



ANNUAL REPORT 2022

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**FOREWORD BY THE
CHIEF EXECUTIVE OFFICER**



DEAR READER

Dear Reader,

The past year proved to be extremely rich in global political changes and economic challenges, but also in achievements for Magyar Posta Zrt. and, I believe, for all of us.

Supply chains were still vulnerable when the difficulties that arose during the COVID19 pandemic required solutions. In March 2022, almost all of the Company's epidemiological requirements could finally be lifted, but new challenges emerged as the pandemic subsided. The immediate effects of the Russian-Ukrainian war were already felt in the first quarter of 2022, but long-term economic trends were starting in Europe which also had a significant impact on the Company's day-to-day operations. Drastic rises in energy and raw material prices created an exceptionally high inflationary environment that had not been experienced for decades. Additionally, the rapid development of digitalisation and online commerce has fundamentally affected the postal industry.

I believe we succeeded in providing a targeted response to the challenges in key areas.

Bearing in mind the strategic objectives of long-term developments and priority programmes, the financial background for these was reviewed and, adapting to the economic opportunities, the innovations underpinning the future of the Company continued. Seven new logistic depots and six conveyor systems entered service in provincial cities together with the related IT investments. The number of parcel lockers, which provide the backbone of the fixed-point strategy, multiplied, with 254 parcel lockers in operation by the end of the year.

Yours sincerely,

dr. Barnabás Balczó

Chairman & CEO

In connection with the Hungarian Village Programme, more than 140 new partner service outlets were launched. Together with the mobile post network and further developments to be effected in the future, the Company aims to build a network that can both meet the needs of the 21st century and operate sustainably.

Creating the conditions for the digital switchover and developing digital services is a clear expectation of our private customers and business partners as well as a global trend. The continuous implementation of developments serves this goal. Examples of this are the new functions of the iCsekk mobile bill payment application, the digital services of the MyPost Loyalty Programme or the introduction of the virtual loyalty card.

I am proud that, despite the economic difficulties, our Company can face 2023 in a stable financial position. We have achieved this success together.

Magyar Posta's greatest strength has always lain in the expertise and commitment of its employees. Thus last year, we were pleased to continue our professional development and managerial succession programmes. I wish to thank my colleagues for their active contribution to our success, and count on their knowledge and dedication in the future.

Last but not least, I wish to thank our customers and partners for their trust, which has been the foundation of our success and, through our developments, is the key to our future.

MAGYAR POSTA ZRT.'S

KEY INDICATORS (2022)

Sales revenue	HUF 230.3 billion
Number of fixed postal outlets	2,188 pcs
Number of parcel pick-up points	2,986 pcs
Domestic parcel traffic	25.1 million items
Number of addressed letter-mail items accepted in Hungary	~ 485 million items
Bill payment turnover	~ HUF 1,845 billion
Value of bill payment via digital channel (mobile application, bill payment terminal)	~ HUF 132 billion
Loyalty points collected by customers in 2022	520.4 million points
Decline in average age of vehicles	0.12 years
Size of vehicle fleet	4,817 vehicles
Annual mileage of vehicles	84.6 million km
Annual mileage of vehicles involved in parcel delivery	19.5 million km
Number of employees at the Company (annual average number of persons reduced by converting to full-time employees)	23,919 persons

MANIFOLD CHALLENGES

– FIRM RESPONSES:

EVALUATION OF THE YEAR 2022



The Company's business processes in 2022 were shaped by the **intense changes in global politics and economics that profoundly affected our geographic region**, and the **medium and long-term trends in the small parcel logistics sector**.

Constant challenges were posed by the **Omicron phase of the pandemic, the Russian-Ukrainian war and the general energy crisis** that developed in its wake, **the high inflationary environment, spiralling wage demands** and even **restrained household consumption**. The global trends already experienced in previous years, such as the **growing digital switchover** and the **dynamic growth of e-commerce** building on this technology, fundamentally determined the Company's operations and development directions.

Magyar Posta Zrt.'s responses to the macroeconomic and sectoral challenges affected **three main areas**, with its business activities focusing on **priority investments** and developments, **wide-ranging efficiency-enhancing measures**, and the **development of digital services and solutions**.

The dynamics of e-commerce and the innovations of the consequently evolving small parcel delivery (CEP) segment require Magyar Posta's logistics systems and services to be continually enhanced. A key element of this is the establishment of **new logistics infrastructure** and carrying out the **related IT improvements**. During the year, 7 new logistics depots began operations at the following locations: Tatabánya, Szolnok, Miskolc, Kecskemét, Veszprém, Kaposvár and Békéscsaba. In addition, 6 conveyor systems were put into service in Tatabánya, Szolnok, Miskolc, Kecskemét, Székesfehérvár and Nyíregyháza.

The convenience of fixed point parcel dispatch and delivery is making the use of parcel lockers increasingly popular. Accordingly, Magyar Posta Zrt. **continued to expand its network of parcel lockers in 2022**, and by the end of the year 254

parcel lockers were operating around the clock at key locations across the country.

In connection with the Hungarian Village Programme, which is a government initiative, **cooperation with post partners expanded** continuously. The aim of the operating model is to ensure that postal services remain available in small rural communities in the form of permanent service outlets in the long term. During 2022, more than 140 new partner service points were launched. The programme will continue with unvaried intensity in 2023.

Digitalisation trends, which are becoming increasingly strong globally, are both a challenge and an opportunity for the Company. The Company's digital innovations affect products, services, operating processes and data-based decision-making.

In the service area, the **iCsekk** mobile bill payment application is vitally important. Thanks to new developments, several bills can now be paid in one transaction and the receipts can be downloaded. The digital services of the **MyPost Loyalty Programme** were also further developed. A new **virtual loyalty card** became available, enabling points to be collected, redeemed and discounts claimed via a mobile phone. Furthermore, the current balance, points history and available discounts can also be viewed on the digital interfaces.

The OTP Group's applications and the Erste Mobilpay application also support bill payment by mobile app.

The effectiveness of these innovations is illustrated by the fact that **roughly 40 per cent of all postal bill payments were made electronically** using a bank card at post offices and via digital channels. The **turnover of bill payments via the mobile application rose by 18.7 per cent**.

THE MODERN CLASSICS



CLASSIC PRODUCT WITH MODERN ADDITIONAL SERVICES: THE LETTER

With the advance of digitalisation, writing letters on paper is becoming less and less common. However, in order to preserve traditional correspondence, Magyar Posta Zrt. is also open to digital solutions related to classic letters. In domestic mail, all customers can now **track registered and advice-of-delivery letters**, while **recorded items sent with an electronic posting list** can be dispatched at a lower rate. Magyar Posta Zrt. provides support for such lower-rate electronic posting list-based mailings through the **ePostakönyv** application, available free of charge on the posta.hu website. The application helps both private and business senders to prepare items for posting.

Furthermore, for ordinary letters, both priority and non-priority, the **option of mail identification** (the identified letter) was introduced, where the sender is notified in case of unsuccessful delivery and of the reason for this. The identified letter is a barcoded item posted with an electronic posting list whose tariff is less than that of ordinary priority and non-priority letters.

The Company treated as priority tasks the delivery in due time of mail items relating to the **2022 Elections, National Consultation letters, immunity certificates, government information leaflets on the tax exemption for the under-25s, tax rebates** and the **13th month pension**, as well as the periodical for seniors **JóKor**.

Overall **mail traffic in the domestic addressed letter market fell by 5.5% from 2021 to 2022**.

The crisis caused by the war, soaring energy prices and the consequent cost rationalisation by customers all played a role in the downturn, while extraordinary, sporadic mailings, such as the parliamentary elections, consultations, dispatching immunity certificates, and government information on tax exemptions and tax rebates, increased the number of mail items.

As of 1 June 2022, **Act CLIX of 2012 on Postal Services** (Postal Services Act) was amended to **order the continuation** of the previously used **contactless delivery technology** and the administration related to this. However, one change was that, for all mail items to be delivered in person, proof of identity has to be given by presenting a suitable document and recording the necessary data. Nevertheless, the customer is not required to sign for a mail item except in the case of refusal to accept it.

Domestically, a **recorded registered letter** (not sent with the advice of delivery service) was introduced, which is to be delivered to a letterbox without attempting personal delivery and without obtaining acknowledgement of receipt by the recipient's signature.

The development of technology and the current economic situation did not affect the structure of letter posting. **Business customers continued to account for the vast majority of mailings**. Nevertheless, this segment is the most open to the use of digital tools, which is also evident in the development of digital accessibility and the electronic administration of affairs. In addition to cutting costs, these developments also reduced the environmental impact and paper consumption.

The impact of the digitalisation efforts and the economic situation was also felt in the volume of outbound international addressed letter mail. However, the increase in **the volume of outbound international letter mail was significant** (142.2%), which was mainly due to the quantities of (subsidiary) mail in e-commerce appearing throughout the year in 2022.

OUR CALLING CARD – THE POSTAGE STAMP

On the stamps issued by Magyar Posta Zrt., the Company primarily depicts outstanding events, personalities and anniversaries of Hungarian history, the country's culture, and flora and fauna, and important international cultural and sporting events held in Hungary and abroad, sometimes also delighting philately lovers with special printing techniques.

In 2022, **contemporary themes** continued to be shown **on stamps**, including famous Hungarian personalities, cartoon characters and rock classics, enabling the stamps to reach broader groups of people.

The **10th anniversary of the entry into force of the Fundamental Law of Hungary**, the country's highest legal source, was marked by the release of a **special commemorative stamp block**. The stamp block shows the inner dome of the Parliament building with the Hungarian coronation insignia in the foreground, of which the Holy Crown is featured on the stamp. Additional elements which appear on the commemorative block under UV light include the opening line of the national anthem.

The National Federation of Hungarian Philatelists, a non-profit cultural civil society organisation established by stamp collectors as an association, organised the **HUNFILEX 2022 Budapest Stamp World Championship** to mark the centenary of its foundation in 2022.

Magyar Posta Zrt. issued several stamps in connection with the centenary and the World Championship, including the **occasional stamp block** entitled **The National Federation of Hungarian Philatelists Is 100 Years Old**, which has a circular stamp featuring the Federation's centenary logo, while the design of the frame highlights an iconic stamp from each decade of the last 100 years.

Upon the closure of the annual issuance programme, the compilation **Hungarian Stamps 2022** was released, which includes the standard edition of all the special and definitive stamps, series, and miniature and



blocks issued in 2022. This colourful collection presents Hungarian culture, history and current events through the stamps contained in it and thus the individual perceptions of the artists designing the stamps.

PRINTED PRESS PRODUCTS

In the printed press products segment, the **bi-directional market trend** observed over several years continued in 2022 in parallel with a steady decline in circulation. Alongside the digitisation of press products, the demand for printed newspapers among customers who regularly read press products remained strong. Nevertheless, the printed press remains one of the most trusted media in both domestic and international markets.

The **attrition of magazine subscribers** followed the trend of previous years. The reason for this is the cost rationalisation of the market players on the one hand, and the continued growth of digital consumption on the other.

Among readers of traditional press products, the number of subscriptions via the online shop increased noticeably during the pandemic.

This growth, however, in parallel with the gradual return of normal everyday life, was reversed following the pandemic. At the same time, the number of people preferring to shop through the online channel continues to exceed the usage figures for the year prior to the pandemic.

As in previous years, sales promotions, which were also supported by our business partners, helped to stabilise revenue from periodicals and newspapers in 2022.

THE KEY TO SUCCESS:

PARCEL LOGISTICS

INNOVATIONS



A NEW APPROACH IN PARCEL LOGISTICS

Magyar Posta Zrt.'s parcel logistics developments are most markedly determined by the dynamic expansion of e-commerce and the consequently evolving small parcel delivery (CEP) segment. Retaining and increasing the Company's market share demand the **renewal** and continuous improvement of its **logistics system and services with a parcel logistics approach**. To this end, key acquisitions were made and back-office processes were restructured.

Development of the logistics infrastructure

A prominent pillar of the parcel logistics developments is the construction of **new real estate infrastructure**. In 2022, the aims of increasing capacity and efficiency, providing high-quality services and creating a modern working environment remained unchanged.

Accordingly, modern logistics depots were built covering an area of over 33,000 m². In the first half of the year, **new premises** were opened in Tatabánya, Szolnok, Miskolc and Kecskemét. In the last quarter of the year, the logistics division moved into new premises in Veszprém, Kaposvár and Békéscsaba.

Furthermore, the Company installed **conveyor systems** in 6 depots in Tatabánya, Szolnok, Miskolc, Kecskemét, Székesfehérvár and Nyíregyháza in order to automate processing activities. In parallel with the installations, preparations also began for 4 depots and 8 conveyor systems to be handed over in 2023.

Magyar Posta Zrt. continued to expand its network of parcel lockers in 2022, and by the end of the year the number of **locker banks** operating around

the clock grew to **254**. A significant part of the modelling behind locating parcel lockers is done by a self-learning algorithm in order to replace costly and time-consuming in-person site visits.

Thanks to the large-scale installations and dynamically expanding demand, the number of parcels delivered to lockers grew by a third year-on-year, and even more intensely, by 50 per cent, in the second half of the year. Focusing on the flexibility of the service, a **multi-faceted campaign and a strong media presence** supported the priority project, involving, in addition to ATL means, for example, a surprise concert, a prize draw and a free delivery offer.

Sustainability and performance: modernising the vehicle fleet

Under the long-term vehicle replacement and development plan, **225 conventional diesel and 43 pure electric N1** category goods vehicles were purchased in 2022, and **40 vehicle combinations with a weight of 40 tonnes** were acquired under lease and fleet management schemes. As part of the network modernisation, supplying **three-wheeled electric vehicles for combined delivery staff** is ongoing, 249 vehicles having arrived by the end of the year. This brings the **total number of electric vehicles** used by Magyar Posta Zrt. to **more than 450**.

In 2022, the Company's vehicle fleet covered nearly **85 million kilometres**. The fuel consumption related to this was slightly over 9.4 million litres.

To support the work of network delivery staff and to increase the efficiency of delivery, the Company also purchased 1,193 Pedelec e-bikes in 2022.

CROSS-BORDER TRANSPORT AND MAIL

Import international mail

In 2022, the international import mail traffic of Magyar Posta Zrt. suffered further significant losses, in essence continuing the downward trend triggered by the new customs regulations that entered into force in the second half of 2021. Some orders from abroad, mainly from China, fell away over the last 2 years because of supply problems due to the closures caused by Covid, the significant weakening of the Hungarian forint and the change in customs regulations. Traders built up significant capacity in the EU during the closures and thus some orders were redirected here, while the increasing intra-Union volume is typically served by logistics companies with an international background covering the territory of the EU.

Export international mail

In 2022, export international mail by air provided considerably more opportunities for Magyar Posta Zrt. than in the previous two years. However, the air transport solutions in many cases failed to meet the expectations of demand in practice. At the European level, the role of road transport is becoming ever more important.

MAGYAR POSTA'S CUSTOMS AGENT SERVICE

Under its customs agent service, Magyar Posta Zrt. arranges **import** customs clearance for items coming from outside the European Union and also offers customs clearance services for **exports**.

As of 1 July 2021, goods ordered online and dispatched from outside the European Union with a value of up to EUR 150 are subject to VAT, and those over EUR 150 are subject to VAT and customs duty. The change in the law abolishing the EUR 22 VAT exemption threshold, the pandemic and the inflationary effects of the Russian-Ukrainian conflict changed the habits of online stores and customers ordering from outside the EU. The **volume of non-EU mail items containing goods fell considerably**; other providers have appeared in the shipping market and people are increasingly ordering from European warehouses and European online stores.

The new customs practice established the **automatic clearance of low-value but high-volume mail items**, and the **payment of the resulting customs and tax arrears by Magyar Posta Zrt.** to the tax authorities **on a consolidated basis each month**. Also in the customs clearance practice of the Company, the **one-stop shop taxation methodology (iOSS)** available for online stores and sales platforms was introduced, due to which only customs clearance administration needs to be arranged while the payment of tax is the responsibility of the dispatching online store. In 2022, this became the most frequent method of customs clearance.

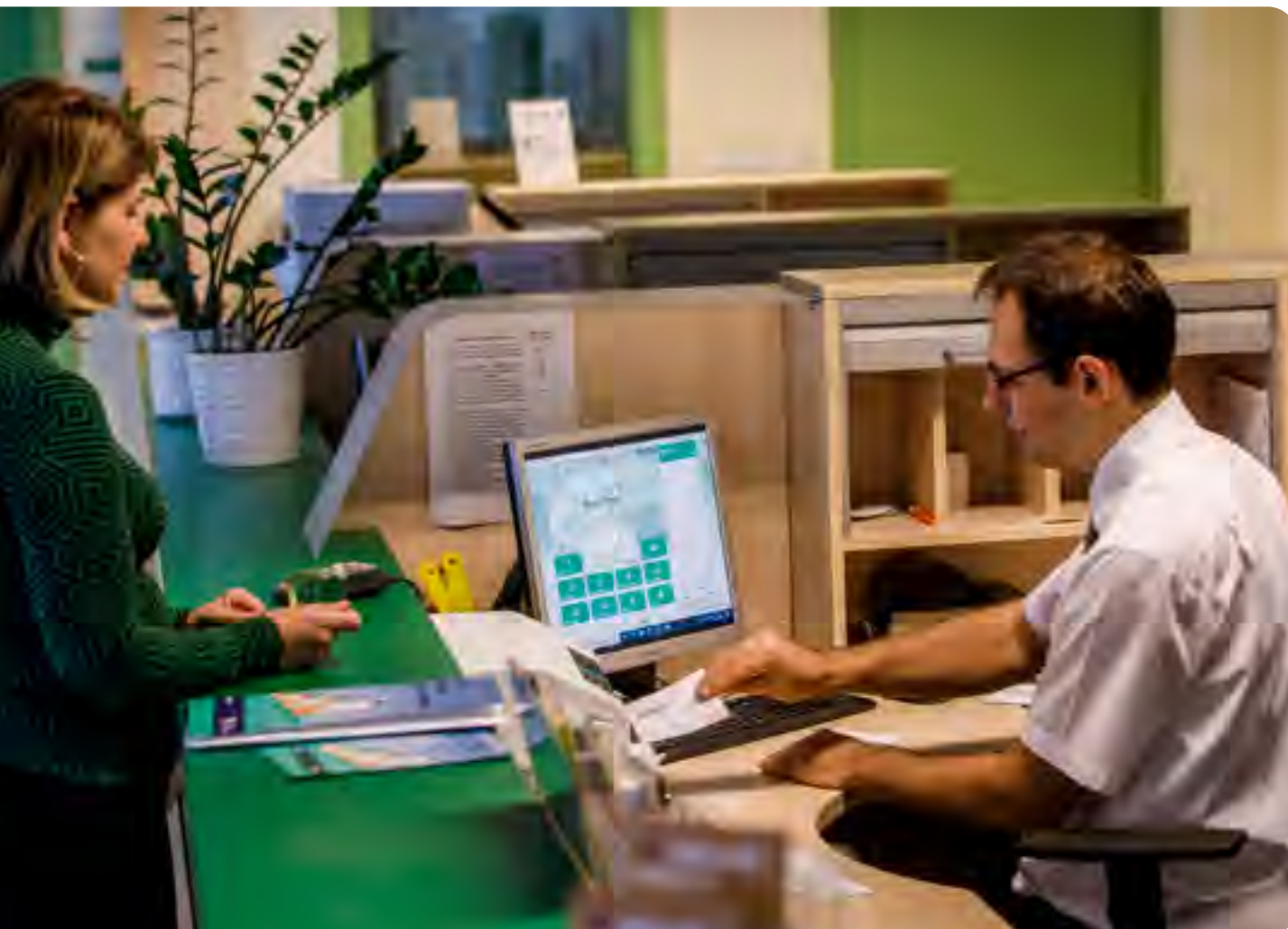
PAYMENT AND MEDIATED

FINANCIAL SERVICES



CLASSIC SERVICE – OMNICHANNEL ENVIRONMENT:

TRENDS AND DEVELOPMENTS IN BILL PAYMENTS



The sharp **fall in the volume of bill payments** of nearly 10 per cent during the pandemic **decreased to 7.2 per cent by 2022**. Despite the steady expansion of competing solutions (e.g. direct debits, instant transfers, payment requests, direct payments via providers' websites and mobile applications, etc.), the **bill payment service overall remains popular** with the public. In 2022, there were more than 151 million bill payments, worth HUF 1,845 billion.

In view of its market position, Magyar Posta Zrt. **pays special attention to developing and promoting digital solutions**, thus increasing customer satisfaction. The Company not only enables customers to **pay their bills** at post offices, but also **through bill payment terminals and mobile applications**. The success of these development efforts is demonstrated by the fact that last year almost **40 per cent of all postal bill payments were made electronically by bank card** at post offices and through digital channels.

Regarding payment channels, **34 per cent of bill payments at post offices** (over 47 million bills), 60 per cent of payments through payment terminals (nearly 150,000 bills) and **100 per cent of payments through mobile applications** (over 12 million bills) were made by bank card.

The **iCsekk app gives users the opportunity** of entering the world of digital bill payments and **paying paper bills with QR codes electronically using their mobile phones**. The popularity of the application is mainly due to its simplicity, speed and convenience. Only a smartphone and a bank card is needed to use it from home, anytime, 24 hours a day with guaranteed security.

The iCsekk app **is being continuously developed** in order to enhance the user experience. It is already possible to **pay several bills in one transaction** and, in 2022, loyalty programme features were added to the application. The application can display the **MyPost virtual loyalty card**, which allows points to be collected and redeemed, and discounts to be claimed without having to present the physical card at a post office or partner store. Moreover, the current balance, points history and list of available discounts can also be viewed.

In addition to the postal iCsekk app, which continues to be popular among customers, the OTP Group's applications – **OTP Bank, Simple** – and the **Erste Mobilpay application** also support bill payments by mobile app.

In 2022, the volume of bill payments via mobile apps grew by 18.7 per cent, with the number of transactions exceeding 12 million per year. Thus, **in 2022, more than 8 per cent of bill payments were made via a mobile application**.

The **market for cash payments** from a payment account (payment vouchers, pension vouchers) **is shrinking continually**, but demand for these services is still significant. The main reason for this

is that the recipients of such payments are mostly pensioners, older people or people who are otherwise homebound and for whom it is important to receive the money sent to them easily and conveniently.

During 2022, **Magyar Posta Zrt. was successfully involved in several important, socially sensitive cash payments**. These included, as a result of prior close cooperation with the National Tax and Customs Administration and the Hungarian State Treasury, the amount of the personal income tax rebates for families, the 13th month pension payment, and the payment on two occasions, one in July and the other in November, of the supplementary pension increase and the pension premium.

As part of the fight against the COVID-19 pandemic, the Company **maintained the facilitations for the receipt of remittances** introduced to protect the health of customers who are pensioners by providing simple authorisation and a free repeated delivery service **until 1 June 2022**.

For **international money remittances, there was a 22 per cent decrease in 2022** compared to 2021 volumes.

SAVINGS AND OTHER MEDIATED SERVICES

Sales of government securities and banking products

Of the savings products distributed by Magyar Posta Zrt., our **government securities products** continued to be popular among customers in 2022.

The **portfolio of printed government securities** exclusively marketed by the Company **exceeded HUF 590 billion** by the end of the year, while the **portfolio of dematerialised government securities rose to more than HUF 300 billion** thanks to the new government securities available from 1 September 2022. **The total value of the government securities portfolio approached HUF 900 billion.** The **Treasury Savings Bill portfolio increased by 47 per cent compared to 2021** as a result of the high inflation due to the war and hikes in interest rates on several occasions. The portfolio of the printed and dematerialised Hungarian Government Security Plus, which is also marketed by Magyar Posta Zrt. and was very popular in previous years, declined considerably as its interest rates were significantly lower than those for other government securities sold.

Over **10,000 new bank accounts were opened in 2022** due to product developments carried out jointly with Takarékbank. The market environment and the rise of alternative forms of savings led to a downward trend in the sales and existing portfolio of bank deposits with lower interest rates and prize draw deposits over the year.

Also during 2022, a cooperation **agreement was entered into force between Magyar Posta Zrt. and MKB Bank Nyrt. for the sale of loan products missing from our financial services.** Thus, with the new banking partner, the focus was on the introduction of unsecured loans for small sums that could be relevant for postal customers. As a result of the joint work, the Company started selling **MyPost co-branded credit cards** (a credit

card product integrated with the postal loyalty programme) in April 2022, and personal loans in November 2022 at 197 designated postal outlets.

Insurance services

In 2022, the successful cooperation between Magyar Posta Zrt. and the insurance companies Magyar Posta Biztosító Zrt. and Magyar Posta Életbiztosító Zrt. continued.

Following its restructuring, **PostaÉletŐr risk life insurance can now be linked to the MyPost co-branded credit card as credit protection life insurance**, thereby providing customers with security for their credit card repayments.

In August 2022, **the sale of the new Compact package of PostaÉdesOtthon home insurance** was launched. The construction of the new package



aims to create a simpler home insurance product that is quick and easy for customers to understand, and is widely available at smaller post offices as well.

From December, **a new form of PostaÖrökhagyó funeral continuous premium life insurance** was introduced. By introducing this new form, customers have a wider range of service packages and higher insurance cover to choose from, thereby ensuring that the insurance retains its value.

Single premium life insurance, available at post offices, continued to be a popular savings product with customers. In 2022, this product range again **yielded a high turnover, selling more than HUF 90 billion** worth of policies. As a result, Magyar Posta Zrt. and the insurance company Magyar Posta Életbiztosító Zrt. continued to be the market leaders in this segment of the insurance market.

Customer service activities

There was no significant increase in the number of transactions carried out on behalf of MVM Next Energiakereskedelmi Zrt. in the first half of 2022. **However, the changes in the utility usage regulations in the summer prompted a multiplication of administrative dealings in the second half of the year.** The 127 post offices carrying out this activity had to cope with a workload significantly higher than their performance in the pre-pandemic period.

The customer service activities provided by Díjbeszedő Holding, MVM and Magyar Posta Zrt. on behalf of NHKV Zrt. are still available at 138 postal outlets, but the demand for services at post offices is minimal.

Telekom bill payment service

At the end of 2022, the number of postal outlets providing bill payment services for Magyar Telekom Távközlési Nyrt. was reduced by 5, thus **Telekom customers can now pay their bills directly at 148 post offices, in addition to using the bill payment forms.**

The pandemic has fundamentally changed user habits. Many people have switched to other payment methods for bill payments but, even when the pandemic subsided, they did not return to the possibility of paying at the post office. Thus, after a 13% reduction in volume in 2021, there was also **a fall of almost 13% in the number of direct bill payments at post offices in 2022.**


Gambling game services

As a result of the transfer to post partners under Magyar Posta Zrt.'s network modernisation programme and postal closures as part of the energy efficiency measures, **the number of the Company's own operated outlets in its gambling game sales network was reduced by 533 post offices by the end of 2022**, of which 294 post offices had offered the full range of Szerencsejáték Zrt. products (automated gambling and scratch cards), while the remaining post offices offered scratch cards. Under the strategic cooperation between Magyar Posta Zrt. and the gaming company Szerencsejáték Zrt., **at the end of the year, scratch cards were sold at about 2,000 postal outlets and, of these, automated gambling games were available at about 1,350 postal outlets.**

Despite the restructuring affecting the postal network, **automated gambling and scratch card turnover in the postal network increased by roughly 6 to 8 per cent during the year.**

In **2022, 8 new scratch cards appeared** and Magyar Posta Zrt. successfully engaged in their sales. As regards the automated gambling product range, 124 post offices have televisions showing results and/or interactive touch screens for Tippmix customers in order to help them access the information they need to participate in the game more easily and conveniently.

RETAIL TRADE ACTIVITY



In 2022, Magyar Posta Zrt. continued to be **the retail network with the largest turnover of SIM card sales (and prepaid services) carried out on behalf of mobile operators**, in addition to which an outstanding result was also achieved in prepaid mobile phone package sales, selling more than 15,000 devices.

In 2022, the sale of envelopes, postcards and MPL packing boxes, **in line with the core postal activity**, continued throughout the whole network, while the sale of **other retail goods** (food, gifts, toys, etc.) **requiring product displays was available at nearly 1,400 postal outlets.**

DIGITAL INNOVATIONS

FROM MAGYAR POSTA



SERVICES OF THE POSTAL PUBLIC AUTHORITIES

CORRESPONDENCE CENTRE

In 2022, **the range of users of the hybrid mail production service**, provided as a regulated and centralised electronic administration service (RAS/CAS) by the **Postal Public Authorities Correspondence Centre (PPACC)** to client public authorities (especially the Government Offices and the National Tax and Customs Administration), **continued to expand compared to the previous year**. During the year, Magyar Posta Zrt. ensured the operational use of the system for more than forty state administration bodies and, in addition, held consultations and tests necessary for the use of the service with other authorities.

Due to the governmental restructuring, Magyar Posta Zrt. has provided hybrid mail production services for the recipients designated by law since 2022 under a public service contract concluded with

the digital government information agency Digitális Magyarország Ügynökség Zrt.

Similarly to the previous year, **2022 also saw the production and dispatch of motor vehicle tax-related decisions and information notices, which fell under the remit of the National Tax and Customs Administration**. Compared to the previous year, the volume of mail items produced fell significantly due to the increase in the number of electronic mailings initiated by the tax authority and sent to the Client Gateway. Related to the task, **nearly 1 million mail items were produced** in a period of **about 2 weeks**. As regards the service, the Government Offices joining provided the largest growth, with an over sixfold increase in use in 2022, with ever more specialised areas being included in the use of the Hybrid service.

ELECTRONIC PUBLIC ADMINISTRATION

In 2020, in order to promote electronic public administration, Magyar Posta Zrt. participated in the project "Artificial intelligence-supported administration points (KIOSK) extended to Government Offices and other external administration sites", and thus tested self-service machines.

In cooperation with the Ministry of Interior and the Nemzeti Infokommunikációs Szolgáltató Zrt., following a successful trial period, nearly 40 AI-

supported KIOSK machines were installed in postal customer areas in 2022. The self-service machines are capable of independently handling 10 types of public administration issues, including deregistration of motor vehicles; applications for birth and marriage certificates, requests for certificates of good character; replacements of identity cards and driving licences; and applications for address registration. In the future, the service is planned to cover additional types of cases.

SENDER! MOBILE APPLICATION

The Sender! mobile application, accessible on Android and iOS platforms, allows **our customers to create a personal postcard from their own photos and send it to their friends by postal delivery**. The app, which builds on both the

Company's digital and physical channels, continues to be popular with users thanks to its postcard templates that can be easily customised, simple ordering process and execution time of just a few working days.



CUSTOMER EXPERIENCE

AND LOYALTY

MYPOST LOYALTY PROGRAMME

The MyPost Loyalty Programme now has a **customer base approaching 1.2 million people, averaging almost 1 million transactions a month in 2022 and accumulating more than 520.4 million points at an annual level**. Bill payments continue to be the most common point collection transaction, the use of the iCsekk mobile app accounting for an increasing share of this.

In 2022, the digital services of the MyPost Loyalty Programme were further developed. **A virtual loyalty card was made available on posta.hu and in the iCsekk mobile application**, which enables points to be collected and redeemed, and discounts claimed without a plastic card, simply using a mobile phone. In addition, the current balance, points history and available discounts can be viewed on the digital interface.

SERVING CUSTOMERS – FOCUS ON

CONVENIENT AND FAST CUSTOMER SERVICE

The Company's **paramount objectives** for customer service in 2022 were **to improve the customer experience, raise service standards and further enhance operations**. Thanks to measures improving quality, customer service indicators were at the highest levels of recent years, both through immediate answers over the phone and via written channels, thereby ensuring a positive customer experience. At our customer service call centre, **the call handling indicator grew by 4.4 per cent from 2021 to 2022, the highest service level in the last 5 years**, but there was also a significant improvement in the average handling time for responses to customers' electronic enquiries.

Customers encountered quality service, shorter response times and higher standards of customer care in all types of cases dealt with by the customer service call centre compared to previous years. Besides the customary year-end logistical peak period, **the second half of the year brought with it the restructuring of the postal network and the handling of increased customer service transactions related to the larger number of parcel lockers**. By the end of the year, the number of banks of parcel lockers had multiplied by several times year-on-year, which also involved many new

tasks and posed extra challenges for customer service. In this area as well, the aim was to provide quality customer service and, by the end of the year, the number of representatives who could support our customers in this area had been increased. The key task was to provide prompt assistance and quick solutions.

In several areas, **simplified complaint handling processes were developed** in conjunction with our regulator, the National Media and Infocommunications Authority. The aim was to enhance organisational efficiency and to increase customer satisfaction, where the solution was a shorter handling time for the complaint process. Measures to improve the area of complaints handling and methodological changes in quality assurance as well as making staff knowledge more universal **resulted in a significant and important improvement in our average handling time for dealing with complaints, the indicator for 2021 being 12.33 per cent better than for 2022**. The response times for data services provided to customers interested in the progress of their mail items also fell due to the remedial measures at an annual level in 2022. There was an improvement of 1.9 per cent in the handling times of domestic

data services and 5.1 per cent in international data services compared to the previous year. Complaints indicators as well as specific complaint rates have been on a positive trajectory for several years, registering a significant improvement in quality in this area by 2022.

CLOSE TO CUSTOMERS

In 2022, Magyar Posta Zrt. was available to customers at more than **2,188 post offices** throughout Hungary every weekday for a total of nearly **19,000 opening hours per day**, and **354 mobile post routes** helped with the collection and delivery of mail. **96 per cent of the country's population can access Magyar Posta Zrt.'s fixed-point service outlets in the place where they live.** In villages without a fixed postal outlet, the aforementioned mobile post routes ensure that mail can be sent and delivered, and thus customers can arrange their postal affairs even in their own home.

Low usage and high specific energy consumption led to the Company closing 35 post offices in Budapest and having to suspend the operation of 364 postal outlets from November.

In operating the fixed-point network, Magyar Posta Zrt. places special emphasis on customer-friendly solutions that support the use of postal services. To this end, **at 176 post offices nationwide, queueing systems with modern touch screen totems** help customers choose the desired service.

In June 2022, a user-centric **customer satisfaction measurement application** was introduced, where the recipient of every parcel delivered can rate the work of the Company and the courier who delivered it. Feedback was received from over 520,000 customers during the year, of whom over 309,000 responded in the last three months of the year. From its introduction to the end of the year, recipients rated their overall satisfaction at 9.45 out of 10, which is an outstanding result.

Furthermore, a major effort was made to **integrate customer feedback into day-to-day operations.**

A new methodology for measuring customer satisfaction was introduced using a written channel, and feedback from customers requesting information by e-mail is regularly analysed to ensure that customer satisfaction is maintained and further improved.

The postal network's operational efficiency was improved by the **continual launch of new post partner cooperation activities under the Hungarian Village Programme.**

The Programme offers businesses in small communities with less than 2,000 inhabitants the opportunity to perform postal intermediary activities in the grocery stores they run. Moreover, the availability of postal services in a permanent postal service point in the long term is also an important consideration for small municipalities, and the new form of cooperation also offers them a special opportunity.

The post partnerships were established over several months and will continue into 2023. **In 2022, 144 new partner service points were launched.**

The **modernisation of the delivery network** also began during the year. Prior to the developments, mail delivery to the door was done by 2,032 delivery post offices. The new structure under development is creating about 800 delivery bases, thereby providing an opportunity to simplify the portfolio of post offices, which will allow entrepreneurs to become involved in their operation.

The use of procured **electrically powered and assisted means of transport** (e-bike, e-tricycle, three-wheel e-mopeds) and **improvements in mail handling processes** also help to reorganise delivery processes efficiently.

MAGYAR POSTA

AS A RESPONSIBLE EMPLOYER



According to the Central Statistical Office, in 2022, the **average statistical headcount** including part-time employment at Magyar Posta Zrt. was **25,028**, which is the **equivalent of 23,919 full-time employees**.

From 1 January 2022, there was an **average wage increase of 9 per cent**. To address the wage compression caused by the nearly 20 per cent increase in the minimum wage and the guaranteed minimum wage, a further wage rise was made in

March, **bringing the total wage increase to 14.4 per cent**. Additionally, the Company also provided fringe benefits to employees in recognition of their loyalty in 2022 in the form of a gross cash benefit of HUF 100,000 or a payment of an equivalent net value to a SZÉP card (abbreviation for "Széchenyi holiday card").

The **average monthly per capita full-time earnings were HUF 380,748**, almost 14 per cent higher than in 2021.

FRINGE BENEFITS, AID

Optional fringe benefits (OFB) for employees were an influential part of staff costs **amounting to HUF 4.527 billion**.

Housing loans provided by the Company totalled HUF 201 million, which helped 57 people to obtain a home. **Contributions to renting properties**, worth HUF 42.7 million, were paid to 248 employees. In 2022, the Company provided HUF 140.3 million in **aid**, which supported employees in difficult social circumstances dependent on need, and offered assistance with maternity and funeral expenses in a total of 3,189 cases.

Benefit element	Proportion of use in total OFBs
Voluntary Pension Fund	6,7%
Health Fund	4,67%
SZÉP accommodation	12,93%
SZÉP catering	54,66%
SZÉP leisure	5,94%
Cash	14,54%
Crèche, kindergarten service	0,15%
Sporting event cover	0,08%
Cultural service cover	0,33%

STAFF TURNOVER

After the slowdown caused by the pandemic, there is a **rising trend in staff turnover again**. In 2022, staff turnover at corporate level was 24 per cent annually, 4.9 percentage points higher than in the previous year. The increase in staff turnover was most noticeable at postal outlets (a rise of 6.1 percentage points).



RECRUITMENT

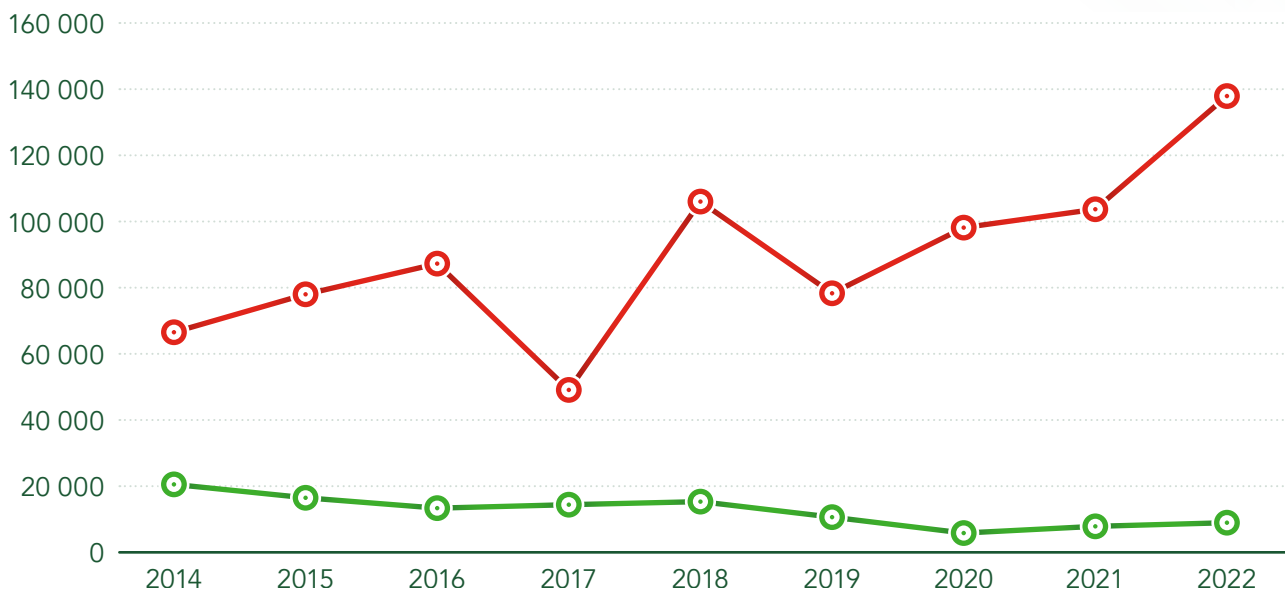
The strengthening staff turnover trends are also prompting Magyar Posta Zrt. **to use diverse and modern recruitment means**. In 2022, **every single postal position was advertised** using an **online recruitment platform**. One of the new platforms the Company's job advertisements were also published on was the free site called **INDEED**. Furthermore, there was a greater emphasis on **Google Ads** search-word advertising and continuous **Facebook** activity. This year Magyar Posta Zrt. published a video job ad on the **TikTok** social media site for the first time.

In the second half of the year, stress was laid on expanding staff numbers to cope with the year-end surge in logistics traffic. The objective was to have sufficient manpower available to process and deliver the volume of parcels forecast for the last quarter. To achieve this goal, the number of logistics staff was increased by around 150 thanks to effective recruitment.

In Q4 2022, the number of job applications tripled compared to Q1 2022. What is more, **Magyar Posta Zrt.'s workforce database has increased a hundredfold compared to 2021**.

Key indicators from the recruitment data for 2022: the number of advertisements was over 1,800, while the number of applicants was 23,491. The highest number of applications was received in November, totalling 3,868. Due to the new concept and the increased activity, the workforce necessary to carry out the Company's range of complex activities was ensured on a continuous basis.

DEVELOPMENT, ADULT TRAINING, SUCCESSION PROGRAMMES



In 2022, Magyar Posta Zrt. **trained more than 146,000 people** by making maximum use of the development potential of the online space. The programmes conducted by **e-learning, blended learning** and on **the Company's Skype** platform cover a wide range of content, such as security awareness, management skills, product sales and improving digital literacy.

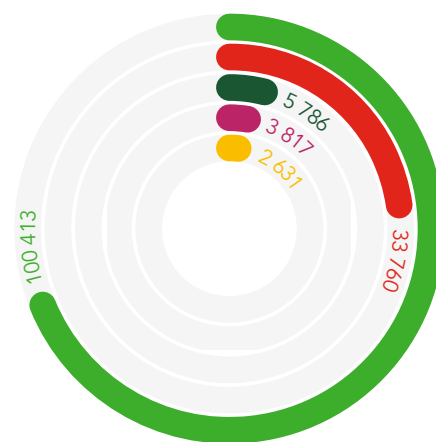
Due to the nature of the Company, distance learning on paper is one of the methods frequently used for training, as shown in the circular diagram.

For our processing staff working in several shifts and for our delivery staff and drivers actively involved in customer relations, know-how presented on paper offers the greatest flexibility from the aspect of learning time.

These figures demonstrate Magyar Posta's commitment to employee development. Training opportunities are also valuable in the recruitment process.

Besides the compulsory security knowledge, **three focus areas** can be identified in the **adult training activities** of Magyar Posta Zrt. in 2022: preparing

BREAKDOWN OF PARTICIPATING STAFF 2022



- In-house distance learning (electronic)
- In-house distance learning (paper)
- In-house attendance
- Mediated training
- In-house distance learning (online)

for **financial** and **payment** activities, updating knowledge, acquiring and deepening knowledge of the **postal** profession, and functional further training.

Maintaining **succession programmes** remains a priority. Apart from developing **second-line**

management, as a **dual training centre**, we offered professional experience opportunities for postal business administration students at post offices and

for higher education students in several managerial positions.



As regards **management development programmes**, the Network Campus, which included professional and skills development elements and group coaching and involved the largest number of staff, was completed in 2022. A special feature of the

1.5-year programme was a Skype series on postal practices aimed at adapting theoretical knowledge, which was held by line managers and key people within the development programme arranged with the participation of post office managers.

STAFF RETENTION



In order to retain its staff, alongside developments, the Company is running a **Logistics competition** for drivers and has a **renewed onboarding process** for new entrants. In July 2022, the new onboarding programme was launched as a pilot scheme for those with online postal access. The 3-month programme divides the support process into preboarding, and then first day, first week and first month phases after entry, with an emphasis on adapting, on-the-job training and induction. The material has been placed on a separate internal electronic interface, and progress is demonstrated by participants taking a **Welcome quiz**, while management monitoring is aided by a **check list** with exact descriptions of the tasks of the new employee, immediate colleagues and managers. The **Welcome Day** for new entrants at management level – part of the Orientation programme – clearly received positive feedback. After evaluating the experience of the pilot, the **Welcome Time** onboarding programme was extended to the whole organisation.



In 2021, a **new programme aimed at attracting, selecting, developing and integrating staff suitable for postal outlet management roles** began to emerge. The purpose of the programme designed to achieve a corporate objective is to ensure the succession of management positions at post offices by involving new graduates and young people seeking their first job. The advertised job opportunity for the position of full-time junior manager, befitting the complexity of the programme, is remunerated well even during the training period, and includes travel and accommodation expenses, and a cafeteria allowance. The Company offered a comprehensive training process and the possibility of learning a new profession to young candidates up to 28 years old. Applications were received from all over the country and, after a vetting and selection process, the **PoStart programme** began with 12 new entrants in May 2022. The young people with a variety of educational backgrounds and from different parts of the country were open-minded and interested.

The main objective of the PoStart programme is to attract new, motivated, competent young graduates and to consciously build the succession of postal managers after learning the theory and practice of postal work and acquiring a knowledge of management tasks. In planning and scheduling the programme, the importance of generating commitment and fostering a sense of vocation was identified as a common interest. In terms of content, the 1-year training programme can be considered

as two semesters. The first semester focuses on learning the full range of activities of post office staff, with an alternating schedule of theoretical training days and practice days, and examinations for each activity, while the second semester concentrates on professional management, implementation and understanding the decision-making mechanisms of postal outlets by rotating specialist areas, and mastering managerial duties for post offices as well as theoretical management skills.



In 2022, the Company again added content to the umbrella programme called **"Let's Do It Together!"** for the employment of people with disabilities. A high point of the year's activities was the **"You Are Valuable!"** conference. In January 2022, at the international conference "You Are Valuable!", Magyar Posta's CEO was invited to present the **Disabled Employees programme** and good practices, and to report on the results. The Company also had an exhibitor stand at the event. For the first time in 2022, the Ministry for Human Capacities awarded the **"You Are Valuable!" Prize**. János Antal, the manager of Budapest Post Office 62, was the first person in Hungary to receive the **Everyday Heroes Award** on behalf of Magyar Posta Zrt. In the spirit of knowledge sharing at the State Enterprises Conference, the Company presented the "Let's Do It Together" programme, reporting on the difficulties and summarising good practices and operational steps taken to promote employment.

At the **Postal Picnic** for postal workers, colleagues and their families could experience in a playful way what it is like to live with a handicap by trying to negotiate an obstacle course in a wheelchair, performing various skill exercises blindfolded, or trying to read Braille writing with the help of the **Invisible Exhibition** set up on the spot. Anyone wishing for more intense exercise could take part in the Down Foundation's fun Zumba programme. At the HR tent, a crossword offered an opportunity to learn about postal practices regarding employment for disabled people.

The opportunity to present the progress made in this area at the National Logistics Centre arose in the MTVA magazine *Esély* (Chance), for example. In addition to the special job fairs, the success of the autumn campaign to recruit people with a reduced capacity to work helped the Company to increase the number of its disabled staff.

RESPONSIBLE EMPLOYMENT, CARING EMPLOYER

As part of its corporate social responsibility programme, **the Company organised blood donations within its health awareness programme, and health screenings and counselling were available to employees** at the Dragon Boat Race and the Postal Picnic venues as well as on World White Cane Safety Day. In 2022,

after a two-year hiatus due to the pandemic, the **National Comprehensive Health Screening Programme could again be held**, enabling hundreds of employees who voluntarily took part to obtain an overall health assessment and learn about the importance of prevention.



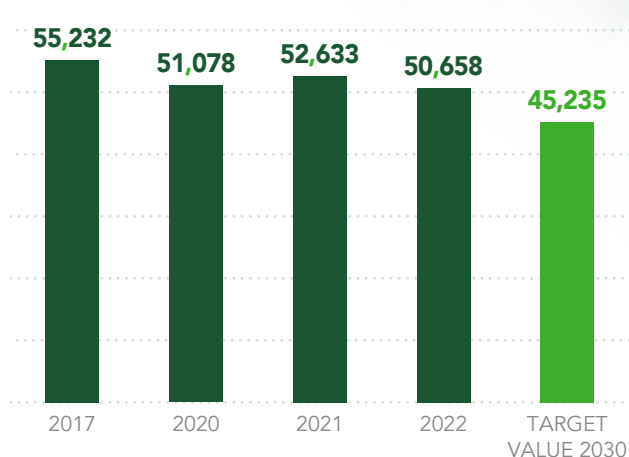
ENVIRONMENTAL PROTECTION



WASTE GENERATION (tonnes)



CARBON DIOXIDE EMISSIONS TONS/YEAR



Due to the climate change and energy crisis, there is growing pressure for a shift towards more resource efficient, environmentally friendly (green) and renewable energy-based solutions in the Hungarian economy as well. **Magyar Posta, as an avowed energy- and environmentally conscious company, is constantly looking for areas where it can save energy and minimise its environmental impact.**

Responsible waste management is a key area of eco-conscious business operations. It is a positive result that the **amount of waste** generated by our Company’s activities **is decreasing year by year**. In 2022, Magyar Posta generated 1,639 tonnes of separately collected waste, 1,622 tonnes of which were classified as non-hazardous and 17 tonnes as hazardous. Separately collected waste (paper, metal, plastic, electronic waste, etc.) was handed over for recycling to our partners holding appropriate waste management permits. Due to the drop in waste prices on the global market and increasing logistics costs, our contracted partners are now only willing to take waste on the basis of the reimbursement of their costs. Revenue of HUF 3.3 million was generated from the sale of mainly metal and electronic waste.

Promoting energy efficiency also serves the cause of environmental protection. In response to the energy emergency declared as a result of the drastic rise in energy prices and the energy shortage in Western Europe, **our Company compiled a short-term energy saving action plan, which covered control measures** (e.g. office rationalisation, suspension of service at non-energy efficient postal outlets), **daily monitoring of consumption, generating interest in energy efficiency and an internal awareness campaign.**

In 2022, the Company’s carbon emissions were marginally down mainly due to a reduction in the amount of natural gas used for heating against the backdrop of the energy emergency.

There was no inspection made by and no obligation imposed by the environmental protection authority in 2022.

Magyar Posta Zrt. annually reports its environmental performance in its Sustainability Report using the key indicators set by the Global Reporting Initiative standard and participates as a data provider in the climate protection programme of the Universal Postal Union (UPU), which operates under the auspices of the UN.

BUSINESS CONTINUITY

AND CENTRAL EMERGENCY

MANAGEMENT



The year 2022 was a highly volatile period from an emergency management perspective, and the complexity of the situations to be dealt with increased, **as several different types of emergency events had to be addressed concurrently**. For this reason, **the Central Emergency Management Committee was on standby throughout the year and continuously assessed the current situation caused by the pandemic, the Russian-Ukrainian war and the energy crisis**. We announced a number of emergency measures concerning the pandemic and the energy situation, and keeping them updated was a regular task. We also had a national defence plan to be applied during the period of emergency legal powers. Centralised emergency management proved effective as there was no significant interruption to business or that influenced public opinion, and considerable savings in energy efficiency were made.

Unfortunately, 2022 also began under the shadow of the coronavirus pandemic as the highly infectious Omicron variant spread in Hungary. As a result, at the start of the year, in order to protect workers in direct contact with customers and the wider environment, it was necessary to increase preventive measures. At the end of February, the number of cases of infection began to fall both nationally and at company level, which meant that corporate epidemiological restrictions could be gradually eased and finally, in accordance with government measures, almost all corporate epidemiological protection requirements were lifted with effect from 7 March 2022 (with the exception of the central provision of hand sanitizers and the obligation to report confirmed infections). In 2022, two deaths related to complications of the pandemic occurred at the beginning of the year, in January. In order to avoid infections with tragic outcomes, all workers were repeatedly encouraged in central internal communications to get vaccinated, emphasising that the risk of the illness was greater than that of vaccination.

Adapting to the current pandemic situation and the energy saving expectations, we ensured that workers were provided with appropriate protective equipment.

QUALITY MANAGEMENT

– QUALITY AWARENESS



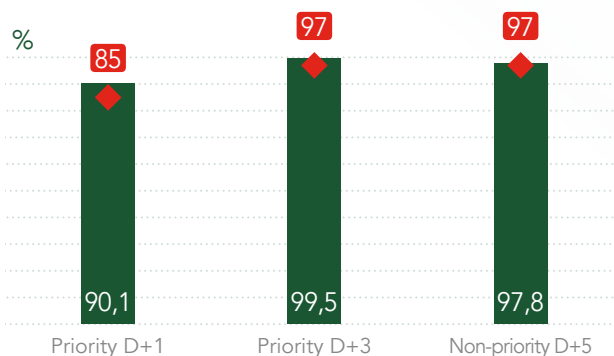
In the integrated Quality, Environment and Energy Policy, Magyar Posta Zrt.'s management set the objectives of **paying heightened attention to the quality of its services while preserving the Company's traditional values and undertook the commitment to protect the environment, avoid environmental pollution and implement rational energy management.**

In accordance with these commitments and objectives, the Company introduced and continuously operates and develops its management systems, which also support governance decisions. Our **ISO 9001 Quality Management System** has operated for almost 20 years, but an **ISO 14001 Environmental Management System** has long been in place as well for our logistics premises, which includes our new sites opened in 2022. Also, an **ISO 27001 Information Security Management System** operates at our facilities handling high-priority tasks and sensitive customer data. Besides these systems, in order to improve the efficiency of energy management, since 2016, an **Energy Management System** in accordance with the **ISO 50001 standard**, covering all units and their processes, has been operated and continually certified.

The compliance of all the management systems operated by the Company is **audited by an independent certification body** on an annual basis, and a renewal audit is conducted every 3 years under stricter conditions. Compliant system operation is verified by issuing the relevant certificates.

Surveillance audits were carried out for our Quality Management and Environmental Management Systems and the Information Security Management System by the external certification body during the year under review. Our Energy Management System certificate expired in 2022, thus a renewal audit was due. **Both the surveillance and the renewal audits were successful, and accordingly**

**UNIVERSAL LETTER-MAIL SERVICE –
PRIORITY MAIL ITEMS SENT ON
SINGLE-PIECE TARIFF BASIS – YEAR 2022**



- Result achieved
- ◆ Statutory requirement

the relevant certificates remain valid. (ISO 9001:2015, ISO 14001:2015, ISO 50001:2018, ISO/IEC 27001:2013)

Magyar Posta, as the universal postal service provider, must meet statutory quality expectations. In 2022, based on the results measured by the independent measurement organisation Impetus Research Kft., **Magyar Posta Zrt. again fulfilled its obligations for transit times laid down by law for the handling of domestic, individually posted priority mail items and non-priority mail items.**

In addition to the above, Magyar Posta Zrt.'s international mail exchange and handling organisations were awarded the **prestigious and acknowledged "Certificate of Excellence" by the International Post Corporation** in 2022, which gives our Company a prominent place among national postal administrations. The certificate demonstrates that Magyar Posta Zrt. meets the detailed requirements and expectations that the International Post Corporation sets for its member postal operators.

CERTIFICATIONS



Certificate HU12/6283

The management system of

Magyar Posta Zrt.

H-1138 Budapest, Dunavirág u. 2-6.

has been assessed and certified as meeting the requirements of
ISO 14001:2015

For the following activities

The logistics works of Magyar Posta Zrt., all of the postal organizational units found in these premises, as well as the special technological centres.



This certificate is valid from 19 December 2022 until 13 November 2023 and remains valid subject to satisfactory surveillance audits.

Issue 7. Certified since 19 February 2012

Certified activities performed by additional sites are listed on subsequent pages.



Authorised by
Jonathan Hall
Global Head - Certification Services

SGS United Kingdom Ltd
Rossmore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK
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Certificate HU16/7967

The Energy management system of

Magyar Posta Zrt. (1777-4)

H-1138 Budapest, Dunavirág u. 2-6.

has been assessed and certified as meeting the requirements of
ISO 50001:2018

For the following activities

For business, service and support processes as well as investment, procurement, building and fleet management activities of Magyar Posta Zrt.

This certificate is valid from 13 December 2022 until 12 December 2025 and remains valid subject to satisfactory surveillance audits.

Issue 3. Certified since 13 December 2016

Authorised by
Paola Santarelli

SGS ITALIA S.p.A.
Via Caldera, 21 20153 MILANO - Italy
t + 39 02 73 93 1 - www.sgs.com



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Information Security Certificate

Certificate HU12/6597.00

The management system of

Magyar Posta Zrt. Budapesti Logisztikai Center

Központi Irányítás H-1097 Budapest, Fehérakác u. 3.

has been assessed and certified as meeting the requirements of **ISO/IEC 27001:2013**

For the following activities

International exchange, sorting, routing, dispatching the received postal items, collection, reception of bulk mail for contracted customers, and complex logistics services, carried out by te Parcel Logistics Center, Fót Logistics Center, Complex Logistics Center, International Postal Exchange Center, National Logistics Center, BLC Implementation Department, BLC Coordination and Administration Department, and BLC Operation Department.

Assessed in accordance with the Statement of Applicability issue v5.



This certificate is valid from 14 September 2022 until 07 October 2024 and remains valid subject to satisfactory surveillance audits.

Issue 8. Certified since 08 October 2012

Certified activities performed by additional sites are listed on subsequent pages.



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International Post Corporation Certificate of Excellence



Certification of the results of independently measured transit times:



CERTIFICATE

Impetus Research Kft., as an independent measurement body, certifies that

MAGYAR POSTA Zrt.

in its domestic letter-mail services

achieved the following transit times in 2022:

Rate of letter mail delivered by the 5th working day after dispatch

Universal postal services

Priority letters posted individually	99,86%
Non-priority letters posted individually	97,79%
Priority letters posted in bulk	99,95%
Non-priority letters posted in bulk	98,24%
Letters in writing for the blind	100%

Service substituting universal postal service

Business letters	98,34%
------------------	---------------

Impetus Research Kft. conducted the measurements on the basis of the “Professional methodology for carrying out domestic transit time measurements” for domestic letter-mail items and letters in writing for the blind approved by the National Media and Infocommunications Authority in its Decision **PZ/26508-4/2021**, and in accordance with the requirements of the standards **MSZ EN 13850:2021**, **MSZ EN 14508:2016** and **MSZ EN 14534:2016**.

Budapest, 3 March 2023

..... 

János Bacher, Managing Director

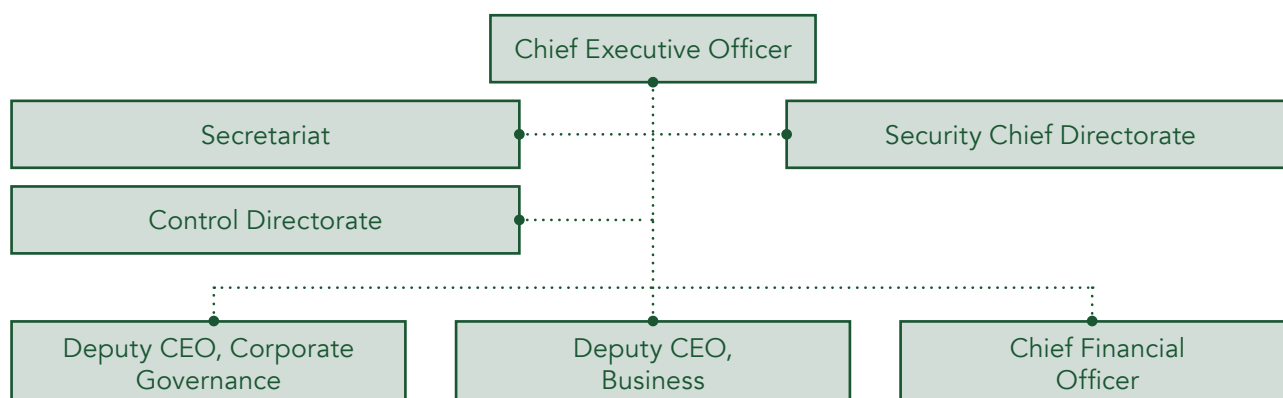
MAGYAR POSTA ZRT.'S DATA



MANAGEMENT AND ORGANISATION

The organisational changes in 2022 were effected with a view to achieving a more coordinated, unified organisational management, better use of logistics and postal network synergies, and cost-efficient operations by bringing the implementing areas under single management, and by streamlining the organisational structure and centralising decisions to senior management.

MAGYAR POSTA ZRT.'S CORPORATE GOVERNANCE STRUCTURE (31 DECEMBER 2022)



MEMBERS OF THE BOARD OF DIRECTORS

on 31 December 2022:

- ▶ dr. Barnabás Balczó (chairman)
- ▶ Sára Irén Nemes Hegmanné (vice-chair)
- ▶ dr. Géza Károly Láng
- ▶ dr. Viktor Kohuth
- ▶ Gabriella Bali
- ▶ dr. Katalin Ágnes Uzsák

MEMBERS OF THE SUPERVISORY BOARD

on 31 December 2022:

- ▶ Tamás Kern, chairman
- ▶ Henriett Emese Gerő Jeneiné
- ▶ Csilla Kárpáti
- ▶ dr. Sándor Károly Nemes
- ▶ Zsuzsanna Tóth
- ▶ dr. Gyöngyvér Botos

Magyar Posta Zrt. was founded for an indefinite period of time. The Company is the general legal successor of Magyar Posta Vállalat and was founded on 31 December 1993.

COMPANY HEADQUARTERS:

Budapest, District XIII, Dunavirág u. 2-6

THE COMPANY'S SHARE CAPITAL ON 31

DECEMBER 2022: HUF 14,138,000,000

MAIN COMPANY ACTIVITY:

- ▶ national postal activities,
- ▶ logistics services,
- ▶ payment mediation and other financial services

THE COMPANY'S MANAGING BODY:

Board of Directors

THE COMPANY'S CHIEF EXECUTIVE OFFICER:

dr. Barnabás Balczó

THE COMPANY'S AUDITOR

ON 31 DECEMBER 2022:

Deloitte Könyvvizsgáló és Tanácsadó Kft.

Tamás Horváth, certified auditor

Chamber membership number: 003449

RESULTS

The Company achieved a profit before tax of HUF 6.627 billion in 2022, with an average basic wage increase of 9 per cent from 1 January 2022 (including the change to the minimum wage and guaranteed minimum wage from 1 January 2022) and a total wage rise of 14.4 per cent from 1 March, including further basic wage increase and compensation. The annual sales revenue was **HUF 230.3 billion**. In the breakdown of turnover by product, the share of letter products grew within the portfolio.

Breakdown of net sales revenue		
	2021	2022
Letter products	49,2%	50,5%
Electronic and non-traditional services	3,2%	3,0%
Philately and duty stamps	0,4%	0,4%
Newspaper products	2,8%	2,0%
MPL services (Logistics products)	16,5%	16,0%
Retail	0,7%	0,7%
Payment services	23,8%	23,9%
Postal financial services	2,7%	2,7%
Other	0,6%	0,7%
Total:	100,0%	100,0

Name	2021. év	2022. év
EBIT (HUF million)	13 788	5 048
EBITDA (HUF million)	23 574	13 835
EBIT/average equity	14,4%	4,7%
EBIT/average assets	6,5%	2,3%
EBIT/net sales revenue	6,3%	2,2%
EBITDA/average equity	24,7%	13,0%
EBITDA/average assets	11,1%	6,2%
EBITDA/net sales revenue	10,7%	6,0%

Annexes

FINANCIAL AND OPERATING PERFORMANCE

BALANCE SHEET "A" Assets

Assets		figures in HUF million	
Item		2021 31 December	2022 31 December
A. Investments (non-financial)		143 315	159 275
I. INTANGIBLE ASSETS		8 974	8 544
	Capitalised value of start-up and restructuring	0	0
	Capitalised value of R&D	0	0
	Rights representing property	2 800	2 378
	Intellectual products	6 174	6 166
	Goodwill	0	0
	Prepayment on intangible assets	0	0
	Revaluation of intangible assets	0	0
II. TANGIBLE ASSETS		74 152	85 226
	Land and related property-valued rights	26 632	25 936
	Technical equipment, machinery, vehicles	9 141	11 349
	Other equipment, accessories, vehicles	2 976	3 789
	Livestock	0	0
	Reconstruction in progress	2 918	6 806
	Prepayment on investments	0	3 846
	Revaluation of tangible assets	32 485	33 500
III. FINANCIAL INVESTMENTS		60 189	65 505
	Long-term shares in associated undertakings	45 518	45 518
	Long-term loans to associated undertakings	0	0
	Long-term major shares	2 440	18 940
	Long-term loans to undertakings in major profit-sharing partnership	310	310
	Other long-term shares	11 196	30
	Long-term loans to undertakings in other profit-sharing partnership	0	0

	Other long-term loans	725	707
	Securities embodying long-term credit partnership	0	0
	Revaluation of financial investments	0	0
73	Current assets	65 983	62 703
I.	STOCKS (INVENTORY)	900	1 122
	Raw materials	681	910
	Unfinished goods and work-in-progress	0	0
	Livestock	0	0
	Finished goods	50	85
	Goods	103	55
	Advance payments on inventories	66	72
II.	RECEIVABLES	23 099	27 838
	Receivables from customers	15 930	15 274
	Accounts owed by associated undertakings	2 499	3 560
	Accounts owed by undertakings in major profit-sharing partnership	356	322
	Accounts owed by undertakings in other profit-sharing partnership	111	0
	Bills of exchange receivable	0	0
	Other debtors	4 203	8 682
III.	SECURITIES	2 951	2 951
	Share in associated undertakings	0	0
	Major shares	0	0
	Other shares	0	0
	Own shares	0	0
	Securities for trade embodying credit partnership	2 951	2 951
IV.	LIQUID ASSETS	39 033	30 792
	Cash in hand, cheques	8 949	12 944
	Bank deposits	30 084	17 848
C.	Prepayments	3 380	8 313
	Prepayments of income	2 054	5 616
	Prepayments of costs and expenditures	1 326	2 697
	Deferred expenditures	0	0
	Total assets	212 678	230 291

Liabilities		figures in HUF million	
Item		2021 31 December	2022 31 December
D. Equity		102 960	110 602
I. REGISTERED CAPITAL		14 138	14 138
	of which repurchased property share at face value	0	0
II. REGISTERED UNPAID CAPITAL (-)		0	0
III. CAPITAL RESERVE		4 941	4 941
IV. PROFIT RESERVE		21 535	34 814
V. TIED UP RESERVE		15 890	16 582
VI. REVALUATION RESERVE		32 485	33 500
VII. PROFIT AFTER TAX		13 971	6 627
E. Provisions		35 323	26 115
	Provisions for expected liabilities	35 323	26 115
	Provisions for future costs	0	0
	Other provisions	0	0
F. Credits (liabilities)		59 297	66 390
I. SUBORDINATED LIABILITIES		0	0
	Subordinated liabilities against associated undertakings	0	0
	Subordinated liabilities against undertakings in major profit-sharing partnership	0	0
	Subordinated liabilities against undertakings in other profit-sharing partnership	0	0
	Subordinated liabilities against other party	0	0
II. LONG-TERM LIABILITIES		2 707	1 073
	Long-term loans	0	0
	Convertible and equity bonds	0	0
	Debenture loans	0	0
	Investment and development credits	0	0
	Other long-term credits	1 875	625
	Long-term liabilities against associated undertakings	0	0
	Long-term liabilities against undertakings in major profit-sharing partnership	0	0
	Long-term liabilities against undertakings in other profit-sharing partnership	0	0
	Other long-term liabilities	832	448

65	SHORT-TERM LIABILITIES	56 590	65 317
	Short-term loans	0	0
	of which convertible and equity bonds	0	0
	Short-term credits	4 323	1 876
	Prepayments received from purchasers	717	2 536
	Trade creditors	8 766	10 669
	Bills of exchange payable	0	0
	Short-term liabilities against associated undertakings	12 861	18 283
	Short-term liabilities against undertakings in major profit-sharing partnership	342	0
	Short-term liabilities against undertakings in other profit-sharing partnership	5	0
	Other short-term liabilities	29 576	31 953
G.	Accruals and deferred income	15 098	27 184
	Accrual of income	677	9 427
	Accrual of costs and expenditures	12 747	16 498
	Deferred income	1 674	1 259
	Total equity and liabilities	212 678	230 291

PROFIT AND LOSS ACCOUNT (total costs method)

		figures in HUF million	
	Item	2021 31 December	2022 31 December
1	Net domestic sales	203 908	210 207
2	Net export sales	16 509	20 059
I.	Turnover (01+02)	220 417	230 266
3	Change in stocks produced ±	-23	35
4	Capitalised value of assets produced	841	694
II.	Own performance capitalised (±03+04)	818	729
III.	Other income	15 288	19 502
	of which reversed diminution in value	101	146
5	Cost of raw materials	9 575	15 186
6	Services used	51 995	59 126
7	Other services	3 044	3 576
8	Original value of goods sold	3 011	3 364
9	Value of services sold (brokerage)	241	567
IV.	Material-type expenditures (05+06+07+08+09)	67 866	81 819
10	Wage costs	101 537	110 526
11	Other personal type expenses	17 801	12 593
12	Wage contributions	18 219	15 931
V.	Staff costs (10+11+12)	137 557	139 050
VI.	Depreciation write-off	9 786	8 787
VII.	Other expenditures	11 528	20 836
	of which value loss	83	2 609
A.	OPERATING PROFIT (I±II+III-IV-V-VI-VII)	9 786	5
13	Dividend and profit-sharing from investments	410	366
	of which from associated undertakings	48	0
14	Income from shares and exchange gains	0	12 913
	of which from associated undertakings	0	0
15	Income from financial investments (securities, loans) and exchange gains	23	24
	of which from associated undertakings	0	0

16	Other interest and similar income due	399	2 689
	of which from associated undertakings	30	110
17	Other income from payment transactions	4 749	3 176
VIII.	Income from financial transactions (13+14+15+16+17)	5 581	19 168
18	Expenditures from shares and exchange losses	0	0
	of which to associated undertakings	0	0
19	Expenditures from financial investments (securities, loans) and exchange losses	0	0
	of which to associated undertakings	0	0
20	Interest and similar expenditures payable	239	1 134
	of which to associated undertakings	55	788
21	Losses on shares, securities, long-term loans, bank deposits	0	7 578
22	Other expenditures on payment transactions	1 157	3 834
XI.	Expenditures on payment transactions (18+19+20+21+22)	1 396	12 546
B.	PROFIT ON PAYMENT TRANSACTIONS (VIII-IX)	4 185	6 622
C.	PROFIT BEFORE TAX ($\pm A \pm B$)	13 971	6 627
X.	Taxation	0	0
D.	PROFIT AFTER TAX ($\pm C - X$)	13 971	6 627



Published by Magyar Posta Zrt.
Responsible publisher: Chief Executive Officer of Magyar Posta Zrt.