

MANAGEMENT REPORT

OF
JOINT STOCK COMPANY
“UKRPOSHTA”

FOR 2024



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1. Information about the Company (Organizational Chart and Description of the Company's Activities)

Joint Stock Company “Ukrposhta” (hereinafter referred to as “Ukrposhta” or the “Company”) is a business entity where 100% of shares is held by the state. The Ministry for Communities and Territories Development of Ukraine shall manage the corporate rights of the state in regard to the Company. The Company is a successor of Ukrainian State Enterprise of Posts “Ukrposhta”, registered on December 15, 1993. In March 2017, Ukrposhta was transformed into a public joint-stock company, in 2018 the change of the Company's type from public joint-stock company to private joint-stock company was registered. The Company's shares are not listed on any international or local exchange as of the current date.

The Company's mission is to provide modern postal and financial services throughout the territory of Ukraine and to ensure international postal exchange within the relations with 192 member countries of the Universal Postal Union (UPU). The Company conducts business to obtain profit from providing postal services on a commercial basis. Also, the state imposes on the Company social obligations such as providing universal postal services, delivering pensions and social benefits, ensuring the availability of financial services, distributing subscription periodicals throughout the territory of Ukraine.

The Company's main activity is the provision of universal postal services and other related services to the population, state and municipal institutions and organizations, business entities, namely:

- postal services (sending letters and parcels in Ukraine and abroad);
- delivery of pensions and selected social payments to individuals;
- financial services (acceptance of payment for utilities; domestic and international money transfers);
- distribution of periodicals (managing subscription and delivery of periodicals); and
- sale of merchandise (including where the Company acts as an agent selling merchandise which belongs to other parties) and other services.

As the designated postal operator, the Company represents the state of Ukraine in the Universal Postal Union and has been a permanent member of the UPU since 1947.

The organizational chart of Ukrposhta is compartmentalized into functional areas to ensure the fulfilment of the strategic goal.

Today Ukrposhta assets include:

- Stationary points – 5,219, serving 11,111 service points, mobile points – 2,063, serving 20,126 service points;
- the average number of full-time employees of JSC “Ukrposhta” in 2024 is 31,459 people, including postal operators – 6,477 people, postmen – 6,658 people. The average salary of a full-time employee in 2024 is UAH 16,144.7;
- in 2024, JSC “Ukrposhta” accepted domestic and international mail in the amount of 91.4 million pieces of letter post, 48.8 million parcels, as well as accepted 91.7 million payments.

2. Business Results

The Russian Federation's full-scale invasion into Ukraine of February 24, 2022 and introduction of the martial law by decree of the President of Ukraine, along with imposition of appropriate temporary restrictions, still have a negative impact on the country's economic situation, the level of business activity and the Company's operational and financial activities.

In 2024, centralization of the management structure was finalized and optimization of staff continued, accompanied, in particular, by appropriate payments in accordance with the legislation. As a result of the optimally planned timing and scheduling of these organizational changes, we managed to stay within the approved labour costs budget planned for 2024. The implementation of the 2024 budget was 100.5% (actual UAH 6,377 million vs. plan UAH 6,348 million).

Due to military actions, the Company temporarily lost control over approximately 12% of its postal offices, mostly in the occupied areas of Luhansk, Donetsk, Kherson and Zaporizhzhia regions.

The total amount of income for 2024 is UAH 13,656.8 million, which is UAH 821.3 million or 5.7% less compared to the plan and UAH 1,376.2 million or 11.2% more compared to the actual data for 2023.

The failure to meet the income plan is due to the fact that the Company was unable to provide services in full on the territories where military operations take place, as well as on the temporarily occupied territories.

Compared to the same period of the previous year, there is an increase in income from almost all services, except for pension and social assistance, trade, other commercial and financial services.

Net income from sales of products (goods, works, services) for 2024 amounted to UAH 12,978.0 million, which is UAH 1,396.9 million or 12.1% more than in 2023.

Compared to the same period of the previous year, there has been an increase in revenues for almost all services, except for pensions and cash benefits, trade, other commercial and financial services, and other national postal services.

“pension and social assistance” - a decrease by UAH 13.3 million due to the fact that the outflow of pensioners, especially in rural areas, was higher than expected, and the Company was unable to compensate for it by involving additional pensioners after launching the CRM and a new front with a delay. At the same time, the Company was able to preserve the vast majority of its customer base during the war, as it did not stop its operations and worked in those parts of the country where banking institutions were often closed;

“trade” (without the cost of goods sold) - a decrease by UAH 14.6 million or 2.6% due to the failure to launch catalogue trade and the optimization of the network in rural areas in order to reduce the number of PO;

“other postal services” - a decrease by UAH 2.4 million або на 0,6%.

At the same time, it should be noted that a number of key services have seen a recovery in business activity and an increase in volumes, which made it possible to ensure income growth compared to the same period last year, namely:

“letter post” - the income amounted to UAH 1 690.9 million, which is 10.1% or UAH 155.2 million more compared to 2023.

In 2024, the Company will continue to develop the sale of art stamps and related merchandise of the most relevant plots through its network and online platforms;

“small packets” - an increase by 25.5% or UAH 1,081.1 million compared to the actual data for 2023 due to the recovery of business activity on the market;

“parcels” - the income amounted to UAH 2,569.7 million, which is 10.8 % more than the indicator for the previous year due to the recovery of business activity on the market;

“distribution of periodicals” - the income for 2024 amounted to UAH 272.7 million, which is 37.8% less than in 2023, due to higher demand for this service among the population and a tariff review;

“revenues from international postal exchange” - the actual performance is UAH 1,333.9 million, which is 45% more than in 2023;

“delivery of international postal items “EMS”” - the income increased by 26.6% compared to the indicator for 2023 and amounted to UAH 331.7 million due to an increase in the volume of items;

“postal transfers” - revenues amounted to 332.3 million UAH, which is 4.8% more than last year;

“acceptance of payment” - the number of payments accepted increased by 28.3% in comparison with 2023 and amounted to UAH 1,302.6 million;

“other financial services” - an increase of UAH 16.1 million due to an increase in the volumes of registers of accepted payments and other components of the service.

“other operating revenue” for 2024 amounted to UAH 394.2 million, which is UAH 89.1 million more than the actual data for 2023. The main increase took place due to the written off accounts payable to one postal operator in the amount of UAH 157 million.

Other financial income for 2024 amounted to UAH 123.4 million, which is UAH 3.9 million less than the same period last year. This item reflects income from interest received on deposits and account balances in banking institutions.

Other income for 2024 amounted to UAH 82.3 million, which is UAH 16.9 million less than the same period last year.

The decrease in other income was due to the failure to receive income from the sale of property. When planning income for 2024, the receipt of profit from the sale of property in the amount of UAH 110.9 million was taken into account, but UAH 67.7 million was actually received.

To improve customer service, **new services were introduced in 2024.**

Ukrposhta began to deliver PrivatBank bank cards to Slovenia, the USA and Switzerland. In 2024 card delivery was free for all clients which reissued valid payment card or opened new digital cards with a re-issue in Privat24.

On August 21, 2024 Ukrposhta as a designated operator and the Ministry of Foreign Affairs of Ukraine signed a memorandum of cooperation and announced the launch of an updated service for worldwide delivery of documents, primarily foreign passports ordered to be re-issued by citizens of Ukraine, scheduled for September. Ukrainians could pay for delivery of foreign passports in their personnel cabinets at the Ukrposhta website by using the electronic stamp technology with a QR code. The single price for delivery to any country was USD 6 and VAT of UAH 10. This initiative allowed to significantly optimize the algorithms for receipt of passport documents by Ukrainian citizens abroad. Their prompt and timely delivery to the applicants is particularly important during the martial law.

In December 2024 Ukrposhta began to pay state aid under the program “Winter eSupport” in the amount of UAH 1,000 to pensioners, people with disabilities of group I and II, as well as to social aid recipients, particularly in frontline areas, who are receiving it via the Company’s branches. The

first payments were made in early December, along with pensions and social aid.

Ukrposhta joined the state program “National cashback”. The program “National cashback” is aimed at providing support to Ukrainians by encouraging them to buy locally manufactured goods and use services provided by Ukrainian companies. This initiative not only contributes to supporting Ukrainian citizens amidst economic challenges, but also provides additional opportunities for helping with everyday expenses. Ukrposhta’s joining the state program “National cashback” improves access to services and products offered by Ukrainian manufacturers. The Company has two roles: a manufacturer with 10% cashback accrued on its products and a retail chain where Ukrainians can accumulate cashback when buying locally manufactured goods.

Ukrposhta joined the government strategy “Made in Ukraine” aimed at providing support to Ukrainian enterprises. “Made in Ukraine” is a new government economic strategy, the purpose of which is to increase the share of processing enterprises in the country’s GDP. Within the information campaign, Ukrposhta specialists started a series of webinars for Ukrainian entrepreneurs, telling them how to obtain grant funding for their business, how to develop their business on international marketplaces, how to obtain support, etc.

Within the project for payment of financial aid to people evacuated from settlements located in combat areas, initiated by the International Organization for Migration, Ukrposhta arranged payment of one-time monetary aid in the amount of UAH 3600 for more than 16 thousand of evacuated Ukrainians. The monetary aid was paid to passengers of evacuation trains at the stations of arrival. The total amount paid was approximately UAH 60 million.

Ukrposhta, together with the state enterprise “INFOTECH”, expanded the list of countries where international delivery of driving licenses is possible. From now on, Ukrainians can obtain documents in Croatia, Switzerland, Belgium, Montenegro and Slovenia. Therefore, the service is currently available in 22 European countries.

The project “Ukrposhta. Pharmacy”, launched in 2023, now covers not only Donetsk region, but also the entire Sumy region, as well as Zaporizhzhia, Mykolaiv, Kharkiv, Kherson and Chernihiv regions. Having obtained licenses for retailing and electronic retailing of medicines, the Company has already started taking orders and delivering them to clients.

The Company’s infrastructure had a high level of wear. But during 2016-2024, Ukrposhta is constantly implementing **projects to upgrade its infrastructure and improve the operational efficiency of business processes**. In particular, projects to modernise and change the image of the Company’s branches, automate the sorting infrastructure, unify and replace the outdated vehicle fleet, increase the level of computer equipment for employees while automating processes and implementing modern IT systems.

The Ministry of Finance of Ukraine and Ukrposhta have signed amendments to the mortgage agreement in order to ensure performance of the obligations for EUR 63 million under the Guarantee Agreement (“JSC “Ukrposhta” development project: Logistics network and rural office”) between Ukraine and the European Bank for Reconstruction and Development (EBRD). The amendments will allow to continue the transformation of Ukrposhta’s logistics and transport network, in particular, to ensure funding under the contracts already concluded and to perform new procurements. Within the agreement with the EBRD concluded in 2020, we are already implementing projects related to the implementation of a new front-office system, mobile offices, 3in1 devices, upgrading the transport, etc.

Having analysed the requests received from clients and partners and the demand for services, the Company decided to implement the project for creation of cargo offices intended for receipt and delivery of items. This innovation, first of all, freed Ukrainian entrepreneurs with significant volumes of items from unnecessary troubles. During the year, 41 new cargo offices were opened in the country’s regional centres. It should be noted that the Company shall take account of the needs of the Ukrainian business, so the cargo office network will later cover other key cities of the country with a population of 80+ thousand.

Despite the daily shelling and destruction of infrastructure, Ukrposhta continues to invest in the modernisation of its logistics terminals, replacing manual sorting with modern automated lines.

Ukrposhta has opened a logistics terminal with automated sorting lines in Odesa, which ensures fast processing and delivery of parcels for the entire south of Ukraine. The equipment for small and large parcel sorting lines allows Ukrposhta to process up to 270,000 parcels per day. Together with the restructuring of logistics routes, this will make it possible to deliver parcels to customers in Odesa, Kherson and Mykolaiv regions within a day of sorting. Ukrposhta's new terminal is equipped with Ukrainian-made equipment and software that processes three parcels per second. The opening of the Odesa terminal is part of Ukrposhta's development and modernisation strategy launched in 2021. The Company has arranged 17 automated lines in seven cities across Ukraine: Nine lines sort small parcels and eight sort large parcels.

Ukrposhta uses the principle of effectiveness when handling vehicles. The Company is selling 531 outdated vehicles (cars, trucks, trailers, semi-trailers, tractors) on the "ProZorro. Sales" platform. The sale of equipment unfit for performance of the current tasks allows not only to earn additional income but also to reduce maintenance costs for old vehicles and to free up the space for new vehicles. Ukrposhta replenishes and upgrades its vehicle fleet on a regular basis, because it affects not only the speed of delivery of items to our clients but also the safety of our employees.

Ukrposhta has published a procedure for procurement of 1745 electric mail tricycles with related services (Full service type) on the portal of the European Bank for Reconstruction and Development (EBRD). The procurement of tricycles is one of Ukrposhta's logistics development projects, which will be completed in 2025. The new tricycles will significantly increase the effectiveness of the postal network, especially in rural areas. Not only will they make the work of the postmen and heads of offices easier, but they will also ensure faster and better delivery of postal items and provision of services throughout the territory of the country, particularly in hard-to-reach and remote settlements. Replacing traditional bicycles with modern tricycles will allow the postmen to move quickly between settlements and deliver parcels and other goods.

Ukrposhta has published a tender for procurement of 880 electric courier scooters on the portal of the European Bank for Reconstruction and Development (EBRD). The procurement will increase the effectiveness of courier delivery, quality of the services and resilience of the postal infrastructure. The implementation of the project is scheduled for 2025. The project is funded by loan funds and the grant provided by the EBRD and the European Investment Bank.

Ukrposhta continues to implement **charity and social initiatives**. Among them are projects aimed at supporting children affected by the war. This time the Company transferred more than UAH 400,000 from the sale of the charity stamp "Children of the Victory are drawing Ukraine of the future" for the creation of a primary school in the international comprehensive assistance centre "City of Goodness". Due to the funds received, children which are affected by domestic violence, children in need of rehabilitation and palliative care, as well as children from evacuated orphanages located in the frontline areas, will be able to prepare for school and obtain all necessary basic education skills. On December 2, a preparatory primary school, project "Learning Butterfly", opened up in the "City of Goodness". There are already three inclusive groups within the program, where boys and girls of different ages acquire knowledge in the field of literacy, writing, math and logic.

Ukrposhta, together with the KSE Foundation charity fund, within the All-Ukrainian program "ZAKHYSTOK: safe education", completed the construction of a shelter for the Shepetivka educational complex "Secondary school of I–III degree — gymnasium" in the Khmelnytskyi region. From the beginning of the full-scale invasion, the educational institution was damaged by shelling, but, thanks to the fact that the shelter was repaired, 703 students of the Shepetivka educational complex were able to return to full-time studying.

Thanks to the donations from the sale of the stamp "PTN PNH!", presented by Ukrposhta on the first anniversary of the full-scale invasion, almost three thousand children were able to study in person and in safe conditions. Together with the charity fund of the Kyiv School of Economics (KSE Foundation), Ukrposhta continues to construct shelters for children within the All-Ukrainian program "ZAKHYSTOK: safe education". In April 2024, repair works were completed in the Sumy regional specialized orphanage, in the Krolevets pre-school education institution (child development centre) No. 9 "Romashka" [Chamomile] of the Krolevets city council, Sumy region, and in the Novyi Shliakh

school, Chernihiv region.

Ukrposhta, together with the Ukrainian public organization Gen.Ukrainian, helped 20 children affected by the war and deportation to receive psychological rehabilitation in the Gen.Camp at the cost of the funds from the sale of the charity stamp “Eternal memory”.

During the sale of the charity stamp “Dog Patron” Ukrposhta raised the necessary funds which were allocated for the manufacture and procurement of a vehicle for mechanized mine clearing with the help of KSE Foundation. The vehicle can clear more than 1,200 m² per hour. It can be controlled remotely at a distance of up to 500 meters or by an operator in an armoured cab. The Company transferred the vehicle to the SES. The vehicle will be used by a humanitarian demining unit in the Chernihiv region.

Ukrposhta transferred UAH 3.7 million from the sale of the charity stamp “Main Directorate of Intelligence of the Ministry of Defence of Ukraine” for the needs of the MoD MDI units. The funds were raised and transferred with the help of the KSE Foundation and will be used for purchase of the necessary equipment for the unit’s operations. The print run of the stamp amounted to 1 million copies.

Due to the from the sale of the charity postal release “Fluffy Battalion”, Ukrposhta, together with the KSE Foundation, transferred UAH 1,000,000 to animal shelters and animal protection, rehabilitation and keeping centres — Best Friends in Makariv and Gostomel Shelter in Hostomel, Kyiv region. For the funds provided by Ukrposhta, the Best Friends shelter purchased a powerful generator which will help the shelter survive the winter.

The charity postal release “Fluffy Battalion” was put into circulation on September 26, 2024. The release consists of two stamps: “Fluffy Battalion. Cats” and “Fluffy Battalion. Dogs”, which symbolize the unwavering spirit of Ukrainian defenders and their four-legged friends which support our warriors on the frontlines.

In 2024 Ukrposhta received a bronze medal of the prestigious EMS Performance Award 2023. This award is given to postal operators which demonstrate high results with respect to the quality of the international express delivery (Express Mail Service, EMS). Ukrposhta is recognized as one of the best national postal operators providing this service in the world, ranking fourth in the special rating of designated postal operators from 192 countries.

The award received by Ukrposhta on the basis of the results of its work in 2023 is presented to the operators which have showed the best results under 15 criteria determined by the Board of Directors of EMS Cooperative. The Company received the highest ratings under the following criteria: timely delivery of items after customs clearance to the end recipient (import), timely transportation to the country of destination (export), duration of customs procedures less than 24 hours (import and export), an increase in the volume of export items.

Thanks to Ukrposhta’s close and coordinated cooperation with its partners, including DHL Global Match (UK), the Company optimized and reduced the time for sending EMS export items to Europe, the USA, Canada, Latin America and Australia. This is one of the criteria used for assessment of the EMS delivery quality. The results of Ukrposhta’s assessment under this criterion reflect the well-established cooperation with customs services aimed at simplification and acceleration of customs clearance procedures for international items.

The Company was one of the first state enterprises to begin renting real estate through “ProZorro. Sales”. According to the results of electronic bidding, the Company was granted non-residential premises for lease use by third parties of various forms of ownership with a total area of 65,254 m² in accordance with the lease agreements concluded in the amount of 973. The total rent under the agreements mentioned above amounts to UAH 94,362 thousand without VAT.

Also in 2024, Ukrposhta alienated (sold) 7 real estate objects with the total area of 4,548.50 m² through “ProZorro. Sales”. The amount of income from sales is UAH 68,558,929 without VAT.

In addition, the Company received 4,998 objects with a total area of 362,701 m² from third parties for temporary lease use of non-residential premises.

Directions for use of capital investments in 2024:

1) Activities: Purchase of vehicles.

Effect: Replacement of obsolete vehicles, creation of conditions for improving the quality and efficiency of postal transportation, increasing the volume of postal items, reducing operating costs.
Investments, UAH million: 218.3.

2) Activities: Creation of joint operations centres.

Effect: Increasing capacity, personnel optimization, improvement of working conditions and improvement of quality of the services provided.
Investments, UAH million: 200.0.

3) Activities: Replacement of obsolete IT equipment.

Effect: Minimization of downtime of IT equipment and losses, reduction of time of operations (including time for customer service), improvement of level of IT services, ensuring information security of PC, possibility of using modern software, standardization of workplaces, reinforcement of the Company's image.
Investments, UAH million: 108.9.

4) Activities: Purchase of equipment for opening offices and refreshing existing ones, additional automation.

Effect: Increase of network of postal facilities and creation of conditions for quality and performance improvement.
Investments, UAH million: 68.8.

5) Activities: Post and post-processing equipment.

Effect: Ensuring maximum reduction of time for sorting of postal items and reducing labour costs.
Investments, UAH million: 53.2.

6) Activities: Implementation of a new front-office payment system and ERP system

Effect: Automation of all points of sale functions to ensure their accounting, control, quick adaptation of staff, quality of customer service; organization of a joint communication system.
Investments, UAH million: 38.4.

7) Activities: Major repairs of postal facilities.

Effect: Reducing operating costs, improving the quality and availability of postal services, increasing profits of the Company and improving working conditions.
Investments, UAH million: 7.5.

8) Activities: Purchasing vehicles for couriers.

Effect: Increasing service speed and service area.
Investments, UAH million: 0.6.

It should be noted that despite the duration and consequences of the hostilities, JSC "Ukrposhta" demonstrated an increase in operating and financial performance compared to the same of the previous year.

- the net income increased by 12.1%;
- EBITDA became positive and amounted to UAH 659.3 million compared to UAH -22,9 million in 2023 and UAH -462,8 million in 2022;
- the net loss amounted to UAH 413.2 million, which is less than the last year's loss by UAH 383.2 million. (the main factors which influenced the Company's losses in 2024 include the losses related to exchange rate fluctuations (UAH 246.9 million) and lost revenue from the planned sale of property (UAH 43.2 million));
- business transformation was performed by launching automated sorting of parcels and optimizing the personnel and business processes.

Labour costs in 2024 amounted to UAH 6,377.1 million, which is UAH 29.2 million less

compared to the plan and UAH 402.4 million more compared to the same period of the previous year.

Average monthly labour costs per employee amount to UAH 16,743. Average monthly wage increased due to optimization of the network and automation of business processes, which resulted in a decrease in the number of the personnel, including part-time employees.

JSC “Ukrposhta” has no outstanding payments to budgets and state trust funds.

In 2024, the Company paid a total of UAH 3,122.7 million in taxes, duties and mandatory payments, which is UAH 35.5 million or 1.1% less than the planned value and UAH 124.0 million more than the actual data for 2023.

The Company paid UAH 565.9 million to the State Budget, which is UAH 8.7 million or 1.5% less compared to the plan and UAH 21.4 million more compared to the same period of the previous year.

The actual amount of capital investments used in 2024 is UAH 695.7 million. Investment activities during 2024 were performed through own funds.

The audit of the financial statements for 2024 with the involvement of an independent auditor was successfully completed. The financial statements are recognized as such that meets the requirements of International Financial Reporting Standards.

Currently there is considerable uncertainty with respect to the intensity level of the military operations in Ukraine, particularly with respect to the conditions of the potential freezing of the military operations and the military and financial aid provided by the strategic partners of Ukraine, and, therefore, there is a high level of uncertainty with respect to the possible impact on the Company's operations, personnel, liquidity and preservation of assets.

The main specific risk factors include:

- safety of fixed assets, which depends on the developments in war events. The losses include both physical destruction, damage to property, and write-offs due to loss of access to or control of property;
- reduced volumes of operations due to reduced postal network coverage, operational failures, including due to hacker attacks, and decreased demand for certain types of services;
- inability to raise additional funding for the Company's operational activities;
- other factors.

2024 became one more year of the Ukrainian people's struggle against the russian aggression and one more year when wartime postal stamps were released.

In 2024 the legendary “russian warship...” series was continued by the stamp “russian navy – to the bottom!” - within two years of the full-scale war the Defence and Security Forces of Ukraine have sunk, damaged or incapacitated a third of russia's Black Sea fleet.

On the 10th anniversary of the russo-Ukrainian war, in honour of the Ukrainian people's heroic resistance, on February 24, 2024 Ukrposhta presented the postal block “Spring will come again!” with the most memorable wartime photos: “Capture of the Belbek airport”. Sevastopol, 2014”, “Love can't be stopped! Kharkiv, 2022”, “The light will win! “Azovstal”. Mariupol, 2022”, “Hands of an infantryman. Bakhmut, 2023”.

The postal series with weapons used by Ukrainian warriors to destroy the enemy on the battlefield was followed by the release “Weapons of Victory. Made in UA”, presenting newest models of weapons made in Ukraine.

Despite the russian aggression, Ukraine participated in the XXXIII Olympic Games and in the European Football Championship, which was reflected in the postal miniatures “Ukrainian Olympic team 2024” and “Go Ukraine!”.

The russian federation's full-scale invasion into Ukraine had a negative impact on the country's ecology, particularly on the underwater world of the Black Sea, which is now suffering due to military operations and scrap left after the warships of russia's Black Sea fleet. Therefore, in 2024 the underwater world of the Black Sea became the topic of a new Ukrainian postal release within the EUROPA program “Underwater Fauna and Flora”.

In 2024, Ukrposhta continued the practice of issuing charity postal stamps in order to raise funds to support the Ukrainian army, help hospitals in frontline areas, construct school shelters and provide aid to animal shelters: “Weapons of Victory. Made in UA”, “Angels of War”, “Moment of silence”, “Fluffy Battalion”, “Under the protection of the Mother of God”, “The country of volunteers”, “USYK. The world likes the strong”.

Despite the war, Ukrainian postal stamps continue to win prize places. According to the results of the Yehudi-Menuhin-Trophy competition in 2024, the postal stamp “Eternal memory” was among the top three music-related stamps in the world in 2023.

3. Liquidity and Liabilities

JSC “Ukrposhta” performs its financial obligations in a timely manner, continues to implement the project “Logistics network” together with the EBRD, purchases vehicles in a timely manner and is procuring a front system.

A summary of the information on the attraction and repayment of funds is shown in the table below:

		UAH thousand				
Liabilities		Debt at the beginning of reporting period	Borrowed funds received for the reporting period	Paid with respect to the borrowings for the reporting period	Other changes (+ “increase”; - “decrease”)	Debt at the end of reporting period
1		2	3	4	5	6
Non-current liabilities, total		1 246 310	750 030	346 025	-274 312	1 376 003
Including:	renting of immovable property	376 265	447 953	346 025	11 696	489 889
	financing purchase of vehicles	73 662	0		-21 593	52 070
	others	1 106			- 90	1 016
	bonds	0			0	0
	bank loans	795 276	302 077		-264 325	833 028
Current liabilities, total		485 913	0	395 621	503 580	593 873
Including:	renting of immovable property	176 655			102 058	278 713
	financing purchase of vehicles	96 519		99 180	51 683	49 022
	financing for sets of computer equipment					
	bonds	0		0	0	0
	bank loans	212 739		296 441	349 840	266 138
Total		1 732 223	750 030	741 646	229 268	1 969 875

4. Environmental Aspects

In order to use a comprehensive approach with respect to energy saving, the Company is gradually implementing an analytical program for calculation of energy consumption by real estate objects: monitoring, analysis, development of organizational and technical measures, implementation. In 2024 the Company continued to improve ERP (IT_Enterprise) software in order to implement it on the basis of the Energy Management module for energy efficiency and energy saving. Consumption of the main energy products, such as natural gas, by the Company's facilities is accounted for in the IT systems "Information Platform of JSC Ukrtransgaz and LLC Gas TSO of Ukraine on a daily basis, and electricity is accounted for on a monthly basis. Despite the complexity of doing business in war time, since 2024 the Company prohibited the use of fluorescent lamps and transitioned to LED lighting in all of the industrial and office premises in the Company's facilities. The Company's facilities are heated in autumn and winter without the use of coal or heating oil.

When implementing modern logistics centres, it is planned to use energy-saving technologies, including energy recovery, alternative renewable energy sources and energy-efficient equipment for lighting and maintaining indoor air parameters. **In accordance with the European standards concerning energy saving, the Company does not use any asbestos-containing materials in construction or as construction materials, as well as excludes the use of wood as a construction material to the maximum extent.**

5. Social Aspects and Personnel Policy

As of December 31, 2024, the Company's registered number of full-time employees was 32,182. The average number of full-time employees in 2024 was 31,459. In the gender structure of the Company, the share of women (77%, or 24,923 persons) prevails over the share of men (23%, or 7,259 persons), which is due to the specifics of production activities. The Company's top management consists of 18 women, which is 38%.

Among the total number of full-time employees in 2024, the share of employees of the administrative and managerial staff was 10%, the production staff - 90%. Among the total number of production personnel, the share of heads of post offices was 21.3%, postal operators of post offices - 14.2%, postmen - 21.2%.

The average age of the Company's personnel is 48.7, administrative and managerial personnel - 45.1, production personnel - 49.1. In 2024, the Company's overall staff turnover rate was 48.7%.

In 2024, "Ukrposhta" had \approx 20 regulations on the motivation of various groups of personnel based on the results of work, depending on the functions performed.

At the same time, management personnel are motivated to meet key performance indicators.

At the same time, one-time incentives are provided to employees for performance of especially important tasks, which became significant in the period, when the employees have to work during the martial law. Payments in the form of material assistance related to the consequences of hostilities continue.

In 2024 22,657 employees completed training, retraining and raised their qualification, of which:

- 7,568 employees were trained, retrained, and trained in other professions in the workplace. In particular, 2,145 novices underwent classroom training; 3,547 novices underwent workplace training. 3,064 instructors were involved in the training of new employees. 6,463 employees successfully passed the professional level assessment.

- 19,039 employees underwent advanced training due to internal and external training activities. In particular, 1,337 of the Company's officials underwent mandatory training. In particular, 136 persons underwent training on occupational safety, qualification training, re-

certification, assignment of electrical safety clearance for the following professions: crane operator, elevator operator, forklift driver, compressor equipment operator, gas boiler operator, stoker, welder, etc. Other fields of mandatory training include handling firearms, aviation safety, rules for transportation of hazardous goods by air, fire safety and civil protection.

External training and development events, attended by 645 employees of the Company, covered such topics as corporate governance, the role and functions of the head, the basics of regular management, organisation of cash collection and transportation of currency valuables of banks in Ukraine, internal audit, public procurement of works and services under martial law, etc.

Internal trainings and master classes were held for 11,219 employees on service standards, conflict management, product, service sales, management skills, mentoring, employee emergency response during martial law, self-help and first aid in crisis situations.

More than 27,000 employees were involved in distance training, the main target audience of which includes the personnel of automated postal offices and PC users, as well as new employees. They underwent distance training with respect to Ukrposhta's products and services and took online courses in financial monitoring. Acceptance of subscription for printed media, anti-corruption program, protection of Ukrposhta's commercial secrets and confidential information, pre-medical assistance, sales standards, training for the officials on fire safety, safety measures during air raids or artillery shellings, etc.

18,935 training sessions were performed within the implementation of 4 Ukrposhta projects, including "BePost", "Secret shopper", "USC" (registration, sorting and packaging of postal items), "PostPay" (acceptance and payment of transfers). In particular, during the implementation of the "BePost" project (for mobile offices) 4472 employees underwent training.

6. Occupational Safety

In order to ensure fire safety and civil protection of postal facilities, a set of organisational, engineering and technical measures was implemented, namely:

- 20 prefabricated modular protective structures for the Company's employees for the total amount of UAH 15,298.09 thousand (without VAT) were purchased and installed;
- maintenance and repairs of 13,690 fire extinguishers were performed for a total amount of UAH 789.6 thousand (without VAT);
- 1,350 fastenings and stands for fire extinguishers were purchased for a total amount of UAH 50 thousand (without VAT);
- up-to-date photoluminescent evacuation plans in the amount of 20 pcs. for a total amount of UAH 24.2 thousand (without VAT) were installed in the administration building located at: Kyiv, 22 Khreshchatyk Str.,
- a fire alarm system was installed in the post office located at: Kirovohrad region, Oleksandriyskyi district, Petrove urban-type settlement, 31 Tsentralna Str., for a total amount of UAH 36.7 thousand (without VAT);
- an inspection was performed on the fire alarm system located at: Kyiv, 22 Khreshchatyk Str., for a total amount of UAH 38.5 thousand (without VAT);
- monthly maintenance was organized for 152 fire protection systems located at the Company's postal facilities.

Comprehensive measures are developed annually to achieve the established standards of safety, occupational health and the working environment, improve the existing level of occupational safety, prevent occupational injuries, occupational diseases and accidents, which in 2024 made it possible to provide preventive measures for employees by:

- providing first aid kits. The total cost of the first aid kits was UAH 2,247.8 thousand;
- provision of special clothing, footwear and other personal protective equipment to the Company's employees in the amount of UAH 5,149.3 thousand;
- performing for an amount of UAH 44 thousand;

- conducting medical examinations of employees, certification of workplaces for a total amount of UAH 1,960 thousand.

The Fire safety training program for the officials of JSC “Ukrposhta” and Special training (fire safety) program for JSC “Ukrposhta” employees involved in works with high fire risk were developed, approved and agreed by the State Emergency Service of Ukraine. Together with the Department for personnel training and development, distance training and knowledge testing were arranged for the Company’s employees under the said programs with further preparation of knowledge testing records and issuance of certificates after successful completion of the knowledge testing. From the moment when the training was launched (November), as of the end of December 2024, such certificates were issued to 127 persons.

Also, 56 employees of JSC “Ukrposhta” underwent functional training on civil protection in the Training and Methodological Centre for Civil Protection and Life Safety in the Kyiv region for a total amount of UAH 57.4 thousand.

Moreover, in order to increase the awareness of the Company’s employees on fire safety issues, distance training courses were developed and launched on the following topics: “Rules for safe operation of fire extinguishers” and “Fire safety measures in autumn and winter”.

180 inspections were performed in order to assess the readiness of the civil protection structures listed on the Company’s balance sheet (164 in-house inspections, 16 inspections with the involvement of representatives of state authorities). On the basis of the results of the said inspections, assessment reports were prepared with respect to the readiness of the civil protection structures and corrective measures were developed.

Throughout the year, specialists in the area in question performed preventive actions related to civil protection and fire safety, aimed at prevention of dangerous events and emergencies on postal facilities. Also, work was carried out in order to develop (update) the normative documents on fire safety and civil protection.

JSC “Ukrposhta” operates and builds its strategy based on the principles of sustainable and socially responsible business development and pays special attention to employee safety both in its daily activities and in strategic planning. At the same time, work to improve human protection is a sustainable process and the Company makes every effort to improve it. The Company strives not only to comply with legal requirements but also to take additional measures necessary to reduce potential risks.

7 Compliance and Anti-Corruption Activities

Throughout the year 2024, the Company’s compliance function demonstrated consistent development and gradual evolution, implementing the necessary and sufficient measures aimed at ensuring consistency with the requirements of the regulatory environment and the best international practices in the field of compliance. The compliance function, while remaining an important element of the corporate governance system, continues to integrate compliance principles into the Company’s business processes, contributing to the organization’s sustainable development and strengthening its reputation on the market.

The function’s activities in 2024 was aimed at modernizing the corporate culture, management of compliance risks and creating an environment where each employee understands his role in the compliance with ethical norms and standards. Thanks to stable and coordinated organizational changes, the Company managed to increase trust in its internal processes.

One of the main points of focus throughout the year was the rethinking of the approaches to building up the compliance culture. The past year was an important starting point for the formation of a new strategy aimed at increasing awareness and informing the employees about the principles of integrity. In order to integrate these standards into the employees’ everyday activities, a

comprehensive training strategy was developed, including a multi-layered approach to communication and training.

Development of the integrity culture among the Company's employees was carried out by performing specialized learning activities. For this purpose, special programs were developed, which allowed to not only increase the awareness on the current legal requirements and internal policies, but also to provide the necessary skills to the employees for detection and prevention of possible violations. Due to the use of modern learning formats, such as interactive courses, a high level of engagement and interest was achieved.

Management of compliance risks was carried out on the basis of a systematic approach to the identification, assessment and minimization of risks. In order to assess compliance risks, specially designed tools were used, which allowed to obtain relevant information on the current state of the processes and determine areas for improvement. The data collected will become a basis for the development of new risk monitoring tools and improvement of the existing procedures, which will increase the efficiency of the entire risk management system.

Special attention was paid to checking the Company's business partners. The compliance function studied the contractors, taking into account, inter alia, the general trustworthiness and integrity aspects for each contractors. This approach allowed to reduce the probability of risks when establishing or continuing business relations with the Company.

By implementing confidentiality measures, the Company contributed to the open dialogue and increasing the employees' trust. All messages received were thoroughly analysed and corrective measures were implemented on the basis thereof, which allowed to improve the internal processes constantly. In order to increase the efficiency of the compliance risk management system, the Company made a step towards development of channels for informing about possible violations by joining the Unified Portal for Whistleblower Messages.

Further development of the compliance function is planned for the future period, with a focus on several strategic areas. First of all, it is planned to improve the risk management system, particularly through expanding the monitoring instruments, analysing the risks and early detection of potential threats. Special attention is paid to the adaptation of the processes to the changes in the regulatory environment, which will allow to maintain a high level of consistency with the legal requirements and industry standards.

The Company's compliance function will remain an important component of the Company's sustainable development, contributing to the achievement of the strategic objectives and maintaining a high level of business reputation. Thanks to the implementation of modern approaches to risk management, corporate culture development and ensuring the transparency of business processes, the Company will continue to strengthen its positions as a reliable partner at national and international levels.

8. Risks

Risk management is an integral part of the Company's internal control system implemented in order to meet the corporate governance requirements provided for by the law.

Risk management in the Company includes a continuous process of risk identification and assessment and determining response methods and control measures for prevention or reducing the negative influence on the achievement of objectives, ensuring resilience to uncertainty and sustainable development.

In order to organize a comprehensive and effective risk management system, which is consistent with the international practices and standards, improves the management decision making system and contributes to the achievement of the strategic objectives, the Company approved the Risk Management Strategy for 2025-2026.

The risk management is a process involving all of the Company's employees. Ensuring the

risk management process is under the control of the Head of the Company. Risk management is supervised by the Supervisory Board.

Risk management organizational chart includes a clear distribution of functions between structural units and employees, determining the limits of their responsibility within the functional powers in the process of decision making or performance of other actions. The division is based on the three-line protection model:

- first protection line - the level of the Company's business process owners. These structural units initiate and perform/reflect operations, take risks in the process of their activities and bear responsibility for the current management of the said risks, implement control measures and inform the head about any risks detected;
- second line of defense — ensured by the director for risk management and the risk management unit. It is expected that an institute of risk coordinators will be created in order to ensure effective interaction between the first and second lines of defense;
- third line of defense — the level of the internal audit unit, responsible for the independent assessment of the effectiveness of the first and second lines of defense.

Organization of the risk management process is governed by internal documents (orders, instructions, rules, regulations, policies) approved by the Head of the Company and the Supervisory Board.

In the process of risk management, the Company ensures the realization of the regulatory requirements of the National Bank of Ukraine and the Ministry for Communities and Territories Development of Ukraine.

The Company manages all risks detected in the process of risk identification and assessment. In particular, the Company singles out safety risks in the context of military operations, personnel outflow risks, operational and technological risks, etc. as significant.

Safety risks in the context of military operations, arising due to missile attacks which result in damage to the lives and health of the personnel, damage or destruction of the Company's infrastructure and property, blackouts, air raid alarms causing disruptions in business processes related to client servicing and logistics operations. In order to preserve the lives and health of the employees and minimize material losses, some internal documents were introduced in order to regulate the work during air raid alarms; regular training session for evacuation of the personnel and visitors are conducted; operational measures for restoration and optimization of processes are performed.

Personnel outflow risks, which arise in connection with the mobilization processes, internal and external migration. In order to minimize the influence thereof, the Company ensures reservation of personnel and provides jobs at the place of actual stay.

Operational and technological risks, related to violations of the established procedure for performance of the functions and tasks. The Company is constantly optimizing and automating its internal processes, as well as carrying out training for its personnel.

9. Internal Audit

The Internal Audit Department of JSC "Ukrposhta" is an independent structural unit of the Company, which reports to the Supervisory Board. The size of the Internal Audit Department and its organisational structure correspond to the size of the Company, the type and scale of its activities.

The Internal Audit Department organises and conducts internal audits in accordance with the plan approved by the Audit Committee, in accordance with the requirements of the current legislation and the International Framework for the Professional Practice of Internal Auditing: Standards for Internal Auditing and the Code of Ethics for Internal Audit Employees. The main tasks of the Internal Audit Department are to assess and improve the Company's management and internal control systems in order to assist the Supervisory Board, the Audit Committee and the Company's

management in achieving the Company's goals through a systematic, orderly approach to assessing and improving the efficiency of risk management, control and corporate governance processes.

The activities of the Department are free from any interference from other departments and officials of the Company, including the selection of the object and scope of the audit, procedures, frequency, timing of audits and the content of audit reports to ensure the independence of internal auditors.

The responsibilities of the internal audit department include:

- reviewing and assessing the adequacy and effectiveness of the internal control and risk management system;
- assessing the compliance of the Company's activities with the requirements of Ukrainian legislation;
- assessing the compliance of the Company's activities with the requirements of its internal administrative and regulatory documents;
- assessing the Company's activities with regard to the correctness of accounting;
- assessing the efficiency of the use of the Company's resources;
- monitoring the implementation of recommendations based on the results of internal audits;
- interaction with external auditors and state regulatory authorities, if necessary;
- conducting unscheduled audits in the event of the establishment of facts, events that require immediate action to identify and determine any damage, losses or risk limitation, as well as in the presence of factors related to the risk of fraud.

Based on the results of its activities during the year, the Internal Audit Department prepares a report on the implementation of the annual audit plan and submits it to the Audit Committee for approval.

10. Development Perspectives

The peculiarities of the development of Ukrainian postal industry correspond to the main world trends: development of e-commerce contributed to the rapid development of the market for delivery of parcels and courier delivery and reduction of volumes of the postal items market. There is growth in the money transfer market. The competition in financial services and trade is increasing in big and medium-sized cities. At the same time, a significant part of population living in rural areas has very limited access to financial services and cashless economy.

To achieve these goals, the Company plans to implement key strategic projects, such as:

- Development of financial services – launching banking services in order to ensure financial inclusion on the 100% of the territory of Ukraine;
- Realization of activities aimed at developing digital communication channels for the clients and improving the NPS – development of a mobile application for the client, development of personal cabinets for the clients on the Company's web-portal, launching a loyalty program and communication program for reshaping the Company's image;
- Modernisation of the post office network - updating the format of post offices, increasing the number of cargo offices for e-commerce, continuing the project to introduce mobile offices, providing postmen and couriers with electric bikes, introducing modular post offices in the frontline areas;
- Modernisation of the logistics network and sorting infrastructure – improving the hub sorting model with simultaneous optimization of the system of main transport routes, 100% digitalisation of all processes and processing of parcels, letters and printed media;
- Implementation of social projects – creation of a barrier-free environment for customers and employees, adaptation of veterans upon their return, retraining and provision of

necessary assistance, including medical, psychological and prosthetic care;

- Modernization of the IT-infrastructure – implementation of the new “Front” system and CRM;
- Effective property management – sale of non-core assets and relocation to modern sorting centres and depots, improving the energy efficiency of existing constructions.

11. Corporate Management

In order to implement the best corporate management practices and achieve a balance between the Company's management bodies, as well as a clear distribution of their powers, a transparent corporate governance structure was created in the Company.

The state represented by the Ministry for Communities and Territories Development of Ukraine shall be the founder and the sole shareholder of the Company (location: 14 Peremohy Avenue, Kyiv, 01135, identification number 37472062). The Company's Shareholder has the rights determined by the current legislation of Ukraine and the Company's Articles of Association, compliance with and protection of which is ensured by the Company. The priorities according to which the state owns the Company's corporate rights are defined in the ownership policy approved by the resolution of the Cabinet of Ministers of Ukraine No. 1369 of November 29, 2024.

The General Meeting is the highest governing body of the Company. The powers of the General Meeting of the Company are exercised by the Shareholder personally and cannot be transferred to other bodies of the Company.

The competence of the General Meeting of Shareholders is determined by the current legislation of Ukraine and the Company's Articles of Association.

The Annual General Meeting is held no later than April 30 of the year following the reporting year. Any General Meeting, except Annual General Meeting shall be deemed as extraordinary.

In 2024 an annual general meeting was held in accordance with the law, as well as an extraordinary general meeting. In accordance with Art. 60 of the Law of Ukraine “On Joint Stock Companies”, provisions of Art. 40-57 of this Law concerning the procedure for convening and holding of the general meeting of shareholders do not apply to companies with a single shareholder. Powers of the General Meeting specified by Art. 39 of this Law and internal documents of the joint stock company shall be exercised by the shareholder solely. Decisions of the shareholder regarding issues that fall under exclusive competence of the General Meeting shall be executed by the shareholder in a written form (as decisions).

The Supervisory Board of the Company shall be a collegial body, which shall protect the rights of shareholder of the Company and within its competence, which is determined by the Company's Articles of Association and the current legislation, shall govern the Company, control and regulate the work of the its executive body. The competence, structure, working procedure, rights, obligations and responsibilities of the Supervisory Board shall be determined by the current legislation of Ukraine, the Articles of Association and Regulations on the Supervisory Board of the Company.

As of 01.01.2024 the Company's Supervisory Board consisted of 5 independent directors and 1 member – the shareholder's representative, with the Chairman of the Supervisory Board being an independent director.

The personal composition of the Supervisory Board of the Company as of 01.01.2024 (approved by the Resolution of the General Meeting of Shareholders of 15.05.2023 (Order of the Ministry of Communities, Territories and Infrastructure Development of Ukraine No. 401)):

1. Jakub Karnowski, Chairman of the Supervisory Board, independent director of the Supervisory Board
2. Serhii Anatoliiovych Derkach, Deputy Chairman of the Supervisory Board, member – shareholder agent
3. Rinat Abdrasilov, independent director of the Supervisory Board
4. Gary John Carroll, independent director of the Supervisory Board
5. Olena Oleksandrivna Malynska, independent director of the Supervisory Board

6. Ihor Oleksandrovych Mitiukov, independent director of the Supervisory Board

In 2024, the Supervisory Board composition twice underwent the following changes:

1. On the basis of the letter of the Ministry of Communities, Territories and Infrastructure Development of Ukraine No. 13872/16/10-24 of 30.07.2024 and the application for termination of powers, the powers of Jakub Karnowski as an independent member of the Supervisory Board of JSC “Ukrposhta” were terminated on August 19, 2024.

2. On the basis of Order of the Ministry for Communities, Territories and Infrastructure Development of Ukraine No. 1406 of November 22, 2024 “On certain issues related to the Supervisory Board of Joint Stock Company “Ukrposhta”, and on the basis of Order of the Cabinet of Ministers of Ukraine No. 1145-r of 19.11.2024 “Issues related to the Supervisory Board of Joint Stock Company “Ukrposhta”, Tymur Firuddinovych Tkachenko was appointed a member of the Supervisory Board of Joint Stock Company “Ukrposhta” as a state agent since November 25, 2024.

The personal composition of the Supervisory Board of JSC “UKRPOSHTA” as of 31/12/2024 is as follows:

1. Ihor Oleksandrovych Mitiukov, Chairman of the Supervisory Board, independent director of the Supervisory Board
2. Serhii Anatoliiovych Derkach, Deputy Chairman of the Supervisory Board, member – shareholder agent
3. Rinat Abdrasilov, independent director of the Supervisory Board
4. Gary John Carroll, independent director of the Supervisory Board
5. Olena Oleksandrivna Malynska, independent director of the Supervisory Board
6. Tymur Firuddinovych Tkachenko, Supervisory Board member - shareholder’s representative.

The competence of the Company’s Supervisory Board shall be determined by the current legislation of Ukraine, the Company’s Articles of Association and the Regulations on the Company’s Supervisory Board.

The Company’s Supervisory Board may form permanent or temporary committees from among its members for preliminary study and preparation for consideration at a meeting of issues falling within the competence of the Supervisory Board.

In 2024, the following committees of the Supervisory Board operated at JSC “UKRPOSHTA”:

1. the Audit Committee of the Supervisory Board of JSC “UKRPOSHTA”;
2. the Nomination and Remuneration Committee of the Supervisory Board of JSC “UKRPOSHTA”.

In accordance with Article 85 of the Law of Ukraine “On Joint Stock Companies”, the position of the Corporate Secretary was established in the Company. The procedure of work, rights and obligations of the Corporate Secretary, as well as the procedure for payment of remuneration to him/her shall be determined by the Law of Ukraine “On Joint Stock Companies”, the Articles of Association, the Regulation on the Corporate Secretary, as well as the employment agreement (contract) concluded with the Corporate Secretary.

The Corporate Secretary is appointed by the Supervisory Board. No other official of this Company may take the position of the Corporate Secretary. The term of office of the Corporate Secretary is determined by the resolution of the Supervisory Board. The powers of the Corporate Secretary may be terminated early by the resolution of the Supervisory Board. The powers of the Corporate Secretary will be terminated early in the following cases:

- 1) on his/her initiative subject to prior two weeks’ written notification of the Joint Stock Company;
- 2) in case if the Corporate Secretary is unable to perform his/her duties for health reasons;
- 3) in the event of entry of a court judgement or decision into legal force, according to which he/she is sentenced to a punishment excluding the possibility to perform the duties of the Corporate Secretary;
- 4) in the event of his/her death or deeming him/her incapable, partially incapable, missing or deceased;
- 5) in the case indicated in part three of Art. 88 of the Law of Ukraine “On Joint Stock Companies”.

In case if the Corporate Secretary is dismissed by the resolution of the Supervisory Board, the relevant contract with such person shall be considered terminated.

The Company's current activities are managed by the sole executive body, the Director General of the Company, who reports to the General Meeting and the Supervisory Board and organises the implementation of their decisions.

The Director General is elected by the Supervisory Board in accordance with the procedure provided for by the law, on the basis of a competitive selection, on the principles of integrity, professionalism and competitiveness. The employment agreement (contract) with the Director General is signed by a person authorised by the Supervisory Board to do so. The term of office and re-election of the General Director shall be defined by the resolution of the Supervisory Board in accordance with the law. The same person may be elected as the General Director many times, subject to the restrictions provided for by the law.

The General Director's powers, rights and obligations are determined in the Company's Articles of Association and in the contract concluded with the General Director. The powers of the General Director include, in particular, but not exclusively:

- The General Director shall be accountable to the General Meeting and the Supervisory Board, and shall organize implementation of their decisions. The General Director shall act on behalf of the Company within the limits established by these Articles of Association and the law;

- management of Company operational activity;
- development of the strategy of the Company and implementation of the strategy of the Company approved by the Supervisory Board;
- administration of the property and the funds of the Company subject to limitations specified by legislation, these Articles of Association and internal documents (rules, regulations etc.) of the Company;

- Developing and submitting to the Supervisory Board and the General Meeting for further approval/coordination/approval in accordance with the law of the annual financial and investment plans for the medium term (three to five years), strategic development plan, business plans (activity plans), investment programmes, other plans of the company, and reports on their implementation;

- preliminary consideration of issues to be discussed at the General Meetings and the meetings of the Supervisory Board, preparation of materials necessary for consideration of such issues and organization of implementation of plans and decisions of the General Meetings and the Supervisory Board;

- Ensuring the implementation of annual business plans (activity plans), annual financial plans, annual and long-term investment and development plans, strategic development plans, and other company plans approved in accordance with the established procedure;

- preliminary consideration of issues to be discussed at the General Meetings and the meetings of the Supervisory Board, preparation of materials necessary for consideration of such issues and organization of implementation of plans and decisions of the General Meetings and the Supervisory Board;

- deciding issues of management of legal entities to which the Company is a shareholder (founder, participant), as well as branches, representative offices and other separated subdivisions;

- approval and amendment of the provisions on affiliates and representative offices of the Company, statutes of enterprises (companies) established by the Company submitted to the General Director for approval by the Supervisory Board;

- development and approval of any internal regulatory documents of the Company, except for internal regulatory documents, the approval of which falls under the exclusive competence of the General Meeting and/or the Supervisory Board by these Articles of Association or the law, unless such powers are delegated to the General Director;

- approving and amending regulations on the Company's branches, representative offices, charters of enterprises (companies) established by the Company, charters of legal entities of which the Company is the sole founder (shareholder, participant);

- approval of the anti-corruption program of the Company as well as regular corruption risks assessment in the activities of the Company and implementation of appropriate anti-corruption

measures;

- deciding issues of organization of commercial activity, financing, accounting and reporting, work with securities;
- exercise of other powers entrusted with the General Director according to decisions of the General Meeting or the Supervisory Board.

Based on the results of the year, the General Director reports to the Supervisory Board of the Company.

In accordance with the requirements of the current legislation of Ukraine, the Company has developed a Corporate Governance Code approved by the Order of the Ministry of Infrastructure of Ukraine No. 395 dated July 29, 2021 (https://www.ukrposhta.ua/doc/issuer-reporting/kodeks_korporatyvnoho_upravlinnia_29_07_2021.pdf).

Internal Monitoring System

The Company's internal monitoring system shall be aimed at preventing, identifying and implementing measures to correct significant errors, ensuring the protection and safety of assets, compliance with the current legislation of Ukraine, completeness and accuracy of accounting documentation, and includes administrative and accounting control.

The Company's internal monitoring and risk management system shall be ensured by:

- all management and operation members' compliance with the current legislation of Ukraine and the administrative documents of the Ministry for Communities and Territories Development of Ukraine;
- policies, regulations, procedures, provisions, norms, etc., approved by orders, decisions and other documents of the Company regulating the operations, compliance and responsibility of the employees of structural units of all operational levels, as well as management and reporting.

13. Dividend Policy

The Company is a stock company, 100% of which is owned by the state of Ukraine. Accordingly, the Company's dividend policy shall be determined in accordance with:

- the Law of Ukraine "On the Management of State Property Objects";
- the resolution of the CMU "On approval of the basic standard for deducting the share of profit allocated for the payment of dividends based on the results of financial and economic activities in 2024 of business entities in the authorized capital of which there are corporate rights of the state".

14. Development and Improvement of Corporate Management

In order to build a transparent corporate management structure of the Company, as well as a clear distribution of powers and control over the management of the Company, the shareholder has introduced a number of measures, namely:

- The Company's Supervisory Board was formed, the Chairman of the Supervisory Board and its deputy were elected, and standing committees were formed under the Supervisory Board;
- The regulation on the Supervisory Board of the Company was approved, which, in particular, determines the legal status of the Supervisory Board, its composition and powers, requirements for

members of the Supervisory Board, their election and termination of powers, powers and duties of members of the Supervisory Board, as well as the procedure for convening the Supervisory Board and the procedure for holding meetings.

- The Company's state ownership policy approved by the CMU resolution was implemented, which determines the goals and priorities according to which the state owns the Company's corporate rights, the principles of managing the Company, as well as the expected results of the Company's activities;

- The owner's list of expectations for 2025 was approved;

- By the resolution of the Supervisory Board, the Internal Audit Department, the Compliance Unit and the Internal Risk Management Unit (reporting to the Audit Committee) were established;

- The Code of Ethics and Business Conduct was developed and approved;

- In 2024, by the resolution of the Supervisory Board, the Company updated and approved the Company's Development Strategy and List of Expectations for 2024 - 2026.