Connecting our digital and physical worlds

Annual Report 2022

an post

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In 2022, we launched the world's first digital stamp with delivery notification

Chairperson Statement

I am pleased to present the 2022 Annual Report for An Post.

The power of An Post to adapt, to support and to do the right thing at speed and with true purpose during the pandemic has been reported and applauded at home and across the world. In 2022 we saw the Company move with the same determination to get back to business and to the vital transformation of its Mails and Parcels and Retail businesses and corporate centre.

I'm very proud to see sustainability is embedded at the heart of An Post and how the Company is now providing so many practical opportunities to customers to make sustainability part of their everyday life. In living the purpose to improve the quality of life now and for generations to come, An Post leads out with support for communities in practical ways that ensure long-term benefits for all.

During the year, the Board continued to strengthen its governance across the business and through an ongoing programme of training and upskilling strives to ensure the very highest standards of corporate governance across An Post's wide-ranging business operations.

This year's relocation of the corporate centre to a new city location better suited to contemporary ways of working will position An Post to focus on its future, leading national and international ecommerce and financial services.

I want to thank the CEO, David McRedmond and the Management Board for their great leadership; also the staff and unions and my fellow Board members who continue to serve the Company so well on behalf of its stakeholders.

I wish to acknowledge the contribution of Aine Flanagan who finished her time on the An Post Board in December, and I was pleased to welcome Helen Kelly, Barry Gavin and Sinead Mahon who were appointed to the Board in May.

I wish to thank Eamon Ryan TD, Minister for the Environment, Climate and Communications; Jack Chambers TD, Minister of State in the Department and Hildegarde Naughton TD, the former Minister of State and the officials in their departments for their assistance and support during the year.

The progress made in 2022 ensures that the An Post management team, supported by the Board can continue to build, innovate and transform in the years ahead.

Carol Bolger
Chairperson
23 March 2023

Chief Executive's Statement

In An Post journeys are our bread and butter: we visit every house in the State every working day, and further afield. But the journey for us as a Company hit Odyssean levels of complexity in 2022.

Just as we exited the storms of the Pandemic we found ourselves navigating between the rocks of global trade wars and Brexit; and the new storms from the Russian invasion of Ukraine. Postal is a global industry and is a good proxy for the state of the World's economy. 2022 was exceptionally difficult but we navigated those waters in the first half of the year, to emerge into clear blue water with a strong second-half of the year, setting the Company up well for 2023 and beyond.

Corporate financial reporting in business has become very complex - An Post's Financial Statements this year are particularly complex. A ground-breaking pension agreement (see below) requires the Company to book an exceptional loss in the Profit and Loss account of €191m and there is a positive movement in Reserves of €356m. The benefit to the Company, the pension scheme, and members is entirely positive. The reality is An Post performed very well to achieve EBITDA of €18.6m, up 15% on 2021. Before exceptional items it recorded a loss of €27.9m after depreciation and other items, an improvement on the prior year's €32.1m. The upward trajectory in performance from 2021 into 2022 will accelerate in 2023 where An Post is targeting a profit after depreciation, as we resume the strong pre-Pandemic performance.

Revenue

Revenue level with the prior year, and profit before depreciation and other items up 15% looks like a steady performance but it masks the split nature of the year. In H1 revenue was down 4.2% as we compared ourselves against the great Covid lockdown of 2021 when parcel deliveries were at an all-time high; but in H2 against a more normal period in 2021 revenues grew by 3.5%. The turnaround in trading is encouraging for 2023. While fuel inflation is a particularly acute issue for a delivery firm we have mitigated the impact through greater efficiencies in our network. For example, we had 300 fewer FTEs in 2022 than in 2021, which also means lower costs in 2023.

An Post Pension Agreement

The An Post defined benefit pension scheme is one of the largest schemes in the State. An Post's Chief People Officer Eleanor Nash and CFO Peter Quinn concluded a ground-breaking pension agreement with our group of Unions. The robust return to surplus of the An Post pension was due to the forbearance of members in capping benefits; the major on-going contributions of €45m a year by the company to the fund; and an outstanding investment performance by the fund managers and trustees. A 2011 pension deficit of -€470m was reversed by a close to €1bn (€973m) growth leading to a €503m surplus and more than €4bn in assets in the superannuation scheme by year end 2021.

With such a large surplus at the end of 2021 it was only right to restore members' benefits, while also reducing the annual contribution burden for the Company based on the triennial review. While accounting rules require the restoration of benefits to be reflected up-front in the P&L, an exceptional cost of €191m in 2022, the reality is that all parties benefit as An Post's annual contribution falls to a sustainable level, and the fund remains strongly in surplus by €666m at the end of 2022. Such an outstanding performance, and well-constructed future arrangement, is a credit to An Post's management and the CWU General Secretary Sean McDonagh.

Chief Executive's Statement
continued

EU Customs & Brexit

Having managed through the pandemic, and mitigated the impact of the Ukraine War, the outstanding issue facing the network is the EU Customs Regime and Brexit. The introduction of the new EU regime, ahead of any other EU State, has created severe challenges for An Post as the designated national postal operator. Unlike courier companies (or indeed An Post's own contract parcel business with major e-commerce clients), An Post has to deliver parcels from other countries' postal operators, over which it has little influence. The Japanese postal service, for example, will not change its systems in all its post offices just to suit Ireland, although it likely will do when it is a requirement right across the EU. In addition, no other EU country faces the volume of parcels from outside the EU as Ireland because of our trading relationship with the UK (now outside the EU). As a result of the new EU rules and Brexit, packet exports through the post from Britain fell by 68%, a fall in revenue to An Post of €15m. At the same time the collection of VAT by An Post raised an additional €150m for the State since the introduction of the new regime. The challenges are staggering, and I am grateful to the MD of An Post Commerce Garrett Bridgeman, our UK subsidiary Air Business, and all the An Post staff for their tireless work to keep Ireland trading. As we go to print the excellent news is that the UK Post Office has acceded to An Post's lobbying by installing the necessary IT for customs.

An Post Retail

The Post Office network had an excellent year in 2022, growing its revenues by 7%, and delivering a positive financial contribution. Financial services products grew by 14% as the An Post Money brand became familiar to the market. The addition of Bank of Ireland customers to An Post's agency banking has increased footfall to Post Offices offsetting declines in traditional revenue. Debbie Byrne, MD of An Post Retail and her team also facilitated a deal between Government and Postmasters to ensure the viability of the network. 2023 has started brightly and there is a good pipeline of new products and services to ensure An Post's presence in over 900 communities across the Country.

Sustainability

An Post's efforts in sustainability accelerated further in 2023, led by Chief Transformation Officer Nicola Woods as further electrification of the fleet took place, the focus on Climate Risk and Biodiversity intensified and new efforts at de-carbonisation were implemented and a HVO pilot extended from Galway to Cork. The Company is on track to meet its goal to reduce 2013 emissions [the base year] by 50% by the end of 2025. Decent Work is the sustainable goal that is at the heart of An Post's transformation. At An Post I've learnt the value of committed trade unions, of a stable workforce, of decent work, and of sustainable remuneration. For the second year in a row An Post recorded a zero gender pay gap with women paid as much as men on average, reflecting an increased number of senior female managers.

Digital

2023 will see an acceleration of An Post's transformation into a digicorp as we utilise the digitally connected workforce in every community, the rich data, and the Company's increasing technology capability. Des Morley, Chief Technology Officer and his team launched a world-first digital stamp with delivery notification in 2022. This is just the start of a series of digital products that will bring to life An Post's unique omnichannel capability, connecting both digitally and physically with businesses and customers across the State.

Community

Our community efforts focused on the Ukrainian refugee community with An Post providing free postage to the Ukraine for 90,000 parcels to Ukraine, now the third largest destination for parcels from Ireland. We also provided free mobile phones, free banking, and contact services for refugees. €1.2m in donations for the Ukrainian Support Fund was collected through Post offices, with all fees waived. Similarly, cash donations in excess of €600k were made through post offices for the Creeslough Community Support Fund last year.

Governance

The breadth of activities across the Group is a real governance challenge, especially in a world of increasing regulation. An Post is well served by an excellent board led by Chairperson Carol Bolger, an audit and risk committee chaired by Peter Coyne, remuneration committee chaired by Carol Bolger, health and safety and security committee chaired by Kieran Mulvey and a strategy committee chaired by Carol Bolger. In a year of constrained finances and a volatile trading environment I am grateful for their calm leadership, expertly supported by Chief Administrative Officer Paula Butler.

Ways of Working & Purpose

The relocation of An Post's Corporate HQ from the GPO to the EXO building in Dublin's docklands is another big step in the Company's transformation. One of the overhangs of the Pandemic has been a slow return to the office which although convenient comes at a cost. The "ever-presentism" of Pandemic work holds back future thinking and strategy, which depends on in-office collaboration. The esprit de corps of an office environment is something I personally wish to encourage; and also the joie de vivre which can come from work-life balance. Flexible work is a great gift and learning from the Pandemic period but it now needs to be balanced with a desire to change for a better future.

Having navigated the storms of the Pandemic, Brexit, and the Ukraine War, we are confident of a further return to commercial growth in 2023, and a net profit after depreciation. Moving away from managing crises and focusing on the future is the mantra in 2023. We know that An Post has huge potential in e-Commerce especially as we fully digitise the customer interface; that An Post Money, now profitable, can achieve real scale over the next couple of years; and that the spirit of innovation, now well embedded will see a range of new products and services for our customers.

After all it is our purpose in An Post to "act for the common good, now and for generations to come".

David McRedmond
Chief Executive Officer
23 March 2023

2023 will see an acceleration of An Post's transformation into a digicorp.

In 2022 An Post concluded a ground-breaking pension agreement with the An Post Group of Unions. With such a large pension fund surplus it was only right to restore some members' benefits, reduce the annual contribution and free up funds for the ongoing transformation.

€666m

surplus in the An Post pension fund at year-end 2022

Three generations of the O'Driscoll Family in Cork will benefit from the 2022 Pension Agreement. **Image:** Retired postal operative Michael; his daughter Michelle and grand-daughter Chloe, both postal operatives at South City Delivery Office, Cork.

Financial Review

Operating Performance

Financial year 2022 saw an upward trend in the operating performance. The year marks the first in the post pandemic period and is a base from which to grow in 2023 and beyond. An Post Group revenue of €888.1m demonstrates the significance of the Company to the economy and by keeping the customer at the centre of all its activities throughout the year, An Post plays its role in servicing Ireland's national and international business, keeping critical networks open and ensuring service quality standards to meet customer requirements.

There has been very significant growth in a number of business lines, including e-commerce which has grown by over 100% since 2019. Online trading continues to expand year on year and it is set to increase steadily for the foreseeable future. Innovation and the expansion of consumer offerings has boosted the Retail income for the company and the importance of the Post Office network to deliver services is critical.

The financial performance of the Group reported at page 44 shows EBITDA of €18.6m for 2022, an improvement on the prior year result of €16.2m. The loss for the year post exceptional items is €224.1m.

In the year, there is a remeasurement of the defined benefit pension asset of €356.3m recorded in the statement of other comprehensive income. This brings the surplus on the pension asset to €666.2m.

The Company achieved increased efficiency during the year with a consistent focus on non-pay cost containment and a reduction of 300 in Full Time Equivalents (FTEs). This is important as it has established a lower cost base for the Company and has set in motion an efficiency programme that is set to continue in 2023. There were carefully managed price increases for the mails sector. Their implementation in a customer sensitive manner provides a revenue stream that facilitates the high quality and sustainability of services for personal and business customers.

The year saw continued growth in the e-commerce sector. The very significant increases in parcel and packet revenue that occurred during the pandemic have to a significant extent been retained. Parcel and packet volumes are running at over 100% higher than pre pandemic levels. This has created a very welcome new business stream for the Company and one that can be built upon. Similarly, footfall has returned to the Post Office network and its income in 2022 was considerably higher than in the prior year at €164.7m versus €154.5m in 2021. Traditional income for the Post Office by way of social welfare distribution is reducing. Other significant income streams like State Savings and Financial Services products show continued strength and growth. The return of foreign travel is very welcome and 2022 saw €203m of foreign currency in cash and foreign exchange cards sold through An Post.

	2022 €m	2021 €m
Revenue	**888.1**	**890.6**
EBITDA before one off items	18.6	16.2
Loss for the year before exceptional costs	(27.4)	(26.3)
Loss for the year post exceptional items	(224.1)	(37.9)
Remeasurement of defined benefit pension asset	356.3	348.9
Total Comprehensive Income for year	**130.8**	**312.4**

Impact of Customs and Brexit

Brexit has had a disruptive impact on international trade for Ireland in very many ways. It coincided with long-planned, extensive changes to EU customs regulations governing goods entering/leaving the EU through the postal network. The early application of EU Customs regulations and changes have been a major disruptive influence for Ireland in particular, given the volume of parcels entering the country from Britain. The Postal sector has been the most impacted. Collection of data and customs from individual senders and receivers of items through the post has meant the creation of totally new concepts for the postal industry to adapt and manage non-EU traffic whilst at the same time honouring the consumer interests and rights. We strongly believe that pragmatism from authorities in this regard is required so as to protect citizens' interests.

An Post made a very significant investment in systems, infrastructure and knowledge in order to assist customers to overcome the disruption. Close to €65m was collected in customs charges on behalf of the State in the year. The burden of these taxes and the disturbance of supply chains caused significant discomfort for customers of An Post and posed a financial and reputational challenge for the organisation. The infrastructure and knowledge developed to deal with these challenges will be a significant company asset as An Post moves into the next phase of its transformation.

EBITDA of €18.6m was achieved despite the severe negative financial impact of a significant reduction in incoming international volumes arising from the cost of increased customs/VAT charges and the disruption caused by the onerous paperwork required. Aside from the income reduction impact there was considerable costs incurred to service the requirements. These were in part compensated by funds from the Brexit Adjustment Reserve fund.

Pensions Agreement

The defined benefit pension scheme in place at the Company is one of the largest schemes in the State. The scheme is governed by Trustees appointed by both the Company and the employee representatives.

Long term prudent governance of the Scheme has resulted in a very significant surplus arising. This has been achieved in full co-operation with the Trustees, the Company and the staff representatives. The forbearance of the staff in accepting limits on benefits, the investment performance and the company contributions have brought about this surplus position. The parties have considered the triennial review and Labour Court findings which made certain recommendations to the parties.

The result is that there will be some restoration of employee and pensioner benefits, changes to the Company contribution rates and a removal of a lien on the Company assets held by the Pension Scheme.

In line with International Financial Reporting Standards (IFRS) accounting for this is recorded in the figures to December 2022. The net impact of investment performance during the year and the scheme liabilities valuation change due to discount rate assumptions is recorded as a positive movement in reserves of €356m, and is a considerable addition to the Balance Sheet value in the year. The accounting conventions require that the restoration of benefits are recorded as a profit and loss account item. Consequently, an exceptional item of €217.9m is recognised this year, being €190.5m with respect to the restoration of benefits and €27.4m with respect of the impact of reducing the normal retirement age from 68 to 66 in line with the changes to the State Pension age. The Balance Sheet at 31 December 2022 has a Pension asset of €666.2m, being assets of €3,220m and liabilities of €2,553.8m.

Financial Review
continued

Infrastructure
The Company has an infrastructure of buildings and networks that enable it to service customer requirements. As the industry continues to change apace, so too will the composition of An Post's letters and parcels infrastructure, vital rebuilding that was delayed by the pandemic. Larger, custom-fitted facilities designed for e-commerce parcel operations as well as letters are required to replace numerous smaller operations which were designed around letters alone. Similarly, as consumer behaviour continues to evolve, requirements for the Retail business are changing. Investment in revitalising and consolidating the network will continue, as will the roll-out of new products and services to suit customer lifestyles and preferences.

One significant development in 2023 will be the opening of a new corporate centre for An Post in Dublin city. This will provide a more suitable modern and flexible work environment for much of An Post's corporate centre while the public Post Office and the GPO Museum will continue to operate at the landmark General Post Office on O'Connell Street.

Subsidiaries
Air Business, An Post's UK-based mail added value and e-commerce operator performed very well in 2022. There is a continuation of new innovative services supporting growing enterprises with worldwide distribution. There is also a subscription service and the ability to offer a blended range of services to the prime market in the publishing sector as well as an increasing range of clients across e-commerce. Air Business also manages the very effective Address Pal proxy address service for the mails business. It offers a bridge for the UK Ireland business and is an important leg of the USA Ireland business lines.

An Post Insurance continues to trade profitably and is a well-respected operator in a sector that has been through considerable change. Other businesses including PrintPost Limited, An Post BillPost Processing Service Limited and An Post GeoDirectory DAC are all trading well and moving forward with increased product offerings.

National Lottery
An Post continues to play a significant role in the National Lottery as a key distribution outlet and providing Directors to the Board of the operating company, Premier Lotteries Ireland (PLI). The return on the shareholder investment continues to perform strongly.

Regulation
The business is subject to regulation from a number of bodies including the Central Bank of Ireland (CBOI), ComReg and other business regulatory bodies.

The CBOI has been engaged throughout the year with the organisation. This is an important relationship for An Post and there is an active investment programme underway as the Company grows its extensive financial services business. There are 35 roles in the organisation that are subject to the Fitness and Probity regime of CBOI.

ComReg is a key business stakeholder for the mails and parcels business. There will be changes in the regulatory environment for postal in the future to facilitate customer requirements in a changing environment. The alignment of product specification and pricing to the changing needs of the consumer and the efficient delivery of services will be critical in the years ahead.

Balance Sheet and Financing
The An Post Balance Sheet is on a sound financial footing with total equity of €811m. This considerable strength puts the Company in a very strong position to execute Strategy and fulfil its mission. The Company had free cash resources of €60m at the year-end December, 2022.

Commercial financing arrangements are in place with the European Investment Bank with a €34.5m loan facility, and a drawn facility of €17.5m with the Bank of Ireland. The Balance Sheet also carries a Government Loan of €30m that was put in place in 2017 to finance An Post's Strategic Recovery. The debt to Balance Sheet ratio is conservative at 10.4%.

Conclusion
The An Post Group continues to implement an ambitious and forward looking strategy and has adequate resources to achieve this. The re-focusing of the Group post-pandemic and the continued implementation of the Strategy provides a solid base for the continued success of the business.

Peter Quinn
Chief Financial Officer
23 March 2023

Parcel and packet volumes are running at over 100% higher than pre pandemic levels.

Mails and Parcels Review

One of our biggest cross-functional and innovative projects in 2022 was to launch the world's first digital stamp with next-day delivery confirmation by text or email, marking a major digital advancement in our postal services.

Stepping out of Covid

It's hard to believe that this time last year we had just stepped out of a Covid world, having delivered thousands of antigen tests seven days a week throughout Q1 2022 on behalf of the HSE. This cemented the public's warm appreciation of our delivery and sorting staff fostered during the pandemic, as they continued to arrive at our customers' doors day after day with letters and parcels.

While the first half of 2022 saw some challenges with a continued decrease in letter volumes and an expected decrease in parcel volumes as retail stores reopened, thanks to determined work by the An Post Mails and Parcels team around the country, the second half of the year was a period of strong recovery. By the end of the year letters were performing broadly on par with 2021 and in the second half of the year, parcels reached record levels, up 21% on the same period in 2021. By the end of the year we were consistently delivering 100% more parcels a day than pre-pandemic 2019 levels.

During the two weeks following Black Friday, we delivered over 3 million parcels and did it with the best next day delivery in the country. Our new Christmas Tin Man campaign launched to worldwide critical acclaim and Christmas parcel trading was up 20% on the year before. We delivered 32 million cards and letters over the Christmas period.

Our reinvigorated sales team won new contracts and grew our market share. We have had great success winning significant accounts such as Shein, JD Sports, Boohoo and Nespresso, and we have secured more Amazon volume from their own delivery network. 38% of our deliveries now come from contracts won in the second half of this year. The number of SMEs availing of discounted stamps and parcel postage through the An Post Advantage Card grew by more than 5% again in 2022, showing the popularity of this simple but practical business support. This was a great achievement and set us up for a strong 2023.

Target Operating Model

Our strategic Target Operating Model prepares us for a growing world of parcels and eCommerce and for what An Post will look like in 2030, mapping out how we will construct our people, automation, sites, buildings and equipment for the future. Our operations team advanced our business transformation and delivered important change across our processing centres network and the final delivery mile, reducing fuel usage and optimising our fleet. We continue to have the largest e-fleet in Ireland with more than 1,000 e-vehicles and trikes on Irish roads each day. This in turn allowed us to improve the quality of our service, be more efficient and ultimately to win more business.

World's First Digital Stamp

One of biggest cross-functional and innovative projects this year saw us launch the world's first digital stamp with next-day delivery confirmation by text or email, marking a major digital advancement in postal services by Ireland's national mails carrier. The Digital Stamp is now available to buy in seconds through the An Post App. The development of the Digital Stamp was a major step forward in the digital transformation of our mails and parcels business and marks the next step in our commitment to meeting the changing demands of our customers with accessible and easy to use innovative, digital services. With 30,000 sold in the first two months, and a 500% increase in An Post App downloads, this continues to be a great success with our customers who appreciate the convenience and affordability. A Digital Stamp for international use is currently in development for launch in 2023.

Global Growth

In 2022 we expanded trade to new international markets including China and the US, contracting with prominent retailers, and more than tripling our business from these countries in one year with an expectation of this doubling it again in 2023. Like 95% of our e-tailer customers, all this new business will benefit from An Post's Duty Paid solution, ensuring the easy completion of digital documentation and payment of all customs and VAT payments at the point of purchase, ensuring fast, smooth delivery from the e-tailer to the receiving customer, and none of the disruption and upset experienced by some personal customers buying from non-EU retailers who remain non-compliant with the stringent EU Customs regulations.

Performance

The quality and reliability of the personal service provided by our trusted 'final mile' delivery team sets An Post apart. They are supported by world class data systems and equipment and we continue to invest in better workspaces more suited to the rapidly growing parcel volumes and electric fleet. Our delivery postmen and postwomen can deliver to 2.3m address points daily, they collect from more than 5,000 postboxes, 910 post offices and 300 large business customers every working day. In 2022, we achieved a next-day delivery level of 95.9%, demonstrating our commitment to quality of service for all our business and personal customers, urban and rural.

My thanks

I'm proud to work with my Mails and Parcels team around the country. They are what makes An Post so special and so unique, and the work they do every day helps to secure the future of An Post for future generations. I also wish to thank the CWU for their support over 2022. The partnership with our trade unions ensures that we can win and retain business, and ensure our customers' peace of mind day in, day out.

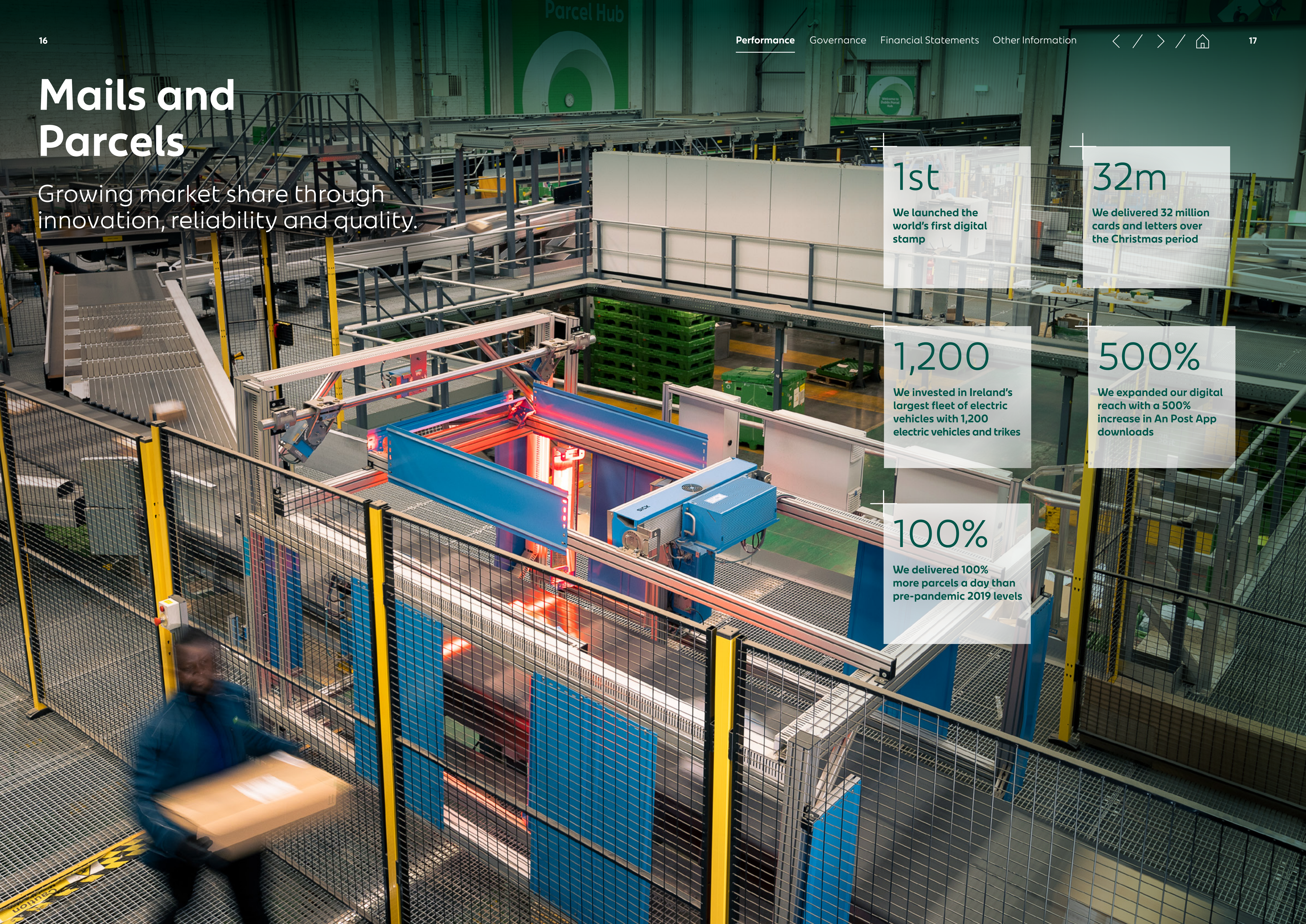
Looking forward

All of this puts us in a strong, confident position as we look towards 2023. We've set ambitious targets for ourselves in terms of market share and transformation and I'm confident that we will meet these targets.

Garrett Bridgeman
Managing Director
An Post Commerce
23 March 2023

Mails and Parcels

Growing market share through innovation, reliability and quality.



1st

We launched the world's first digital stamp

32m

We delivered 32 million cards and letters over the Christmas period

1,200

We invested in Ireland's largest fleet of electric vehicles with 1,200 electric vehicles and trikes

500%

We expanded our digital reach with a 500% increase in An Post App downloads

100%

We delivered 100% more parcels a day than pre-pandemic 2019 levels

Retail Review

We are Ireland's largest retail network with c910 post offices, at the heart of local communities throughout the country providing a wide range of critical services to the public including social welfare payments, parcel and letter postage, community banking services, foreign exchange, State Savings, Prize Bonds, One4all gift cards, bill payments, passport applications, TV Licences, An Post Mobile, An Post Insurance motor, home, travel and pet insurance plans and Western Union money transmissions to more than 200 countries.

2022 Trading and Network Sustainability

The scale of the network is enormous with c1.1m customer visits per week and 84 million counter transactions in 2022 totalling €13.4bn. The Post Office network is a key point of contact between citizens in Ireland and government. In 2022 we undertook 35 million transactions on behalf of government. Social Welfare is the bedrock of the Post Office network with c€6.5bn in social welfare payments paid out last year on behalf of the Government of Ireland including the additional cost of living supports.

The business returned to growth post pandemic with strong sales growth on key product lines. Revenue was €164.7m, up 6.6% year on year as we saw a return to growth in key product lines and accelerated our transformation strategy to create a sustainable network through investment in new products and services and commercial training.

Working with the Irish Postmasters Union, €30m of state funding has been secured from government for Postmasters over 3 years - a vital step in further securing the sustainable future of the Post Office network.

Community banking for all citizens through the post office network

2022 saw us grow our banking services across the network and digitally by 22% year on year. It Is crucial that all citizens have access to banking and cash services in their local communities. 540 Post Offices have no bank within a five kilometre radius, 375 have no bank within a 10km radius.

- **AIB and Bank of Ireland partnership** - 2022 saw transaction growth of 29% year on year with expanded usage of the post office by consumers and small businesses driven by local convenience and greater accessibility from 9am to 5.30pm weekdays and until 1pm on Saturdays.
- **NTMA State Savings** - we administered €25bn in State Savings in 2022, 15% of all national savings and continued to develop this vitally important contract with new digital features delivered this year.
- **An Post Money**

- We are the leading provider of Foreign Exchange cash in the country with our FX business returning to c70% of pre-pandemic volumes. The An Post Money currency card in partnership with MasterCard enjoyed a 322% increase year on year, offering 16 currencies on the card and a safe and secure way to manage money and transaction fees abroad.
- With KBC and Ulster Bank exiting the marketplace, we on-boarded more than 40,000 new current account customers giving us an 8% share of the switching market as measured by Red C. In personal loans we significantly outpaced the market with 55% increase in lending and a doubling of the number of credit cards issued, year on year.
- With the country in a grip of a cost of living crisis we added new state-of-the-art features and functionality to the An Post Money app including Money Manager, an analytical and budgeting tool that enables customers to better manage their money.
- We brought our An Post Money call centre in-house from the UK and launched a new webchat feature.
- The Money Mate current account with card and apps for kids aged 7-15 years and their parents grew 101% year on year helping youngsters to learn how to manage and save their money.

New subcontract to supply Leap cards at 2,500 outlets

Thanks to a new five-year contract agreed between the National Transport Authority (NTA), Cubic Transportation and An Post, from May 2023, buying or topping up a TFI Leap Card will be exclusively available through An Post's 910 Post Offices and 1,600 PostPoint convenience stores nationwide, boosting convenient access for everyone to an increasingly sustainable and rapidly expanding transport network.

Driving eCommerce convenience for consumers and small businesses

The Post Office network became Ireland's largest out-of-home service for parcel collections and returns. With the return to offices, consumers can opt to have their parcels diverted to Post Offices or PostPoint outlets for collection and returns. Post Offices provide an essential service also for small businesses in growing their online business with discounts on parcel labels and postage with the Advantage Card.

Living our Purpose

Post Offices play a key role at the heart of communities. Two stand out moments this year where we really lived our purpose were our response to the Creeslough tragedy and supporting Ukrainian refugees.

Who will forget that tragic Friday in October in the village of Creeslough in County Donegal. I would like to acknowledge our Postmistress and Post Office clerk, who were working in the Post Office that Friday afternoon. Their concerns were firstly for their customers and getting them to safety. We came together to launch the Creeslough Community Support Fund with the Irish Red Cross, raising more than €1.5million in a four-week period of which over €600,000 was raised through Post Offices with An Post waiving all transaction fees.

The Post Office network and staff were also at the heart of the response to Ukrainian citizens arriving in Ireland supporting them in navigating the social welfare system, setting up bank accounts and having a mobile phone, including free calls to Ukraine, and a secure Address Point address if they were staying in temporary accommodation.

I thank our Postmasters and Post Office staff who dealt with new customers, many of them very distressed, with patience and respect. This strong sense of pride and community is what is so unique about An Post.

Looking to the future

Through 2023 and onwards we'll be pursuing ongoing growth in financial services and providing customers with simple tools and practical tips to become financially fit while driving a vibrant, transformed and sustainable network.

We look forward to working with government to offer more government services, both online and in person, through the national Post Office network, ensuring ease of access for customers and sustainable businesses for postmasters in the future.

Debbie Byrne
Managing Director
An Post Retail
23 March 2023

Retail

At the heart of local communities providing a wide range of critical services to the public.

€13.4bn

We provided in person services to 1.1 million customers a week, handling 84m counter transactions with a value of €13.4bn

€25bn

We administered €25bn in State Savings in 2022, 15% of all national savings

40,000

We welcomed 40,000 new current account customers, giving us an 8% share of the switching market

29%

We grew banking transaction activity by 29% with expanded usage of the post office by consumers and small businesses

Sustainability Review

In An Post, we are doing more than making commitments and creating plans. We are taking action to drive sustainability and some of our achievements in 2022 include:

- Maintained zero Gender Pay Gap for second consecutive year
- Zero waste to landfill for the fifth consecutive year
- Performed a first-of-its-kind assessment in Ireland of nature-related impacts and dependencies as well the associated risks and opportunities for the business
- Reduced our carbon emissions by 12% year on year and by 35% since 2009
- Met our ambition to replace all lighting with energy efficient sources by 2022
- Supported Ukrainian refugees arriving in Ireland
- Collected €2.1m in charitable donations for Ukraine Relief Fund and Creeslough Community Support Fund through our Post Office network and waived all transaction fees
- Became the first company in Ireland to be accredited for running an employee engagement programme on sustainability
- Inaugural Irish business to sign up to the 'Beat the Peak' initiative reducing electricity usage from 5pm - 7pm
- Ranked third in the world by the International Postal Corporation's Sustainability Measurement and Management System
- 30.8% of our fleet now runs on alternative fuel sources
- Named as Ireland's most reputable organisation in the Ireland RepTrak® 2022 study
- Expanded the use of Hydro-treated Vegetable Oil (HVO) to 12 HGVs in Cork following the success of the 2021 trial in Galway
- New subcontract to supply Leap cards at 2,500 outlets

Sustainability
continued

Climate risk assessments

In 2022, we considered our resilience against key climate-related risks and opportunities.

Through engagement with relevant stakeholders, we are identifying ways to further embed climate-related issues into our risk management system and processes. We recognise that climate change poses physical and transitional risks for An Post, as well as opportunities, which is why our qualitative analysis looked at both physical risks caused by increased severity of climate change and transitional risks, such as those associated with regulatory changes and technology advances.

In 2022 we also performed a business and biodiversity assessment to enhance our biodiversity strategy, and which aligned with requirements in the new TNFD reporting framework. This was a first-of-its-kind assessment in Ireland of nature-related impacts and dependencies as well the associated risks and opportunities for the business.

Further details about all aspects of sustainability in An Post can be found in the 2022 An Post Sustainability Report. This can be accessed at http://anpost.com/Sustainability-Report-2022 and readers are encouraged to review this material to get an insight into the actions we are taking to drive sustainability.

Board of Directors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1. **Carol Bolger**
2. **Frank Burke**
3. **Peter Coyne**
4. **Barry Gavin**
5. **Helen Kelly**
6. **Sinéad Mahon**
7. **Anthony McCrave**
8. **Pádraig McNamara**
9. **David McRedmond**
   Chief Executive Officer
10. **William Mooney**
11. **Kieran Mulvey**
12. **Martina O'Connell**
13. **Mary O'Donovan**
14. **Gerry Sexton**
15. **Paula Butler**
    Company Secretary

Management Board


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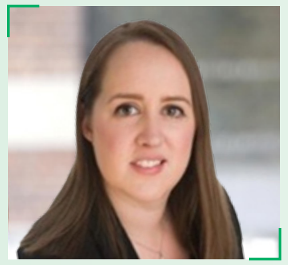
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1. **David McRedmond**
   Chief Executive Officer
2. **Garrett Bridgeman**
   Managing Director An Post Commerce
3. **Paula Butler**
   Chief Admin Officer & Company Secretary
4. **Debbie Byrne**
   Managing Director An Post Retail
5. **Des Morley**
   Chief Digital & Technology Officer
6. **Eleanor Nash**
   Chief People Officer
7. **Peter Quinn**
   Chief Financial Officer
8. **Nicola Woods**
   Chief Transformation Officer

Report of the Directors

The Directors have pleasure in presenting the Directors' Report together with the audited financial statements of the Group for the year ended 31 December 2022.

1. The Group and its Principal Activities

The Group's principal activity is to operate the national postal service and the network of Post Offices. It also manages a number of commercial enterprises and has an investment in Premier Lotteries Ireland, the National Lottery operator.

2. Results

Details of the results for the year are set out in the consolidated income statement on page 44 and in the related notes to the financial statements. The directors did not pay an interim dividend (2021: Nil), and do not propose the payment of a final dividend for the year (2021: Nil).

3. Business Review

EBITDA of €18.6m was achieved for 2022 (2021: €16.2m). The overall Group loss for the year was €224.1m. However, this measure of performance is arrived at after accounting for exceptional pension costs in the year of €217.9m which arise from the partial re-instatement of certain pension benefits previously curtailed, and the change in the State Pension age to 66. The review of business for the year is dealt with in greater detail in the Chief Executive Report (page 4) and the Financial Review (page 10).

In monitoring performance, the directors and management have regard to a range of key performance indicators (KPIs), including the following:

KPI	Performance in 2022	Performance in 2021
Operating result		
EBITDA before one off items as a percentage of revenue	2.1%	1.8%
Staff costs as a percentage of total operating costs	61.2%	61.5%
Postmasters' costs as a percentage of total operating costs	6.2%	6.5%
Other operating costs as a percentage of total operating costs	32.6%	32.0%
Staff - Average Full Time Equivalents (FTE)		
Company	9,469	9,767
Subsidiaries	635	654
Group	10,104	10,421
Mails and parcel business		
Mails and parcel revenue	€614.4m	€623.8m
Core mail volumes decline	(5.9%)	(4.8%)
Retail business		
Retail revenue	€164.7m	€154.5m
Social welfare transactions	24.8m	24.4m
BillPay transactions	11.4m	12.9m
TV licences issued by An Post	0.948m	0.951m
Investment Products - net fund inflow	€116.1m	€456.8m
Post Office Savings Bank - net fund inflow	€347.9m	€502.0m
Prize Bonds - net fund inflow	€252.1m	€340.1m
Customer Service		
Written complaints/enquiries	44,675	56,309
Telephone enquiries	714,728	640,257

4. Risk Management

As a commercial business, An Post is exposed to a number of key risks which could have a significant impact on its performance and long term development. The effective identification and management of these risks is key to the achievement of our strategic objectives. Risk management is an integral part of the decision making process in An Post. Understanding our risks also allows us to pursue the upside of risks and identify change opportunities whenever they arise. Our risk management processes and controls are designed to manage the risks rather than eliminate them.

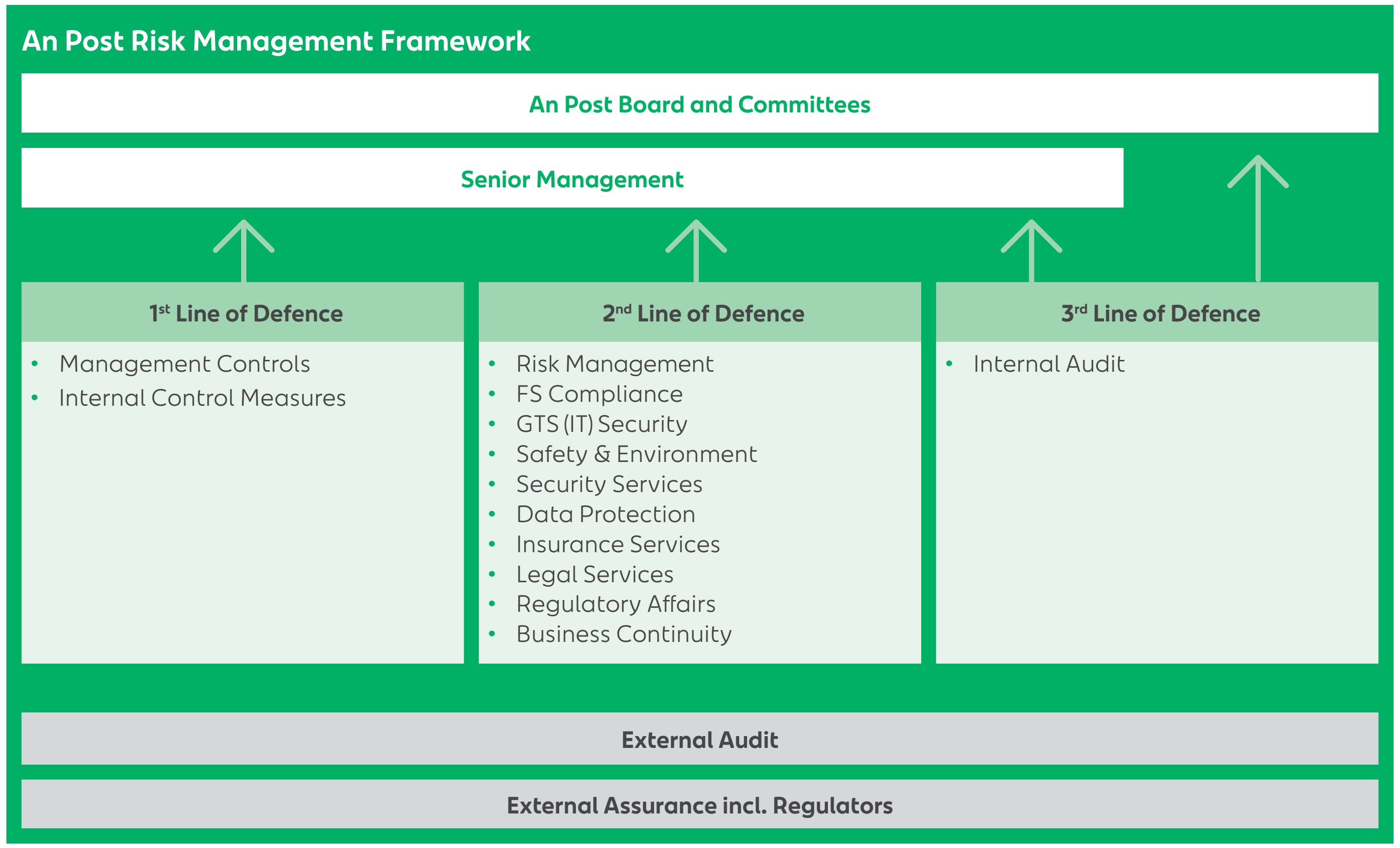
Risk Management Framework

The An Post Board has ultimate responsibility for the governance of all risk-taking activity. Certain significant matters are specifically reserved to the Board for its decision. The Board also has overall responsibility for ensuring that we operate sound risk management procedures and, on at least an annual basis, the Board assesses their effectiveness. The Board Audit and Risk Committee supports the Board with responsibilities relating to the oversight of risk, control and assurance matters.

Management are responsible for putting in place robust processes and controls for the effective management of risk. The Chief Executive is responsible for the overall effectiveness of the risk management framework at Executive level.

A number of specialist risk management and compliance assurance functions are in place who assist management in the strategic and day to day management of specific risks. They are also responsible for independent risk-based monitoring to ensure appropriate processes and controls are in place.

Internal Audit is responsible for providing independent assurance to the Board and Senior Management on the adequacy and effectiveness of the risk management processes in place.

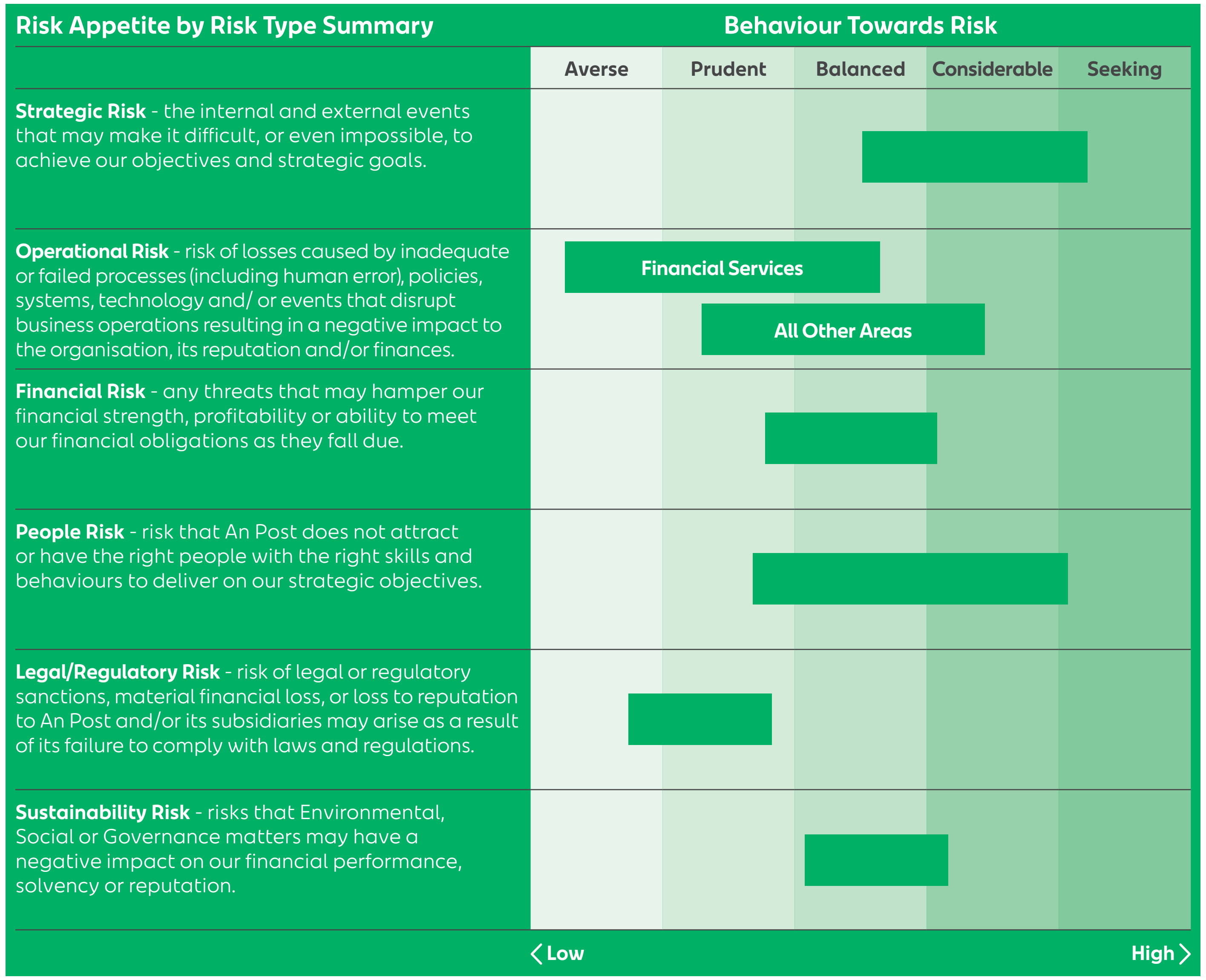


Report of the Directors continued

4. Risk Management continued

Risk Management Process

While risk management is an ongoing and dynamic process, the key risks facing An Post are formally assessed and updated by the Board at least twice a year, at the time of the approval of the financial statements and also as part of the strategic planning process. The approach consists of a top-down strategic assessment of risk and risk appetite, including an assessment of the external business environment. This is combined with risk reviews carried out within the Business Units and Corporate Functions. On an ongoing basis we monitor developments internally and externally to identify any emerging risks.



Risk Appetite

The An Post Board determines the level of risk we are prepared to take to achieve our strategic objectives and the controls we need to operate in order to mitigate these risks. Management is accountable for identifying and managing risks and for delivering business objectives in accordance with this risk appetite. The current An Post Risk Appetite varies by risk category, details of which are outlined below;

Risk Identification and Evaluation

The identification and assessment of individual risks is an ongoing process which takes into account the external environment as well as the controls currently in place. Each risk is assessed taking into account the likelihood of the event taking place and the likely impact should the event occur. The effectiveness of the existing preventative controls is taken into consideration in assessing the likelihood of the event occurring.

Our Principal Risks and Uncertainties

Risk Name	Risk Description	Mitigation	Trend in 2022
Global Economic & Political Environment Uncertainty	National Postal operators are a key part of the economy. Mail volumes are adversely impacted in the event of general economic uncertainty and/or recession.	Management and the Board continuously monitor the domestic and international economic and political environment.	↑
IT Risk (Including External Service Providers)	In the context of an ever increasing need for change to thrive, ensuring delivery of IT requirements on a timely basis, managing IT resource constraints and change IT delivery processes is a key challenge. The risk of a significant internal incident or an external cyber security incident resulting in (a) the loss or corruption of data and/or (b) the unavailability of IT systems. Similar to long established businesses An Post has an element of older legacy equipment and software which pose a security and continuity risk.	An IT Technology Roadmap has been developed to address legacy constraints. Additional resources are on-boarded as required. IT Project Management resources and tools are in place. We are continuing to invest in ensuring cyber resilience including specialised security tools, systems upgrade and regular training in respect of cyber security and data privacy. Over the last three years a significant upgrading of IT facilities has taken place and the remainder of the work is being tracked separately by the Board.	↑
Sustainability of the Mails Universal Service Obligation	The sustainability of the Mails Universal Service Obligation is a constant challenge. Pricing initiatives and cost reduction are both critical, but may not be sufficient. Delays in mails and parcels pricing initiatives and/or cost reduction initiatives could result in an inability to sustain the provision of this Universal Service.	An Post engages with the Shareholder and the Regulator on an ongoing basis to monitor the sustainability of the USO, examining a variety of measures, including necessary price increases and good cost management.	↔
Inflexible and inefficient cost structure	A critical element of the Company strategy is to be a cost effective operator and therefore the risk of not achieving the required level of flexibility and efficiency in our operations within the necessary time frames is critical.	We continue to work with our Trade Union partners to ensure we implement the necessary changes to drive productivity. This includes the adoption of newer technologies and working methodologies.	↔

Report of the Directors continued

4. Risk Management continued

Risk Identification and Evaluation continued

Our Principal Risks and Uncertainties continued

Risk Name	Risk Description	Mitigation	Trend in 2022
Loss of Significant E-Commerce Customers to Competitors	While the level of reliance on individual key customers has been reduced significantly over the last two years, the loss of a large E-Commerce customer due to poor service quality and/or price could be damaging to the business.	We constantly work with our customers to ensure that we are continuing to meet and exceed their service/price expectations. Significant resources are deployed to ensure resilience in maintaining service quality, particularly during peak demand periods.	↔
Stakeholder Support - Delays to Key Initiatives	An Post has many Stakeholders. This gives rise to potential risk of delays to key initiatives including pricing, investments and funding due to delays or resistance from Stakeholders.	Regular meetings are held with all Stakeholders to ensure that planned initiatives and the rationale behind them are communicated well in advance.	↔
Retail Network Sustainability	Given the projected reductions in Department of Social Protection volumes there is a risk of a significant number of unsustainable Post Offices.	Working with Government to identify additional service opportunities for citizens at Post Offices. Creating a step change in the commercial culture in the Network. Examination of further funding mechanisms for the retention of unsustainable Post Offices.	↔
Customs 2020	Risks to the An Post brand and reputation as well as reduced inbound and outbound international mail volumes due to the rigid imposition of EU Customs changes.	An Post continues to work with domestic and non-EU based customers and Postal Administrations to enable them to meet the changed EU Customs inbound and outbound requirements.	↔
Unsustainable Level of Absenteeism	Risk of absenteeism exceeding sustainable levels resulting in additional costs and potential impact upon customer service quality.	We have a comprehensive set of internal and external supports in place for all staff. Ongoing benchmarking and evaluation of external best practice.	↑
Expansion of major online retailer into final mile delivery	Risk of major online retailer extending its existing packet/parcel processing and delivery operation in Ireland.	We constantly work with our major online retailers to ensure that we continue to meet and exceed their service expectations particularly during peak demand periods.	↔
Financial Services Regulatory Compliance	Similar to other regulated financial services providers, compliance with Central Bank regulations, NTMA regulations, Anti-Money Laundering (AML) and payment services directives is a challenge and a risk.	A comprehensive Financial Services Compliance Framework is in place with regular reporting to the Board. The Central Bank of Ireland are engaged and there is quarterly communication with the AML supervising body.	↔
Financial Services Profitability	Also similar to other financial services providers, maintaining a suitably high specification infrastructure to meet customer needs places pressure on the profitability of the services offered.	We are continually reviewing our infrastructure, service offering and our varied business models to ensure that the optimum approach is taken in respect of each of our service offerings.	↔

5. Directors, Secretary and their Interests

Ms. Helen Kelly, Ms. Sinead Mahon and Mr. Barry Gavin were appointed to the Board in May 2022, while Ms. Áine Flanagan retired as non-executive director in December 2022. There were no other changes in the composition of the Board since the date of the previous report of the directors. The directors and secretary who held office at 31 December 2022 had no interests in the shares, or the debentures of the Company or any Group company at any time during 2022.

6. Employees

The Group is an equal opportunities employer. All applications for employment are given full and fair consideration, due regard being given to the aptitude and ability of the individual and the requirements of the position concerned. All employees are treated on equal terms as regards training, career development and promotion. An Post is pleased to confirm that its employment of people with disabilities exceeds the target of 3% set under the Disabilities Act, 2005. The employment of people with disabilities for 2022 was 4.22%. In addition, during 2022 the Company also published its fourth Gender Pay Report. The gender pay gap has been effectively zero for two consecutive years. In 2022, 294 employees attended the An Post Green Institute leadership and management development programmes.

An Post is committed to ensuring the highest safety standards and safe practices for its employees, contractors and members of the public, through the prevention of injury, ill health and by applying the high standards which are detailed in the Company's Safety Management System. This commitment is achieved through our compliance with the requirements of the Safety, Health and Welfare at Work Act 2005, the Safety Health and Welfare at Work (General Application) Regulations, 2007 (as amended) and all other relevant statutory provisions and codes of practice.

In 2022, there were 1.97 lost time accidents per 100,000 hours worked. This figure is down from 2.0 in 2021, a 1.5% improvement and a noteworthy 27% improvement on the 2018 baseline figure. Set in the context of working through the difficult operational environment presented by the Covid-19 pandemic. An Post is striving for excellence in this area and is continuing to increase awareness among employees and contractors of the necessity for the highest safety standards. An Post is certified to the ISO 45001:2018 - Occupational Health and Safety Management System Standard, which further demonstrates our commitment to managing all of our activities in a safe and effective manner.

An Post continues to monitor the situation regarding Covid-19 closely. As we commence 2023, An Post acknowledges that the global pandemic that causes Covid-19 remains an ever changing and evolving situation. As a company, An Post is committed to operating in accordance with government and public health guidelines as these relate to workplaces and the delivery of services.

During 2022 in consultation with our Union partners, a number of initiatives were successfully implemented:

- Participation in 2022 Sun Smart campaign for outdoor workers, sponsored by the HSE and Irish Cancer Society.
- Commenced roll out of the provision of Automated External Defibrillators to all An Post sites - to be completed over a 3-year period.
- A Safety Shoe alternative to the Safety Boot went on general issue in 2022 for staff who had a preference for the lighter footwear. This has received positive feedback from our frontline staff.
- A review of manual handling activities in our Mails and Parcels operations, saw the introduction of 200 high lift pallet trucks across our sites, which enable operatives to work with a reduced manual handling physical effort. This was facilitated by a joint working committee with input from multiple stakeholders including worker representatives.
- In December 2022 An Post were shortlisted for a Transport Safety Award in recognition of our efforts to reduce Vehicle Related Risks.

In 2022, over 3,252 employees attended specific safety training courses, including 2,545 staff trained in manual handling. In addition, 401 HGV drivers completed professional driver CPC modules during the year and 88 drivers undertook E-vehicle familiarisation training.

7. Prompt Payment of Accounts

The policy of An Post is to comply with the requirements of relevant prompt payment of accounts legislation. The Group's standard terms of credit taken, unless otherwise specified in contractual arrangements, are 30 days. Appropriate internal financial controls are in place, including clearly defined roles and responsibilities and monthly reporting and review of payment practices. These procedures provide reasonable but not absolute assurance against material non-compliance with the regulations.

Report of the Directors continued

8. Data Protection

As a trusted intermediary, handling significant volumes of personal data, An Post continues to invest significant resources to ensure that An Post respects personal data protection rights.

We are committed to protecting our customers' privacy and have robust protocols in place to investigate any complaints or concerns we receive. A multi-disciplined Data Privacy Office Team, and a network of Data Champions within the organisation, provide data privacy advice and support to all areas of the business. Our framework of technical and organisational measures ensures our compliance with the General Data Protection Regulation right across the Group and also across our third party service providers.

A pro-active approach is taken to protecting our customers' privacy. Data protection policies are reviewed at least annually. Regular staff training and awareness sessions are held to ensure that data privacy continues to be at the core of our operations. Data privacy by design and data protection impact assessments are carried out to ensure that appropriate protections are in place before new services or material changes to existing processes are implemented.

9. Treasury Risk Management

The Group's treasury operations are managed in accordance with policies approved by the Board. The Group's financial instruments are limited to cash, term deposits, bank loans/overdrafts and a Government loan, and as such the Group's operational exposure to financial risks are limited. The Group's treasury risk management policy allows for limited foreign exchange hedge positions to be taken but does not include the use of derivatives.

10. Accounting Records

The directors are responsible and have complied with the requirements of Section 281 to 285 of the Companies Act, 2014 with regard to adequate accounting records by employing personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records of the Company are maintained at the Company's premises at the General Post Office, O'Connell Street, Dublin 1, D01 F5P2.

11. Directors' Compliance Statement

The directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations. In addition, the directors confirm that a compliance policy document has been drawn up that sets out policies that are appropriate to the Company, respecting compliance by the Company with its relevant obligations and that appropriate arrangements or structures are in place that are, in our opinion, designed to secure material compliance with the Company's relevant obligations, and after the financial year, the arrangements or structures referred to above have been reviewed.

12. Political Donations

During the financial year ended 31 December 2022, the Group made no political contributions which would require disclosure under the Electoral Act 1997, (2021: Nil).

13. Subsequent Events

There have been no events subsequent to the year end that require disclosure.

14. Going Concern

The Board of Directors have a reasonable expectation that the Group will have adequate resources to continue in business for a period of at least 12 months from the date of approval of these financial statements. For this reason, they continue to adopt the 'going concern' basis for the preparation of the financial statements. Details are set out in note 1 to the financial statements.

15. Corporate Governance

15.1 Code of Practice for the Governance of State Bodies (2016)

The Board has adopted the Code of Practice for the Governance of State Bodies ("the Code"), as published by the Department of Public Expenditure and Reform in August 2016. The Company complies with the Code and has procedures in place to ensure compliance with the Code of Practice for the Governance of State Bodies for 2022.

15.2 Board Responsibilities

The work and responsibilities of the Board are set out in the Terms of Reference for the Board. The Company has a schedule of matters specifically reserved for Board decision. Standing items considered by the Board include; declaration of interests, reports from committees, financial reports/management accounts, performance reports, and reserved matters.

In addition to being responsible for the Company keeping adequate accounting records, as required by the Companies Act 2014, Section 32 of the Postal and Telecommunication Services Act 1983 ('the Act') requires the Board to keep, in such form as may be approved by the Minister with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it. In preparing the financial statements, the Board is required to; select suitable accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent, prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation, and state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements comply with Section 32 of the Act. The maintenance and integrity of the corporate and financial information on An Post's website is the responsibility of the Board. The Board is responsible for approving the annual plan and budget. An evaluation of the performance of An Post by reference to the annual plan and budget is carried out at each Board meeting. The Board is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board considers that the financial statements give a true and fair view of the financial performance and the financial position of An Post at 31 December 2022.

15.3 Board Structure

The Group is controlled through its Board of directors. The Board's main roles are to oversee the operation of the Group, to provide leadership, to approve strategic objectives and to ensure that the necessary financial and other resources are made available to enable those objectives to be met. Certain matters are specifically reserved to the Board for its decision. The specific responsibilities reserved to the Board include; setting Group strategy and approving an annual budget and medium-term projections; reviewing operational and financial performance; approving major capital expenditure; reviewing the Group's systems of financial control and risk management; ensuring that appropriate management development and succession plans are in place; reviewing the environmental, health and safety performance of the Group; approving the appointment of the Company Secretary; and maintaining satisfactory communication with shareholders.

The Board has delegated the following responsibilities to management; the development and recommendation of strategic plans for consideration by the Board that reflect the longer-term objectives and priorities established by the Board; implementation of the strategies and policies of the Group as determined by the Board; monitoring of the operating and financial results against plans and budgets; prioritising the allocation of technical and human resources; and developing and implementing risk management systems.

15.4 Board Membership

The Board comprises fifteen directors including the Chairperson, the CEO, five employee directors, one postmaster director and seven non-executive directors. The table below details the date of appointment by the Minister and the appointment period for current members. One vacancy exists at present.

Board member	Role	Date Appointed by Minister	Term
Carol Bolger	Chairperson	20 July 2021	5 years
David McRedmond	CEO	3 October 2016	7 years
Peter Coyne	Non-executive director	31 October 2018	5 Years
Anthony McCrave	Employee director	1 November 2020	4 years
Padraig McNamara	Postmaster director	1 January 2022 (2nd term)	3 Years
William Mooney	Employee director	1 November 2020 (3rd term)	4 years
Kieran Mulvey	Non-executive director	16 September 2019	5 Years
Martina O'Connell	Employee director	1 November 2020 (3rd term)	4 years
Mary O'Donovan	Non-executive director	31 October 2018	5 Years
Gerry Sexton	Employee director	1 November 2020	4 years
Frank Burke	Employee director	1 November 2020	4 years
Helen Kelly	Non-executive director	12 May 2022	5 years
Sinead Mahon	Non-executive director	12 May 2022	5 years
Barry Gavin	Non-executive director	12 May 2022	5 years

Report of the Directors continued

15. Corporate Governance continued

15.4 Board Membership continued

All directors are appointed to the Board by the Minister for Environment, Climate and Communications and their conditions of appointment and fees are set out in writing. The directors complete a fitness and probity governance process that meets the requirements of the Central Bank of Ireland.

Employee directors are elected in accordance with the Worker Participation (State Enterprises) Acts, 1977 to 1993, for a term of four years. The postmaster director is elected in accordance with Section 81 of the Postal and Telecommunications Services Act, 1983 for a term of three years. All other directors are appointed for a fixed term.

15.5 Key Personnel Changes

Mr. Padraig McNamara was re-elected as Postmaster Director. Ms. Áine Flanagan retired as non-executive director on 9 December 2022 and the Chair welcomed three new directors to the Board in May 2022: Ms. Helen Kelly, Ms. Sinead Mahon and Mr. Barry Gavin.

Given its legal status as a State Company and the responsibility of its principal shareholder in the appointment of directors, the Board believes that it has fulfilled all of the obligations that are required in respect of the appointment of directors.

15.6 Induction and Ongoing Training

On appointment, all new directors take part in an on-boarding programme when they receive information about the Group, the role of the Board and the matters reserved for its decision, the terms of reference and membership of the Board and principal Board Committees, the Group's corporate governance practices and procedures, including the responsibilities delegated to Group senior management, and the latest financial information about the Group. This is supplemented by meetings with key senior executives. Throughout their period in office, the directors are continually updated on the Group's business, the competitive and regulatory environments in which it operates, corporate social responsibility matters and other changes affecting the Group and the postal industry as a whole, by written briefings and meetings with senior executives. Directors are also advised on appointment of their legal and other duties and obligations as a director, both in writing and in meetings with the Company Secretary. They are updated on changes to the legal and governance requirements of the Group and upon themselves as directors. All directors have access to the advice and services of the Company Secretary.

15.7 The Roles of the Chairperson and Group CEO

The positions of Chairperson and Group CEO are held by different people. The Chairperson leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairperson is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda.

The Chairperson facilitates the effective contribution of all directors and constructive relations between the executive director and the other directors, ensures that directors receive relevant, accurate and timely information and manages effective communication with shareholders.

The Chief Executive Officer has direct charge of the Group on a day to day basis and is accountable to the Board for the financial and operational performance of the Group.

The Board through the Chairperson and management, maintain an ongoing dialogue with the Company's shareholders on strategic issues. The Chairperson and the Chief Executive Officer give feedback to the Board on issues raised by the shareholders. The directors are invited to attend the Annual General Meeting and shareholders are invited to ask questions during the meeting.

The Board has formal procedures in place whereby the Chairperson meets with the non-executive directors without the Chief Executive Officer being present.

15.8 Directors' Independence

Directors have the right to ensure that any unresolved concerns they may have about the running of the Group or about a particular course of action are recorded in the Board minutes. If they have any such concerns, they may, on resignation, provide a written statement to the Chairperson, for circulation to the Board. The directors are provided access to independent professional advice at the Group's expense where they deem it necessary to discharge their responsibilities as directors.

15.9 Performance Evaluation

The Board has adopted and performed a formal process for the evaluation of its own performance and that of its principal Committees. This includes periodic external performance evaluation. The Board considers that the introduction of any further evaluation of individual directors would be inappropriate given the manner of appointment of directors, the shareholding structure and existing Board procedures.

15.10 Board Committees

The Board has established the following committees:

1. The Audit and Risk Committee ('ARC') supplemented its membership during 2022 and comprises of six Board members; the members of the ARC have relevant audit and accounting experience to fulfil their duties. Under its terms of reference, the Committee is to assist the Board in fulfilling its responsibilities by the monitoring of:
   - The financial reporting process;
   - The effectiveness of the Company's system of internal control, internal audit and risk management;
   - The statutory audit of the Company's statutory financial statements;
   - The effectiveness of the external audit process and making recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditor. It is responsible for ensuring that an appropriate relationship between the Group and the external auditor is maintained, including reviewing non-audit services and fees; and
   - The review and monitoring of the independence of the statutory auditor and in particular the provision of additional services to An Post.

   In order to maintain the independence of the external auditor, the Audit and Risk Committee has determined policies as to what audit related and non-audit services can be provided by the Group's external auditors and the approval process related to these services. Under these policies, work of a consultancy nature will not be offered to the external auditor unless there are clear efficiencies and value-added benefits to the Group while ensuring that the objectivity and independence of the external auditor is maintained. The members of the ARC are Peter Coyne (Chair of ARC), Mary O'Donovan, Sinead Mahon, Helen Kelly and Barry Gavin. There were eight meetings of the ARC in 2022.
2. The Remuneration Committee comprises of three Board members. The Committee acts on behalf of the Board and takes all significant decisions on matters such as remuneration policy, benefits, third party recommendations and related issues. The members of this Committee are Carol Bolger, David McRedmond and Kieran Mulvey. The Chief Executive Officer absents himself from meetings when matters relating to his own remuneration are being considered. There were three meetings of the Committee in 2022.
3. The Health and Safety and Security Committee ('HSSC') comprises of three Board members. The Committee's principal responsibilities are to monitor the effectiveness of the Company's Safety Management, Security and Diversity & Inclusion systems, satisfy itself as to Company compliance with applicable health and safety and security legislation and regulations, ensure incidents are reduced to as low as reasonably practicable. The Committee also monitors the development, implementation and continual improvement of strategies, management systems and processes to ensure that adequate health and safety and security regulations and procedures (including emergency response planning) are in place. The members of this Committee are Kieran Mulvey (Chair of HSSC), Martina O'Connell and Frank Burke. There were four meetings of the Committee in 2022.
4. The Strategy Committee comprises four Board members. The Committee's Terms of Reference are to consider and make recommendations to the Board on strategic issues, including recommending the strategic plan to the Board for adoption. In addition, the Committee monitors the implementation by management of the agreed strategic plan, and to propose corrective actions or prioritisation of elements of the plan, if required, during the life of the plan. The current members of this Committee are Carol Bolger, David McRedmond, Peter Coyne and Kieran Mulvey. The Committee met twice in 2022.

Report of the Directors continued

15. Corporate Governance continued

15.11 Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board and Committee meetings for 2022 is set out below including the fees and expenses received by each member:

Member	Board	Audit & Risk Committee	Remuneration Committee	Health & Safety & Security Committee	Strategy Committee	Fees 2021 €'000	Fees 2022 €'000
No. of meetings during year	8	8	3	4	2		
Carol Bolger	8/8		3/3		2/2	23	32
Frank Burke	5/8			3/4		16	16
Peter Coyne	8/8	8/8			2/2	16	16
Áine Flanagan	7/8	8/8				16	15
Anthony McCrave	8/8					16	16
David McRedmond	7/8		3/3		2/2	-	-
Padraig McNamara	7/8					16	16
William Mooney	7/8					16	16
Kieran Mulvey	6/8		2/3	4/4	2/2	16	16
Martina O'Connell	7/8			3/4		16	16
Mary O'Donovan	7/8	8/8				16	16
Gerry Sexton	8/8					16	16
Helen Kelly	3/3	2/2				-	9
Sinead Mahon	2/3	1/2				-	9
Barry Gavin	3/3	2/2				-	9

The table lists the number of meetings each board member attended out of the number they were eligible to attend. The total directors' fees for 2022 amounted to €218k as set out in Note 9, page 64. Expenses paid to Directors in 2022 amounted to €2k (2021: €1k).

15.12 Statement on Internal Control

Scope of Responsibility

The Board of An Post is responsible for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in An Post for the year ended 31 December 2022 and up to the date of approval of the financial statements.

Capacity to handle risk

An Post has an Audit and Risk Committee (ARC) comprising Board members with financial and audit expertise, one of whom is the Chair. The ARC met eight times in 2022.

An Post has also established an internal audit function which is adequately resourced and conducts a programme of work agreed with the ARC.

The ARC has developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within An Post's risk management policies, to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

Risk and Control Framework

An Post has implemented a risk management system which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

A risk register is in place which identifies the key risks facing An Post and these have been identified, evaluated and graded according to their significance. The register is reviewed and updated by the ARC on a six monthly basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. We confirm that a control environment containing the following elements is in place:

- procedures for all key business processes have been documented,
- financial responsibilities have been assigned at management level with corresponding accountability,
- there is an appropriate budgeting system with an annual budget which is kept under review by senior management,
- there are systems aimed at ensuring the security of the information and communication technology systems, and
- there are systems in place to safeguard the assets.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. We confirm that the following ongoing monitoring systems are in place:

- key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and
- there are regular reviews by senior management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

Procurement

Documented policies are in place in relation to procurement. These policies are in line with European Union and Irish Government guidelines. Adherence to these guidelines is monitored throughout the year.

Review of Effectiveness

An Post has procedures to monitor the effectiveness of its risk management and control procedures. An Post's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal and external auditors, the Audit and Risk Committee which oversees their work, and the senior management within An Post responsible for the development and maintenance of the internal financial control framework.

Internal Control Issues

No weaknesses in internal control were identified in relation to 2022 that require disclosure in the financial statements.

15.13 Raising Matters of Concern

The Group operates procedures to ensure that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action including a review by the Audit and Risk Committee. Reporting channels have been created whereby perceived wrongdoing may be reported via post, telephone and email.

15.14 Disclosures required under the Code of Practice for the Governance of State Bodies

An Post is compliant with the reporting guidelines of the Revised Code of Practice for the Governance of State Bodies (2016). The following statistics relate to the An Post Group for the financial year ended 31 December 2022. The Chairperson has written to the Minister for Environment, Climate and Communications with further detailed information.

Employee benefits

Employees' short-term benefits for the Group are categorised into the following bands:

	2022 No. of employees	2021 No. of employees
Less than €50,000	9,475	9,629
Between €50,000 and €74,999	1,662	1,931
Between €75,000 and €100,000	397	432
Over €100,000	160	166

Travel and official entertainment

Costs in respect of travel and official expenditure incurred in the year amounted to €2.740m (2021: €1.846m). This includes travel and subsistence of €2k paid directly to Board members in 2022 (2021: €1k).

Report of the Directors continued

16. Statement of the Directors on compliance with the Regulator's Direction on the Accounting Systems of An Post as required by the Communications Regulation (Postal Services) Act 2011

Under the Communications Regulation (Postal Services) Act 2011, the accounting procedures of An Post are required to be conducted in accordance with directions laid down by ComReg and with certain provisions in the Act.

The directors acknowledge their responsibility for compliance with the accounting provisions of the Act and the following statement describes how An Post applied the relevant provisions of the Act and the Direction for the accounting year beginning on 1 January 2022.

Financial Records and Accounting Systems

The financial records and accounting systems maintained by An Post contain sufficient detail to enable management to ensure that they comply with the accounting provisions of the Direction. Separate accounts are maintained for each of the services within the Universal Service.

Separated Accounts

Segmental profit and loss accounts and statements of net assets will be submitted to ComReg for the year ended 31 December 2022. In compliance with the Direction, a competent body is reviewing these accounts and will issue an opinion on their compliance with the Direction.

Accounting Manual

A detailed accounting manual has been prepared showing the range and scope of data to be collected for the purpose of complying with the Direction and the basis on which the data is to be allocated/apportioned between services.

Statement of Compliance

Based on the above steps and actions, the directors believe that An Post has complied with the relevant provisions of the Act and with the Direction of ComReg in relation to the Accounting Systems of An Post for the year ended 31 December 2022.

17. Directors' Responsibilities Statement in respect of the Directors' Report and the Financial Statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("relevant financial reporting framework") and the Company financial statements in accordance with FRS 101 Reduced Disclosure Framework. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial year end date and of the profit or loss of the Company for the financial year and otherwise comply with the Companies Act 2014.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- comply with applicable IFRS as adopted by the EU and provide additional disclosures when compliance with the specific requirements with IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

18. Relevant Audit Information

For the purposes of Section 330 of the Companies Act 2014, the directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditors are unaware.

19. Auditor

The auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, continue in office in accordance with Section 383(2) of the Companies Act 2014.

On behalf of the Board

Carol Bolger, Director
David McRedmond, Director

23 March 2023

Independent Auditor's Report to the members of An Post

Report on the audit of the financial statements

Opinion on the financial statements of An Post (the 'company')

In our opinion, the group and parent company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the group and parent company as at 31 December 2022 and of the loss of the group for the financial year then ended; and
- Have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

The Group Financial Statements:

- The Consolidated Income Statement;
- The Consolidated Statement of Other Comprehensive Income;
- The Consolidated Statement of Financial Position;
- The Consolidated Statement of Changes in Equity;
- The Consolidated Statement of Cash Flows; and
- The related notes 1 to 33, including a summary of significant accounting policies as set out in note 1.

The Parent Company Financial Statements:

- The Company Statement of Financial Position;
- The Company Statement of Changes in Equity;
- The related notes 1 to 33, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in the preparation of the group financial statements is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework"). The relevant financial reporting framework that has been applied in the preparation of the parent company financial statements is the Companies Act 2014 and FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company'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 directors either intend to liquidate the group and parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on IAASA's website at: https://iaasa.ie/publications/description-of-the-auditors-responsibilities-for-the-audit-of-the-financial-statements/. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent company were sufficient to permit the financial statements to be readily and properly audited.
- The parent company balance sheet is in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Code of Practice for the Governance of State Bodies (August 2016) (as amended) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Corporate Governance Statement in the Directors Report does not reflect the groups compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Emer O'Shaughnessy
for and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

23 March 2023

Consolidated Income Statement

for the year ended 31 December 2022

	Notes	2022 Pre Exceptional €'000	2022 Exceptional €'000	2022 Total €'000	2021 Pre Exceptional €'000	2021 Exceptional €'000	2021 Total €'000
Revenue	2	888,139	-	888,139	890,600	-	890,600
Operating costs	3	(869,544)	-	(869,544)	(874,378)	-	(874,378)
EBITDA[1] before one off items		**18,595**	**-**	**18,595**	**16,222**	**-**	**16,222**
Depreciation and amortisation	4	(54,860)	-	(54,860)	(49,645)	-	(49,645)
Loss before one off items, net finance income/(costs) and taxation		**(36,265)**	**-**	**(36,265)**	**(33,423)**	**-**	**(33,423)**
Exceptional items (including transformation costs)	5	-	(223,955)	(223,955)	-	(11,605)	(11,605)
Other gains	6	8,348	-	8,348	1,330	-	1,330
Loss before net finance income/(costs) and taxation		**(27,917)**	**(223,955)**	**(251,872)**	**(32,093)**	**(11,605)**	**(43,698)**
Finance income	7	7,372	-	7,372	5,693	-	5,693
Finance costs	8	(4,099)	-	(4,099)	(2,876)	-	(2,876)
Loss before taxation	9	**(24,644)**	**(223,955)**	**(248,599)**	**(29,276)**	**(11,605)**	**(40,881)**
Taxation credit	10	(2,742)	27,237	24,495	3,019	-	3,019
Loss for the year		**(27,386)**	**(196,718)**	**(224,104)**	**(26,257)**	**(11,605)**	**(37,862)**
Loss for the year attributable to							
Owners of the Company		(27,499)	(196,718)	(224,217)	(38,006)	-	(38,006)
Non-controlling interests		113	-	113	144	-	144
		(27,386)	(196,718)	(224,104)	(37,862)	-	(37,862)

[1] EBITDA: Earnings (operating profit) before interest, tax, depreciation and amortisation.

On behalf of the Board

Carol Bolger, Director
David McRedmond, Director

23 March 2023

Consolidated Statement of Other Comprehensive Income

for the year ended 31 December 2022

	Notes	2022 €'000	2021 €'000
Loss for the year		(224,104)	(37,862)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension asset - net	24	356,294	348,892
Items that may be reclassified subsequently to profit or loss:			
Translation of foreign operations - subsidiaries		(1,344)	1,360
Total comprehensive income for the financial year		130,846	312,390
Total comprehensive income attributable to			
Owners of the Company		130,733	312,246
Non-controlling interests		113	144
		130,846	312,390

Consolidated Statement of Financial Position

at 31 December 2022

	Notes	31 December 2022 €'000	31 December 2021 €'000
Assets			
Non-current assets			
Intangible assets and goodwill	12	48,583	44,270
Investment property	13	-	1,800
Property, plant and equipment	14	318,392	307,598
Investments	15	32,383	31,752
Deferred tax asset	16	114	153
Pension asset	24	679,105	498,905
Total non-current assets		1,078,577	884,478
Current assets			
Trade and other receivables	16	142,846	143,844
Inventories	17	1,722	1,944
Cash at bank and in hand	18	765,935	529,279
Total current assets		910,503	675,067
Total assets		**1,989,080**	**1,559,545**
Equity and reserves			
Called up share capital	25	(68,239)	(68,239)
Other reserves		1,358	14
Retained earnings		(742,117)	(610,040)
Equity attributable to the Company		(808,998)	(678,265)
Non-controlling interests		(2,032)	(1,919)
Total equity		(811,030)	(680,184)
Non-current liabilities			
Deferred revenue	19	(4,013)	-
Capital grants	22	(7,495)	(7,719)
Leases and borrowings	20	(146,650)	(93,169)
Provisions	23	(10,088)	(10,699)
Pension liability	24	(12,904)	(12,899)
Total non-current liabilities		(181,150)	(124,486)
Current liabilities			
Trade and other payables	19	(230,192)	(216,475)
Leases and borrowings	20	(59,120)	(55,154)
Provisions	23	(1,730)	(1,703)
Amounts held in trust	18	(705,858)	(481,543)
Total current liabilities		(996,900)	(754,875)
Total liabilities		(1,178,050)	(879,361)
Total equity and liabilities		**(1,989,080)**	**(1,559,545)**

On behalf of the Board

Carol Bolger, Director
David McRedmond, Director

23 March 2023

Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Called up share capital €'000	Capital conversion reserve fund €'000	Foreign currency translation reserve €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total equity €'000
Balance at 1 January 2021	(68,239)	(877)	2,251	(299,154)	(366,019)	(1,775)	(367,794)
Loss for the year	-	-	-	38,006	38,006	(144)	37,862
Other comprehensive income:							
Remeasurements of defined benefit pension asset - net	-	-	-	(348,892)	(348,892)	-	(348,892)
Translation of foreign operations	-	-	(1,360)		(1,360)	-	(1,360)
Balance at 31 December 2021	(68,239)	(877)	891	(610,040)	(678,265)	(1,919)	(680,184)
Loss for the year	-	-	-	224,217	224,217	(113)	224,104
Other comprehensive income:							
Remeasurements of defined benefit pension asset - net	-	-	-	(356,294)	(356,294)	-	(356,294)
Translation of foreign operations	-	-	1,344	-	1,344	-	1,344
Balance at 31 December 2022	(68,239)	(877)	2,235	(742,117)	(808,998)	(2,032)	(811,030)

Other reserves per the Statement of Financial Position includes the capital conversion reserve fund and the foreign currency translation reserve.

Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	2022 €'000	2021 €'000
Cash flows from operating activities		
Loss for the year	(224,104)	(37,862)
Adjustments for:		
Depreciation	44,477	43,814
Amortisation	10,383	5,831
Net finance income	(3,273)	(2,817)
Other gains	(8,348)	(1,330)
Tax credit	(24,495)	(3,019)
Cash paid less than pension income statement charge	233,548	2,967
Capital grant amortised	(224)	(224)
Payments made in relation to provisions, excess over cost	(584)	(870)
	27,380	6,490
Changes in:		
Trade and other receivables	(1,234)	11,977
Inventories	222	(73)
Trade and other payables	(4,200)	(13,805)
Cash generated from operating activities	**22,168**	**4,589**
Taxes refunded/(paid)	426	(1,688)
Net cash generated from operating activities	**22,594**	**2,901**
Cash flows from investing activities		
Proceeds from disposals received during year	15,501	5,893
Acquisition of property, plant and equipment	(15,785)	(9,364)
Acquisition of intangible assets	(15,015)	(20,594)
Amounts held in trust	224,315	(108,963)
Proceeds from investment in Premier Lotteries Ireland	-	5,098
Net cash generated/(used) from investing activities	**209,016**	**(127,930)**
Cash flows from financing activities		
Repayment of lease liabilities capitalised	(25,105)	(24,604)
EIB loan drawn down	20,000	10,000
Term loan drawn down	17,500	-
Government loan and other interest payments	(4,099)	(1,015)
EIB loan repaid during the year	(3,250)	(1,250)
Net cash generated/(used) in financing activities	**5,046**	**(16,869)**
Net increase/(decrease) in cash and cash equivalents	**236,656**	**(141,898)**
Cash and cash equivalents at beginning of year	529,279	671,177
Cash and cash equivalents at end of year	**765,935**	**529,279**

Company Statement of Financial Position

at 31 December 2022

	Notes	2022 €'000	2021 €'000
Assets			
Non-current assets			
Intangible assets	12	40,484	34,949
Investment property	13	-	1,800
Property, plant and equipment	14	288,474	280,316
Investments	15	41,352	40,721
Pension asset	24	679,105	498,905
Total non-current assets		1,049,415	856,691
Current assets			
Trade and other receivables	16	136,261	133,987
Cash at bank and in hand	18	751,568	518,345
Total current assets		887,829	652,332
Total assets		**1,937,244**	**1,509,023**
Equity and reserves			
Called up share capital	25	(68,239)	(68,239)
Other reserves		(877)	(877)
Retained earnings		(713,192)	(582,737)
Total equity		(782,308)	(651,853)
Non-current liabilities			
Deferred revenue	19	(4,013)	-
Capital grants	22	(2,340)	(2,442)
Leases and borrowings	20	(127,162)	(72,304)
Provisions	23	(10,088)	(10,699)
Pension liability	24	(12,904)	(12,899)
Total non-current liabilities		(156,507)	(98,344)
Current liabilities			
Trade and other payables	19	(233,062)	(221,963)
Leases and borrowings	20	(57,779)	(53,690)
Provisions	23	(1,730)	(1,630)
Amounts held in trust	18	(705,858)	(481,543)
Total current liabilities		(998,429)	(758,826)
Total liabilities		(1,154,936)	(857,170)
Total equity and liabilities		**(1,937,244)**	**(1,509,023)**

In accordance with section 304 of the Companies Acts 2014, the Company is availing of the exemption from presenting its individual income statement. The result for the Company is a loss of €225.839m (2021: loss €44.342m).

On behalf of the Board

Carol Bolger, Director
David McRedmond, Director

23 March 2023

Company Statement of Changes in Equity

for the year ended 31 December 2022

	Called up share capital €'000	Capital conversion reserve fund €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2021	(68,239)	(877)	(278,187)	(347,303)
Loss for the year	-	-	44,342	44,342
Remeasurements of defined benefit pension asset - net	-	-	(348,892)	(348,892)
Balance at 31 December 2021	**(68,239)**	**(877)**	**(582,737)**	**(651,853)**
Loss for the year	-	-	225,839	225,839
Remeasurements of defined benefit pension asset - net	-	-	(356,294)	(356,294)
Balance at 31 December 2022	**(68,239)**	**(877)**	**(713,192)**	**(782,308)**

Included in loss for the period was dividends received from group companies of €9,500,000 (2021: €nil).

Notes to the Financial Statements

for the year ended 31 December 2022

Notes to the Financial Statements continued

for the year ended 31 December 2022

1. Significant Accounting Policies

The accounting policies set out below have been consistently applied to all years presented in these financial statements, and have for the purposes of the Group financial statements, been applied consistently throughout all Companies in the Group.

Basis of Preparation

Going concern

The 2022 An Post financial statements have been prepared on a going concern basis. This assumes that the Group and Company will have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of these financial statements.

Assessment

The Board has given careful consideration to the going concern basis of preparation and is satisfied that it is appropriate for the 2022 financial statements to be prepared on this basis. Key factors considered in arriving at this determination include:

Trading performance

EBITDA of €18.6m was achieved for 2022. The overall group loss after taxation for the financial year was €224.1m, but this is stated after the recognition of one time items including pension charges related to past service costs of €217.9m, transformation cost of €6m, and a gain on the disposal of fixed assets of €8m. Group revenue was broadly in line with 2021 and the second half of the year was much stronger than the first six months. This continues to point to the relevance of our activities to the economy and the strength in the underlying businesses. At 31 December 2022 the group reported net assets of €811m (31 December 2021: net assets of €680.2m) and net current liabilities of €86.4m (31 December 2021: net current liabilities of €79.8m).

Cash

The Group had Net Cash (calculated as cash and bank balances less amounts held in trust) of €60m at 31 December 2022. This is higher than the balance at 31 December 2021 of €47.7m. The Group sold a number of surplus assets in Q4, realising over €15m in cash proceeds and this allows the Group to continue to invest in capital expenditure and transformation projects. The Group will persist in re-shaping its operations and investing in the futureproofing of the business. This refocusing of the Group and the continued implementation of the Strategy will ensure the enduring success of the business.

Bank Borrowings

At 31 December 2022 the Group has borrowings of €82m, made up of the Government loan of €30m, European Investment Bank loans of €34.5m, and €17.5m due to Bank of Ireland in relation to the new headquarters building. The Government loan was for a 5-year term with the potential for an annual extension on two occasions. The Company availed of the first extension option in December 2022 and will apply to the Department of Finance to avail of the second extension period in 2023. Just €10m of the remaining €52m of borrowings are repayable in 2023. In addition, the Group has access to undrawn short term borrowing facilities, should this be required for working capital purposes.

Budgets/Forecasts

The Board has approved an annual budget and a long term financial plan out to 2030. Although traditional mail volumes are forecast to continue declining, the rate of decline is expected to be reasonably modest at circa 4% per annum. The increase in e-commerce deliveries experienced in recent years has persisted, even after the pandemic. These factors combined with price adjustments implemented in Q1 2023 and the continued focus on cost efficiencies indicate that the Group can continue to trade with a clear path to a return to profitability.

Economic Disruptors

The financial performance of the Group has been hugely impacted by three significant disruptions in the recent past, namely Brexit and the change in EU Customs rules, the economic impact of the Russian invasion of Ukraine and the COVID-19 pandemic. While the Irish economy and An Post have adjusted to these disruptions, reacting as necessary, it is expected that a more normalised business environment will prevail in 2023 and beyond.

Conclusion

Having made due enquiries and considering the matters described above, the Board members have a reasonable expectation that the Group will have adequate operational and financial resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Consequently, the Board Members have concluded that the circumstances described above do not represent a material uncertainty that casts significant doubt on the Group's ability to continue as a going concern.

Reporting entity

An Post (the 'Company') is a designated activity company limited by shares domiciled in Ireland with registered number 98788. Under the Postal and Telecommunications Services Act, 1983, the Company is entitled to omit the words 'designated activity company' from its name. The Company's registered office is General Post Office, O'Connell Street, Dublin 1, D01 F5P2.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in postal, distribution and financial services.

In presenting the parent company's financial statements together with the group financial statements, the Company has availed of the exemption in Section 304(2) of the Companies Act, 2014 not to present its individual Income statements and related notes that form part of the approved Company financial statements.

Statement of compliance

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by European Union (EU IFRS) and the Companies Act 2014. The financial statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework and the Companies Act 2014.

New and amended IFRS Standards that are effective for the current year

The following new standards and interpretations became effective for the Group as of 1 January 2022:

- Amendments to IFRS 3 Reference to the Conceptual Framework;
- Amendments to IAS 16 Property, Plant and Equipment– Proceeds before Intended Use;
- Amendments to IAS 37 Onerous Contracts - Cost of Fulfilling a Contract; and
- Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle.

The new standards, interpretations and amendments set out above did not result in a material impact on the Group's results.

New IFRS Standards, amendments and interpretations issued, but not yet effective

IFRS 17 - Insurance Contracts	1 January 2023
Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2023
Amendments to IAS 1 - Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8 - Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The Group is currently assessing the impact of the above standards and amendments. However, the directors do not expect their adoption to have a material impact on the financial statements of the Group in future periods. The standards and interpretations addressed above will be applied for the purposes of the Group's financial statements with effect from the dates listed.

Basis of measurement

Group

These financial statements are prepared on a historical cost basis, except for:

- The net defined benefit pension asset is measured at the fair value of plan assets less the present value of the defined benefit obligation, and the liability associated with the unfunded Postmasters Scheme is measured at fair value (see note 24);
- Investment property is measured at fair value; and
- Financial assets are measured at fair value.

Notes to the Financial Statements continued

for the year ended 31 December 2022

1. Significant Accounting Policies continued

Basis of measurement continued

Company

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

Functional and presentation currency

These consolidated and Company financial statements are presented in Euro, which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's and Company's accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgement and estimate have the most significant effects on amounts recognised are:

- Note 5 - the assessment of certain transformation and past service pension costs as exceptional in 2022;
- Note 10 - recognition of deferred tax assets: judgement applied in determining availability of future taxable profits against which deferred tax assets can be used;
- Note 15 - accounting for PLI investment, in particular determining the discount rate and probability of default of the shareholder loan and determining the fair value of preference and equity shares;
- Note 16 - recognition of monies expected to be obtained from the Brexit Adjustment Reserve as a receiveable; and
- Note 19 - estimation applied in determining deferred revenue in relation to unused stamps/meter loadings;
- Note 24 - measurement of defined benefit obligations: key actuarial assumptions, in particular the discount rate, and recognition of the past service cost as a 2022 event, having regard to the 2023 Labour Court ruling and the requirement for Ministerial approval for pension increases.

Basis of Consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed in profit or loss as incurred, except if related to the issue of debt or equity securities.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost and together with the fair value of any consideration received is compared to the derecognised amounts. Any resulting gain or loss is recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The 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.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition and subsequently, their share of changes in net assets. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its individual assets and obligations for its individual liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for non-recurring transactions

The group has adopted an income statement format that seeks to highlight significant items within the group's results for the year. Such items may include: restructuring costs, transformation costs, impairment of assets including material adjustments arising from the re-assessment issues, adjustments to contingent consideration, material acquisition costs, profits/losses on disposals, litigation settlements and legislative changes. Judgement is used by the group in assessing the particular items which by virtue of the scale and nature should be disclosed as a separate line item in the including statement and notes.

Revenue

Revenue reported is net of value added tax. Revenue consists of income from postage, agency services, poundage from remittance services, courier and logistic services, financial services and interest income. Income from agency services is in respect of services performed for Government Departments, the National Treasury Management Agency, Premier Lotteries Ireland and other bodies. Amounts held in the performance of these agency services are included in amounts held in trust on the statement of financial position. The Group is entitled to interest income on funds held in relation to agency services and as such recognises this as part of revenue.

In respect of revenue relating to mails and parcels, the performance obligation is related to the sale of the stamps or cost of postage and the delivery of mails and parcels. The stamps or cost of postage is a distinct good that is promised to be transferred to the customer within this performance obligation. The performance obligation is satisfied when the stamps or cost of postage is utilised used by the customer and is therefore satisfied at a point in time.

Commission income from the sale of gift vouchers, other cards and financial services products is recognised when the underlying performance obligations are satisfied, generally at a point in time. Other agency and service revenue is recognised when the underlying performance obligations are satisfied, generally at a point in time.

Where the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognised is the net amount of commission made by the Group.

Grants

Revenue based grants are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised. Capital grants 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; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Exceptional Items

Exceptional items are material items of income and expense that, because of the unusual nature and expected infrequency of the events giving rise to them, merit separate presentation to allow an understanding of the Group's financial performance. Further details of the Group's exceptional items are provided in note 5 of the financial statements.

Notes to the Financial Statements continued

for the year ended 31 December 2022

1. Significant Accounting Policies continued

Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment, other than land, less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. Assets under construction are not depreciated until brought into use. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	Years or lease term if shorter
Freehold & long leasehold buildings	20–50
Motor vehicles	5
Operating & computer equipment	3-10

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Leases

Leased assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for certain short-term leases, less than 12 months in duration and leases of low value assets (such as small items of office equipment). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

Intangible assets and goodwill

Recognition and measurement

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirers previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of identifiable net assets acquired and liabilities assumed. Subsequently, goodwill is tested annually for impairment.
Software	Software has a finite useful life and is measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

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. Goodwill is not amortised but is tested for impairment annually at the year end. The estimated useful lives for current and comparative periods are as follows:

	Years
Software	5

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Provisions

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 will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at an appropriate pre-taxation rate.

Employee benefits

(i) Short-term employee benefits

Short-term employee 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 this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(iii) Defined benefit plans

The Group's net 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, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit asset, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). The Group determines the net interest expense on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit asset taking into account any changes in the net defined benefit asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group incurs costs for a related restructuring.

Income tax

Income tax expense 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 in OCI.

(i) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Notes to the Financial Statements continued

for the year ended 31 December 2022

1. Significant Accounting Policies continued

Income tax continued

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint arrangements 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; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are derecognised to the extent that it is no longer probable that the related tax benefit will be realised; such derecognised assets are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse using tax rates enacted or substantively enacted at the reporting date.

Deferred tax has not been recognised in respect of withholding taxes and other taxes that would be payable on the unremitted earnings of foreign subsidiaries, as the Group is in a position to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The deferred tax liabilities which have not been recognised in respect of these temporary differences are not material as the Group can rely on the availability of participation exemptions and tax credits in the context of the Group's investments in subsidiaries.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Land is assessed at the sale rate. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the 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 currencies at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI. When a foreign operation is disposed of in its entirety or partially such that control or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of a joint venture while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(i) Financial assets

Financial assets are measured subsequently in their entirety at either fair value through other comprehensive income, fair value through the profit and loss account or at amortised cost.

Financial assets subsequently measured at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group includes in this category cash, trade receivables and other receivables. The Group subsequently measures all other financial assets at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Impairment of financial assets

The Group only holds trade and other receivables at amortised cost, with no significant financing component and which have maturities of less than 12 months and as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its receivables. 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 carrying value of interest receivable, receivables on unsettled trades and other short-term receivables, measured at amortised cost less any expected loss, is an approximation of fair value given their short-term nature. The shareholder loan element of the investment in Premier Lotteries Ireland ("PLI") is measured using a 12 month ECL as credit risk on this financial instrument has not increased significantly since initial recognition The Group did not recognise any impairment during the year ended 31 December 2022.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Notes to the Financial Statements continued

for the year ended 31 December 2022

1. Significant Accounting Policies continued

Financial instruments continued

(ii) Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The Group includes in this category trade payables and other short-term payables.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade and other receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises lifetime ECL for trade receivables, contract assets and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the receivables, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, including the shareholder's loan in Premier Lotteries Ireland, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

2. Revenue

	2022 €'000	2021 €'000
The analysis of revenue is as follows:		
Republic of Ireland		
Postage: Letters and parcels	612,969	623,385
Postage: Elections and referenda	1,429	416
Post offices: Agency, remittance and related services	164,706	154,482
Other services	35,781	34,781
	814,885	813,064
United Kingdom		
Mails distribution and related services	73,254	77,536
	888,139	890,600

3. Operating Costs

	2022 €'000	2021 €'000
The consolidated costs for the Group were as follows:		
Staff and postmasters' costs		
Wages and salaries	439,561	441,016
Postmasters' costs	53,865	57,037
Social insurance costs	44,076	43,453
	537,502	541,506
Pension costs	48,454	52,997
Total payroll and postmasters' costs	585,956	594,503
Other costs:		
Distribution	104,836	104,995
Facilities	26,313	24,003
Operational	80,933	79,651
Administration	71,506	71,226
	283,588	279,875
	869,544	874,378

Notes to the Financial Statements continued

for the year ended 31 December 2022

4. Depreciation and Amortisation

	2022 €'000	2021 €'000
Depreciation	44,477	43,814
Amortisation	10,383	5,831
	54,860	49,645

5. Exceptional Costs (including transformation costs)

	2022 €'000	2021 €'000
Transformation costs	6,055	1,955
COVID-19 incremental costs	-	9,650
Past sevice costs - defined benefit pension scheme	217,900	-
	223,955	11,605

During 2022, the Group continued its work on transforming its activities from an old mails world to a new world of e-commerce and incurred costs of €6,055,000 (2021: €1,955,000) associated with this transition. The transformation costs in 2022 are made up of costs associated with the resizing of the Post Office Network, €4,998,000 (2021: €611,000), and costs related to voluntary staff exits in the Group, €1,057,000, (2021: €1,344,000).

Arising from the COVID-19 pandemic in 2021 and 2020, the Group incurred significant incremental costs in dealing with the crisis. In 2022, as the worst impacts of the pandemic abated and the virus became endemic in society, no such costs were recognised as exceptional. The 2021 costs were made up of €1,195,000 on protective personal equipment and other direct COVID-19 costs, €2,569,000 to Postmasters from a specially set up pandemic relief fund, and €5,886,000 in exceptional COVID-19 related absence cover.

During 2022, two events occurred that resulted in significant past service costs being incurred in the defined benefit pension scheme. The cost of these events amounted to €217,900,000 and they are treated as exceptional due to their size.

Firstly, a past service cost of €27,400,000, reflecting the impact on the Plan's liabilities of the Government allowing for the State Pension age to remain at 66 years, rather than increasing to 67 years from 2021 and 68 years from 2028, as had been previously assumed. For many members of the Plan, normal retirement age is aligned with the State Pension age. Therefore, any such members who had previously been assumed to retire at age 67 or 68 are now assumed to retire at age 66.

In addition, a past service cost of €190,500,000, reflecting the impact on the Plan's liabilities of an amendment to members' benefits under the Plan. The most significant aspect of this is a special 6% pensionable pay and pension increase which the Company have agreed to implement, with 5% applied effective from 1 January 2022 and a further 1% applied effective from 1 July 2023. The pension increases are subject to Ministerial approval and process is underway to obtain this approval. There is also an adjustment to Pensionable Allowances for certain active members - these will no longer be subject to a cap on future increases, as applies to regular pensionable pay. This partial re-instatement of benefits previously curtailed was possible due to the strong performance of the Pension Scheme in recent years. The surplus on the Pension Scheme at 31 December 2022, after these changes have been accounted for is still in excess of €670m, see note 24.

6. Other Gains

	2022 €000	2021 €000
Change in fair value of investment property	-	1,085
Profit on disposal of tangible assets	8,348	245
	8,348	1,330

The directors considered the fair value of an investment property held at Coosan, near Athlone, at 31 December 2021. Having regard to recent experience in the location and category of the property the directors believed its value increased by €1,085,000 during the year. This property was sold in 2022 for €1,800,000 in line with the fair value of the property as previously reported. See note 13.

The profit on disposal of tangible assets of €8,348,000 arose on the sale of two properties, the former Ballsbridge Post Office and the retail office and office accommodation at St Andrew Street, Dublin 2. In 2021, the profit on disposal of tangible assets of €245,000 arose on the sale of an unused property in Clifden.

7. Finance Income

	2022 €000	2021 €000
Net pension interest income	6,550	1,150
Interest on Premier Lotteries Ireland (PLI) shareholder loan receivable	1,931	2,110
Fair value movement on PLI equity and preference shares	(1,300)	2,065
Interest income	190	-
Interest on late payments	1	368
	7,372	5,693

The Company has an investment in PLI made up of shareholders' loans, equity and preference shares (see note 15). Interest on the shareholders' loans is recognised in the profit and loss as it accrues and amounted to €1,931,000 in 2022, (2021: €2,110,000). The investment in the PLI equity and preference shares are held at fair value through profit and loss. The investment has been fair valued at 31 December 2022 and a net reduction in fair value during the year of €1,300,000 has been recognised in 2022 (2021: increase of €2,065,000), see note 31. As a result of these entries, there is a net increase in the value of the overall investment of €631,000 in financial year 2022.

Notes to the Financial Statements continued

for the year ended 31 December 2022

8. Finance Costs

	2022 €'000	2021 €'000
Right of use asset interest cost	2,598	1,861
Interest on Government loan	304	304
Other interest costs	1,197	711
	4,099	2,876

9. Loss before Taxation

	2022 €'000	2021 €'000
The loss before taxation is stated after charging:		
Operating lease rentals outside scope of IFRS16:		
Rental of buildings	620	1,238
Other equipment and motor vehicles	4,063	3,449
	4,683	4,687
Directors' emoluments:		
Fees	218	200
Emoluments - Chief Executive	318	318
	536	518
Expenses paid to Directors		
Travel	2	1
Subsistence	-	-
	2	1
Auditor's remuneration* - Group		
Audit of the group financial statements	423	386
Other assurance services	171	170
Other non-audit services	-	106
	594	662
Auditor's remuneration* - An Post company (included above)		
Audit of entity financial statements	242	224
Other assurance services	181	170
Other non-audit services	-	-
	423	394
The loss before taxation is stated after crediting		
Capital grants amortised	224	224
Profit on sale of plant & equipment	89	123
	313	347

*Excluding VAT

The amounts shown above as directors' emoluments include only the amounts paid to the directors in the execution of their duties as directors and the salary of the Chief Executive. They do not include the salaries of the employee directors or the remuneration of the postmaster director.

Remuneration of directors, including disclosures in accordance with the Code of Practice for the Governance of State Bodies (the 'Code of Practice') and the Companies Act 2014, is set out below.

The remuneration package of Mr David McRedmond, Chief Executive Officer, which is included in the amounts shown above as directors' emoluments, is as follows.

	2022 €'000	2021 €'000
Basic salary	250	250
Other emoluments:		
Director's fee	-	-
Benefit in kind - expenses grossed up	5	5
Pension contributions paid	63	63
	318	318

In accordance with the Code of Practice, the fees paid to each director were as follows:

	2022 €'000	2021 €'000
Carol Bolger	32	23
Frank Burke	16	16
Peter Coyne	16	16
Deirdre Burns	-	6
Áine Flanagan	15	16
Barry Galvin	9	-
Helen Kelly	9	-
Sinead Mahon	9	-
Anthony McCrave	16	16
Padraig McNamara	16	16
David McRedmond (Chief Executive Officer)*	-	-
William Mooney	16	16
Kieran Mulvey	16	16
Martina O'Connell	16	16
Mary O'Donovan	16	16
Gerry Sexton	16	16
James Wrynn	-	11
Total	218	200

*Mr David McRedmond does not receive a director's fee.

Fees are paid on a pro rata basis depending on the time served by the Board member during the year.

Notes to the Financial Statements continued

for the year ended 31 December 2022

10. Income Tax

A. Amounts recognised in profit or loss

	2022 €'000	2021 €'000
Current tax		
Ireland - Corporation Tax	799	-
Adjustment in respect of prior year	(106)	291
UK - Corporation Tax	479	521
	1,172	812
Deferred Tax		
Origination and reversal of temporary differences	(25,546)	(4,031)
Adjustment in respect of prior year	(113)	200
Effect of change in tax rate	(8)	-
	(25,667)	(3,831)
Total tax credit	(24,495)	(3,019)

B. Reconciliation of effective tax rate

	2022 €'000	2021 €'000
Loss before taxation	(248,599)	(40,881)
Tax using the Company's domestic tax rate - 12.5% (2021: 12.5%)	(31,075)	(5,110)
Tax effects of:		
Non-deductible expenses/income not taxable	26	642
Income and gains taxed at higher rates	677	829
Effect of change in tax rates	(5)	121
Deferred tax not previously recognised	6,101	8
Prior year (over)/under provision	(219)	491
Total tax credit	(24,495)	(3,019)

C. Movement in deferred tax balances

Balance at 31 December 2022

	Net Balance at 1 Jan asset/(liability) 2022 €'000	Recognised in profit or loss 2022 €'000	Recognised in Other Comprehensive Income 2022 €'000	Net Balance at 31 Dec asset/(liability) 2022 €'000
Property, plant and equipment	(5,176)	(5,154)	-	(10,330)
Employee benefits	(60,342)	28,486	(50,899)	(82,755)
Other provisions	233	881	-	1,114
Carry forward tax loss	18,398	1,477	-	19,875
	(46,887)	25,690	(50,899)	(72,096)
Disclosed as Deferred tax assets				114
Deferred tax liability				(72,210)

A deferred tax asset has been recognised up to the value of the deferred tax liability.

Group

Given the uncertainty over the existence of future taxable profits, a potential deferred tax asset in the Group of €911,000 (2021: €394,000) arising from excess losses carried forward has not been recognised.

Company

Unrecognised deferred tax assets in the Company as at 31 December 2022, amount to €nil, (2021: €nil).

Balance at 31 December 2021

	Net Balance at 1 Jan asset/(liability) 2021 €'000	Recognised in profit or loss 2021 €'000	Recognised in Other Comprehensive Income 2021 €'000	Net Balance at 31 Dec asset/(liability) 2021 €'000
Property, plant and equipment	(5,494)	318	-	(5,176)
Employee benefits	(10,290)	(211)	(49,841)	(60,342)
Other provisions	(382)	615	-	233
Carry forward tax loss	15,289	3,109	-	18,398
	(877)	3,831	(49,841)	(46,887)
Disclosed as Deferred tax assets				153
Deferred tax liability				(47,040)

Notes to the Financial Statements continued

for the year ended 31 December 2022

11. Staff and Postmaster Numbers and Costs

The average full time equivalent (FTE) number of persons, excluding postmasters, working in the Group during the year was:

	2022	2021
Operations	9,057	9,366
Corporate	412	401
Total Company employees (FTE)	9,469	9,767
Subsidiaries	635	654
Total Group employees (FTE)	10,104	10,421

The average number of employees working in the Group during the year was:

	2022	2021
Operations	8,486	8,409
Corporate	431	419
Company employees	8,917	8,828
Casual employees	703	983
Total Company employees	9,620	9,811
Subsidiaries	658	668
Total Group employees	10,278	10,479

The average number of postmasters engaged as agents was:

	2022	2021
Postmasters: Engaged as agents	809	835

The aggregate payroll and postmasters' costs were as follows:

	2022 €'000	2021 €'000
Wages and salaries	439,561	441,016
Social insurance costs	44,076	43,453
Pension costs	48,454	52,997
Total payroll costs	532,091	537,466
Postmasters: Engaged as agents	53,865	57,037
Total payroll and postmasters' costs	585,956	594,503

In addition, see note 5 for details of Transformation costs associated with costs of resizing the Post Office Network and costs related to voluntary staff exits from the Group.

12. Intangible Assets and Goodwill

Group	Goodwill €'000	Software €'000	Software Asset under Development €'000	Total €'000
Cost				
At 1 January 2021	31,514	74,105	10,583	116,202
Additions	-	20,594	-	20,594
Software brought into use	-	10,583	(10,583)	-
Foreign exchange movement	160	466	-	626
At 31 December 2021	31,674	105,748	-	137,422
Additions	-	15,015	-	15,015
Software brought into use	-	-	-	-
Foreign exchange movement	(129)	(383)	-	(512)
At 31 December 2022	31,545	120,380	-	151,925
Amortisation and impairment				
At 1 January 2021	24,727	62,298	-	87,025
Charge for year	-	5,831	-	5,831
Foreign exchange movement	-	296	-	296
At 31 December 2021	24,727	68,425	-	93,152
Charge for the year	-	10,383	-	10,383
Foreign exchange movement	-	(193)	-	(193)
At 31 December 2022	24,727	78,615	-	103,342
Carrying amount				
At 31 December 2022	6,818	41,765	-	48,583
At 31 December 2021	6,947	37,323	-	44,270

The net carrying amount of intangible assets recognised as right of use assets was €nil (2021: €nil).

Impairment testing for cash generating units (CGUs) containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs (operating divisions) as follows:

	2022 €'000	2021 €'000
Air Business & Jordans	2,325	2,454
One Direct	4,493	4,493
	6,818	6,947

The recoverable amounts of these CGUs are based on their value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. A description of the activities of the CGUs is outlined in Note 26.

Notes to the Financial Statements continued

for the year ended 31 December 2022

12. Intangible Assets and Goodwill continued

The key assumptions used in the estimation of value in use were as follows:

Forecasted cash flows

Forecasted cash flows are based on the budgeted future earnings. The budgeted earnings are based on the 2023 budget approved by the board and projections for 2024 to 2027.

Discount rates

A pre-tax discount rate of 8% (2021: 8%) is applied to the profits of each of the CGUs in the impairment calculation.

Impairments

The foregoing impairment tests did not result in any impairments being recognised for the year ended 2022 (2021: €nil).

Sensitivity

The Group ran sensitivities based on reasonably possible changes in assumptions and these sensitivities would not result in the need to recognise an impairment in 2022 or 2021.

Company	Software €'000	Software Asset under Development €'000	Total €'000
Cost			
At 1 January 2021	67,878	10,583	78,461
Software brought into use	10,583	(10,583)	-
Additions	20,119	-	20,119
At 31 December 2021	98,580	-	98,580
Software brought into use	-	-	-
Additions	14,791	-	14,791
At 31 December 2022	113,371	-	113,371
Amortisation and impairment			
At 1 January 2021	59,067	-	59,067
Charge for year	4,564	-	4,564
At 31 December 2021	63,631	-	63,631
Charge for the year	9,256	-	9,256
At 31 December 2022	72,887	-	72,887
Carrying amount			
At 31 December 2022	40,484	-	40,484
At 31 December 2021	34,949	-	34,949

13. Investment Property

Group and Company

Reconciliation of carrying amount

	2022 €'000	2021 €'000
Balance at beginning of year	1,800	715
Change in fair value during year	-	1,085
Disposal	(1,800)	-
Balance at end of year	-	1,800

In October 2022, the Group completed the sale of its only investment property which comprised a commercial property that had been leased to a third party. The sales price was €1,800,000 in line with the fair value of the property. Consequently, no gain or loss was recognised on the property during the year.

14. Property, Plant and Equipment

Group	Freehold & long leasehold land & buildings €'000	Motor vehicles €'000	Operating & computer equipment €'000	Total €'000
Cost				
At 31 December 2020	370,909	77,637	363,700	812,246
Additions	12,041	15,557	6,280	33,878
Disposals	(59)	(3,104)	(1,090)	(4,253)
Foreign exchange movement	1,010	19	469	1,498
At 31 December 2021	383,901	90,109	369,359	843,369
Additions	59,839	(19)	4,267	64,087
Disposals	(12,913)	(4,431)	(660)	(18,004)
Foreign exchange movement	(804)	(17)	(369)	(1,190)
At 31 December 2022	430,023	85,642	372,597	888,262
Accumulated depreciation and impairment losses				
At 31 December 2020	147,413	29,617	318,745	495,775
Charged during the year	14,198	17,779	11,837	43,814
Eliminated on disposals	(47)	(3,098)	(1,084)	(4,229)
Foreign exchange movement	150	10	251	411
At 31 December 2021	161,714	44,308	329,749	535,771
Charged during the year	16,741	16,547	11,189	44,477
Eliminated on disposals	(4,879)	(4,431)	(660)	(9,970)
Foreign exchange movement	(192)	(8)	(208)	(408)
At 31 December 2022	173,384	56,416	340,070	569,870
Carrying Amount				
At 31 December 2022	256,639	29,226	32,527	318,392
At 31 December 2021	222,187	45,801	39,610	307,598

At 31 December 2022, the net carrying amount of property, plant and equipment recognised as right of use assets was €119,288,000 (2021: €96,888,000). See note 27 for further details. Included in freehold and long leasehold land and buildings are assets under construction of €5.188m in relation to the fit out of the new HQ building.

Notes to the Financial Statements continued

for the year ended 31 December 2022

14. Property, Plant and Equipment continued

Mortgage and Charge

Under the terms of the plan to meet the Minimum Funding Standard requirements a mortgage and charge relating to certain property assets of the Company with a value of €72.5 million was put in place in favour of the An Post Pension Scheme ("the Scheme") for use as a contingent asset of the Scheme. Further details are set out in note 24. The Pensions Deal agreed with the Unions in January 2023 provides for the removal of this lien on the Company assets held by the Pension Scheme.

Company	Freehold & long leasehold land & buildings €'000	Motor vehicles €'000	Operating & computer equipment €'000	Total €'000
Cost				
At 31 December 2020	341,317	77,333	339,108	757,758
Additions	12,041	15,452	5,233	32,726
Disposals	(59)	(3,083)	-	(3,142)
At 31 December 2021	353,299	89,702	344,341	787,342
Additions	54,982	(109)	3,001	57,874
Disposals	(12,913)	(4,295)	-	(17,208)
At 31 December 2022	395,368	85,298	347,342	828,008
Accumulated depreciation and impairment losses				
At 31 December 2020	139,442	29,465	300,284	469,191
Depreciation	12,544	17,697	10,718	40,959
Eliminated on disposals	(47)	(3,077)	-	(3,124)
At 31 December 2021	151,939	44,085	311,002	507,026
Depreciation	15,069	16,475	10,138	41,682
Eliminated on disposals	(4,879)	(4,295)	-	(9,174)
At 31 December 2022	162,129	56,265	321,140	539,534
Carrying Amount				
At 31 December 2022	233,239	29,033	26,202	288,474
At 31 December 2021	201,360	45,617	33,339	280,316

Company

At 31 December 2022 the net carrying amount of property, plant and equipment recognised as right of use assets was €101,120,000 (2021: €77,339,000). See note 27 for further information. Included in freehold and long leasehold land and buildings are assets under construction of €5.188m in relation to the fit out of the new HQ building.

Mortgage and Charge

Under the terms of the plan to meet the Minimum Funding Standard requirements a mortgage and charge relating to certain property assets of the Company with a value of €72.5 million was put in place in favour of the An Post Pension Scheme ("the Scheme") for use as a contingent asset of the Scheme. Further details are set out in note 24. The Pensions Deal agreed with the Unions in January 2023 provides for the removal of this lien on the Company assets held by the Pension Scheme.

15. Investments

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Investment in Premier Lotteries Ireland (see A below)	32,383	31,752	32,383	31,752
Shares in subsidiary undertakings (see note 26)	-	-	8,969	8,969
Investment in joint venture (see B overleaf)	-	-	-	-
	32,383	31,752	41,352	40,721

A. Investment in Premier Lotteries Ireland (PLI)

	2022 €'000	2021 €'000
Group and Company		
The investment in PLI is comprised of:		
Investment in equity shares	860	2,310
Investment in preference shares	8,850	8,700
Loans and receivables		
Shareholder loans	22,673	20,742
	32,383	31,752

In 2014, An Post invested €25m in PLI by way of equity investment, shareholders' loans and preference shares.

Investment in equity shares

The Company holds 10.7% of the equity in the entity, holds three of the eight Board positions and has certain contractual rights. The majority shareholder is Ontario Teachers' Pension Plan as it holds 78.6% of the equity and the majority of the board positions (five at 31 December 2022). The majority shareholder is an experienced Lottery operator and controls the operating and financial policies (i.e. the relevant activities) of PLI.

Preference shares

The preference shares entitle the Company to an annual preferential dividend for a period of 20 years from 2014 up to 2034. The preference shares do not impact the control of the relevant activities of PLI.

Shareholder loans

The shareholder loan is repayable in the period up to 2034 with a rate of interest of 9% per annum. The shareholder loans do not impact the control of the relevant activities of PLI.

Movements during 2022

Interest on the shareholders' loans is recognised in the profit and loss as it accrues and amounted to €1,931,000 in 2022, (2021: €2,110,000). The investment in the PLI equity and preference shares are held at fair value through profit and loss. The investment has been fair valued at 31 December 2022 and a net reduction in fair value during the year of €1,300,000 has been recognised in 2022 (2021: increase of €2,065,000). As a result of these entries, there is a net increase in the value of the overall investment of €631,000 in financial year 2022.

Notes to the Financial Statements continued

for the year ended 31 December 2022

15. Investments continued

A. Investment in Premier Lotteries Ireland (PLI) continued

IFRS 9 - Financial Instruments

The directors, having considered the rights of An Post and the nature of the involvement of An Post in PLI, determined the appropriate accounting for this investment varies based on each distinct element of the investment, outlined above.

The investment in equity shares and the investment in preference shares are measured at fair value through the profit and loss account. The directors considered the fair value of these investments at 31 December 2022 and changes as set out above have been recognised.

The investment in the form of shareholder loans is measured at amortised cost. After applying a 12-month expected credit loss model to this loan, the directors are satisfied that the expected credit loss amount for the current and prior year was not material to the financial statements of the Group.

B. Investment in joint venture

During the year, the Group's share of its joint venture's profit amounted to €Nil (2021: €Nil).

The following table summarises the financial information of The Prize Bond Company DAC as included in its own financial statements:

	2022 €'000	2021 €'000
Current assets	16,721	16,718
Current liabilities	(16,721)	(16,718)
Net assets (100%)	-	-
Group's share of net assets (50%)	-	-
Revenue	12,099	11,468
Profit from continuing operations	-	-
Total comprehensive income (100%)	-	-
Group's share of total comprehensive income (50%)	-	-

16. Trade and Other Receivables

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Current assets				
Trade receivables	103,891	114,686	77,648	85,597
Amounts owed by subsidiary undertakings	-	-	16,652	15,227
Amounts owed by joint venture	279	297	279	297
Other debtors	22,049	9,887	22,049	9,790
Prize bonds held	812	812	625	625
Prepayments and accrued income	14,936	15,677	11,684	13,808
Corporation tax receivable	879	2,485	894	2,219
	142,846	143,844	129,831	127,563
Non-current assets				
Amounts owed by subsidiary undertakings	-	-	6,430	6,424
Deferred tax asset	114	153	-	-
	114	153	6,430	6,424
	142,960	143,997	136,261	133,987

Trade and other receivables are measured at amortised cost (less any loss allowance) as the Group's business model is to "hold to collect" contractual cash flows. The Group applies the simplified approach to providing for expected credit losses (ECL) permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The carrying value of trade and other receivables also represents their fair value. Trade receivables are non-interest bearing.

Amounts due from group undertakings are interest free, unsecured and payable on demand.

The EU's Brexit adjustment reserve, BAR, aims to provide support to counter the adverse consequences of the withdrawal of the UK from the EU. An Post has successfully submitted an application for funding from the BAR in relation to the management of EU Customs and VAT requirements applying to all An Post UK traffic following the withdrawal of the UK from the EU. Included in Other Debtors is an amount of €16.214m that will be received in 2023 from the BAR relating to costs incurred to the end of 2022.

17. Inventories

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Finished goods	1,722	1,944	-	-
	1,722	1,944	-	-

Inventory is recorded at the lower of cost or net realisable value in accordance with IAS 2 and related primarily to the value of mobile top ups held by Postpoint Services Limited.

Notes to the Financial Statements continued

for the year ended 31 December 2022

18. Cash at Bank and In Hand

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Cash at bank	566,652	314,917	552,285	303,983
Cash in hand	199,283	214,362	199,283	214,362
	765,935	**529,279**	**751,568**	**518,345**

Analysis of cash and cash equivalents

Group	At beginning of year €'000	Cash flows €'000	At end of year €'000
Cash at bank and in hand	529,279	236,656	765,935

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Amounts held in trust	705,858	481,543	705,858	481,543

Included in current liabilities at 31 December 2022 were amounts held in trust of €705,858,000: (2021: €481,543,000). The majority of the amounts held in trust relates to funds held on behalf of the Company's clients including the Department of Social Protection. The Company also operates, on an agency basis and for an agreed remuneration, the Post Office Savings Bank and other savings services for the NTMA, which acts on behalf of the Minister for Finance. The funds are remitted regularly to the NTMA. The assets and liabilities of such savings services vest in the Minister for Finance and accordingly, are not included in these financial statements.

19. Trade and Other Payables

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Current liabilities				
Trade creditors	43,527	45,471	33,447	30,204
Amounts owed to subsidiary undertakings	-	-	29,905	39,881
Other creditors	20,037	24,787	19,643	24,118
Taxation and social welfare (note 21)	92,522	68,609	91,379	66,905
Accruals	54,391	57,819	44,373	47,670
Capital grants (note 22)	224	224	102	102
Deferred revenue - agency commission	9,491	5,299	4,213	-
Deferred revenue - postage	10,000	14,266	10,000	13,083
	230,192	216,475	233,062	221,963
Non-current liabilities				
Deferred revenue - agency commission	4,013	-	4,013	-
	4,013	-	4,013	-
	234,205	216,475	237,075	221,963

Amounts due to group undertakings are interest free, unsecured and payable on demand. Deferred income in relation to unused stamps and franking machine credit is based on a number of estimation and sampling methods which are reviewed by management in order to make a judgement of the carrying amount of the deferred revenue. Revenue is deferred at the balance sheet date as certain performance obligations have not yet been met. The directors consider that the carrying amount of trade payables approximates to their fair value.

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20. Leases and Borrowings

Due within one year

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Right of use asset lease liability	19,120	23,154	17,779	21,690
Term Loan	6,000	-	6,000	-
European Investment Bank loans	4,000	2,000	4,000	2,000
Government Loan	30,000	30,000	30,000	30,000
	59,120	55,154	57,779	53,690

Due after one year

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Right of use asset lease liability	104,650	77,419	85,162	56,554
Term Loan	11,500	-	11,500	-
European Investment Bank loans	30,500	15,750	30,500	15,750
Government loan	-	-	-	-
	146,650	93,169	127,162	72,304

In December 2017, having regard to the Services of General Economic Interest it provides, An Post received a loan of €30m from the Department of Finance to assist in the restructuring of the Company. The loan was for an initial 5-year term with the potential for an annual extension on two occasions. The Company applied to the Department of Finance and availed of the first extension period in December 2022. It attracts an interest rate of 1% and was provided to execute the Strategic Plan.

The Company signed a Finance Contract with the European Investment Bank in 2019 for loans of up to €40m. Tranches of €10m were received in December 2019 and July 2021 respectively. During 2022 the Company drew down the two remaining €10m tranches. Each tranche is repayable in quarterly instalments over a 10-year term from the date of draw down. The total balance outstanding to the European Investment Bank at 31 December 2022 is €34.5m (2021: €17.75m).

During 2022 the Company drew down a term loan from Bank of Ireland for €17.5m. These funds are being used to fit out the new headquarters building and are repayable in tranches in the period up to 2029.

21. Taxation and Social Welfare

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Deferred tax	72,210	47,040	71,765	46,537
Income tax deducted under PAYE	8,435	8,731	7,681	7,896
Pay related social insurance	7,709	7,584	7,415	7,249
Value added tax	2,967	2,904	3,343	2,902
Professional services withholding tax	1,201	2,350	1,175	2,321
	92,522	68,609	91,379	66,905

At 31 December 2022 and 2021, the Group and Company were in a refund position in respect of Corporation Tax. The balances due are included as receivables, see note 16.

22. Capital Grants

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
At beginning of year	7,943	8,167	2,544	2,646
Grants received during the year	-	-	-	-
Amortised to income statement	(224)	(224)	(102)	(102)
At end of year	7,719	7,943	2,442	2,544
Transferred to current liabilities	(224)	(224)	(102)	(102)
	7,495	7,719	2,340	2,442

The grants shown on the Company balance sheet were received in the 1990s to help develop mail facilities at various locations around the country. They are amortised to the profit and loss account in line with charges for depreciation for the same buildings. In addition, the Group received support from Government to develop the GPO Witness History Museum in 2016 and this grant is also amortised on a basis consistent with the depreciation of the assets to which the grant related.

Notes to the Financial Statements continued

for the year ended 31 December 2022

23. Provisions

Group

The movements during the year were as follows:

	Provision for business restructuring 2022 €'000	Provision for insurance claims 2022 €'000	Total 2022 €'000	Provision for business restructuring 2021 €'000	Provision for insurance claims 2021 €'000	Total 2021 €'000
At beginning of year	73	12,329	12,402	1,126	12,073	13,199
Provisions made during the year	-	2,500	2,500	-	2,500	2,500
Provision released during the year	-	(480)	(480)	-	(804)	(804)
Utilised during the year	(73)	(2,531)	(2,604)	(1,053)	(1,440)	(2,566)
At end of year	-	11,818	11,818	73	12,329	12,402
Current	-	1,730	1,730	73	1,630	1,703
Non-Current	-	10,088	10,088	-	10,699	10,699
	-	11,818	11,818	73	12,329	12,402

The provision for insurance claims relates to claims under the Group's self-insurance policy. The provision is determined on completion of a case by case assessment. The Group expects to settle the majority of the insurance liability over the next six years.

The provision for business restructuring of €73,000 settled during 2022 and €1,053,000 settled during 2021 related to One Direct (Ireland) Limited. No provision for business restructuring is required as at 31 December 2022.

All provisions remaining at 31 December 2022 are included in the books of the Company, An Post.

24. Pensions

Group and Company

The pension entitlements of employees arise under a number of defined benefit and defined contribution pension schemes, the assets of which are vested in independent trustees appointed by the Company for the sole benefit of employees and their dependents. Annual contributions are based on the advice of a professionally qualified actuary. There were contributions of €0.6m due from the Pension Schemes at 31 December 2022 (2021: €4.7m). Employer contributions in 2022 were €31m. Employer contributions in 2023 are expected to be €27m.

The pension costs of the defined benefit schemes are assessed in accordance with the advice of an independent professionally qualified actuary. The most recent actuarial valuations, which took account of the changes to the normal retirement age, were carried out at 1 January 2022 using the projected unit credit method and at that date were sufficient to cover 109% of the accrued liabilities. The principal actuarial assumption was that, over the long term, the annual rate of return on investments would be lower than salary and pension increases by an average of 0.23% per annum. The actuarial valuation recommended a contribution rate of 8% of pensionable remuneration, with an agreement that the Funding Proposal would cease and that the contingent assets which formed part of the proposal would no longer apply. The actuarial valuations are not available for public inspection but the results of the valuations have been advised to the members of the schemes. The next actuarial valuation will be completed with an as at date of 1 January 2025.

The Company operates a Special Terminations Payments Scheme for Postmasters. This provides a once-off gratuity to Postmasters (at the discretion of the Company), where their contract terminates at any age, or, where in the course of their contract, they pass away leaving a dependent relative or relatives. The amount of the gratuity is one week's remuneration for each year of service up to 15 years, plus two week's remuneration for each subsequent year of service. The overall cap on the gratuity is 1.5 times remuneration. The obligation recognised for this Scheme as at 31 December 2022, included in the table overleaf, amounted to €12.9m (2021: €12.9m)

Funding

The Schemes are subject to an annual valuation under the Pensions Authority Minimum Funding Standard (MFS). The MFS valuation is a check that a scheme has sufficient funds to provide a minimum level of benefits in the event that the scheme is wound-up. In addition, the Schemes are obliged to hold sufficient additional resources to satisfy the funding standard reserve as provided in section 44(2) of the Act.

At 31 December 2022, an estimated MFS position calculated a surplus of €621m (after allowing for the funding standard reserve of €106m). As detailed earlier, it has been agreed between the company and the Trustees to cease the funding proposal.

Movement in the net defined benefit asset

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit asset and its components.

	Fair value of plan assets		Defined benefit obligation		Net defined benefit asset	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Balance at 1 January	4,075,990	3,777,008	(3,589,984)	(3,687,919)	486,006	89,089
Included in profit or loss						
Current service cost	-	-	(47,500)	(51,050)	(47,500)	(51,050)
Past service cost	-	-	(217,900)	(1,000)	(217,900)	(1,000)
Interest (cost)/income	52,500	39,400	(45,950)	(38,250)	6,550	1,150
	52,500	39,400	(311,350)	(90,300)	(258,850)	(50,900)
Included in OCI						
Remeasurements gain/(loss)						
- Actuarial gain arising from:						
Financial assumptions	-	-	51,544	19,400	51,544	19,400
Experience adjustment	-	-	1,194,900	72,785	1,194,900	72,785
Return on plan assets	(839,251)	306,549	-	-	(839,251)	306,549
	(839,251)	306,549	1,246,444	92,185	407,193	398,734
Other						
Contributions paid by the employer	30,807	47,648	-	-	30,807	47,648
Administrative expenses from plan	(1,500)	(1,000)	1,500	1,000	-	-
Member contributions	5,412	5,339	(5,412)	(5,339)	-	-
Benefits paid-unfunded scheme	-	-	1,045	1,435	1,045	1,435
Benefits paid-funded scheme	(103,968)	(98,954)	103,968	98,954	-	-
	(69,249)	(46,967)	101,101	96,050	31,852	49,083
Balance at 31 December	3,219,990	4,075,990	(2,553,789)	(3,589,984)	666,201	486,006

Made up of	2022 €'000	2021 €'000
Defined benefit Pension Scheme - net	679,105	498,905
Unfunded Postmasters Scheme	(12,904)	(12,899)
	666,201	486,006

Notes to the Financial Statements continued

for the year ended 31 December 2022

24. Pensions continued

Plan assets

Plan assets comprise the following:

	2022 €'000	2021 €'000
Equities: Global development markets	566,895	800,697
Equities: Emerging markets	61,113	197,976
Equities: Total	628,008	998,673
Bonds: Euro	1,793,572	2,400,694
Other: includes property, private equity and infrastructure	798,410	676,623
Fair value of pension schemes' assets	3,219,990	4,075,990

Under the Trust Deed, the Trustees have full power to decide investment policy and to administer the funds at their disposal. The monies for investment are allocated to a number of investment managers and they each invest according to guidelines set out in an Investment Management Agreement approved by the Trustees. The investment managers provide detailed reports to the Trustees and investment performance is monitored on a regular basis by the Trustees. The majority of the assets of the Schemes are invested in equities and bonds. The remainder of the assets are invested in alternative asset classes, including property.

Five investment managers manage the following key mandates, which together account for 75% of the Schemes' assets:

- Passive Global Developed Equity and Fixed Income mandate - SSGA
- Active Fixed Interest mandate - PIMCO
- Passive Global Small Cap Equity Mandate - Irish Life Investment Managers
- Active Emerging Markets Equity mandate - JP Morgan
- Active Emerging Markets Equity mandate - Heptagon

The scheme also has investments in a wide range of asset classes such as infrastructure, forestry, direct lending, private equity, including an investment in Premier Lotteries Ireland Limited, the company operating the National Lottery.

Defined benefit obligation

i. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date:

	2022	2021
Valuation method	Projected Unit	Projected Unit
Discount rate	4.15%	1.30%
Inflation - CPI	2.50%	2.10%
Pensionable pay inflation*	1.85%	1.85%
Increase to pensions in payment*	1.85%	1.85%
Pensionable salary increases*	1.85%	1.85%

*Based on 2.85% in 2023 to take account of the special pay increase of 6%, and 1.85% thereafter

The assumptions relating to longevity underlying the pension liabilities at the reporting date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity.

The assumptions are equivalent to expecting a 65-year old to live to the following ages:

	2022 Male	2022 Female	2021 Male	2021 Female
Life expectancy at 65				
Current Pensioners - aged 65	86.6	88.4	86.5	88.3
Future Pensioners - aged 40	88.8	90.6	88.7	90.5

At 31 December 2022, the weighted average duration of the defined benefit obligation in the primary scheme was 13.0 years (2021: 16.3 years).

ii. Sensitivity analysis

Reasonable changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2022 €m	2022 €m	2021 €m	2021 €m
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement*)	(152.8)	169.9	(144.1)	150.1
Future salary/pension growth (0.5% movement*)	167.5	(151.9)	145.2	(139.5)

*The 2021 movements are based on a 0.25% change in each case.

An increase in the life expectancy assumption of plus 1 year would increase the scheme liabilities by €71.0m.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

An Post Pension Scheme Contingent Asset

Under the terms of the plan to meet the Minimum Funding Standard requirements a mortgage and charge relating to certain property assets of the Company with a value of €72.5 million was put in place in favour of the An Post Pension Scheme ("the Scheme") for use as a contingent asset of the Scheme. Under the terms of the mortgage and charge, should a disposal of these property assets occur that meets the terms of the mortgage and charge, the Scheme is entitled to the sale proceeds, or for the assets sold to be replaced by other assets of an equal market value. The maximum amount recoverable by the Trustees of the Scheme under the mortgage and charge is €100 million.

The actuarial valuation undertaken as at 1 January 2022 included an agreement that the Funding Proposal would cease, and that the contingent assets which formed part of the proposal would no longer apply. As such, the charges on the properties are to be released back to the Company in 2023.

Notes to the Financial Statements continued

for the year ended 31 December 2022

25. Share Capital and Reserves

Group and Company

	2022 €'000	2021 €'000
Authorised:		
80,000,000 Ordinary Shares of €1.25 each	100,000	100,000
Allotted, called up and fully paid:		
54,590,946 Ordinary Shares of €1.25 each	68,239	68,239

Nature and purpose of reserves

Capital conversion reserve fund

On 14 January 2003, the Company's shares were renominalised from €1.269738 to €1.25 per share and an amount of €877,000 was transferred to a capital conversion reserve fund.

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

26. Subsidiaries and Joint Ventures

Subsidiary undertakings held directly by the Company[1]

Name	Nature of Business	% Holding	Registered Office
Printpost Limited	High volume printing	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
An Post Billpost Processing Service Limited	Bill payment processing	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
An Post GeoDirectory DAC	Database services	51%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Arcade Property Company Limited	Property development and letting	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Prince's Street Property Company Limited	Dormant	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Post Consult International Limited	Computer software services	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Post.Trust Limited	Digital certification and security service	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Transpost Limited	Courier and distribution	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
Kompass Ireland Publishers Limited	Dormant	100%	General Post Office, O'Connell Street, Dublin 1, D01 F5P2
An Post (NI) Limited	Holding Company	100%	The Soloist Building, 1 Lanyon Place, Belfast, BT1 3LP, NI, United Kingdom

[1] In each case, the shares held by An Post are ordinary shares.

Subsidiary undertakings held indirectly through a subsidiary undertaking

Name	Nature of Business	% Holding	Registered Office
Air Business Limited	Distribution and magazine subscription services	100%	The Beacon, Mosquito Way, Hatfield Herts, AL10 9WN, United Kingdom.
One Direct (Ireland) Limited trading as An Post Insurance	Insurance Broker	100%	General Post Office O'Connell Street, Dublin 1, D01 F5P2
Jordan & Co International Limited	Distribution	100%	General Post Office O'Connell Street, Dublin 1, D01 F5P2
Postpoint Services Limited	Mobile top ups	100%	General Post Office O'Connell Street, Dublin 1, D01 F5P2
GPO IEC Limited	GPO Exhibition Centre	100%	General Post Office O'Connell Street, Dublin 1, D01 F5P2

Joint ventures held directly by the Company

Name	Nature of Business	% Holding	Registered Office
The Prize Bond Company DAC	Administration of the Prize Bond Scheme	50%	General Post Office O'Connell Street, Dublin 1, D01 F5P2

Air Business Limited and Jordan & Co International Limited are incorporated in and operate in England & Wales. An Post (NI) Limited is incorporated in and operates in Northern Ireland. All other undertakings are incorporated in and operate in the Republic of Ireland. All shareholdings consist of ordinary share capital. The Prize Bond Company DAC carries on the business of administering the Prize Bond Scheme under contract from the National Treasury Management Agency.

The Company has given a guarantee under Section 357 of the Companies Act, 2014 to the following entities in the current year: Post Consult International Limited; Printpost Limited; Post.Trust Limited; Transpost Limited; Prince's Street Property Company Limited; An Post Billpost Processing Services Limited; Kompass Ireland Publishers Limited; One Direct (Ireland) Limited; GPO IEC Limited and Postpoint Services Limited.

Notes to the Financial Statements continued

for the year ended 31 December 2022

27. Lease Commitments

Lease liabilities associated with right of use assets

Future payments under these leases at year end for the Group and Company were as follows:

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2022 €'000	2021 €'000	2022 €'000	2021 €'000	2022 €'000	2021 €'000
Group						
Less than one year	22,478	24,772	3,358	1,618	19,120	23,154
Between one and five years	52,807	52,022	10,841	3,890	41,966	48,132
More than five years	89,708	46,915	27,024	17,628	62,684	29,287
	164,993	123,709	41,223	23,136	123,770	100,573
Company						
Less than one year	20,611	22,765	2,832	1,075	17,779	21,690
Between one and five years	47,478	45,930	8,999	2,035	38,479	43,895
More than five years	57,098	13,490	10,415	831	46,683	12,659
	125,187	82,185	22,246	3,941	102,941	78,244

28. Capital Commitments

Future capital expenditure approved by the directors but not provided for in the financial statements was as follows:

	Group 2022 €'000	Group 2021 €'000	Company 2022 €'000	Company 2021 €'000
Contracted for	18,625	10,674	18,625	10,171
Authorised but not contracted for	5,271	7,339	5,271	7,339
	23,896	18,013	23,896	17,510

29. Related Parties

Controlling party

The Group was controlled throughout the year by the Minister for Environment, Climate and Communications who holds the entire issued share capital of An Post except for one ordinary share held by the Minister for Finance (which stands transferred to the Minister for Public Expenditure and Reform under the Ministers and Secretaries Act 2011).

Other related party transactions

The Prize Bond Company DAC

Under the terms of a contract with The Prize Bond Company DAC, the Company carries out certain aspects of the administration of the Prize Bond Scheme. Fees earned by the Company in respect of such services amounted to €4,548,000 for the year ended 31 December 2022 (2021: €4,506,000). The amount owed by The Prize Bond Company DAC to the Group was €279,000 at 31 December 2022; (2021: €297,000). At 31 December 2022 the Group held €812,000: (2021: €812,000) of Prize Bonds.

An Post GeoDirectory DAC

An Post has a 51% shareholding in An Post GeoDirectory DAC, a company that sells and manages a national database of address and location information. An Post GeoDirectory DAC purchased goods and services to the value of €1,375,000 for the year ended 31 December 2022 from An Post (2021: €1,200,000). An Post purchased goods and services to the value of €nil for the year ended 31 December 2022 from An Post GeoDirectory DAC (2021: €nil). The amount owed by An Post GeoDirectory DAC to the Group was €123,000 at 31 December 2022; (2021: €1,196,000).

Transactions with Government departments and other State bodies

The Group provides, in the ordinary course of business, postage, agency, remittance and courier services to various Government departments and other State bodies on an arm's length basis. The Group also conducts day to day banking services and treasury with banking institutions owned by the State.

Transactions with key management personnel, comprising Executive Directors, Non-Executive Directors and other members of the Groups' Executive Management Committee and connected persons

	2022 €'000	2021 €'000
Short-term employee benefits	2,379	2,327
Non executive directors' fees	218	198
Post-employment benefits	304	300
	2,901	2,825

Since 2018, Mr David McRedmond, the Group CEO, has held the position of Non-Executive Chairman of eircom Holdings (Ireland) Limited, a fixed, mobile, and broadband telecommunications company operating in Ireland, that uses the trade name, eir. During 2022, eir provided services to the Group and An Post provided services to eir in the normal course of business. The fees in respect of goods and services provided by eir to the Group to 31 December 2022 were €8,447,000 (2021: €9,269,000). The amount not yet paid by the Group at the year-end was €1,357,000 (2021: €1,214,000). The Group provided services to eir of €4,505,000 during 2022, (2021: €4,295,000) and the amount not yet paid by eir to the Group at the 2022 year-end was €1,632,000 (2021: €1,781,000).

In 2022, An Post sold a property in Ballsbridge for €2.6m. eir had previously been tenants in the building and had a leasehold interest in the property. Consequently, An Post paid €653k to eir to surrender any interest they had in the property so that the disposal could be transacted.

Notes to the Financial Statements continued

for the year ended 31 December 2022

30. Contingencies

There were no contingent liabilities or guarantees at 31 December, 2022 or 2021 which could give rise to material losses other than as disclosed elsewhere in the financial statements of the Group and Company.

31. Financial Instruments - Fair Value and Risk Management

Fair value

A. Accounting classifications and fair values

The Group measures fair values using the following hierarchy of methods:

- Level 1 - Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3 - Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value is calculated as follows:

(i) Freely traded securities shall be valued based on the closing price, or if no sales have occurred, at the last bid price thereon as of the last day of such fiscal quarter or year as applicable. For all other financial instruments the Group determines fair values using valuation techniques.

(ii) Investments may be classified as Level 2 when market information becomes available, yet the investment is not traded in an active market and/or the investment is subject to transfer restrictions, or the valuation is adjusted to reflect illiquidity and/or non-transferability.

(iii) The Group's fair value measurement of the level 3 investments is based on a model which may contain significant unobservable inputs. The relevant model is a net present value technique, derived from the price of a similar investment and or similar market borrowing/lending rates, depending on management's assessment of the most appropriate valuation methodology and inputs for that particular investment.

The table in note 31 part B summarises the quantitative inputs and assumptions used for the investments categorised in Level 3 of the fair value hierarchy as of 31 December 2022. There were no transfers between the fair value hierarchy levels during the years ended 31 December 2022 and 31 December 2021.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair Value			
31 December 2022	**Note**	**Loans and receivables €'000**	**Other investments €'000**	**Other financial liabilities €'000**	**Total €'000**	**Level 1 €'000**	**Level 2 €'000**	**Level 3 €'000**	**Total €'000**
Financial assets measured at fair value									
Interest in PLI - equity shares	15	-	860	-	860	-	-	860	860
Interest in PLI - preference shares	15	-	8,850	-	8,850	-	-	8,850	8,850
		-	9,710	-	9,710				
Financial assets not measured at fair value									
Interest in PLI - shareholder loan	15	22,673	-	-	22,673	-	-	-	22,673
Trade and other receivables	16	127,031	-	-	127,031	-	-	-	-
Cash and cash equivalents	18	765,935	-	-	765,935	-	-	-	-
		915,639	-	-	915,639				
Financial liabilities not measured at fair value									
Government loan	20	-	-	30,000	30,000	-	-	30,000	30,000
EIB Loan	20	-	-	34,500	34,500	-	-	34,500	34,500
Term loan	20	-	-	17,500	17,500	-	-	17,500	17,500
Right of use asset lease liability	20	-	-	123,770	123,770	-	-	123,770	123,770
Trade and other payables	19	-	-	117,955	117,955	-	-	-	-
		-	-	323,725	323,725				

Notes to the Financial Statements continued

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31. Financial Instruments - Fair Value and Risk Management continued

Fair value continued

A. Accounting classifications and fair values continued

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair Value			
31 December 2021	**Note**	**Loans and receivables €'000**	**Other investments €'000**	**Other financial liabilities €'000**	**Total €'000**	**Level 1 €'000**	**Level 2 €'000**	**Level 3 €'000**	**Total €'000**
Financial assets measured at fair value									
Interest in PLI - equity shares	15	-	2,310	-	2,310	-	-	2,310	2,310
Interest in PLI - preference shares	15	-	8,700	-	8,700	-	-	8,700	8,700
		-	11,010	-	11,010				
Financial assets not measured at fair value									
Interest in PLI - shareholder loan	15	20,742	-	-	20,742	-	-	20,742	20,742
Trade and other receivables	16	125,682	-	-	125,682	-	-	-	-
Cash and cash equivalents	18	529,279	-	-	529,279	-	-	-	-
		675,703	-	-	675,703				
Financial liabilities not measured at fair value									
Government loan	20	-	-	30,000	30,000	-	-	30,000	30,000
EIB loan	20	-	-	17,750	17,750	-	-	17,750	17,750
Right of use asset lease liability	20	-	-	100,573	100,573	-	-	100,573	100,573
Trade and other payables	19	-	-	128,077	128,077	-	-	-	-
				276,400	276,400				

B. Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	2022 €'000	Valuation Technique	Unobservable Inputs
Interest in PLI - equity shares	860	Discounted cash flows technique referenced to third party transactions	Discount rate
Interest in PLI - preference shares	8,850	Discounted cash flows technique referenced to third party transactions	Discount rate

In 2022, both the equity and preference shares are recorded at their fair value.

Financial instruments not measured at fair value

Type	2022 €'000	Valuation Technique	Unobservable Inputs
Interest in PLI - shareholder loan	22,673	Discounted cash flows technique referenced to third party transactions	Discount rate
Government loan	30,000	Discounted cash flows technique referenced to market borrowing/lending rates	Discount rate
EIB loan	34,500	Discounted cash flows technique referenced to market borrowing/lending rates	Discount rate

The shareholders loan to PLI has been measured at amortised cost. The Shareholders loan is considered to have a low credit risk as there is a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The Group measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward-looking information in determining any expected credit loss. No loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Group.

C. Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

PLI - equity/preference shares	2022 €'000	2021 €'000
Balance at beginning of period	11,010	8,945
Preference dividend received	-	(1,250)
Capital restructuring	-	1,250
Fair value movement through profit and loss	(1,300)	2,065
Balance at end of period	9,710	11,010

No equity or preference dividends were received in 2022. In December 2021, a capital restructuring took place in PLI. The impact of this was to increase shareholders' reserves and fund same through accrued interest on shareholder loans. This restructuring facilitated the payment of preference dividends. An Post received a preference dividend payment of €1.25m in 2021.

Notes to the Financial Statements continued

for the year ended 31 December 2022

31. Financial Instruments – Fair Value and Risk Management continued

Sensitivity analysis

Where the value of financial instruments is dependent on unobservable valuation models, appropriate models and inputs are chosen so that they are consistent with prevailing market evidence. A 100bps increase or decrease in the discount rate of the financial assets under Level 3 held by the Group would not have a significant effect on the carrying value.

Financial risk management

The Group's financial risks are managed within parameters defined formally by the Board. Treasury activity is reported to the Audit and Risk Committee and to the Board. The main financial risks faced by the Group relate to credit, interest, foreign exchange translation and liquidity. The Board agrees policies for managing these risks as summarised below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and from cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. Average credit terms, where given, range from 0 to 45 days.

Included in the Group's trade and other receivables as at 31 December 2022 are balances of €19.5m (2021: €28.2m) which are past due at the reporting date but not impaired.

The aged analysis of these balances is as follows:

	2022 €'000	2021 €'000
Less than 1 month	10,148	6,202
1-3 months	5,765	14,179
4-6 months	1,228	5,487
Over 6 months	2,369	2,351
	19,510	28,219

The Group's policy for the determination of the impairment allowance for bad debts is based on a line-by-line assessment of the credit risk attached to the individual debtors and an assessment of the resulting requirement for an impairment allowance. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable, including any indicators for impairment (which may include evidence of financial difficulty of the customer, payment default, breach of contract, etc.). Subsequent recoveries of amounts previously impaired are credited to the Income Statement. For the purpose of calculating the impairment allowance, the Group does not take into account the impact of discounting the trade receivables as it is considered not material given the age profile of the Group's trade receivable balances.

Movements in the impairment allowance of trade receivables during the year were as follows:

	2022 €'000	2021 €'000
Balance at beginning of period	7,306	7,375
Impairment loss recognised	4,088	1,134
Amounts written off	(338)	(1,203)
Balance at end of period	11,056	7,306

Shareholder's loan to Premier Lotteries Ireland (PLI)

The shareholders loan to PLI has been measured at amortised cost. The shareholders loan is considered to have a low credit risk as there is a low risk of default and the issuer is trading satisfactorily and has a strong capacity to meet its contractual cash flow obligations in the near term. In addition, financial forecasts for PLI have been reviewed to the end of the investment period, namely 2034, and these forecasts support the expectation that the shareholder loan will be repaid. Consequently, the 12-month ECL model is based on a probability of 99% that PLI will not default on its cash flow obligations.

Cash and cash equivalents

The Board establishes the policy in managing credit risk. Exposure is managed by distributing the credit risk, where possible, across banks or other institutions meeting required standards as assessed normally by reference to the major credit rating agencies. The Group held cash and cash equivalents of €766m at 31 December 2022 (2021: €529m).

The Group's cash management policy is as follows:

- Money is only placed on deposit with the institutions as approved by the Board;
- The risk is spread so that there is no more than 40% with any one institution, subject to a maximum of the Board approved limit; and
- Keep the risk profile under review

These policies are regularly monitored to ensure credit exposure to any one financial institution is limited.

Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries. At 31 December 2022 the Group has provided a guarantee under Section 357 of the Companies Act 2014 to a number of its subsidiaries as disclosed in the subsidiary and joint ventures note.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity 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 reputation.

Notes to the Financial Statements continued

for the year ended 31 December 2022

31. Financial Instruments – Fair Value and Risk Management continued

Financial risk management continued

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

		Contractual cash flows				
31 December 2022	Carrying amount €'000	Total €'000	2 months or less €'000	2 -12 months €'000	1 -5 years €'000	More than 5 years €'000
Non-derivative financial liabilities						
Government loan	30,000	30,304	-	30,304	-	-
EIB loan	34,500	36,139	554	3,789	16,954	14,842
Term loan	17,500	18,362	-	6,227	7,535	4,600
ROUA lease liabilities	123,770	164,993	3,746	18,732	52,807	89,708
Trade and other payables	117,955	117,955	117,955	-	-	-
	323,725	367,753	122,255	59,052	77,296	109,150

		Contractual cash flows				
31 December 2021	Carrying amount €'000	Total €'000	2 months or less €'000	2-12 months €'000	1-5 years €'000	More than 5 years €'000
Non-derivative financial liabilities						
Government loan	30,000	30,304	-	30,304	-	-
EIB loan	17,750	18,145	259	1,825	8,235	7,826
ROUA lease liabilities	100,573	123,709	4,129	20,643	52,022	46,915
Trade and other payables	128,077	128,077	128,077	-	-	-
	276,400	300,235	132,465	52,772	60,257	54,741

Market risk

Foreign exchange risk

Foreign currency translation exposure arises from the retranslation of overseas subsidiaries' income statements and statements of financial position into Euro. In addition, the Group is exposed to currency transaction risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currencies of Group Companies. This arises primarily on transactions with international postal operators. The Group does not currently use derivatives to manage this risk. The Group will continue to review this. A reasonably possible change in foreign exchange rates would not have a material impact on the financial statements.

Interest rate risk

The Group's interest rate risk arises from amounts held on deposit, term loans and the shareholder loan to Premier Lotteries Ireland. The Group does not currently use derivatives to manage this risk. The Group will continue to review this. A reasonably possible change in interest rates would not have an impact on the financial statements.

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments is as follows:

Nominal amount	2022 €'000	2021 €'000
Fixed-rate instruments		
Financial assets		
Interest in PLI - shareholder loan	22,673	20,742
Financial liabilities		
Government loan	(30,000)	(30,000)
Term loan	(14,500)	-
European Investment Bank loan	(34,500)	(17,750)
	(56,327)	(27,008)
Variable rate instruments		
Financial assets		
On call deposits	566,652	314,917
Financial liabilities		
Term loan	(3,000)	-
	563,652	314,917

Fair value sensitivity analysis for fixed-rate instruments

The Group does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Notes to the Financial Statements continued

for the year ended 31 December 2022

31. Financial Instruments – Fair Value and Risk Management continued

Market risk continued

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below in relation to the funds held by the Group. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100 bp increase €'000	100 bp decrease €'000
31 December 2022		
Financial assets		
Variable rate instruments	5,483	(5,483)
Financial liabilites		
Variable rate instruments	(30)	30
Cash flow sensitivity - net	5,453	(5,453)
31 December 2021		
Financial assets		
Variable rate instruments	2,989	(2,989)
Cash flow sensitivity - net	2,989	(2,989)

The impact on equity net of tax of a reasonably possible change of 100 basis points in interest rates is not materially different from the profit or loss impact shown above.

32. Subsequent Events

In January 2023 the Company and the An Post Group of Unions accepted the Labour Court recommendation in respect of the revised pension arrangements that apply from 1 January 2022.

There have been no other significant events since the balance sheet date and the date of approval of these financial statements that would require adjustment of the financial statements.

33. Board Approval

The financial statements were approved by the Board of Directors on 23 March 2023.

Other Information

Financial and Operational Statistics

(not covered by Independent Auditor's Report)

Consolidated Income Statement

	2022 €'000	2021 €'000	2020 €'000	2019 €'000	2018 €'000
Revenue	888,139	890,600	915,503	892,128	896,954
Operating costs	(869,544)	(874,378)	(882,999)	(812,576)	(835,827)
Depreciation and amortisation	(54,860)	(49,645)	(43,248)	(37,657)	(23,479)
(Loss)/Profit before transformation costs, one off items, net finance income/(cost) and taxation	(36,265)	(33,423)	(10,744)	41,895	37,648
Net finance income/(cost)	3,273	2,817	292	(308)	3,098
Transformation costs	(6,055)	(1,955)	(5,798)	(15,281)	(13,974)
One off items	(209,552)	(8,320)	(15,471)	40,038	-
(Loss)/Profit before taxation	(248,599)	(40,881)	(31,721)	66,344	26,772

Consolidated Statement of Financial Position

	2022 €'000	2021 €'000	2020 €'000	2019 €'000	2018 €'000
Non-current assets	399,472	385,573	380,382	376,485	274,215
Net current (liabilities)/assets	(86,397)	(79,808)	33,286	69,448	29,781
Other non-current liabilities	(168,246)	(111,587)	(134,963)	(137,527)	(52,109)
Net assets excluding pension asset/(liability)	144,829	194,178	278,705	308,406	251,887
Pension asset/(liability)	666,201	486,006	89,089	(28,228)	(47,880)
Net assets/(liabilities) including pension asset/(liability)	811,030	680,184	367,794	280,178	204,007
Capital and reserves	811,030	680,184	367,794	280,178	204,007

Ratios

	2022	2021	2020	2019	2018
(Loss)/Profit before transformation costs, one off items, net finance income/(cost) and taxation as % of revenue	(4.08%)	(3.75%)	(1.17%)	4.70%	4.20%
Staff and postmasters' costs as % of operating costs	67.39%	67.99%	68.27%	69.64%	67.93%
Current assets as % of current liabilities	91.33%	89.43%	104.17%	112.22%	103.74%

Mail

	2022	2021	2020	2019	2018	2017
Core mail volume index (2017=100) (note 1)	72.2	76.7	80.5	86.7	92.6	100.0

Note 1: This index reflects changes in core mail revenue. It excludes the impact of changes to published tariffs, income from foreign administrations, and variations arising from elections or referenda in each year.

System Size

	2022	2021	2020	2019	2018	2017
Mails network:						
No. of delivery points (millions)	2.399	2.367	2.335	2.312	2.284	2.263
No. of motor vehicles (ex. short term hires)	2,487	2,499	2,855	3,036	2,805	2,792
No. of electric vehicles	1,008	1,010	776	166	-	-
No. of electric cargo trikes	172	190	169	47	-	-
Post office network:						
Company post offices	45	45	45	45	45	50
Contract post offices	868	875	894	907	967	1,073
Postal agencies	83	84	87	92	96	104
	996	1,004	1,026	1,044	1,108	1,227

	€m	€m	€m	€m	€m	€m
Savings Services (note 2)						
Value of Funds at 31 December	24,780	24,064	22,765	21,228	20,657	20,416
Activity for year						
Post Office Savings Services						
Savings Bank deposits	1,171	1,248	1,151	993	1,079	1,064
Savings Bank withdrawals	(822)	(745)	(653)	(880)	(889)	(863)
Savings Certificates issued	819	1,215	1,281	1,704	1,780	1,023
Savings Certificates repaid	(1,052)	(1,461)	(1,074)	(865)	(2,403)	(1,055)
Instalment Savings issued	94	94	93	89	100	96
Instalment Savings repaid	(88)	(86)	(88)	(101)	(100)	(102)
Savings Bonds issued	747	815	654	718	886	714
Savings Bonds repaid	(721)	(844)	(726)	(1,129)	(1,317)	(1,258)
National Solidarity Bond issued	823	1,078	1,101	804	921	598
National Solidarity Bond repaid	(649)	(522)	(879)	(501)	(412)	(435)
Department of Social Protection						
Welfare benefits paid during the year	6,485	5,983	6,756	7,125	7,380	7,615

	2022 000's	2021 000's	2020 000's	2019 000's	2018 000's	2017 000's
BillPay Volumes	11,358	12,943	13,255	16,033	17,025	17,977
TV Licences Issued by An Post	948	951	961	1,026	1,039	1,028

Note 2: The assets and liabilities of the Savings Services vest in the Minister for Finance and accordingly are not included in the financial statements of the Company.

Universal Service

(not covered by Independent Auditor's Report)

The Communications Regulation (Postal Services) Act 2011 ('the Act') was enacted in August 2011.

Requirements of the Universal Service Obligation ('USO')

Under Section 17 of the Act, An Post is designated as the Universal Postal Service Provider for a period up until August 2023.

Under Section 16 of the Act, "Universal Postal Service" means that on every working day, except in such circumstances or geographical conditions deemed exceptional by ComReg, there is at least:

(i) one clearance, and

(ii) one delivery to the home or premises of every person in the State or, as ComReg considers appropriate, under such conditions as it may determine from time to time, to appropriate installations.

The following services are provided:

(a) the clearance, sorting, transport and distribution of postal packets up to 2kg in weight;

(b) the clearance, sorting, transport and distribution of postal parcels to a weight limit to be specified by order of ComReg (or in the absence of this 20kg) - ComReg decided to use its power to reduce the maximum weight limit of 20kg to 10kg in 2019;

(c) the sorting, transportation and distribution of parcels from other Member States of the European Union up to 20kg in weight;

(d) a registered items service;

(e) an insured items service within the State and to and from all countries which, as signatories to the Universal Postal Convention of the Universal Postal Union, declare their willingness to admit such items whether reciprocally or in one direction only; and

(f) postal services free of charge to blind and partially sighted persons.

As required by Section 16(9) of the Act, in July 2012 ComReg made regulations specifying the services to be provided by An Post relating to the provision of the universal postal service. The Communications Regulation (Universal Postal Service) Regulations 2012 to 2019 (SI No. 280/2012; SI No. 534/2018; and SI No. 149/2019), which set out these services, are available on www.irishstatutebook.ie or www.comreg.ie.

The terms and conditions of Universal Services are available on **www.anpost.com**

Access to Universal Services

An Post provides access to its services through its network of 45 Company Post Offices and 868 Contract Post Offices. In addition, some 1,740 retail premises are authorised to sell postage stamps, as active agents. To facilitate physical access to the service, approximately 5,550 post boxes, including meter post boxes and those located in Delivery Service Units, are distributed widely throughout the State. There are 42 designated acceptance points for bulk mail services.

Tariffs

The following is a summary of the prices for standard services weighing up to 100g which were applicable from 1 February 2023. Other than Letters (up to C5), higher prices apply for heavier weights.

	Ireland & NI	
	Standard Post	**Registered Post***
Letters (up to C5)	€1.35 €1.25 if item bears a franking impression	€9.00
Large Envelopes	€2.45 €2.35 if item bears a franking impression	€9.20
Packets	€3.80 €3.70 if item bears a franking impression	€9.20
Parcels	€9.00	€13.00

*The fee payable for the basic registered service covers compensation up to a maximum of €320. Further compensation (non Universal Service) up to a limit of €1,500 is available for €4.50 and up to a limit of €2,000 for €5.50 based on declared value at time of posting.

	International Destinations	
	Standard Post	**Registered Post***
Letters (up to C5)	€2.20	€9.70
Large Envelopes		
Zone 2	€3.00	€10.00
Zone 3	€3.50	€10.50
Zone 4	€5.00	€12.00
Zone 5	€5.50	€12.50
Packets		
Zone 2	€7.00	€12.00
Zone 3	€8.00	€13.00
Zone 4	€11.00	€18.00
Zone 5	€13.50	€20.50
Parcels		
Zone 2	€21.00	€26.00
Zone 3	€30.00	€35.00
Zone 4	€36.00	€41.00
Zone 5	€36.00	€43.00

*Availability of service dependent on postal administration in destination country. Compensation up to €320 in GB; €150 in Europe; €100 for parcels and €35 for letters outside Europe.

Zone 2 includes Belgium, France, Germany, Great Britain, Luxembourg and Netherlands. Zone 3 includes most other EU countries plus Norway and Switzerland. Zone 5 includes Australia, New Zealand and South America. Other countries are in Zone 4. A full list of current USO tariffs is available in the Guide to Postal Rates (see www.anpost.com, where the full list of countries in each zone is also available).

Quality of Service

International

The quality performance standard for the delivery of intra-Community cross-border mail was laid down in the Postal Directives (97/67/EC, as amended) and is included in Schedule 3 of the Act. The quality standard for postal items of the fastest standard category is as follows:

D+3: 85% of items; D+5: 97% of items, where D refers to the day of posting.

Domestic

The Act requires ComReg to set quality-of-service standards for domestic universal service mail which must be compatible with those for intra-Community cross-border services. ComReg have set a quality-of-service target for domestic single piece priority mail as follows:

D+1: 94% D+3: 99.5%, where D refers to the day of posting.

Customer Complaints

An Post is required to maintain records of customer complaints in compliance with European standard IS: EN 14012:2003. The table provides, in relation to mail, a breakdown of written complaints received from customers during 2022.

Written complaints received from customers	2022	2021
Items lost or substantially delayed	35,890	45,584
Items damaged	1,617	1,922
Items arriving late	794	1,171
Mail collection or delivery:	28	8
Failure to make daily delivery to home or premises	8	-
Collection times/Collection failures	-	-
Mis-delivery	2,798	2,863
Access to Customer Service Information	-	-
Tariffs for single piece mail/discount schemes and conditions	-	-
Change of Address (Redirections)	896	1234
Behaviour and competence of postal personnel	5	16
Underpaid mail	3	2
How complaints are treated	3	-
Others (not included in the above)	2,633	3,509
Total	44,675	56,309

Included in the total figure are complaints about registered items, which number 11,833 (2021: 15,555).

In 2022, there were 714,728 telephone calls, (2021: 640,257) made to An Post Customer Services. Included in this total are 127,160 telephone contacts to Money Hub (2021: n/a) and 57,578 regarding Customs. However, most of these were routine or general enquiries rather than complaints. In 2022, there was a total of 179,611 Web Chats answered for the year (2021: 162,871).

There were 31,309 telephone contacts with 4,027 call complaints regarding Post Mobile in 2022 compared to (2021: 10,882 contacts with 1,872 call complaints) 2021 was not a full year of taking calls for An Post Mobile.

ComReg has issued Guidelines for Postal Service Providers on Complaints and Redress Procedures (see ComReg document 14/06 on **www.comreg.ie**). An Post Complaint and Dispute Resolution Procedures are set out in 'Getting it Sorted', which is available on our website, in larger Post Office outlets, and from our Customer Services Centre.

We also have a Customer Charter, containing specific pledges to customers regarding our services, which is available on our website; **www.anpost.com**

Further Information

Additional information in relation to services provided by An Post is available at **www.anpost.com/Help-Support**, by phoning An Post Customer Services on 01-7057600, via email at **www.anpost.com/contactus**, by completing an online enquiry form at **https://forms.anpost.ie/enquiry**, or by writing to An Post Customer Services, General Post Office, O'Connell Street Lower, Freepost, Dublin 1, D01 F5P2 or by calling into any Post Office.

Corporate Information

Registered Office	General Post Office O'Connell Street Dublin 1 D01 F5P2
Solicitors	Matheson 70 Sir John Rogerson's Quay Grand Canal Dock Dublin 2 D02 R296 McCann FitzGerald Riverside One Sir John Rogerson's Quay Dublin 2 D02 X576
Bankers	Bank of Ireland 2 College Green Dublin 2 D02 VR66
Auditors	Deloitte Ireland LLP Chartered Accountants & Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 D02 AY28
Registered Number	98788
Company Type	An Post is a Designated Activity Company limited by shares