



POSTI GROUP CORPORATION HALF-YEAR FINANCIAL REPORT, AUGUST 11, 2021 AT 8:30 A.M. (EET)

Posti Group Corporation Half-year financial report January–June 2021



Posti Group 1–6/2021: Profitability development continued positively – full-year guidance improved

Posti Group Corporation Half-year financial report January–June 2021

Unless otherwise stated, the figures in brackets refer to the corresponding period in the previous year.

April–June

Financial highlights

- Net sales grew by 3.1% to EUR 404.3 (392.3) million.
- Adjusted EBITDA increased to EUR 46.4 (34.5) million, or 11.5% (8.8%) of net sales.
- EBITDA increased to EUR 45.2 (34.2) million, or 11.2% (8.7%) of net sales.
- Adjusted operating result improved to EUR 14.7 (3.1) million, representing 3.6% (0.8%) of net sales.
- Operating result improved to EUR 13.6 (0.6) million, representing 3.4% (0.2%) of net sales.

January–June

Financial highlights

- Net sales grew by 3.1% to EUR 800.7 (776.5) million.
- Adjusted EBITDA increased to EUR 92.3 (75.2) million, or 11.5% (9.7%) of net sales.
- EBITDA increased to EUR 91.0 (74.4) million, or 11.4% (9.6%) of net sales.
- Adjusted operating result improved to EUR 29.7 (15.6) million, representing 3.7% (2.0%) of net sales.
- Operating result improved to EUR 28.4 (12.5) million, representing 3.5% (1.6%) of net sales.
- Net debt to adjusted EBITDA was 1.2x (2.0x).

Operational highlights

- Total parcel volume in Finland and the Baltic countries increased by 16% (19%), supported by the increase of online shopping.
- Combined external net sales of Parcel and eCommerce as well as logistics businesses represented already 60% (55%) of the Group's net sales.
- Net sales increase together with the improvements of operational efficiency positively impacted Posti's profitability.
- Number of addressed letters continued to decrease and decreased by 9% (20%) in Finland.
 - The share of mail items covered by the universal service obligation remained at a low level and accounted for only 2.7% (2.7%) of all Posti's mail items delivered.

Updated outlook for 2021

Posti is adjusting its outlook for 2021. The net sales is expected to increase (vs. previously communicated remain on same level). The adjusted EBITDA is expected to remain at the previous year's level (vs. previously communicated decrease from the previous year). The new outlook states:

In 2021, Posti is expecting its net sales to increase from the previous year, excluding possible new acquisitions and divestments. The Group's adjusted EBITDA in 2021 is expected to remain at the previous year's level. In 2020, Posti's net sales were EUR 1,613.6 million and adjusted EBITDA was EUR 186.5 million.

The COVID-19 situation and the following economic recovery continues to make the macro-economic outlook difficult to predict and causes some uncertainty to Posti's full-year outlook.

The Group's business is characterized by seasonality. Net sales and operating result in the segments are not accrued evenly over the year. In Postal Services and consumer parcels, the first and fourth quarters are typically strong, while the second and third quarters are weaker. The postal service volume decline is expected to continue.

Key figures of Posti Group					
	4-6 2021	4-6 2020	1-6 2021	1-6 2020	1-12 2020
Net sales, EUR million	404.3	392.3	800.7	776.5	1,613.6
Adjusted EBITDA, EUR million	46.4	34.5	92.3	75.2	186.5
<i>Adjusted EBITDA margin, %</i>	11.5%	8.8%	11.5%	9.7%	11.6%
EBITDA, EUR million	45.2	34.2	91.0	74.4	177.6
<i>EBITDA margin, %</i>	11.2%	8.7%	11.4%	9.6%	11.0%
Adjusted operating result, EUR million	14.7	3.1	29.7	15.6	66.1
<i>Adjusted operating result margin, %</i>	3.6%	0.8%	3.7%	2.0%	4.1%
Operating result, EUR million	13.6	0.6	28.4	12.5	55.0
<i>Operating result margin, %</i>	3.4%	0.2%	3.5%	1.6%	3.4%
Result for the period, EUR million	12.3	-7.7	23.7	-0.7	29.7
Return on capital employed (12 months), %			10.0%	3.0%	8.4%
Net debt, EUR million			240.6	304.2	228.7
Net debt / adjusted EBITDA			1.2x	2.0x	1.2x
Operative free cash flow, EUR million			-6.4	13.8	77.6
Personnel, end of period			22,005	22,818	20,909
Personnel on average, FTE	15,987	16,717	15,856	16,306	16,227
Earnings per share, basic, EUR	0.31	-0.19	0.59	-0.02	0.74
Dividend per share, EUR					0.78
Dividend, EUR million					31.3

Turkka Kuusisto, President and CEO

The first half of 2021 demonstrates that we are on the right path with our revised strategy, and I am pleased with our result. Our net sales grew to EUR 800.7 million, and the share of parcel and logistics services increased to 60% of our net sales. The second quarter of 2021 was especially favorable for our logistics businesses: the net sales of all Aditro Logistics, Transval, and Freight Services grew, the latter by 17.5%. Our adjusted EBITDA grew to 11.5% (9.7%) of net sales in the first half of 2021.

After a year of unexpected and significant changes in demand, the highest volume peaks seem to be smoothing down. However, the trend is still clear: parcel and logistics volumes continue to rise while demand for postal services keeps declining.

The continuing growth of online shopping and the increasing competition require us to continuously improve our customer experience. We want to offer services to consumers that make their everyday lives easier. When developing smoother eCommerce experiences, one of our key focus areas is to strengthen our parcel locker network – both in Finland and in the Baltics. A new solution for this is our outdoor parcel lockers developed in cooperation with Finnish technology partners for the North's demanding weather conditions. With the continuously growing eCommerce trend, Posti will grow its locker network to more than 200,000 individual locker doors in the next few years, and a significant share of the new lockers will be located outdoors.

With increasing freight volumes and kilometers driven, it is now even more important that we focus on sustainability in all our operations. We use route optimization, we have Finland's largest biogas truck fleet, and our e-fleet grows steadily, to name a few of our actions to reduce emissions.

Our responsibility is not only towards the environment, but also towards people. The volume of addressed letters has declined since 2000 with an ever-accelerating rate. As a result of this, the amount of work in Postal Services is decreasing. At the same time, many new positions are opening in the Group thanks to the growth of our other services. In May, we announced that we will set up a Group-wide change service together with employee representatives to respond to the challenges brought about by the change. The unit will offer centralized services to those working in production in Finland. The goal of these services is to build career paths for staff with a long-term view, increase the offering of jobs to employees within the Group and find full-time jobs for part-time staff. We are investing approximately EUR 10 million in the new unit's operations in the coming years.

However, we cannot manage the effects of postal volume decline alone. Responsible and controlled management of the unavoidable change also requires updating postal regulation. Updates are imperative to meet the customer needs of an evolving market. We welcome the proposals by the Ministry of Transport and Communications on renewing the Postal Act and introducing a fixed-term State aid for newspaper delivery. These measures are crucial, and not the least in securing delivery in the whole country. Furthermore, the need for the reform is urgent. The updates should come into effect in 2022 at the latest.

The first half of 2021 started to show signs of the world taking steps towards a new normal. However, there are still uncertainties related to the situation and as seen situation can change quickly. I am looking forward to the work-filled autumn as we are preparing for the high season at the end of the year.

APPENDICES

Posti Group's Half-year financial report 2021 in full (PDF)

FURTHER INFORMATION

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Posti is the leading postal and logistics service company in Finland. Our core business includes postal services, parcels, freight and logistics solutions. We have the widest network coverage in Finland, and we visit about three million households and companies every weekday. We have operations in eight countries. Our net sales in 2020 amounted to some EUR 1.6 billion and we have approximately 21,000 employees. www.posti.com.

Market situation and business environment, January–June 2021

The COVID-19 pandemic continued to increase online shopping, although the growth rate is slowing down closer to pre-pandemic levels. During the past year, the growth of the eCommerce market has been significant, as consumers have embraced online shopping and shopping habits have changed. Statistics indicate growth in retail which is visible in the increase of Posti's freight and logistics volumes especially during the second quarter. Additionally, the transformation of the postal industry and the decline of mail volumes continued.

The end of the COVID-19 crisis is in sight as vaccine rollout and herd immunity progress, and economies around the globe are showing signs of recovery. However, the exact timeline for lifting restrictions and opening society still remains uncertain.

In June, according to Statistics Finland, the confidence of consumers was at its strongest in over three years. In particular, expectations concerning Finland's economy have clearly improved. This confidence, together with the release of pent-up demand, will support household consumption, according to the Bank of Finland. Overall economic growth is supported by the recovery of demand in Finland's export market. The demand is expected to increase from the second quarter onwards and exceed its pre-pandemic peak already this year.

The Bank of Finland estimates that the Finnish economy will grow by 2.9% in 2021 and by 3.0% in 2022. However, this is expected to be only temporary, and in 2023, GDP growth will slow down to 1.3%.

Net sales and profitability

April–June 2021

Net sales

The Group's net sales grew by 3.1% to EUR 404.3 (392.3) million. Net sales grew by 4.1% in Finland and declined by 3.4% in other countries. The share of international operations in Posti's business decreased and accounted for 12.7% (13.6%) of net sales in the second quarter of the year. The decline of net sales in other countries was due to the sale of Posti Messaging Scandinavia in November 2020.

Net sales increased in the Mail, Parcel and Logistics Services segment by 2.5%. Within the segment, net sales increased in all other businesses but decreased in Postal Services. Growth was strong especially in Freight Services.

Aditro Logistics' net sales increased by 15.9% to EUR 26.1 (22.5) million, mainly due to growth in net sales and volumes of contract logistics.

Net sales were at the previous year's level in Itella Russia.

Operations under the universal service obligation amounted to EUR 20.4 (22.6) million, or 5.0% (5.8%) of the Group's net sales and 2.3% (2.8%) of delivery volumes.

Combined external net sales of Parcel and eCommerce as well as logistics businesses represented 61% (59%) of the Group's net sales.

Profitability

The Group's adjusted EBITDA increased to EUR 46.4 (34.5) million, or 11.5% (8.8%) of net sales mainly due to improved profitability of Freight and Postal Services. The second quarter of 2020 was an exceptionally difficult quarter, especially to Postal services, due to the COVID-19 pandemic. EBITDA increased to EUR 45.2 (34.2) million, or 11.2% (8.7%) of net sales. The adjusted operating result increased to EUR 14.7 (3.1) million, or 3.6% (0.8%) of net sales. The operating result improved to EUR 13.6 (0.6) million, or 3.4% (0.2%) of net sales.

Special items affecting the operating result in the second quarter were EUR -1.1 (-2.4) million.

January–June 2021

Net sales

The Group's net sales grew by 3.1% to EUR 800.7 (776.5) million. Net sales grew by 1.9% in Finland and by 12.5% in other countries, mainly due to the acquisition of Aditro Logistics in April 2020. The share of international operations in Posti's business increased and accounted for 12.6% (11.5%) of net sales in January–June.

Net sales were at the previous year's level in the Mail, Parcel and Logistics Services segment. Within the segment, net sales increased in Parcel and eCommerce, Transval and Freight Services, but decreased in Postal Services.

Aditro Logistics' net sales developed positively. Aditro Logistics was integrated into Posti's financials as of April 2020.

Net sales decreased in Itella Russia by 19.1%, mainly due to the restructuring actions of warehouses and the weakening of the Russian ruble.

Posti has continued its growth in logistics solutions in accordance with its strategy. The external net sales of Parcel and eCommerce and logistics businesses (i.e. Freight Services, Transval and Aditro Logistics) increased to 60% (55%) of the Group's net sales.

Operations under the universal service obligation amounted to EUR 47.1 (46.5) million, or 5.9% (6.0%) of the Group's net sales and 2.7% (2.7%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 92.3 (75.2) million, or 11.5% (9.7%) of net sales mainly due to improved profitability of Parcel and eCommerce and Postal Services. EBITDA increased to EUR 91.0 (74.4) million, or 11.4% (9.6%) of net sales. The adjusted operating result increased to EUR 29.7 (15.6) million, or 3.7% (2.0%) of net sales. The operating result improved to EUR 28.4 (12.5) million, or 3.5% (1.6%) of net sales.

Special items affecting the operating result in the first half of the year were EUR -1.3 (-3.1) million.

Special items affecting the operating result in 1-6 2021

EUR million	
Personnel restructuring costs	-1.3
Gain from sale of real estate assets	0.8
Loss from sale of real estate assets	-0.5
Other special items	-0.3
Total	-1.3

Changes in reporting

Since the closing of the Aditro Logistics acquisition in April 2020, Posti's three reportable segments are Mail, Parcel and Logistics Services (MPLS), Itella Russia and Aditro Logistics. MPLS consists of four operating segments: Postal Services, Parcel and eCommerce, Transval and Freight Services. From January 1, 2021, Posti has re-assigned some business activities between its operating segments and assigned certain group-level functions to the operating segments. 2020 reporting has been restated accordingly, leading to minor adjustments between MPLS and Other and unallocated.

Mail, Parcel and Logistics Services

April–June 2021

The year-on-year development of Posti's product volumes was as follows:

- Number of addressed letters decreased by 3% to 97 (100) million letters.
- Total number of parcels delivered by Posti in Finland and the Baltic countries increased by 9% to 17 (16) million parcels. The figure does not include letter-like e-commerce items.
- Freight volumes measured in waybills increased by 13%.

Net sales

The net sales of Mail, Parcel and Logistics Services increased by 2.5% to EUR 365.9 (357.0) million. Net sales are itemized by operating segment in the following table.

Net sales of Mail, Parcel and Logistics Services

EUR million	4-6 2021	4-6 2020*	Change
Postal Services	145.3	149.5	-2.8%
Parcel and eCommerce	122.2	119.4	2.3%
Transval	54.5	48.9	11.4%

Freight Services	50.7	43.1	17.5%
Other and eliminations**	-6.8	-3.9	
Total	365.9	357.0	2.5%

* Restated due to re-assignment of some business activities between operating segments of MPLS.

** Other and eliminations includes internal sales between Transval and other Mail, Parcel and Logistics businesses.

The net sales of **Postal Services** decreased mainly due to the continued mail volume decline. The overall volume of addressed letters decreased by 3% in the second quarter.

The net sales of **Parcel and eCommerce** increased in the second quarter. The increase was mainly due to the continued volume growth of eCommerce and online shopping.

In June 2021, Posti announced the launch of outdoor parcel lockers developed in cooperation with Finnish technology partners. The outdoor parcel locker brings the solution to areas where Posti has not received space for new indoor parcel lockers or extensions to existing parcel lockers. Posti aims to increase the number of its parcel lockers significantly from the current 2,200. By increasing the number of parcel lockers, Posti can meet consumers' needs and tackle the challenges posed by the rapid growth in eCommerce.

The net sales of **Freight Services** grew by 17.5% and were EUR 50.7 (43.1) million. The second quarter of the year is a high season in Freight, and overall volumes were at a high level. The dismantling of COVID-19 restrictions was visible especially in brewery logistics' volumes.

Transval business group's net sales increased by 11.4% to EUR 54.5 (48.9) million, mainly due to the positive impact of the high season in logistics which has increased the handling volumes.

Profitability

The adjusted EBITDA of Mail, Parcel and Logistics Services increased to EUR 43.9 (29.2) million, or 12.0% (8.2%) of net sales. The improvement was mainly due to significantly improved profitability in Postal Services compared to the comparison period. The second quarter of 2020 was an exceptionally difficult quarter to Postal services due to the COVID-19 pandemic. Activities to improve operational efficiency were effective from the third quarter 2020 onwards and have remained at a good level. Mail, Parcel and Logistics Services' EBITDA increased to EUR 43.3 (28.9) million. The adjusted operating result improved to EUR 18.7 (5.4) million, or 5.1% (1.5%) of net sales.

The operating result improved to EUR 18.1 (5.2) million. Special items affecting the operating result in the second quarter amounted to EUR -0.6 (-0.3) million.

January–June 2021

The year-on-year development of Posti's product volumes was as follows:

- Number of addressed letters decreased by 9% to 203 (224) million letters.
- Total number of parcels delivered by Posti in Finland and the Baltic countries increased by 16% to 33 (29) million parcels. The figure does not include letter-like e-commerce items.
- Freight volumes measured in waybills increased by 9%.

Net sales

The net sales of Mail, Parcel and Logistics Services increased by 0.2% to EUR 725.0 (723.7) million. Net sales are itemized in the following table.

Net sales of Mail, Parcel and Logistics Services

EUR million	1-6 2021	1-6 2020*	Change
Postal Services	300.2	322.8	-7.0%
Parcel and eCommerce	239.6	225.9	6.1%
Transval	105.3	97.9	7.6%
Freight Services	91.9	84.5	8.8%
Other and eliminations**	-12.0	-7.4	
Total	725.0	723.7	0.2%

* Restated due to re-assignment of some business activities between operating segments of MPLS.

** Other and eliminations includes internal sales between Transval and other Mail, Parcel and Logistics businesses

The net sales of **Postal Services** decreased mainly due to the continued mail volume decline. The overall volume of addressed letters decreased by 9% to 203 (224) million letters in the first half of the year. On January 28, 2021, Posti and Sanoma Media Finland announced they had concluded a long-term extension agreement on the early-morning delivery of newspapers in the capital region. The agreement guarantees delivery of printed media in the capital region until the end of 2029.

The net sales of **Parcel and eCommerce** increased in January–June. The increase was mainly due to the continued volume growth of eCommerce and online shopping. The total number of parcels delivered by Posti in Finland and the Baltic countries increased by 16% to 33 (29) million parcels. The figure does not include letter-like e-commerce items.

The net sales of **Freight Services** grew by 8.8% and were EUR 91.9 (84.5) million. The growth was mainly due to the increased volumes during the second quarter of 2021 that is the high season in logistics.

Transval's net sales increased by 7.6% to EUR 105.3 (97.9) million, mainly due to the positive impact of growing online shopping, the high season in logistics, and the acquisition of KV Turva in March 2020.

Profitability

Adjusted EBITDA of Mail, Parcel and Logistics Services increased to EUR 86.9 (67.0) million, or 12.0% (9.3%) of net sales. The improvement was due to the increased net sales and operational efficiency. EBITDA increased to EUR 85.7 (66.2) million. The adjusted operating result improved to EUR 37.3 (18.8) million, or 5.1% (2.6%) of net sales.

Operating result improved to EUR 36.1 (17.9) million. Special items affecting the operating result in January-June amounted to EUR -1.2 (-0.8) million.

Itella Russia

April–June 2021

Net sales

Itella Russia's net sales measured in local currency increased by 9.5%. Reported euro-denominated net sales remained at the previous year's level and were EUR 12.7 (12.9) million. Net sales decreased in Contract Logistics due to restructuring actions of warehouses and grew in Transport compared to the second quarter of 2020 affected by COVID-19 related restrictions. In accordance with its strategy, Itella Russia focuses on its core businesses, contract logistics and transportation.

In June, Itella Russia divested its real estate company OOO Terminal Sibir in Novosibirsk.

The average fill rate for warehouses in Moscow was 78.0% (69.4%), while in other regions it was 50.0% (44.5%).

Profitability

Adjusted EBITDA was EUR 2.1 (3.3) million, or 16.3% (25.4%). The decrease was mainly due to the changes in net sales and increased direct costs. EBITDA was EUR 1.5 (6.2) million, or 12.1% (48.2%) of net sales.

Special items affecting the operating result amounted to EUR -0.5 (2.9) million.

Adjusted operating result was EUR 1.0 (1.1) million and reported operating result was EUR 0.4 (4.0) million.

January–June 2021

Net sales

Itella Russia's net sales measured in local currency decreased by 5.5%. Reported euro-denominated net sales decreased by 19.1% to EUR 24.8 (30.7) million. Net sales decreased in Contract Logistics due to restructuring actions of warehouses and the impact of the COVID-19 situation on Transport.

The average fill rate for warehouses in Moscow was 79.3% (76.5%), while in other regions it was 50.0% (46.9%).

Profitability

Adjusted EBITDA was EUR 3.4 (6.7) million, or 13.8% (21.9%) and EBITDA was EUR 2.9 (9.6) million, or 11.6% (31.5%) of net sales. The decrease was mainly due to the impact of the COVID-19 situation, the restructuring actions of warehouses and the weakening of the Russian ruble.

Special items affecting the operating result amounted to EUR -0.5 (2.9) million.

Adjusted operating result was EUR 1.2 (2.2) million and reported operating result EUR 0.6 (5.2) million.

Aditro Logistics

Aditro Logistics was integrated into Posti's financials as of April 2020.

April–June 2021

Net sales

In the second quarter, Aditro Logistics' net sales increased by 15.9% and were EUR 26.1 (22.5) million. The increase was mainly due to growth in net sales and volumes of contract logistics.

Profitability

Adjusted EBITDA increased to EUR 3.3 (2.8) million, or 12.6% (12.4%) of net sales. Adjusted and reported operating result was EUR -1.0 (-1.2) million. The improved result was mainly due to the better utilization rate of the warehouses.

January–June 2021

Net sales

During the first half of 2021, Aditro Logistics' net sales were EUR 51.5 million.

Profitability

Adjusted EBITDA was EUR 6.3 million, or 12.3% of net sales. The adjusted and reported operating result was EUR -2.2 million.

Key figures for segments					
EUR million	4-6 2021	4-6 2020**	1-6 2021	1-6 2020**	1-12 2020**
Net sales					
Mail, Parcel and Logistics Services	365.9	357.0	725.0	723.7	1,481.6
Itella Russia	12.7	12.9	24.8	30.7	58.3
Aditro Logistics*	26.1	22.5	51.5	22.5	74.7
Other and unallocated	0.1	0.5	0.6	1.0	1.7
Intra-Group sales	-0.5	-0.6	-1.3	-1.3	-2.8
Posti Group	404.3	392.3	800.7	776.5	1,613.6
Net sales change-%					
Mail, Parcel and Logistics Services	2.5%	-4.8%	0.2%	-3.7%	0.0%
Itella Russia	-1.2%	-31.8%	-19.1%	-21.6%	-29.6%
Aditro Logistics*	15.9%	N/A	N/A	N/A	N/A
Posti Group	3.1%	-0.4%	3.1%	-1.8%	3.1%
Adjusted EBITDA					
Mail, Parcel and Logistics Services	43.9	29.2	86.9	67.0	168.0
Itella Russia	2.1	3.3	3.4	6.7	12.6
Aditro Logistics*	3.3	2.8	6.3	2.8	10.2
Other and unallocated	-2.9	-0.8	-4.4	-1.3	-4.3
Posti Group	46.4	34.5	92.3	75.2	186.5
Adjusted EBITDA, %					
Mail, Parcel and Logistics Services	12.0%	8.2%	12.0%	9.3%	11.3%
Itella Russia	16.3%	25.4%	13.8%	21.9%	21.7%
Aditro Logistics*	12.6%	12.4%	12.3%	12.4%	13.6%
Posti Group	11.5%	8.8%	11.5%	9.7%	11.6%
EBITDA					
Mail, Parcel and Logistics Services	43.3	28.9	85.7	66.2	162.9
Itella Russia	1.5	6.2	2.9	9.6	12.2
Aditro Logistics*	3.3	2.8	6.3	2.8	10.2
Other and unallocated	-2.9	-3.7	-3.9	-4.3	-7.7
Posti Group	45.2	34.2	91.0	74.4	177.6
EBITDA, %					
Mail, Parcel and Logistics Services	11.8%	8.1%	11.8%	9.1%	11.0%
Itella Russia	12.1%	48.2%	11.6%	31.5%	21.0%
Aditro Logistics*	12.6%	12.4%	12.3%	12.4%	13.6%
Posti Group	11.2%	8.7%	11.4%	9.6%	11.0%

Key figures for segments					
EUR million	4-6 2021	4-6 2020**	1-6 2021	1-6 2020**	1-12 2020**
Adjusted operating result					
Mail, Parcel and Logistics Services	18.7	5.4	37.3	18.8	72.9
Itella Russia	1.0	1.1	1.2	2.2	5.6
Aditro Logistics*	-1.0	-1.2	-2.2	-1.2	-2.0
Other and unallocated	-4.0	-2.2	-6.6	-4.2	-10.5
Posti Group	14.7	3.1	29.7	15.6	66.1
Adjusted operating result, %					
Mail, Parcel and Logistics Services	5.1%	1.5%	5.1%	2.6%	4.9%
Itella Russia	7.6%	8.3%	4.7%	7.2%	9.6%
Aditro Logistics*	-3.9%	-5.2%	-4.3%	-5.2%	-2.6%
Posti Group	3.6%	0.8%	3.7%	2.0%	4.1%
Operating result					
Mail, Parcel and Logistics Services	18.1	5.2	36.1	17.9	67.8
Itella Russia	0.4	4.0	0.6	5.2	5.2
Aditro Logistics*	-1.0	-1.2	-2.2	-1.2	-2.0
Other and unallocated	-4.0	-7.3	-6.1	-9.4	-16.1
Posti Group	13.6	0.6	28.4	12.5	55.0
Operating result, %					
Mail, Parcel and Logistics Services	5.0%	1.4%	5.0%	2.5%	4.6%
Itella Russia	3.4%	31.1%	2.6%	16.8%	8.9%
Aditro Logistics*	-3.9%	-5.2%	-4.3%	-5.2%	-2.6%
Posti Group	3.4%	0.2%	3.5%	1.6%	3.4%

* Aditro Logistics was integrated into Posti's financials as of April 2020.

** Restated, due to changes in the assignment of activities between segments on January 1, 2021.

Cash flow, financial position and major investments

In January–June, the consolidated cash flow from operating activities was EUR 55.6 (66.9) million, the cash flow from investing activities EUR -13.7 (-29.9) million and cash flow from financing activities EUR -59.5 (-1.5) million.

At the end of June, liquid assets amounted to EUR 135.2 (159.0) million and undrawn committed credit facilities totaled EUR 150.0 (150.0) million. The Group's interest-bearing borrowings were EUR 375.8 (463.2) million. Net debt totaled EUR 240.6 (304.2) million. Equity ratio was 37.4% (33.3%).

As part of the market change and Posti's transformation, the company will continue to invest in digital and eCommerce services, expanding its parcel locker network and improving the competitiveness of its core business. In the first half of 2021, the Mail, Parcel and Logistics Services segment invested especially in the development of its digital services to respond to the increased parcel volumes and to improve the customer experience.

Share capital and shareholding

At Posti, the Finnish State exercises the shareholder's decision-making power. The State's direct ownership of Posti Group Corporation is 100%. Posti Group Corporation's share capital consists of 40,000,000 shares of equal value.

The company holds no treasury shares and does not have subordinated loans. No loans have been granted to related parties, and no commitments have been given on their behalf. The company has not issued shares, stock options or other rights with entitlement to company shares. The Board of Directors is not authorized to issue shares, stock options, or other rights with entitlement to company shares.

Leadership team

On June 2, 2021, Posti announced the resignation of Johannes Gussander from his position as the CEO of Aditro Logistics and as a member of Posti Group's Leadership Team. Gussander will continue in his role until the end of August 2021 and as Special Advisor until October 31, 2021.

On June 30, 2021, Posti's Leadership Team consisted of Turkka Kuusisto, CEO; Yrjö Eskola, SVP, Postal Services; Johannes Gussander, CEO, Aditro Logistics; Arttu Hollmérus, SVP Parcel and eCommerce; Timo Karppinen, CFO; Sakari Kiiskinen, SVP, Transval; Timo Koskinen, SVP Human resources; Jussi Kuutsa, President, Itella Russia; Petteri Naulapää, SVP, ICT and Digitalization; Anna Salmi, SVP, Brand, Communications and Sustainability and Kaarina Ståhlberg, SVP, General Counsel and M&A.

Annual General Meeting

Posti Group Corporation's Annual General Meeting was held in Helsinki on April 9, 2021. In line with the Board of Directors' proposal, the Annual General Meeting decided to distribute a dividend of EUR 31.3 million based on the result in 2020.

The Annual General Meeting decided that the following persons will continue as members of the Board of Directors: Raija-Leena Hankonen, Harri Hietala, Sirpa Huuskonen, Frank Marthaler, Satu Ollikainen (employee representative), Minna Pajumaa, Per Sjödel, Sanna Suvanto-Harsaae and Hanna Vuorela. Kari-Pekka Laaksonen was elected as a new member of the Board of Directors.

Sanna Suvanto-Harsaae was elected as the Chair of the Board of Directors and Per Sjödel as the Deputy Chair.

The Annual General Meeting also decided that the following persons will continue as members of the Supervisory Board: Sari Essayah, MP, Christian Democrats; Atte Harjanne, MP, The Greens of Finland; Eeva Kalli, MP, Centre Party; Kimmo Kiljunen, MP, Social Democratic Party; Mia Laiho, MP, National Coalition Party; Rami Lehto, MP, Finns Party; Aki Lindén, MP, Social Democratic Party; Pia Lohikoski, MP, Left Alliance; Mari Rantanen, MP, Finns Party; Veronica Rehn-Kivi, MP, Swedish People's Party; Ari Torniainen, MP, Centre Party; Paula Werning, MP, Social Democratic Party.

Aki Lindén will continue as the Chair of the Supervisory Board and Atte Harjanne as the Deputy Chair of the Supervisory Board.

The fees of the members of the Board of Directors and the Supervisory Board remained unchanged. Members of the Board of Directors will receive a monthly remuneration and a meeting fee. The meeting fee will be paid in double for the Board members residing outside Finland. The employee representative will receive a meeting fee. Members of the Supervisory Board will also receive a meeting fee.

PricewaterhouseCoopers Oy (PwC), authorized public accountants, will continue as Posti Group Corporation's auditor, with Authorized Public Accountant Mikko Nieminen as the principal auditor.

Employees

The Group's personnel					
	4-6 2021	4-6 2020	1-6 2021	1-6 2020	1-12 2020
Personnel at period-end			22,005	22,818	20,909
<i>Finland</i>			18,670	19,582	17,666
<i>Other countries of operation</i>			3,335	3,236	3,243
Personnel on average, FTE*	15,987	16,717	15,856	16,306	16,227

*Full time equivalent personnel on average

In January–June, the Group's personnel expenses amounted to EUR 347.4 (342.1) million, growing by 1.5% from the previous year. The personnel expenses included EUR 1.3 (0.9) million of restructuring costs.

On May 11, 2021, Posti announced it will set up a new Group-wide change service for its staff in Finland. The unit, which will be built in collaboration with employee representatives, will offer centralized services to those working in production. The goal of these services is to build career paths for staff with a long-term view, increase the offering of jobs to employees within the Group and find full-time jobs for part-time staff. The unit's operations will also include training, support, job rotation and reassignment services. Posti is expecting to allocate approximately EUR 10 million to the new unit's operations in the coming years.

In June 24, Service Sector Employers PALTA and the Finnish Post and Logistics Union PAU announced they had reached an agreement regarding the postal industry terms of employment ahead of schedule. The result of the negotiations concerns the Mail Communications and Logistics industry collective agreement valid for the postal industry and the collective agreement of the Posti Palvelut Oy parcel sorters. The reached negotiation result for both contracts spans over four years, with the fourth year being a so-called option year. The current contract periods end on 31 October 2021 and 31 January 2022. The collective agreements entering into force still require the negotiation results to be approved by the administrations of the unions.

Cooperation negotiations

On January 11, 2021, Posti announced that Postal Services is planning changes to deliveries in some parts of Central Finland and Pohjanmaa and initiated cooperation negotiations concerning basic deliveries on January 14, 2021. As an outcome of the negotiations, 113 employees were shifted to part-time work.

On January 14, 2021, Posti announced that changes are planned in the administration of Posti's early morning delivery in the Helsinki metropolitan area and Uusimaa, in Eastern Finland (excluding North Karelia) and in Western Finland. Cooperation negotiations were initiated on January 22, 2021. As an outcome of the negotiations, the employer terminated the employment relationship of nine employees.

On February 4, 2021, Posti announced that it will update the operational-level management model for the Parcel & eCommerce business group's sorting operations. The cooperation negotiations ended at the conclusion that most of the sought-after changes can be achieved by means other than personnel reduction. Sorting personnel roles could be offered to all personnel in the target group of the negotiation.

On March 3, 2021, Posti announced its plans to temporarily close the Santa Claus' Main Post Office 96930 in Rovaniemi, Finland. The cooperation negotiations were concluded on March 22 and the post office was temporarily closed on April 29. The employees of the Arctic Circle post office were offered work in Posti's other units while the office is closed.

On May 26, 2021, Posti announced that delivery in the Espoo and Kauniainen area will be implemented as an every-other day delivery model from the beginning of September. The goal of the related cooperation negotiations was to keep the personnel's working hours full-time and to reduce part-time tasks. As an outcome of the negotiations, the estimate is that no more than 17 employees will need to be laid off from basic delivery in the Espoo area.

Acquisitions, divestments, and changes in corporate structure

There have been no significant acquisitions, divestments, or changes in corporate structure.

Legal proceedings

Posti is party to some legal proceedings related to its customary business operations. None of those proceedings, separately or collectively have a material impact on its financial position.

Business risks

The disruption of the postal industry and the strong digitalization trend have changed Posti's business permanently and competition in many of its markets has intensified. The next years will be a critical time for accelerating Posti's renewal and securing its competitiveness. Posti is therefore going through a comprehensive business transformation and changing its operating model. The goal is to increase agility and productivity as well as to make it easier to meet the changing customer needs in a better and faster manner.

The main risks in Posti's business transformation are two-fold and relate to declining mail volumes and the growing parcel market. The success in the declining postal business depends on the company's ability to implement the planned operating model changes in order to decrease costs in line with the declining volume. There is a risk that Posti is unable to implement the operating model change programs with the planned speed due to political, commercial or union related risks or internal implementation challenges. Posti is mitigating these risks by careful planning and proactive communication. In the growing eCommerce market, the main risk for Posti relates to increasing market competition and disruptive business models, which in turn could lead to decreased competitiveness, as well as to rapidly changing consumer behavior, to which Posti may not be able to react quickly enough.

The COVID-19 pandemic continues to have a significant impact on global trade. The pandemic has had both positive and negative impacts on the profitability of Posti Group's business operations. In the first half of 2021, the company's Parcel and eCommerce business benefited from the growth in the sales volumes of online stores. On the other hand, the pandemic has had a negative impact on the demand for postal services by accelerating digitalization and the volume decline of postal services. When the fight against COVID-19 is eventually won, there is also a potential risk that the parcel market growth slows down. This is due to a shift in consumer demand toward services, leisure activities and travel which have not been possible during the pandemic.

Additionally, the COVID-19 pandemic has had a significant impact on Posti's operations due to additional safety precautions. The continuing pandemic and changing safety regulations continue to impact the company's operations. The health and safety of our employees, customers and partners is a priority. Together with healthcare professionals, Posti's team of experts have led the exceptional situation, and we have managed to keep the infections under control and the pandemic's impact on operations to a minimum through numerous risk management measures.

Outside Finland, Posti is seeking to strengthen its presence in the Nordics and the Baltic Sea region. The success and next steps after the acquisition of Aditro Logistics depend on finding the best possible ways and opportunities to support customers in these markets. There is also the risk that Posti is not able to find new attractive acquisition targets at a reasonable price and realize the planned benefits from the transactions.

Given the increased importance of data in Posti's business and business continuity, potential risks related to cyber security and data need to be addressed carefully, as potential data breaches could lead to financial losses and severe long-term reputational risk for Posti's future business.

Updated outlook for 2021

In 2021, Posti is expecting its net sales to increase from the previous year, excluding possible new acquisitions and divestments. The Group's adjusted EBITDA in 2021 is expected to remain at the previous year's level. In 2020, Posti's net sales were EUR 1,613.6 million and adjusted EBITDA was EUR 186.5 million.

The previous outlook was as follows: In 2021, Posti is expecting its net sales to remain at the previous year's level, excluding possible new acquisitions and divestments. The Group's adjusted EBITDA in 2021 is expected to decrease from the previous year. In 2020, Posti's net sales were EUR 1,613.6 million and adjusted EBITDA was EUR 186.5 million.

The COVID-19 situation and the following economic recovery continues to make the macro-economic outlook difficult to predict and causes some uncertainty to Posti's full-year outlook.

The Group's business is characterized by seasonality. Net sales and operating result in the segments are not accrued evenly over the year. In Postal Services and consumer parcels, the first and fourth quarters are typically strong, while the second and third quarters are weaker. The postal service volume decline is expected to continue.

Helsinki, August 10, 2021

Posti Group Corporation
Board of Directors

APPENDICES

Calculation of key figures
Half-year financial report 2021 tables

Calculation of key figures

In addition to IFRS-based performance measures, Posti Group discloses alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated balance sheet, consolidated statement of cash flows and in the notes disclosures. Management believes that adjusted performance measures provide meaningful supplemental information to both management and stakeholders regarding the business performance. Adjusted EBITDA and adjusted operating result are also essential key figures in Posti Group's management reporting.

EBITDA		Operating result excluding depreciation, amortization and impairment losses.
Adjusted EBITDA		EBITDA excluding special items.
Adjusted operating result		Operating result excluding special items.
Special items		Special items are defined as significant items of income and expenses, which are considered to incur outside the ordinary course of business. Special items include restructuring costs, significant impairment losses on assets, impairment on goodwill, significant gains or losses on sale of shares, real estates or business operations and changes in contingent purchase considerations originated from business combinations.
Equity ratio, %	100 x	$\frac{\text{Total equity}}{\text{Total assets - advances received}}$
Return on capital employed, %	100 x	$\frac{\text{Operating result (12 months rolling)}}{\text{Capital employed (average of opening and closing balance of the previous 12 months)}}$
Capital employed		Non-current assets less deferred tax assets plus inventories and trade and other receivables less other non-current liabilities, less advances received, less provisions, less defined benefit pension obligations, less trade and other payables.
Net debt		Interest bearing borrowings - liquid funds - debt certificates.
Net debt / adjusted EBITDA		$\frac{\text{Net debt}}{\text{Adjusted EBITDA (12 months rolling)}}$
Interest-bearing borrowings		Non-current and current interest-bearing borrowings and lease liabilities.
Liquid funds		Cash and cash equivalents + money market investments + investments in bonds.
Personnel on average, FTE		Full time equivalent personnel on average.
Operative free cash flow		Cash flow from operating activities as presented in the consolidated statement of cash flows less purchase of intangible assets and property, plant and equipment as presented in the consolidated statement of cash flows and less payments of lease liabilities.

Half-year financial report tables January-June 2021

Consolidated Income statement and consolidated Statement of comprehensive income

Consolidated income statement

EUR million	4-6 2021	4-6 2020	1-6 2021	1-6 2020	1-12 2020
Net sales	404.3	392.3	800.7	776.5	1,613.6
Other operating income	3.7	5.1	8.1	8.9	19.2
Materials and services	-120.8	-119.3	-235.0	-225.3	-483.1
Employee benefits	-173.2	-173.2	-347.4	-342.1	-686.4
Other operating expenses	-68.8	-70.6	-135.3	-143.7	-285.7
Depreciation and amortisation	-31.2	-31.3	-62.1	-59.4	-120.1
Impairment losses	-0.5	-2.3	-0.5	-2.4	-2.5
Operating result	13.6	0.6	28.4	12.5	55.0
Finance income	0.6	0.4	1.4	2.0	3.3
Finance expenses	-2.0	-1.0	-4.0	-6.4	-12.8
Result before income tax	12.2	0.0	25.7	8.1	45.4
Income tax	0.2	-7.7	-2.0	-8.8	-15.8
Result for the period	12.3	-7.7	23.7	-0.7	29.7
Earnings per share (EUR per share)	0.31	-0.19	0.59	-0.02	0.74

As Posti currently has no dilutive instruments outstanding, diluted earnings per share is the same as basic earnings per share.

Consolidated Statement of comprehensive income

Result for the period	12.3	-7.7	23.7	-0.7	29.7
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Change in fair value of cash flow hedges	0.2	2.2	0.2	0.0	0.2
Translation differences	3.4	7.5	4.2	-7.7	-3.9
Income tax relating to these items	0.0	-0.4	0.0	0.0	0.0
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations					0.1
Income tax relating to these items					0.0
Comprehensive income for the period	15.8	1.6	28.1	-8.3	26.0

Consolidated Balance Sheet

Assets

EUR million	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Non-current assets			
Goodwill	190.4	190.4	190.7
Other intangible assets	88.7	87.2	89.7
Investment property	3.5	3.6	3.5
Property, plant and equipment	277.1	287.0	273.6
Right-of-use assets	249.1	270.4	262.8
Investments in associated companies	1.7	0.0	1.9
Other non-current investments	1.0	1.0	1.0
Non-current receivables	0.2	0.3	0.2
Deferred tax assets	13.2	11.6	7.7
Total non-current assets	825.0	851.6	831.2
Current assets			
Inventories	4.8	4.9	4.6
Trade and other receivables	298.1	278.4	288.8
Current income tax receivables	1.5	4.7	0.6
Current financial assets	61.6	69.3	69.1
Cash and cash equivalents	73.6	89.8	91.0
Total current assets	439.6	447.1	454.1
Total assets	1,264.5	1,298.7	1,285.3
Equity and liabilities			
EUR million	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Equity attributable to the shareholders of the parent company			
Share capital	70.0	70.0	70.0
General purpose reserve	142.7	142.7	142.7
Fair value reserve	-1.0	-1.3	-1.2
Translation differences	-90.0	-98.0	-94.2
Retained earnings	316.1	293.5	323.7
Total shareholders' equity	437.8	407.0	441.1
Non-current liabilities			
Deferred tax liabilities	18.7	22.2	20.0
Non-current interest-bearing borrowings	60.6	121.7	121.2
Non-current interest-bearing lease liabilities	203.7	222.0	214.9
Other non-current payables	7.6	8.0	9.7
Advances received	13.4	13.3	13.2
Non-current provisions	3.6	4.1	4.0
Defined benefit pension plan liabilities	6.8	7.6	7.2
Total non-current liabilities	314.4	398.9	390.3
Current liabilities			
Current interest-bearing borrowings	61.2	69.2	1.4
Current interest-bearing lease liabilities	50.2	50.3	51.3
Trade and other payables	312.1	293.5	312.8
Advances received	80.0	64.5	76.3
Current income tax liabilities	8.5	13.2	11.1
Current provisions	0.3	2.2	1.1
Total current liabilities	512.3	492.8	453.9
Total liabilities	826.7	891.7	844.2
Total equity and liabilities	1,264.5	1,298.7	1,285.3

Condensed consolidated Statement of Cash Flows

EUR million	1-6 2021	1-6 2020	1-12 2020
Result for the period	23.7	-0.7	29.7
Adjustments to cash flow	64.7	64.6	139.9
Change in net working capital	-17.6	5.4	29.6
Cash flow before financial items and income tax	70.8	69.3	199.2
Financial items (net)	-2.8	-2.2	-5.8
Income tax paid	-12.3	-0.2	-1.6
Cash flow from operating activities	55.6	66.9	191.8
Purchase of intangible assets	-13.1	-16.2	-29.7
Purchase of property, plant and equipment	-21.6	-8.1	-27.2
Proceeds from sale of intangible and tangible assets	2.2	10.5	11.8
Business acquisitions, net of cash acquired	0.0	-48.5	-48.8
Proceeds from business disposals less cash and cash equivalents	11.4	0.0	4.8
Cash flow from financial assets	7.4	32.6	32.5
Cash flow from other investments	-0.1	-0.2	0.2
Cash flow from investing activities	-13.7	-29.9	-56.5
Increases in current loans		60.9	60.0
Repayment of current loans	-0.2	-3.0	-69.9
Repayment of non-current loans	-0.6	-0.8	-1.3
Payments of lease liabilities	-27.4	-28.7	-57.3
Dividends paid	-31.3	-29.8	-29.8
Cash flow from financing activities	-59.5	-1.5	-98.3
Change in cash and cash equivalents	-17.6	35.5	37.0
Cash and cash equivalents at the beginning of the period	91.0	54.9	54.9
Effect of exchange rates changes	0.2	-0.7	-1.0
Cash and cash equivalents at the end of the period	73.6	89.8	91.0
Operative free cash flow, reconciliation			
Cash flow from operating activities	55.6	66.9	191.8
Purchase of intangible assets and property, plant and equipment	-34.6	-24.3	-56.9
Payments of lease liabilities	-27.4	-28.7	-57.3
Operative free cash flow	-6.4	13.8	77.6

Consolidated Statement of Changes in Equity

EUR million	Share capital	General purpose reserve	Fair value reserve	Translation differences	Retained earnings	Total equity
Jan 1, 2021	70.0	142.7	-1.2	-94.2	323.7	441.1
Comprehensive income						
Result for the period					23.7	23.7
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			0.2			0.2
Translation differences				4.2		4.2
Remeasurements of post-employment benefit obligations, net of tax						
Comprehensive income for the period			0.2	4.2	23.7	28.1
Transactions with equity holders						
Dividends paid					-31.3	-31.3
Jun 30, 2021	70.0	142.7	-1.0	-90.0	316.1	437.8

Jan 1, 2020	70.0	142.7	-1.3	-90.3	323.8	444.9
Comprehensive income						
Result for the period					-0.7	-0.7
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			0.0			0.0
Translation differences				-7.7		-7.7
Comprehensive income for the period			0.0	-7.7	-0.7	-8.3
Transactions with equity holders						
Dividends paid					-29.8	-29.8
Jun 30, 2020	70.0	142.7	-1.3	-98.0	293.5	407.0

EUR million	Share capital	General purpose reserve	Fair value reserve	Translation differences	Retained earnings	Total equity
Jan 1, 2020	70.0	142.7	-1.3	-90.3	323.8	444.9
Comprehensive income						
Result for the period					29.7	29.7
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			0.1			0.1
Translation differences				-3.9		-3.9
Remeasurements of post-employment benefit obligations, net of tax					0.1	0.1
Comprehensive income for the period			0.1	-3.9	29.7	26.0
Transactions with equity holders						
Dividends paid					-29.8	-29.8
Dec 31, 2020	70.0	142.7	-1.2	-94.2	323.7	441.1

Dividends

Posti Group Corporation's Annual General Meeting was held in Helsinki on April 9, 2021. In line with the Board of Directors' proposal, the Annual General Meeting decided to distribute a dividend of EUR 31.3 million based on the result in 2020.

Notes

1. Accounting Policies

Half-year financial report has been prepared in accordance with IAS 34 Interim financial reporting. In the preparation of this half-year financial report, Posti Group (the "Group") has applied the same accounting policies, methods of computation and presentation as in the consolidated financial statements for 2020. Amendments to IFRS standards effective as of 1 January 2021 had no impact on consolidated income statement or balance sheet. The figures shown have been rounded, which is why the sum total of individual figures may differ from totals presented. The half-year financial report is unaudited.

2. Foreign exchange rates

	1-6 2021	1-6 2020	1-12 2020
Average rate			
RUB	89.6	76.7	82.6
SEK	10.1	10.7	10.5
NOK	10.2	10.7	10.7
	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Closing rate			
RUB	86.8	79.6	91.5
SEK	10.1	10.5	10.0
NOK	10.2	10.9	10.5

3. Operating segments

The Group's business is characterized by seasonality. Net sales and operating result of the segments do not accrue evenly over the year. In postal services and consumer parcels, the first and fourth quarters are typically strong, while the second and third quarters are weaker.

Since closing of the Aditro acquisition in April 2020, Posti's three reportable segments are Mail, Parcel and Logistics Services (MPLS), Itella Russia and Aditro Logistics. MPLS consists of four operating segments: Postal Services, Parcel and eCommerce, Transval and Freight Services. From 1 January 2021, Posti has re-assigned some business activities between its operating segments and assigned certain group-level functions to the operating segments. 2020 reporting has been restated accordingly, leading to minor adjustments between MPLS and Other and unallocated.

Postal Services operating segment consists of corporate messaging, media, retail and consumer mail services. Parcel and eCommerce operating segment offers parcel and eCommerce services to both corporate and private customers, in Finland and internationally. Parcel and eCommerce also offers and develops Posti's new digital services. Posti Home services was part of this operating segment until its divestment in September 2020. Transval offers a large scale of supply chain outsourcing and transportation services including warehousing and in-house logistics services. The services can be delivered in own premises or in the client's premises such as warehouses, shops or production sites. Freight Services offers a wide range of transportation services to its customers. Freight Services are also part of the Mail, Parcel and Logistics Services segment's common production process. Itella Russia offers comprehensive logistics services to both Russian and international companies. Aditro Logistics is one of the leading logistics companies in the Nordic countries, supporting Posti's target to grow as parcel, e-commerce and logistics company.

4-6
2021

EUR million	Mail, Parcel and Logistics Services	Itella Russia	Aditro Logistics	Segments total	Other and unallocated	Elimi- nations	Group total
External sales	365.5	12.7	26.1	404.3	0.0		404.3
Inter-segment sales	0.4		0.0	0.4	0.1	-0.5	
Net sales	365.9	12.7	26.1	404.7	0.1	-0.5	404.3
EBITDA	43.3	1.5	3.3	48.1	-2.9		45.2
Special items included in EBITDA:							
Personnel restructuring costs	0.6			0.6	-0.2		0.4
Disposals of subsidiaries, real estates and businesses, net gain (-) /loss (+)		0.5		0.5			0.5
Other					0.2		0.2
Special items included in EBITDA total	0.6	0.5		1.1	0.0		1.1
Adjusted EBITDA	43.9	2.1	3.3	49.2	-2.9		46.4
Operating result	18.1	0.4	-1.0	17.5	-4.0		13.6
Special items included in operating result:							
Special items included in EBITDA	0.6	0.5		1.1	0.0		1.1
Impairment losses							
Special items total	0.6	0.5		1.1	0.0		1.1
Adjusted operating result	18.7	1.0	-1.0	18.7	-4.0		14.7
Financial income and expense							-1.4
Income tax							0.2
Result for the period							12.3

4-6
2020
restated*

EUR million	Mail, Parcel and Logistics Services						Eliminations	Group total
	Logistics Services	Itella Russia	Aditro Logistics	Segments total	Other and unallocated			
External sales	356.8	12.9	22.5	392.2	0.1		392.3	
Inter-segment sales	0.2		0.0	0.2	0.5	-0.6		
Net sales	357.0	12.9	22.5	392.4	0.5	-0.6	392.3	
EBITDA	28.9	6.2	2.8	37.9	-3.7		34.2	
Special items included in EBITDA:								
Personnel restructuring costs	0.3			0.3	0.0		0.3	
Onerous contracts		-2.1		-2.1			-2.1	
Other		-0.8		-0.8	2.9		2.1	
Special items included in EBITDA total	0.3	-2.9		-2.7	2.9		0.2	
Adjusted EBITDA	29.2	3.3	2.8	35.3	-0.8		34.5	
Operating result	5.2	4.0	-1.2	8.0	-7.3		0.6	
Special items included in operating result:								
Special items included in EBITDA	0.3	-2.9		-2.7	2.9		0.2	
Impairment losses					2.2		2.2	
Special items total	0.3	-2.9		-2.7	5.1		2.4	
Adjusted operating result	5.4	1.1	-1.2	5.3	-2.2		3.1	
Financial income and expense							-0.6	
Income tax							-7.7	
Result for the period							-7.7	

* Restated on the basis of re-assignment of activities between MPLS and Other and unallocated

1-6
2021

EUR million	Mail, Parcel and Logistics Services						Eliminations	Group total
	Logistics Services	Itella Russia	Aditro Logistics	Segments total	Other and unallocated			
External sales	724.4	24.8	51.5	800.7	0.0		800.7	
Inter-segment sales	0.7		0.0	0.7	0.6	-1.3		
Net sales	725.0	24.8	51.5	801.4	0.6	-1.3	800.7	
EBITDA	85.7	2.9	6.3	94.9	-3.9		91.0	
Special items included in EBITDA:								
Personnel restructuring costs	1.4			1.4	-0.1		1.3	
Disposals of subsidiaries, real estates and businesses, net gain (-)/loss (+)		0.5		0.5	-0.8		-0.3	
Other	-0.1			-0.1	0.4		0.3	
Special items included in EBITDA total	1.2	0.5		1.8	-0.5		1.3	
Adjusted EBITDA	86.9	3.4	6.3	96.7	-4.4		92.3	
Operating result	36.1	0.6	-2.2	34.5	-6.1		28.4	
Special items included in operating result:								
Special items included in EBITDA	1.2	0.5		1.8	-0.5		1.3	
Impairment losses								
Special items total	1.2	0.5		1.8	-0.5		1.3	
Adjusted operating result	37.3	1.2	-2.2	36.3	-6.6		29.7	
Financial income and expense							-2.6	
Income tax							-2.0	
Result for the period							23.7	

1-6
2020
restated**

EUR million	Mail, Parcel and Logistics Services	Itella Russia	Aditro Logistics*	Segments total	Other and unallocated	Elimi- nations	Group total
External sales	723.3	30.7	22.5	776.5	0.1		776.5
Inter-segment sales	0.4		0.0	0.4	0.9	-1.3	
Net sales	723.7	30.7	22.5	776.9	1.0	-1.3	776.5
EBITDA	66.2	9.6	2.8	78.6	-4.3		74.4
Special items included in EBITDA:							
Personnel restructuring costs	0.9			0.9	0.1		0.9
Disposals of subsidiaries, real estates and businesses, net gain (-) /loss (+)	-0.1			-0.1			-0.1
Onerous contracts		-2.1		-2.1			-2.1
Other		-0.8		-0.8	2.9		2.1
Special items included in EBITDA total	0.8	-2.9		-2.1	3.0		0.9
Adjusted EBITDA	67.0	6.7	2.8	76.5	-1.3		75.2
Operating result	17.9	5.2	-1.2	21.9	-9.4		12.5
Special items included in operating result:							
Special items included in EBITDA	0.8	-2.9		-2.1	3.0		0.9
Impairment losses					2.2		2.2
Special items total	0.8	-2.9		-2.1	5.2		3.1
Adjusted operating result	18.8	2.2	-1.2	19.8	-4.2		15.6
Financial income and expense							-4.4
Income tax							-8.8
Result for the period							-0.7

1-12
2020
restated**

EUR million	Mail, Parcel and Logistics Services	Itella Russia	Aditro Logistics*	Segments total	Other and unallocated	Elimi- nations	Group total
External sales	1,480.5	58.3	74.7	1,613.5	0.1		1,613.6
Inter-segment sales	1.1		0.0	1.2	1.7	-2.8	
Net sales	1,481.6	58.3	74.7	1,614.7	1.7	-2.8	1,613.6
EBITDA	162.9	12.2	10.2	185.3	-7.7		177.6
Special items included in EBITDA:							
Personnel restructuring costs	4.5			4.5	1.1		5.6
Disposals of subsidiaries, real estates and businesses, net gain (-) /loss (+)	-0.3	3.8		3.5			3.5
Onerous contracts		-2.4		-2.4			-2.4
Changes in contingent purchase considerations					-0.9		-0.9
Other	0.9	-1.0		-0.2	3.3		3.1
Special items included in EBITDA total	5.0	0.4		5.4	3.4		8.9
Adjusted EBITDA	168.0	12.6	10.2	190.8	-4.3		186.5
Operating result	67.8	5.2	-2.0	71.1	-16.1		55.0
Special items included in operating result:							
Special items included in EBITDA	5.0	0.4		5.4	3.4		8.9
Impairment losses					2.2		2.2
Special items total	5.0	0.4		5.4	5.7		11.1
Adjusted operating result	72.9	5.6	-2.0	76.5	-10.5		66.1
Financial income and expense							-9.6
Income tax							-15.8
Result for the period							29.7

* The operations of Aditro Logistics have been included in Posti's financials as of April 2020

** Restated on the basis of re-assignment of activities between MPLS and Other and unallocated

Net sales of Mail, Parcel and Logistics Services

EUR million	4-6	4-6	1-6	1-6	1-12
	2021	2020 restated*	2021	2020 restated*	2020 restated*
Postal Services	145.3	149.5	300.2	322.8	647.1
Parcel and eCommerce	122.2	119.4	239.6	225.9	477.6
Transval	54.5	48.9	105.3	97.9	201.7
Freight Services	50.7	43.1	91.9	84.5	172.6
Other and eliminations**	-6.8	-3.9	-12.0	-7.4	-17.4
Total	365.9	357.0	725.0	723.7	1,481.6

* Restated due to re-assignment of some business activities between operating segments of MPLS

** Other and eliminations includes internal sales between Transval and other Mail, Parcel and Logistics businesses:

Jun 30, 2021

EUR million	Mail, Parcel and Logistics Services						Group total
	Logistics Services	Itella Russia	Aditro Logistics*	Segments total	Other and unallocated	Eliminations	
Assets	826.8	63.6	170.3	1,060.8	204.0	-0.2	1,264.5
Liabilities	374.7	7.3	20.9	402.9	424.1	-0.2	826.7
Capital expenditure	22.0	0.3	4.8	27.1	29.1		56.1
Depreciation and amortization	49.2	2.3	8.5	59.9	2.2		62.1
Impairment losses	0.5			0.5	0.0		0.5
Personnel, end of period	19,025	835	1,573	21,433	572		22,005
Personnel on average, FTE	13,480	855	946	15,281	575		15,856

Jun 30, 2020

restated**

EUR million	Logistics Services	Itella Russia	Aditro Logistics*	Segments total	Other and unallocated	Eliminations	Group total
Assets	826.0	83.8	171.8	1,081.6	217.3	-0.2	1,298.7
Liabilities	353.3	7.0	15.0	375.3	516.6	-0.2	891.7
Capital expenditure	27.4	0.3	1.1	28.8	63.1		91.9
Depreciation and amortization	48.1	4.4	4.0	56.5	2.9		59.4
Impairment losses	0.1	0.1		0.2	2.2		2.4
Personnel, end of period	20,109	1,041	1,100	22,250	568		22,818
Personnel on average, FTE	14,245	1,118	374	15,737	568		16,306

Dec 31, 2020

restated**

EUR million	Logistics Services	Itella Russia	Aditro Logistics*	Segments total	Other and unallocated	Eliminations	Group total
Assets	828.6	71.2	176.6	1,076.4	210.1	-1.1	1,285.3
Liabilities	378.7	6.5	19.8	405.0	440.4	-1.1	844.2
Capital expenditure	63.1	1.0	2.4	66.6	84.5		151.1
Depreciation and amortization	95.0	6.9	12.1	114.0	6.1		120.1
Impairment losses	0.1	0.2		0.3	2.2		2.5
Personnel, end of period	17,973	912	1,427	20,312	597		20,909
Personnel on average, FTE	13,923	1,018	878	15,819	627		16,446

* The operations of Aditro Logistics have been included in Posti's financials as of April 2020

** Restated on the basis of re-assignment of activities between MPLS and Other and unallocated

4. Net sales by geographical area

EUR million	4-6 2021	4-6 2020	1-6 2021	1-6 2020	1-12 2020
Finland	320.7	319.7	637.5	645.3	1,288.8
Other Nordic countries	42.1	38.4	82.3	57.6	164.9
Russia	12.0	14.1	24.6	31.8	57.9
Other countries	29.4	20.1	56.2	41.9	102.0
Total	404.3	392.3	800.7	776.5	1,613.6

Disaggregated information on the net sales is presented in the note 3. Operating segments.

5. Acquired and divested businesses

In June 2021, Posti divested OOO Terminal Sibir, a real estate company in Itella Russia reportable segment. Transaction did not have material impact on Posti group's balance sheet or income statement. Cash flow from investing activities in 2021 includes incoming payment of EUR 6.6 million.

Cash flow from investing activities in 2021 includes also a payment of EUR 4.8 million from the business disposal of OOO NLC-Bataisk that took place in December 2020.

6. Property, plant and equipment and right-of-use assets

The changes in the carrying amount of property, plant and equipment:

EUR million		Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Carrying amount	Jan 1	273.6	314.0	314.0
Acquired businesses		0.0	5.9	6.2
Additions		27.0	6.4	27.5
Business divestments		-5.6	0.0	-4.1
Disposals and transfers between items		-1.3	-8.9	-11.9
Depreciation		-19.3	-20.0	-38.4
Impairment		0.0	-0.2	-0.3
Translation differences		2.9	-10.2	-19.4
Carrying amount, end of the period		277.1	287.0	273.6

The changes in the carrying amount of right-of-use assets:

EUR million		Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Carrying amount	Jan 1	262.8	190.5	190.5
Acquired businesses		0.0	96.6	97.4
Additions		16.1	11.8	36.7
Business divestments		0.0	0.0	-1.8
Disposals and transfers between items		-0.1	0.5	-1.5
Depreciation		-29.1	-28.6	-58.1
Translation differences		-0.6	-0.4	-0.4
Carrying amount, end of the period		249.1	270.4	262.8

Specification of right-of-use assets:

EUR million		Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Land		0.0	0.2	0.1
Buildings		218.1	242.1	229.6
Vehicles		22.3	19.8	24.5
Machinery and other		8.6	8.3	8.6
Carrying amount, end of the period		249.1	270.4	262.8

7. Goodwill and other intangible assets

The changes in the carrying amount of a total of goodwill and other intangible assets:

EUR million		Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Carrying amount	Jan 1	280.4	210.4	210.4
Acquired businesses		0.0	64.0	66.5
Additions		13.1	16.2	29.7
Business divestments		0.0	0.0	-2.4
Disposals and transfers between items		0.2	0.0	1.7
Amortization		-13.8	-10.6	-23.4
Impairment		-0.5	-2.2	-2.2
Translation differences		-0.4	-0.2	0.0
Carrying amount, end of the period		279.0	277.6	280.4

Impairment losses 2021 and 2020 relate to interrupted ICT projects.

8. Net debt and liquid funds

EUR million		Borrowings	Interest-bearing lease liabilities	Interest bearing borrowings total	Liquid funds	Debt certificates	Net debt total
Carrying amount	Jan 1, 2021	122.6	266.2	388.8	160.1	0.0	228.7
Cash flows		-0.9	-27.4	-28.3	-25.1	0.0	-3.1
Business acquisitions		0.0	0.0	0.0	0.0	0.0	0.0
Effect of exchange rates changes		0.0	0.6	0.6	0.2	0.0	0.3
Other non-cash items		0.0	14.6	14.7	0.0	0.0	14.7
Carrying amount	Jun 30, 2021	121.8	254.0	375.8	135.2	0.0	240.6
Fair value	Jun 30, 2021	122.2	254.0	376.2			

EUR million		Borrowings	Interest-bearing lease liabilities	Interest bearing borrowings total	Liquid funds	Debt certificates	Net debt total
Carrying amount	Jan 1, 2020	128.5	192.5	321.0	141.7	15.0	164.3
Cash flows		57.0	-28.7	28.2	18.0	-15.0	25.2
Business acquisitions		4.7	93.3	98.0	0.0	0.0	98.0
Effect of exchange rates changes		0.1	-1.1	-1.0	-0.7	0.0	-0.3
Other non-cash items		0.6	16.4	17.0	0.0	0.0	17.0
Carrying amount	Jun 30, 2020	190.9	272.3	463.2	159.0	0.0	304.2
Fair value	Jun 30, 2020	190.8	272.9	463.6			

EUR million		Borrowings	Interest-bearing lease liabilities	Interest bearing borrowings total	Liquid funds	Debt certificates	Net debt total
Carrying amount	Jan 1, 2020	128.5	192.5	321.0	141.7	15.0	164.3
Cash flows		-11.5	-57.3	-68.8	19.4	-15.0	-73.2
Business acquisitions		5.0	93.3	98.3	0.0	0.0	98.3
Effect of exchange rates changes		0.0	-3.5	-3.5	-1.0	0.0	-2.5
Other non-cash items		0.6	41.2	41.8	0.0	0.0	41.8
Carrying amount	Dec 31, 2020	122.6	266.2	388.8	160.1	0.0	228.7
Fair value	Dec 31, 2020	123.0	266.2	389.2			

EUR million	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Cash and cash equivalents	73.6	89.8	91.0
Money market investments and investments in bonds	61.6	69.2	69.1
Liquid funds	135.2	159.0	160.1

9. Fair value hierarchy of financial assets and liabilities measured at fair value

EUR million	Total	Level 1	Level 2	Level 3
Jun 30, 2021				
Financial assets measured at fair value				
Non-current receivables				
Other non-current investments	1.0			1.0
Current financial assets				
Derivative contracts				
Currency derivatives, non-hedge accounting	0.0		0.0	
Total	1.0		0.0	1.0
Financial liabilities measured at fair value				
Other non-current liabilities				
Derivative contracts				
Interest rate derivatives, hedge accounting	1.2		1.2	
Trade payables and other liabilities				
Derivative contracts				
Currency derivatives, non-hedge accounting	0.1		0.1	
Total	1.3		1.3	
EUR million	Total	Level 1	Level 2	Level 3
Jun 30, 2020				
Financial assets measured at fair value				
Non-current receivables				
Other non-current investments	1.0			1.0
Current financial assets				
Derivative contracts				
Currency derivatives, non-hedge accounting	0.1		0.1	
Total	1.1		0.1	1.0
Financial liabilities measured at fair value				
Other non-current liabilities				
Derivative contracts				
Interest rate derivatives, hedge accounting	1.6		1.6	
Trade payables and other liabilities				
Derivative contracts				
Currency derivatives, non-hedge accounting	0.1		0.1	
Total	1.7		1.7	

No transfers between the fair value hierarchy levels have been made during the reporting periods. The Group identifies and recognizes transfers between different levels as the transaction is exercised or at the moment when the parameters change materially.

Hierarchy levels:

Level 1: Fair values are based on the quoted prices of identical asset groups or liabilities in active markets.

Level 2: Fair values are, to a significant degree, based on data other than quoted prices included in level 1 but on data that can be either directly or indirectly verified for the asset group or liability in question. To determine the fair value of these instruments, the Group uses generally accepted valuation models that are, to a significant degree, based on verifiable market data.

Level 3: Fair values are based on data regarding the asset group or liability that is not based on verifiable market data.

The fair values of currency forward contracts are calculated by valuing forward contracts at the present value of the forward rates on the reporting date. The fair values of interest rate swaps are calculated by discounting the forecasted cash flows of the contracts with the market interest rate curves on the reporting date. The fair values of zero interest rate floors related to interest rate swaps are based on the generally used option pricing models.

The group also has a number of financial instruments which are not measured at fair value in the balance sheet. The fair value of investments in bonds was EUR 26.6 million and their carrying value EUR 26.3 million. For the other instruments, the fair values are not materially different to their carrying amounts, since the instruments are short-term in nature.

10. Pledges, commitments and other contingent liabilities

Pledges

EUR million	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Pledges for own behalf			
Bank guarantees	9.1	9.1	9.1
Guarantees	3.4	3.6	3.6
Pledges	1.1	0.8	0.9
Total	13.6	13.5	13.7

Lease commitments not recognized in balance sheet

EUR million	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Maturity of minimum lease payments:			
Less than a year	10.6	10.0	9.6
1-5 years	1.1	0.6	1.2
Total	11.7	10.6	10.9

Other contingent liabilities

The Group has a potential environmental liability of EUR 19.9 million, related to cleaning the land area in Pohjois-Pasila. Negotiations on the use of land and the related cleaning liability are pending between Posti and third parties. Posti expects that such negotiations will result to a clarification of the actual liability of each party.

Derivative contracts

EUR million	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
Currency derivatives			
Non-hedge accounting			
Fair value	-0.1	0.0	-0.5
Nominal value	19.1	11.3	18.9
Interest rate derivatives			
Hedge accounting			
Fair value	-1.2	-1.6	-1.4
Nominal value	60.0	60.0	60.0

11. Events after the reporting period

The Group does not have any events after the reporting period to disclose.