



POSTI GROUP CORPORATION INTERIM REPORT, APRIL 29, 2021 AT 9:00 A.M. (EET)

Posti Group Corporation Interim Report January–March 2021



Posti Group 1–3/2021: Solid improvement of profitability, despite continued market changes

Posti Group Corporation Interim Report 1–3 2021

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

January–March

Financial highlights

- Net sales grew by 3.2% to EUR 396.4 (384.2) million.
- Adjusted EBITDA was EUR 46.0 (40.8) million, or 11.6% (10.6%) of net sales.
- EBITDA increased to EUR 45.8 (40.1) million, or 11.6% (10.4%) of net sales.
- The adjusted operating result improved to EUR 15.0 (12.6) million, representing 3.8% (3.3%) of net sales.
- The operating result improved to EUR 14.8 (11.9) million, representing 3.7% (3.1%) of net sales.
- Net debt to adjusted EBITDA was 1.2x (1.1x).

Operational highlights

- The number of addressed letters decreased by 14% (15%) in Finland.
 - The share of mail items covered by the universal service obligation remained at a low level and accounted for only 3.1% (2.6%) of all Posti's mail items delivered.
- The total parcel volume in Finland and the Baltic countries increased by 25% (6%), boosted by the accelerated increase of online shopping due to COVID-19 pandemic.
 - The combined net sales of Parcel and eCommerce as well as logistics businesses represented already 59% (51%) of the Group's net sales.
- In January, 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.
- In February, Posti launched its renewed strategy. According to its strategy, Posti's goal is to become a modern delivery and fulfillment company with progressive profitability. The core of Posti's growth is in parcels and contract logistics in Finland, Sweden and the Baltics, along the entire delivery and fulfillment value chain.

The figures are not fully comparable because Aditro Logistics has been included in Posti's financials as of April 2020.

Outlook for 2021

The COVID-19 situation continues to make the macro economic outlook difficult to predict. Because of these exceptional circumstances, Posti's full-year outlook includes a high level of uncertainty.

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 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			
	1-3 2021	1-3 2020	1-12 2020
Net sales, EUR million	396.4	384.2	1,613.6
Adjusted EBITDA, EUR million	46.0	40.8	186.5
<i>Adjusted EBITDA margin, %</i>	<i>11.6%</i>	<i>10.6%</i>	<i>11.6%</i>
EBITDA, EUR million	45.8	40.1	177.6
<i>EBITDA margin, %</i>	<i>11.6%</i>	<i>10.4%</i>	<i>11.0%</i>
Adjusted operating result, EUR million	15.0	12.6	66.1
<i>Adjusted operating result margin, %</i>	<i>3.8%</i>	<i>3.3%</i>	<i>4.1%</i>
Operating result, EUR million	14.8	11.9	55.0
<i>Operating result margin, %</i>	<i>3.7%</i>	<i>3.1%</i>	<i>3.4%</i>
Result for the period, EUR million	11.4	7.0	29.7
Return on capital employed (12 months), %	8.9%	3.5%	8.4%
Net debt, EUR million	221.9	161.5	228.7
Net debt / adjusted EBITDA	1.2x	1.1x	1.2x
Operative free cash flow, EUR million	-6.7	-0.6	77.6
Personnel, end of period	20,748	20,890	20,909
Personnel on average, FTE	15,725	15,894	16,227
Earnings per share, basic, EUR	0.29	0.17	0.74
Dividend per share, EUR			0.78
Dividend, EUR million			31.3

Turkka Kuusisto, President and CEO

I'm very pleased with our first quarter results. All in all, it was a well-balanced performance across the board, especially taking into account the ongoing COVID-19 pandemic and harsh winter that put an extra pressure on the reliability of our operations. Our net sales grew by 3.2% to EUR 396.4 (384.2) million. At the same time, our adjusted EBITDA improved to EUR 46.0 (40.8) million, i.e. 12% of net sales, mainly due to the improved profitability of Parcel and eCommerce. According to our long-term financial targets, revised in February this year, our target is to reach a 13% adjusted EBITDA margin.

The rapid transformation of postal services continued in the first quarter. In January–March, the overall volume of addressed letters decreased by 14% compared to the same period last year. Posti welcomes 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 will help to secure delivery in the whole country as the number of paper mail is dropping fiercely. Postal regulation needs to be updated in order to meet the customer needs of a changing market. Managing the decline of postal volumes and its unavoidable changes to our organization and businesses in a controlled and responsible way is imperative for our long-term success.

In February, as a response to this continuing change, we announced our revised group strategy. According to this strategy, tomorrow's Posti is a modern delivery and fulfillment company with progressive profitability. The core of our growth is in parcels and contract logistics in Finland, Sweden and the Baltics, along the entire delivery and fulfillment value chain. This was highlighted in the first quarter by the strong performance of our Parcel and eCommerce operations. The parcel volumes in Finland and the Baltics grew by 25%, driven by the strong consumer demand.

In order to meet the increasing demand and to provide our customers with convenient and industry pioneering services, we are continuously developing and investing in our operations. For instance, in March, we expanded our parcel locker in Munkkivuori shopping center in Helsinki. With its 1,002 lockers, this parcel locker is now the largest one in Europe and one of the largest in the world. During the strategy period, our plan is to invest EUR 100 million into growing and developing our

eCommerce as well as delivery and fulfillment capabilities. In line with this ambition, we will invest some EUR 37 million in Transval's new warehouse that utilizes cutting-edge technology like unmanned electric forklift trucks. At the same time, Aditro Logistics will install an AutoStore® warehouse system with 40 robots and 50,000 storage bins in its Arlanda site. Thanks to these investments, we can further enhance our customer experience and offer scalable and cost-efficient logistics and eCommerce solutions to our customers.

With the help of COVID-19 vaccine rollout, we are finally taking the first, tentative steps toward new normal. I want to thank our personnel for their flexibility and resilience during the COVID-19 pandemic. I'm confident that by continuing the systematic execution of our revised strategy and working together, we will be successful also in the new, post-COVID world.

APPENDICES

Posti Group's Interim Report January–March 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–March 2021

The COVID-19 pandemic continued to significantly increase online shopping during the first quarter of 2021. The growth of eCommerce market has been significant as consumers have embraced online shopping and shopping habits have changed. Also, the transformation of postal industry continued at full speed and the rapid decline of mail volumes continued.

The COVID-19 pandemic has now lasted a full year. The eCommerce market is experiencing a virtuous cycle where it is growing due to both consumer demand and new supply, as more and more retailers are introducing new digital sales models. The growth of eCommerce is especially strong in urban areas and cities.

The end of the crisis is in sight as vaccine rollout and herd immunity progress. However, the exact timeline for lifting restrictions and opening society remains still uncertain. According to Statistics Finland, the growth in retail trade has been strong in the first quarter of 2021, but the demand for services and turnover in service industries and especially in transportation services has declined significantly, which has also impacted Posti's freight and logistics services. However, the general economic outlook has strengthened and The Bank of Finland forecasts that the Finnish GDP will grow by 2.6% in 2021 and 2.7% in 2022, private consumption being the main driver behind the growth.

Net sales and profitability

January–March 2021

Net sales

The Group's net sales grew by 3.2% to EUR 396.4 (384.2) million. The acquisition of Aditro Logistics in Sweden and Norway impacted Posti's net sales positively as it was included in Posti's financials as of April 2020. The number of working days in Finland in the first quarter was 62 (63). The number of working days affects the Group's net sales and result.

Net sales were at the previous year's level in Finland and increased by 35.8% in other countries, mainly due to the acquisition of Aditro Logistics. The share of international operations in Posti's business increased and accounted for 12.4% (9.4%) of net sales in the first quarter of the year.

Net sales decreased in Mail, Parcel and Logistics Services segment by 2.0%. Within the segment, net sales increased in Parcel and eCommerce as well as Transval, but decreased in Postal Services and remained at the previous year's level in Freight Services.

Aditro Logistics' operations developed well, mainly due good performance in contract logistics and staffing businesses. Aditro Logistics was integrated into Posti's financials as of April 2020, so its figures are not included in Posti's financials for the comparison period.

Net sales decreased in Itella Russia by 32.1%, mainly due to the restructuring actions of warehouses and the weakening of the Russian ruble.

Posti has continued its growth in logistics solutions according to its strategy. The net sales of Parcel and eCommerce and logistics businesses (i.e. Freight Services, Transval and Aditro Logistics) increased to 59% (51%) of the Group's net sales.

Operations under the universal service obligation amounted to EUR 26.7 (23.9) million, or 6.7% (6.2%) of the Group's net sales and 3.1% (2.6%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 46.0 (40.8) million, or 11.6% (10.6%) of net sales mainly due to improved profitability of Parcel and eCommerce. EBITDA increased to EUR 45.8 (40.1) million, or 11.6% (10.4%) of net sales. The adjusted operating result increased to EUR 15.0 (12.6) million, or 3.8% (3.3%) of net sales. The operating result improved to EUR 14.8 (11.9) million, or 3.7% (3.1%) of net sales. Aditro Logistics was integrated into Posti's financials as of April 2020, so its figures are not included in Posti's financials for the comparison period.

Special items affecting the operating result in the first quarter were EUR -0.2 (-0.7) million.

Special items affecting the operating result in 1–3 2021

EUR million	
Personnel restructuring costs	-0.9
Gain from sale of a real estate asset	0.8
Other special items	-0.1
Total	-0.2

Changes in reporting

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 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

January–March 2021

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

- Number of addressed letters decreased by 14% to 107 (124) million letters.
- Total number of parcels delivered by Posti in Finland and the Baltic countries increased by 25% to 16.1 (12.9) million parcels. The figure does not include letter-like e-commerce items.
- Freight volumes measured in waybills increased by 4%.

Net sales

The net sales of Mail, Parcel and Logistics Services decreased by 2.0% to EUR 359.2 (366.6) million. Net sales are itemized in the following table.

Net sales of Mail, Parcel and Logistics Services			
Net sales, EUR million	1-3 2021	1-3 2020*	Change
Postal Services	154.9	173.3	-10.6%
Parcel and eCommerce	117.4	106.5	10.3%
Transval	50.8	49.0	3.8%
Freight Services	41.3	41.4	-0.3%
Other and eliminations	-5.2	-3.5	
Total	359.2	366.6	-2.0%

* Restated due to re-assignment of some business activities between operating segments of MPLS on 1 Jan 2021.

The net sales of **Postal Services** decreased clearly mainly due to the continued mail volume decline. The overall volume of addressed letters decreased by 14% to 107 (124) million letters in the first quarter. 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 clearly in the first quarter. The increase was mainly due to the continued volume growth of eCommerce and online shopping that has been accelerated by the coronavirus situation. The total number of parcels delivered by Posti in Finland and the Baltic countries increased by 25% to 16.1 (12.9) million parcels. The figure does not include letter-like e-commerce items.

On March 12, 2021, Posti turned its parcel locker space in Munkkivuori shopping center, Helsinki, into an OmaPosti kiosk and doubled its number of lockers to 1,002 lockers. After the expansion, the parcel locker is the largest one in Europe and one of the largest in the world. In the first quarter, the number of parcels going through Posti's parcel lockers grew by 32% compared to the first quarter of 2020. Posti aims to increase the number of its parcel lockers from the current 2,152 to 4,000 by the end of 2022. 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** remained at the previous year's level and were EUR 41.3 (41.4) million.

Transval business group's net sales increased by 3.8% to EUR 50.8 (49.0) million, mainly due to the positive impact of growing online shopping and the acquisition of KV Turva in March 2020.

Profitability

The adjusted EBITDA of Mail, Parcel and Logistics Services increased to EUR 43.1 (37.8) million, or 12.0% (10.3%) of net sales. The improvement was mainly due to significantly improved profitability in Parcel and eCommerce. EBITDA increased to EUR 42.4 (37.2) million. The adjusted operating result improved to EUR 18.6 (13.3) million, or 5.2% (3.6%) of net sales.

The operating result improved to EUR 17.9 (12.8) million. Special items affecting the operating result in the first quarter amounted to EUR 0.7 (0.5) million.

Itella Russia

January–March 2021

Net sales

Itella Russia's net sales measured in local currency decreased by 17.4%. Reported euro-denominated net sales decreased by 32.1% to EUR 12.1 (17.8) million. Net sales decreased in Contract Logistics due to restructuring actions of warehouses and the impact of the coronavirus situation on Transport. According to its strategy, Itella Russia focuses on its core businesses, contract logistics and transportation.

The average fill rate for warehouses in Moscow was 81% (84%), while in other regions it was 50% (49%).

Profitability

The adjusted and reported EBITDA were EUR 1.3 (3.4) million, or 11.1% (19.3%) of net sales. The decrease was mainly due to the impact of coronavirus situation, the weakening of the Russian ruble and strong comparison figures in the first quarter of 2020.

The adjusted and reported operating result were EUR 0.2 (1.2) million.

Aditro Logistics

Aditro Logistics was integrated into Posti's financials as of April 2020. Aditro Logistics' figures are not included in Posti Group's financials for the comparison period.

January–March 2021

Net sales

In January–March, Aditro Logistics' net sales developed positively and were EUR 25.4 million. Aditro Logistics' operations consist of contract logistics, transportation and staffing businesses.

Profitability

In January–March, the adjusted and reported EBITDA were EUR 3.1 million, or 12.0% of net sales. The adjusted and reported operating result were EUR -1.2 million. The result was negatively impacted by investments in the large warehouse in Arlanda and increased personnel expenses in staffing business.

Key figures for segments			
EUR million	1-3 2021	1-3 2020**	1-12 2020**
Net sales			
Mail, Parcel and Logistics Services	359.2	366.6	1,481.6
Itella Russia	12.1	17.8	58.3
Aditro Logistics*	25.4	N/A	74.7
Other and unallocated	0.5	0.5	1.7
Intra-Group sales	-0.8	-0.7	-2.8
Posti Group	396.4	384.2	1,613.6
Net sales change-%			
Mail, Parcel and Logistics Services	-2.0%	-2.6%	0.0%
Itella Russia	-32.1%	-12.1%	-29.6%
Aditro Logistics*	N/A	N/A	N/A
Posti Group	3.2 %	-3.1 %	3.1 %
Adjusted EBITDA			
Mail, Parcel and Logistics Services	43.1	37.8	168.0
Itella Russia	1.3	3.4	12.6
Aditro Logistics	3.1	N/A	10.2
Other and unallocated	-1.5	-0.4	-4.3
Posti Group	46.0	40.8	186.5
Adjusted EBITDA, %			
Mail, Parcel and Logistics Services	12.0%	10.3%	11.3%
Itella Russia	11.1%	19.3%	21.7%
Aditro Logistics*	12.0%	N/A	13.6%
Posti Group	11.6%	10.6%	11.6%
EBITDA			
Mail, Parcel and Logistics Services	42.4	37.2	162.9
Itella Russia	1.3	3.4	12.2
Aditro Logistics*	3.1	N/A	10.2
Other and unallocated	-1.0	-0.5	-7.7
Posti Group	45.8	40.1	177.6
EBITDA, %			
Mail, Parcel and Logistics Services	11.8%	10.2%	11.0%
Itella Russia	11.1%	19.3%	21.0%
Aditro Logistics*	12.0%	N/A	13.6%
Posti Group	11.6%	10.4%	11.0%

Key figures for segments			
EUR million	1-3 2021	1-3 2020**	1-12 2020**
Adjusted operating result			
Mail, Parcel and Logistics Services	18.6	13.3	72.9
Itella Russia	0.2	1.2	5.6
Aditro Logistics*	-1.2	N/A	-2.0
Other and unallocated	-2.6	-1.9	-10.5
Posti Group	15.0	12.6	66.1
Adjusted operating result, %			
Mail, Parcel and Logistics Services	5.2%	3.6%	4.9%
Itella Russia	1.7%	6.5%	9.6%
Aditro Logistics*	-4.6%	N/A	-2.6%
Posti Group	3.8%	3.3%	4.1%
Operating result			
Mail, Parcel and Logistics Services	17.9	12.8	67.8
Itella Russia	0.2	1.2	5.2
Aditro Logistics*	-1.2	N/A	-2.0
Other and unallocated	-2.1	-2.0	-16.1
Posti Group	14.8	11.9	55.0
Operating result, %			
Mail, Parcel and Logistics Services	5.0%	3.5%	4.6%
Itella Russia	1.7%	6.5%	8.9%
Aditro Logistics*	-4.6%	N/A	-2.6%
Posti Group	3.7%	3.1%	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–March, the consolidated cash flow from operating activities was EUR 22.3 (23.3) million, the cash flow from investing activities EUR -14.1 (-0.8) million and cash flow from financing activities EUR -13.9 (-18.0) million.

At the end of March, liquid assets amounted to EUR 159.9 (148.6) million and undrawn committed credit facilities totaled EUR 150.0 (150.0) million. The Group's interest-bearing borrowings were EUR 381.8 (310.0) million. The net debt totaled EUR 221.9 (161.5) million. Interest-bearing borrowings and therefore also net debt grew due to the increased IFRS 16 lease liabilities following the acquisition of Aditro Logistics. Equity ratio was 38.1% (40.1%).

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 quarter of 2021, the Mail, Parcel and Logistics Services segment invested especially in the development of its digital services to cope with the increased parcel volumes and to improve the customer experience.

On February 10, 2021, Transval announced that it will invest EUR 37 million in 2021–2022 in a new warehouse in Sipoo, Finland. The warehouse will utilize cutting-edge technology and automation. In addition to fixed storage shelving, the warehouse will include electronically controlled mobile shelf systems. A third of the nearly 60 electric forklift trucks planned for the space will be unmanned and controlled by means of laser navigation.



On March 22, 2021, Aditro Logistics announced that it will invest some EUR 7 million in 2021–2022 in installing an AutoStore® warehouse system in its eCommerce site in Arlanda. The system will include 40 robots, 50,000 storage bins and it will enable more than 1,000 order lines per hour. Thanks to the new system, Aditro Logistics can further enhance its customer experience and offer scalable and cost-efficient logistics and eCommerce solutions to its customers.

Revised long-term financial targets

On February 17, 2021, Posti announced that, as part of its strategy renewal, the company's Board of Directors has decided to revise the long-term financial targets. The revised financial targets are:

- Adjusted EBITDA percentage 13%
- Net debt / Adjusted EBITDA less than 2.5x
- Continuously increasing ordinary dividend, but not exceeding annual net profit

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 November 26, 2020, Posti announced the appointment of Anna Salmi as Senior Vice President, Brand, Communications and Sustainability of Posti Group Corporation and a member of Posti Group's Leadership Team as of February 1, 2021.

On January 11, 2021, Posti announced the appointment of Timo Karppinen as CFO of Posti Group Corporation and a member of Posti Group's Leadership Team as of February 1, 2021.

On January 11, 2021, Posti also announced the appointment of Timo Koskinen as the Group's Senior Vice President, Human Resources and a member of the Leadership Team. Koskinen began in his new role on April 1, 2021.

On March 31, 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; 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 after the reporting period on April 9, 2021. In line with the Board of Directors' proposal, the Annual General Meeting decided to distribute a dividend of EUR 31.1 million based on the result in 2020.

The meeting adopted the 2020 financial statements and discharged the members of the Supervisory Board, Board of Directors and President and CEO from liability.

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.

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 Tornaiainen, 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.

Employees

The Group's personnel			
	1-3 2021	1-3 2020	1-12 2020
Personnel at period-end	20,748	20,890	20,909
<i>Finland</i>	17,529	18,757	17,666
<i>Other countries of operation</i>	3,219	2,133	3,243
Personnel on average, FTE*	15,725	15,894	16,227

*Full time equivalent personnel on average

The increase of personnel in other countries of operation was related to the acquisition of Aditro Logistics in Sweden.

In January–March, the Group's personnel expenses amounted to EUR 174.1 (168.9) million, growing by 3.1% from the previous year. The personnel expenses included EUR 0.9 (0.7) million in restructuring costs.

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 have ended at a conclusion that most of the sought-after changes can be achieved by other means than personnel reduction. A role of a sorting personnel 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 will be temporarily closed on April 29. The employees of the Arctic Circle post office will be offered work in Posti's other units while the office is closed.

Acquisitions, divestments and changes in corporate structure

There were no acquisition, divestments or changes in corporate structure during the first quarter of 2021.

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

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 is having a significant impact on global trade and it has already driven many countries into recession. The pandemic has had both positive and negative impacts on the profitability of Posti Group's business operations. In the first quarter 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 and freight 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. 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.

Helsinki, April 28, 2021

Posti Group Corporation
Board of Directors

APPENDICES

Calculation of key figures
Interim Report tables January-March 2021

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.

Interim report tables January-March 2021

Consolidated Income statement and consolidated Statement of comprehensive income

Consolidated income statement

EUR million	1-3 2021	1-3 2020	1-12 2020
Net sales	396.4	384.2	1,613.6
Other operating income	4.4	3.8	19.2
Materials and services	-114.3	-106.0	-483.1
Employee benefits	-174.1	-168.9	-686.4
Other operating expenses	-66.5	-73.0	-285.7
Depreciation and amortisation	-31.0	-28.2	-120.1
Impairment losses	0.0	-0.1	-2.5
Operating result	14.8	11.9	55.0
Finance income	0.7	1.6	3.3
Finance expenses	-2.0	-5.4	-12.8
Result before income tax	13.6	8.1	45.4
Income tax	-2.2	-1.1	-15.8
Result for the period	11.4	7.0	29.7
Earnings per share (EUR per share)	0.29	0.17	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	11.4	7.0	29.7
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Change in fair value of cash flow hedges	0.0	-2.2	0.2
Translation differences	0.8	-15.2	-3.9
Income tax relating to these items	0.0	0.4	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	12.3	-10.0	26.0

Consolidated Balance Sheet

Assets

EUR million	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Non-current assets			
Goodwill	189.8	152.9	190.7
Other intangible assets	88.5	69.0	89.7
Investment property	3.5	3.6	3.5
Property, plant and equipment	276.5	291.4	273.6
Right-of-use assets	255.5	184.3	262.8
Investments in associated companies	1.8	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	9.2	10.7	7.7
Total non-current assets	826.0	713.2	831.2
Current assets			
Inventories	4.0	4.2	4.6
Trade and other receivables	284.5	296.0	288.8
Current income tax receivables	1.0	2.1	0.6
Current financial assets	74.6	90.7	69.1
Cash and cash equivalents	85.3	58.0	91.0
Total current assets	449.4	450.9	454.1
Total assets	1,275.4	1,164.1	1,285.3
Equity and liabilities			
EUR million	Mar 31, 2021	Mar 31, 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	-1.1	-3.0	-1.2
Translation differences	-93.4	-105.5	-94.2
Retained earnings	335.1	330.8	323.7
Total shareholders' equity	453.3	434.9	441.1
Non-current liabilities			
Deferred tax liabilities	19.4	18.8	20.0
Non-current interest-bearing borrowings	120.9	122.1	121.2
Non-current interest-bearing lease liabilities	209.0	142.7	214.9
Other non-current payables	7.0	6.7	9.7
Advances received	13.3	13.4	13.2
Non-current provisions	3.7	4.5	4.0
Defined benefit pension plan liabilities	7.0	7.8	7.2
Total non-current liabilities	380.2	316.0	390.3
Current liabilities			
Current interest-bearing borrowings	1.2	1.4	1.4
Current interest-bearing lease liabilities	50.7	43.8	51.3
Trade and other payables	312.6	292.2	312.8
Advances received	72.0	65.0	76.3
Current income tax liabilities	4.3	3.7	11.1
Current provisions	1.2	7.0	1.1
Total current liabilities	442.0	413.2	453.9
Total liabilities	822.1	729.2	844.2
Total equity and liabilities	1,275.4	1,164.1	1,285.3

Condensed consolidated Statement of Cash Flows

EUR million	1-3 2021	1-3 2020	1-12 2020
Result for the period	11.4	7.0	29.7
Adjustments to cash flow	32.6	30.6	139.9
Change in net working capital	-9.0	-15.6	29.6
Cash flow before financial items and income tax	35.1	22.0	199.2
Financial items (net)	-1.2	-0.5	-5.8
Income tax paid	-11.5	1.8	-1.6
Cash flow from operating activities	22.3	23.3	191.8
Purchase of intangible assets	-5.8	-7.7	-29.7
Purchase of property, plant and equipment	-9.8	-3.7	-27.2
Proceeds from sale of intangible and tangible assets	2.0	0.3	11.8
Business acquisitions, net of cash acquired	0.0	-0.7	-48.8
Proceeds from business disposals less cash and cash equivalents	4.8	0.0	4.8
Cash flow from financial assets	-5.5	11.1	32.5
Cash flow from other investments	0.2	-0.2	0.2
Cash flow from investing activities	-14.1	-0.8	-56.5
Increases in current loans			60.0
Repayment of current loans	-0.2	-5.0	-69.9
Repayment of non-current loans	-0.3	-0.4	-1.3
Payments of lease liabilities	-13.4	-12.5	-57.3
Dividends paid	-	-	-29.8
Cash flow from financing activities	-13.9	-18.0	-98.3
Change in cash and cash equivalents	-5.7	4.5	37.0
Cash and cash equivalents at the beginning of the period	91.0	54.9	54.9
Effect of exchange rates changes	0.0	-1.5	-1.0
Cash and cash equivalents at the end of the period	85.3	58.0	91.0
Operative free cash flow, reconciliation			
Cash flow from operating activities	22.3	23.3	191.8
Purchase of intangible assets and property, plant and equipment	-15.6	-11.4	-56.9
Payments of lease liabilities	-13.4	-12.5	-57.3
Operative free cash flow	-6.7	-0.6	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					11.4	11.4
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			0.0			0.0
Translation differences				0.8		0.8
Remeasurements of post-employment benefit obligations, net of tax						
Comprehensive income for the period			0.0	0.8	11.4	12.3
Mar 31, 2021	70.0	142.7	-1.1	-93.4	335.1	453.3

Jan 1, 2020	70.0	142.7	-1.3	-90.3	323.8	444.9
Comprehensive income						
Result for the period					7.0	7.0
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			-1.7			-1.7
Translation differences				-15.2		-15.2
Remeasurements of post-employment benefit obligations, net of tax						
Comprehensive income for the period			-1.7	-15.2	7.0	-10.0
Mar 31, 2020	70.0	142.7	-3.0	-105.5	330.8	434.9

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 31.1 million based on the result in 2020.

Notes

1. Accounting Policies

Interim report has been prepared in accordance with IAS 34 Interim financial reporting. In the preparation of this interim 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 interim report is unaudited.

2. Foreign exchange rates

	1-3 2021	1-12 2020
Average rate		
RUB	89.7335	82.6454
SEK	10.1167	10.4881
NOK	10.2657	10.7248
Closing rate	Mar 31, 2021	Dec 31, 2020
RUB	88.3175	91.4671
SEK	10.2383	10.0343
NOK	9.9955	10.4703

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.

1-3
2021

EUR million	Mail, Parcel and Logistics Services	Itella Russia	Aditro Logistics	Segments total	Other and unallocated	Elimi- nations	Group total
External sales	358.9	12.1	25.4	396.4	0.0		396.4
Inter-segment sales	0.3		0.0	0.3	0.5	-0.8	
Net sales	359.2	12.1	25.4	396.7	0.5	-0.8	396.4
EBITDA	42.4	1.3	3.1	46.8	-1.0		45.8
Special items included in EBITDA:							
Personnel restructuring costs	0.8			0.8	0.1		0.9
Disposals of subsidiaries, real-estates and businesses, net gain (-) /loss (+)					-0.8		-0.8
Other	-0.1			-0.1	0.3		0.1
Special items included in EBITDA total	0.7			0.7	-0.5		0.2
Adjusted EBITDA	43.1	1.3	3.1	47.5	-1.5		46.0
Operating result	17.9	0.2	-1.2	17.0	-2.1		14.8
Special items included in operating result:							
Special items included in EBITDA	0.7			0.7	-0.5		0.2
Impairment losses							
Special items total	0.7			0.7	-0.5		0.2
Adjusted operating result	18.6	0.2	-1.2	17.6	-2.6		15.0
Financial income and expense							-1.2
Income tax							-2.2
Result for the period							11.4

1-3
2020
restated**

EUR million	Mail, Parcel and Logistics Services	Itella Russia	Aditro Logistics*	Segments total	Other and unallocated	Elimi- nations	Group total
External sales	366.4	17.8		384.2	0.0		384.2
Inter-segment sales	0.2			0.2	0.5	-0.7	
Net sales	366.6	17.8		384.4	0.5	-0.7	384.2
EBITDA	37.2	3.4		40.7	-0.5		40.1
Special items included in EBITDA:							
Personnel restructuring costs	0.6			0.6	0.1		0.7
Disposals of subsidiaries, real-estates and businesses, net gain (-) /loss (+)	-0.1			-0.1			-0.1
Other					0.1		0.1
Special items included in EBITDA total	0.5			0.5	0.1		0.7
Adjusted EBITDA	37.8	3.4		41.2	-0.4		40.8
Operating result	12.8	1.2		13.9	-2.0		11.9
Special items included in operating result:							
Special items included in EBITDA	0.5			0.5	0.1		0.7
Impairment losses							
Special items total	0.5			0.5	0.1		0.7
Adjusted operating result	13.3	1.2		14.5	-1.9		12.6
Financial income and expense							-3.8
Income tax							-1.1
Result for the period							7.0

1-12
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	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	1-3	1-3	1-12
	2021	2020 restated*	2020 restated*
Postal Services	154.9	173.3	647.1
Parcel and eCommerce	117.4	106.5	477.6
Transval	50.8	49.0	201.4
Freight Services	41.3	41.4	172.6
Other and eliminations	-5.2	-3.5	-17.1
Total	359.2	366.6	1,481.6

* Restated on the basis of re-assignment of some business activities between operating segments of MPLS

Mar 31, 2021

EUR million	Mail, Parcel and				Segments total	Other and unallocated	Eliminations	Group total
	Logistics Services	Itella Russia	Aditro Logistics*					
Assets	821.7	68.6	167.3	1,057.6	217.9	0.0	1,275.4	
Liabilities	372.2	6.6	18.8	397.6	424.5	0.0	822.1	
Capital expenditure	8.7		1.7	10.3	15.8		26.1	
Depreciation and amortization	24.5	1.1	4.2	29.8	1.1		31.0	
Impairment losses	0.0			0.0	0.0		0.0	
Personnel, end of period	17,854	876	1,431	20,161	587		20,748	
Personnel on average, FTE	13,366	870	909	15,145	580		15,725	

Mar 31, 2020
restated**

EUR million							
Assets	877.8	84.1		961.9	203.3	-1.1	1,164.1
Liabilities	354.0	14.5		368.5	361.9	-1.1	729.2
Capital expenditure	18.6	0.8		19.4	8.8		28.2
Depreciation and amortization	24.4	2.3		26.7	1.5		28.2
Impairment losses	0.1	0.0		0.1	0.0		0.1
Personnel, end of period	19,120	1,190		20,310	580		20,890
Personnel on average, FTE	14,138	1,183		15,321	573		15,894

Dec 31, 2020
restated**

EUR million							
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	1-3 2021	1-3 2020	1-12 2020
Finland	316.8	325.5	1,288.8
Other Nordic countries	40.2	19.2	164.9
Russia	12.6	17.7	57.9
Other countries	26.8	21.8	102.0
Total	396.4	384.2	1,613.6

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

5. Acquired and divested businesses

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

There are no other transactions during the reporting period.

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

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

EUR million		Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Carrying amount	Jan 1	273.6	314.0	314.0
Acquired businesses		0.0	0.1	6.2
Additions		11.9	3.0	27.5
Business divestments		0.0	0.0	-4.1
Disposals and transfers between items		-1.1	0.0	-11.9
Depreciation		-9.7	-10.2	-38.4
Impairment		0.0	-0.1	-0.3
Translation differences		1.9	-15.4	-19.4
Carrying amount, end of the period		276.5	291.4	273.6

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

EUR million		Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Carrying amount	Jan 1	262.8	190.5	190.5
Acquired businesses		0.0	0.0	97.4
Additions		8.5	8.1	36.7
Business divestments		0.0	0.0	-1.8
Disposals and transfers between items		0.2	-0.8	-1.5
Depreciation		-14.5	-12.9	-58.1
Translation differences		-1.6	-0.5	-0.4
Carrying amount, end of the period		255.5	184.3	262.8

Specification of right-of-use assets:

EUR million		Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Land		0.1	0.2	0.1
Buildings		224.0	157.5	229.6
Vehicles		23.2	21.7	24.5
Machinery and other		8.2	5.0	8.6
Carrying amount, end of the period		255.5	184.3	262.8

7. Goodwill and other intangible assets

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

EUR million		Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Carrying amount	Jan 1	280.4	210.4	210.4
Acquired businesses		0.0	9.6	66.5
Additions		5.8	7.7	29.7
Business divestments		0.0	0.0	-2.4
Disposals and transfers between items		0.1	0.0	1.7
Amortization		-6.7	-4.7	-23.4
Impairment		0.0	0.0	-2.2
Translation differences		-1.1	-1.2	0.0
Carrying amount, end of the period		278.3	221.8	280.4

Impairment loss of EUR 2.2 million in 2020 related to an ICT project.

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		-0.5	-13.4	-13.9	-0.3	0.0	-13.7
Business acquisitions		0.0	0.0	0.0	0.0	0.0	0.0
Effect of exchange rates changes		0.0	1.5	1.5	0.0	0.0	1.5
Other non-cash items		0.0	5.3	5.3	0.0	0.0	5.3
Carrying amount	Mar 31, 2021	122.1	259.6	381.8	159.9	0.0	221.9
Fair value	Mar 31, 2021	122.3	259.6	382.0			

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		-5.4	-12.5	-17.9	8.4	-15.0	-11.3
Business acquisitions		0.1	0.0	0.1	0.0	0.0	0.1
Effect of exchange rates changes		0.0	0.4	0.4	-1.5	0.0	1.9
Other non-cash items		0.4	6.1	6.5	0.0	0.0	6.5
Carrying amount	Mar 31, 2020	123.6	186.5	310.0	148.6	0.0	161.5
Fair value	Mar 31, 2020	123.8	186.5	310.3			

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	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Cash and cash equivalents	85.3	58.0	91.0
Money market investments and investments in bonds	74.6	90.6	69.1
Liquid funds	159.9	148.6	160.1

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

EUR million	Total	Level 1	Level 2	Level 3
Mar 31, 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	1.4		1.4	
Trade payables and other liabilities				
Derivative contracts				
Currency derivatives, non-hedge accounting	0.1		0.1	
Total	1.5		1.5	
Mar 31, 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	0.0		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	1.7		1.7	
Trade payables and other liabilities				
Derivative contracts				
Currency derivatives, non-hedge accounting	2.4		2.4	
Total	4.0		4.0	

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 26.4 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	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Pledges for own behalf			
Bank guarantees	9.1	9.1	9.1
Guarantees	3.6	3.6	3.6
Pledges	1.1	0.0	0.9
Total	13.8	12.7	13.7

Lease commitments not recognized in balance sheet

EUR million	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Maturity of minimum lease payments:			
Less than a year	9.8	7.6	9.6
1-5 years	1.0	0.6	1.2
Total	10.8	8.2	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	Mar 31, 2021	Mar 31, 2020	Dec 31, 2020
Currency derivatives			
Non-hedge accounting			
Fair value	-0.1	-2.3	-0.5
Nominal value	18.9	97.2	18.9
Interest rate derivatives			
Hedge accounting			
Fair value	-1.4	-1.7	-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.