



POSTI GROUP CORPORATION INTERIM REPORT, OCTOBER 27, 2021 AT 9:00 A.M. (EET)

Posti Group Corporation Interim report January–September 2021



Posti Group 1–9/2021: Strong customer demand in parcel and logistics driving net sales growth

Posti Group Corporation Interim report January–September 2021

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

July–September

Financial highlights

- Net sales grew by 1.9% to EUR 388.5 (381.2) million.
- Adjusted EBITDA decreased to EUR 45.2 (47.1) million, or 11.6% (12.4%) of net sales.
- EBITDA decreased to EUR 44.5 (47.3) million, or 11.5% (12.4%) of net sales.
- Adjusted operating result decreased to EUR 14.0 (16.9) million, representing 3.6% (4.4%) of net sales.
- Operating result decreased to EUR 13.3 (17.1) million, representing 3.4% (4.5%) of net sales.

January–September

Financial highlights

- Net sales grew by 2.7% to EUR 1,189.1 (1,157.7) million.
- Adjusted EBITDA increased to EUR 137.6 (122.4) million, or 11.6% (10.6%) of net sales.
- EBITDA increased to EUR 135.5 (121.6) million, or 11.4% (10.5%) of net sales.
- Adjusted operating result improved to EUR 43.7 (32.6) million, representing 3.7% (2.8%) of net sales.
- Operating result improved to EUR 41.6 (29.6) million, representing 3.5% (2.6%) of net sales.
- Net debt to adjusted EBITDA was 1.2x (1.8x).

Operational highlights

- In January-September, total parcel volume in Finland and the Baltic countries increased by 15% (20%), supported by the increase in online shopping.
- The combined external net sales of Parcel and eCommerce and logistics businesses represented 60% (56%) of the Group's net sales.
- The number of addressed letters continued to decline 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 2.5% (2.6%) of all Posti's mail items delivered.
- In August, the multi-year collective agreement for the mail communications and logistics industry as well as the collective agreement applicable to the parcel sorters of Posti Palvelut Oy were accepted.

Outlook for 2021

Outlook remains unchanged. 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 fast pace of the global economic recovery makes the macro-economic outlook difficult to predict, which continues to cause some uncertainty in Posti's 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					
	7-9 2021	7-9 2020	1-9 2021	1-9 2020	1-12 2020
Net sales, EUR million	388.5	381.2	1,189.1	1,157.7	1,613.6
Adjusted EBITDA, EUR million	45.2	47.1	137.6	122.4	186.5
<i>Adjusted EBITDA margin, %</i>	<i>11.6%</i>	<i>12.4%</i>	<i>11.6%</i>	<i>10.6%</i>	<i>11.6%</i>
EBITDA, EUR million	44.5	47.3	135.5	121.6	177.6
<i>EBITDA margin, %</i>	<i>11.5%</i>	<i>12.4%</i>	<i>11.4%</i>	<i>10.5%</i>	<i>11.0%</i>
Adjusted operating result, EUR million	14.0	16.9	43.7	32.6	66.1
<i>Adjusted operating result margin, %</i>	<i>3.6%</i>	<i>4.4%</i>	<i>3.7%</i>	<i>2.8%</i>	<i>4.1%</i>
Operating result, EUR million	13.3	17.1	41.6	29.6	55.0
<i>Operating result margin, %</i>	<i>3.4%</i>	<i>4.5%</i>	<i>3.5%</i>	<i>2.6%</i>	<i>3.4%</i>
Result for the period, EUR million	9.5	12.3	33.3	11.6	29.7
Return on capital employed (12 months), %			9.5%	4.0%	8.4%
Net debt, EUR million			241.3	277.1	228.7
Net debt / adjusted EBITDA			1.2x	1.8x	1.2x
Operative free cash flow, EUR million			-14.3	30.6	77.6
Personnel, end of period			21,328	20,586	20,909
Personnel on average, FTE	15,935	16,187	15,882	16,266	16,227
Earnings per share, basic, EUR	0.24	0.31	0.83	0.29	0.74
Dividend per share, EUR					0.78
Dividend, EUR million					31.3

Turkka Kuusisto, President and CEO

Once again, I am happy to say that Posti continued to grow in January-September: our net sales grew by 2.7% to EUR 1,189.1 million and our adjusted EBITDA grew to 11.6%. The continuing customer demand for parcel and logistics drew our net sales growth. The parcel volumes in Finland and Baltics grew by 15% in January-September. The high season in logistics continued in the beginning of the third quarter and overall volumes were at a high level.

In the third quarter, net sales grew by 1.9%. However, the adjusted EBITDA decreased because of the changes in our operating environment, such as the poor availability of workforce, and the VAT reform, which reduced shipment volumes from outside the EU. An exception to this was Freight Services, which improved its profitability with outstanding performance.

With the increasing volumes of our parcel and logistics businesses, we are in constant need of new employees. Currently, we have hundreds of open vacancies. Due to the lack of workforce, we need to continue extra measures to ensure smooth operations for our customers. We are continuously trying to find ways to address the issues brought about by the changing operating environment. In September, we started the operations of our Group-wide change unit. While we currently have many open positions in our growth businesses, the amount of work in Postal Services is decreasing. With the unit, we aim to find solutions for this employment mismatch and to responsibly manage the constantly changing situation.

One of the most important milestones for 2021 and the coming years was reached during the summer, when Service Sector Employers PALTA and the Finnish Post and Logistics Union PAU reached a multi-year collective agreement for the mail communications and logistics industry as well as a collective agreement applicable to the parcel sorters of Posti Palvelut Oy. The agreement was reached well ahead of schedule, and I thank the negotiating parties once again. The changes in the postal industry continue and managing to find a shared direction is a remarkable step towards a controlled and responsible change.

The postal industry transformation requires cooperation from all parties, including the regulator. 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. Updates to the postal regulation are imperative to meet the customer needs of an evolving market, and the need for the reform is urgent. The updates should come into effect in 2022 at the latest.

The growth of eCommerce does not show signs of slowing down. According to our online shopping survey published earlier this month, nearly 70% of Finnish online shoppers expect to continue online shopping at current levels, and up to 16% are planning to significantly increase their online purchases. This demonstrates the potential we have in eCommerce. At the same time, we need to answer the increasing customer demand for faster, accurate and sustainable services, in line with our revised strategy.

Sustainability is at the core of our strategy, and I am very pleased that the long-term, systematic climate work we have been doing for decades has now been recognized on a global level. Earlier this month, Posti was awarded as the winner in the carbon reduction category of the World Sustainability Awards 2021. The seven finalists included companies such as Heineken and Bayer.

The busiest season of Posti is upon us and once again we are expecting record-breaking parcel traffic for the rest of the year. I want to already thank our people, the Christmas makers, who enable the success of this season. We at Posti have a great responsibility in ensuring a successful season for our customers.

APPENDICES

Posti Group's Interim report January-September 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–September 2021

The growth of the eCommerce market and Posti's Parcel and eCommerce business continued. However, with improved vaccination coverage and the gradual opening of society, consumers have been able to change and expand their consumption behavior beyond goods to services. This has normalized the growth rate of eCommerce. Retail turnover continues to grow, but statistics also show that turnover in services began to grow already earlier in the spring.

The economic contraction in Finland and around the world caused by the COVID-19 pandemic was steep, but the recovery from the crisis has progressed rapidly during the summer. According to Statistics Finland, all components of the consumer confidence indicator were at a strong level in September and, in general, consumer confidence is strongest in the entire history of the measurement. In September, the Bank of Finland improved its forecast for the growth of the Finnish economy and estimates the economy to grow by 3.5% in 2021, compared to the 2.9% estimated in June. In the coming years, however, growth is expected to slow down slightly to 2.8% in 2022 and 1.3% in 2023.

The Swedish Riksbank forecasts the Swedish economy to grow by 4.7% in 2021. The growth is mainly driven by increasing household consumption and investments. Sweden has the most developed eCommerce market in the Nordics and competition in the logistics industry is intense.

Net sales and profitability

July–September 2021

Net sales

The Group's net sales grew by 1.9% to EUR 388.5 (381.2) million. Net sales grew by 3.1% in Finland and declined by 5.1% in other countries. The share of international operations in Posti's business decreased and accounted for 13.4% (14.4%) of net sales in the third 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 1.3%. Within the segment, net sales increased in all other businesses but decreased in Postal Services.

Aditro Logistics' net sales increased by 12.0% to EUR 25.9 (23.2) million, mainly due to good performance in a strongly growing market.

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

Operations under the universal service obligation decreased and amounted to EUR 17.7 (21.8) million, or 4.6% (5.7%) of the Group's net sales and 2.0% (2.6%) of delivery volumes.

The combined external net sales of Parcel and eCommerce and logistics businesses represented 62% (59%) of the Group's net sales.

Profitability

The Group's adjusted EBITDA decreased to EUR 45.2 (47.1) million, or 11.6% (12.4%) of net sales mainly due to increased expenses in MPLS segment businesses, apart from the Freight business, which improved its profitability. EBITDA decreased to EUR 44.5 (47.3) million, or 11.5% (12.4%) of net sales. The adjusted operating result decreased to EUR 14.0 (16.9) million, or 3.6% (4.4%) of net sales. The operating result declined to EUR 13.3 (17.1) million, or 3.4% (4.5%) of net sales.

Special items affecting the operating result in the third quarter were EUR 0.7 (0.1) million.

January–September 2021

Net sales

The Group's net sales grew by 2.7% to EUR 1,189.1 (1,157.7) million. Net sales grew by 2.3% in Finland and by 5.8% in other countries. The share of international operations in Posti's business increased and accounted for 12.8% (12.5%) of net sales in January–September.

Net sales grew by 0.5% in the Mail, Parcel and Logistics Services segment. Within the segment, net sales increased in all other businesses but decreased in Postal Services.

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

Net sales decreased in Itella Russia by 13.0%, mainly due to the weakening of the Russian ruble and the continued COVID-19 pandemic.

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% (56%) of the Group's net sales.

Operations under the universal service obligation amounted to EUR 64.8 (68.3) million, or 5.4% (5.9%) of the Group's net sales and 2.5% (2.6%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 137.6 (122.4) million, or 11.6% (10.6%) of net sales, mainly due to the improved profitability of Parcel and eCommerce, Postal Services and Freight. EBITDA increased to EUR 135.5 (121.6) million, or 11.4% (10.5%) of net sales. The adjusted operating result increased to EUR 43.7 (32.6) million, or 3.7% (2.8%) of net sales. The operating result improved to EUR 41.6 (29.6) million, or 3.5% (2.6%) of net sales.

Special items affecting the operating result in January-September were EUR -2.0 (-3.0) million.

Special items affecting the operating result in 1-9 2021

EUR million	
Personnel restructuring costs	-1.9
Gain from sale of real estate assets	0.8
Loss from sale of real estate assets	-0.5
Other special items	-0.4
Total	-2.0

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

July–September 2021

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

- The number of addressed letters decreased by 8% to 85 (93) million.
- The total number of parcels delivered by Posti in Finland and the Baltic countries increased by 13% to 17 (15) million. The figure does not include letter-like e-commerce items.
- Freight volumes measured in waybills increased by 5%.

Net sales

The net sales of Mail, Parcel and Logistics Services increased by 1.3% to EUR 349.3 (344.9) million. Net sales are itemized by operating segment in the following table.

Net sales of Mail, Parcel and Logistics Services

Net sales, EUR million	7-9 2021	7-9 2020*	Change
Postal Services	135.3	143.4	-5.7%
Parcel and eCommerce	117.2	112.2	4.5%
Transval	55.5	50.2	10.6%

Freight Services	47.9	43.3	10.7%
Other and eliminations**	-6.6	-4.1	
Total	349.3	344.9	1.3%

* Restated due to the 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 8% in the third quarter. On September 30, 2021, Posti and the Karjalainen newspaper announced they had signed a contract extension running until the end of 2026 for the early-morning delivery of newspapers.

The net sales of **Parcel and eCommerce** increased in the third quarter. The increase was mainly due to the continued volume growth of eCommerce and online shopping. However, the shipment volumes from outside the EU declined after the VAT reform that entered into force on July 1, 2021.

In August, Posti opened the Northern Finland's biggest parcel locker in Oulu with 830 individual locker doors. Posti aims to increase the number of its parcel lockers significantly from the current around 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. The high season in Freight continued in the beginning of the third quarter and overall volumes were at a high level.

Transval business group's net sales increased, mainly due to the positive impact of the continued high season in logistics which has increased handling volumes.

Profitability

The adjusted EBITDA of Mail, Parcel and Logistics Services decreased to EUR 38.9 (41.0) million, or 11.1% (11.9%) of net sales. The decline was mainly due to the exceptionally good comparison period in 2020 and increased costs in Transval and Parcel and eCommerce. The profitability of Freight Services improved due to increased sales and improved operational efficiency. Mail, Parcel and Logistics Services' EBITDA decreased to EUR 38.3 (41.0) million. The adjusted operating result decreased to EUR 13.6 (17.8) million, or 3.9% (5.2%) of net sales.

The operating result decreased to EUR 13.0 (17.8) million. Special items affecting the operating result in the third quarter amounted to EUR -0.6 (0.0) million.

January–September 2021

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

- The number of addressed letters decreased by 9% to 288 (317) million.
- The total number of parcels delivered by Posti in Finland and the Baltic countries increased by 15% to 50 (44) million. The figure does not include letter-like e-commerce items.
- Freight volumes measured in waybills increased by 8%.

Net sales

The net sales of Mail, Parcel and Logistics Services increased by 0.5% to EUR 1,074.3 (1,068.6) million. Net sales are itemized in the following table.

Net sales of Mail, Parcel and Logistics Services

Net sales, EUR million	1-9 2021	1-9 2020*	Change
Postal Services	435.5	466.2	-6.6%
Parcel and eCommerce	356.8	338.1	5.5%
Transval	160.8	148.0	8.6%
Freight Services	139.9	127.8	9.4%
Other and eliminations**	-18.6	-11.6	
Total	1,074.3	1,068.6	0.5 %

* Restated due to the 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 288 (317) million in January-September. 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–September. 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 15% to 50 (44) million. The figure does not include letter-like e-commerce items. In order to answer the increasing demand, Posti is continuously expanding its parcel locker network. The number of individual parcel lockers has increased by 25% since the third quarter of 2020.

The net sales of **Freight Services** grew. The growth was mainly due to increased volumes during the high season in logistics starting from the second quarter and continuing through the beginning of the third quarter.

Transval's net sales increased, 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

The adjusted EBITDA of Mail, Parcel and Logistics Services increased to EUR 125.8 (108.0) million, or 11.7% (10.1%) of net sales. The improvement was due to the increased net sales throughout the year and operational efficiency in the first half of the year. EBITDA increased to EUR 124.0 (107.2) million. The adjusted operating result improved to EUR 50.9 (36.5) million, or 4.7% (3.4%) of net sales.

The operating result improved to EUR 49.1 (35.7) million. Special items affecting the operating result in January-September amounted to EUR -1.8 (-0.8) million.

Itella Russia

July–September 2021

Net sales

Itella Russia's net sales measured in local currency increased by 0.4%. Reported euro-denominated net sales remained at the previous year's level and were EUR 13.6 (13.5) million. Net sales grew in road transportation and in contract logistics, but decreased in air & sea transport. In accordance with its strategy, Itella Russia focuses on its core businesses, contract logistics and transportation.

The average fill rate for warehouses was 80.7% (72.3%).

Profitability

Adjusted EBITDA was EUR 2.5 (2.8) million, or 18.5% (20.4) of net sales. The decrease was mainly due to the negative market development. EBITDA was EUR 2.5 (3.3) million, or 18.5% (24.1%) of net sales.

Special items affecting the operating result amounted to EUR 0.0 (0.5) million.

The adjusted operating result was EUR 1.5 (1.3) million and reported operating result was EUR 1.5 (1.8) million.

January–September 2021

Net sales

Itella Russia's net sales measured in local currency decreased by 3.5%. Reported euro-denominated net sales decreased by 13.0% to EUR 38.4 (44.2) million. Net sales decreased in Contract Logistics due to restructuring actions of warehouses and the impact of the COVID-19 situation on Transport.

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

The average fill rate for warehouses was 77.1% (71.4%).

Profitability

Adjusted EBITDA was EUR 5.9 (9.5) million, or 15.5% (21.4%) of net sales and EBITDA was EUR 5.4 (12.9) million, or 14.1% (29.2%) of net sales. The decrease was mainly due to the continuing 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 (3.4) million.

The adjusted operating result was EUR 2.6 (3.6) million and reported operating result EUR 2.1 (7.0) million.

Aditro Logistics

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

July–September 2021

Net sales

In the third quarter, Aditro Logistics' net sales increased by 12.0% and were EUR 25.9 (23.2) million. The increase was mainly due to Aditro Logistics' increased volumes in the growing market.

Profitability

The adjusted EBITDA was at last year's level at EUR 3.8 (3.7) million, or 14.5% (16.1%) of net sales. Adjusted and reported operating result was EUR -0.5 (-0.2) million. The result was affected by the temporary increase in costs associated with the exceptionally high handling volumes and availability of workforce.

January–September 2021

Net sales

In January-September 2021, Aditro Logistics' net sales were EUR 77.5 million.

Profitability

The adjusted EBITDA was EUR 10.1 million, or 13.0% of net sales. The adjusted and reported operating result was EUR - 2.7 million.

Key figures for segments					
EUR million	7-9 2021	7-9 2020**	1-9 2021	1-9 2020**	1-12 2020**
Net sales					
Mail, Parcel and Logistics Services	349.3	344.9	1,074.3	1,068.6	1,481.6
Itella Russia	13.6	13.5	38.4	44.2	58.3
Aditro Logistics*	25.9	23.2	77.5	45.7	74.7
Other and unallocated	0.5	0.4	1.1	1.4	1.7
Intra-Group sales	-0.9	-0.8	-2.2	-2.1	-2.8
Posti Group	388.5	381.2	1,189.1	1,157.7	1,613.6
Net sales change-%					
Mail, Parcel and Logistics Services	1.3%	-4.4%	0.5%	-3.9%	0.0%
Itella Russia	0.9%	-34.7%	-13.0%	-26.1%	-29.6%
Aditro Logistics*	12.0%	N/A	N/A	N/A	N/A
Posti Group	1.9 %	0.0 %	2.7 %	-1.2 %	3.1 %
Adjusted EBITDA					
Mail, Parcel and Logistics Services	38.9	41.0	125.8	108.0	168.0
Itella Russia	2.5	2.8	5.9	9.5	12.6
Aditro Logistics*	3.8	3.7	10.1	6.5	10.2
Other and unallocated	0.1	-0.4	-4.3	-1.6	-4.3
Posti Group	45.2	47.1	137.6	122.4	186.5
Adjusted EBITDA, %					
Mail, Parcel and Logistics Services	11.1%	11.9%	11.7%	10.1%	11.3%
Itella Russia	18.5%	20.4%	15.5%	21.4%	21.7%
Aditro Logistics*	14.5%	16.1%	13.0%	14.3%	13.6%
Posti Group	11.6%	12.4%	11.6%	10.6%	11.6%
EBITDA					
Mail, Parcel and Logistics Services	38.3	41.0	124.0	107.2	162.9
Itella Russia	2.5	3.3	5.4	12.9	12.2
Aditro Logistics*	3.8	3.7	10.1	6.5	10.2
Other and unallocated	-0.1	-0.8	-4.0	-5.0	-7.7
Posti Group	44.5	47.3	135.5	121.6	177.6
EBITDA, %					
Mail, Parcel and Logistics Services	11.0%	11.9%	11.5%	10.0%	11.0%
Itella Russia	18.5%	24.1%	14.1%	29.2%	21.0%
Aditro Logistics*	14.5%	16.1%	13.0%	14.3%	13.6%
Posti Group	11.5%	12.4%	11.4%	10.5%	11.0%

Key figures for segments

EUR million	7-9 2021	7-9 2020**	1-9 2021	1-9 2020**	1-12 2020**
Adjusted operating result					
Mail, Parcel and Logistics Services	13.6	17.8	50.9	36.5	72.9
Itella Russia	1.5	1.3	2.6	3.6	5.6
Aditro Logistics*	-0.5	-0.2	-2.7	-1.4	-2.0
Other and unallocated	-0.5	-1.9	-7.1	-6.1	-10.5
Posti Group	14.0	16.9	43.7	32.6	66.1
Adjusted operating result, %					
Mail, Parcel and Logistics Services	3.9%	5.2%	4.7%	3.4%	4.9%
Itella Russia	10.6%	9.8%	6.8%	8.0%	9.6%
Aditro Logistics*	-2.0%	-1.0%	-3.5%	-3.1%	-2.6%
Posti Group	3.6%	4.4%	3.7%	2.8%	4.1%
Operating result					
Mail, Parcel and Logistics Services	13.0	17.8	49.1	35.7	67.8
Itella Russia	1.5	1.8	2.1	7.0	5.2
Aditro Logistics*	-0.5	-0.2	-2.7	-1.4	-2.0
Other and unallocated	-0.7	-2.3	-6.8	-11.7	-16.1
Posti Group	13.3	17.1	41.6	29.6	55.0
Operating result, %					
Mail, Parcel and Logistics Services	3.7%	5.2%	4.6%	3.3%	4.6%
Itella Russia	10.7%	13.5%	5.4%	15.8%	8.9%
Aditro Logistics*	-2.0%	-1.0%	-3.5%	-3.1%	-2.6%
Posti Group	3.4%	4.5%	3.5%	2.6%	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–September, the consolidated cash flow from operating activities was EUR 82.3 (109.8) million, the cash flow from investing activities EUR -16.1 (-35.8) million and cash flow from financing activities EUR -73.6 (-20.3) million.

At the end of September, liquid assets amounted to EUR 127.0 (171.1) million and undrawn committed credit facilities totaled EUR 150.0 (90.0) million. The Group's interest-bearing borrowings were EUR 368.3 (448.2) million. Net debt totaled EUR 241.3 (277.1) million. Equity ratio was 39.0% (34.5%).

Posti will continue to invest in digital and eCommerce services, expanding its parcel locker network and improving the competitiveness of its core business in order to answer the market change and to support Posti's transformation. With the increasing parcel volumes, the Mail, Parcel and Logistics Services segment has invested especially in the development of digital services 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 September 8, 2021, Posti announced that Per Zandrén had been appointed as CEO of Aditro Logistics and member of Posti Group's Leadership Team as of September 8, 2021. Zandrén had already acted in the interim role alongside the previous CEO Johannes Gussander.

On September 30, 2021, Posti's Leadership Team consisted of Turkka Kuusisto, CEO; Yrjö Eskola, SVP, Postal Services; 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, Kaarina Ståhlberg, SVP, General Counsel and M&A, and Per Zandrén, CEO, Aditro Logistics.

Employees

The Group's personnel					
	7-9 2021	7-9 2020	1-9 2021	1-9 2020	1-12 2020
Personnel at the end of period			21,328	20,586	20,909
<i>Finland</i>			18,060	17,339	17,666
<i>Other countries of operation</i>			3,268	3,247	3,243
Personnel on average, FTE*	15,935	16,187	15,882	16,266	16,227

*Full time equivalent personnel on average

In January–September, the Group's personnel expenses amounted to EUR 507.3 (499.4) million, growing by 1.6% from the previous year. The personnel expenses included EUR 1.9 (3.6) million of restructuring costs.

In August 18, Service Sector Employers PALTA and Finnish Post and Logistics Union PAU announced they had approved the collective agreement for the mail communications and logistics industry as well as the collective agreement applicable to the parcel sorters of Posti Palvelut Oy. In both collective agreement negotiations, an agreement was reached already in June 24, 2021. However, the negotiation results were pending the approval of the administrations of the unions that took place in August. 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 October 31, 2021, and January 31, 2022.

Cooperation negotiations

On January 11, 2021, Posti announced that Postal Services was planning changes to deliveries in some parts of Central Finland and Ostrobothnia 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 were 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 negotiations.

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. The office will be reopened on November 8, 2021.

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. The final outcome is still open as the employees are offered positions in other Posti functions.

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

Posti is facing increasing competition in several markets. At the same time, customers' needs are constantly changing, at an increasingly rapid pace. To ensure business reform and future competitiveness, Posti must undergo large-scale changes. Posti wants to become a growth company and offer the best service, covering the entire supply chain, from freight to warehousing and from order processing to collection and transport.

The COVID-19 pandemic has had both positive and negative impacts on Posti's profitability. The eCommerce business has benefited from a significant increase in the volume of online shopping, At the same time as digitalization has accelerated, demand for postal services has decreased.

As consumption and demand shift from goods to services, the risk is that the growth of the parcel market will slow down as the pandemic subsides. The biggest risks are related to increased competition in online shopping deliveries and in new digital data-based business models throughout the eCommerce order-supply chain and its management. Profitable business in the shrinking postal sector, in turn, depends on the company's ability to implement the planned changes in its operating model and to reduce costs in line with declining volumes. Updates to the postal regulation are urgent and crucial, but the new regulations must allow cost-effective distribution and the fulfillment of Posti's universal service obligation without public subsidies. The planned fixed-term State aid for newspaper delivery to ensure distribution in areas without early delivery must not lead to a situation in which the tenderer is obliged to distribute newspapers unprofitably. Posti manages its most significant business risks through careful planning and active communication.

Additionally, the COVID-19 pandemic has had a significant impact on Posti's operations due to additional safety precautions, which have been in place for over a year and a half. The pandemic and changing safety regulations continue to impact the company's operations. Although society is presently lifting regulations, Posti needs to ensure operations during the peak season and therefore some restrictions are still in place. The health and safety of our employees, customers and partners is a priority. Together with healthcare professionals, Posti's team of experts have steered our

actions in the exceptional situation. We have managed to keep the infections under control and the pandemic's impact on operations at a minimum through numerous risk management measures.

Outside Finland, Posti aims to strengthen its operations in the Nordic and Baltic countries. Success and follow-up depend on finding the best possible ways and opportunities to support customers in these markets.

During the third quarter, Posti carried out a comprehensive sustainability risk assessment. The findings will help guide Posti's responsibility and risk management work and support Posti's journey towards its sustainability targets. The importance of managing risks related to business continuity, cyber security and information security is constantly increasing. Careful attention is paid to the management of risks in these areas. The realization of potential risks in these areas could cause significant financial losses and seriously damage Posti's reputation in the long term.

Outlook for 2021

The outlook remains unchanged. 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 fast pace of global economic recovery makes the macro-economic outlook difficult to predict, which continues to cause some uncertainty in Posti's 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.

Posti's financial reporting in 2022

Posti's financial reporting in 2022 is as follows:

February 17, 2022: Financial statements release for 2021

April 28, 2022: Interim report for January-March 2022

August 11, 2022: Half-year financial report 2022

October 27, 2022: Interim report for January-September 2022

Helsinki, October 26, 2021

Posti Group Corporation
Board of Directors

APPENDICES

Calculation of key figures

Interim report January-September 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.

Interim report tables January-September 2021

Consolidated Income statement and consolidated Statement of comprehensive income

Consolidated income statement

EUR million	7-9 2021	7-9 2020	1-9 2021	1-9 2020	1-12 2020
Net sales	388.5	381.2	1,189.1	1,157.7	1,613.6
Other operating income	3.4	6.1	11.5	15.0	19.2
Materials and services	-122.2	-119.4	-357.2	-344.7	-483.1
Employee benefits	-159.9	-157.2	-507.3	-499.4	-686.4
Other operating expenses	-65.2	-63.4	-200.6	-207.1	-285.7
Depreciation and amortisation	-31.0	-30.1	-93.2	-89.6	-120.1
Impairment losses	-0.2	-0.1	-0.7	-2.5	-2.5
Operating result	13.3	17.1	41.6	29.6	55.0
Finance income	0.4	0.4	1.8	2.4	3.3
Finance expenses	-1.8	-3.8	-5.8	-10.2	-12.8
Result before income tax	11.9	13.6	37.6	21.7	45.4
Income tax	-2.3	-1.3	-4.3	-10.1	-15.8
Result for the period	9.5	12.3	33.3	11.6	29.7
Earnings per share (EUR per share)	0.24	0.31	0.83	0.29	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	9.5	12.3	33.3	11.6	29.7
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Change in fair value of cash flow hedges	0.0	-0.1	0.2	0.0	0.2
Translation differences	1.2	-9.0	5.4	-16.7	-3.9
Income tax relating to these items	0.0	0.0	0.0	0.0	0.0
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations				0.0	0.1
Income tax relating to these items				0.0	0.0
Comprehensive income for the period	10.8	3.2	38.9	-5.1	26.0

Consolidated Balance Sheet

Assets

EUR million	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Non-current assets			
Goodwill	190.1	189.7	190.7
Other intangible assets	89.1	86.6	89.7
Investment property	3.5	3.6	3.5
Property, plant and equipment	279.3	273.7	273.6
Right-of-use assets	241.4	259.0	262.8
Investments in associated companies	1.6	2.0	1.9
Other non-current investments	1.0	1.0	1.0
Non-current receivables	0.2	0.3	0.2
Deferred tax assets	16.2	13.4	7.7
Total non-current assets	822.4	829.2	831.2
Current assets			
Inventories	4.5	5.0	4.6
Trade and other receivables	289.3	266.0	288.8
Current income tax receivables	1.6	4.9	0.6
Current financial assets	43.2	64.6	69.1
Cash and cash equivalents	83.9	106.5	91.0
Total current assets	422.4	447.1	454.1
Total assets	1,244.8	1,276.3	1,285.3

Equity and liabilities

EUR million	Sep 30, 2021	Sep 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	-88.8	-107.0	-94.2
Retained earnings	325.7	305.8	323.7
Total shareholders' equity	448.6	410.2	441.1
Non-current liabilities			
Deferred tax liabilities	18.5	20.9	20.0
Non-current interest-bearing borrowings	60.3	121.4	121.2
Non-current interest-bearing lease liabilities	196.8	212.0	214.9
Other non-current payables	8.0	7.3	9.7
Advances received	13.2	13.3	13.2
Non-current provisions	3.6	4.2	4.0
Defined benefit pension plan liabilities	6.6	7.3	7.2
Total non-current liabilities	307.1	386.4	390.3
Current liabilities			
Current interest-bearing borrowings	61.2	65.2	1.4
Current interest-bearing lease liabilities	50.0	49.6	51.3
Trade and other payables	282.1	271.0	312.8
Advances received	81.9	74.8	76.3
Current income tax liabilities	13.6	16.7	11.1
Current provisions	0.4	2.5	1.1
Total current liabilities	489.1	479.7	453.9
Total liabilities	796.2	866.1	844.2
Total equity and liabilities	1,244.8	1,276.3	1,285.3

Condensed consolidated Statement of Cash Flows

EUR million	1-9 2021	1-9 2020	1-12 2020
Result for the period	33.3	11.6	29.7
Adjustments to cash flow	99.5	97.4	139.9
Change in net working capital	-33.3	5.1	29.6
Cash flow before financial items and income tax	99.5	114.1	199.2
Financial items (net)	-4.3	-3.7	-5.8
Income tax paid	-12.9	-0.6	-1.6
Cash flow from operating activities	82.3	109.8	191.8
Purchase of intangible assets	-21.0	-21.9	-29.7
Purchase of property, plant and equipment	-34.3	-13.9	-27.2
Proceeds from sale of intangible and tangible assets	2.5	11.7	11.8
Business acquisitions, net of cash acquired	-0.5	-48.8	-48.8
Proceeds from business disposals less cash and cash equivalents	11.4	0.2	4.8
Cash flow from financial assets	25.9	37.1	32.5
Cash flow from other investments	-0.1	-0.1	0.2
Cash flow from investing activities	-16.1	-35.8	-56.5
Increases in current loans		60.0	60.0
Repayment of current loans	-0.2	-6.0	-69.9
Repayment of non-current loans	-0.9	-1.1	-1.3
Payments of lease liabilities	-41.2	-43.4	-57.3
Dividends paid	-31.3	-29.8	-29.8
Cash flow from financing activities	-73.6	-20.3	-98.3
Change in cash and cash equivalents	-7.5	53.7	37.0
Cash and cash equivalents at the beginning of the period	91.0	54.9	54.9
Effect of exchange rates changes	0.4	-2.1	-1.0
Cash and cash equivalents at the end of the period	83.9	106.5	91.0

Operative free cash flow, reconciliation

Cash flow from operating activities	82.3	109.8	191.8
Purchase of intangible assets and property, plant and equipment	-55.3	-35.8	-56.9
Payments of lease liabilities	-41.2	-43.4	-57.3
Operative free cash flow	-14.3	30.6	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					33.3	33.3
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			0.2			0.2
Translation differences				5.4		5.4
Comprehensive income for the period			0.2	5.4	33.3	38.9
Transactions with equity holders						
Dividends paid					-31.3	-31.3
Sep 30, 2021	70.0	142.7	-1.0	-88.8	325.7	448.6

Jan 1, 2020	70.0	142.7	-1.3	-90.3	323.8	444.9
Comprehensive income						
Result for the period					11.6	11.6
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			0.0			0.0
Translation differences				-16.7		-16.7
Comprehensive income for the period			0.0	-16.7	11.6	-5.1
Transactions with equity holders						
Dividends paid					-29.8	-29.8
Sep 30, 2020	70.0	142.7	-1.3	-107.0	305.8	410.2

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

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

	1-9 2021	1-9 2020	1-12 2020
Average rate			
RUB	88.6	79.9	82.6
SEK	10.2	10.6	10.5
NOK	10.2	10.7	10.7
	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Closing rate			
RUB	84.3	91.8	91.5
SEK	10.2	10.6	10.0
NOK	10.2	11.1	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.

7-9
2021

EUR million	Mail, Parcel and Logistics Services			Aditro Logistics	Segments total	Other and unallocated	Eliminations	Group total
	Logistics Services	Itella Russia	Aditro Logistics					
External sales	348.9	13.6	25.9	388.5	0.0			388.5
Inter-segment sales	0.4		0.0	0.4	0.5	-0.9		
Net sales	349.3	13.6	25.9	388.8	0.5	-0.9		388.5
EBITDA	38.3	2.5	3.8	44.6	-0.1			44.5
Special items included in EBITDA:								
Personnel restructuring costs	0.6			0.6	0.0			0.6
Disposals of subsidiaries, real estates and businesses, net gain (-) /loss (+)		0.0		0.0				0.0
Other					0.1			0.1
Special items included in EBITDA total	0.6	0.0		0.6	0.1			0.7
Adjusted EBITDA	38.9	2.5	3.8	45.2	0.1			45.2
Operating result	13.0	1.5	-0.5	13.9	-0.7			13.3
Special items included in operating result:								
Special items included in EBITDA	0.6	0.0		0.6	0.1			0.7
Impairment losses								
Special items total	0.6	0.0		0.6	0.1			0.7
Adjusted operating result	13.6	1.5	-0.5	14.5	-0.5			14.0
Financial income and expense								-1.4
Income tax								-2.3
Result for the period								9.5

7-9
2020
restated*

EUR million	Mail, Parcel and						Group total
	Logistics Services	Itella Russia	Aditro Logistics	Segments total	Other and unallocated	Eliminations	
External sales	344.5	13.5	23.1	381.2	0.0		381.2
Inter-segment sales	0.4		0.0	0.4	0.4	-0.8	
Net sales	344.9	13.5	23.2	381.6	0.4	-0.8	381.2
EBITDA	41.0	3.3	3.7	48.0	-0.8		47.3
Special items included in EBITDA:							
Personnel restructuring costs	1.3			1.3	1.4		2.7
Disposals of subsidiaries, real estates and businesses, net gain (-) /loss (+)	-1.3			-1.3			-1.3
Onerous contracts		-0.2		-0.2			-0.2
Changes in contingent purchase considerations					-0.9		-0.9
Other		-0.3		-0.3	0.0		-0.3
Special items included in EBITDA total	0.0	-0.5		-0.5	0.4		-0.1
Adjusted EBITDA	41.0	2.8	3.7	47.5	-0.4		47.1
Operating result	17.8	1.8	-0.2	19.4	-2.3		17.1
Special items included in operating result:							
Special items included in EBITDA	0.0	-0.5		-0.5	0.4		-0.1
Impairment losses							
Special items total	0.0	-0.5		-0.5	0.4		-0.1
Adjusted operating result	17.8	1.3	-0.2	18.9	-1.9		16.9
Financial income and expense							-3.5
Income tax							-1.3
Result for the period							12.3

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

1-9
2021

EUR million	Mail, Parcel and						Group total
	Logistics Services	Itella Russia	Aditro Logistics	Segments total	Other and unallocated	Eliminations	
External sales	1,073.3	38.4	77.4	1,189.1	0.0		1,189.1
Inter-segment sales	1.1		0.0	1.1	1.1	-2.2	
Net sales	1,074.3	38.4	77.5	1,190.2	1.1	-2.2	1,189.1
EBITDA	124.0	5.4	10.1	139.5	-4.0		135.5
Special items included in EBITDA:							
Personnel restructuring costs	2.0			2.0	-0.1		1.9
Disposals of subsidiaries, real estates and businesses, net gain (-) /loss (+)		0.5		0.5	-0.8		-0.3
Other	-0.1			-0.1	0.6		0.4
Special items included in EBITDA total	1.8	0.5		2.4	-0.3		2.0
Adjusted EBITDA	125.8	5.9	10.1	141.9	-4.3		137.6
Operating result	49.1	2.1	-2.7	48.4	-6.8		41.6
Special items included in operating result:							
Special items included in EBITDA	1.8	0.5		2.4	-0.3		2.0
Impairment losses							
Special items total	1.8	0.5		2.4	-0.3		2.0
Adjusted operating result	50.9	2.6	-2.7	50.8	-7.1		43.7
Financial income and expense							-4.0
Income tax							-4.3
Result for the period							33.3

1-9
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	1,067.8	44.2	45.7	1,157.6	0.1		1,157.7	
Inter-segment sales	0.8		0.0	0.8	1.3	-2.1		
Net sales	1,068.6	44.2	45.7	1,158.4	1.4	-2.1	1,157.7	
EBITDA	107.2	12.9	6.5	126.6	-5.0		121.6	
Special items included in EBITDA:								
Personnel restructuring costs	2.2			2.2	1.5		3.6	
Disposals of subsidiaries, real estates and businesses, net gain (-) /loss (+)	-1.4			-1.4			-1.4	
Onerous contracts		-2.4		-2.4			-2.4	
Changes in contingent purchase considerations					-0.9		-0.9	
Other		-1.1		-1.1	2.9		1.8	
Special items included in EBITDA total	0.8	-3.4		-2.6	3.4		0.8	
Adjusted EBITDA	108.0	9.5	6.5	124.0	-1.6		122.4	
Operating result	35.7	7.0	-1.4	41.3	-11.7		29.6	
Special items included in operating result:								
Special items included in EBITDA	0.8	-3.4		-2.6	3.4		0.8	
Impairment losses					2.2		2.2	
Special items total	0.8	-3.4		-2.6	5.6		3.0	
Adjusted operating result	36.5	3.6	-1.4	38.7	-6.1		32.6	
Financial income and expense							-7.9	
Income tax							-10.1	
Result for the period							11.6	

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

	7-9 2021	7-9 2020 restated*	1-9 2021	1-9 2020 restated*	1-12 2020 restated*
EUR million					
Postal Services	135.3	143.4	435.5	466.2	647.1
Parcel and eCommerce	117.2	112.2	356.8	338.1	477.6
Transval	55.5	50.2	160.8	148.0	201.7
Freight Services	47.9	43.3	139.9	127.8	172.6
Other and eliminations**	-6.6	-4.1	-18.6	-11.6	-17.4
Total	349.3	344.9	1,074.3	1,068.6	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

Sep 30, 2021

	Mail, Parcel and Logistics Services				Itella Russia	Aditro Logistics*	Segments total	Other and unallocated	Elimi- nations	Group total
EUR million										
Assets	796.8	64.9	167.5	1,029.2	216.2	-0.6				1,244.8
Liabilities	354.0	7.1	20.3	381.4	415.4	-0.6				796.2
Capital expenditure	36.2	0.4	5.8	42.4	38.9					81.4
Depreciation and amortization	74.2	3.3	12.8	90.4	2.8					93.2
Impairment losses	0.7			0.7	0.0					0.7
Personnel, end of period	18,385	813	1,557	20,755	573					21,328
Personnel on average, FTE	13,483	838	990	15,311	571					15,882

Sep 30, 2020

restated**

	Mail, Parcel and Logistics Services				Itella Russia	Aditro Logistics*	Segments total	Other and unallocated	Elimi- nations	Group total
EUR million										
Assets	807.3	70.5	162.2	1,040.0	236.8	-0.5				1,276.3
Liabilities	342.2	6.4	14.0	362.5	504.1	-0.5				866.1
Capital expenditure	35.7	0.4	1.6	37.7	73.9					111.7
Depreciation and amortization	71.4	5.8	7.9	85.1	4.5					89.6
Impairment losses	0.1	0.1		0.2	2.2					2.5
Personnel, end of period	17,742	950	1,319	20,011	575					20,586
Personnel on average, FTE	14,094	1,055	547	15,695	571					16,266

Dec 31, 2020

restated**

	Mail, Parcel and Logistics Services				Itella Russia	Aditro Logistics*	Segments total	Other and unallocated	Elimi- nations	Group total
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	7-9	7-9	1-9	1-9	1-12
	2021	2020	2021	2020	2020
Finland	306.1	307.5	943.6	952.8	1,288.8
Other Nordic countries	42.0	38.0	124.4	95.6	164.9
Russia	16.0	15.2	40.5	46.9	57.9
Other countries	24.4	20.5	80.6	62.4	102.0
Total	388.5	381.2	1,189.1	1,157.7	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		Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Carrying amount	Jan 1	273.6	314.0	314.0
Acquired businesses		0.0	5.9	6.2
Additions		37.1	12.0	27.5
Business divestments		-5.8	0.0	-4.1
Disposals and transfers between items		-1.5	-9.5	-11.9
Depreciation		-28.8	-28.9	-38.4
Impairment		-0.1	-0.2	-0.3
Translation differences		4.7	-19.6	-19.4
Carrying amount, end of the period		279.3	273.7	273.6

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

EUR million		Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Carrying amount	Jan 1	262.8	190.5	190.5
Acquired businesses		0.0	92.4	97.4
Additions		23.3	20.2	36.7
Business divestments		0.0	-0.1	-1.8
Disposals and transfers between items		-0.1	-0.3	-1.5
Depreciation		-43.5	-43.1	-58.1
Translation differences		-1.1	-0.6	-0.4
Carrying amount, end of the period		241.4	259.0	262.8

Specification of right-of-use assets:

EUR million		Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Land		0.0	0.2	0.1
Buildings		208.6	232.2	229.6
Vehicles		24.2	18.5	24.5
Machinery and other		8.6	8.0	8.6
Carrying amount, end of the period		241.4	259.0	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		Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Carrying amount	Jan 1	280.4	210.4	210.4
Acquired businesses		0.0	63.6	66.5
Additions		21.0	21.9	29.7
Business divestments		0.0	-0.7	-2.4
Disposals and transfers between items		0.2	0.3	1.7
Amortization		-21.0	-16.6	-23.4
Impairment		-0.6	-2.2	-2.2
Translation differences		-0.7	-0.5	0.0
Carrying amount, end of the period		279.2	276.3	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		-1.1	-41.2	-42.4	-33.5	0.0	-8.9
Business acquisitions		0.0	0.0	0.0	0.0	0.0	0.0
Effect of exchange rates changes		0.0	1.0	1.0	0.4	0.0	0.6
Other non-cash items		0.1	20.8	20.9	0.0	0.0	20.9
Carrying amount	Sep 30, 2021	121.5	246.8	368.3	127.0	0.0	241.3
Fair value	Sep 30, 2021	121.7	246.8	368.5			

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		52.7	-43.4	9.3	31.5	-15.0	-7.3
Business acquisitions		4.9	93.4	98.3	0.0	0.0	98.3
Effect of exchange rates changes		0.0	0.5	0.5	-2.1	0.0	2.6
Other non-cash items		0.4	18.7	19.1	0.0	0.0	19.1
Carrying amount	Sep 30, 2020	186.6	261.6	448.2	171.1	0.0	277.1
Fair value	Sep 30, 2020	186.8	261.6	448.5			

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	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Cash and cash equivalents	83.9	106.5	91.0
Money market investments and investments in bonds	43.2	64.6	69.1
Liquid funds	127.0	171.1	160.1

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

EUR million	Total	Level 1	Level 2	Level 3
Sep 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	
Sep 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	0.0		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	1.6		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 26.2 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	Sep 30, 2021	Sep 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	2.1	0.9	0.9
Total	14.6	13.6	13.7

Lease commitments not recognized in balance sheet

EUR million	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Maturity of minimum lease payments:			
Less than a year	10.9	10.2	9.6
1-5 years	1.4	0.5	1.2
Total	12.3	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	Sep 30, 2021	Sep 30, 2020	Dec 31, 2020
Currency derivatives			
Non-hedge accounting			
Fair value	-0.1	0.0	-0.5
Nominal value	19.1	16.1	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.