚C Scenario[1] Transition risks and market opportunities dominate	4˚C Scenario[2] Physical impacts dominate
Globally coordinated effort to reduce emissions to net zero by 2050	Emission reduction policies limited to the current policies
Aggressive regulations limiting extraction and use of fossil fuels	Continued use of fossil fuels and energy-intensive activities
Transition towards sustainable and less resource-intensive lifestyles	Unsustainable, energy-intensive consumption patterns
Rapid decline in costs of key technologies such as electric vehicles, hydrogen, photovoltaics	More visible physical effects of climate change

1 Based on the Intergovernmental Panel on Climate Change (IPCC) scenarios: RCP 2.6 and SS1 and the Nationally Determined Contributions (NDCs) submitted by the European Union and the United Kingdom.
2 Based on scenarios by the Intergovernmental Panel on Climate Change (IPCC): RCP 8.5 and SSP5.

Two climate scenarios were constructed, representing emission pathways defined by two different mean global temperature rises by 2100, which were compared to global temperatures in the preindustrial era. Scenarios cover risks and opportunities relating to the transition towards a low-carbon economy, as well as risks associated with physical impacts of climate change. For InPost's operations, this can include the potential establishment of a new Emission Trading System (ETS) for buildings and transport within the EU, the implementation of higher emission performance standards for vehicles and restrictions or bans on sale of new internal combustion engine vehicles in the EU and the UK. In regard to the physical effects of climate change, the Group has used publicly available data to analyse its impact in all countries in which it operates, with focus placed on Southern Europe and the Mediterranean region, which are most vulnerable to mean temperature rise and extreme heat.

Identification and assessment of climate-related risks and opportunities for both scenarios have been conducted by a team of internal and external experts, using qualitative risk assessment, and in consideration of the entire value chain and all markets the Group operates in. Climate impacts have been assessed using a range of techniques, including brainstorming during climate workshops held for key management functions. Three timeframes have been considered: short-term (until 2025), medium-term (2030) and long-term (2050). The process has been fully aligned with InPost's Risk Management System.

The results of the analysis indicate that risks relating to emerging policies are most material for the Group. This is especially true for the medium-term 1.5˚C Scenario. Significant opportunities include transitioning towards renewable energy sources and capitalising on customer preference shifts towards more sustainable products and services.

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Key climate-related risk and potential impact on Group's financial results:

Category	Risk	Time frame expected possibility of potential materialisation 2025	2030	2050
Policy and legal	Increased costs of purchase, rental or financing of courier fleet due to introduction of higher emission performance standards for cars and LCVs and restrictions on sale of new petrol and diesel vehicles.	✔	✔	✔
	Increase in operational costs and/or need to adapt own fleet due to restriction of deliveries by combustion vehicles in urban areas.	✔	✔	✔
	Increased operating expenditure due to introduction of a carbon tax and/or a cap-and-trade system on the transport sector (1.5˚C scenario only).		✔	✔
	Increased operating expenditure due to introduction of a carbon tax and/or a cap-and-trade system on buildings (1.5˚C scenario only).		✔	✔
	Increased capital expenditure due to introduction of Carbon Border Adjustment Mechanism and/or other carbon leakage regulation (1.5˚C scenario only).		✔	✔
Technology	Decline in availability of low carbon technologies and/or in the ROI of green tech R&D (4˚C scenario only).	✔	✔	✔
Market	Increased operating expenditure due to rising prices of conventional energy and fuels	✔	✔	✔
Energy efficiency	Decreased operating expenditure due to potential decrease in fuel/energy consumption due to improved efficiency.	✔	✔	✔
Energy source	Lower green energy costs due to commitment to long-term contracts (PPAs).	✔	✔	✔
Products and services	Increased revenue due to shifts in consumer preferences (1.5˚C scenario only).	✔	✔	✔
	Increased revenue, brand value and staff motivation due to communication of climate commitments and eco-friendliness of APM and PUDO delivery (1.5˚C scenario only).	✔	✔	✔
Markets	Improved capital availability, access to green bonds and/or lower cost of capital due to strong climate performance (1.5˚C scenario only).	✔	✔	✔

InPost is fully aware of the climate-related risks and opportunities that may have an impact on a growing business. For this reason, management decided to commit to the Science Based Targets initiative (SBTi) to cement the company's path towards Paris Agreement ambitions. The purpose of this endeavour is to define precise decarbonisation goals and a roadmap in order to attain climate neutrality.

Corporate governance

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3. Supply Chain

Supplier Code of Conduct

The main purchasing categories are APM production components, logistics equipment and IT. The changes to the supplier base are related mainly to acquisition of new suppliers and optimisation of the supplier base related to the supply chain crisis in 2021. The crisis also led to the increase in price of some purchased goods (steel, microchips, equipment).

GRI [103-2]: The expansion to new markets results in the growing complexity of business relations and requires integrated value chain management. With this in mind, we have identified the need for a unified Supplier Code of Conduct which would be adopted by all Group companies. Work on the document commenced in 2021 and has included a series of consultations with the different countries. The goal is to implement the Code in all supplier contracts across the InPost Group. It is our ambition to get approval of the Code from all suppliers in 2022. Approval will be mandatory for any company that wants to cooperate with InPost Group and will be seen as a confirmation of compliance with all requirements set by the Code.

The Code focuses on key aspects which are essential to the Group:

- Compliance and integrity
- Human rights (including child, compulsory and forced labour)
- The environment

In case of any concerns and questions to the provisions of the Code, suppliers can use the e-mail address compliance@inpost.eu. It can be also used to report any cases on non-compliance. In this case, the anonymity of the whistle-blower is protected, and the non-retaliation policy applies.

Business Partner Verification Procedure

GRI [408-1, 409-1] In 2020, we introduced a Business Partner Verification Procedure, according to which a due diligence check is being completed with every supplier. Within the framework of this procedure, we check the credentials of the supplier and perform an internet search, verifying that no illicit practices on the supplier's part have been reported. We do not cooperate with suppliers whose background check shows any irregularities. The procedure pertains to practices such as child labour, modern slavery, or any other breaches of labour law. In 2021, we did not identify any indications from our suppliers which would cause any concern as to the legality of any of our suppliers' operations and we have not ceased cooperation with or disciplined any of our suppliers.

We also conduct a annual audit of the top 20 suppliers, where we check whether they have ISO 9001, ISO 14001, OHSAS 18001 certificates.

Additionally, in the case of cooperation with temporary employment agencies, we verify that they do not have outstanding obligations to the relevant public administrations.

Number of suppliers in the InPost Group

	Poland		UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Suppliers total	930	563	546	461	2,924	2,483
New suppliers	550	8	85	21	1,536	1,152
Suppliers terminated	18	1	0	0	1,095	1,047

Data excludes PUDO/APM landlords' contracts

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Report of the Supervisory Board

The functioning of and decision-making within the Supervisory Board are governed by the Articles of Association, the Supervisory Board Rules and Luxembourg law. The Supervisory Board has adopted rules governing its decision-making process and working methods - Supervisory Board Rules, which have become effective as of the date of listing. They describe the duties, tasks, composition, procedures and decision-making of the Supervisory Board. Furthermore, the Supervisory Board has adopted or approved on 20 January, 2021 the following policies:

- Rules for the Management Board
- Supervisory Board Profile
- Supervisory Board Rotation Schedule
- Charter of the Audit Committee
- Charter of the Selection, Appointment and Remuneration Committee
- Diversity Policy (amended on 15 November, 2021)
- Bilateral Contracts Policy

All listed documents are available on the corporate website. We have also established the Disclosure Committee which consists of both Supervisory and Management Board members. The role of the Disclosure Committee is to ensure we meet obligations arising from the status of the public company, especially to ensure full compliance with the provisions of Regulation (EU) 596/2014 (EU Market Abuse Regulation, the “MAR”) and the disclosure requirements regarding Inside Information within the meaning thereof in a timely and accurate manner.

The Executive Committee has been established to support the members of the Management Board in the day-to-day management of the InPost Group’s business. It consists of the Management Board and the following members:

Name	Member since
Damian Niewiadomski	2021
Dariusz Lipiński	2021
Marcin Pulchny	2021

Composition

The composition of the Supervisory Board is as described on page 19 of this Annual Report.

INDEPENDENCE

The Supervisory Board meets the requirements of the Code with regards to independence of the Chair and its members. However, in deviation of the Code, two of the members of the Supervisory Board (Nick Rose and Ranjan Sen) do not qualify as independent members of the Supervisory Board within the meaning of the Code, as they are appointed upon nomination of AI Prime and A&R. Page 87 of this Annual Report contains further information about deviations from the Code.

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Main Topics in 2021

The Supervisory Board held 12 meetings during 2021. Almost all Supervisory Board members attended all meetings. All meetings (aside for one) were held in the presence of the Management Board. Additionally, the members of the Executive Committee were present at several Supervisory Board meetings. The meetings took place electronically due to COVID-19 restrictions.

The topics that were discussed in the various meetings included the IPO in the beginning of 2021 as well as the financial performance of the Company (including the international performance), the Audit Report, the acquisition of Mondial Relay, the bond issue, the directors' succession programme, the 2022 budget and the appointment of Mr. Rouse as member of the Management Board.

In addition, the Supervisory Board discussed the Group's strategy and long-term value creation with the Management Board, including the achievements during 2021 and the new initiatives to accelerate the growth of the Company.

Furthermore, the Supervisory Board was kept informed about the implementation and effectiveness of the Group's risk management and control system. The Audit Committee discussed the outcome of the risk management evaluation and the evaluation of compliance with the code of conduct and other policies.

Evaluations

The Supervisory Board reviewed and discussed its own functioning during the financial year 2021. The assessment included reviews of the composition of the Supervisory Board, the Supervisory Board's competence and expertise, the effectiveness of the meetings of the Supervisory Board, the lessons learned from this year's experiences, the adequacy of the information supplied to the Supervisory Board, and the training of the Supervisory Board. The overall conclusion of the assessment was positive, with certain areas of improvement on the effectiveness of the Supervisory Board identified, such as improved timeliness for pre-circulation of Board papers, and the need to have greater discussion of succession planning, receiving meeting materials in advance of the meetings and receiving extra training and information in certain areas.

General Meetings

The Annual General Meeting took place on 19 May, 2021. The meeting discussed the annual results of the Integer.pl group of companies for 2020 as well as the appointment of Cristina Berta-Jones as member of the Supervisory Board. The meeting approved the appointment of Ms. Berta-Jones for a period of four years, ending at the Annual General Meeting 2025.

The Annual General Meeting for 2022 shall be held on 19 May, 2022. Among other issues, the meeting will discuss the annual results for InPost S.A. and its subsidiaries for 2021 and the reappointment of PWC as auditor of the Group for 2022.

Committee Activities in 2021

The Supervisory Board has two committees: the Audit Committee and the Selection, Appointment and Remuneration Committee. The Committees generate detailed information and prepare recommendations relating to their specific areas, while the Supervisory Board retains overall responsibility.

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Report of the Audit Committee:
The newly installed Audit Committee started work immediately after the January listing in 2021. Its first task was to develop a fully-fledged annual calendar and making sure the CFO, the Finance team the team of auditors and the NED's developed a working relationship despite the challenges posed by covid (travel restrictions and local lockdowns). In the second part of 2021 a number of physical informal meetings could be held with the CFO, the Finance team and the auditors, which further consolidated a good working spirit.

The Audit Committee formally met four times in 2021. The meetings were held in attendance of the CFO and the external auditor. The Audit Committee also met with the external auditor once, without the CFO present. In addition, the Chair met several times during the year separately with both the CFO and auditor in an informal setting.

The Audit Committee discussed the financial statements for 2020, the procedure of the AC year planning, the interim financial results of 2021 and the corresponding interim audit 2021 results, the evaluation and compliance of InPost's Code of Conduct, InPost's Tax Policy, and the risk management evaluation. In addition, the Audit Committee covered at length the post-acquisition reporting of Mondial Relay plus resulting adequate staffing of the Finance team. The Chair was actively involved in the hiring of the new internal auditor, who has started in March 2022.

Report of the Selection, Appointment and Remuneration Committee
The Selection, Appointment and Remuneration Committee met three times in 2021. The CEO and the HR Manager participated in a part of these meetings. The Committee discussed, among other things, the remuneration proposals for the Executive Team, the Senior Managers and international businesses in relation to the acquisition of Mondial Relay and for UK & Italy, the 2021 LTIP allocation and mechanism and (potential) Mondial Relay LTIP awards. The outcome of these discussions is presented in the Remuneration Report.

Financial Statements and Dividend

No dividend was distributed in 2021. The 2021 financial statements were prepared by the Management Board and have been audited by the external auditor. The Audit Committee discussed the financial statements in detail with the Management Board and the Supervisory Board and the audit of the financial statements with the external auditor. The Supervisory Board believes that the 2021 financial statements meet all the requirements for correctness and transparency and has approved them. The Management Board will present the 2021 financial statements and this Annual Report at the Annual General Meeting 2022. The Supervisory Board recommends that Shareholders adopt the 2021 financial statements and discharges the members of the Management Board and Supervisory Board for their management and supervision for the financial year 2021. In line with the dividend policy of the Company, the Management Board proposes to allocate the profit to the reserves.

Remuneration Report

Foreword from the chair of the remuneration committee

On behalf of the Remuneration Committee, I am pleased to report on the Committees' activities in 2021.

Looking back, 2021 was a year of significant milestones for the InPost Group. A major step in the history of the Company was its IPO on Euronext Amsterdam in January 2021. Furthermore, the Company successfully issued bonds of EUR 490 million in June 2021 and a further senior secured bond in July 2021 for an amount of PLN 500 million (EUR 109 million). On 1 July, 2021, the Company successfully closed the acquisition of Mondial Relay, which demonstrates the commitment of the Company and its leadership team to lay the foundation for the acceleration of its pan European strategy to redefine the last-mile delivery experience across Europe. The results of 2021 meant that performance for bonus purpose was close to the on-target levels set at the beginning of the year resulting in bonus pay-outs to the CEO and CFO of around one times base salary.

The Remuneration Committee met three times in 2021. The topics that were discussed were (i) the implementation of the Company's Long Term and Short-Term Incentives post IPO; (ii) target setting for 2021 bonus purposes; (iii) 2021 LTIP awards; and (iv) reviews of performance of the members of the Management Board and the rest of the executive team.

Michael Rouse, CEO of the International businesses, was appointed to the Management Board in September 2021.

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The Remuneration Committee will continue to regularly assess InPost's remuneration policy to seek to ensure alignment of the interests of management, shareholders, and other stakeholders.

Nick Rose
Chair of the Remuneration Committee

Remuneration Policy

The members of the Management Board and the Supervisory Board are entitled to remuneration based on the principles as set out in the Remuneration Policy. The Remuneration Policy for the Company was adopted by the General Meeting on 20 January, 2021. The Remuneration Policy will be further described in this chapter.

The Remuneration Policy aims to provide a remuneration structure that will allow the Group to attract, reward, and retain highly qualified Management Board and Supervisory Board and provide and motivate them with a balanced and competitive remuneration that is focused on superior and sustainable financial results and is aligned with the long-term strategy of the Group.

The remuneration of the members of the Management Board and the Supervisory Board is determined in aggregate by the General Meeting, with due observance of the Remuneration Policy as adopted by the General Meeting. The Supervisory Board (on the advice of the Selection, Appointment and Remuneration Committee), within the limits of the aggregate remuneration approved by the General Meeting and with due observance of the Remuneration Policy, shall resolve on the individual remuneration of the members of the Management Board and the Supervisory Board. The remuneration of the members of the Executive Committee, who are not members of the Management Board, shall be determined by the Management Board, subject to approval of the Supervisory Board.

The Remuneration Policy does not meet all the requirements of the Code, as the policy requires members of the Management Board to hold any share acquired pursuant to their annual deferred bonus for three years rather than five years after they have been awarded. Furthermore, the Company does not comply with best practice provision 3.3.2, which provides that Supervisory Board members may not be awarded remuneration in the form of shares. The Company deviates from this best practice provision as certain of the Supervisory Board members may receive up to 25% of their annual remuneration in Shares. The remuneration of the Supervisory Board members, including the share component, is not dependent on the results of the Company or the Group.

Remuneration of the Management Board in 2021

The remuneration of the members of the Management Board is made up of fixed and variable elements. The Supervisory Board has determined the weighting of fixed and variable elements and the balance between short and long-term awards in such a way that fixed pay is moderate compared to other comparable listed companies, and the proportion of the total remuneration that is performance-related for delivering superior performance is market-leading in comparison to other comparable listed companies. This reflects the Group's highly performance-oriented and entrepreneurial culture, the objectives of growth and expansion and the aim to foster alignment of the interests of the members of the Management Board with the Company's shareholders.

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Pursuant to the Remuneration Policy, the remuneration of the members of the Management Board consists of:

- annual base salary;
- annual and deferred bonus plan;
- long-term incentive plan; and
- pension and fringe benefits.

The Management Board members may have service agreements and/or employment agreements with the Company and/or any other member of the Group. These shall be agreements for an indefinite period and shall contain severance provisions which provide for a severance payment of 50% of annual salary payable under such agreement. The agreements may contain a notice period of up to 6 months and non-compete undertakings which if breached may result in penalties of up to 9 months annual salary in addition to the requirement to pay back any and severance payments.

Annual base salary

The annual base salary of the members of the Management Board aims to reflect the responsibility and scope of their role, considering their level of seniority and experience. Considering the Group's remuneration philosophy to have a remuneration package for the members of the Management Board that is more heavily weighted to performance-based elements, the annual base salary is targeted to be around the lower quartile of executives with similar roles in comparable companies.

The annual base salary will be reviewed by the Supervisory Board on an annual basis, or when there is a change in position or responsibility, taking into account individual performance and degree of individual responsibility, the general operational performance of the Group, as well as the economic environment and sustainable development of the Group.

Annual and deferred bonus plan

Members of the Management Board are eligible to receive an annual bonus subject to the achievement of certain pre-determined financial, strategic, and operational performance measures. The annual bonus is set at one times base salary for meeting on target performance with the opportunity to earn up to two times base salary for truly exceptional performance. Unless the Supervisory Board determines otherwise, at least 50% of the annual bonus will be deferred into Shares for a period of three years, meaning that the member may forfeit his or her rights to those Shares if he or she leaves the Company before the end of that period. Any shares awarded to the members of the Management Board as part of their annual bonus must be held by them for at least three years from the award date.

The 2021 bonus targets and their relative weighting were set in Q1 2021. The largest part (60%) of the annual bonus is related to financial targets. The choice and weight of these financial targets may depend on the specific business objectives for any given year. For 2021, the financial target for the members of the Management Board related to the realisation of a certain level of Group EBITDA. In addition to the financial targets, members of the Management Board have specific personal objectives which represent 40% of their total bonus opportunity. For 2021 each Management Board member had 4 specific personal objectives. As these targets are commercially sensitive, they cannot be further specified.

As mentioned in the foreword, the realisation of the financial target, Group EBITDA, was close to the on-target level set at the beginning of the year, leading to a bonus pay-out for the financial

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target of 59.4% of the annual base salary of our CEO and our CFO.

Our CEO Mr. Rafal Brzoska realised his non-financial goals on target, leading to a bonus pay out of 40% of his annual base salary. For our CFO, Mr. Adam Aleksandrowicz, the realisation of his non-financial targets resulted in a bonus pay out of 29% of his annual base salary. For our CEO International, Mr. Michael Rouse, the bonus targets were set before he joined the Management Board in September 2021 and hence his maximum bonus pay-out amounted to 40% of his annual base salary. Mr. Rouse over-delivered on three of his non-financial goals and realised an on-target performance for the remaining one target. Also, for him the realisation of the financial target was close to the on-target level, set at the beginning of the year. In total this led to a 26% pay out of his annual base salary as bonus for the realisation of his financial and non-financial targets.

As per the remuneration policy, 50% of the bonus of the Management Board members will be paid out in shares of the Company. In deviation of the remuneration policy, the Supervisory Board decided not to impose the condition that these shares will necessarily be forfeited if the Management Board members were to leave the service of the Company within 3 years. The reason for this deviation of the remuneration policy is that after careful review it is not perceived to be consistent with the rationale behind InPost's remuneration policy, which provides for moderate fixed salary and market leading variable income in case of excellence performance, that STI-components could be forfeited in all circumstances of leaving the Company. The Supervisory Board will re-examine rhis as part of a broader review of the Remunaration Policy in 2022 with any amendments to be proposed at the 2023 AGM.

Pension and fringe benefits

At the date of this report, the members of the Management Board do not participate in any personal pension schemes. However, pursuant to the Remuneration Policy, new members of the Management Board may be given the opportunity to participate in a personal pension scheme. Furthermore, the members of the Management Board are eligible for certain benefits, such as private healthcare, life insurance, a mobile phone, a company car, business expense allowance or allowances in lieu of such benefits. The Supervisory Board may offer other additional benefits, such as expatriate benefits (housing and travel allowance), relocation allowances and reasonable tax advice or support.

Long-term incentive plan

Pursuant to the terms of the long-term incentive plan (the "LTIP"), the members of the Management Board (as well as certain other senior managers) are eligible to receive awards for shares, which shall normally vest after a three-year performance period, subject to the achievement of certain pre-determined financial performance metrics and continuing their employment. The maximum value of Shares over which a member of the Management Board may be eligible to receive an LTIP award on an annual basis will be equal to 200% of the sum of the annual base salary and the prior year's annual bonus including any portion of the bonus that is deferred in shares. The award of LTIP shares in any year shall not exceed a maximum of 600% of the annual base salary. Any shares awarded to the member of the Management Board under the LTIP must be held by them for at least two years from the vesting date.

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In 2021 following the IPO, a conditional grant of performance shares was made to the executives of the Company. The level of the vesting of the performance shares is dependent on the financial performance of the Company in the three financial years 2021-2023, and specifically on the level of Group EBITDA growth in those years.

In 2021, the conditional awards for the Management Board are as follows:

Participant	Number of shares granted	Number of shares vested in 2021
Rafal Brzoska	207,753	0
Adam Aleksandrowicz	138,502	0
Michael Rouse*	94,262	0

* These shares were awarded before Michael Rouse joined the Management Board of the Company

The share price for the award shares was EUR 17.08 and was based on the average share price of 60 days preceding the date of the grant of the awards.

Overview of total remuneration for the Management Board in 2021 (in PLN m)

Name	Position	Remuneration type	2021	2020
Rafał Brzoska	Chief Executive Officer	Fixed	2.6	1.1
		Variable	2.6	0.8
		LTIP granted	16.2	–
Adam Aleksandrowicz	Chief Financial Officer	Fixed	1.8	1.1
		Variable	1.5	0.8
		LTIP granted	10.8	–
Michael Rouse*	Chief Executive Officer International	Fixed	1.0	–
		Variable	0.2	–
		LTiP granted	7.5	–

* Please note that as Michael Rouse only became Board member in September 2021 his annual fixed and variable remuneration has been shown proportionately to the time his services were for the Board.

Claw back

The variable remuneration of the members of the Management Board may be reduced or members of the Management Board may be obliged to repay (a part of) their variable remuneration of the Company if certain circumstances apply. The Supervisory Board will have the discretionary power to adjust the value downwards or upwards of any variable remuneration component conditionally awarded to a member of the Management Board in a previous financial year which would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been applied. In addition, the Company may recover from a member of the Management Board any variable remuneration awarded on the basis of incorrect financial or other data (claw back). The Supervisory Board may furthermore adjust the variable remuneration (to the extent that it is subject to reaching certain targets and the occurrence of certain events) to an appropriate level if payment of the variable remuneration were to be unacceptable according to the requirements of reasonableness and fairness.

Corporate governance

continued

Pay Ratio

The Code requires Dutch stock-listed companies to consider and disclose pay ratios between the CEO and other employees within the Company. As is commonly understood, such ratios are specific to a company's industry, geographical footprint, and organisation model. InPost has a diverse geographical footprint as well as a variety of pay within the Company as InPost's workforce has a large variety of different skill sets. For companies in other industries, this will be different. Finally, pay ratios can be volatile over time, as they may vary with exchange rate movements and are largely dependent on the Company's annual performance since that performance impacts the total annual remuneration of the CEO more than of most of the other employees given the greater variable component in the CEO's remuneration.

The 2021 pay ratio, calculated based on the recommendations of the Dutch Governance Committee, is 33 for the CEO. The pay ratio is based on annual fixed and variable remuneration and does not include any unvested LTIP awards.

REMUNERATION OF THE SUPERVISORY BOARD IN 2021

The Remuneration Policy with respect to the members of the Supervisory Board has been designed to ensure that the Group attracts, retains, and appropriately compensates a diverse and highly experienced group of members of the Supervisory Board. The remuneration of the members of the Supervisory Board reflects the time spent and responsibilities of the roles. The Chair receives an annual fee of EUR 220,000. The other members of the Supervisory Board, excluding Mr. Rose and Mr. Sen, will each receive an annual fee of EUR 75,000 for their services. The chair of each of the Committees receives an additional annual fee of EUR 25,000. This excludes Mr. Rose, who acts as Chair of the Remuneration Committee.

The fees of each of the members of the Supervisory Board will be paid in cash although the Supervisory Board may decide to pay up to 25% of the annual fee in Shares. Members of the Supervisory Board are also eligible to receive reimbursement of reasonable expenses incurred undertaking their duties, including any applicable taxes.

For 2021, none of the Supervisory Board members were paid in shares.

The total remuneration for the Supervisory Board members in 2021 was the following (in PLN m):

[GRI 405-2]:

Name	Position	Remuneration type	2021	2020
Mark Robertshaw	Chairperson of the Supervisory Board	Fixed	1,0	–
		Variable	–	–
Nick Rose	Supervisory Board member	Fixed	–	–
		Variable	–	–
Mike Roth	Supervisory Board member	Fixed	0,3	0,3
		Variable	–	–
Renjan Sen	Supervisory Board member	Fixed	–	–
		Variable	–	–
Ralf Huep	Supervisory Board member	Fixed	0,3	–
		Variable	–	–
Marieke Bax	Supervisory Board member	Fixed	0,5	–
		Variable	–	–
Cristina Berta Jones	Supervisory Board member	Fixed	0,3	–
		Variable	–	–

Corporate governance

continued

Share Information

Share listing

The Company's shares have been listed on Euronext Amsterdam since 27 January, 2021.

Share capital

The Company's issued share capital amounts to EUR 5,000,000 divided into 500,000,000 shares of EUR 0.01 each (the "shares"). The shares have been created under the laws of Luxembourg. All shares have been fully paid up and are registered. At year-end 2021, the total number of issued ordinary shares was 500,000,000.

Major shareholdings

The Luxembourg Transparency Law, the Luxembourg Transparency Regulation and Dutch Financial Supervision Act require investors who hold a share interest or voting interest exceeding (or falling below) certain thresholds to (inter alia) notify their interest with the Commission de Surveillance du Secteur Financier ("CSSF") in Luxembourg, the Company and the Authority for the Financial Markets ("AFM") in the Netherlands.

31 notifications with regard to transactions for substantial holdings and gross short positions have been made to the AFM and CSSF in 2021.

Management and Supervisory Board owned shares	
A&R Investments	300,000
Ralf Huep	100,000
Michael Rouse	249,434
Mark Robertshaw	3,271,595
Damian Niewiadomski	20,800
TOTAL:	**3,941,829**

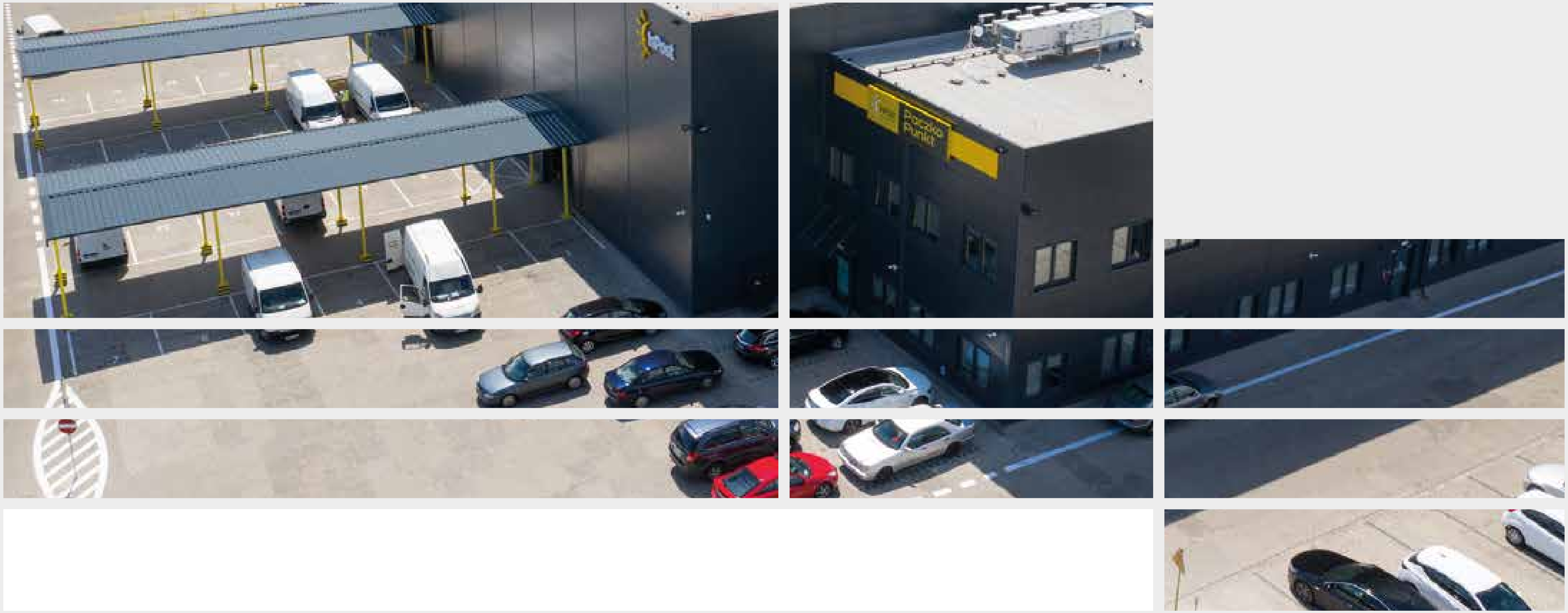
Insider Trading Policy

The Market Abuse Regulation and Luxembourg Market Abuse Law set out important market abuse rules relevant for investors. To promote compliance with the relevant obligations and restrictions under the applicable securities laws, the Management Board has adopted the Insider Trading Policy on 20 January, 2021, which has been amended per 15 November, 2021. This policy contains specific rules for employees of the Group, incidental insiders, permanent insiders and managers of the Group.

Dividend Policy

There are no fixed dates on which a shareholder is entitled to receive a dividend. The Company may declare and pay dividends in accordance with the 1915 Law. Dividends may be declared by the General Meeting upon approval of the annual financial statements for the immediately preceding financial year. The payment of dividend, if any, and the amounts and timing of these dividends, will depend on several factors, including future profits, financial conditions, general economic and business conditions and future prospects and such other factors as the Management Board may seem relevant, as well as other legal and regulatory requirements. The Company will consider the opportunity to pay a dividend in the medium term while maintaining financial flexibility to invest in its growth both organically and inorganically.

Financial Statements



Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)

Responsibility statement

InPost S.A.
70, route d'Esch
L-1470 Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg: B248669

Responsibility statement

The Management Board and Supervisory Board confirm that, to the best of their knowledge:

These Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December 2021 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and Standalone Financial Statements prepared in accordance with Generally Accepted Accounting Principles in Luxembourg, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and the undertakings included in the consolidation taken as a whole, and that the Management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Approved by the boards on its behalf by:

Mark Robertshaw	**Rafał Brzoska**
Chairperson of the Supervisory Board	Chief Executive Officer

Audit report

To the Shareholders of
InPost S.A.

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of InPost S.A. (the "Company") and its subsidiaries (the "Group") as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit and loss and other comprehensive income for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report.

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

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 41 to the consolidated financial statements.

Audit report continued

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Risk of fraud in revenue recognition Revenue is one of the key figures reflecting the results of operations and market share, which is of the key importance for the Group's development. Therefore there is a risk of misstatement of the consolidated financial statements as a result of intentional overestimate of revenues in the consolidated financial statements. Since the Group's revenue is composed of high volumes of very low value individual transactions we have narrowed the risk of intentional misstatements to the recognition of fictitious sales. The disclosures related to revenue, including the accounting policies are included in Note 12 of the consolidated financial statements.	***Our testing procedures included in particular:*** • understanding the internal control system and analysing the principles adopted by the Group in terms of recognizing revenue from contracts with customers; • conducting, on a selected sample, tests of selected internal controls, important for determining the occurrence of revenue transactions and the correct value of revenues from contracts with customers; • understanding and validating types of documents used for accounting of revenues and identification of types of journal entries outside standard operating activity of the Group; • testing of the selected nonstandard manual journal entries of revenue accounts that have impacted revenue for the year by understanding the rationale for these journals.
Accounting for business combination - acquisition of Mondial Relay As explained in Note 9.3 to the consolidated financial statements, on 1 July 2021 the Group acquired 100% of the share capital of Mondial Relay. The purchase price amounted to 2,319.9 million PLN.	***Our testing procedures included in particular:*** • evaluation of management's assessment that the acquisition of Mondial Relay should be accounted for as a business combination and determined that it was appropriately performed in accordance with the definition set out in IFRS 3;

Key audit matter	How our audit addressed the key audit matter
The business combination is accounted for according to IFRS 3 Business combinations. As part of the purchase price allocation process management determined that the fair value of net identifiable assets acquired is 885.6 million PLN with 885.5 million PLN relating to intangible assets that were recognised from the business combination and goodwill in the amount of 1,434,3 million PLN. This is a significant focus area for our audit due to the significance of management's judgements and estimates involved in accounting for this acquisition. The key judgement related to the assessment of identifiable assets and liabilities fair values and the allocation of the purchase price to the assets and liabilities acquired.	• assessment of the Group's analysis of the date of obtaining control; • assessment of the appropriateness of the identifiable assets acquired and liabilities assumed at the acquisition date by reviewing the clauses laid out in the Share Purchase Agreement and Due Diligence reports performed by professional Tax, Legal and Financial advisors to the Group; • verification of management's procedure for determining the fair value of the identifiable net asset; in particular, we tested whether method of measurement and key assumptions (i.e. discount rates,) used by the management are appropriate and reasonable. We also assessed how management has addressed estimation uncertainty in making the accounting estimate; • verification of the carrying value of the assets and liabilities of Mondial Relay at the date of the acquisition; • evaluation of the competency and objectivity of the external expert engaged by the management to allocate purchase price to identifiable assets acquired and liabilities assumed; we also involved our internal valuation experts to support us in our audit work; • analysis of the key assumptions adopted by the management regarding the annual goodwill and brand impairment tests; • evaluation of the adequacy and completeness of the disclosures.

Audit report continued

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the consolidated management report and the Corporate Governance Statement but does not include the consolidated financial statements and our audit report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

The Board of Directors is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format (ESEF Regulation).

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the consolidated financial statements

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

Audit report continued

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

We assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Report on other legal and regulatory requirements

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the consolidated management report.

The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have been appointed as “Réviseur d’Entreprises Agréé” by the Board of Directors on 8 July 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

We have checked the compliance of the consolidated financial statements of the Group as at 31 December 2021 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to the requirement that:
- the consolidated financial statements are prepared in a valid XHTML format;
- the XBRL markup of the consolidated financial statements uses the core taxonomy and the common rules on markups specified in the ESEF Regulation.

In our opinion, the consolidated financial statements of the Group as at 31 December 2021, identified as Standalone_and_Consolidated_Annual_Report_of_InPost S.A._Group.zip, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

PricewaterhouseCoopers, Société coopérative
Represented by

Brieuc Malherbe
Luxembourg, 30 March, 2022

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)

Consolidated statement of profit or loss and other comprehensive income

	Note	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[1]
Continued operations			
Revenue	12.1	**4,581.9**	**2,513.8**
Other operating income		**20.3**	**14.3**
Depreciation and amortisation	12.3	609.7	356.1
Raw materials and consumables		89.2	43.5
External services		2,407.6	1,228.1
Taxes and charges		9.8	2.1
Payroll	12.4	493.1	200.5
Social security and other benefits	12.4	100.4	44.8
Other expenses		30.2	12.5
Cost of goods and materials sold		14.3	10.2
Other operating expenses		15.1	6.7
Impairment gain/(loss) on trade and other receivables	24	6.4	(3.9)
Total operating expenses		**3,775.8**	**1,900.6**
Operating profit		**826.4**	**627.5**
Finance income	12.2	16.1	0.1
Finance costs	12.2	129.7	164.5
Profit before tax		**712.8**	**463.1**
Income tax expense	13	221.5	111.6
Profit from continuing operations		**491.3**	**351.5**
Profit (loss) from discontinued operations		**0.3**	**(1.3)**
Net profit		**491.6**	**350.2**

	Note	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[1]
Other comprehensive income			
Exchange differences from the translation of foreign operations, net of tax – Item that may be reclassified to profit or loss		(31.0)	(0.4)
Other comprehensive income, net of tax		**(31.0)**	**(0.4)**
Total comprehensive income[2]		**460.6**	**349.8**
Net profit (loss) attributable to owners:			
From continued operations:		491.3	351.5
From discontinued operations:		0.3	(1.3)
Total comprehensive income attributable to owners:			
From continued operations:		454.6	357.3
From discontinued operations:		6.0	(7.5)
Basic/diluted earnings per share (in PLN)	15	**0.98**	**0.69**
Basic/diluted earnings per share (in PLN) – Continuing operations	15	**0.98**	**0.69**
Basic/diluted earnings per share (in PLN) – Discontinued operations	15	**0.00**	**0.00**

The above consolidated financial statements should be read in conjunction with the accompanying notes.

[1] For explanation regarding comparative period please refer to note 2.2.

[2] The Net profit for the period and Total comprehensive income is attributable to the owners only.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)

Consolidated statement of financial position

ASSETS	Note	Balance as at 31-12-2021	Balance as at 31-12-2020[3]
Non-current assets		**5,831.0**	**1,825.5**
Goodwill	9.3	1,434.3	–
Intangible assets	19	1,036.6	141.5
Property, plant and equipment	20	3,110.0	1,565.1
Other receivables		31.4	6.0
Deferred tax assets	13.3	157.8	112.1
Other assets	23	60.9	0.8
Current assets		**1,461.9**	**655.3**
Inventory		10.9	5.7
Trade and other receivables	24	927.1	434.7
Income tax asset		3.7	0.3
Other assets	23	27.0	70.4
Cash and cash equivalents	25	493.2	144.2
TOTAL ASSETS		**7,292.9**	**2,480.8**

EQUITY AND LIABILITIES	Note	Balance as at 31-12-2021	Balance as at 31-12-2020[3]
Equity			
Equity attributable to owners of InPost		**(6.9)**	**638.1**
Share capital	17	22.7	0.1
Share premium		35,122.4	–
Share capital and share premium of combined entities		–	686.8
Retained earnings/(accumulated losses)		435.6	(56.0)
Reserves	2.2	(35,587.6)	7.2
Non-controlling interests		–	–
Non-controlling interests		–	–
Total equity		**(6.9)**	**638.1**
Liabilities			
Loans and borrowings	26	4,545.8	743.4
Employee benefits and other provisions	30	33.2	14.0
Government grants		1.2	9.2
Deferred tax liability	13.3	278.6	35.0
Other financial liabilities	27	835.1	304.0
Total non-current liabilities		**5,693.9**	**1,105.6**
Trade payables and other payables	33	785.7	292.3
Loans and borrowings	26	194.4	23.7
Government grants		–	4.2
Current tax liabilities		43.7	22.4
Employee benefits and other provisions	30	103.2	42.2
Other financial liabilities	27	357.7	232.7
Other liabilities	32	121.2	119.6
Total current liabilities		**1,605.9**	**737.1**
Total liabilities		**7,299.8**	**1,842.7**
TOTAL EQUITY AND LIABILITIES		**7,292.9**	**2,480.8**

The above consolidated financial statements should be read in conjunction with the accompanying notes.

[3] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)

Consolidated statement of cash flows

	Note	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[4]
Cash flows from operating activities			
Net profit		**491.6**	**350.2**
Adjustments:		**1,015.6**	**641.8**
Income tax expense	13	221.5	111.6
Financial (cost)/income	34	84.7	173.7
Gain/(loss) on sale of property, plant and equipment		(2.6)	(7.6)
Depreciation and amortisation	12.3	609.7	356.1
Impairment losses		7.1	(2.1)
Grants		2.7	–
Group settled share-based payments	31	92.5	10.1
Changes in working capital:		**(14.2)**	**(73.1)**
Trade and other receivables	34	(166.2)	(228.0)
Inventories		(5.1)	(3.5)
Other assets	34	(6.5)	(2.5)
Trade payables and other payables	34	164.2	45.6
Employee benefits, provisions and contract liabilities	34	(2.1)	25.9
Other liabilities		1.5	89.4
Cash generated from operating activities		**1,493.0**	**918.9**
Interest and commissions paid		(150.0)	(74.7)
Income tax paid		(243.0)	(104.0)
Net cash from operating activities		**1,100.0**	**740.2**

	Note	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[4]
Cash flows from investing activities			
Purchase of property, plant and equipment		(849.6)	(483.7)
Purchase of intangible assets		(86.0)	(46.8)
Proceeds from finance leases		–	3.9
Acquisition of a subsidiary, net of cash acquired	9.3	(2,260.7)	–
Net cash from investing activities		**(3,196.3)**	**(526.6)**
Cash flows from financing activities			
Proceeds from loans and borrowings	28	1,949.8	84.9
Repayment of the principal portion of loans and borrowings	28	(658.9)	(8.8)
Proceeds from bonds	9.4	2,715.2	–
Payment of principal portion of the lease liability	28	(302.0)	(204.2)
Payment to shareholders		(1,238.1)	(73.1)
Government grants return		(18.7)	–
Proceeds from the capital increases		–	18.0
Net cash from financing activities		**2,447.3**	**(183.2)**
Net increase/(decrease) in cash and cash equivalents		**351.0**	**30.4**
Cash and cash equivalents at 1 January		144.2	113.0
Effect of movements in exchange rates on cash held		(2.0)	0.8
Cash and cash equivalents at 31 December		493.2	144.2

The above consolidated financial statements should be read in conjunction with the accompanying notes.

[4] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)

Consolidated statement of changes in equity

	Share capital	Share premium	Share capital and share premium of combined entities	Reserves: Translation reserve[5]	Reserves: Reserve capital (reorganisation)	Reserves: Other reserves[6]	Retained earnings/ (accumulated losses)	Attributable to owners of the Company	Attributable to non-controlling interests	Total equity
Balance as at 01-01-2020[7]	**–**	**–**	**963.1**	**(4.2)**	**–**	**1.7**	**(571.0)**	**389.5**	**(0.2)**	**389.3**
Net profit	–	–	–	–	–	–	350.2	350.2	–	350.2
Other comprehensive income for the period	–	–	–	(0.4)	–	–	–	(0.4)	–	(0.4)
Total comprehensive income for the period	**–**	**–**	**–**	**(0.4)**	**–**	**–**	**350.2**	**349.8**	**–**	**349.8**
Redemption of shares	–	–	(89.2)	–	–	–	–	(89.2)	–	(89.2)
Redemption of non-controlling interests	–	–	–	–	–	–	(0.2)	(0.2)	0.2	–
Resolution on payment of dividends	–	–	–	–	–	–	(40.0)	(40.0)	–	(40.0)
Share-based payment (equity-settled)	–	–	–	–	–	10.1	–	10.1	–	10.1
Issue of shares of InPost S.A.	0.1	–	–	–	–	–	–	0.1	–	0.1
Issue of shares of InPost Technology	–	–	17.9	–	–	–	–	17.9	–	17.9
Distribution of profit from previous years	–	–	120.3	–	–	–	(120.3)	–	–	–
Coverage of losses from previous years	–	–	(325.3)	–	–	–	325.3	–	–	–
Balance as at 31-12-2020[7]	**0.1**	**–**	**686.8**	**(4.6)**	**–**	**11.8**	**(56.0)**	**638.1**	**–**	**638.1**

The above consolidated financial statements should be read in conjunction with the accompanying notes.

5 Translation reserve includes exchange differences from the translation of foreign operations.
6 Other reserves include equity-settled share-based payment programme reserve.
7 For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)

Consolidated statement of changes in equity continued

	Share capital	Share premium	Share capital and share premium of combined entities	Reserves			Retained earnings/ (accumulated losses)	Attributable to owners of the Company	Attributable to non-controlling interests	Total equity
				Translation reserve[8]	Reserve capital (reorganisation)	Other reserves[9]				
Balance as at 01-01-2021[10]	**0.1**	**–**	**686.8**	**(4.6)**	**–**	**11.8**	**(56.0)**	**638.1**	**–**	**638.1**
Net profit	–	–	–	–	–	–	491.6	491.6	–	491.6
Other comprehensive income for the period	–	–	–	(31.0)	–	–	–	(31.0)	–	(31.0)
Total comprehensive income for the period	**–**	**–**	**–**	**(31.0)**	**–**	**–**	**491.6**	**460.6**	**–**	**460.6**
Increase in the share capital of InPost S.A. due to the contribution in kind[11] (Refer to note 2.2)	22.6	36,360.5	(686.8)	–	(35,656.3)	–	–	40.0	–	40.0
Redemption from reserve capital[12] (Refer to note 2.2)	–	(1,238.1)	–	–	–	–	–	(1,238.1)	–	(1,238.1)
Share-based payment (equity-settled) (Refer to note 31)	–	–	–	–	–	92.5	–	92.5	–	92.5
Balance as at 31-12-2021	**22.7**	**35,122.4**	**–**	**(35.6)**	**(35,656.3)**	**104.3**	**435.6**	**(6.9)**	**–**	**(6.9)**

The above consolidated financial statements should be read in conjunction with the accompanying notes.

[8] Translation reserve includes exchange differences from the translation of foreign operations.
[9] Other reserves include equity-settled share-based payment programme reserve.
[10] For explanation regarding comparative period please refer to note 2.2.
[11] The Group reorganisation which took place at the beginning of 2021 impacted the current Group structure significantly, for details of Group history please refer to note 2.2. On 26 January, 2021, the general meeting of shareholders adopted a resolution to increase the share capital to EUR 5,000,000. To cover the value of new shares, the shareholders contributed to the company the shares of Integer.pl SA and the shares of InPost Technology S.à r.l. On 26 January, 2021, AI Prime Bidco S.à r.l., a related party of the Company, contributed 100% of the shares held respectively in Integer.pl S.A. and InPost Technology S.à r.l. to InPost S.A. for a total amount of 7,995,747,974 EUR.
[12] Paid to shareholder AI Prime Bidco S.à r.l. please see note 35for the explanation of cashflows.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)

Notes and explanations

1. Statement of compliance

The accompanying consolidated statements of financial position, as of 31 December, 2021, as well as the related consolidated statements of comprehensive income, changes in equity, and cash flows for the financial year ended 31 December, 2021, with the related notes (collectively, the "consolidated financial statements") have been prepared in accordance with International Financial Reporting Standards as adopted by European Union (hereinafter referred to "IFRS").

The IFRS consist of standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee.

The Management Board of InPost S.A. declares that according to its best judgement these consolidated financial statements have been prepared in accordance with accounting principles currently in force, and gives a true, and fair view of the consolidated financial position of the InPost S.A. Group as at 31 December, 2021 and of its consolidated financial performance and consolidated cash flows for the year then ended.

As described in the note 2.2 below, InPost S.A. has not previously published the consolidated financial statements prepared under IFRS and due to reorganisation, InPost S.A. consolidated financial statements are continuation of previous financial statements of Integer.pl S.A. Group and InPost Technology S.à r.l.

Significant accounting policies applied by the Group as the basis for the preparation of these consolidated financial statements are described in note 6.

These policies have been consistently applied to all periods presented in these consolidated financial statements.

2. Additional information notes and explanations

2.1. General information about the InPost Group and its Parent

InPost S.A. (hereinafter referred to as the "Company") was incorporated on 6 November, 2020, and is organised under the laws of Luxembourg as a "société anonyme" for an unlimited period and is registered with the Luxembourg Register of Commerce and Companies under n° B 248669.

On 1 March, 2021, the registered office of the Company was transferred from 2-4 rue Beck, L-1222 Luxembourg to 70 route d'Esch, L-1470 Luxembourg.

InPost S.A. is the parent company in the InPost Group. The functional currency of InPost S.A. is Euro (EUR). Polish zloty (PLN) has been used as the presentation currency of these consolidated financial statements and is the functional currency for the Group's subsidiaries with the highest share in the Group's revenue as indicated in note 2.5.

Until 26 January, 2021, the sole owner of the parent company was AI Prime & Cy S.C.A. based in Luxembourg.

On 27 January, 2021, as a result of the IPO, InPost S.A. shares were listed on the Amsterdam stock exchange EURONEXT. Since that date, InPost S.A. is a publicly listed company without an immediate parent (holding) company.

2.2. Establishment of the Group and reorganisation

InPost S.A. was established on 6 November, 2020, as a vehicle for the acquisition of Integer.pl S.A. Group, through a newly established holding company. The share capital of InPost S.A. was increased on 26 January, 2021. The increase in share capital and a share premium was covered by AI Prime Bidco S.à r.l. through the contribution of the 100% shares of Integer.pl S.A. and InPost Technology S.à r.l.

Integer.pl S.A. was the parent of Integer.pl S.A. Group and prepared the consolidated financial statements of Integer.pl S.A. Group in accordance with IFRS until the financial year ended 31 December, 2020. As a result of the abovementioned transaction, InPost Group (hereinafter referred to as the "Group" or "InPost Group") was created.

The transaction of the acquisition by InPost S.A. of 100% interest in Integer.pl S.A. (the parent of Integer.pl S.A. Group) is considered a reorganisation of the Group due to the fact that:

- the new parent entity was added to an existing group and there is no change in the substance of the reporting entity
- the assets and liabilities of the new Group and the original Group are the same immediately before and after the reorganisation, and
- the owners of the original parent before the reorganisation have the same absolute and relative interests in the net assets of the original Group and the new Group immediately before and after the reorganisation.

The reorganisation was accounted for by incorporating into the consolidated financial statements of InPost S.A. the assets and liabilities of the pre-existing Group at their carrying values from the consolidated financial statements of the pre-existing Group prepared in accordance with IFRS. Any difference between the cost of the transaction and the carrying value of the net assets of the pre-existing Group was a reorganisation difference which was recorded directly in equity – in Reserve capital (reorganisation) and the amount was equal to PLN 35,696.3 m (negative).

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

2. Additional information notes and explanations continued

InPost Technology S.à r.l. was incorporated on 22 July, 2020, by AI Prime Bidco S.à r.l. – the shareholder of Integer.pl S.A. On the same day InPost Technology S.à r.l. acquired from Integer Group Services Sp. z o.o. (the entity operating within Integer.pl S.A. Group) the business being the development and maintenance unit (OPE). Therefore, in the consolidated financial statements of InPost S.A. the assets and liabilities of InPost Technology S.à r.l. were incorporated at their carrying values from the consolidated financial statements of the pre-existing Group prepared in accordance with IFRS, as described above. This transaction has no impact on the value of assets and liabilities reported in these consolidated financial statements.

Due to the fact that the underlying group over which InPost S.A. was established as a Parent, existed as at January 1, 2021, (i.e. intermediate parent company was established in November 2020 and acquired Integer.pl S.A. on January 26, 2021); these consolidated financial statements of InPost Group cover full period of 12 months from January 1, 2021, to December 31, 2021, although the reorganisation occurred on January 26, 2021.

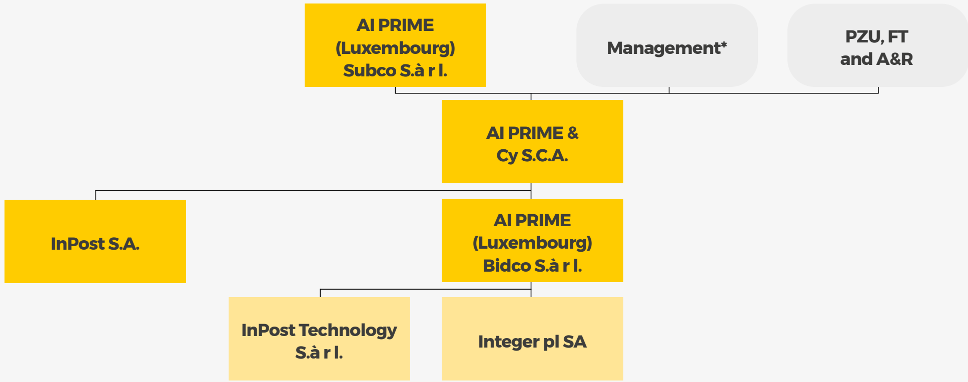
Following the above approach, these consolidated financial statements cover the financial results of InPost S.A., InPost Technology S.à r.l. and Integer.pl S.A. and all its subsidiaries for the period of 12 months of 2021, as if InPost Group had existed since January 1, 2021.

Due to changes in the composition of the Group described above the comparative information in these consolidated financial statements comprises of consolidated financial information of Integer.pl S.A. Group for the period of 12 months period ended on December 31, 2020, financial information of InPost S.A. for the period between November 6, 2020, and December 31, 2020, and InPost Technology S.à r.l. financial information for the period between June 22, 2020, and December 31, 2020.

As a part of the reorganisation, the Company issued 496 900 000 shares that were valued based on the fair value of contributions made (fair value of shares in Integer.pl S.A. and InPost Technology S.à r.l.) and as a result recognised an increase in share capital in the amount of PLN 22.6 m and increase in share premium in the amount of PLN 36,360.5 m. The difference between the fair value of newly issued shares upon contribution and the carrying value of share capital and share premium already existing (i.e. PLN 686.8 m) was recorded in the amount of PLN 35,696.3 m (negative) as a reserve capital (reorganisation).

Concurrently with a reorganisation, the Company repaid to the existing shareholders the amount of PLN 1,238.1 m which was treated as a redemption and recorded as a reduction of the share premium established on reorganisation.

a) Group Structure immediately before the reorganisation:

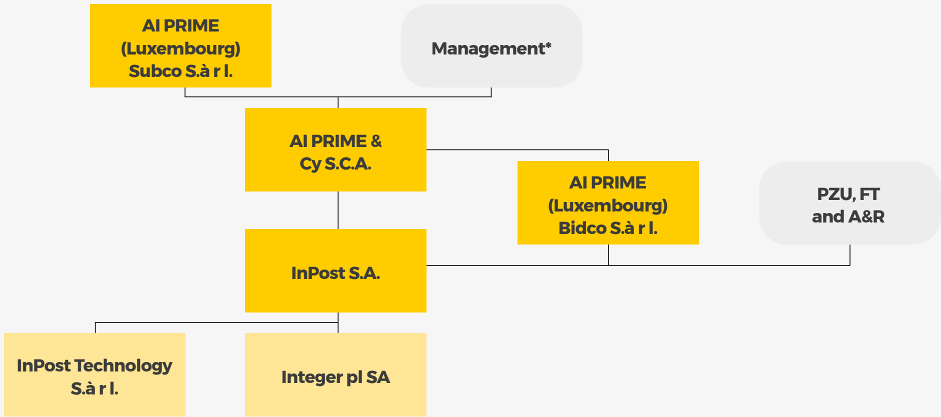


* Management shares had been granted as part of the MIP programme and have not been vested yet (they were partially vested as of IPO date) – please refer to the details described in note 31.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

2. Additional information notes and explanations continued

b) Group Structure immediately after the reorganisation:



* Management shares had been granted as part of the MIP programme described in note 31.

Concurrently with reorganisation and redemption of shares, the Parent company:

a. incurred indebtedness (further described in note 18).

b. listed its share in the Amsterdam stock exchange (shares in IPO were sold only by the existing shareholders and the company did not issue any new shares).

As a result of the IPO, InPost S.A. has been listed on the Amsterdam stock exchange since 27 January, 2021.

Moreover, as a consequence of the reorganisation described above, it was agreed that the entire profit for the year 2019 in the amount of PLN 40 m will be allocated to Reserve capital instead of the planned dividend payment to former owner AI Prime Bidco S.à.r.l. The resolution of the General Meeting of Shareholders dated 30 September, 2020, approving the payment of the dividend from the profit of the year 2019 in the amount of PLN 40 m was formally changed on 19 May, 2021, by the General Meeting of Shareholders of Integer.pl S.A. As a result dividend liabilities towards previous sole shareholder of Integer.pl S.A., i.e. AI Prime Bidco S.à r.l. were derecognised and impacted the reorganisation reserve recognised in equity.

2.3. Information about the parent entity and global ultimate parent

As at 31 December, 2020 and until 26 January, 2021, the direct parent company of Integer.pl S.A. was AI Prime Bidco S.à r.l.

The global ultimate parent of the Group in which the Company operates was Advent International Corporation based in Boston (USA) as at 31 December, 2020 and 26 January, 2021.

As at the date of this report, the Company has no ultimate controlling shareholder. As of the date of these consolidated financial statements, the shareholders were: Advent International Corporation (46.02%), A&R Investments LTD (12.42%), The Capital Group Companies Inc (5.18%), GIC Private Limited Singapore (5.01%) and Others (31.37%).

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN) Notes and explanations continued

2. Additional information notes and explanations continued

2.4. Group's operations

InPost Group offers complex logistic solutions mostly for customers from the e-commerce industry. The core business of the InPost Group includes the following operating activities: automatic parcel machine services, courier services, production and sale of automatic parcel machines, research and development works, internet portals, data processing, website management (hosting), and holding activities including management of the InPost Group.

Composition of the Management Board

As at 31 December, 2021, and the date of issuance of these consolidated financial statements the composition of the Management Board of InPost was as follows:

- Rafał Brzoska – President of the Management Board
- Adam Aleksandrowicz – Vice President of the Management Board
- Michael Rouse – Vice President of the Management Board.

On 10 September, 2021 Michael Rouse was appointed a member of the Management Board for a period of four years.

Composition of the Supervisory Board

As at 31 December, 2021 and the date of issuance of these consolidated financial statements the composition of the Supervisory Board of InPost was as follows:

- Mark Robertshaw – Chairperson, member of the Supervisory Board
- Mike Roth – member of the Supervisory Board
- Nick Rose – member of the Supervisory Board
- Ranjan Sen – member of the Supervisory Board
- Ralf Huep – member of the Supervisory Board
- Marieke Bax – member of the Supervisory Board
- Cristina Berta Jones – member of the Supervisory Board

On 15 January, 2021, by resolution of the General Meeting of Shareholders, Ranjan Sen and Marieke Bax were appointed to the Supervisory Board.

On 19 May, 2021, Cristina Berta Jones was appointed to the Supervisory Board.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN) Notes and explanations continued

2. Additional information notes and explanations continued

2.5. Composition of the Group

These consolidated financial statements of the InPost Group include the financial information of the Parent, which is InPost S.A., and of three direct subsidiaries and nine indirectly controlled subsidiaries of InPost S.A. The list of the Group entities is presented in the below table.

	Company name	Country	Functional currency	Shareholders as at 31-12-2021	Interest in the share capital as at 31-12-2021	Interest in the share capital as at 31-12-2020[13]
			Direct subsidiaries			
1	Integer.pl S.A.	Poland	PLN	InPost S.A.	100%	100%
2	InPost Technology	Poland	PLN	InPost S.A.	100%	100%
3	Integer France SAS	France	EUR	InPost S.A.	100%	0%
			Indirect subsidiaries			
4	Mondial Relay SAS	France	EUR	Integer France SAS	100%	0%
5	InPost Sp. z o.o.	Poland	PLN	Integer Group Services Sp. z o.o.	100%	100%
6	InPost France SAS in liquidation	France	EUR	InPost Paczkomaty Sp. z o.o.	0%[14]	100%
7	Locker InPost Italia Srl	Italy	EUR	InPost Paczkomaty Sp. z o.o.	100%	100%
8	Granatana Limited	Cyprus	EUR	InPost Paczkomaty Sp. z o.o.	100%	100%
9	Giverty Holding Limited	Cyprus	EUR	Granatana Limited	100%	100%
10	InPost UK Limited	United Kingdom	GBP	InPost Paczkomaty Sp. z o.o.	100%	100%
11	InPost Paczkomaty Sp. z o.o.	Poland	PLN	Integer.pl S.A.	100%	100%
12	Integer Group Services Sp. z o.o.	Poland	PLN	Integer.pl S.A.	38.35%	38.35%
				InPost Paczkomaty Sp. z o.o.	61.65%	61.65%
13	M.P.S.L. Modern Postal Services Ltd	Cyprus	EUR	Integer.pl S.A.	100%	100%
14	InPost do Brasil logistica e locacao de equipamentos LTDA	Brazil	BRL	Integer.pl S.A.	0%	99%
15	InPost Malaysia	Malaysia	RM	InPost Paczkomaty Sp. z o.o.	0%	100%
			Affiliates			
16	Easypack Plus Self-Storage LLC	United Arab Emirates	AED	50% - InPost Paczkomaty Sp. z o.o.	0%	50%

[13] For explanation regarding comparative period please refer to note 2.2.
[14] InPost France SAS has been deconsolidated in these consolidated financial statements as a result of loss of control.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

2. Additional information notes and explanations continued

The following changes have taken place during the reporting period in the structure of InPost Group:

- On 15 August, 2021, Easy Pack Plus Self Storage L.L.C. was liquidated and removed from the register of entrepreneurs.
- On 1 July, 2021, acquisition of Mondial Relay was completed (transaction described in note 9.3).
- On 29 March, 2021, InPost do Brasil logistica e locacao de equipamentos LTD was liquidated and removed from the register of entrepreneurs.
- On 12 March, 2021, InPost Malaysia was liquidated and removed from the register of entrepreneurs.
- On 10 March, 2021, InPost France SAS went into liquidation and is supervised by a state appointed liquidator and has been deconsolidated in these consolidated financial statements as a result of loss of control. As InPost France SAS is classified as discontinued operations since 2018, the result of consolidation is also classified as discontinued operations.
- On 2 March, 2021, Integer France SAS was acquired by InPost S.A. for a value of EUR 1, net assets of the acquired company amounted to EUR 1.

2.6. Authorisation of the Consolidated financial statements

These consolidated financial statements were authorised for issue by the Management Board on 30 March, 2022.

3. New and amended standards and interpretations

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- IFRS 14 Regulatory Deferral Accounts (issued on 30 January, 2014) – The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard– not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January, 2016;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (issued on 11 September, 2014) – the endorsement process of these Amendments has been postponed by EU – the effective date was deferred indefinitely by IASB;
- IFRS 17 Insurance Contracts (issued on 18 May, 2017) including Amendments to IFRS 17 (issued on 25 June, 2020) – effective for financial years beginning on or after 1 January, 2023;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current – Deferral of Effective Date (issued on 23 January, 2020 and 15 July, 2020, respectively) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January, 2023;
- Amendments to IFRS 3: Reference to the Conceptual Framework (issued on 14 May, 2020) – effective for financial years beginning on or after 1 January, 2022;
- Amendments to IAS 16: Proceeds before Intended Use (issued on 14 May, 2020) – effective for financial years beginning on or after 1 January, 2022;
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract (issued on 14 May, 2020) - effective for financial years beginning on or after 1 January, 2022;
- Annual Improvements to IFRS Standards 2018–2020 (issued on 14 May, 2020) – effective for financial years beginning on or after 1 January, 2022;
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February, 2021) – effective for financial years beginning on or after 1 January, 2023;
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February, 2021) – effective for financial years beginning on or after 1 January, 2023;
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May, 2021) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January, 2023;
- Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December, 2021) – not yet endorsed by EU at the date of approval of these financial statements – effective for financial years beginning on or after 1 January, 2023.

In the opinion of the Company, the above changes will not have a significant impact on the financial statements of the Group.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

3. New and amended standards and interpretations continued

Standards and interpretations approved by IASB and have come into a force for the financial periods starting from 1 January 2021:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020) – effective since 1 January 2021;
- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 19 (issued on 25 June 2020) – effective since 1 January 2021;
- Amendments to IFRS 16 Covid-19- Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021) – effective since 1 April 2021.

The above changes didn't have a significant impact on the financial statements of the Group.

4. Foreign currency

4.1. Foreign operations treatment

Polish zloty (PLN) has been used as the presentation currency for these consolidated financial statements.

The functional currency of each company is the currency used in the primary economic environment where an entity operates, in all cases the same as the currency of its country of residence.

Exchange differences from the translation of foreign operations are recognised in other comprehensive income as a translation reserve, except to the extent that the translation difference is attributable to NCI.

The Group have granted long-term loans that are receivable from foreign operations. Where the Group assessed that settlement of long-term loans granted to foreign operations is neither planned nor likely to occur in the foreseeable future, they are accounted as part of the Group's net investment in that foreign operation. When a foreign operation is disposed of entirely or partially, the cumulative amount in the translation reserve related to that foreign operation is reclassified from equity to profit or loss as part of gain or loss on disposal. If the Group disposes of a part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI.

4.2. Reporting foreign currency transactions

Foreign currency transactions at initial recognition are translated into respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing rate at the reporting date. For entities whose functional currency is PLN the closing rate is the average exchange rate published for the currency by the NBP as at that date. Non-monetary items that are measured at historical cost are translated using the exchange rate at the transaction date.

Foreign currency differences are recognised in profit or loss and presented within finance costs/income, except for exchange differences from the translation of foreign operations.

Following exchange rates were used at the reporting dates:

	31-12-2021	31-12-2020
Exchange rate at the reporting date – for assets and liabilities		
EUR	4.5994	4.6148
GBP	5.4846	5.1327
Average exchange rate for the period – for P&L and cash flows		
EUR	4.5775	4.4742
GBP	5.3308	5.0240

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

5. Discontinued operations

A discontinued operation is a component of the Group's operations, for which cash flows and operations can be distinguished from the rest of the Group's operations and additionally:
- it constitutes a separate major line of business or geographical area of activity,
- is a part of a single, coordinated plan to dispose of a separate major line of business or geographical areas of operations,
- is a subsidiary acquired exclusively with a view to resale.

An operation is classified as discontinued at the earlier of disposal or when it meets the criteria to be classified as held for sale. The results of discontinued operations are presented separately from the results of continued operations in all periods presented in the consolidated financial statements.

If an operation is classified as discontinued, the prior statement of comprehensive income is represented as if the operation had been discontinued from the start of the earliest period presented.

6. Basis for preparation

The Group prepares its financial statements in accordance with the International Financial Reporting Standards as adopted by the EU and related interpretations.

The consolidated financial statements have been prepared on a historical cost basis, except for trade receivables subject to non-recourse factoring arrangements and derivative financial instruments that have been measured at fair value.

These consolidated financial statements were prepared under the assumption that the InPost Group will continue to operate as a going concern in the foreseeable future. As at the date of the approval of the consolidated financial statements there is no evidence indicating that the Group will not be able to continue its business activities on a going concern basis.

7. Basis for consolidation

These consolidated financial statements comprise the financial statements of InPost S.A. and its subsidiaries.

Subsidiaries are entities controlled by the Group. The InPost S.A. Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-Group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-Group transactions, are eliminated. Unrealised losses are also eliminated, unless there is evidence of impairment of the transferred asset.

The accounting principles applied by the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Changes in the Integer.pl S.A. Group interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions with shareholders.

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any gain or loss arising as a result of the loss of control is recognised in profit or loss.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

8. Significant accounting policies

8.1. Business combinations and goodwill

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Another contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

8.2. Intangible assets

According to IAS 38 an intangible asset is defined as an identifiable non-monetary asset without physical substance.

The Group identifies the following categories of intangible assets:
- development costs,
- software externally acquired,
- customer relationships,
- acquired brands and trademarks,
- intangible assets in progress.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

8. Significant accounting policies continued

Development costs relate to internally generated assets: IT projects and capitalised expenditure incurred on product design of so-called refrigerated locker machines and banking parcel machines and development of business processes for providing courier and logistics services.

The software includes externally acquired licenses and software used in the Group's business operations.

An intangible asset, whether purchased or self-created is recognised if, and only if it is probable that the future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably.

If the above recognition criteria are not met and the item does not meet the definition of an intangible asset, the expenditure on this item should be recognised as an expense when it is incurred.

Initial recognition

Intangible assets are initially recognised at cost.

For intangible assets acquired separately, the initial cost comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates,
- any directly attributable cost of preparing the asset for its intended use:
  - costs of employee benefits,
  - professional fees,
  - costs of testing.

The following expenditures are not part of the cost of an intangible asset: costs of introducing a new product or service (including costs of advertising and promotional activities), staff training and administration and other general overhead costs.

For intangible assets acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date.

For intangible assets internally generated, the cost comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating, incurred from the date when the intangible asset first meets the recognition criteria.

The reinstatement of expenditure previously recognised as an expense is prohibited.

Internally generated brands, goodwill, customer lists and items similar in substance shall not be recognised as intangible assets.

Measurement subsequent to acquisition

The Group is using the cost model for all the intangible assets. Subsequent to initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Any gain or loss on the disposal of an item of intangible assets is recognised in profit or loss and presented within other operating income/expenses.

Key judgements, assumptions, and estimation uncertainties

Amortisation

The useful lives of intangible assets are assessed as either finite or indefinite.

The Group assessed that the useful lives of all its intangible assets, except for some of acquired trademarks, are finite, therefore they are amortised. Amortisation begins when the asset is available for use, i.e. it is in the location and condition necessary to be capable of operating as intended by the Group. Such intangible asset is reclassified from intangibles in progress to the appropriate category of intangibles and amortisation is commenced.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. For major items of intangibles the Group assessed that their residual values are zero.

Intangible assets with indefinite useful lives ("Mondial Relay" brand) are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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Notes and explanations continued

8. Significant accounting policies continued

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. The effect of a change in the abovementioned estimates shall be recognised prospectively.

The estimated useful lives of intangibles assets for all presented periods are as follows:

Type:	Period:
Development costs	5 – 10 years
Trademarks	30 years
Software	2 – 10 years
Customer relations	8 years

Impairment losses

The Group assesses at the end of each reporting period whether there is any indication that an asset with a finite useful life may be impaired or whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. In assessing whether there is any indication that an asset may be impaired, the Group consider internal and external sources of information.

The recoverable amount is determined for individual assets or cash-generating units ("CGU").

Development costs

The basic purpose for conducting research activities is to gain new knowledge, but the Group is not able at this phase to demonstrate that an intangible asset exists and will generate future economic benefits. Expenditure on research activities is recognised in profit or loss as incurred.

Development costs are the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products and processes before they are introduced and commercially used in the Group's operating activities.

An intangible asset arising from development is recognised only if all of the following criteria are met and the Group is able to demonstrate that:

- the product or process is technically and commercially feasible so that it will be available for use or sale,
- the Group intends and has sufficient resources (technical, financial and other) to complete the works and use or sell the product,
- the Group is able to demonstrate how the intangible asset will generate future economic benefits,
- the expenditure attributable to the intangible asset under development can be measured reliably.

Development costs are measured initially at cost, which is the sum of expenditure incurred from the date when the intangible asset first meets the general recognition criteria for intangible assets and the above-listed criteria for recognition of an intangible asset arising from development. Subsequent to initial recognition, development costs are measured at cost less accumulated amortisation and any accumulated impairment losses. During the period of development, the asset is tested for impairment annually.

Recoverability of development costs

Development costs include mainly software and key IT systems and can be generated internally. Due to the relatively specific nature of the Group's operations, most intangible assets are developed internally, including software. The software is developed in cooperation with external IT solution providers. The Group is constantly looking for new solutions to increase the efficiency of processes or to improve/implement new services, therefore various research and development projects (and sub-projects) are carried out at various stages.

The Group recognises intangible assets, if they are related to development projects, for which:

- it is probable that the expected future economic benefits that are attributable to the development costs will flow to the Group;
- respective costs can be measured reliably.

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Notes and explanations continued

8. Significant accounting policies continued

The realisation of development projects and capitalisation of respective costs to intangible assets is subject to corporate approvals. In order to approve the project for development a comprehensive analysis is performed based on information provided by sales, logistics, marketing and finance functions. The analysis aims to determine:

- technical feasibility of a project;
- impact on the efficiency of processes or magnitude of potential demand for new products;
- capital expenditures requirements (including the cost of third party providers);
- project timeline.

To demonstrate whether the output will generate probable future economic benefits the Group assesses the output of projects as a separate asset or in combination with other assets forming a cash-generating unit.

Development costs are realised by dedicated teams in accordance with approved project budgets. The Group records directly attributable expenses for development projects using management accounts and respective allocation keys. Major directly attributable costs are costs of materials and services used or consumed as well as costs of own employees' remuneration engaged in the development project. For the latest time allocated to the project by an employee has to be reliably measured and documented. The realisation of budgets is regularly monitored. In case of changes resulting in an increase in capital expenditures requirements or a decrease in the expected economic benefits the project is reviewed in terms of actual recoverability and if the recoverability is assessed as satisfactory the project is continued under the adjusted assumptions.

Amortisation is commenced upon completion of acceptance procedures aiming to demonstrate that the asset is ready for the intended use.

8.3. Property, plant and equipment

The most important property, plant and equipment of the Group are machinery and equipment i.e. automatic parcel machines, as well as assets under construction i.e. parts of automatic parcel machines that are in the process of completion or assembly and are not yet installed. All material assets should be capitalised in accordance with IFRS requirements.

Items of property, plant and equipment should be recognised as assets when:

- it is probable that the future economic benefits associated with the asset will flow to the entity,
- the cost of the asset can be measured reliably.

Aggregated assets can be capitalised, however, this can only concern small value assets which do not generate identifiable costs (such as additional installation costs).

Initial measurement

An item of property, plant and equipment should initially be recorded at cost.

Cost includes:

- purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any directly attributable cost of preparing the asset for its intended use:
  - costs of employee benefits,
  - professional fees,
  - costs of site preparation,
  - costs of delivery and handling,
  - costs of installation,
  - costs of testing,
  - the estimated cost of dismantling and removing the asset and restoring the site.

The following expenditures are not part of the initial cost: costs of introducing a new product or service (including costs of advertising and promotional activities), costs of opening a new facility or business, staff training and administration and other general overhead costs.

In particular, for parcel machines, initial value includes all the costs of setting up machines, which include agents' commissions for acquiring land, costs of transporting the machine, costs of installation and costs of groundworks to place the machine in a designated place. After the date of connection to the network, all costs related to its operation and servicing are charged to the statement of comprehensive income at the time they are incurred.

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Notes and explanations continued

8. Significant accounting policies continued

Measurement subsequent to acquisition

The Group uses the cost model. Subsequent to initial recognition, assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Parts of some items of property, plant, and equipment may require replacement at regular intervals. The carrying amount of an item of property, plant, and equipment will include the cost of replacing the part of such an item when that cost is incurred if the recognition criteria (future benefits and measurement reliability) are met. The carrying amount of those parts that are replaced should be removed from the statement of financial position regardless of whether the replaced part had been depreciated separately or not. Where it is not possible to determine the carrying amount of the replaced part based on historical cost, the cost of a replacement might be an indication of what the cost of the replaced part was at the time it was acquired or constructed.

Subsequent expenditures that are capitalised by the Group to property, plant and equipment are mainly related to spare parts and extensions of automatic parcel machines that are installed when utilisation of the machine is close to its maximum technical capabilities. Maintenance and repair costs incurred after the commencement of depreciation are recognised in profit or loss.

When substantially all activities necessary to prepare an asset under construction for its intended use are completed it is reclassified to another class of property, plant and equipment according to the nature of that item and depreciation is commenced.

Government grants obtained to purchase property, plant and equipment are recognised in the consolidated statement of financial position as deferred income and are subsequently recognised in profit or loss (as other operating income) on a straight-line basis over the average depreciation period of the respective item of property, plant and equipment.

Key judgements, assumptions, and estimation uncertainties

Borrowing costs

The Group incurs borrowing costs (e.g. interests related to long term external financing). However, the Group assessed that the time necessary to assemble and install automatic parcel lockers is relatively short and they are not to be treated as the qualifying asset for capitalisation of borrowing costs, therefore respective borrowing costs incurred by the Group are recognised in profit or loss.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less than their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively if appropriate.

Estimated useful lives of property, plant and equipment for new items vary between 2 and 40 years. The remaining useful lives are estimated on an individual basis.

The estimated useful lives of property, plant and equipment for all presented periods are as follows:

Type:	Period:
Buildings	10 – 40 years
Technical equipment and machines	8 – 10 years
Automatic parcel machines	10 years
Vehicles	5 years
Other	2 – 5 years

Impairment losses

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired or whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated. In assessing whether there is any indication that an asset may be impaired, the Group consider internal and external sources of information.

The recoverable amount is determined for individual assets or cash-generating units ("CGU"). The Group determines separate CGUs for operations in Poland and for foreign operations.

Impairment losses and subsequent reversals are recognised in profit or loss in other operating expenses (income).

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Notes and explanations continued

8. Significant accounting policies continued

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss and presented within other operating income/expenses.

8.4. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a supplier has a substantive right of substitution throughout the period of use, a customer does not have a right to use an identified asset. A supplier's right of substitution is only considered substantive if the supplier has both the practical ability to substitute alternative assets throughout the period of use and they would economically benefit from substitution.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, the customer has both of the following:
- the right to obtain substantially all of the economic benefits from the use of the identified asset;
- the right to direct the use of the identified asset.

The Group recognises right-of-use asset and a lease liability as at lease commencement date. The Group applies practical expedient for short-term leases except of leases related to vehicles and trailers.

Key judgements, assumptions, and estimation uncertainties

Lease definition

Despite the legal form of contracts for logistic services (warehouses); courier and transportation services (vehicles and trailers) such contracts are accounted for as contracts with lease components. The Group assessed that those contracts convey the right to control the use of an identified asset. Underlying assets are explicitly identified in these contracts and there is no substantive substitution right of the supplier. Services are provided to the Group on an exclusive basis therefore the Group obtain economic benefits from the use of warehouses and vehicles and trailers.

The provision of services is directly related to logistics operations. Suppliers are incorporated into the logistics chain of the Group and are part of the respective processes managed by the Group's employees. Based on an analysis of key decision-making rights it was assessed, that the Group has the right to direct how and for what purpose the asset is used.

Lease term

For each lease contract, the Group determines the lease term as the non-cancellable period of a lease together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Group leases mainly the following underlying assets:
- equipment, mainly including automatic parcel machines and sorting equipment,
- land on which automatic machines are installed,
- warehouses and offices,
- vehicles and trailers.

Leases of automatic parcel machines are concluded for a definite period of time, and typically run for a period of three to four years with the option to purchase the underlying assets at the end of the lease term. Contracts for leases of automatic parcel machines are denominated in PLN and EUR.

Contracts for the remaining classes of underlying assets are concluded either for a definite or indefinite period with a relatively short termination notice period (up to a few months). The Group does not apply the short-term lease exemption for such contracts and recognises right-of-use assets and lease liabilities. Contracts for leases of office space, warehouses and some of the land leases are denominated in EUR, which increases the Group's exposure to currency risk.

Payments for some leases vary due to a change in an index or rates i.e. WIBOR rate and consumer price index. Contracts containing variable lease payments that depend on an index or rate are initially measured using the index or rate as at the lease commencement and are subsequently remeasured when the underlying index or rate is changed.

Contracts concluded for a definite period generally do not include early termination or the option to extend the lease term.

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Notes and explanations continued

8. Significant accounting policies continued

Lease term of contracts concluded for an indefinite period

Leases for key assets are concluded for definite periods. However, a significant portion of contracts for courier and transportation (vehicles and trailers) and logistic services (warehouses) as well as leases of land for automatic parcel machines are concluded for an indefinite period with the right to terminate by each party upon termination notice. Those leased assets are important for the Group's operations as they are part of the logistics operations (warehouses, vehicles, trailers) or enable the provision of services to customers (land for automatic parcel machines). As the Group is expanding its operations it is expected that the need for the services and lands will increase in the next few years. Service providers rotate and the Group changes locations of automatic parcel machines, which result in frequent changes in the lease portfolio. In order to determine the lease term the Group identifies portfolios of leases with similar characteristics and assesses factors that create an economic incentive for the Group to continue such leases for periods longer than the termination notice period. Based on Management decision the assets under lease contracts with indefinite period were grouped in following class of assets: land, warehouses, vehicles and trailers which were further spliced into key providers and other providers. For each Group the Management Board assessed the expected lease period taking into account the current Group strategy and the irrevocable lease term. Below is a summary of average lease terms applied in 2020 and 2021 for each underlying class of asset:

	Period:
Land	12 months
Warehouses	12 months
Vehicles and trailers, including:	
key providers	12 months
other	1-3 months

Discount rate

At lease inception, the lease liability is measured at the present value of the lease payments that are unpaid at that date. Lease payments are discounted using the interest rate implicit in the lease (mainly applicable for the lease of equipment, where such rate is known) or the Group uses the lessee's incremental borrowing rate. The incremental borrowing rate is estimated based on a model that determines the interest rate that the Group, as a lessee, would have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right-of use asset in a similar economic environment. The interest rate is determined based on the risk-free rates for instruments denominated in PLN or EUR and adjusted by a margin reflecting the Group's rating, and further adjusted to the nature of underlying assets.

The below table presents the weighted average discount rates applied for leases in 2020 and 2021:

	2021		2020	
	Currency		Currency	
Maturity	PLN_3M	EUR_3M	PLN_3M	EUR_3M
Up to 12 months	3.26%	2.35%	5.62%	4.00%
1-3 years	3.55%	2.37%	6.06%	4.20%
3-5 years	3.88%	2.45%	6.41%	4.29%
5-7 years	4.17%	2.58%	6.54%	4.52%
7-10 years	4.42%	2.76%	6.83%	4.75%
over 10 years	4.95%	3.16%	7.07%	5.30%

Purchase option

At the lease commencement date, the Group assesses whether it is reasonably certain to exercise the right to purchase the underlying asset. This primarily applies to leases of automatic parcel machines. Key aspects taken into consideration are their importance to the Group's operations, commercial terms and available alternatives. Due to the fact that the Group is in the process of network expansion it was assessed that it is reasonably certain that the Group will exercise the purchase option for currently leased automatic parcel machines in the vast majority of cases. As a result lease payments include the exercise price of purchase options, which results in a higher lease liability and right-of-use assets. In such instances, the right-of use asset is depreciated to the end of the useful life of the underlying asset.

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8. Significant accounting policies continued

Measurement of the right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or the site on which it is located less any lease incentives.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Measurement of the lease liability

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Group`s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Low-value asset exemption

The Group has chosen not to apply low-value asset exemption and as consequence recognises as leases all contracts meeting lease recognition criteria despite the underlying asset value.

8.5. Financial instruments

Recognition and initial measurement

The Group recognises a financial asset or financial liability when it becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset from the books when the contractual rights to the cash flows from the financial asset expire. The financial liability (or a part of a financial liability) is removed from the books when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition, the Group measures financial instruments at their fair value adjusted, in the case of a financial asset or financial liability not at fair value through profit or loss, for transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables with a maturity date not exceeding 12 months (i.e. without a significant financing component) are initially measured at the transaction price.

Classification

The Group classifies financial assets and financial liabilities recognised in the consolidated statement of financial position into the following categories:

- financial assets measured at fair value through profit or loss ("FVTPL"),
- financial assets measured at amortised cost,
- financial liabilities at fair value through profit or loss ("FVTPL"),
- other financial liabilities.

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8. Significant accounting policies continued

Financial assets

Classification of financial assets into particular categories is carried out on the basis of the Group business model for managing financial assets and the contractual cash flow characteristics of the financial asset (the SPPI test). The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

A financial asset is classified as measured at amortised cost if it meets both of the following criteria and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (meets the SPPI test).

Financial assets with cash flows that are not SPPI ('solely payments of principal and interest on the principal amount outstanding') are classified and measured at FVTPL, irrespective of the business model.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's financial assets measured at amortised cost include mainly trade receivables (not subject to non-recourse factoring). Other financial assets in this category embrace among others: deposits, granted loans and other receivables. Financial assets measured at FVTPL include derivative instruments that are not financial guarantee contracts and are not designated as effective hedging instruments (CIRS) and trade receivables under non-recourse factoring.

Financial liabilities

A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities include financial liabilities, which have not been classified as measured at fair value through profit or loss.

The Group's financial liabilities include trade payables and other liabilities, loans and borrowings including bank overdrafts, lease liabilities, factoring liabilities and derivative financial instruments.

Subsequent measurement

Category of a financial asset or financial liability	Measurement method	Recognition principle
Financial assets measured at FVTPL	at fair value	a result from subsequent measurement is recognised in profit or loss
Financial assets measured at amortised cost	at amortised cost by applying the effective interest rate	a result from subsequent measurement, derecognition or modification is recognised in profit or loss, the amortised cost is reduced by impairment losses
Other financial liabilities	at amortised cost by applying the effective interest rate	a result from subsequent measurement, derecognition and modification is recognised in profit or loss
Financial liabilities at FVTPL	at fair value	a result from subsequent measurement is recognised in profit or loss

Derecognition

The Group derecognises a financial asset from the consolidated statement of financial position when the contractual rights to the cash flows from the financial asset expire or the Group transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

The financial liability (or a part of a financial liability) is removed from the consolidated statement of financial position when the obligation specified in the contract is discharged or cancelled or expires. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

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8. Significant accounting policies continued

Derivative financial instruments

The Group uses derivative financial instruments, such as CIRS to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Group has not designated any derivatives as hedging instruments in hedge relationships as defined by IFRS 9.

Key judgements, assumptions, and estimation uncertainties

Impairment of trade receivables and other financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all financial assets not held at fair value through profit or loss. Expected credit losses are credit losses weighed by the default probability. A credit loss is measured as the difference between cash flows due in accordance with the contract and cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provisions matrix for trade receivables not covered by an individual write-off. The provision matrix is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 60 days past due. An individual assessment of the trade receivables is performed before the application of the simplified ECLs approach and in certain cases, the Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

In the case of remaining trade receivables (not subject to individual assessment), the Group applies a simplified approach in calculating ECLs. As part of this solution, the Group developed, based on its historical data on credit losses in relation to trade receivables (not covered by non-recourse factoring), provision rates depending on the number of days for which a given trade receivable is out of date. Provision rates, calculated on the basis of historical data, resulting from the following calculations:

- PD (probability of default) – the probability of delay in payment of receivables by at least 60 days,
- LGD (loss given default) – the amount of losses incurred in the event of a default.

For receivables with a maturity of up to 60 days are covered by insurance (due to the deadline for transferring the receivables to the insurer), in order to calculate the expected credit loss, the Group grouped receivables into the following segments which, in the Group's opinion, show a similar structure of credit losses:

- current receivables that are covered or eligible for transfer to an insurer,
- receivables overdue up to 60 days that are covered by insurance or qualify for transfer to the insurer,
- receivables overdue by 61-365 days, which are not covered by insurance, and for which the Group accepts PD = 100%.

The impact of insurance is reflected in the calculation of the PD ratio and the adopted default moment (i.e. 60 days).

In order to determine the provision rates, the Group's starting point was historical data for the individual segments described above, which are then adjusted for current, observable data to reflect the effects of current conditions and forecasts of future conditions that did not affect the period to which they relate, and to remove the effect of those conditions over the historical period that is immaterial to the future cash flows of the contract. The Group takes into account the information related to the future in the parameters of the expected loss estimation model by adjusting the base probability coefficients of the expected loss estimation model by adjusting the base probability coefficients of default. For biggest individual clients Group calculates probability of default on basis of their credit ratings.

The Group applies an individual approach to calculating the allowance for expected credit losses for non-current receivables resulting from deposits made mainly in connection with APM locations and rental of branches.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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8. Significant accounting policies continued

The fair value hierarchy of financial instruments

The Group measures financial instruments, such as derivatives and receivables subject to non-recourse factoring at fair value at each balance sheet date.

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

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

The principal or the most advantageous market must be accessible by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

The Group's Financial Reporting Department with the approval of the Group CFO determines the policies and procedures for both recurring fair value measurement, such as receivables subject to non-recourse factoring, and for non-recurring measurement, such as assets held for sale in discontinued operations.

External valuers may be involved in the valuation of significant assets, such as unquoted financial assets and significant liabilities. The involvement of external valuers is determined by the Group's Financial Reporting Department after discussion with and approval by the Group CFO. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Group's Financial Reporting Department decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group Financial Reporting Department analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group Financial Reporting Department verifies the major inputs applied in the latest valuation by agreeing on the information in the valuation computation to contracts and other relevant documents.

The Group Financial Reporting Department also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarized in the following note 38.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

8. Significant accounting policies continued

8.6. Trade and other receivables

According to IFRS 15, trade receivables with a maturity date not exceeding 12 months (i.e. without a significant financing component) are initially recognised in the amount equal to the transaction price, during or at the moment of transfer of the goods or services promised by the agreement, namely the transfer of control over the asset to the customer.

At initial recognition, receivables in a foreign currency are measured at the average exchange rate of the NBP from the day immediately preceding the recognition of the receivable.

Trade receivables with a significant financing component are recognised initially at fair value which is determined as the discounted value of future cash flows that are expected to flow to the Group.

For the purposes of subsequent measurement, trade receivables are sub-divided by customers into two portfolios:
- hold to collect business model for trade receivables not subject to non-recourse factoring arrangement: where the receivables are measured at amortised cost;
- selling business model for trade receivables intended to be subject to non-recourse factoring arrangements: where the receivables are measured at fair value through profit or loss.

An impairment analysis of trade receivables measured at amortised cost is performed at each reporting date. As the Group's exposure to credit risk is influenced mainly by the individual characteristics of the customers, detailed individual monitoring and assessment of the trade receivables are performed resulting in 100% expected credit loss allowance for the receivables:
- past due for more than 1 year;
- subject to a debt restructuring process (immediately upon the Group receiving information regarding the debtors being placed in a state of bankruptcy or liquidation);
- subject to legal proceedings – as soon as there is a decision to take the debtor to court;
- cancelled subscriptions (some of the entities within InPost Group have a separate treatment for subscription customers which are subject to a debt collections process immediately after cancelling the subscription due to non-payment and are then subject to legal proceedings).

To reflect factors that may influence the credit risk of the customer database and changes in credit quality not yet detected at an individual level, the Group uses a provision matrix to measure expected credit losses ("simplified approach"). As trade receivables up to 60 days past due are generally covered by letters of credit or other forms of credit insurance, the Group divided the portfolio of trade receivables into two segments:
- up to 60 days past due and;
- 61 – 365 days past due. The Group considers a trade receivable in default when contractual payments are over 60 days past due.

The allowance rates are based on actual loss experience for segments that Group trade receivables with similar loss patterns. These rates are also adjusted to reflect differences between economic conditions during the period over which the historical loss experience has been analysed, current conditions and the Group's view of economic conditions over the expected lives of the trade receivables.

Key judgements, assumptions, and estimation uncertainties

Factoring arrangements

Based on management's judgment applied to all relevant facts and circumstances regarding the factoring arrangements, the terms of the non-recourse factoring arrangements result in the transfer of substantially all the risks and rewards of ownership of the receivables. Therefore all receivables that are factored under non-recourse arrangements meet the financial asset derecognition criteria, resulting in the original receivable being derecognised from the statement of financial position once invoices are transferred to the factor. The balance of trade receivables subject to non-recourse factoring arrangements represents the value of invoices not yet transferred to the factor (but concerning customers subject to the non-recourse factoring arrangement). Trade receivables are transferred within approximately seven days from the initial recognition date.

Impact of factoring arrangements on the trade receivables business model assessment

For the purposes of the business model assessment of trade receivables, the Group considers that for a particular customer it can identify whether or not receivables will be factored without a recourse, therefore trade receivables are sub-divided by customers into two portfolios:
- hold to collect business model for trade receivables not subject to non-recourse factoring arrangement: where the relevant activities represent a collection of contractual cash flows. These receivables are measured at amortised cost;
- selling business model for the trade receivables subject to non-recourse factoring arrangements: where the Group's objective is to realise cash flows primarily through selling. These receivables are measured at fair value through profit or loss. Fair value is estimated based on estimates of amounts that could be received from the factor if such receivable is transferred to the factor at the initial recognition or at the balance sheet date.

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Notes and explanations continued

8. Significant accounting policies continued

When evaluating the business model the Group considered analysis of past sales and expectations of future sales in terms of frequency and value.

Cash inflows from trade receivables subject to factoring arrangements are presented as cash flows from operating activities.

8.7. Inventories

The Group measures inventories at a lower cost and net realisable value. Net realisable value ('NRV') is the estimated selling price in the ordinary course of business less the estimated costs of sale. The net realisable value may differ from a fair value less costs to sell, because NRV is an entity-specific value whereas fair value is not.
Cost should include all:

- costs of purchase (including taxes, transport, and handling) net of trade discounts received,
- costs of conversion (including fixed and variable manufacturing overheads), and
- other costs incurred in bringing the inventories to their present location and condition.

Inventory cost should not include:

- abnormal amounts of wasted materials, labour or other production costs,
- storage costs, unless those costs are necessary for the production process before a further production stage,
- administrative overheads that do not contribute to bringing inventories to their present location and condition,
- selling costs,
- foreign exchange differences arising after the acquisition of inventories invoiced in a foreign currency,
- interest cost when inventories are purchased with deferred settlement terms.

Measurement method

For inventory items that are not interchangeable and for items that are segregated for a specific project, specific costs are attributed to the specific individual items of inventory.

For interchangeable items, the Group uses the „first-in, first-out" method (FIFO).

Write-down to net realisable value

A new assessment of net realisable value is made in each reporting period. If the cost of the inventory falls lower than NRV, then each item of inventory should be written down to its NRV on an individual basis. However, this may be applicable upon a group of items in inventory if they have similar purposes or end uses, are produced and marketed in the same geographical area, and cannot be practicably evaluated separately from other items.

The Group classifies inventories write-down to net realisable value as asset impairment in the statement of comprehensive income in the period in which the write-down occurs. Reversal of impairment is recognised as a reversal of asset impairment in the statement of comprehensive income in the period in which the write-down occurs.

The NRV of the inventory will be remeasured at each subsequent reporting date. When the circumstances that previously caused inventories to be written down below cost no longer exist, or where there is clear evidence of an increase in NRV because of changed economic circumstances, the amount of the write-down is reversed, so that the new carrying amount is the lower of cost and the revised net realisable value.

8.8. Cash and cash equivalents

Cash and cash equivalents include cash in bank and in hand, bank deposits payable on demand and short-term highly liquid deposits with the primary maturity period not exceeding three months, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents also include interest on cash equivalents.

The management assessed that the fair values of cash and short-term deposits and bank overdrafts approximate their carrying amounts largely due to the short-term maturities of these instruments.

Bank overdrafts are presented as a component of current loans and borrowings under current liabilities, and are not considered as cash and cash equivalents for the purposes of the consolidated statement of cash flows.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

8. Significant accounting policies continued

8.9. Other assets

Other assets consist of minor assets that do not naturally fit into any of the main asset categories, amongst all: advances to employees, receivables from the State, prepaid costs or prepaids made for property, plant and equipment and intangible assets.

Other assets are presented in the Balance Sheet as current and non-current depending on their expected period of realisation.

8.10. Trade payables and other liabilities

Trade payables are non-interest bearing liabilities for the goods and services purchased in the course of ordinary business operations from suppliers. Other financial liabilities include mainly liabilities recognised in relation to settlement of cash-on-delivery option (liabilities represent cash collected from the recipient on behalf of the sender for item delivered in parcel) and investment liabilities.

Other non-financial liabilities consist mainly of payroll liabilities and payables to the state, advances received and other liabilities not classified as trade liabilities. Group presents liabilities resulting from cash collected during delivery (CoD) on behalf of its clients as other non-financial liabilities. Cash that hasn't been yet collected and transferred to group bank accounts is not recognised as liabilities towards its clients.

Liabilities are classified as current liabilities, if the payment term is within a year or if they arise in the ordinary cycle of business operations, if longer. Otherwise, liabilities are reported as non-current.

At recognition trade payables and other liabilities are initially measured at fair value, and they are subsequently measured at amortised cost, using the effective interest rate method.

In the event that the effect of the time value of money is not significant, the amount of liabilities is recognised without discounting.

8.11. Employee benefits and other provisions

Short-term employee benefits

Short-term benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay an amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Unused holiday and performance bonus provisions representing short-term employee benefits are recognised at the undiscounted amount of benefits expected to be paid in exchange for the respective service.

Share-based payment arrangements

The Group offers the award program (Management Incentive Plan (MIP) and Long Term Incentive Plan (LTIP)) for the employees and offers them the right to purchase the shares in the Parent company. The program is classified as equity settled due to the fact that the Company does not have an obligation to settle the obligation arising under the program by delivering cash to the employees or contractors. Over the vesting period of awards At the grant-date fair fair value value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity., over the vesting period of awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

Defined benefit plan

The Group's obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounted to determine their present value. The discount rate is determined based on interest rates on treasury bonds expressed in the currency of the future benefit payments, with maturities similar to the date of settlement of the respected liabilities. The calculation of defined benefit obligations at the end of the reporting period is performed by a qualified actuary using the projected unit credit method. The cost of a defined benefit plan is recognised in profit or loss with an exception to actuarial gains and losses which are recognised in other comprehensive income.

Other long-term employee benefits

The Group's obligation in respect of other long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

8. Significant accounting policies continued

Key judgements, assumptions and estimation uncertainties

Estimation of employee benefits

The carrying amount of the defined benefit liability is equal to the present value of the benefits payable. The amount of the liability depends on many factors, which are used as assumptions in the actuarial model. Any changes to the assumptions may impact the carrying amount of the liability. Interest rates are one of the primary variables in measuring liability. At the end of the reporting period, based on the opinion of an independent actuary, an appropriate discount rate for the Group's companies is used for determining the present value of estimated future cash outflow in relation to these benefits.

Share based payments

For details regarding key judgements, assumption and estimation please refer to note 31.

Other provisions

Other provisions include mainly:

- Litigations provision
- Restructuring provision
- Other needed

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

All above provisions are calculated using relevant and accurate calculations that allow accessing possible future outflows connected with specific possible events. For instance, when calculating the amount of Litigation provision, the Group takes into account the opinion of external legal advisors about the possibility that outcome of the litigation will be unfavourable for the Group, and recognises relevant provision.

8.12. Contract liabilities

Contract liabilities comprise the Group's obligation to transfer services to a customer for which the Group has received consideration. The Group recognises the contract liability mainly in relation to the contracts for which payment is received upfront (prepaids) whereas revenue recognition is deferred. The contract liability is gradually derecognised (and respective revenue is recognised) as services are provided to a customer – when parcels are delivered to the recipient or to automatic parcel machines. Contract liabilities are presented in "Other liabilities".

8.13. Government grants

Government grants related to assets are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. The Group recognises grants in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

8.14. Income tax

Income tax expense for the reporting period comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

The management reviews periodically the approach adopted in the preparation of tax returns where the applicable tax regulations are subject to interpretation. When justified, a provision is created for the expected tax payable to tax authorities.

Current income tax

Current income tax comprises the expected tax payable or receivable on the taxable income or loss for the reporting period and any adjustments to the tax payable or receivable relating to previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received taking into account any uncertainties related to income taxes. Current tax is calculated using the tax rates enacted or substantively enacted at the reporting date in countries where the Group's entities operate and generate taxable income or losses.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN) Notes and explanations continued

8. Significant accounting policies continued

Deferred tax

A deferred tax liabilities and deferred tax assets are recognised for all temporary differences between the carrying amounts of assets and liabilities and amounts used for taxation purposes, except for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (loss),
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for unused tax losses and unused tax credits and for deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantially enacted at the reporting date, taking into account any uncertainties related to income taxes.

Deferred tax assets and deferred tax liabilities are offset if the entity has a legally enforceable right to set off current tax assets and current tax liabilities, and if the deferred tax assets and deferred tax liabilities relate to income taxes levied on a given entity by the same tax authority.

Key assumptions and estimation uncertainties

Recognition of deferred tax assets

Estimated future taxable profits are determined based on the budgets of the entities of the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. At each reporting date, the Management of the Group reassess unrecognised deferred tax assets and recognises them to the extent that it has become probable that future taxable profits will be available against which they can be used. Unrecognised deferred tax assets are mainly related to tax losses carried forward.

9. Important events within the 2021 period

9.1. IPO, and increase of share capital and Group reorganisation

On 26 January, 2021, the general meeting of shareholders adopted a resolution to increase the share capital to EUR 5,000,000. To cover the value of new shares, the shareholders contributed to the company the shares of Integer.pl S.A. and the shares of InPost Technology S.à r.l. On 26 January, 2021, AI Prime Bidco S.à r.l., a related party of the Company, contributed 100% of the shares held respectively in Integer.pl S.A. and InPost Technology S.à r.l. to InPost S.A. for a total amount of EUR 7,995,747,974. As a result, the Group presents the increase in share capital by PLN 22.6 m and in capital premium by PLN 36,360.5 m.

As the transaction was accounted for in these consolidated financial statements as a reorganisation the total effect of this contribution was included in Reserves (reorganisation) in the amount of PLN (35,696.3) m as of 31 December, 2021.

Please refer to the detailed information included in note 2.2.

On 27 January, 2021 InPost S.A. shares has been listed on the EURONEXT stock exchange located in Amsterdam, Netherlands. The existing shareholders sold 40.3% of their shares. The Group did not receive any proceeds from the listing, the net proceeds were received by selling shareholders AI Prime, Templeton Strategic Emerging Markets Fund IV, LDC and PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 2.

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Notes and explanations continued

9. Important events within the 2021 period continued

9.2. New financing facility

On 25 January, 2021, Integer.pl S.A. and InPost S.A. signed a loan agreement with a bank consortium (Bank Handlowy w Warszawie S.A., Bank Pekao S.A., BNP Paribas Bank Polski S.A., Goldman Sachs Bank Europe SE, JP Morgan AG, mBank S.A., PKO BP S.A., Barclays Bank Ireland PLC, DNB Bank Polska S.A., Erste Group Bank AG, ING Bank Śląski S.A.). On the basis of the signed loan agreement, Group has received PLN 1,950 m of long term guaranteed loans and was able to contract new working capital loans up to the maximum amount of PLN 800 m. Under the agreement loans received from AI Prime Bidco S.à r.l. by Integer.pl S.A. were repaid, remaining funds were transferred to AI Prime Bidco S.à r.l. as a result of the IPO transaction, the existing credit lines have been converted to new terms and fall within the range of the available PLN 800 m. The cost of the new loan will amount to a maximum of WIBOR for relevant interest period + 2.75%. The Group's proceeds from the bank loan amounted to PLN 2,066.6 m. The funds in the amount of PLN 1,950 m were transferred to AI Prime Bidco S.à r.l. as repayment of Loans received by Integer.pl S.A. in the amount of PLN 640.2 m and redemption from share capital in the amount of PLN 1,238.1 m. mBank S.A. acted as an agent on behalf of the Group therefore the amounts involved are presented in the statement of cash flows.

On 12 October, 2021 DNB Bank Polska S.A. was replaced in the bank consortium by Credit Agricole Bank Polska S.A.

Please refer to note 26 below for a detailed description.

9.3. Acquisition of Mondial Relay

On 15 March, 2021, InPost S.A. announced that it has entered an advanced stage of negotiations about a potential acquisition of Mondial Relay. On 28 May, 2021 InPost S.A. has received unconditional approval from European Commission for the acquisition and on 1 July, 2021 acquisition of 100% voting rights of Mondial Relay was completed – one of the leading French parcel operators, was acquired by InPost S.A. for EUR 513 m paid in cash. The acquisition will allow InPost to take a major step in its ambition to become Europe's leading out-of-home automated solution for e-commerce by adding the additional markets to its vast offer and fuelling the potential for cross border deliveries.

Due to the complex nature of the Mondial Relay business the process of goodwill allocation has not been finalised yet. The Group is in the process of allocating the purchase price and analysing the net assets of Mondial Relay, in particular the valuation of fixed assets and provisions. The final accounting of the acquisition of Mondial Relay and disclosure of all required information must take place within a year of the transaction.

The fair value of Mondial Relay identifiable net assets at the time of acquisition:

	Provisional fair values as at acquisition date
Assets (+)	
Intangible assets of which:	885.5
Brand	170.8
Customer relationship	700.4
Property, plant and equipment	185.9
Right-of-use assets	196.7
Other long term receivables	23.9
Trade and other receivables	340.3
Other assets	11.5
Cash and cash equivalents	59.2
Liabilities (-)	
Provision for deferred tax	213.7
Other financial liabilities	198.9
Current tax liabilities	30.2
Trade and other liabilities	293.9
Employee benefits and other provisions	80.7
The provisional fair value of identified net assets	**885.6**

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9. Important events within the 2021 period continued

Goodwill recognised at the acquisition date:

	Provisional fair values as at acquisition date
Purchase consideration transferred	**2,319.9**
Minus:	
The provisional fair value of identified net assets	885.6
Goodwill arising on the acquisition	**1,434.3**

The fair value of the trade receivables amounts to PLN 340.3 m. The gross amount of trade receivables is PLN 353.9 m and it is expected that the contractual amounts of PLN 13.6 m won't be collected.

Goodwill acquired through this business combination is fully allocated to the International Mondial Relay segment. None of the goodwill recognised is expected to be deductible for income tax purposes. The "Mondial Relay" brand is allocated entirely to International Mondial Relay segment.

From the date of acquisition, Mondial Relay contributed PLN 1,079.8 m to revenue and PLN 100.1 m to profit before tax from continuing operations of the Group. If Mondial Relay acquisition had taken place at the beginning of the annual reporting period (1 Januaryst, 2021) InPost Group revenues and Net Profit would have been as follows:

	Period of 12 months ended on 31-12-2021 (unaudited)
InPost Group as if Mondial Relay acquisition was completed on 1 Januaryst 2021	
Revenue	5,797.7
Operating profit	1,031.7
Net profit	652.2

Additional costs of acquisition (Legal, Advisory etc.) were recognised as external services costs in the consolidated statement of profit and loss in the amount of PLN 46.5 m.

	Provisional fair values as at acquisition date
Purchase consideration transferred	**2,319.9**
Minus:	
Cash and cash equivalents acquired	59.2
Acquisition of a subsidiary, net of cash acquired	**2,260.7**

Impairment testing

For the purpose of impairment testing, goodwill acquired through business combination and the brand with indefinite useful live are allocated to International Mondial Relay segment (covering markets of France, Belgium, Spain, Netherlands and Portugal). The recoverable amount of International Mondial Relay segment assets is PLN 3,243.5 m as at 31 December, 2021 has been determined based on fair value less costs of disposal calculation using discounted cash flow projections based on the financial budgets adjusted for market conditions approved by senior management covering a five-year period. The post-tax discount rate applied to cash flow projections is 8.48% and cash flows beyond the five-year period are extrapolated using a 2.0% growth. As a result of the analysis, the Management did not identify an impairment of International Mondial Relay segment assets.

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9. Important events within the 2021 period continued

The following is a summary of the total recoverable amount and carrying amount at the end of the reporting period for International Mondial Relay segment net assets:

	Mondial Relay
Recoverable value (fair value less costs of disposal)	3,065.4
Carrying amount of net assets of which:	2,348.1
Goodwill	1,434.3
Brand	170.8
Headroom	**717.3**

Key assumptions used in value in use calculations and sensitivity to changes in assumptions

All inputs significant to the fair value measurement are categorised within Level 3 of the fair value hierarchy. The calculation of fair value less costs of disposal is most sensitive to the following assumptions:

- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period

Discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity analysis to discount rates:

	WACC ratio	Change in WACC			
		-1.0 pp	-0.5 pp	0.5 pp	1.0 pp
WACC	8.48%	7.48%	7.98%	8.98%	9.48%
Headroom	**717.3**	**1,625.0**	**1,131.5**	**365.1**	**62.6**

Growth rate estimates – Rates are based on cautious expectations of management taking into account possibilities of changes in customers behaviour and market new entrants.

Sensitivity analysis to growth rate estimates:

	Growth rate	Change in Growth rate			
		-1.0 pp	-0.5 pp	0.5 pp	1.0 pp
Growth rate	2.00%	1.00%	1.50%	2.50%	3.00%
Headroom	**717.3**	**171.9**	**425.0**	**1,058.4**	**1,461.7**

On 29 June, 2021 InPost S.A. announced the closing of the offering of EUR 490m in aggregate principal amount of euro-denominated 2.250% senior notes due 2027. Further, on 8 July, 2021 InPost S.A. has announced the closing of the offering of PLN 500m in aggregate principal amount of series A PLN denominated 2.500% + WIBOR 6m notes due 2027.

The Group utilized the proceeds from the offering:

- to consummate the acquisition of Mondial Relay SAS;
- to pay fees and expenses in connection with the acquisition and the related financing transactions;
- to refinance the existing indebtedness;
- for general corporate purposes.

For details of the bond issuance, please refer to note 26.

9.4. COVID-19 pandemic

The Management Board analysed the effects that the COVID-19 pandemic has on disclosures, assumptions and judgements adopted in the preparation of the consolidated financial statements for the period of 12 months ended 31 December, 2021. At the time of publication of the statement, the pandemic did not cause any significant restrictions on the Group's operations, such as suspension or limitation of operations, or operational problems in the course of its operations. On the contrary the pandemic caused a significant acceleration in the e-commerce adoption in Poland and abroad. We can surely state that the pandemic did not affect negatively the financial situation of the Group and also its financial liquidity. Parcel lockers remain one of the safest delivery methods in the pandemic era, enabling social distancing and non-contact pickup of goods ordered by buyers. All potential supplier issues are analysed and contingency plans as well as alternative suppliers are put in place if needed. The Group is constantly adapting its activities to the changing legal requirements introduced by the Polish government. At the moment, the Group does not expect any significant negative impact of the pandemic on the expected results and cash flows and any negative impact on assumptions regarding going concern.

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10. Information on significant accounting estimates

The preparation of the consolidated financial statements in accordance with IFRS adopted by EU requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. Estimations and judgements are being constantly verified and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The significant judgments made by Management in applying the Group's accounting policies were described in detail in these consolidated financial statements.

The summary of judgements and estimates with references to respective notes is presented in the table below:

Note	Title
8.3, 20	Property, plant and equipment
8.2, 19	Intangible assets
8.14, 13.3	Deferred tax assets
8.5, 8.6, 24, 38, 39	Trade and other receivables
8.11, 30,	Provisions and employee benefits
8.4, 21	Leases
8.1, 9.3	Acquisition of Mondial Relay

11. Segment information

For management purposes, the Group presents results in four reportable segments divided into two following geographical regions:

- Segments in Poland
  1. APM segment, which is focused on the delivery of parcels to automated parcel machines
  2. To-door segment, which includes delivery of parcels using door-to-door couriers
- Segments outside Poland
  3. Mondial Relay segment, which includes APM business and PUDO points in France, Spain, Belgium, Netherlands and Portugal.
  4. International Other segment, which includes APM business (delivery of parcels to automated parcel machines) in the United Kingdom and Italy.

In addition to the above reportable segments in Poland, there is another segment that consists mainly of marketing and IT services provided for external customers as well as production and sale of APM's to external customers. No operating segments of the Group has been aggregated to form the above reportable operating segments.

The Management Board is the Chief Operating Decision Maker (CODM) and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is assessed on the basis of revenue and gross profit or loss, measured consistently with those in the consolidated financial statements. Additionally aggregated segments at the geography level are assessed based on Operating EBITDA and Adjusted EBITDA. Operating EBITDA reflects "operating profit before amortisation and depreciation". Adjusted EBITDA reflects operating profit before amortisation and depreciation adjusted with non-cash (Share base payments) and One-off costs (IPO, Restructuring and acquisition costs). The accounting policies adopted are uniform for all segments and consistent with those applied for the Group.

Segments' direct costs include among others costs of PUDO points, which are delivery at pick-up drop-off facilities.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Inter-segment revenues are eliminated upon consolidation and reflected in the Inter-segment eliminations column.

General cost, depreciation, finance costs, finance income and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a Group basis.

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Notes and explanations continued

11. Segment information continued

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Group basis.

	International		Poland					
Period of 12 months ended on 31-12-2021	Mondial Relay	Other	APM	To-door	Other	Inter-segment elimination	Total	Total reportable segments
	A	B	C	D				A+B+C+D
Revenue	**1,080.0**	**68.8**	**2,624.4**	**731.5**	**100.5**	**(3.0)**	**4,602.2**	**4,504.7**
External	1,080.0	68.8	2,624.4	731.5	97.5	–	4,602.2	4,504.7
Inter-segment	–	–	–	–	3.0	(3.0)	–	–
Direct costs:	**(829.8)**	**(97.8)**	**(956.9)**	**(500.7)**	**(56.6)**	**2.5**	**(2,439.3)**	**(2,385.2)**
Logistic costs	(659.0)	(79.9)	(889.1)	(481.2)	–	–	(2,109.2)	(2,109.2)
APM network	(1.0)	(14.5)	(34.7)	–	–	2.5	(47.7)	(50.2)
External costs	(1.0)	(12.0)	(34.7)	–	–	–	(47.7)	(47.7)
Inter-segment costs	–	(2.5)	–	–	–	2.5	–	(2.5)
PUDO points[15]	(155.5)	–	(14.3)	(3.9)	–	–	(173.7)	(173.7)
Other direct costs	(14.3)	(3.4)	(18.8)	(15.6)	(56.6)	–	(108.7)	(52.1)
Cost of sold APMs and IT projects	–	–	–	–	–	–	–	–
Gross profit:	**250.2**	**(29.0)**	**1,667.5**	**230.8**	**43.9**	**(0.5)**	**2,162.9**	**2,119.5**

[15] PUDO points – commissions for handling parcels at collection and delivery points.

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11. Segment information continued

	Mondial Relay	Other International	Poland	Total
Gross profit/(loss)	**250.2**	**(29.0)**	**1,941.7**	**2,162.9**
General costs	(171.9)	(95.6)	(459.3)	(726.8)
– Sales & Marketing	(39.2)	(4.2)	(72.7)	(116.1)
– Call Centre	(5.8)	(9.1)	(34.2)	(49.1)
– IT Maintenance	(34.0)	–	(43.1)	(77.1)
– MIP Valuation	–	–	(80.0)	(80.0)
– LTIP Valuation	(0.5)	(4.1)	(7.9)	(12.5)
– IPO costs	–	–	(21.9)	(21.9)
– M&A costs	(75.9)	–	–	(75.9)
– Other general costs	(16.5)	(78.2)	(199.5)	(294.2)
Operating EBITDA	**78.3**	**(124.6)**	**1,482.4**	**1,436.1**
Depreciation and amortisation	(76.9)	(34.2)	(498.6)	(609.7)
Operating profit	**1.4**	**(158.8)**	**983.8**	**826.4**

	Mondial Relay	Other International	Poland	Total
Operating EBITDA	**78.3**	**(124.6)**	**1,482.4**	**1,436.1**
– MIP Valuation	–	–	80.0	80.0
– LTIP Valuation	0.5	4.1	7.9	12.5
– IPO costs	–	–	21.9	21.9
– M&A costs	75.9	–	–	75.9
Adjusted EBITDA	**154.7**	**(120.5)**	**1,592.2**	**1,626.4**

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11. Segment information continued

The summary of value of fixed assets and intangible assets for the segments is presented in the table below:

	Mondial Relay	International	Poland	Total
Property, plant and equipment	554.5	230.4	2,325.1	3,110.0
– of which ROU	295.5	34.1	793.7	1,123.3
Intangible assets	849.5	9.5	177.6	1,036.6
Goodwill	1,434.3	–	–	1,434.3
Total	**2,838.3**	**239.9**	**2,502.7**	**5,580.9**

	International	Poland					
Period of 12 months ended on 31-12-2020[16]	APM	APM	To-door	Other	Inter-segment elimination	Total	Total reportable segments
	A	B	C				A+B+C
Revenue	**17.7**	**1,815.3**	**634.9**	**62.9**	**(2.7)**	**2,528.1**	**2,467.9**
External	17.7	1,815.3	634.9	60.2	–	2,528.1	2,467.9
Inter-segment	–	–	–	2.7	(2.7)	–	–
Direct costs:	**(27.5)**	**(741.3)**	**(436.6)**	**(4.8)**	**1.3**	**(1,208.9)**	**(1,205.4)**
Logistic costs	(17.1)	(671.6)	(422.9)	–	–	(1,111.6)	(1,111.6)
APM network	(7.5)	(34.5)	–	–	1.3	(40.7)	(42.0)
External costs	(6.2)	(34.5)	–	–	–	(40.7)	(40.7)
Inter-segment costs	(1.3)	–	–	–	1.3	–	(1.3)
PUDO points[17]	–	(11.6)	(4.0)	–	–	(15.6)	(15.6)
Other direct costs	(2.9)	(23.6)	(9.7)	(3.3)	–	(39.5)	(36.2)
Cost of sold APM's and IT projects	–	–	–	(1.5)	–	(1.5)	–
Gross profit:	**(9.8)**	**1,074.0**	**198.3**	**58.1**	**(1.4)**	**1,319.2**	**1,262.5**

[16] For explanation regarding comparative period please refer to note 2.2

[17] PUDO points – commissions for handling parcels at collection and delivery points.

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11. Segment information continued

	International	Poland	Total
Gross profit/(loss)	**(9.8)**	**1,329.0**	**1,319.2**
General costs	(34.3)	(301.3)	(335.6)
– Sales & Marketing	(5.7)	(63.7)	(69.4)
– Call Centre	(2.3)	(28.3)	(30.6)
– IT Maintenance	–	(22.2)	(22.2)
– MIP Valuation	–	(10.1)	(10.1)
– Other general costs	(26.3)	(177.0)	(203.3)
Operating EBITDA	**(44.1)**	**1,027.7**	**983.6**
– Depreciation and amortisation	(14.4)	(341.7)	(356.1)
Operating profit	**(58.5)**	**686.1**	**627.5**

	International	Poland	Total
Operating EBITDA	**(44.1)**	**1,027.7**	**983,6**
– MIP Valuation	–	10.1	10.1
Adjusted EBITDA	**(44.1)**	**1,037.8**	**993.7**

Reconciliation of profit

	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[18]
Operating profit	**826.4**	**627.5**
Finance income	16.1	0.1
Finance costs	129.7	164.5
Profit (loss) before tax and discontinued operations	**712.8**	**463.1**

Revenue from external customers

Revenue from external customers[19]	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[18]
Poland (domestic sales)	3,207.4	2,395.0
International (foreign sales)	1,374.5	118.8
Lithuania	489.1	45.0
United Kingdom	82.3	21.1
China	14.7	11.7
Sweden	94.4	8.6
Czech Republic	10.2	9.6
France	505.6	0.7
Spain	45.6	1.9
Germany	38.2	1.8
Ireland	27.8	1.0
Other	66.6	17.4
Total revenue	**4.581.9**	**2,513.8**

Revenue from sales in Poland to the Allegro Group was responsible for 22.5% of the Group's revenue for the 12 months ended 31 December, 2021 and 28.1% of the Group's revenue for the 12 months ended 31 December, 2020. Income from sales to Vinted UAB was responsible for 10.5% of the total revenue (in comparison to less than 10% recognised in 2020). Significant growth in the share of revenue by Vinted UAB is the impact of the acquisition of Mondial Relay.

[18] For explanation regarding comparative period please refer to note 2.2.

[19] The revenue information above is based on the locations of the customers, not the physical location of the services performance.

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Notes and explanations continued

11. Segment information continued

11.1. Alternative performance measures – Gross Profit, Operating EBITDA and Adjusted EBITDA

Our segments are based on the structure of our internal management reporting to facilitate decision-making with respect to the allocation of resources and to assess the performance of our operations. The performance of our segments is measured and assessed on the basis of revenue (including other operating income) and Gross Profit. Additionally, the performance of our combined operations is measured and assessed on the basis of Operating EBITDA per business type. Given the relative size of operations outside Poland, the Group shows information relating to all countries other than Poland and presented this as two reportable segments – International and Mondial Relay.

Gross Profit and Operating EBITDA are considered as alternative performance measures and presented separately as being important supplemental measures of the Group's performance. The Group believes that these and similar measures are used in the industry in which the Group operates as means of evaluating a company's operating performance. However, Gross Profit and Operating EBITDA are not recognised measures of financial performance, financial condition or liquidity under IFRS. In addition, not all companies may calculate Gross Profit and Operating EBITDA in the same manner or on a consistent basis. As a result, this measure may not be comparable to measures used by other companies under the same or similar names. Accordingly, undue reliance should not be placed on these measures and they should not be considered in isolation or as a substitute for profit for the year, cash flow, expenses or other financial measures computed in accordance with IFRS.

Gross Profit represents a margin realised on deliveries to clients which takes into account only revenue and other operating income related to deliveries as well as costs directly attributable to such deliveries.

Gross Profit is defined as net profit (loss) for the period adjusted for profit (loss) from discontinued operations, income tax expense, profit on sales of an organised part of an enterprise, the share of profits of equity-accounted investees, finance costs and income, depreciation and amortisation and general costs. The numerical reconciliation of Gross Profit to the numbers included in the consolidated financial statements prepared under IFRS is included in note 11 on segment reporting.

Operating EBITDA represents a metric for evaluating the Group's performance which facilitates comparisons of the Group's operating results from period to period and between segments by removing the impact of, among other things, its capital structure, asset base and tax consequences.

Operating EBITDA is defined as net profit (loss) for the period adjusted for profit (loss) from discontinued operations, income tax expense (benefit), profit on sales of an organised part of an enterprise, share of profits of equity-accounted investees, finance costs and income, and depreciation and amortisation.

Starting from 2021, the Group has decided to change the definition of the Adjusted EBITDA (applied for the first time in the 2020 annual report). CODM's intention is to ensure that Adjusted EBITDA is a useful metric for evaluating the Group's performance and facilitating period-to-period comparisons of the Group's core results by removing the impact of its asset base or capital/financing structure, but also impact of expenses arising from the Management Incentive Plan (MIP) or any other employee incentive plans that will follow and costs related to certain material transactions such as IPO or M&A processes, which the management of the Group considers not related to day to day operations. The management believes that the Adjusted EBITDA, as modified, is a useful supplemental metric that allows investors to better understand the performance of the Group's core operations and their long-term trends. Adjusted EBITDA, as defined and applied starting from 2021, represents Operating EBITDA (net profit/loss for the period adjusted for profit/loss from discontinued operations, income tax expense/benefit, profit on sales of organised part of an enterprise, share of profits of equity-accounted investees, finance costs and income and depreciation and amortisation), further adjusted to exclude employee incentive plans expense and transaction costs (representing costs of PLN 97.8 m relating to IPO and M&A transactions).

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Notes and explanations continued

11. Segment information continued

The following table reconciles net profit to Adjusted EBITDA for the periods indicated:

	2021	2020[20]
Net profit/(loss) from continuing operations	**491.3**	**351.5**
Income tax	221.5	111.6
Profit/(loss) from continuing operations before tax	**712.8**	**463.1**
adjusted by:		
– net financial costs	113.6	164.4
– depreciation	609.7	356.1
Operating EBITDA	**1,436.1**	**983.6**
– MIP Valuation	80.0	10.1
– LTIP Valuation	12.5	–
– IPO costs	21.9	–
– M&A costs	75.9	–
Adjusted EBITDA	**1,626.4**	**993.7**

12. Revenue and costs

12.1. Revenue

Revenue is recognised when (or as) the performance obligation is fulfilled in the form of transferring the promised goods, products, materials (i.e. assets) or rendering a service to a client. The Group recognises revenue in a way that reflects the transfer of promised goods or services to a customer, in the amount of consideration to which an entity expects to be entitled in exchange for these goods or services (transaction price), excluding amounts collected on behalf of third parties, for example – Value Added Tax (VAT).

The Group generates revenue primary from the provision of various courier services to its customers. There are two groups of courier services – traditional and out-of-home deliveries of parcels to automatic parcel machines owned or leased by the Group and/or collection points). Automatic parcel machines are located in residential areas, close to shops and are open 24/7, which allows customers to easily pick up parcels. Parcels delivered by courier to automatic parcel machines can be collected by the recipient within 48h. If the parcel is not collected by the recipient (from courier/automatic parcel machines) it is relocated to one of the collection points or returned to the sender.

The Group offers rebates to customers which are able to provide volumes of parcels that exceed thresholds in accordance with agreements. Rebates are the variable consideration that should be estimated.

In addition to delivery services, the Group generates revenue from the sale of goods (mainly APMs) and provision of marketing, maintenance and installation services.

[20] For explanation regarding comparative period please refer to note 2.2.

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Notes and explanations continued

12. Revenue and costs continued

Services	Nature, the timing of satisfaction of performance obligations and significant payment terms
Courier services and out-of-home services	The Group recognises revenue at the point in time upon collection of a parcel by the recipient either from a courier, automatic parcel machine or collection point. For uncollected parcels, revenue is recognised upon return to the sender. Typically delivery takes place within 48h. Parcels delivered by courier to automatic parcel machines can be collected by the recipient within 48h. Therefore, contrary to traditional courier services delivery and collection do not occur at the same time. Although parcels cannot be relocated within 48h from the automatic parcel machine to which they have been delivered, the Group assessed that control over the service is transferred upon collection of the parcel by the recipient, which triggers revenue recognition. Services are provided to customers through a 'pay-as-you-go' model in accordance with standard price lists or based on long-term framework delivery contracts as well as subscription contracts for 12 or 24 months. Performance obligation under the framework contract – delivery of parcels – becomes binding once delivery is requested by the customer. These contracts do not require a minimum shipment volume and are generally multi-year rolling contracts with a one-month notice period for termination. Remuneration for services provided under the long-term contracts is determined on the basis of actual deliveries in the period and agreed prices. Prices per parcel can be differentiated based on the delivery method and certain thresholds in respect of the number, size and weight of the parcels. Pricing is typically reviewed on an annual basis. For subscription contracts, the customer pays an agreed fixed monthly fee for deliveries of a defined number of parcels per month. The performance obligation under the subscription contract – delivery of a parcel – becomes binding once delivery is requested by the customer. Unused deliveries (the breakage) do not roll forward to the next month and therefore the Group recognises the breakage amount as revenue at the month-end. Services may be prepaid or billed at the end of the month. There is no significant financing component in the contracts as payment terms are relatively short – from 14 up to 90 days. Transaction prices for some contracts may vary due to contractual penalties (variable consideration), resulting in lower revenue. However, this does not represent a significant adjustment. Some contracts with major customers include consideration payable for distinct marketing services provided on behalf of the Group. This is accounted for separately from revenue. If consideration is payable for services that are not distinct it decrease transaction prices accordingly. Deliveries by couriers and deliveries to APM may be regulated by one contract with a customer. However, they are alternatives to each other and are deemed to be separate performance obligations. In addition to core services, the Group might also provide some minor services for an additional fee (e.g. express delivery). For such bundles, the Group assessed that contractual prices represent stand-alone selling prices and consideration is not reallocated between services.

Revenues from courier services and out-of-home services make up 98% of Group Revenues.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

12. Revenue and costs continued

Services	Nature, the timing of satisfaction of performance obligations and significant payment terms
Sale of APMs and other equipment	Revenue from the sale of APMs is recognised at a point in time when the significant risks and rewards of ownership of a promised asset are transferred. In the absence of the specific conditions in the arrangements between the parties (e.g. Incoterms) revenue from the sale is recognised when goods are physically delivered to the customer. The majority of contracts are however realised in accordance with EXW incoterms.
Other services (marketing, installations, maintenance	The Group recognises revenue from marketing and maintenance services when those services are duly performed. If the revenue is a monthly maintenance fee it is recorded over time on a straight-line basis. The Group recognises revenue from installation services at a point in time i.e. when installation is complete.

The table below contains information on receivables and liabilities resulting from contracts with customers.

	Note	2021	2020[21]
Receivables, included in 'Trade and other receivables'	24	799.3	407.6

Revenues from courier services and out of home services make up 98% of Group Revenues.

Upon receipt of a prepayment from a customer, the Group recognises a contract liability in the amount of the prepayment for its performance obligation to deliver parcels in the future. The contract liability is gradually derecognised (and respective revenue is recognised) as services are provided to a customer. The settlement period for prepaids generally does not exceed 12 months, whereas the majority are settled within a few months. There is insignificant revenue from breakage amounts, as customers generally exercise all their contractual rights related to prepaids.

[21] For explanation regarding comparative period please refer to note 2.2.

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Notes and explanations continued

12. Revenue and costs continued

12.2. Financial income and expenses

	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[22]
Foreign exchange profit	15.4	–
Interest income	0.1	0.1
Other finance income	0.6	–
Total finance income	**16.1**	**0.1**

	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[22]
Foreign exchange losses	4.5	60.5
Interest expense	121.4	73.5
Bank charges	2.0	2.3
Commissions on loans and borrowings	–	24.6
Deposits, fees and commissions	1.8	1.1
Derivative instruments valuation	–	2.5
Total finance costs	**129.7**	**164.5**

12.3. Depreciation and amortisation

	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[22]
Depreciation of property, plant and equipment	532.7	330.1
Amortisation of intangible assets	77.0	26.0
Depreciation and amortisation – continued operations	**609.7**	**356.1**
Assigned to direct cost	485.2	299.5
Assigned to general and administrative expenses	124.5	56.6
Total	**609.7**	**356.1**

12.4. Employee benefit costs

	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[22]
Payroll	400.6	190.4
Social security contributions	100.4	44.8
Share based payment	92.5	10.1
Total employee benefit costs	**593.5**	**245.3**
Assigned to direct cost	286.5	104.9
Assigned to general and administrative expenses	307.0	140.4
Total	**593.5**	**245.3**

[22] For explanation regarding comparative period please refer to note 2.2.

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Notes and explanations continued

13. Income tax

13.1. Income tax in profit or loss

For the period of 12 months ended 31 December, 2021 the effective tax rate for the Group was 31.1% and for the comparative period of 12 months ended 31 December, 2020 the effective tax rate for the Group was 24.1%. In 2021, statutory tax rates for the Group's companies ranged from 19% in Poland and Great Britain to 31.4% in Italy.

The management periodically reviews the approach adopted in the preparation of tax returns where the applicable tax regulations are subject to interpretation. When justified, a provision is created for the expected tax payable to tax authorities.

	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[23]
Current income tax expense	237.1	127.4
Deferred income tax expense	(15.6)	(15.8)
Income tax expense – continued operations	**221.5**	**111.6**
Current income tax expense	–	0.2
Income tax expense – discontinued operations	**–**	**0.2**

[23] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

13. Income tax continued
13.2. Reconciliation of effective tax rate

		Period of 12 months ended on 31-12-2021		Period of 12 months ended on 31-12-2020[24]
Profit (loss) before tax		**712.8**		**463.1**
Tax using the Group's domestic tax rate	24.9%	177.5	24.9%	115.3
Effect of tax rates in foreign jurisdictions	(6.7%)	(47.5)	(6.1%)	(28.3)
Tax-exempt income	(0.8%)	(5.9)	(0.9%)	(4.2)
Non-deductible expenses of which:	6.0%	43.0	3.5%	16.3
Share based payments costs:	2.5%	18.2	0.4%	1.9
Other non-deductible expenses:	3.5%	24.8	3.1%	14.4
Deferred tax asset for tax losses not recognised	8.5%	60.5	0.6%	3.0
Derecognition of deferred tax asset for tax losses carried forward and other temporary differences	(0.9%)	(6.7)	0.8%	3.8
Deferred tax written off as a result of the subsidiary liquidation	–	–	0.9%	4.0
Other	0.1%	0.6	0.4%	1.7
Income tax expense		**221.5**		**111.6**
Effective tax rate		31.1%		24.1%

The tax rate was higher in 2021 due to higher unrecognised deferred tax assets for tax losses reported in UK, Italy and Luxembourg, and a higher proportion of non-tax deductible costs, i.e. mainly costs related to the Management Incentive Plan (MIP) and Long Term Incentive Plan (LTIP). For explanation please refer to note 31.

[24] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN) Notes and explanations continued

13. Income tax continued

13.3. Change in deferred tax assets and liabilities

	Balance as at 31-12-2021	Reconciliation of movements to profit or loss 2021	Subsidiary acquisition	Balance as at 31-12-2020[25]	Reconciliation of movements to profit or loss 2020[25]
Deferred tax assets					
Impairment allowance for trade and other receivables and inventories	15.1	(0.1)	–	15.0	3.1
Provisions and accruals	45.9	(16.3)	(7.8)	31.8	(13.5)
Lease liabilities	251.0	(87.5)	(52.1)	111.4	(66.9)
Property, plant and equipment and intangible assets	1.9	(1.9)	–	–	12.2
Deferred income	3.0	(0.8)	–	2.2	(0.8)
Interest accrued	0.5	(0.2)	–	0.3	1.2
Foreign exchange differences	7.8	0.9	–	8.7	(8.7)
Other items	2.6	(1.3)	–	1.3	0.2
Tax losses carried forward	9.6	1.8	(2.1)	9.3	15.9
Total	**337.4**	**(95.4)**	**(62.0)**	**180.0**	**(57.3)**
Net presentation	(179.6)	111.7	–	(67.9)	23.3
Net deferred tax assets	**157.8**	**16.3**	**(62.0)**	**112.1**	**(34.0)**
– to be settled within 12 months	**71.3**			**67.3**	
– to be settled over 12 months	**86.5**			**44.8**	

Deferred tax liability					
Property, plant and equipment and intangible assets	222.1	70.8	50.8	16.9	4.0
Right-of-use assets	233.7	9.0	224.7	83.6	54.4
Interest accrued	0.1	–	–	0.1	(1.5)
Other items	2.3	–	–	2.3	0.9
Total	**458.2**	**79.8**	**275.5**	**102.9**	**41.5**

[25] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

13. Income tax continued

13.3. Change in deferred tax assets and liabilities continued

	Balance as at 31-12-2021	Reconciliation of movements to profit or loss 2021	Subsidiary acquisition	Balance as at 31-12-2020[26]	Reconciliation of movements to profit or loss 2020[26]
Net presentation	(179.6)	(111.7)	–	(67.9)	(23.3)
Net deferred tax liabilities	**278.6**	**(31.9)**	**275.5**	**35.0**	**18.2**
– to be settled within 12 months	**2.4**			**2.4**	
– to be settled over 12 months	**276.2**			**32.6**	
Net effect		**(15.6)**	**213.5**		**(15.8)**

13.4. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items. In the Management's judgment, it was assessed that it is not probable that future taxable profit will be available against which the Group will be able to use benefits therefrom.

Unrecognised deferred tax assets	2021		2020[26]	
	Gross amount	Tax effect (24.9%)	Gross amount	Tax effect (24.9%)
Tax losses carried forward (the UK, IT and Luxembourg)	324.9	80.9	294.0	73.2
Total unrecognised deferred tax assets	**324.9**	**80.9**	**294.0**	**73.2**

Tax losses carried forward for which no deferred tax assets were recognised	**2021**	**Expiry date**	**2020**	**Expiry date**
Never expire	55.7	–	294.0	
Will expire	100.2	2038	–	–
Will expire	5.9	2037	–	
Will expire	108.4	2024		
Will expire	54.7	2023		
Total tax losses carried forward for which no deferred tax asset was recognised	**324.9**		**294.0**	

[26] For explanation regarding comparative period please refer to note 2.2.

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14. Discontinued operations

Following strategic decisions dated 2017 to place greater focus on a few best performing locations of operations, the Management Board of Integer.pl S.A. (predecessor parent) committed to a plan to withdraw from foreign markets that had underperformed. Following the loss of control in InPost France SAS under liquidation, Group classifies the following companies as discontinued operations: Giverty Holding Limited, Granatana Limited and M.P.S.L. Ltd.

The financial result of discontinued operations is presented separately from the financial results of continued operations – for all of the periods covered by the consolidated financial statements.

Result of discontinued operation

	31-12-2021	31-12-2020[27]
Sales revenue	**–**	**–**
Other operating income	**0.7**	**–**
Operating expenses	0.2	1.9
Other operating expenses, including net impairment losses on trade and other receivables	0.3	0.2
Total operating expenses, including net impairment losses on trade and other receivables	**0.5**	**2.1**
Operating loss	**0.2**	**(2.1)**
Finance income	0.2	1.0
Finance costs	0.1	–
Profit/(loss) before tax	**0.3**	**(1.1)**
Income tax expense	–	0.2
Profit/(loss) from activities of discontinued operations, net of tax	**0.3**	**(1.3)**
Profit/loss on disposal of discontinued operations	–	–

	31-12-2021	31-12-2020[27]
Profit/(loss) from discontinued operations, net of tax, attributable to:	**0.3**	**(1.3)**
Owners of the Company	0.3	(1.3)
Non-controlling interests	–	–

Cash flows from discontinued operation

	31-12-2021	31-12-2020[27]
Net cash flows from operating activities	1.0	(2.5)
Net cash flows from investing activities	–	–
Net cash flows from financing activities	–	–
Net cash flows	**1.0**	**(2.5)**

15. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. The LTIP programme has dilutive effect, however, the number of ordinary shares contingently issuable depends on future adjusted EBITDA for the year 2023. Because earnings may change in a future period, the calculation of basic EPS does not include such contingently issuable ordinary shares until the end of the contingency period because not all necessary conditions have been satisfied.

[27] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN) Notes and explanations continued

15. Earnings per share (EPS) continued

The following table reflects the profit and share information used in the basic and diluted EPS calculations:

	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[28]
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	491.3	351.5
Discontinued operations	0.3	(1.3)
Profit attributable to ordinary equity holders of the parent for basic EPS	**491.6**	**350.2**
Effect of dilution	–	–
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**491.6**	**350.2**
Weighted average number of ordinary shares for basic/diluted EPS[29]	**500,000,000**	**508,772,013**
Basic earnings per share (in PLN)	**0.98**	**0.69**
Diluted earnings per share (in PLN)	**0.98**	**0.69**
Basic/Diluted earnings per share (in PLN) – Continuing operations	**0.98**	**0.69**

As discussed, the Group had undergone the reorganisation during the period where new shares were issued to existing shareholders in exchange for the shares in Integer.pl. S.A. For the purpose of calculation of EPS a constant exchange ratio was used.

	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[28]
Weighted average number of shares of Integer.pl outstanding during the period pre-reorganisation	17,541,213	17,851,650
Share conversion ratio	28.5	28.5
Number of shares converted to InPost shares	500,000,000	508,772,013
Weighted average number of InPost shares outstanding during the period post-reorganisation	500,000,000	Not applicable
Weighted average number of ordinary shares for basic/diluted EPS at the end of the period	500,000,000	508,772,013

16. Dividends paid and proposed for payment

In 2021 and until the date of authorisation of these consolidated financial statements for issue, no dividends were paid or proposed for payment.

[28] For explanation regarding comparative period please refer to note 2.2.
[29] The weighted average number of shares takes into account the weighted average effect of changes in shares during the year.

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17. Share capital

Series	Face value	Number of shares as at 31-12-2021	Number of shares 31-12-2020[30]
Normal shares	EUR 0.01 each	500,000,000	3,100,000
		500,000,000	**3,100,000**

On 26 January, 2021, the Supervisory Board allowed the Management, in accordance with the articles of association, to increase the share capital to the value of EUR 5,000,000. The increase was covered by a contribution of Integer.pl S.A. shares and InPost Technology S.à.r.l. shares from AI Prime Bidco. Please see also the detailed information in note 2.2 regarding the Group reorganisation.

18. Capital management

The Group's policy is to maintain a strong capital base so as to maintain market, investor and creditor confidence and to sustain the future development of the business. Management monitors capital four times a year including analysis of the cost of capital and respective risks associated with each source of the capital. The Group aims to ensure that its companies are able to continue operating while maximising profitability for shareholders by optimising the debt-to-equity ratio and maximisation of the return on capital.

The capital of the Group comprises debt including loans and borrowings (presented in note 26), lease liabilities (presented in note 21.2) and capital attributable to shareholders (including: shares issued, capital reserve and retained earnings). Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The weighted-average interest expense on interest-bearing borrowings was 3.51% (2020: 7.08%).

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Total equity is calculated as the sum of equity presented in the consolidated statement of financial position and net debt.

The Group's net debt to equity ratio as at 31 December, 2021, and 31 December, 2020, was as follows:

	31 December, 2021	31 December, 2020[30]
Total liabilities	7,299.8	1,842.7
Less: cash and cash equivalents	(493.2)	(144.2)
Net debt	**6,806.6**	**1,698.5**
Equity	**(6.9)**	**638.1**
Net debt to equity	**–**	**2.66**

The Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit creditors to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the presented periods.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December, 2021 and 31 December, 2020.

[30] For explanation regarding comparative period please refer to note 2.2.

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19. Intangible assets

	Customer relationship	Brand	Trademarks	Development costs	Software	Intangible assets in progress	Total
Cost at 01-01-2021	**–**	**–**	**6.0**	**153.7**	**146.6**	**14.4**	**320.7**
Additions	–	–	0.6	13.3	15.6	58.5	88.0
Acquisition of subsidiary	700.4	170.8	0.2	–	9.2	5.2	885.8
Disposal	–	–	–	(16.8)	(2.9)	–	(19.7)
Effect of movements in exchange rates	–	–	–	0.5	(0.1)	–	0.4
Cost at 31-12-2021	**700.4**	**170.8**	**6.8**	**150.7**	**168.4**	**78.1**	**1,275.2**
Accumulated amortisation at 01-01-2021	**–**	**–**	**1.1**	**97.1**	**63.9**	**–**	**162.1**
Amortisation for the period	36.5	–	0.4	15.9	24.3	–	77.1
Disposal	–	–	–	(9.4)	(0.6)	–	(10.0)
Effect of movements in exchange rates	–	–	–	0.1	–	–	0.1
Accumulated amortisation at 31-12-2021	**36.5**	**–**	**1.5**	**103.7**	**87.6**	**–**	**229.3**
Impairment losses at 01-01-2021	**–**	**–**	**–**	**9.6**	**7.5**	**–**	**17.1**
Impairment loss	–	–	–	0.6	–	–	0.6
Reversal of impairment loss	–	–	–	–	–	–	–
Disposal	–	–	–	(7.5)	(0.9)	–	(8.4)
Effect of movements in exchange rates	–	–	–	–	–	–	–
Impairment losses at 31-12-2021	**–**	**–**	**–**	**2.7**	**6.6**	**0.0**	**9.3**
Carrying amount at 31-12-2021	**663.9**	**170.8**	**5.3**	**44.3**	**74.2**	**78.1**	**1,036.6**

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Notes and explanations continued

19. Intangible assets continued

	Trademarks	Development costs	Software	Intangible assets in progress	Total
Cost at 01-01-2020[31]	**6.0**	**146.7**	**145.9**	**6.4**	**305.0**
Additions	–	7.2	29.9	9.2	46.3
Disposal	–	–	(29.0)	(1.2)	(30.2)
Other movements	–	(0.3)	(0.2)	–	(0.5)
Effect of movements in exchange rates	–	0.1	–	–	0.1
Cost at 31-12-2020[31]	**6.0**	**153.7**	**146.6**	**14.4**	**320.7**
Accumulated amortisation at 01-01-2020[31]	**1.0**	**82.1**	**63.0**	**–**	**146.1**
Amortisation for the period	0.1	15.0	10.9	–	26.0
Disposal	–	–	(9.7)	–	(9.7)
Other movements	–	–	(0.3)	–	(0.3)
Effect of movements in exchange rates	–	–	–	–	–
Accumulated amortisation at 31-12-2020[31]	**1.1**	**97.1**	**63.9**	**–**	**162.1**
Impairment losses at 01-01-2020[31]	**–**	**10.9**	**26.8**	**(0.8)**	**36.9**
Impairment loss	–	0.6	–	–	0.6
Reversal of impairment loss	–	(1.1)	–	–	(1.1)
Disposal	–	–	(19.3)	–	(19.3)
Other movements	–	(0.8)	–	0.8	–
Effect of movements in exchange rates	–	–	–	–	–
Impairment losses at 31-12-2020[31]	**–**	**9.6**	**7.5**	**–**	**17.1**
Carrying amount at 31-12-2020[31]	**4.9**	**47.0**	**75.2**	**14.4**	**141.5**

[31] For explanation regarding comparative period please refer to note 2.2.

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19. Intangible assets continued

Significant judgments
In determination of the value of customer relations period of 19 years was determined with the attrition rate at 14%. Depreciation should reflect the pattern in which the economic benefits embodied in the assets are consumed which might indicate diminishing depreciation to reflect the erosion of the acquired customer base. However, the Group decided to use straight line depreciation method over period of 8 years mainly because of uncertainty about the future economic benefits that might arise several years in the future and the difficulty in distinguishing them from cash flows that have been generated by internally-generated assets of the business. The group decided to a straight-line method over a shorter period so that at all points the amortised carrying amount of the asset is below the curve for the expected benefits. As long as the benefits expected to arise in the period after the customer relations are fully amortised are not expected to be significant, this method will give a reasonable approximation of the consumption of economic benefits.

Recoverability of development costs
The services related to development work are performed by InPost Technology S. à r.l. Development costs include mainly software and key IT systems. Due to the relatively specific nature of the Group's operations, most intangible assets are developed internally, including software. The software is developed in cooperation with external IT solution providers. The Group is constantly looking for new solutions to increase the efficiency of processes or to improve/implement new services, therefore various research and development projects (and sub-projects) are carried out at various stages. Based on management review there are no impairment indications on Intangible assets in progress.

The most significant development costs are:

- Software: Trucker Transition Programme, Workflow Programme, Pricing Tool and InPost Mobile Application
- Development costs: product design of refrigerated locker machines ("RLM's") and banking parcel machines as well as documented business processes related to courier and logistics operations
- Intangible assets in progress: outlays related to the creation of the new TMS sales and logistics system.

The Management Board has not identified any premises that would indicate an impairment of development works.

20. Property, plant and equipment

Property, plant and equipment	Land and buildings	Machinery and equipment	Vehicles	Other	RoU	Assets under construction[32]	Total
Cost at 01-01-2021	**14.6**	**1,280.7**	**6.5**	**16.5**	**942.0**	**75.7**	**2,336.0**
Additions[33]	13.9	693.1	3.7	9.1	–	151.8	871.5
Additions – leases[34]	–	–	–	–	772.0	–	772.0
Acquisition of subsidiary	10.2	120.5	0.1	0.4	200.8	56.1	388.1
Termination	(0.8)	(26.7)	–	(1.0)	(7.7)	(3.4)	(39.6)
Other movements[35]		167.7	–		(213.1)		(45.4)
Effect of movements in exchange rates	–	11.8	–	–	1.0	(0.1)	12.7

[32] Assets under construction compromise mainly from not yet deployed APMs and materials for production of APMs.
[33] Additions of machinery and equipment are mainly deployment of new APMs, additions of Assets under construction are mainly production materials for production of new APMs and produced APMs not yet deployed.
[34] Additions of leases compromises new leases, mainly ground (for the purpose of APMs deployments) and new warehouses. On top of that additions are also generated by ground agreements renewals and adjustments of the value of the right of use in connection with the signed annexes to lease agreements.
[35] Other movements in 2020 are mainly related to the adjustments of the value of the right of use in connection with the signed annexes to lease agreements and property transfer of assets after lease period end.

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20. Property, plant and equipment continued

Cost at 31-12-2021	**37.9**	**2,247.1**	**10.3**	**25.0**	**1,695.0**	**280.1**	**4,295.4**
Property, plant and equipment	Land and buildings	Machinery and equipment	Vehicles	Other	RoU	Assets under construction[36]	Total
Accumulated depreciation at 01-01-2021	**3.5**	**357.9**	**0.8**	**7.0**	**377.5**	**–**	**746.7**
Depreciation for the period	4.2	186.2	1.0	6.6	334.6	–	532.6
Termination	(0.4)	(11.7)	–	(0.6)	(7.7)	–	(20.4)
Other movements[37]		48.3	–		(137.3)	–	(89.0)
Effect of movements in exchange rates	–	3.4	–	–	–	–	3.4
Accumulated depreciation at 31-12-2021	**7.3**	**584.1**	**1.8**	**13.0**	**567.1**	**–**	**1,173.3**
Impairment losses at 01-01-2021	**–**	**13.5**	**–**	**–**	**4.6**	**6.1**	**24.2**
Impairment loss	–	0.1	–	–	–	–	0.1
Reversal of impairment losses	–	–	–	–	–	(3.7)	(3.7)
Termination	–	(8.5)	–	–	–	–	(8.5)
Other movements[37]	–	–	–	–	–	–	–
Effect of movements in exchange rates	–	–	–	–	–	–	–
Impairment losses at 31-12-2021	**–**	**5.1**	**–**	**–**	**4.6**	**2.4**	**12.1**
Carrying amount at 31-12-2021	**30.6**	**1,657.9**	**8.5**	**12.0**	**1,123.3**	**277.7**	**3,110.0**

[36] Assets under construction compromise mainly from not yet deployed APMs and materials for production of APMs.
[37] Other movements in 2020 and 2021 are mainly related to the adjustments of the value of the right of use in connection with the signed annexes to lease agreements and property transfer of assets after lease period end.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

20. Property, plant and equipment continued

Property, plant and equipment	Land and buildings	Machinery and equipment	Vehicles	Other	RoU	Assets under construction	Total
Cost at 01-01-2020[38]	**10.6**	**873.6**	**1.4**	**10.3**	**497.1**	**70.4**	**1,463.4**
Additions	4.2	415.1	5.1	6.5	–	5.1	436.0
Additions – leases	–	–	–	–	511.7	–	511.7
Termination	(0.2)	(15.3)	–	(0.4)	(55.0)	–	(70.9)
Other movements[39]	–	1.1	–	–	(12.4)	–	(11.3)
Effect of movements in exchange rates	–	6.3	–	0.1	0.6	0.2	7.2
Cost at 31-12-2020[38]	**14.6**	**1,280.8**	**6.5**	**16.5**	**942.0**	**75.7**	**2,336.1**
Accumulated depreciation at 01-01-2020[38]	**2.3**	**262.6**	**0.5**	**4.2**	**169.6**	**–**	**439.2**
Depreciation for the period	1.2	103.0	0.3	3.2	222.4	–	330.1
Termination	–	(12.7)	–	(0.4)	(11.0)	–	(24.1)
Other movements[39]	–	1.9	–	–	(3.9)	–	(2.0)
Effect of movements in exchange rates	–	3.1	–	–	0.4	–	3.5
Accumulated depreciation at 31-12-2020[38]	**3.5**	**357.9**	**0.8**	**7.0**	**377.5**	**–**	**746.7**
Impairment losses at 01-01-2020[38]	**–**	**14.9**	**–**	**–**	**6.6**	**4.7**	**26.2**
Impairment loss	–	0.8	–	–	–	1.2	2.0
Reversal of impairment losses	–	(0.4)	–	–	–	–	(0.4)
Termination	–	(1.8)	–	–	(2.0)	–	(3.8)
Other movements[39]	–	–	–	–	–	–	–
Effect of movements in exchange rates	–	–	–	–	–	0.2	0.2
Impairment losses at 31-12-2020[38]	**–**	**13.5**	**–**	**–**	**4.6**	**6.1**	**24.2**
Carrying amount at 31-12-2020[38]	**11.1**	**909.3**	**5.7**	**9.5**	**559.9**	**69.6**	**1,565.1**

[38] For explanation regarding comparative period please refer to note 2.2.
[39] Other movements in 2020 are mainly related to the adjustments of the value of the right of use in connection with the signed annexes to lease agreements.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN) Notes and explanations continued

20. Property, plant and equipment continued

Impairment testing for CGU related to foreign operations

In 2021 and 2020, the Group observed that foreign entities (Italy and the UK) incurred operating losses, which was assessed as an impairment indicator, and therefore the Group tested non-financial assets related to these foreign branches and estimated the recoverable amount of individual units generating operating losses.

The recoverable amount of the CGU was estimated based on their fair value less cost of disposal. The major assets of the CGUs are property, plant and equipment (APMs) and since there are no other operations then related with APMs (nor related assets) the Group assessed that the fair value less costs of disposal of APMs represents a reasonable estimation of the CGU's fair value less costs of disposal of the CGU's. The value in use of the CGU was not determined because the Group assessed that there is no reason to believe that value in use materially exceeds its fair value less costs of disposal for operations that are discontinued. Some of the tested CGUs are continued foreign operations that generate revenue (UK, Italy) and their value in use potentially could be determined. However, operations in the UK and Italy currently generate operating losses as they are in the process of strategic changes of their business model, which aims to improve results in subsequent periods. In the light of the above the Group determined that the value in use would be lower than fair value less cost of disposal and therefore recoverable amount was determined based on fair value less costs of disposal of CGU.

When calculating the fair value of the parcel machine after it was brought to Poland, the WACC ratio was used at the level of 8.48% (12.88% in 2020) and the annual growth rate of 0%. Change in WACC is result of the company IPO which resulted in access to capital.

The following is a summary of the total recoverable amount and carrying amount at the end of each year for all tested foreign-related cost-generating units:

All units tested	31-12-2021	31-12-2020[40]
Recoverable value	1,217.5	196.1
Balance sheet value	194.5	63.6
Surplus	**1,023.0**	**132.5**

In the years 2020-2021 there were no changes in the methodology used.

[40] For explanation regarding comparative period please refer to note 2.2.

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21. Leases

21.1. Right-of-use assets

Right-of-use assets are presented in Property, plant and equipment. The below table presents a disaggregation of the right-of-use assets by class of underlying asset:

	Land and buildings	Machinery and equipment	Vehicles	Other	Total
Cost at 01-01-2021	**562.8**	**190.1**	**189.1**	**–**	**942.0**
Additions	636.1	12.4	123.5	–	772
Subsidiary acquisition	189.0	7.4	3.9	0.5	200.8
Disposals	(7.7)	–	–	–	(7.7)
Other movements[41]	(35.1)	(170.8)	(7.0)	(0.2)	(213.1)
Effect of movements in exchange rates	1.4	(0.1)	–	(0.3)	1.0
Cost at 31-12-2021	**1,346.5**	**39.0**	**309.5**	**–**	**1.695.0**
Accumulated depreciation at 01-01-2021	**191.7**	**63.6**	**122.2**	**–**	**377.5**
Depreciation for the period	210.4	26.2	97.9	0.1	334.6
Disposals	(7.7)	–	–	–	(7.7)
Other movements[41]	(44.2)	(87.3)	(5.7)	(0.1)	(137.3)
Effect of movements in exchange rates	–	–	–	–	–
Accumulated depreciation at 31-12-2021	**350.2**	**2.5**	**214.4**	**–**	**567.1**
Impairment losses at 01-01-2021	**–**	**4.6**	**–**	**–**	**4.6**
Impairment losses at 31-12-2021	**–**	**4.6**	**–**	**–**	**4.6**
Carrying amount at 31-12-2021	**996.43**	**31.9**	**95.1**	**–**	**1.123.3**

[41] Other movement in 2021 are primarily related to the right to value adjustments use in connection with signed annexes to lease agreements.

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21. Leases continued

	Land and buildings	Machinery and equipment	Vehicles	Other	Total
Cost at 01-01-2020[42]	**269.5**	**139.0**	**88.1**	**0.5**	**497.1**
Additions	343.5	51.7	116.5	–	511.7
Disposals	(39.0)	(0.9)	(14.6)	(0.5)	(55.0)
Other movements[43]	(11.8)	0.3	(0.9)		(12.4)
Effect of movements in exchange rates	0.6	–	–	–	0.6
Cost at 31-12-2020[42]	**562.8**	**190.1**	**189.1**	**–**	**942.0**
Accumulated depreciation at 01-01-2020[42]	**91.8**	**36.2**	**41.6**	**–**	**169.6**
Depreciation for the period	109.4	30.8	82.2	–	222.4
Disposals	(9.1)	(0.9)	(1.0)	–	(11.0)
Other movements[43]	(0.8)	(2.5)	(0.6)	–	(3.9)
Effect of movements in exchange rates	0.4			–	0.4
Accumulated depreciation at 31-12-2020[42]	**191.7**	**63.6**	**122.2**	**–**	**377.5**
Impairment losses at 01-01-2020[42]	**–**	**6.6**	**–**	**–**	**6.6**
Impairment losses at 31-12-2020[42]	**–**	**4.6**	**–**	**–**	**4.6**
Carrying amount at 31-12-2020[42]	**371.1**	**121.9**	**66.9**	**–**	**559.9**

[42] For explanation regarding comparative period please refer to note 2.2.

[43] Other movement in 2020 are primarily related to the right to value adjustments use in connection with signed annexes to lease agreements.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN) Notes and explanations continued

21. Leases continued

21.2. Leasing liabilities

Leasing liabilities, along with an analysis of maturity, are presented in the table below. For a detailed description of changes in lease liabilities please refer to note 28.

Balance as at	31-12-2021	31-12-2020[44]
Total	**1,192.8**	**536.6**
up to 1 year	359.8	232.7
from 1 to 3 years	354.5	131.6
from 3 to 5 years	278.0	116.9
more than 5 years	200.5	55.4

21.3. Amounts recognised in the statement of cash flows

Balance as at	31-12-2021	31-12-2020[44]
Payment of principal portion of the lease liability	302.1	204.9
Lease interest paid	25.6	21.1
Total	**327.7**	**226.0**

The Group took advantage of IFRS 16 exception for short term leases and had not recognised 5 rental agreements in 2021 under IFRS 16. The total payments for those agreements in 2021 amounted to PLN 1.8 m.

In 2021, the Group signed 20 contacts for the rental of warehouses and branch spaces that will have an impact on the future cash outflow in the following amounts: the year 2022 – PLN 9.9 m, 2023 – PLN 25.4 m, 2024 – PLN 48.8 m.

22. Assets pledged as security for liabilities

As of financial year ended 31 December, 2021, the Group had no assets pledged and securities for liabilities.

In accordance with provisions of the loan agreement of 6 September, 2018, assets of the Integer Group Companies constituted security for this agreement. In accordance with provisions of the agreement, collateral in 2020 was as follows:

- shares of Integer.pl S.A., InPost Sp. z o.o., InPost Paczkomaty Sp. z o.o. and Integer Group Services Sp.z o.o.;
- cash in bank accounts;
- intra-Group loans; and
- intra-Group claims.

The value of all assets pledged as security in the statement of financial position is as follows

Item in the statement of financial positions	31-12-2020[44]
Cash and cash equivalents	144.2
Total assets pledged as collateral	**144.2**

[44] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

23. Other assets

	31-12-2021	31-12-2020[45]
Non-current	**53.8**	**0.8**
Prepaid services	1.9	0.8
Prepayments for property, plant and equipment and intangible assets	51.9	–
Current	**34.1**	**70.4**
Policies, other insurance	0.5	1.9
Prepaid services	33.6	5.0
Prepayments for property, plant and equipment and intangible assets	–	63.5

As of 31 December, 2020, the Group presented the prepayments made for the acquisition of property, plant and equipment within Other assets (current). Starting from 2021, the Group changed the presentation and the prepayments made are included in the line Other assets (non-current). In the management's view, this presentation reflects the expectation relating to the nature as well as the future use of these prepayments, i.e. acquisition of non-current assets used for the Group's needs instead of future potential resale of the assets acquired as it took place in previous years.

24. Trade and other receivables

	31-12-2021	31-12-2020[45]
Trade receivables	799.3	407.6
Other receivables	127.8	27.1
Trade and other receivables	**927.1**	**434.7**

Trade receivables are non-interest bearing and usually have a maturity of 7-90 days.

Receivables from Allegro Group were responsible for 19.7% of the Group's trade receivables for the 12 months ended 31 December, 2021 and 32.6% of the Group's trade receivables for the 12 months ended 31 December, 2020.

Trade receivables	31-12-2021	31-12-2020[45]
Trade receivables at fair value through profit or loss (designated to be subject to non-recourse factoring arrangements)	–	83.3
Trade receivables (gross) at amortised cost	882.6	401.1
Expected credit losses – individual approach	(76.6)	(74.0)
Expected credit losses – a collective approach	(6.7)	(2.8)
Total trade receivables	**799.3**	**407.6**

Trade receivables at fair value through profit or loss (designated to be subject to non-recourse factoring arrangements).

Trade receivables are measured at fair value based on the pricing terms of factoring arrangements regarding the transfer of receivables, which are assessed by the management as reflecting their fair value as of the reporting date.

[45] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

24. Trade and other receivables continued

Trade receivables (gross) at amortised cost

Set out below is the movement in the allowance for expected credit losses on trade receivables based on collective approach and individual approach:

	31-12-2021	31-12-2020[46]
Opening balance	**76.8**	**87.8**
Decrease – utilisation	–	(6. 5)
Expected/incurred credit losses recognised/ (reversed)	6.4	(4.5)
Exchange rate difference	0.2	–
Closing balance	**83.4**	**76.8**

Movements in the allowance for expected credit losses on trade and other receivables

The total impact of the allowance movements on profit or loss for 2021 amounted to PLN 6.4 m – as a net decrease of profit for 2021 (2020 had an opposite effect on the result in the amount of PLN 4.5 m).

Reconciliation of trade receivables allowance movements to profit or loss is presented below:

	31-12-2021	31-12-2020[46]
Impairment loss (gain) – trade receivables	6.4	(4.5)
Impairment loss (gain) – other non-current receivables	–	–
Impairment loss (gain) – other receivables (financial assets)	–	–
Total impact on profit or loss for the year	6.4	(4.5)
Of which:		
Continued operations (impairment of trade receivables and other financial assets)	6.4	(3.9)
Discontinued operations	–	(0.6)

	Trade receivables			
31-12-2021	Current	0-60 days	61-365 days	Total
The expected credit loss rate	0.1%	0.3%	10.4%	
Estimated gross carrying amount at default	698.2	113.3	9.0	820.5
Expected credit loss	**0.7**	**0.4**	**0.9**	**2.0**

[46] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

24. Trade and other receivables continued

The expected credit loss (individual approach) is calculated as the expected gross carrying amount of the financial asset at default date multiplied by expected credit loss rate, the product of the probability of default index (PD) calculated for each ageing bucket (0.95% for current receivables, 3.19% for receivables between 0-60 days and 100% for the receivables over 61 days) and loss given default (LGD) index of 10.4%.

	Trade receivables			
31-12-2020[47]	Current	0-60 days	61-365 days	Total
The expected credit loss rate	0.3%	0.6%	16.8%	
Estimated gross carrying amount at default	389.3	14.6	5.7	409.6
Expected credit loss	**1.1**	**0.1**	**1.0**	**2.2**

24.1. Other receivables

	31-12-2021	31-12-2020[47]
Financial assets	**104.1**	**4.7**
Receivables from the settlement of the cash-on-delivery option	–	–
Deposits	104.1	4.7
Non-financial assets	**23.7**	**22.4**
Receivables from the state	5.8	5.7
Other	17.9	16.7
Total other receivables	**127.8**	**27.1**

The significant increase to deposits is related to Mondial Relay acquisition.

25. Cash and cash equivalents

	31-12-2021	31-12-2020[47]
Cash in bank and on hand	493.2	144.2
Including cash in VAT accounts (restricted)	2.9	8.2
Total cash	**493.2**	**144.2**
Including in currency:	336.4	25.9
Cash in EUR converted to PLN	312.0	21.2
Cash in GBP converted to PLN	23.1	4.2
Cash in USD converted to PLN	1.3	0.4
Cash in other foreign currencies converted to PLN	–	0.1

Cash on bank accounts meets the SPPI test and the business model test "held to collect", therefore it is measured at amortised cost including an impairment loss determined in accordance with the expected credit loss model. Management of the Group has assessed that the provision for expected credit losses related to cash and cash equivalents would not be material in any of the periods presented.

	Rating	Amount as at 31-12-2021	Amount as at 31-12-2020[47]
Bank 1	AAA/baa1	171.4	52.2
Bank 2	A+/n/a	123.8	-
Bank 3	AA-/Aa3	123.6	-
Bank 4	BBB/A2	27.6	68.8
Bank 5	A/Baa1	22.7	4.2
Bank 6	BBB+/baa1	15.2	-
Bank 7	BBB+/baa2	6.7	18.3
Bank 8	n/a/baa2	2.2	0.7
Total		**493.2**	**144.2**

[47] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

26. Loans and borrowings

	31-12-2021	31-12-2020[48]
Current liabilities	**194.4**	**23.7**
Loans from related parties	–	4.8
Bank loans	88.9	
Bonds	86.2	0.1
Loans secured by fixed assets	19.3	18.8
Non-current liabilities	**4,545.8**	**743.4**
Loans from related parties	–	686.0
Bank loans	1,857.0	–
Bonds	2,650.6	–
Loans secured by fixed assets	38.2	57.4
Total	**4,740.2**	**767.1**

The most of loans and all bonds are paid as lump sum in due date.

[48] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

26. Loans and borrowings continued

On 29 June, 2021 InPost S.A. announced the closing of the bond offering of EUR 490 m. On 8 July, 2021 InPost S.A. announced the closing of the bond offering of PLN 500 m. The table below shows the details of new bonds. The table below shows the details of new loans and borrowings:

Lenders	Type	Currency	Agreement	Purpose	Changes	Interest rate	Nominal value	Carrying amount 2021	Due date	Covenants
Banks[49]	Term Facility	PLN	Agreement of 25/01/2021 IPO Facilities Agreement	Not specified	On 12 October, 2021 DNB Bank Polska S.A. was replaced in the bank consortium by Credit Agricole Bank Polska S.A.	WIBOR 1M + 2%	PLN 1,950 m	1,945.9	28-01-2026	Financial covenant under the senior facilities to maintain a maximum leverage ratio of 4.25× calculated on basis of definitions in agreement
	Revolving facility						PLN 800 m	0.0		
	Senior Unsecured Notes	EUR	Agreement dated 24/06/2021 – Purchase Agreement	As part of the financing for the acquisition of Mondial Relay SAS	BB/Ba2 – rating	2.25%	EUR 490.0 m	2,238.3 (PLN) (486.6 EUR)	15-07-2027	The Notes will contain customary covenants for this type of financing, with the size of baskets to be adjusted to reflect the Issuer's needs and the market conditions at the time of pricing
	Senior Secured Bonds	PLN	Agreement dated 11/05/2021 – InPost's Polish bond programme	As part of the financing for the acquisition of Mondial Relay SAS and general corporate purposes	Ba2 – rating	2.50% + WIBOR 6M	PLN 500.0 m	498.6	29-07-2027	Consolidated Net Leverage Ratio max. 4.25x

[49] Bank Handlowy w Warszawie SA, Bank Pekao SA, BNP Paribas Bank Polski SA, Goldman Sachs Bank Europe SE, JP Morgan AG, mBank SA, PKO BP SA, Barclays Bank Ireland PLC, DNB Bank Polska SA, Erste Group Bank AG, ING Bank Śląski SA, Credit Agricole Bank Polska S.A. - Term Facility.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

26. Loans and borrowings continued

The table below shows the details of loans and borrowings in 2020[50]:

Lenders	Currency	Agreement	Purpose	Changes	Interest rate	Nominal value	Carrying amount 2020	Due date
AI Prime Bidco S.à r.l.	EUR	Agreement dated 27 September, 2018 Annex concluded 6 September, 2019 Annex concluded 9 April, 2020	Not specified	Annex increasing financing facility from EUR 125 million to EUR 173 million Annex imp Annex introducing currency conversion from EUR 48.5 million to PLN 220 million	EURIBOR01 + margin 6.25% - 6.5%; interest accrued in each interest period is payable on the last day of that period	EUR 173 million	360.1	31 March, 2024
	PLN				WIBOR + margin 7.75% - 8%; interest accrued in each interest period is payable on the last day of that period (the interest period of PLN financing lasts 6 months)		224.7	31 March, 2024
AI Prime Bidco S.à r.l.	EUR	Agreement of 12 April, 2018 Annex concluded on 31 October, 2019 Annex concluded on 31 December, 2019	Not specified	Annex changing the interest rate from a fixed 10% to EURIBOR01 + a margin of 6.5% per annum conversion of EUR 2.9 million in interest into equity	EURIBOR01 + 6.5% margin annually; interest capitalised at the reporting date up to the principal amount of the loan	EUR 22.9 million	105.9	31 December, 2028
mBank S.A.	PLN	Agreement of 27 September, 2018 The annex concluded on 6 September, 2019 Annex concluded on 22 June, 2020	Not specified	an annex increasing the financing instrument from EUR 12.5 million to EUR 23.5 million an annex changing the currency to PLN 125 million	WIBOR 1M + 2.5 %	PLN 125 million	0.2	27 September, 2023
Bank Polska Kasa Opieki S.A.	PLN	Agreement of 27 September, 2018 The annex concluded on 6 September, 2019 Annex concluded on 18 June, 2020	Not specified	an annex increasing the financing instrument from EUR 12.5 million to EUR 23.5 million an annex changing the currency to PLN 125 million	WIBOR 1M + 2.5 %	PLN 125 million	–	27 September, 2023

Collaterals for loans and borrowing are presented in note 36.

[50] For explanation regarding comparative period please refer to note 2.2.

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Notes and explanations continued

27. Other financial liabilities

	31-12-2021	31-12-2020[51]
Non-current	**835.1**	**304.0**
Lease liabilities	835.1	304.0
Current	**357.7**	**232.7**
Lease liabilities	357.7	232.6
Factoring liabilities	–	0.1
Total	**1,192.8**	**536.7**

28. Reconciliation of movements of liabilities to cash flows arising from financing activities

31-12-2021	Loans and borrowings	Lease liabilities	Factoring liabilities
Amount at the beginning of period	**767.1**	**536.6**	**0.1**
Changes from financing cash flows			
Proceeds from loans and borrowings	4,665.2	–	–
Payment of principal portion of the lease liability	–	(302.1)	–
Repayment of loans and credits	(659.1)	–	–
Repayment of interest and commission on the loan	(124.4)	(25.6)	–
Total changes from financing cash flows	**3,881.7**	**(327.7)**	**–**
Other changes			
Lease additions	–	841.7	–
Subsidiary acquisition	–	198.5	–
Interest cost	90.6	25.7	–
Contract termination	-	(83.7)	-
Other changes	-	-	(0.1)
Effect of netting liabilities and leasing receivables	–	1.4	–
Effect of changes in foreign exchange rates	0.8	0.3	–
Total liability-related other changes	**91.4**	**983.9**	**(0.1)**
Amount at the end of the period	**4.740.2**	**1,192.8**	**–**

[51] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN) Notes and explanations continued

28. Reconciliation of movements of liabilities to cash flows arising from financing activities continued

31-12-2020[52]	Loans and borrowings	Lease liabilities	Factoring liabilities
Amount at the beginning of the period	**618.2**	**275.3**	**1.4**
Changes from financing cash flows			
Proceeds from loans and borrowings	84.9	–	–
Payment of principal portion of the lease liability	–	(204.9)	–
Repayment of loans and credits	(8.8)	–	–
Repayment of interest and commission on the loan	(53.6)	(21.1)	–
Total changes from financing cash flows	**22.5**	**(226.0)**	**–**
Other changes			
Lease additions	–	450.0	–
Interest cost	52.4	21.1	–
Other changes	24.6	1.2	(1.3)
Effect of changes in foreign exchange rates	49.4	15.0	–
Total liability-related other changes	**126.4**	**487.3**	**(1.3)**
Amount at the end of the period	**767.1**	**536.6**	**0.1**

29. Contingent assets and liabilities

Coverage of the net cost of common services provided by the appointed operator – Poczta Polska (contingent liability)

InPost Sp. z o.o. is registered as a postal operator in the register maintained by the Polish authority charged with regulating postal operators. The Polish Postal Act provides that universal postal services, comprising sorting, transport and delivery of letter-post items and postal parcels of specified dimensions, are provided by the designated operator (currently, Poczta Polska S.A. ('Polish Post')). Based on these regulations, the designated operator may apply for a certain subsidy in the form of the financing of the net cost, due to the fact that the designated operator is obliged to fulfil a number of obligations, including providing services throughout the country and incurs certain costs.

The net cost is the difference between the justified net cost of operations of the designated operator and the net cost of operations of the same operator providing postal services but not subject to the universal service obligation, minus the indirect benefits related to the provision of universal services and the benefits resulting from special or exclusive rights granted to the designated operator. InPost is subject to claims from the Polish Post for 2013 amounting to PLN 3.2 m and currently, as at the moment of publishing these consolidated financial statements, the President of UKE (Office of Electronic Communications) is expected to determine the amount of participation in the surcharge from InPost Sp. z o.o.

The Group did not recognise the provision for the 2013 claim as the management expects that the outcome of the proceeding will be favourable for InPost Sp. z o.o.

For the years 2014-2019 no loss had been reported by Poczta Polska S.A.

On 30 July 2021, Poczta Polska S.A. submitted to the President of UKE the calculation of the net cost and loss on universal services for 2020. On the same day, Poczta Polska S.A. also applied to the President of UKE for a funding to the net cost of the universal service obligation for 2020. Until date of issuing these financial statements there is no further development in above mentioned case. The management is not able to reliably estimate the amount of potential claim towards InPost Sp. z o.o. raised in relation to the year 2020.

[52] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
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30. Employee benefits and other provisions

	Provision for exit costs	Employee benefits and severances	Performance Bonuses	Cash Bonus Plan	Provision for holidays and bonuses	Other	Total
Balance as at 31-12-2020[53]	**5.0**	**6.5**	**7.1**	**28.8**	**7.0**	**1.8**	**56.2**
Recognition/Creation	–	17.9	16.3	24.5	1.8	0.8	61.3
Subsidiary acquisition	–	48.3	–	–	9.8	18.7	76.8
Reversal	–	–	–	–	0.1	(8.3)	(8.2)
Utilisation	(5.0)	–	(7.1)	(28.8)	(7.0)	(1.8)	(49.7)
Balance as at 31-12-2021	**–**	**72.7**	**16.3**	**24.5**	**11.7**	**11.2**	**136.4**

The analysis of the impact of creating and releasing provisions and employee benefits on the financial results is presented below:

	31-12-2021	31-12-2020[53]
Total impact of net recognition/(release) on profit or loss for the year of which	**51.3**	**38.0**
Continued operations	51.3	37.0
Discontinued operations	–	1.0

Provision for exit costs

Provisions for exit costs are created for liabilities arising from decisions to discontinue operations and liquidation of a subsidiary. Provisions were created mainly due to court cases with completed postal activities. Provisions were created in the amount of expected costs to be incurred in cases where the Group is expected to lose.

[53] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

30. Employee benefits and other provisions continued

Employee benefits

The below table presents a summary of employee benefits:

	31-12-2021		31-12-2020[54]	
	Long-term	Short-term	Long-term	Short-term
Post-mortem severance	0.5	–	0.2	–
Retirement benefit	5.1	1.3	0.5	0.1
Unused holiday provision	–	43.8	–	5.6
Performance bonuses	–	14.5	–	7.0
Cash Bonus Plan	16.8	7.7	13.5	15.4
Total	**22.4**	**67.3**	**14.2**	**28.1**

The Group is not a party to any wage bargaining agreements or collective employment agreements. The costs of employee benefits include salaries payable according to the terms and conditions of employment contracts concluded with individual employees and the costs of retirement benefits payable to employees pursuant to the Labour Code provisions at the end of their employment period. Short-term and long-term employee benefits also include performance bonuses and a Cash Bonus Plan for senior management.

Short-term employee benefit liabilities are measured according to general principles. Long-term benefits are estimated using actuarial methods.

Defined benefit obligation

For the purpose of determining employee benefits related to defined benefit obligations the Group applied the projected unit credit method.

The following were the principal actuarial assumptions at the reporting date:

	31-12-2021	31-12-2020[54]
Discount rate	3.6%	1.4%
Future salary growth	5.8% for 2022 3.6% for 2023 2.5% for 2024 and further	1.5% for 2021 2.1% for 2022 2.5% for 2023 and further

Other long-term employee benefits – Cash Bonus Plan

The Group recognises other long-term employee benefits concerning the Cash Bonus Plan ("CBP") for managers. Members were added to the programme in 2018 and 2019. Under the CBP, members are eligible for a one-off cash payment based on their remuneration from Integer.pl S.A. for the 12 months prior to Exit (Exit is defined as either the listing of Integer on the stock exchange or disposal by the parent of the Group) and the multiple which depends on the exit EBITDA of Poland. Full CBP participation is only possible if the employee is still employed by Integer S.A. at the Exit date. Appropriate bad leaver definitions and penalties apply if the person leaves Integer before Exit. In estimating the provision in 2018 and 2019 the Exit was assumed to occur in Q2 2022 however, in 2020 it was assumed that the settlement would take place in accordance with the annexes signed – in 2021, 2022 and 2023 in the relevant part accordingly.

In January 2021 new instance of the programme was announced, under new CBP members are eligible for cash payments based on their remuneration and multiple which depends on the EBITDA of InPost Group for the year ended December 2023. Payments will be divided into three annual payments (2024, 2025 and 2026). Employee will be eligible for receiving the payment if they are still employed at the time of payment.

For the purpose of determining the provision for employee benefits related to other long term employee benefits ("CBP"), the Group applied the projected unit credit method.

[54] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
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30. Employee benefits and other provisions continued

The following were the principal actuarial assumptions at the reporting date:

	31-12-2021	31-12-2020[55]
Discount rate for CBP programme dated 2018	1.49%	0.19%
Estimated EBITDA[56] for CBP programme dated 2018	>400.0	>400.0
Discount rate for CBP programme dated 2021	3.40%	
Estimated EBITDA[52] for CBP programme dated 2021	>3,500.0	

The table below shows the hypothetical amounts of provisions for exit premiums subject to changes in key actuarial assumptions:

	31-12-2021	31-12-2020[55]
Provision for Exit Fee bonuses	24.4	28.8
Discount rate – 1%	0.2	0.2
Discount rate – 0.5%	0.1	0.1
Discount rate + 0.5%	(0.1)	(0.1)
Discount rate + 1%	(0.2)	(0.2)
Forecasted EBITDA PLN -100 million	(2.4)	(5.8)
Forecasted EBITDA PLN + 100 million	–	–
Forecasted leavers – 1 person (Good Leaver)	(0.8)	–
Forecasted leavers + 1 person (Good Leaver)	0.8	–

31. Share-based payment

Management Incentive Plan

Several members of the management personnel of the Group were granted shares in AI Prime & CY S.C.A. ("MIP shares") as part of the Management Incentive Plan ("MIP"). The F-class shares hold a nominal value of 0.07 EUR per share. The number of shares granted varies depending on the role of the Key Personnel. Members were added to the programme in 2018, 2019, 2020, and 2021.

The shares granted in 2018 and 2019 were purchased at nominal value, while the shares granted in November 2020 and January 2021 were purchased at a higher price, i.e. EUR 21 per share and EUR 112 per share. The granted shares were acquired in 10% on the grant date, then in 10% per annum and finally in 50% on the full or partial exit date (Exit was defined as the listing of the Company on the stock exchange or sale by the parent company of the Group). Each of the 10% and 50% of the shares were treated as a separate parallel tranche (staged vesting). However, at the end of 2020, there was a change in the provisions of the programme and the entitlement is acquired at the time of a partial exit in the amount equal to the reduction in the number of shares held by the main shareholder (2021 40% as result of IPO, future exit dates assumed as 2022 and 2023 both with 30%).

MIP shares are subject to a number of restrictions:
- cannot be sold at the discretion of the holder;
- are subject to a call option, which may be exercised upon departure of a MIP member from the Company, the relevant definitions of 'bad leaver' apply; and
- are not entitled to dividends.

As of 31 December, 2021, the management applied its 's estimate of the Exit dates consistently with assumptions applied at 31 December, 2020. As a result, the remaining cost of granted shares is assumed to be recognised over the period until 31 December, 2023. Please note that due to the share price drop in Q1 the management decided to reflect on the exit assumptions which is described in the subsequent events note.

[55] For explanation regarding comparative period please refer to note 2.2.
[56] Highest possible EBITDA threshold for the bonus.

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31. Share-based payment continued

The management has determined the fair value of shares granted based on the methods and parameters set out below:

Valuation parameters	Jan-18	Feb-18	Jun-18	Sep-18	Jul-19	Oct-19	Nov-19	Nov-20	Jan-21
Fair value of MIP shares (EUR)	0.07	0.07	0.07	0.07	0.56	10.59	10.59	299.70	299.70
Exercise price of MIP shares (EUR)	0.07	0.07	0.07	0.07	0.07	0.07	0.07	21.00	112.00
Number of shares granted	304,011	149,864	71,364	142,728	107,046	142,728	39,963	14,272	111,328
Expiration date (expected exit)	01-02-2021 – 40% 31-12-2022 – 30% 31-12-2023 – 30%								
Risk-free interest rate	2.63	2.63	2.55	2.55	1.8	1.8	1.8	(0.01)	(0.01)
Annual dividend yield (%)	–	–	–	–	–	–	–	–	–
Volatility (%)	5.7	5.7	5.7	6.3	20	20	20	20	20
Assumed call option execution (%)	–	–	–	–	–	–	–	–	–
Model used	Black-Scholes Merton			Intrinsic value + Black-Scholes Merton relating to option time value			Intrinsic value + Black-Scholes Merton relating to option time value		

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31. Share-based payment continued

The following table presents the number and change in MIP shares during the year:

	31-12-2021	31-12-2020[57]
	MIP shares granted	MIP shares granted
Outstanding at 1 January	**971,976.0**	**957,704.0**
Granted during the year	111,328.0	14,272.0
Forfeited during the year	–	–
Exercised during the year	28,545.0	–
Expired during the year	–	–
Outstanding at the end of the period	**1,054,759.0**	**971,976.0**

In October 2021 as per the Supervisory Board decision, the vesting of 28,545 shares granted in November 2020 and January 2021 was accelerated and the Group recognised their remaining unvested fair value in the consolidated statement of profit and loss, which led to the recognition of additional PLN 11.5 m of payroll costs. The weighted average price of exercised MIP shares amounted to 105.88 EUR. Upon exercise there is no additional payment made by members.

Accordingly, the Company recognises an expense over the vesting period along with a corresponding parent contribution recognised in equity (other provisions) for the MIP shares granted on those dates.

	31-12-2021	31-12-2020[57]
Expense arising from MIP	80.0	10.1
Total expense	**80.0**	**10.1**

Total costs recognised in the statement of profit or loss for the year ended 31 December, 2021 amounted to PLN 80.0 m (in comparison to PLN 10.1 m recognised in 2020). The higher costs as compared to the prior year were mainly caused by the new grant under this programme, of 7.8% MIP shares, which occurred in January 2021 and vested in 40% at the time of the IPO. Also, the awards granted before 31 December, 2020 vested in 40% at the IPO date. This charge is presented in the payroll costs. The estimated fair value of the awards granted in January 2021 amounted to EUR 299.7 per share.

In 2021 the Company was listed on the Amsterdam stock exchange which resulted in the closing of the MIP programme admissions i.e. no further granting can be performed from this programme. The programme had been replaced by the Long Term Incentive Programme described below.

Long Term Incentive Programme

In 2021 new share-based Long Term Incentive Programme (further on 'LTIP') for Key Managers was introduced. The LTIP is a discretionary share plan, under which the Supervisory Board may grant to eligible employees awards of shares (LTIP Awards).

The conditions for the 2021 LTIP realisation are based on a three-year performance period (2021 to 2023). Depending on the EBITDA target realisation in 2023 vs. the minimum level of PLN 2.85 bn, the granted shares will either vest in full, vest partially or not vest at all. The management's assumption is that the shares will vest in full on the third anniversary of the grant. As of 31 December, 2021 the assumption is also that no Managers will leave the Group before the shares vest. The shares that will vest under programme won't have exercise price.

In October 2021, an additional grant was announced that will happen in 2022. Due to the fact that the Managers have been informed about the grant and its total fair value of PLN 6.9 m yet in 2021, although the respective contracts were not signed until 31 December, 2021, the Group commenced to recognize the costs of the programme in 2021.

[57] For explanation regarding comparative period please refer to note 2.2.

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31. Share-based payment continued

The management has determined the value of shares granted based on the parameter set out below:

Valuation parameters	Apr–21	Aug–21
Value of LTIP shares (EUR)	15.85	17.08
Number of shares granted	681,975	151,054
Expiration date	30.09.2026	
Risk-free interest rate	(0.01)	(0,01)
Annual dividend yield (%)	–	–
Volatility (%)	20	20
Assumed call option execution (%)	–	–
	Fair value of shares was calculated as average price of InPost S.A. shares on Euronext stock exchange over 60 days period prior granting	

The following table presents the number and change in LTIP shares during the year:

	31-12-2021
	LTIP shares granted
Outstanding at 1 January	**–**
Granted during the year	833,029.0
Forfeited during the year	53,864.0
Exercised during the year	–
Expired during the year	–
Outstanding at the end of the period	**779,165.0**

Accordingly, the Company recognises an expense which equally impacts the P&L over the vesting period along with a corresponding parent contribution recognised in equity (other provisions) for the LTIP shares granted on those dates.

	31-12-2021
Expense arising from LTIP	12.5
Total expense	**12.5**

32. Other liabilities

Current other liabilities	31-12-2021	31-12-2020[58]
Non-financial liabilities		
Payroll liabilities	33.0	20.8
Advances received	–	0.1
Liabilities to the state	88.2	45.5
Financial liabilities		
Other reserves	–	0.3
Liabilities due to dividend payment and share redemption	–	52.9
Current other liabilities total	**121.2**	**119.6**

[58] For explanation regarding comparative period please refer to note 2.2.

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33. Trade and other payables

	31-12-2021	31-12-2020[59]
Financial liabilities		
Trade payables	**665.9**	**247.7**
to related entities	–	–
to third parties	665.9	247.7
Other payables	**119.8**	**44.6**
Liabilities from the settlement of the cash-on-delivery option	10.0	25.3
Investment liabilities	98.8	17.8
Other	11.0	1.5
Trade and other liabilities total	**785.7**	**292.3**

Terms and conditions of the above financial liabilities:

- trade payables are non-interest bearing, unless in default, and are normally settled on 30-day terms;
- cash-on-delivery collected from recipients of parcels is passed on to the sender shortly after receipt.

For explanations of the Group's liquidity risk management processes, refer to note 39.

34. Explanations to the cash flow statement

	31-12-2021	31-12-2020[59]
Change in trade and other receivables in the consolidated statement of financial position	**(517.8)**	**(221.7)**
Acquisition of company	364.2	–
Trade and other receivables impairment losses	(6.4)	3.3
Compensation of VAT returns from CIT	(6.5)	1.4
Advances for materials for the production of parcel machines (included in investment flows)	0.1	(0.3)
Change in receivables from sale in sale and lease-back transaction	–	(4.4)
Exchange differences	(0.7)	(6.2)
Other	0.9	(0.1)
Change in trade and other receivables	**(166.2)**	**(228.0)**

	31-12-2021	31-12-2020[59]
Change in other assets in the consolidated statement of financial position	**(16.8)**	**(42.2)**
Acquisition of company	11.5	–
Prepayments for materials used in the manufacture of automatic parcel machines	(1.2)	39.7
Change in other assets	**(6.5)**	**(2.5)**

[59] For explanation regarding comparative period please refer to note 2.2.

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34. Explanations to the cash flow statement continued

	31-12-2021	31-12-2020[60]
Change in trade payables and other payables in the consolidated statement of financial position	**493.4**	**101.0**
Acquisition of company	(293.9)	–
Change in liabilities due to capital expenditures	(76.4)	5.7
Exchange differences	(0.6)	(6.2)
Redemption of shares	–	(14.7)
Declared dividend payment	40.0	(40.0)
Change in presentation for financial liabilities	1.7	(0.2)
Change in trade payables and other payables	**164.2**	**45.6**

	31-12-2021	31-12-2020[60]
Change in employee benefits, provisions and government grants in the consolidated statement of financial position	**68.0**	**25.9**
Acquisition of company	(80.7)	–
Government grants received/returned	11.6	–
Other	(1.0)	-
Change in employee benefits, provisions and government Grants	**(2.1)**	**25.9**

	31-12-2021	31-12-2020[60]
Total net finance cost	**113.6**	**164.4**
Foreign exchange differences realised on working capital	(32.5)	9.3
Bank fees paid	2.0	2.3
Penalty interest paid	–	0.4
Other	1.6	(2.7)
Finance cost/(income) adjustment	**84.7**	**173.7**

35. Guarantees and other securities

As at 31 December, 2021 the total amount of granted bank guarantees on behalf of companies from the Group amounted to PLN 103.9 m (as at 31 December, 2020 amounted to PLN 52.9 m). Bank guarantees are a collateral for the obligations from contracts signed by the Group.

[60] For explanation regarding comparative period please refer to note 2.2.

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36. Related-party transactions

The services rendered to the Group by related parties (Key management personnel) consist of the following: management, quality control, marketing, distribution, advertising, legal or consulting.

Related party transactions

Entity's name (key management personnel)	Transactions 31-12-2021	Transactions 31-12-2020[61]
Purchases		
Consulting Services Marcin Pulchny	0.5	0.4
F.H. Fenix Rafał Brzoska	1.7	1.4
Lidar Management Dariusz Lipiński	0.7	0.5
FINSTRAT Adam Aleksandrowicz	1.3	0.8
ZIEVA CONSULTING Marcin Rosati	0.2	1.0
QUANTUM Damian Niewiadomski	0.3	0.7
Total	**4.7**	**4.8**

Entity's name (shareholder)	Transactions 31-12-2021	Transactions 31-12-2020[61]
Liabilities		
Advent International Corporation	0.8	0.8
Total	**0.8**	**0.8**

Related party transactions and balances

Entity's name	Transactions: Period of 12 months ended on 31-12-2021	Transactions: Period of 12 months ended on 31-12-2020[61]	Balances: As at 31-12-2021	Balances: As at 31-12-2020[61]
Associates – revenues and receivables				
Associated Entity – AI Prime Bidco S. à r. l. (the previous shareholder)				
Loan and related interest	–	–	–	(690.7)
Other liabilities (dividends and share redemption)	–	–	–	(52.9)
Finance income	–	–	–	–
Finance costs		20.1	–	–

In 2021 as a result of reorganisation that was described in note 2.2 all Loan Liabilities towards AI Prime Bidco S.à r.l. were paid along with liabilities related to share premium redemption in the amount of PLN 1,238.1 m. In addition, as of the date of the reorganisation, the liabilities from the dividend payment recognised as of 31 December, 2020 in the amount of PLN 40 m were cancelled and derecognised (see further details in note 2.2).

[61] For explanation regarding comparative period please refer to note 2.2.

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37. Key personnel remuneration

		Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[62]
Management Board	Cash settled	9.0	6.6
	Equity settled (LTIP programme)	33.5	–
Executive Committee	Cash settled	3.8	–
	Equity settled (LTIP programme)	3.6	–
Supervisory Board	Cash settled	2.5	0.3
	Equity settled (LTIP programme)	–	–
Total key personnel remuneration		**52.4**	**6.9**

The Company recognises the key personnel to be the Management Board of InPost S.A. (and Management Board of Integer.pl S.A. for comparative data), the Executive Committee and the Supervisory Board (and Supervisory Board of Integer.pl S.A. for comparative data). The Executive Committee was formed in January 2021 as an advisory body for Management Board of InPost S.A.

38. Financial instruments

38.1. Financial instruments by category

	Category under IFRS 9	Carrying amount	
		31-12-2021	31-12-2020[62]
Financial assets measured at fair value through profit or loss			
Derivative instruments other than used for hedging	at FVTPL	–	–
Trade receivables designated to be transferred under non-recourse factoring arrangements	at FVTPL	–	83.3
Financial assets not measured at fair value through profit or loss			
Trade receivables not transferred to non-recourse factoring and other receivables	at amortised cost	799.3	324.3
Other receivables – current	at amortised cost	104.1	4.7
Other receivables – non-current	at amortised cost	31.4	6.0
Loans granted	at amortised cost	–	–
Cash and cash equivalents	at amortised cost	493.2	144.2
Total financial assets		**1,428.0**	**562.5**

[62] For explanation regarding comparative period please refer to note 2.2.

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38. Financial instruments continued

	Category under IFRS 9	Carrying amount 31-12-2021	Carrying amount 31-12-2020[63]
Financial liabilities measured at fair value			
Derivative instruments other than used for hedging	FVTPL	–	–
Financial liabilities not measured at fair value			
Current loans and borrowings	At amortised cost	194.4	23.7
Non-current loans and borrowings	At amortised cost	1,808.9	743.4
Bonds	At amortised cost	2,736.9	–
Trade and other payables	At amortised cost	785.7	310.2
Non-current lease liabilities	Other financial liabilities	835.1	304.0
Current lease liabilities	Other financial liabilities	357.7	232.6
Other financial liabilities	At amortised cost	–	0.3
Current factoring liabilities	At amortised cost	–	0.1
Total financial liabilities		**6,718.7**	**1,614.0**

In the case of financial assets and financial liabilities not measured at fair value, their carrying amounts are a reasonable approximation of their fair values as at 31 December, 2021 and 31 December, 2020.

Trade receivables under the factoring arrangements are measured at fair value based on the factoring arrangements provisions regarding the transfer of receivables, which are assessed by the management as reflecting the market prices at the reporting date. These financial instruments are considered level 2 of the fair value hierarchy.

38.2. The fair value hierarchy of financial instruments

The management assessed that the fair values of cash and short-term deposits, trade and other short-term financial receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the Group's interest-bearing loans and borrowings are determined by using the DCF method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as of the reporting date was assessed to be insignificant. Based on the analysis performed, the Management assessed that the carrying amount of the long-term loans and borrowings are reasonable approximations of fair values.

Measurement of derivative instruments not designated for hedge accounting is classified as level 2 in the fair value hierarchy, which is based on various valuation methods using market observable data. The fair value of derivative contracts is determined by the Group based on the valuation provided by banks.

Trade receivables designated as to be transferred under non-recourse factoring arrangements are measured at fair value classified to level 2 in the fair value hierarchy. The fair value of these receivables is determined by the adjustment of nominal amounts transferred to the factor by the factor's commissions/fees, which was assessed by the management to reflect the market prices of these receivables.

39. Financial risk management objectives

The Group's operations are exposed to many different types of financial risk: market risk (including the risk of changes in foreign exchange rates and the risk of changes in fair value or cash flows due to changes in interest rates), credit risk and liquidity risk.

The Group's risk management policy aims to minimize the potential unfavourable financial risks impact on the financial results. The Management Board of the Parent is responsible for risk management through conducting ongoing analysis of financial risks and taking appropriate decisions in this regard.

[63] For explanation regarding comparative period please refer to note 2.2.

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39. Financial risk management objectives continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Currency risk

The Group is exposed to currency risks resulting from transactions in various foreign currencies, predominantly EUR and GBP.

Following exchange rates were used at the reporting dates:

The exchange rate at the reporting date	31-12-2021	31-12-2020
EUR	4.5994	4.6148
GBP	5.4846	5.1327
Average exchange rate for the period	31-12-2021	31-12-2020
EUR	4.5775	4.4742
GBP	5.3308	5.0240

The tables below present the exposure to currency risk and sensitivity analysis of a reasonable possible strengthening (weakening) of foreign currencies which would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of changes on forecasts sales and purchases.

Exposure and sensitivity analysis to currency risk in 2021:

			GBP/PLN		EUR/PLN	
			The financial result after tax		The financial result after tax	
2021	Carrying amount	Amount exposed to risk	GBP/PLN exchange rate "+10%"	GBP/PLN exchange rate "-10%"	EUR/PLN exchange rate "+10%"	EUR/PLN exchange rate "-10%"
Cash and cash equivalents	493.2	336.4	1.9	(1.9)	25.3	(25.3)
Trade receivables and other	927.1	396.0	2.3	(2.3)	29.6	(29.6)
Trade liabilities and other payables	785.7	456.0	(4.4)	4.4	(32.5)	32.5
Loans and borrowings	4,740.2	4,184.2	–	–	(338.9)	338.9
Other financial liabilities	1,192.8	332.4	(2.6)	2.6	(24.3)	24.3
Total	**8,139.0**	**5,705.0**	**(2.8)**	**2.8**	**(340.8)**	**340.8**

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39. Financial risk management objectives continued

Exposure and sensitivity analysis to currency risk in 2020:

			GBP/PLN		EUR/PLN	
			The financial result after tax		The financial result after tax	
2020[64]	Carrying amount	Amount exposed to risk	GBP/PLN exchange rate "+10%"	GBP/PLN exchange rate "-10%"	EUR/PLN exchange rate "+10%"	EUR/PLN exchange rate "-10%"
Cash and cash equivalents	144.2	25.8	0.3	(0.3)	1.7	(1.7)
Trade receivables and other	434.7	24.3	0.5	(0.5)	0.3	(0.3)
Trade liabilities and other payables	292.3	20.9	(1.1)	1.1	(0.5)	0.5
Loans and borrowings	767.1	690.9	–	–	(55.9)	55.9
Other financial liabilities	536.7	12.3	(0.5)	0.5	(0.5)	0.5
Total	**2,175.0**	**774.2**	**(0.8)**	**0.8**	**(54.9)**	**54.9**

Interest rate risk

The interest rate risk arises on bank loans, leases and loans granted by changing their future cash flows. The Group analyses the level of interest rate risk on an ongoing basis aiming to minimize it. The Group assesses the impact of interest rate fluctuations on profit and loss and adjusts the debt instruments structure when necessary.

The tables below present the profile of the Group's interest-bearing financial instruments and sensitivity analysis as follow.

A reasonably possible change of 10 basis points in interest rates at the reporting date would have increased (decreased) the financial result by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Exposure and sensitivity analysis to interest rate risk in 2021:

			Change in the financial result after tax	
2021	Carrying amount	Amount exposed to risk	Rate + 0.1 pp	Rate - 0.1 pp
Loans and borrowings	4,740.2	2,501.9	(2.0)	2.0
Leases	1,192.8	–	–	–
Total	**5,933.0**	**2,501.9**	**(2.0)**	**2.0**

Exposure and sensitivity analysis to interest rate risk in 2020:

			Change in the financial result after tax	
2020[64]	Carrying amount	Amount exposed to risk	Rate + 0.1 pp	Rate - 0.1 pp
Loans and borrowings	767.1	767.1	(0.6)	0.6
Leases	536.7	–	–	–
Total	**1,303.8**	**767.1**	**(0.6)**	**0.6**

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Due to the nature of its operations, the Group can be exposed to a significant risk to sales with deferred payment. Sales are made to companies, with deferred payment from 14 to 90 days.

[64] For explanation regarding comparative period please refer to note 2.2.

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39. Financial risk management objectives continued

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. The credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored and trade receivables are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

Additionally, the Group is a party to non-recourse factoring arrangements for a significant portfolio of trade receivables, resulting in the original receivable being derecognised from the statement of financial position upon its transfer. The provisions of the non-recourse factoring arrangements meet the derecognition criteria for the trade receivables.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

An impairment analysis is performed for trade receivables measured at amortised cost (excluding receivables designates as to be transferred under non-recourse factoring arrangements) at each reporting date.

Set out below is the information about trade receivables past due for more than one year as well as those that have been written-off base on an individual assessment (e.g. subject to legal proceedings, bankruptcy, etc.).

	31-12-2021	31-12-2020[65]
Trade receivables written-off based on individual assessment	90.2	74.0
Allowance for expected credit losses	(90.2)	(74.0)
Total carrying amount of trade receivables under individual impairment assessment	–	–

For detailed information about the credit risk exposure on the Group's trade receivables, please refer to note 24.

Cash and cash equivalents

Credit risk from balances with banks and financial institutions is limited because the Group's business partners are banks with a high credit rating granted by international rating agencies.

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 December, 2021, and 31 December, 2020, is their carrying amount.

The expected credit loss relating to cash and short-term deposits of the Group is insignificant – for details please refer to note 25.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management of the Group assumes maintaining an adequate level of liquid assets or available overdrafts to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputations. Additionally to the above, the Group intends to maintain flexibility of financing under the available funds.

The liquidity risk is mitigated by ongoing planning of liquidity requirements and by monitoring liquidity. The Group controls its liquidity by maintaining sufficient cash and cash equivalents and constant monitoring of its cash flow as well as by ensuring that the lines of credit at banks and similar overdraft instruments are available in addition to cash inflows from operating activities. On top of that, as part of liquidity risk management, the Group is taking advantage of factoring agreements as well as ensuring that in certain cases a significant part of the price for services is prepaid by the customers before the service is provided (subscriptions, pre-paid services).

The current cash flow enables the Group to settle its obligations as they arise in a timely manner. The Group also has access to a revolving borrowing facility of PLN 800 m although it has not been utilized, as at 31 December, 2021 the use of revolving loans amounted to PLN 0.0 m (0.2 m in 2020).

[65] For explanation regarding comparative period please refer to note 2.2.

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39. Financial risk management objectives continued

Taking into account the positive cash flow and cash balance, actual and planned results, the long-term nature of loans and liabilities (mainly related to leasing or purchase of fixed assets), available overdraft facilities, the Management Board believes that the liquidity risk has been limited.

The table below presents an analysis of the Group's financial liabilities based on the period remaining until the contractual maturity date as at the balance sheet date. The amounts presented in the table are contractual undiscounted cash flows.

2021	< 1 year	1-3 years	3-5 years	> 5 years	Contractual cash flows total	Carrying amount
Variable interest						
Leases	370.5	375.6	294.5	212.4	1,253.0	1,192.8
Loans and borrowings	137.8	270.5	2,116.5	514.0	3,038.8	2,501.9
Fixed interest						
Loans and borrowings	58.1	116.2	116.2	2,285.2	2,575.7	2,238.3
Non-interest-bearing						
Trade and other payables	785.7	–	–	–	785.7	785.7
Total	**1,352.1**	**762.3**	**2,527.2**	**3,011.6**	**7,653.2**	**6,718.7**

2020[66]	< 1 year	1-3 years	3-5 years	> 5 years	Contractual cash flows total	Carrying amount
Variable interest						
Leases	244.8	145.3	129.1	61.2	580.4	536.6
Loans and borrowings	714.5	63.4	–	–	777.9	767.1
Non-interest-bearing						
Trade and other payables	310.2	–	–	–	310.2	310.2
Factoring liabilities	0.1	–	–	–	0.1	0.1
Total	**1,269.6**	**208.7**	**129.1**	**61.2**	**1,668.6**	**1,614.0**

40. Employment structure

The employment structure of the Group is as follows (total number of employees at the period end):

	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[66]
Management Board	3	5
Management	919	195
White-collar employees	2,629	2,030
Blue-collar employees	1,723	760
Total employment	**5,274**	**2,990**

[66] For explanation regarding comparative period please refer to note 2.2.

Consolidated Financial Statements of InPost Group for the period of 12 months ended on 31 December, 2021 (in millions PLN)
Notes and explanations continued

41. Auditors remuneration

	Period of 12 months ended on 31-12-2021	Period of 12 months ended on 31-12-2020[67]
Remuneration for the audit of financial statements	1.9	0.8
Other services	3.5	2.1
Total auditor's remuneration	**5.4**	**2.9**

42. Events after the balance sheet date

Russian invasion on Ukraine

On 24 February, 2022 Russia launched a large-scale invasion of Ukraine, Poland's neighbour to the east. The Group is taking a number of activities aimed at providing support to its employees of Ukrainian nationality, their families and relatives and all other people in need of help. The Group is actively engaged in helping Ukrainians by using Group's huge transport fleet to help deliver large amounts of products collected as part of campaigns and collections organised throughout Poland to the Ukrainians.

Up until the date of authorisation of these consolidated financial statements for issue, the InPost Group has not been directly affected by the military conflict, as the Group does not conduct any operations and does not have any assets located in either Russia, Belarus or Ukraine. At the date of authorisation of these consolidated financial statements for issue, the Group does not identify the risk of interrupting continuity of deliveries due to the lack of employees or due to any other reason.

On 28 February, 2022 the Group communicated that it will not acquire any goods or services from those companies whose shareholding is above 5% Russian or Belarusian. This decision in itself is not expected to have significant negative impact on the Group's business as the sourcing was focused on mainly local markets and some on China.

It cannot be excluded that situation in Ukraine will have negative effects for the Polish national economy, as well as regional and world economy both in the short and long term, such as: increase in petroleum prices, change in exchange rates and increase in inflation rate, which may negatively affect Group's financial results in subsequent periods. It cannot be excluded that the situation may cause changes to customers' behaviours resulting in decreased demand for logistics services.

Management Board of the Parent Company constantly monitors the impact of the political and economic situation in Ukraine on the activities of the Group and on the financial results in the perspective of subsequent periods and adjusts the Group's budgets accordingly.

Changed expectation of exit dates for the purpose of SBP valuation

The market price of Company shares, which moved in line with the general market trends up till the end of the year 2021, plummeted in February 2022 decreasing the market valuation of the Company by 48% as at 28 February. Based on this and also due to the unstable situation related to the Russian invasion into Ukraine, the management decided to revise the estimated exit dates. As at the date of authorisation of these financial statements for issue it is the management's assessment that a probable exit will occur in 2024 or 2025 (is effectively extended by one or two years in comparison to assessment as of the balance sheet date). This change in estimated vesting period will be accounted for prospectively and will result in decrease of an annual cost of share-based payments plan in range of PLN 9.3-12.9 m (depending on extension period).

Luxembourg, 30 March, 2022

....
Rafał Brzoska
President of the Management Board

....
Adam Aleksandrowicz
Vice President of the Management Board

....
Michael Rouse
Vice President of the Management Board

[67] For explanation regarding comparative period please refer to note 2.2.

Independent Limited Assurance Report on a selection of Key Performance Indicators disclosed in the InPost S.A. Annual Report 2021

To the Board of Directors of
InPost S.A.

We have performed a limited assurance engagement with respect to a selection of Key Performance Indicators disclosed in the "Sustainability report" and in the "About the report" sections included in the Annual Report 2021 (the "2021 Sustainability report") of InPost S.A (the "Company" or "InPost") as set out in the "Scope" section below.

Scope

The scope of our work was limited to provide limited assurance over the selected Key Performance Indicators as set out in the table below (the "Selected Information").

Topics	GRI	Key Performance Indicators
Corporate governance and economic performance	201-1	Direct economic value generated and distributed
	205-3	Confirmed incidents of corruption and actions taken
	207-1	Approach to tax
	207-2	Tax governance, control, and risk management
Workplace and society	102-8	Information on employee and other workers
	401-1	New employee hires and employee turnover
	403-2	Hazard identification, risk assessment, and incident investigation
	403-9	Work-related injuries
	405-1	Diversity of governance bodies and employees
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data
	419-1	Non-compliance with laws and regulations in the social and economic area
Environment	301-1	Materials used by weight or volume
	302-1	Energy consumption within the organisation
	305-1	Direct GHG emissions
	305-2	Energy indirect (Scope 2) GHG emissions

Our assurance was with respect to the year ended 31 December 2021 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the InPost Annual Report 2021 and, therefore, do not express any conclusion thereon.

The Assessment Criteria

The Selected Information was prepared in accordance with certain sections of the Global Reporting Initiative ("GRI") framework and additional methodologies defined by Company policies (together the "Assessment Criteria") for the year ending 31 December 2021, which are accompanying the KPI disclosures in the 2021 Sustainability report.

Management considers the Assessment Criteria relevant for the purpose of the Company's business and for the ultimate users of the 2021 Sustainability report.

Responsibilities of the Board of Directors

The Board of Directors of the Company is responsible for:

- developing appropriate Assessment Criteria against which to assess the Selected Information and applying these consistently;
- ensuring that those Assessment Criteria are relevant and appropriate to the Company and its shareholders;
- designing, implementing and maintaining internal control procedures that provide adequate control over the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate policies, and making estimates that are reasonable in the circumstances;
- the preparation of the Selected Information in accordance with the Assessment Criteria; and
- the retention of sufficient, appropriate records to support the reported data and assertions included in the Selected Information.

Independent Limited Assurance Report continued

Inherent limitations

The Selected Information needs to be read and understood together with the Assessment Criteria which the Company is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. In addition, greenhouse gas emissions ('GHG') quantification is subject to inherent uncertainty because of such things as emissions factors that are used in mathematical models to calculate emissions and the inability of those models, due to incomplete scientific knowledge and other factors, to precisely characterize under all circumstances the relationship between various inputs and the resultant emissions. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for determining such data. The selection of different but acceptable measurement techniques may result in materially different measurements.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (“CSSF”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 as adopted for Luxembourg by the CSSF and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the “Réviseur d’entreprises agréé”

Our responsibility is to express a limited assurance conclusion on the Selected Information as set out in the Table above or in the Appendix 1 based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the “International Auditing and Assurance Standards Board” (IAASB) as adopted for Luxembourg by the “Institut des Réviseurs d’Entreprises”. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Selected Information has not been prepared, in all material aspects, in accordance with the Assessment Criteria.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company’s use of the Assessment Criteria as the basis for the preparation of the Selected Information, assessing the risks of material misstatement of the Selected Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Selected Information.

In a limited assurance engagement, the procedures vary in nature and timing and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Within the scope of our engagement we did not perform an audit or a review on external sources of information or expert opinions, referred to in the 2021 Sustainability report.

Within the scope of our limited assurance engagement, we performed, amongst others, the following procedures:

- We gained an understanding of the Selected Information and related disclosures;
- We gained an understanding of the Assessment Criteria and their suitability for the evaluation and/or measurements of the Selected Information;
- We gained an understanding of the internal control procedures in place supporting the gathering, aggregation, processing, transmittal of data and information and reporting of the Selected Information, including controls over third party information (if applicable) and performing walkthroughs to confirm our understanding;
- Based on that understanding, we assessed the risks that the Selected Information may be materially misstated and determination of the nature, timing and extent of further procedures;
- We inquired relevant Company management, personnel and third parties;
- We performed analytical procedures related to the Selected Information;
- We considered the significant estimates and judgements made by management in the preparation of the Selected Information;
- We performed limited testing, on a selective basis of evidence supporting the reported Selected Information and assessed the related disclosures; and
- We obtained representations from management and the Company’s Sustainability responsible officer over the completeness and accuracy of the information presented.

Independent Limited Assurance Report continued

Limited Assurance conclusion

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the Company's Selected Information as set out in the table above for the year ended 31 December 2021 has not been prepared, in all material aspects, in accordance with the Assessment Criteria.

Restriction on Use and Distribution of our Report

Our report has been prepared for, and only for, the Board of Directors of InPost, and solely for the purpose of reporting to them the "Selected Information" disclosed in the 2021 Sustainability report and no other purpose. We will not, in giving our conclusion, accept or assume responsibility (legal or otherwise) or accept liability for, or in connection with, any other purpose for which our report including the conclusion might be used, or to any other person to whom our report will be shown or into whose hands it might come, and no other persons shall be entitled to rely on our conclusion.

PricewaterhouseCoopers,
Société coopérative
Luxembourg, 30 March, 2022
Represented by

Brieuc Malherbe
Réviseur d'entreprises agréé

About the Report

SDG TARGET	INPOST GROUP CONTRIBUTING ACTIONS – EXAMPLES
Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle (12.6)	2nd ESG reporting, 1st with external assurance

GRI [102-51]: This sustainability report is InPost Group's second such report (the previous one for 2020 was published in H1 2021). GRI [102-50, 102-52]: The company reports in a yearly cycle and the document encompasses the year 2021 (1 January 2021 – 31 December 2021), unless a different reporting period for data and information has been indicated within the text. The report fulfills the requirements of the EU directive on disclosure of non-financial information (InPost falls under NFRD as a Group-- consolidated way of presenting data), complies with the GRI [102-54]: Global Report Initiative (GRI) standard on the level CORE, and addresses guidelines of the Task Force on Climate-Related Financial Disclosures (TFCD) within the section concerning the identification of climate risk.

GRI [102-45]: The scope of non-financial data contained in the report includes InPost S. A., and Polish subsidiaries: Integer.pl S.A., InPost Technology, InPost Sp. z o. o., Inpost Paczkomaty Sp. z o. o., Integer Group Services Sp. o. o., along with British company InPost UK Limited and French company Mondial Relay. The remaining companies of InPost Group were not included in the report mainly since the process of their liquidation has been already intitiated or due to other technical nature.

GRI [102-49]: Significant changes occurred in InPost Group during the reporting period. InPost S. A. stocks appeared for the first time as public offering, and they made their debut on the EuroNext Amsterdam stock exchange. The Group also financed the purchase of Mondial Relay, a leading French firm specialising in delivering packages in the "collection point" format. With this purchase, InPost Group became the largest e-commerce delivery platform in Europe. GRI [102-48]: No data for 2020 were changed.

GRI [102-46]: In line with the principles of materiality assessment according to GRI the process followed three steps: Identification, Prioritisation, and Validation of the senior management, Board of Directors and Management Board. InPost has conducted an anonymous survey among more than 1000 stakeholders: investors & analysts, consumers and employees.

GRI [102-44]: During the dialogue, aspects of low, medium, and high relevance were identified. The aspects of low relevance, providing no measurable added value for the organisation and recipients of this report, were disregarded.

The axis of the sustainability report of InPost Group centers on ESG strategies grouped around three pillars: CUSTOMER, PEOPLE, PLANET.
GRI [102-47]: The topics covered include:

- decarbonisation
- closed-loop packaging
- innovation and sustainable services
- social engagement
- increase of life quality in cities
- development of employees and business partners
- diversity

The report also describes the structure and management approach towards ESG topics and the entire Group along with the relevant policies and procedures indicated according to NFRD requirements.

Identified material topics

The report has been externally assured by PwC.

We extend our sincere gratitude to all individuals whose knowledge and efforts have contributed to the creation of this report (more than 70 people across the InPost Group worldwide), and we await further suggestions and questions from our readers - e-mail: ir@inpost.eu
GRI [102-53]: In case of any questions and remark regarding the report, please contact Investor Relations, email: ir@inpost.eu,

About the Report
continued

GRI 102-44 Identified material topics
[GRI 103-1]

ENVIRONMENTAL TOPICS	**SOCIAL** TOPICS	**GOVERNANCE** TOPICS
	FOR EMPLOYEES AND CUSTOMERS	
Actions taken on **waste management, recycling** (including returnable packaging)	Ensuring equal opportunities, **counteracting discrimination** in the workplace (due to e.g. age, nationality, gender)	Ensuring the **highest quality and safety of delivered shipments**
Sustainable and **safe courier transport**	Caring for the **psychological well-being** of employees	Supporting the development of **local businesses**
Effective **management of energy consumption** (including use of renewable energy sources)	Taking **care of health and safety** at work	Removing barriers to Parcel Post access (e.g., geographic or physical)
	FOR INVESTORS	
Size of **climate footprint** and ways to neutralize it – 76% of all groups	**Anti-discrimination** and **anti-corruption** initiatives	**Plans and business strategy** for the future
Planned **investments in decarbonization**	**Diversity** and equal opportunity initiatives	**Financial performance** and ensuring financial stability of the Group

Note: % of aggregated "rather important" and "very important" responses by consumer/employee/investor. Order determined by averaging the results of InPost management and stakeholder groups.

GRI Index

GRI [102-55]

Standard number	Disclosure number	GRI Standards 2018/2016	Non-financial assurance	SDGs	UN Global Compact	Page/Comments
ORGANISATIONAL PROFILE						
GENERAL DISCLOSURES						
GRI 101	**101-1**	Name of the organisation				1
GRI 102	**102-1**	Name of the organisation				Cover
	102-2	Activities, brands, products and services				12, 27
	102-3	Location of headquarters				17
	102-4	Location of operations				12
	102-5	Ownership and legal form				17, 18
	102-6	Markets served				13, 27
	102-7	Scale of the organisation				2, 12
	102-8	Information on employees and other workers	✔	SDG 8, 10		18, 69, 217
	102-9	Supply chain				24
	102-10	Significant changes to the organisation and its supply chain				ii
	102-11	Precautionary Principle or approach			Principle 1, Principle 2, Principle 3, Principle 4, Principle 5, Principle 6, Principle 10	100
	102-12	External initiatives				43, 86
	102-13	Membership of associations				35

GRI Index

GRI [102-55] continued

Standard number	Disclosure number	GRI Standards 2018/2016	Non-financial assurance	SDGs	UN Global Compact	Page/Comments
STRATEGY						
	102-14	Statement from senior decision-maker				iii
	102-15	Key impacts, risk, and opportunities			Principle 1, Principle 2, Principle 5, Principle 6, Principle 10	23, 25, 27, 77, 100
ETHICS AND INTEGRITY						
	102-16	Values, principles, standards, and norms of behaviour		SDG 16	Principle 1, Principle 2, Principle 3, Principle 4, Principle 5, Principle 6, Principle 10	1, 21, 88
	102-17	Mechanisms for advice and concerns about ethics		SDG 16	Principle 1, Principle 2, Principle 3, Principle 4, Principle 5, Principle 6, Principle 10	91
GOVERNANCE						
	102-18	Governance structure				78
	102-19	Delegating authority				79
	102-20	Executive-level responsibility for economic, environmental, and social topics				79

GRI Index

GRI [102-55] continued

Standard number	Disclosure number	GRI Standards 2018/2016	Non-financial assurance	SDGs	UN Global Compact	Page/Comments
STAKEHOLDER ENGAGEMENT						
	102-40	List of stakeholder groups				34
	102-41	Collective bargaining agreements			Principle 3	71
	102-42	Identifying and selecting stakeholders				33
	102-43	Approach to stakeholder engagement				33
	102-44	Key topics and concerns raised				34, 206, 207
REPORTING PRACTICE						
	102-45	Entities included in the consolidated financial statements				206
	102-46	Defining report content and topic Boundaries in the consolidated statements				206
	102-47	List of material topics				206
	102-48	Restatements of information				206
	102-49	Changes in reporting				206
	102-50	Reporting period				206
	102-51	Date of most recent report				206
	102-52	Reporting cycle				206
	102-53	Contact point for questions regarding the report				206
	102-54	Claims of reporting in accordance with the GRI Standards				206
	102-55	GRI content index				208-215
	102-56	External assurance				203-205

GRI Index

GRI [102-55] continued

Standard number	Disclosure number	GRI Standards 2018/2016	Non-financial assurance	SDGs	UN Global Compact	Page/Comments
MANAGEMENT APPROACH						
GRI 103	**103-1**	Explanation of the material topic and its Boundary				47, 207
	103-2	The management approach and its components				53, 59, 68, 72, 74, 77, 79, 85, 89, 91, 92, 95, 100, 105
	103-3	Evaluation of the management approach				47, 79, 89, 93
ECONOMIC						
ECONOMIC PERFORMANCE						
GRI 201	**201-1**	Direct economic value generated and distributed		SDG 8, 9		45, 218
	201-2	Financial implications and other risks and opportunities due to climate change		SDG 13	Principle 7	103
MARKET PRESENCE						
GRI 202	**202-1**	Ratios of standard entry level wage by gender compared to local minimum wage	✔			71, 219
INDIRECT ECONOMIC IMPACTS						
GRI 203	**203-1**	Infrastructure investments and services supported		SDG 9		63, 64
ANTI-CORRUPTION						
GRI 205	**205-1**	Operations assessed for risks related to corruption		SDG 16	Principle 10	The company has not separated corruption as a risk factor in its overall risk assessment
	205-2	Communication and training about anti-corruption policies and procedures	✔	SDG 16		Indicator partially reported 93
	205-3	Confirmed incidents of corruption and actions taken		SDG 16		91, 92

GRI Index

GRI [102-55] continued

Standard number	Disclosure number	GRI Standards 2018/2016	Non-financial assurance	SDGs	UN Global Compact	Page/Comments
TAX						
GRI 207	**207-1**	Approach to tax	✔	SDG 1, 10, 17	Principle 10	96, 97
	207-2	Tax governance, control, and risk management	✔	SDG 1, 10, 17		97, 98
	207-3	Stakeholder engagement and management of concerns related to tax		SDG 1, 10, 17		98
	207-4	Country-by-country reporting				99
ENVIRONMENTAL						
MATERIALS						
GRI 301	**301-1**	Materials used by weight or volume	✔	SDG 8, SDG 12	Principle 8, Principle 9	Indicator partially reported 55, 219 Not applicable to UK as InPost UK does not collect the data
	301-2	Recycled input materials used		SDG 8, SDG 12		Data not applicable for InPost UK and Mondial Relay as there are no such materials or data are not collected 55, 219
ENERGY						
GRI 302	**302-1**	Energy consumption within the organisation	✔	SDG 7, 8, 12, 13	Principle 8, Principle 9	Indicator partially reported 46, 53, 220, 221 Not applicable to UK as InPost UK does not collect the data

GRI Index

GRI [102-55] continued

Standard number	Disclosure number	GRI Standards 2018/2016	Non-financial assurance	SDGs	UN Global Compact	Page/Comments
EMISSIONS						
GRI 305	**305-1**	Direct (scope 1) GHG emissions	✔	SDG 3, 12, 13, 14, 15	Principle 8, Principle 9	Data not collected by InPost UK in 2021 52, 222
	305-2	Energy indirect (scope 2) GHG emissions	✔	SDG 3, 12, 13, 14, 15		Data not collected by InPost UK in 2021 52, 222
	305-3	Other indirect (scope 3) GHG emissions		SDG 3, 12, 13, 14, 15		Data not collected by InPost UK in 2021 52, 222
	305-4	GHG emissions intensity		SDG 3, 13, 14, 15		52, 223
	305-5	Reduction of GHG emissions		SDG 13, 14, 15		Data collected only for Poland 54, 223
WASTE						
GRI 306	**306-1**	Waste generation and significant waste-related impacts		6, 11, 12, 3	Principle 8, Principle 9	55, 223
	306-2	Management of significant waste-related impacts		SDG 3, 6, 11, 12		55, 56
	306-3	Waste generated		SDG 3, 6, 11, 12		55, 224
ENVIRONMENTAL COMPLIANCE						
GRI 307	**307-1**	Non-compliance with environmental laws and regulations		SDG 16		92
SOCIAL						
EMPLOYMENT						
GRI 401	**401-1**	New employee hires and employee turnover	✔	SDG 5, 8, 10		70, 225, 226
	401-2	Benefits provided to full-time employee that are not provided to temporary or part-time employees		SDG 3, 5, 8		72, 227

GRI Index

GRI [102-55] continued

Standard number	Disclosure number	GRI Standards 2018/2016	Non-financial assurance	SDGs	UN Global Compact	Page/Comments
OCCUPATIONAL HEALTH AND SAFETY						
GRI 403	**403-1**	Occupational health and safety management system		SDG 3, 8, 16	Principle 1	72
	403-2	Hazard identification, risk assessment, and incident investigation	✔	SDG 8		72, 73
	403-3	Occupational health services		SDG 8		72
	403-4	Worker participation, consultation, and communication on occupational health and safety		SDG 8, 16	Principle 1	73
	403-5	Worker training on occupational health and safety		SDG 8		73
	403-6	Promotion of worker health		SDG 8		73
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		SDG 8		73
	403-8	Workers covered by an occupational health and safety management system		SDG 8		72
	403-9	Work-related injuries	✔	SDG 3, 8, 16		73, 228
	403-10	Work-related ill health		SDG 3, 8, 16		74
TRAINING AND EDUCATION						
GRI 404	**404-1**	Average hours of training per year per employee		SDG 4, 5, 8, 10		Indicator partially reported 72, 228
	404-2	Programmes for upgrading employee skills and transition assistance programmes		SDG 8		72
	404-3	Percentage of employees receiving regular performance and career development reviews		SDG 8	Principle 6	72, 229, 230

GRI Index

GRI [102-55] continued

Standard number	Disclosure number	GRI Standards 2018/2016	Non-financial assurance	SDGs	UN Global Compact	Page/Comments
DIVERSITY AND EQUAL OPPORTUNITY						
GRI 405	**405-1**	Diversity of governance bodies and employees	✔	SDG 8, 5	Principle 6	18, 71, 231, 232
	405-2	Ratio of basic salary and remuneration of women to men		SDG 8, 5	Principle 6	Data for InPost UK and Mondial Realy could not be reported 71, 113, 233
NON-DISCRIMINATION						
GRI 406	**406-1**	Incidents of discriminations and corrective actions taken		SDG 8, 5, SDG 16	Principle 6	92
CHILD LABOUR						
GRI 408	**408-1**	Operations and suppliers at significant risk for incidents of child labour		SDG 8, 16	Principle 5	Indicator partially reported 105
FORCED OR COMPULSORY LABOR						
GRI 409	**409-1**	Operations and suppliers at significant risk for incidents of forced or compulsory labour		SDG 8, 16	Principle 5	Indicator partially reported 105
PUBLIC POLICY						
GRI 415	**415-1**	Political contributions		SDG 16	Principle 10	89
CUSTOMER PRIVACY						
GRI 418	**418-1**	Substantiated complaints concerning breaches of customer privacy and losses of customer data	✔	SDG 16	Principle 1	95, 234
SOCIOECONOMIC COMPLIANCE						
GRI 419	**419-1**	Non-compliance with laws and regulations in the social and economic area	✔	SDG 16		92

GRI Index

GRI [102-55] continued

SASB index

Metric code	Metric	Page
TR-AF-110a.1	Gross global scope 1 emissions	51
TR-AF-110a.2	Discussion of long-term and short-term strategy or plan to manage scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	48, 51
TR-AF-310a.1	Percentage of drivers classified as independent contractors	46
TR-AF-310a.2	Total amount of monetary losses as a result of legal proceedings associated with labour law violations	92
TR-AF-430a.2	Total greenhouse gas (GHG) footprint across transport modes	222
TR-AF-540a.1	Description of implementation and outcomes of a Safety Management System	72

GRI Index

GRI [102-55] continued

GRI [102-8]: Information on employees and other workers

Headcount	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Total employees	**3,946**	**2,672**	**93**	**48**	**3,937**	**4,284**
Total female permanent employees	788	601	41	17	290	269
Total male permanent employees	725	552	52	31	838	785
Total female temporary employees	1,076	676	0	0	2,809*	280
Total male temporary employees	1,357	843	0	0		2,950
Total female full-time employees	1,855	1,270	41	17	294	260
Total male full-time employees	2,075	1,390	52	31	1,369	1,425
Total female part-time employees	9	7	0	0	2,274*	8
Total male part-time employees	7	5	0	0		2,591
Total contractors	**4,707**	**5,329**	**3**	**1**	**n/a**	**n/a**
Total female contractors (mandatory contract)	0	0	2	0	n/a	n/a
Total male contractors (mandatory contract)	5	2	1	1	n/a	n/a
Total female contractors (commission contract)	121	233	0	0	n/a	n/a
Total male contractors (commission contract)	362	724	0	0	n/a	n/a
Total female contractors (internship contract)	2	0	0	0	n/a	n/a
Total male contractors (internship contract)	3	0	0	0	n/a	n/a
Total female contractors (self-employment)	43	39	0	0	n/a	n/a
Total male contractors (self-employment)	231	201	0	0	n/a	n/a
Workers under supervision or/and seasonal workers (without division into women and men)	3940	4040	0	0	n/a	n/a

Methodology: All entities are included in the calculation besides InPost Italia Srl. Calculations based on data coming from the internal ERP system and local data files collected by responsible person. Dates of 31.12.2021 and 31.12.2020 respectively.

* No gender division, total value.

About the Report

GRI [201-1]: **Direct economic value generated and distributed**

		2021	2020
1	**Direct economic value generated**	**4,581,881,486**	**2,514,369,537**
	Revenues	4,581,881,486	2,514,369,537
2	**Economic value distributed**	**2,232,866,122**	**561,604,445**
	Operating costs	0	0
	Employee wages and benefits	606,285,439	255,309,825
	Payments to providers of capital	1,371,453,436	198,902,164
	Payments to government	252,788,685	106,118,755
	Community investment	2,338,561	1,273,700
3	**Economic value retained**	**2,349,015,365**	**1,952,765,092**

Economic value generated presents the wealth produced by the Company and its impact on key stakeholders. It is a sum of economic value retained and economic value distributed.

Please be aware that the data presented in the table is not consistent with EBITDA.
All entitites included in the calculations. Data collected from entities donations and sponsorship as well as internal Accounting program.

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GRI [202-1]: Ratios of standard entry level wage by gender compared to local minimum wage	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Ratio of the female entry level wage of the organisations to the minimum wage	1.14	1.06	1.73	1.54	1.00	1.00
Ratio of the male entry level wage of the organisations to the minimum wage	1.14	1.06	1.40	1.63	1.00	1.00

GRI [301-1]: Materials used by weight or volume	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Total exploitation of cardboards in [t]	0	0	n/a	n/a	852	67
Total exploitation of plastics in [t]	0	0	n/a	n/a	643	669
Total exploitation of polyester in [t]	0	0	n/a	n/a	39	0
Total exploitation of stretch foil [t]	11.64	0	n/a	n/a	0	0
Total exploitation of paper [t]	36.28	32.16	n/a	n/a	17	15

Methodology Entities included: Integer.pl S.A., Integer Group Services sp. z o.o., InPost sp. z o.o., InPost Paczkomaty Sp. z o.o., Mondial Relay Societe par Actions Simplifee (operation in France). Stretch foil exploitation calculated in line with Biosystem database. Rest of the data was based on invoices.

GRI [301-2]: Recycled input materials used	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Total weight of used poly mailers in t	456	0	n/a	n/a	n/a	n/a
Total weight of recycled poly mailers in t	127	0	n/a	n/a	n/a	n/a

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GRI [302-1] Energy consumption within the organization		Mondial Relay Société par Actions Simplifiée			
		MWh		GJ	
		2021	2020	2021	2020
Non-renewable sources	Natural gas	2,891	2,218	10,407.6	7,984.8
	Diesel oil	2,020	1,630	7,272	5,868
	Total	**4,911**	**3,848**	**17,679.6**	**13,852.8**
Purchased electricity	Electricity	5,572	4,637	20,059.2	16,693.2
	Total	**5,572**	**4,637**	**20,059.2**	**16,693.2**
	Total energy consumption	**10,483**	**8,485**	**37,738.8**	**30,546**

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continued

GRI [302-1] Energy consumption within the organization		InPost S.A. and PL subsidiaries			
		MWh		GJ	
		2021	2020	2021	2020
Non-renewable sources	Natural gas	36,607,10	16,728.82	131,785.55	60,223.75
	Petrol (gasoline)	3,907.55	3,103.10	14,067.16	11,171.17
	Fuel oil	73.81	103.27	265.72	371.76
	Diesel oil	3,719.21	2,747.99	13,389.14	9,892.77
	Total	**44,307.66**	**22,683.18**	**159,507.58**	**81,659.45**
Purchased electricity from renewable energy sources	Green Certificates	211.99	0	763.16	0
	Total	**211.99**	**0**	**763.16**	**0**
Purchased electricity and heating	Electricity (offices)	230.62	397.10	830.23	1,429.56
	Electricity APM	21,366.51	14,881.94	76,919.45	53,575.00
	Electricity branches (estimated)	11,475.60	6,983.56	41,312.16	25,140.81
	EV fleet	177.00	70.60	637.20	254.16
	Heating, including steam consumption and cooling	641.15	35.14	2,308.13	126.50
	Total	**33,890.88**	**22,368.34**	**122,007.17**	**80,526.03**
	Total energy consumption	**78,410.53**	**45,051.52**	**282,277.91**	**162,185.48**

Methodology: Entities included: Integer.pl S.A., Integer Group Services sp. z o.o., InPost sp. z o.o., InPost Paczkomaty Sp. z o.o., Mondial Relay Société par Actions Simplifiée (for Mondial Relay Société par Actions Simplifiée only operations in Francewere included). Data was not collected for Inpost UK. No energy or fuel contracts are made for InPost S.A. and InPost Technology S.a.r.l.
Calculations based on invoices and data from the Fleet Department. Calculations are based on the database. Some data entries of the calculations are based on estimation i.e. financial data was converted into energy units at average prices in 2020/2021.
KOBIZE calorific values were used.
Density: gasoline - 0.8g / cm3; fuel oil - 0.84g / cm3; diesel oil - 0.84 g / cm3
Natural Gas price: 2020 - 1.32 PLN / m3, 2021 - 1.43 PLN / m3
Electricity price: 2020 - 0.58 PLN / kWh, 2021 - 0.60 PLN / kWh.
The natural gas consumption in the branches was calculated based on the gas price (73% of the total cost), the remainder was estimated.
Electricity consumption in branches was known for 60% of energy, the rest was estimated.
The total electricity consumption by APMs was based on the energy cost for 85% of electricity, the remaining part was calculated assuming the energy cost of PLN 100 per parcel machine per month for 1700 parcel machines.

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GRI [305-1, 305-2, 305-3]: GHG emissions in tCO_2e	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
Activity Type	2021	2020	2021	2020	2021	2020
Stationary combustion	6,658.85	3,055.58	n/a	n/a	489.4	368
Mobile combustion	1,931.77	1,469.84	n/a	n/a	509.2	409
Hydroflurocarbons (HFCs)	181.72	53.89	n/a	n/a	0	0
Scope 1 - Total	**8,772.34**	**4,579.31**	**n/a**	**n/a**	**998.6**	**777**
Purchased electricity - location based	24,928.98	16,638.24	n/a	n/a	304.1	183
Purchased electricity - market based	24,771.05	16,638.24	n/a	n/a	304.1	183
Purchased heat and steam	227.58	12.47	n/a	n/a	0	0
Scope 2 - location based + heat and steam	**25,156.57**	**16,650.71**	**n/a**	**n/a**	**304.1**	**183**
Scope 2 - market based + heat and steam	**24,998.63**	**16,650.71**	**n/a**	**n/a**	**304.1**	**183**
Purchased goods and services	15,494.10	1,357.32	n/a	n/a	6424	5,415
Capital goods	5,753.33	3,208.65	n/a	n/a	1,526.7	1,359
Fuel-and energy-related activities (not included in scope 1 or scope 2)	0	0	n/a	n/a	235.9	277
Upstream transportation and distribution	176,427.92	154,181.47	n/a	n/a	47,799.7	46,696
Waste generated in operations	1,423.92	754.36	n/a	n/a	119.5	81
Business travel	73.84	30.81	n/a	n/a	30.1	41
Employee commuting	2,542.86	2,560.04	n/a	n/a	1,707.8	1.31
Downstream leased assets	0	0	n/a	n/a	15.9	0
Investments	5,694.93	1,429.32	n/a	n/a	0	0
Scope 3 - Total	**207,410.90**	**163,521.96**			**57,859.5**	**47,103.084**
Total	**241,339.81**	**184,751.98**			**59,162.2**	**48,063.1**
Biogenic emission	0	0			32	25

Methodology: Entities included: Integer.pl S.A., Integer Group Services sp. z o.o., InPost sp. z o.o., InPost Paczkomaty Sp. z o.o., Mondial Relay Société par Actions Simplifiée (for Mondial Relay Société par Actions Simplifiée only operations in Francewere included). Data was not collected for Inpost UK. No energy or fuel contracts are made for InPost S.A. and InPost Technology S.a.r.l.
Calculations are based on Greenhouse Gas Protocol. Calculations for InPost SA are made in the GHG Emissions Calculation Tool. Calculations for Mondial Relay Société par Actions Simplifiée were based on the Base Carbone® ADEME database. GWP values from the IPCC AR5 Report were used. Calculations take into account local (national) conditions concerning, inter alia, emissivity of electricity and heat generation (URE, KOBIZE). Gases included in the calculation - CO_2, HFC.
The year 2020 was adopted as the base year, as this year was the first time the carbon footprint calculation was performed.
Consolidation criterion: 100% financial and operational.

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GRI [305-4]: GHG emissions intensity	InPost SA and PL subsidiaries		Mondial Relay (French operations)	
	2021	2020	2021	2020
(Numerator) Absolute GHG emissions (in tons of CO_2 equivalent)	**241,340.08**	**184,751.78**	**59,162.2**	**48,063.1**
Selected denominator (parcels)	424.3m	307.7m	145m	12.2m
GHG emissions intensity ratio t	0.000568781	0.000600413	0.000408015	0.000419814

GHG intensity not calculated for UK operations due to lack of available data.

GRI [305-5]: Reduction of GHG emissions	InPost SA and PL subsidiaries	
	2021	2020
Decrease in emissions due to purchase of electric vehicles in CO_2e	356.9	3.4
Decrease in emissions due to purchase of green certificates in CO_2e	195.5	0

GRI [306-1]: Waste generation and significant waste-relate impacts	InPost SA and PL subsidiaries	
	2021	2020
Quantity of Foil packaging in t	0	2,104
Quantity of cardboard packaging, foil packaging in t	1,827	0

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GRI [306-3]: Waste generated	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
Headcount	2021	2020	2021	2020	2021	2020
Total weight of hazardous waste in t (Waste from non-regulatory shipments)	28	22	n/a	n/a	n/a	n/a
Total weight of non-hazardous waste in t	12,740	7,573	n/a	n/a	n/a	n/a
Of which:						
Mixed municipal waste	11,104	6,479	n/a	n/a	n/a	n/a
Paper and cardboard packaging	1,253	752	n/a	n/a	n/a	n/a
Plastic packaging	383	342	n/a	n/a	n/a	n/a
Total weight of waste in t	12,769	7,595	n/a	n/a	n/a	n/a

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GRI [401-1]: New employee hires and employee turnover	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Total new employee hires	**1,865**	**1,401**	**83**	**29**	**277**	**407**
Total female new employee hires	812	578	38	10	70	127
Total male new employee hires	1,053	823	45	19	207	280
Total new employee hires < 30 years old	1,027	758	33	3	132	185
Total new employee hires within the age group 30-50	791	600	47	25	129	190
Total new employee hires within the age group 50+	47	43	3	1	16	32
Rate of new employee hires	**47.2%**	**52.4%**	**89.2%**	**60.4%**	**24.6%**	**38.6%**
Rate of female new employee hires	43.5%	45.2%	92.7%	58.8%	24.1%	47.2%
Rate of male new employee hires	50.6%	59.0%	86.5%	61.3%	24.7%	35.7%
Rate of new employee hires < 30 years old	59.8%	64.5%	103.1%	42.9%	43.0%	63.4%
Rate of new employee hires within the age group 30-50	39.0%	44.7%	82.5%	73.5%	19.8%	32.6%
Rate of new employee hires within the age group 50+	23.4%	27.9%	75.0%	14.3%	9.4%	17.9%
Total employee turnover	1,023	574	38	10	199	283

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GRI [401-1]: New employee hires and employee turnover	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Total female employee turnover	422	227	14	6	48	90
Total male employee turnover	601	347	24	4	151	193
Total employee turnover < 30 years old	**523**	**262**	**12**	**2**	**80**	**142**
Total employee turnover within the age group 30-50	**466**	**284**	**21**	**7**	**96**	**125**
Total employee turnover within the age group 50+	**34**	**28**	**5**	**1**	**23**	**16**
Rate of employee turnover	**25.9%**	**21.5%**	**40.9%**	**20.8%**	**17.6%**	**26.9%**
Rate of female employee turnover	22.7%	17.8%	34.2%	35.3%	16.6%	33.5%
Rate of male employee turnover	28.9%	24.9%	46.2%	12.9%	18.0%	24.6%
Rate of employee turnover < 30 years old	30.5%	22.3%	37.5%	28.6%	26.1%	48.6%
Rate of employee turnover within the age group 30-50	23.0%	21.2%	36.8%	20.6%	14.8%	21.4%
Rate of employee turnover within the age group 50+	16.9%	18.2%	125%	14.3%	13.5%	8.9%

Methodology: All entities are included in the calculation besides InPost Italia Srl.
New hires rate: Data calculated using the headcount method according to the formula: number of employees (employment contract) employed in 2021/ number of all employees (employment contract), as of 31.12.2021 and 31.12.2020 respectively.
Turnover rate: Data calculated using the headcount method according to the formula: number of employees (employment contract) who left in the year 2021/ number of all employees (employment contract), as at 31.12.2021 and 31.12.2020 respectively. Data collected in HR systems and local data files collected by responsible person. For Mondial Relay employees we count only for permanent employees (no data for temporary available).

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GRI [401-2]: Benefits provided to full-time employees that are not provided to temporary or part-time employees

	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Provided benefits	Same as 2020	Life insurance – group life insurance Health care – the employer provides funding in the amount of PLN 21/month for each employee One day off for internship. Additional days off depending on the length of service at the Capital Group, over 3 years – 1 day, over 6 years – 2 days, over 10 years – 3 days. Multisport card. Co-financing PLN 22.84/month to the card. Additional insurance for employees who, due to the type of work they perform, are at risk of infection with SARS-CoV-2 Additional health care for the Key Personnel – the employer provides full financing for each eligible employee	Healthcare Benefit option for all, Dental Plan Staff Discounts with retailers Extended paid holiday Maternity Pay Benefit Paid sick leave Paid holiday + statutory Pension.	Paid Sick leave Paid holiday + statutory Pension. The holiday offered in 2020 was above the statutory minimum (20 days).	Same as 2020	Profits sharing Health care Life insurance

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GRI [403-9]: Work-related injuries	InPost SA and PL subsidiaries		Integer Groupe Services		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020	2021	2020
Minor accidents	47	45	5		0	0	394	395
Serious accidents	0	0	0		0	0	0	0
Rate of recordable work-related injuries	1.25	1.36	0.49	0.22	–	–	50.99	32.54

Methodology: Entities included: InPost Technology S.a.r.l, Mondial Relay Société par Actions Simplifiée, Integer.pl S.A., Integer Group Services sp.z o.o., InPost sp. z o.o., InPost Paczkomaty Sp. z o.o. and temporary employment agencies.
H&S reports do not present data for Inpost S.A. and Inpost UK Limitted.
Data collected separately for Poland and France (number of incidents and worked hours). Rate of recordable work-related injuries = (Number of recordable work-related injuries/number of hours worked) x 200,000.

GRI [404-1]: Average hours of training per year per employee	Women PL subsidiaries		Men PL subsidiaries	
	2021	2020	2021	2020
Average training hours per employee by gender	12.3	1.6	14.7	2.0
	Middle management		**Other employees**	
	2021	2020	2021	2020
Average training hours per employee by employee category	26.4	17.3	10.4	0.7

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GRI [404-3]: **Percentage of employees receiving regular performance and career development reviews**	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Percentage of female employees in Management Board receiving regular performance reviews	0%	n/a	n/a	n/a	100%	0%
Percentage of female employees in Management Board receiving regular career development reviews	0%	n/a				
Percentage of male employees in Management Board receiving regular performance reviews	100%	n/a	n/a	n/a	100%	0%
Percentage of male employees in Management Board receiving regular career development reviews	0%	n/a				
Percentage of female employees in Senior Management receiving regular performance reviews	100%	n/a	n/a	n/a	61.0%	96.9%
Percentage of female employees in Senior Management receiving regular career development reviews	0%	n/a				
Percentage of male employees in Senior Management receiving regular performance reviews	100%	n/a	n/a	n/a	97.0%	100%
Percentage of male employees in Senior Management receiving regular career development reviews	0%	n/a				
Percentage of female employees in Middle Management receiving regular performance reviews	47%	n/a	n/a	n/a	60.0%	100%
Percentage of female employees in Middle Management receiving regular career development reviews	100%	n/a				

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GRI [404-3]: Percentage of employees receiving regular performance and career development reviews	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Percentage of male employees in Middle Management receiving regular performance reviews	40%	n/a	n/a	n/a	98.0%	92.0%
Percentage of male employees in Middle Management receiving regular career development reviews	57%	n/a				
Percentage of female other employees receiving regular performance reviews	16%	n/a	n/a	n/a	69.6%	93.9%
Percentage of female other employees receiving regular career development reviews	16%	n/a				
Percentage of male other employees receiving regular performance reviews	17%	n/a	n/a	n/a	79.4%	78.8%
Percentage of male other employees receiving regular career development reviews	20%	n/a				
Percentage of all female employees receiving regular performance reviews	**19%**	**n/a**	**n/a**	**n/a**	**65.6%**	**95.1%**
Percentage of all female employees receiving regular career development reviews	**100%**	**n/a**				
Percentage of all male employees receiving regular performance reviews	**20%**	**n/a**	**n/a**	**n/a**	**83.3%**	**81.6%**
Percentage of all male employees receiving regular career development reviews	**100%**	**n/a**				

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GRI [405-1]: Table 1 – Diversity of employees – Age and sex	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Percentage of female employees	47.2%	47.8%	44.1%	35.4%	25.7%	25.6%
Percentage of male employees	52.8%	52.2%	55.9%	64.6%	74.3%	74.4%
Percentage of employees <30 years old	43.5%	44.0%	34.4%	25.4%	27.2%	27.9%
Percentage of female employees <30 years old	20.1%	20.1%	16.1%	3.4%	7.2%	6.5%
Percentage of male employees <30 years old	23.4%	23.9%	18.3%	22.0%	20.0%	21.4%
Percentage of employees in the age group 30-50	51.4%	50.2%	61.3%	74.0%	57.7%	55.3%
Percentage of female employees in the age group 30-50	25.0%	25.9%	24.7%	25.0%	15.0%	15.3%
Percentage of male employees in the age group 30-50	26.4%	25.1%	36.6%	49.0%	42.7%	40.0%
Percentage of employees within the age group 50+	5.1%	5.8%	4.3%	0.6%	15.1%	16.8%
Percentage of female employees within the age group 50+	2.1%	2.5%	3.2%	0.3%	3.6%	3.8%
Percentage of male employees within the age group 50+	3.0%	3.3%	1.1%	0.3%	11.5%	13.0%

Methodology for Table 1: Data includes employees (employment contract) as of 31.12.2021 and 31.12.2020 respectively.

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GRI [405-1]: Table 2 – Diversity of employees – Categories	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Percentage of Senior Management female employees	0.1%	0.1%	2.2%	3.2%	3.5%	3.1%
Percentage of Senior Management male employees	0.6%	0.6%	5.4%	9.6%	6.8%	6.4%
Percentage of Middle Management female employees	4.6%	4.1%	7.5%	12.9%	5.2%	6.2%
Percentage of Middle Management male employees	7.0%	4.6%	15.1%	25.0%	13.0%	13.9%
Percentage of female other employees	40.4%	43.4%	34.4%	16.3%	17.0%	16.2%
Percentage of male other employees	47.3%	47.2%	35.4%	33.0%	54.3%	54.2%

Methodology for Table 2: Data includes employees (employment contract and self-employed (B2B)) as of 31.12.2021 and 31.12.2020 respectively.

GRI [405-1]: Table 3 – Diversity of governance bodies	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Percentage of female members of governance bodies	16.7%	16.7%	0.0%	0.0%	20.0%	20.0%
Percentage of male members of governance bodies	83.3%	83.3%	0.0%	0.0%	80.0%	80.0%
Percentage of female employees in Management Board	0.0%	0.0%	0.0%	0.0%	20.0%	20.0%
Percentage of male employees in Management Board	100.0%	100.0%	0.0%	0.0%	80.0%	80.0%
Percentage of female employees in Supervisory Board	28.6%	28.6%	0.0%	0.0%	0.0%	0.0%
Percentage of male employees in Supervisory Board	71.4%	71.4%	0.0%	0.0%	0.0%	0.0%

Methodology for Table 3: Data includes employees (employment contract and self-employed (B2B)) as of 31.12.2021 and 31.12.2020 respectively.

Overall methodology for GRI 405-1: All entities included in the calculations apart from Locker Inpost Italia srl.
Data collected in HR systems (for Poland - Optima) and local data files collected by responsible persons.
For Mondial Relay employees we count only for permanent employees (no data for temporary).

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GRI [405-2]: Ratio of basic salary and remuneration of women to men	InPost SA and PL subsidiaries	
	2021	2020
Ratio of the basic salary of women to men for Senior Management	102.8%	90.0%
Ratio of the basic salary of women to men for Middle Management	76.4%	77.6%
Ratio of the basic salary of women to men for other employees	83.7%	82.7%
Ratio of the remuneration of women to men for Senior Management	90.3%	75.7%
Ratio of the remuneration of women to men for Middle Management	65.3%	69.1%
Ratio of the remuneration of women to men for other employees	76.5%	76.3%

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GRI [418-1]: Substantiated complaints concerning breaches of customer privacy and losses of customer data	InPost SA and PL subsidiaries		InPost UK		Mondial Relay	
	2021	2020	2021	2020	2021	2020
Substantiated complaints received concerning breaches of customer privacy:	45	40	n/a	n/a	0	0
– Complaints received from outside parties and substantiated by the organisation	40	36	n/a	n/a	0	0
– Complaints from regulatory bodies	5	4	n/a	n/a	0	0
Total number of identified leaks, thefts, or losses of customer data.	2	2	n/a	n/a	1	n/a

Methodology: All complaints for InPost UK are included in InPost SA and PL subsidiaries total.
Please note that we do not maintain a separate register for InPost S.A and InPost UK. Records of data subjects' requests and complaints are kept separately for InPost Technology S.a.r.l, Integer.pl S.A., Integer Group Services sp.z o.o., InPost sp. z o.o., InPost Paczkomaty Sp. z o.o. and Mondial Relay.

Non-financial Reporting Directive (NFRD)

Description of the business model has been presented in the Strategic Report (page 24) as well as in the ESG Report (section THE IMPACT WE HAVE AND ROLE WE MAY PLAY FOR SUSTAINABLE DEVELOPMENT).

Principal risks including ESG ones, linked to the InPost's operations, Business relationships, products or services that are likely to cause adverse impact, and how the entity manages those risks have been presented in the Governance Report (section Risk management).

Bases of ESG governance (policies, Management systems, certifications, due diligence) for material matters including environment, social and employee matters, respect for human rights, anti-corruption and bribery have been presented in the tables below. Outcomes and key performance indicators have been presented in the Section GRI TABLES – DETAILED ESG INDICATORS.

Full NFRD index:

ESG governance – policies, management systems, certifications, due diligence (according to NFRD)

Area	InPost S.A./Integer.pl/Integer Group Services/ InPost Sp.zoo/InPost Paczkomaty sp zoo.	InPost UK	Mondial Relay
	Integrated management system		
Integrated management system	Integrated Management System/Quality Manual (KZSZ – Księga Zintegrowanego Systemu Zarządzania) covering: ISO 9001 – Quality management ISO 14001 – 2016 – Environmental management ISO 45001 – Occupational health and safety ISO 28000 – 2021 – Security management	n/a	n/a
	Environmental issues		
Environment policy	Integrated Book Management System/Quality Manual (KZSZ – Księga Zintegrowanego Systemu Zarządzania)	n/a	Regulatory energy audit NF EN 16247 Standart 2015-2019, Waste sorting 5 streams Decree 2016-288 2021 Regulatory GHG Assessment 2018
ISO	14 001, 50 001	n/a	n/a

Non-financial Reporting Directive (NFRD) continued

Area	InPost S.A./Integer.pl/Integer Group Services/ InPost Sp.zoo/InPost Paczkomaty sp zoo.	InPost UK	Mondial Relay
Employee issues			
Human resource management	Code of Conduct 2021	Code of Conduct 2021	Labour Code, Road transport collective agreement (IDCC 16)
Human Resources – supporting policies	MBO regulations Working Regulations Teleworking Regulations Remuneration Policy Bonus Policy	Sickness policy 2021 Redundancy policy 2021 Paternity leave policy 2021 Maternity leave policy 2021 Managing underperformance policy 2021 Jury service policy 2021 Holiday policy 2021 Grievance policy 2021 Flexible work policy 2021 Expenses policy 2021 Equal opportunities policy 2021 Employee data protection policy 2021 Disciplinary policy 2021 Dependent leave policy 2021 COVID-19 policy 2021 Bereavement leave policy 2021	Quality of life at F6 professional equality between men and women, and disabled workers 2022-2025 Working hours agreement 2017 Difficult work agreement 2021-2024 Agreement on the management jobs and career path 2020-2023 IT Charter 2019 Home office agreement 2020
Respect for human rights			
Code of conduct for suppliers	Code of conduct for suppliers 2021	Code of conduct for suppliers 2021	Code of conduct for suppliers 2021
Diversity	Diversity Policy 2021	Diversity Policy 2021	Diversity Policy 2021
Anti-harassment and anti-discrimination	Anti-Harassment and Anti-Discrimination Policy 2021	Anti-Harassment and Anti-Discrimination Policy 2021	Anti-Harassment and Anti-Discrimination Policy 2021 Harassment investigation process 2019

Non-financial Reporting Directive (NFRD) continued

Area	InPost S.A./Integer.pl/Integer Group Services/ InPost Sp.zoo/InPost Paczkomaty sp zoo.	InPost UK	Mondial Relay
Counteracting corruption, bribery (ethical issues)			
Code of ethics	Code of Conduct 2021	Code of Conduct 2021	Code of Conduct 2021
Anti-corruption and conflict of interests	Anti-Corruption Policy	Anti-Corruption Policy	Anti-Corruption Policy Carto Risques corruption MR v5 (Risk assesment) 2020; Company internal Rules; 2105 Anti-corruption memo 1998; InPost compliance rules 2022; Procédure Embargo v3 (Embargo procedure) 2019
Gift policy	Code of Conduct 2021	Code of Conduct 2021	Procédure Cadeaux 2020
Raising concerns mechanism	Whistleblowing Policy 2021	Whistleblowing Policy 2021	Otto group Code of ethics 2019 Whistleblowing Policy 2021
Insider Trading	Insider-Trading Policy 2021	Insider-Trading Policy 2021	Insider-Trading Policy 2021
Occupational Health and Safety			
Health and Safety policies	Integrated Book Management System/Quality Manual (KZSZ – Księga Zintegrowanego Systemu Zarządzania)	Health and Safety policy 2021	Committees for Health, Safety and Working Conditions (CSE); conditions commission (CSSCT) 2018 – 2022
ISO	45001	n/a	n/a

Non-financial Reporting Directive (NFRD) continued

Area	InPost S.A./Integer.pl/Integer Group Services/ InPost Sp.zoo/InPost Paczkomaty sp zoo.	InPost UK	Mondial Relay
	Product quality		
Quality management system	Integrated Book Management System/Quality Manual (KZSZ – Księga Zintegrowanego Systemu Zarządzania)	n/a	n/a
ISO	ISO 9001	n/a	n/a
Quality management for couriers	Quality Policy (F_KZSZ 1 – Polityka Zintegrowanego Systemu Zarządzania)	n/a	n/a
	Social issues		
CSR and sponsorship	Marketing communication policy 2021	n/a	n/a
	Risk management		
Enterprise risk management	Enterprise risk management policy		Business continuity plan (MR Plan de continuité de l'activité V 1.1 Coro-20200312) 2020
	Cyber security issues		
Personal Data Security	Personal Data Security Policy		IT Charter 2019 GDPR 2018 Information system security policy (PSSI Politique de sécurité du SI)