



POSTI GROUP CORPORATION FINANCIAL STATEMENTS BULLETIN, FEBRUARY 17, 2023, AT 9:00 A.M. (EET)

Posti Group Corporation Financial Statements Bulletin January-December 2022



Posti Group 2022: Sales and profitability grew. Successful peak season execution resulted in strong Q4 profitability.

Posti Group Corporation Financial Statements Bulletin January–December 2022

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

October-December

Financial highlights

- Net sales grew by 2.1% to EUR 453.6 (444.2) million.
- Adjusted EBITDA increased to EUR 63.5 (50.3) million, or 14.0% (11.3%) of net sales.
- EBITDA increased to EUR 61.2 (50.1) million, or 13.5% (11.3%) of net sales.
- Adjusted operating result increased to EUR 30.9 (18.7) million, representing 6.8% (4.2%) of net sales.
- Operating result increased to EUR 26.3 (14.8) million, representing 5.8% (3.3%) of net sales.

January–December

Financial highlights

- Net sales grew by 3.6% to EUR 1,651.6 (1,595.0) million.
- Adjusted EBITDA increased to EUR 183.8 (181.6) million, or 11.1% (11.4%) of net sales.
- EBITDA decreased to EUR 178.2 (180.5) million, or 10.8% (11.3%) of net sales.
- Adjusted operating result decreased to EUR 58.9 (59.8) million, representing 3.6% (3.7%) of net sales.
- Operating result decreased to EUR 51.0 (55.0) million, representing 3.1% (3.4%) of net sales.
- Net debt to adjusted EBITDA was 1.1x (0.8x).

Operational highlights in Q4

- Group profitability grew significantly in Q4 despite the challenging operating environment.
- Profitability improvement was driven by optimization in operations, route planning and resourcing in eCommerce and Delivery Services. Also, increased net sales across all reporting segments impacted Group profitability positively.
- Posti delivered nearly 14 million Christmas cards and 7 million parcels during the peak season, from Black Week until Christmas.
- eCommerce and Delivery Services profitability and net sales increased, albeit total parcel volumes decreased by 4% (increased by 2%) in Finland and the Baltic countries.
- The addressed letters volume in general continued to decrease by 8% (5%).
 - The share of mail items covered by the universal service obligation accounted for 5.3% (5.3%) of all Posti's mail items delivered.

Outlook for 2023

In 2023, Posti is expecting its net sales to increase from the previous year. The Group's adjusted EBITDA in 2023 is expected to decrease from the previous year. In 2022, Posti's net sales from continuing operations were EUR 1,651.6 million and adjusted EBITDA was EUR 183.8 million.

The continuing inflation and the increase in interest rates may impact consumer demand. The changes in consumer behavior affect Posti's business and could impact our actual results.

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

Key figures of Posti Group

	10–12 2022	10–12 2021	1–12 2022	1–12 2021
Net sales*, EUR million	453.6	444.2	1,651.6	1,595.0
Adjusted EBITDA*, EUR million	63.5	50.3	183.8	181.6
<i>Adjusted EBITDA margin*, %</i>	<i>14.0%</i>	<i>11.3%</i>	<i>11.1%</i>	<i>11.4%</i>
EBITDA*, EUR million	61.2	50.1	178.2	180.5
<i>EBITDA margin*, %</i>	<i>13.5%</i>	<i>11.3%</i>	<i>10.8%</i>	<i>11.3%</i>
Adjusted operating result*, EUR million	30.9	18.7	58.9	59.8
<i>Adjusted operating result margin*, %</i>	<i>6.8%</i>	<i>4.2%</i>	<i>3.6%</i>	<i>3.7%</i>
Operating result*, EUR million	26.3	14.8	51.0	55.0
<i>Operating result margin*, %</i>	<i>5.8%</i>	<i>3.3%</i>	<i>3.1%</i>	<i>3.4%</i>
Result for the period*, EUR million	17.6	10.2	31.7	38.7
Return on capital employed (12 months)*, %			7.8%	8.4%
Net debt, EUR million			208.5	145.0
Net debt / adjusted EBITDA*			1,1x	0,8x
Operative free cash flow, EUR million			28.5	23.1
Personnel, end of period*			19,996	21,128
Personnel on average*, FTE	15,023	15,316	14,985	15,042
Earnings per share, continuing operations*, EUR	0.44	0.26	0.79	0.97
Earnings per share, basic, EUR	0.44	-1.23	0.79	-0.40
Dividend per share, EUR**			0.79	0.80
Dividend, EUR million**			31.7	32.0

* *Continuing operations – as a result of divestment, the 2021 results of Itella Russia are presented as discontinued operations.*

** *Board of Directors' proposal to the Annual General Meeting.*

Changes in reporting

On January 1, 2022, Posti changed its segment reporting to align with the company strategy, organizational structure, and to improve visibility on performance and results. Posti now has three reportable segments: eCommerce and Delivery Services, Fulfillment and Logistics Services, and Postal Services. Comparison period 2021 has been restated accordingly.

Turkka Kuusisto, President and CEO

The year 2022 was one of many uncertainties regarding geopolitics and economy. The challenging operating environment continued, but we stayed on the course and executed our strategy successfully. I am pleased that the whole Posti team navigated well and delivered a strong full year performance. I also want to thank our customers for their trust in us.

Our net sales grew by 3.6% to EUR 1,651.6 (1,595.0) million in 2022, and by 2.1% to EUR 453.6 (444.2) million in the fourth quarter. The net sales developed positively throughout the year, which resulted mainly from successful acquisitions, price increases and higher volumes in warehousing storage in Fulfillment and Logistics Services.

Group adjusted EBITDA increased to EUR 183.8 (181.6) million in 2022. During the peak season we delivered nearly 7 million parcels and close to 14 million Christmas cards were sent. As a result of the successful end of the year, the adjusted EBITDA grew by 26.2% to EUR 63.5 (50.3) million in the fourth quarter. Profitability improved in all segments.

Looking at the full year more closely, eCommerce and Delivery Services net sales increased. We succeeded in operational efficiency by optimizing route planning and resourcing towards the end of the year, which improved segment and Group profitability. Also, Fulfillment and Logistics Services net sales and profitability increased, driven by the acquired Veddestagruppen. Postal Services net sales improved slightly but high energy prices and operational inefficiency in early part of the year weakened the segment's full year profitability. The addressed mail volume continued to decrease.

The rising inflation and high energy prices increased costs in 2022 and lowered consumers' confidence in the economy, which reduced purchasing power. We expect that the uncertainties in our operating environment will continue in 2023. But we also expect e-commerce to grow as consumers' buying habits continue to change and online delivery services are improving and gaining more adoption. The implementation of our strategy is progressing well, and our direction is clear.

We achieved many milestones in our sustainability work during 2022. Just to highlight a few; we announced a new green vehicle roadmap, that includes a plan for even thousands of new electric, biogas, and hydrogen vehicles to gradually replace the current fleet by 2030. The Science Based Targets initiative (SBTi) approved Posti's science-based net-zero target as the first logistics company globally, and Finnish consumers selected Posti as the most sustainable parcel and logistics brand in the Sustainable Brand Index, for the first time. These are important and concrete steps towards our goal to transport fossil free by 2030. In my opinion, sustainability is a choice and big companies like Posti need to have a decisive role to make logistics greener.

I want to thank every Posti employee for their quick adaptation for changing market environment which led to an excellent operational performance in 2022. We are in a good position to continue from here towards our vision to become a modern delivery and fulfillment company.

APPENDICES

Posti Group's Financial Statements Bulletin January-December 2022 in full (PDF)

FURTHER INFORMATION

Turkka Kuusisto, President and CEO

Timo Karppinen, CFO

Tel. +358 20 452 3366 (MediaDesk)

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Posti is one of the leading delivery and fulfillment companies in Finland, Sweden and the Baltics. Our core business includes parcels, freight, postal services, and logistics solutions. Our goal is to have fossil-free transport by 2030. We have operations in seven countries. Our net sales in 2022 amounted to EUR 1,651.6 million and we have approximately 20,000 employees. www.posti.com

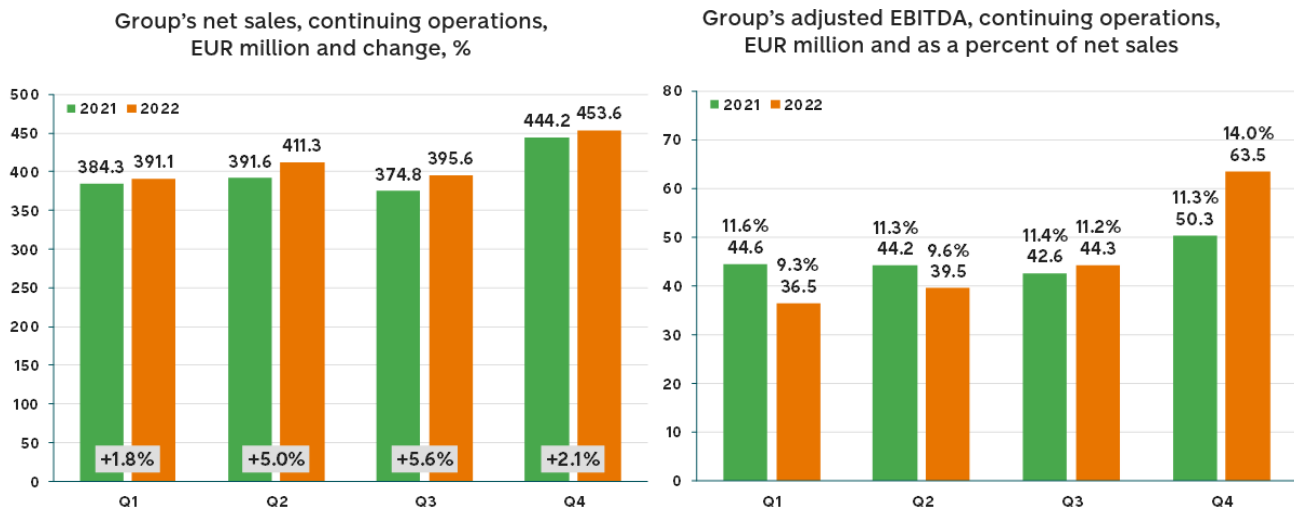
Market situation and business environment

The war started by Russia against Ukraine is negatively impacting the economic growth and affecting Finland's economy through both demand and supply. The uncertainty caused by the war is weakening domestic demand in Posti's home markets, and it has also reduced and slowed down the growth of export markets. The general economic situation has weakened throughout the year as growth has slowed down due to increased uncertainty, energy crisis, accelerated inflation and rising market interest rates. It is difficult to fully estimate all the economic consequences of the war, but due to continuing energy crisis and rapidly increasing living costs, the economy is heading towards a mild recession.

While improved employment and wages have led to an increase in household income, the rapid inflation has eaten up the growth of purchasing power. Amid uncertainty, consumer confidence has fallen to a record-low level. Consumer confidence has been reflected clearly in consumption, and the retail industry's sales volume has decreased throughout the year, which also weakened the circulation of goods in Posti warehouses and affected Posti's parcel volumes negatively. In an uncertain situation and with rising costs, the rapid growth of parcel volumes accelerated by the coronavirus have leveled off, but according to forecasts, e-commerce is expected to grow in the future as consumer buying habits change and online delivery services improve and gain widespread adoption.

Logistics is a supporting industry for trade and industry sectors, so the current economic situation and the development of these industries have a direct impact on Posti's business operations and performance. The Bank of Finland forecasts that Finland's GDP will have grown by 1.9 percent in 2022, but the growth rate is expected to be negative 0,5% in 2023 and gain speed again in 2024 by growing 1.1% and 1.5% in 2025. Riksbank forecasts that Sweden's GDP will have grown by 2.7% in 2022, and the growth in 2023 is expected to be negative 1.2%.

Net sales and profitability



October-December 2022

Net sales

The Group's net sales grew by 2.1% to EUR 453.6 (444.2) million. Net sales grew by 1.9% in Finland and by 3.7% in other countries. The share of Posti's business operations outside Finland increased and accounted for 10.8% (10.6%) of net sales. The growth in other countries came mainly from the acquisition of Veddestagruppen in Sweden.

The eCommerce and Delivery Services segment's net sales increased by 0.3% to EUR 185.2 (184.8) million.

Net sales in the Fulfillment and Logistics Services segment increased by 3.8% to EUR 95.2 (91.7) million. The increase came mainly from Veddestagruppen, which has been included in the segment since February.

The combined external net sales of eCommerce and Delivery Services, and Fulfillment and Logistics Services represented 60.5% (60.8%) of the Group's net sales.

Net sales in the Postal Services segment increased by 2.6% to EUR 179.9 (175.4) million.

Operations under the universal service obligation decreased and amounted to EUR 42.2 (44.2) million, or 9.3% (9.9%) of the Group's net sales, representing 5.3% (5.3%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 63.5 (50.3) million, or 14.0% (11.3%) of net sales mainly due to the increased profitability of eCommerce and Delivery Services. EBITDA increased to EUR 61.2 (50.1) million, or 13.5% (11.3%) of net sales. The adjusted operating result increased to EUR 30.9 (18.7) million, or 6.8% (4.2%) of net sales. The operating result increased to EUR 26.3 (14.8) million, or 5.8% (3.3%) of net sales.

Special items affecting the operating result in the fourth quarter amounted to EUR -4.5 (-3.9) million.

January–December 2022

Net sales

The Group's net sales grew by 3.6% to EUR 1,651.6 (1,595.0) million. Net sales increased by 2.1% in Finland and 16.7% in other countries. The share of Posti's business operations outside Finland increased and accounted for 11.4% (10.1%) of net sales. The growth in other countries was mainly due to the acquisition of Veddestagruppen in Sweden.

The eCommerce and Delivery Services segment's net sales increased by 1.8% to EUR 693.3 (681.1) million.

Net sales in the Fulfillment and Logistics Services segment increased by 10.9% to EUR 366.1 (330.0) million, mainly due to the acquisition of Veddestagruppen, which has been included in the segment since February.

The combined external net sales of eCommerce and Delivery Services, and Fulfillment and Logistics Services represented 62.8% (62.0%) of the Group's net sales.

Net sales in the Postal Services segment increased by 1.1% to EUR 617.7 (610.9) million. The acquisition of Mediatalo Keskisuomalainen Oyj's early-morning delivery operations had a positive impact on Postal Services net sales.

Operations under the universal service obligation decreased and amounted to EUR 100.2 (108.9) million, or 6.1% (6.8%) of the Group's net sales and 3.1% (3.3%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 183.8 (181.6) million, or 11.1% (11.4%) of net sales mainly due to the increased net sales in eCommerce and Delivery Services and Fulfillment and Logistics Services. However, inefficiency in Postal Services operations early part of the year impacted the group profitability negatively. EBITDA decreased to EUR 178.2 (180.5) million, or 10.8% (11.3%) of net sales. The adjusted operating result decreased to EUR 58.9 (59.8) million, or 3.6% (3.7%) of net sales. The operating result decreased to EUR 51.0 (55.0) million, or 3.1% (3.4%) of net sales.

Special items affecting the operating result amounted to EUR -7.9 (-4.8) million.

Special items affecting the operating result

EUR million	1-12 2022	1-12 2021
Personnel restructuring costs	3.0	1.5
Impairments	2.2	3.7
Other special items	2.6	-0.4
Total	7.9	4.8

eCommerce and Delivery Services

Key figures, eCommerce, and Delivery Services

	10-12 2022	10-12 2021	1-12 2022	1-12 2021
Net sales, EUR million	185.2	184.8	693.3	681.1
<i>Net sales change-%</i>	<i>0.3%</i>	<i>0.3%</i>	<i>1.8%</i>	<i>4.8%</i>
Adjusted EBITDA, EUR million	22.3	17.7	75.1	62.0
<i>Adjusted EBITDA margin, %</i>	<i>12.0%</i>	<i>9.6%</i>	<i>10.8%</i>	<i>9.1%</i>
EBITDA, EUR million	22.4	17.8	74.3	62.0
<i>EBITDA margin, %</i>	<i>12.1%</i>	<i>9.6%</i>	<i>10.7%</i>	<i>9.1%</i>

October–December 2022

The parcel and freight volumes developed as follows:

- The total number of parcels delivered by Posti in Finland and the Baltic countries decreased by 4% to 20 (21) million. The figure does not include letter-like eCommerce items.
- Transportation volumes measured in waybills decreased by 9%.

Net sales

The net sales of eCommerce and Delivery Services increased by 0.3% to EUR 185.2 (184.8) million. In the segment, the increased net sales were mainly driven by increased prices. In the logistics field in general, the fuel surcharge increased the prices.

The total parcel volume decreased by 4%. The difficult market environment and consumers' low confidence in the economy were reflected in the declining parcel volumes. High inflation and interest rates decreased overall consumer spending.

Profitability

The adjusted EBITDA of eCommerce and Delivery Services increased to EUR 22.3 (17.7) million, or 12.0% (9.6%) of net sales. The growth was driven by the improved efficiency in operations as well as optimized route planning and resourcing. Also improved cost efficiency in transportation impacted profitability positively. However, high inflation rate increased operational costs. EBITDA increased to EUR 22.4 (17.8) million.

January–December 2022

The parcel and freight volumes developed as follows:

- The total number of parcels delivered by Posti in Finland and the Baltic countries decreased by 4% to 68 (71) million. The figure does not include letter-like eCommerce items.
- Transportation volumes measured in waybills decreased by 7%.

Net sales

The net sales of eCommerce and Delivery Services increased by 1.8% to EUR 693.3 (681.1) million. In the segment, the increased net sales were mainly driven by increased prices. In the logistics field in general, the fuel surcharge increased the prices.

The total parcel volume decreased by 4%. The overall economic development has slowed down and consumer confidence in the economy has weakened. The continuing war in Ukraine has led to an energy crisis as well as rising inflation and interest rates. During the early part of the year, the lift of the COVID-19 restrictions affected parcel volumes negatively as consumers spent money on services instead of goods.

Profitability

The adjusted EBITDA of eCommerce and Delivery Services increased to EUR 75.1 (62.0) million, or 10.8% (9.1%) of net sales. The growth was driven by the increased net sales and cost efficiency starting from the early part of the year. Improved efficiency in transportation operations also impacted profitability positively. Improved efficiency in operations and optimized route planning and resourcing towards the end of the year had a positive impact on full year profitability. EBITDA increased to EUR 74.3 (62.0) million.

Fulfillment and Logistics Services

Key figures, Fulfillment and Logistics Services

	10-12 2022	10-12 2021	1-12 2022	1-12 2021
Net sales, EUR million	95.2	91.7	366.1	330.0
Transval	60.7	59.0	232.0	219.8
Aditro Logistics	34.5	32.7	134.1	110.2
<i>Net sales change-%</i>	<i>3.8%**</i>	<i>10.9%</i>	<i>10.9%**</i>	<i>N/A*</i>
Adjusted EBITDA, EUR million	7.6	6.8	34.8	32.6
<i>Adjusted EBITDA margin, %</i>	<i>8.0%</i>	<i>7.4%</i>	<i>9.5%</i>	<i>9.9%</i>
EBITDA, EUR million	6.0	6.3	32.9	32.1
<i>EBITDA margin, %</i>	<i>6.3%</i>	<i>6.9%</i>	<i>9.0%</i>	<i>9.7%</i>

* Aditro Logistics has been part of the segment since April 2020.

** Veddestagruppen has been part of the segment since February 2022.

October–December 2022

Net sales

Fulfillment and Logistics Services' net sales increased by 3.8% and were EUR 95.2 (91.7) million. The growth of **Transval's** net sales was mainly due to the increased net sales of in-house logistics and increased volumes in contract logistics. **Aditro Logistics'** net sales growth was mostly driven by the acquisition of Veddestagruppen in Sweden. Also, warehousing storage volumes continued to increase, which improved net sales.

Profitability

The adjusted EBITDA of Fulfillment and Logistics Services increased to EUR 7.6 (6.8) million, or 8.0% (7.4%) of net sales driven by the increased net sales and improved operational efficiency. Higher fixed costs impacted profitability negatively. EBITDA decreased to EUR 6.0 (6.3) million.

January–December 2022

On January 31 Posti completed the acquisition of the Swedish logistics company Veddestagruppen AB by acquiring the company's entire share capital. Veddestagruppen was integrated and merged with Posti Group's Swedish subsidiary Aditro Logistics.

Net sales

Fulfillment and Logistics Services' net sales increased by 10.9% and were EUR 366.1 (330.0) million. The growth of **Transval's** net sales was mainly due to the increased volumes and prices of in-house logistics and contract logistics. **Aditro Logistics'** net sales growth was mainly due to the acquisition of Veddestagruppen in Sweden in January and increased warehouse volumes.

Profitability

The adjusted EBITDA of Fulfillment and Logistics Services increased to EUR 34.8 (32.6) million, or 9.5% (9.9%) of net sales. The improvement was mainly due to the acquisition of Veddestagruppen. EBITDA increased to EUR 32.9 (32.1) million.

Postal Services

Key figures, Postal Services

	10-12 2022	10-12 2021	1-12 2022	1-12 2021
Net sales, EUR million	179.9	175.4	617.7	610.9
<i>Net sales change-%</i>	2.6%	-3.1%	1.1%	-5.6%
Adjusted EBITDA, EUR million	34.4	32.6	84.2	99.1
<i>Adjusted EBITDA margin, %</i>	19.1%	18.6%	13.6%	16.2%
EBITDA, EUR million	33.6	32.3	81.5	96.8
<i>EBITDA margin, %</i>	18.7%	18.4%	13.2%	15.8%

October–December 2022

The addressed letters volume decreased by 8% (5%).

Net sales

The net sales of Postal Services increased by 2.6% to EUR 179.9 (175.4) million mainly due to price increases and the acquisition of Mediatalo Keski-suomalainen Oyj's early-morning delivery operations.

Profitability

The adjusted EBITDA of Postal Services increased to EUR 34.4 (32.6) million, or 19.1% (18.6%) of net sales. Profitability improved mainly because of the increased net sales and price increases. However, profitability was affected by the higher operational costs due to operational inefficiency and the increase in energy prices. EBITDA increased to EUR 33.6 (32.3) million.

January–December 2022

The decline of postal volumes continued. The number of addressed letters decreased by 4% (8%).

Net sales

The net sales of Postal Services increased by 1.1% to EUR 617.7 (610.9) million. The acquisition of Mediatalo Keski-suomalainen Oyj's early-morning delivery operations and the increase in prices impacted net sales positively.

Profitability

The adjusted EBITDA of Postal Services decreased to EUR 84.2 (99.1) million, or 13.6% (16.2%) of net sales. Profitability was affected by the higher operational costs due to the increase in energy prices and operational inefficiency. The exceptional winter conditions and the absences of employees due to the COVID-19 virus required overtime hours and temporary workforce, which impacted profitability in the early part of the year. EBITDA decreased to EUR 81.5 (96.8) million.

Cash flow, financial position, and major investments

In January-December, the consolidated cash flow from operating activities was EUR 150.8 (160.9) million, the cash flow from investing activities was EUR -72.5 (-6.6) million of which EUR -44.3 (-0.5) million for business acquisitions, and the cash flow from financing activities was EUR -92.1 (-148.1) million.

At the end of December, liquid assets amounted to EUR 114.9 (151.1) million and undrawn committed credit facilities totaled EUR 150.0 (150.0) million. The Group's interest-bearing borrowings were EUR 323.4 (306.1) million. Net debt totaled EUR 208.5 (145.0) million. Equity ratio was 41.5% (42.2%).

Posti has invested in expanding its warehouse capacity with a new Transval warehouse in Sipoo, which opened in April 2022, in green fleet such as new electric trucks, and in the development of digital services to improve the customer experience. Posti will continue to invest in digital and eCommerce services and improve the competitiveness of its core business to respond to the changing market and to support Posti's transformation.

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

There were no changes in the leadership team during the reporting period.

General Meetings

Posti Group Corporation's Annual General Meeting was held in Helsinki on March 28, 2022. In line with the Board of Directors' proposal, the Annual General Meeting decided to distribute a dividend of EUR 32.0 million based on the result in 2021. The dividend was paid in two parts during the year 2022.

The meeting adopted the 2021 financial statements and discharged the members of the Supervisory Board, Board of Directors and President and CEO from liability.

As per Annual General Meeting decision, Sanna Suvanto-Harsaae continued as the Chair of the Board of Directors and Per Sjödel as the Deputy Chair. The following persons continued as members of the Board of Directors: Raija-Leena Hankonen, Harri Hietala, Frank Marthaler, Satu Ollikainen (employee representative), Minna Pajumaa, Hanna Vuorela, Kari-Pekka Laaksonen. The following person was elected as new member of the Board of Directors: Jukka Leinonen, EVP and Head of Nordics, Telenor ASA. Sirpa Huuskonen left her position in the Board of Directors.

Annual General Meeting elected Kimmo Kiljunen (Social Democratic Party) as the new Chair of the Supervisory Board. The previous Chair, Aki Lindén left his position at the Supervisory Board. Heli Järvinen (the Greens in Finland) continued as the Deputy Chair of the Supervisory Board.

As per Annual General Meeting decision, the following persons continued as members of the Supervisory Board: Sari Essayah (MP, Christian Democrats), Eeva Kalli (MP, Centre Party), Mia Laiho (MP, National Coalition Party), Rami Lehto (MP, Finns Party), Pia Lohikoski (MP, Left Alliance), Mari Rantanen (MP, Finns Party), Veronica Rehn-Kivi (MP, Swedish People's Party), Ari Tornainen (MP, Centre Party), Paula Werning (MP, Social Democratic Party). The following person was elected as a new member of the Supervisory Board: Seppo Eskelinen (MP, Social Democratic Party).

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

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

The Extraordinary General Meeting of Posti Group was held on November 21, 2022, in Helsinki.

The General Meeting elected Aki Lindén as the Chair and member of the Supervisory Board by the General Meeting. Furthermore, the General Meeting accepted the resignation of MP Kimmo Kiljunen from the Chair of the Supervisory Board and the resignation of the MP Seppo Eskelinen from the Supervisory Board.

On December 31, 2022, the Supervisory Board comprises the following members: Aki Lindén (Chair), Heli Järvinen (Deputy Chair) and Sari Essayah, Eeva Kalli, Kimmo Kiljunen, Mia Laiho, Rami Lehto, Pia Lohikoski, Mari Rantanen, Veronica Rehn-Kivi, Ari Tornainen and Paula Werning.

Employees

The Group's personnel

	10–12 2022	10–12 2021	1–12 2022	1–12 2021
Personnel at period-end*			19,996	21,128
<i>Finland*</i>			17,642	18,571
<i>Other countries of operation*</i>			2,354	2,557
Personnel on average, FTE */**	15,023	15,316	14,985	15,042

*Continuing operations

**Full-time equivalent personnel on average

In January-December, the Group's personnel expenses amounted to EUR 700.8 (682.0) million, growing by 2.8% from the previous year. The personnel expenses included EUR 3.0 (1.5) million of restructuring costs.

Acquisitions and divestments

On January 1, Transval closed the sale of Humanlink Estonia store services business and Humanlink Baltic Latvia SIA shares to the operative management of the company.

On January 17, Posti announced that it had signed an agreement with the owners of the Swedish logistics company Veddestagruppen, under which Posti Group acquired the entire share capital of Veddestagruppen AB. The acquisition was completed on January 31. Veddestagruppen is integrated and merged with Posti Group's Swedish subsidiary Aditro Logistics.

On March 31, Posti signed an agreement on the acquisition of the early-morning delivery operations of Mediatalo Keskiuomalainen Oyj's subsidiaries Jakelusepät Oy and Ilves Jakelu Oy in the areas of Pohjois-Savo, Päijät-Häme and Kanta-Häme. The transaction was aimed at strengthening the future of the delivery market and ensuring quality service for customers in early-morning delivery. The acquisition was completed on April 29, 2022.

On September 1, Posti announced that it has acquired the entire share capital of the Finnish e-commerce logistics company WebLog Finland Oy. The acquisition supports Posti's strategic goals and strengthens growth opportunities especially in small and midsize e-commerce segment.

On December 22, Transval closed the sale of its subsidiary KV Turva Oy's entire share capital to KST Vartiointi Oy.

Changes in the corporate structure

On January 13, Posti announced that it plans to merge its business groups Parcel & eCommerce and Freight Services into a new business group named eCommerce and Delivery Services. The change that came to force on April 1 enhances cross-business co-operation in line with Posti's strategy execution.

Posti Group has reformed its legal corporate structure, which came into effect on January 1, 2023. In the new structure parcel, eCommerce and logistics services were centralized under the same company in Finland, named Posti Ltd. Letter, publication, and direct marketing business continued under the current company, with the new name Posti Distribution Ltd. Posti Group subsidiary Posti Kiinteistöt Ltd. was renamed as Posti Group Suomi Ltd. Other subsidiaries of Posti, and their names remained unchanged.

Legal proceedings

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

Business risks

The war initiated by Russia and the energy crisis have increased the complexity of the operating environment in a situation where there are already two exceptionally challenging years behind due to coronavirus pandemic. As a result of sanctions and countersanctions, the availability of many raw materials and industrial production supplies is poor, which exacerbates the bottlenecks in global production chains that have already arisen during the pandemic. There is a high degree of uncertainty about future developments. The consumer confidence as well as funds for consumption held by the consumers have decreased and there is a risk that they will have a negative impact on the consumer spending. The war, along with the weakened economic situation and its knock-on effects, including decreasing consumer purchasing power, have affected, and may affect in the future, Posti's operations in terms of rising costs as well as weakened demand.

Posti continues its transformation towards a modern delivery and fulfillment company and continuously adjusts its operating model in the declining postal business. Posti's success in the declining postal delivery market depends on implementing efficient operating and delivery models to decrease costs in line with the declining volumes. Flexible postal regulation is a key enabler in ensuring that universal postal service can be maintained in an economically sustainable way in the coming years and in adapting to the digital media environment.

The competition in the last mile and e-fulfillment is continuously increasing as new disruptive business models and new competition is emerging. Posti must be able to support its customers' ecommerce and omnichannel strategies and at the same time continuously improve and strengthen the customer and employee experience, digital capabilities, service offering, network and brand image among customers and consumers. Posti is continuously

monitoring and reviewing the execution of its delivery and fulfillment strategy and related strategic risks through different development programs.

Key operational risks related to the continuity of business-critical operations remain under continuous scrutiny. Posti is actively working on addressing cyber risks and continuously increasing its maturity to protect its digital and physical infrastructure and capability to identify and respond to different risks and security incidents. Potential disruption in business continuity, security or privacy breaches could lead to financial losses and severe long-term reputational risks for Posti's brand and future business.

Aditro Logistics has an important role in achieving Posti's vision of becoming a modern delivery and fulfillment company operating in Finland, Sweden and the Baltics. To support Posti's transformation into a fulfillment player within eCommerce, Aditro Logistics needs to carefully manage the execution of its strategic initiatives as an integral part of Posti Group.

Events after the reporting period

In January 2023, Parliament approved the long-prepared reform of the Postal Act, in which the universal service's five-day delivery obligation is reduced to three days throughout Finland. The amendment to the Postal Act and the new State Aid for newspaper delivery are responsible decisions that adapt the sector's regulation to the sharply decreasing mail volumes and at the same time support the delivery of paper newspapers in sparsely populated areas. Posti is satisfied that these reforms enable maintaining full-time work in mail delivery, as well as significant emission reductions. Through reform Posti can also better meet to the changing needs of customers.

Board of Directors' proposal for the distribution of profit

In the financial statements, the parent company's distributable funds total EUR 455,329,374.69 of which the profit for the financial year 2022 is EUR 117,351,939.97.

No material changes have taken place in the Group's financial standing since the end of the financial period, nor does the solvency test, as referred to in Section 2 of Chapter 13 of the Limited Liability Companies Act, affect the proposed distributable profit.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 31.7 million, or a dividend of EUR 0.79 per share, be distributed for the financial year 2022.

Outlook for 2023

In 2023, Posti is expecting its net sales to increase from the previous year. The Group's adjusted EBITDA in 2023 is expected to decrease from the previous year. In 2022, Posti's net sales from continuing operations were EUR 1,651.6 million and adjusted EBITDA was EUR 183.8 million.

The continuing inflation and the increase in interest rates may impact consumer demand. The changes in consumer behavior affect Posti's business and could impact our actual results.

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

Posti's financial reporting

Posti's financial reporting in 2023 is as follows:

February 17, 2023: Financial statements release for 2022

April 27, 2023: Interim report for January-March 2023

August 10, 2023: Half-year financial report 2023

October 26, 2023: Interim report for January-September 2023

Helsinki, February 17, 2023

Posti Group Corporation

Board of Directors

APPENDICES

Calculation of key figures

Financial Statements Release January-December 2022 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 expenses and incomes related to business combinations, such as changes in contingent purchase considerations.
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.

* *Continuing operations*

Financial statement release tables January-December 2022

Consolidated income statement and consolidated statement of comprehensive income

Consolidated income statement

Continuing operations

EUR million	10-12 2022	10-12 2021	1-12 2022	1-12 2021
Net sales	453.6	444.2	1,651.6	1,595.0
Other operating income	3.3	3.0	10.0	12.6
Materials and services	-128.8	-135.5	-484.3	-474.0
Employee benefits	-185.1	-184.5	-700.8	-682.0
Other operating expenses	-81.8	-77.1	-298.4	-271.1
Depreciation and amortization	-32.1	-29.9	-124.4	-119.5
Impairment losses	-2.7	-5.4	-2.7	-6.1
Operating result	26.3	14.8	51.0	55.0
Finance income	1.5	1.1	4.1	2.2
Finance expenses	-3.4	-2.9	-11.8	-8.9
Result before income tax	24.4	13.1	43.3	48.3
Income tax	-6.8	-2.8	-11.6	-9.6
Result for the period from continuing operations	17.6	10.2	31.7	38.7
Result for the period from discontinued operations	0.0	-59.5	0.0	-54.7
Result for the period	17.6	-49.2	31.7	-15.9
Earnings per share (EUR per share)				
Group total	0.44	-1.23	0.79	-0.40
Continuing operations	0.44	0.26	0.79	0.97
Discontinued operations	0.00	-1.49	0.00	-1.37

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

EUR million	10-12 2022	10-12 2021	1-12 2022	1-12 2021
Result for the period	17.6	-49.2	31.7	-15.9
Other comprehensive income				
Items that may be reclassified to profit or loss:				
Change in fair value of cash flow hedges	0.5	0.4	3.0	0.6
Translation differences	-1.1	88.2	-4.6	93.6
Income tax relating to these items	-0.1	-0.1	-0.6	-0.1
Items that will not be reclassified to profit or loss:				
Remeasurements of post-employment benefit	-0.2	-4.2	-1.3	-4.2
Income tax relating to these items	0.0	0.8	0.3	0.8
Comprehensive income for the period	16.8	35.9	28.5	74.8

Consolidated balance sheet

Assets

EUR million	Dec 31, 2022	Dec 31, 2021
Non-current assets		
Goodwill	223.7	189.9
Other intangible assets	88.2	84.3
Investment property	3.5	3.5
Property, plant and equipment	234.9	233.6
Right-of-use assets	255.0	239.2
Investments in associated companies	0.0	0.9
Other non-current investments	1.0	1.0
Non-current receivables	2.2	1.5
Deferred tax assets	15.1	25.7
Total non-current assets	823.7	779.6
Current assets		
Inventories	3.9	4.0
Trade and other receivables	286.9	296.4
Current income tax receivables	0.1	0.9
Current financial assets	33.2	64.5
Cash and cash equivalents	82.6	97.2
Total current assets	406.6	462.9
Total assets	1,230.3	1,242.5
Equity and liabilities		
EUR million	Dec 31, 2022	Dec 31, 2021
Equity attributable to the shareholders of the parent company		
Share capital	70.0	70.0
General purpose reserve	142.7	142.7
Fair value reserve	1.7	-0.7
Translation differences	-5.2	-0.6
Retained earnings	271.8	273.1
Total shareholders' equity	481.0	484.5
Non-current liabilities		
Deferred tax liabilities	13.0	12.1
Non-current interest-bearing borrowings	60.0	60.4
Non-current interest-bearing lease liabilities	205.0	193.4
Other non-current payables	6.1	7.2
Advances received	7.6	12.9
Non-current provisions	2.4	3.0
Defined benefit pension plan liabilities	11.1	11.1
Total non-current liabilities	305.2	300.1
Current liabilities		
Current interest-bearing borrowings	0.0	0.9
Current interest-bearing lease liabilities	58.4	51.4
Trade and other payables	322.0	324.7
Advances received	62.9	80.1
Current income tax liabilities	0.6	0.3
Current provisions	0.2	0.5
Total current liabilities	444.1	458.0
Total liabilities	749.3	758.0
Total equity and liabilities	1,230.3	1,242.5

Condensed consolidated statement of cash flows

	1-12	1-12
EUR million	2022	2021
Result for the period	31.7	-15.9
Adjustments to cash flow	144.7	192.9
Change in net working capital	-18.1	-1.0
Cash flow before financial items and income tax	158.3	175.9
Financial items (net)	-6.8	-6.5
Income tax paid	-0.7	-8.5
Cash flow from operating activities	150.8	160.9
Purchase of intangible assets	-26.7	-27.6
Purchase of property, plant and equipment	-37.0	-54.7
Proceeds from sale of intangible and tangible assets	1.3	2.7
Business acquisitions, net of cash acquired	-44.3	-0.5
Proceeds from business disposals less cash and cash equivalents	0.0	68.0
Cash flow from financial assets	31.5	5.1
Cash flow from other investments	2.6	0.4
Cash flow from investing activities	-72.5	-6.6
Repayment of current loans	-0.9	-0.2
Repayment of non-current loans	-0.5	-61.2
Payments of lease liabilities	-58.7	-55.5
Dividends paid	-32.0	-31.3
Cash flow from financing activities	-92.1	-148.1
Change in cash and cash equivalents	-13.8	6.2
Cash and cash equivalents at the beginning of the period	97.2	91.0
Effect of exchange rates changes	-0.8	0.0
Cash and cash equivalents at the end of the period	82.6	97.2
Operative free cash flow, reconciliation		
Cash flow from operating activities	150.8	160.9
Purchase of intangible assets and property, plant and equipment	-63.7	-82.3
Payments of lease liabilities	-58.7	-55.5
Operative free cash flow	28.5	23.1

Consolidated statement of cash flows includes both continuing and discontinued operations.

Consolidated statement of changes in equity

EUR million	Share capital	General purpose reserve	Fair value reserve	Translation differences	Retained earnings	Total equity
Jan 1, 2022	70.0	142.7	-0.7	-0.6	273.1	484.5
Comprehensive income						
Result for the period					31.7	31.7
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			2.4			2.4
Translation differences				-4.6		-4.6
Remeasurements of post-employment benefit obligations, net of tax					-1.0	-1.0
Comprehensive income for the period			2.4	-4.6	30.7	28.5
Transactions with equity holders						
Dividend					-32.0	-32.0
Dec 31, 2022	70.0	142.7	1.7	-5.2	271.8	481.0

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					-15.9	-15.9
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			0.5			0.5
Translation differences				93.6		93.6
Remeasurements of post-employment benefit obligations, net of tax					-3.4	-3.4
Comprehensive income for the period			0.5	93.6	-19.3	74.8
Transactions with equity holders						
Dividend					-31.3	-31.3
Dec 31, 2021	70.0	142.7	-0.7	-0.6	273.1	484.5

Dividends

Posti Group Corporation's Annual General Meeting was held in Helsinki on March 28, 2022. In line with the Board of Directors' proposal, the Annual General Meeting decided to distribute a dividend of EUR 32.0 million based on the result in 2021. Half of the dividend was paid on March and the other half on September 2022.

Notes

1. Accounting Policies

The financial statement release has been prepared in accordance with IAS 34 Interim financial reporting. In the preparation of this report, Posti Group (the "Group") has applied the same accounting policies, methods of computation and presentation as in the consolidated financial statements for 2021. Amendments to IFRS standards effective as of January 1, 2022 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 financial statement release is unaudited.

Additional information on Russia-Ukraine war in financial reporting

Russia's invasion to Ukraine effects Posti through market situation and business environment. Posti has no operations nor investments in Russia, Ukraine or Belarus after the divestment of Russian operations in 2021. Therefore, the war in Ukraine has no direct effect on Posti's financial position. The suspension of letter and parcel traffic between Finland and Russia and Belarus has no material financial impact for the Group.

2. Foreign exchange rates

Average rate	1-12 2022	1-12 2021
SEK	10.629	10.145
NOK	10.109	10.164
SDR	0.786	0.831

Closing rate	Dec 31, 2022	Dec 31, 2021
SEK	11.122	10.250
NOK	10.514	9.989
SDR	0.799	0.808

3. Segment reporting

Operating and reportable segments

As of January 1, 2022 Posti has three reportable segments: **eCommerce and Delivery Services, Fulfillment and Logistics Services and Postal Services**. Fulfillment and Logistics Services consists of two operating segments: Transval and Aditro Logistics.

Until the end of 2021, Posti had two reportable segments: Mail, Parcel and Logistics Services and Aditro Logistics. Mail, Parcel and Logistics Services included operating segments Postal Services, Parcel and eCommerce, Freight services and Transval.

Operating segments Postal Services and Parcel and eCommerce are separated into two reportable segments, since they do no longer have similar economic characteristics, for example growth prospects. Due to operational change, Parcel and eCommerce and Freight services are combined into a single operating segment, eCommerce and Delivery Services.

Transval and Aditro Logistics will continue as separate operating segments, but are combined into one reportable segment, Fulfillment and Logistics Services. Transval and Aditro Logistics are engaged in similar business in Finland, Sweden and Norway and they have similar economic characteristics, nature of services and customer types.

2022

Operating segment

eCommerce and Delivery Services
Transval
Aditro Logistics
Postal Services

Reportable Segment

eCommerce and Delivery Services
Fulfillment and Logistics Services
Fulfillment and Logistics Services
Postal Services

2021

Operating segment

Parcel and eCommerce
Freight Services
Postal Services
Transval
Aditro Logistics

Reportable Segment

Mail, Parcel and Logistics Services
Mail, Parcel and Logistics Services
Mail, Parcel and Logistics Services
Mail, Parcel and Logistics Services
Aditro Logistics

In December 2021 Posti Group completed the divestment of Itella Russia business group, which is reported as discontinued operations in comparison periods' income statement.

As of January 1, 2022, Posti aligned its segment reporting with the strategy and present segments' profitability at the EBITDA level. Both EBITDA and adjusted EBITDA will be disclosed by segment. Other key figures are net sales, capital expenditure, net assets and headcount.

Description of operating segments

eCommerce and Delivery Services offers parcel, transportation and e-commerce services to corporate and private customers in Finland, Sweden and Baltics. eCommerce and Delivery Services also develops Posti's digital services for an improved customer experience.

Transval is the market leader in providing logistics outsourcing solutions in Finland. The services cover supply chain solutions from transportation to warehousing, as well as in-house logistics solutions and human resources services for logistics professionals. The services can be delivered in Transval's premises or in the client's premises such as warehouses, shops or production sites.

Aditro Logistics is one of the leading logistics companies in Sweden and the Nordics. Aditro Logistics' offering consists of a broad service in stock management, logistics, supply chain management, transport procurement, staffing and consulting for businesses specializing in e-commerce, retail and fast-moving consumer goods.

Postal Services offers mail delivery services as well as supporting digital and multichannel solutions.

In addition to operating segments, Posti has Group headquarters, centralized support functions as well as real-estate company Posti Kiinteistöt Oy which owns the facilities in Finland and offers facility management services to the businesses. These centralized Group functions and related corporate level costs including financing are reported under "**Other and unallocated**". Balance sheet items allocated to the segments include non-current and current operating assets and liabilities, including non-interest bearing liabilities and provisions.

Seasonality

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.

10-12 2022 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	185.2	95.2	179.9		460.3
Net Sales, internal	-0.7	-5.1	-0.9		-6.7
Net Sales, external	184.5	90.1	179.0	0.0	453.6
Adjusted EBITDA	22.3	7.6	34.4	-0.9	63.5
Special items (impacting EBITDA)	0.1	-1.6	-0.8	0.1	-2.3
EBITDA	22.4	6.0	33.6	-0.8	61.2
Depreciation & amortization					-32.1
Impairment losses					-2.7
Adjusted operating result					30.9
Special items (impacting EBIT)					-4.5
Operating result					26.3
Financial income & expenses					-1.9
Taxes					-6.8
Result for the period					17.6
Capital Expenditure, continuing operations	17.6	6.3	7.9	14.3	46.0
Personnel, end of period	3,647	6,868	8,866	615	19,996
Net Assets	254.0	337.9	44.4	-155.3	481.0

10-12 2021 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	184.8	91.7	175.4		451.9
Net Sales, internal	-0.5	-6.1	-1.1		-7.6
Net Sales, external	184.2	85.7	174.3	0.0	444.2
Adjusted EBITDA	17.7	6.8	32.6	-6.9	50.3
Special items (impacting EBITDA)	0.0	-0.5	-0.3	0.6	-0.2
EBITDA	17.8	6.3	32.3	-6.2	50.1
Depreciation & amortization					-29.9
Impairment losses					-5.4
Adjusted operating result					18.7
Special items (impacting EBIT)					-3.9
Operating result					14.8
Financial income & expenses					-1.8
Taxes					-2.8
Result for the period from continuing operations					10.2
Result for the period from discontinued operations					-59.5
Result for the period					-49.2
Capital Expenditure, continuing operations	18.0	3.3	7.1	7.0	35.4
Personnel, end of period	3,790	7,616	9,144	578	21,128
Net Assets	263.8	287.2	9.3	-75.9	484.5

1-12 2022 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	693.3	366.1	617.7		1,677.1
Net Sales, internal	-3.0	-18.9	-3.6		-25.4
Net Sales, external	690.4	347.1	614.1	0.0	1,651.6
Adjusted EBITDA	75.1	34.8	84.2	-10.3	183.8
Special items (impacting EBITDA)	-0.8	-1.9	-2.7	-0.2	-5.6
EBITDA	74.3	32.9	81.5	-10.5	178.2
Depreciation & amortization					-124.4
Impairment losses					-2.7
Adjusted operating result					58.9
Special items (impacting EBIT)					-7.9
Operating result					51.0
Financial income & expenses					-7.7
Taxes					-11.6
Result for the period					31.7
Capital Expenditure, continuing operations	39.5	36.0	40.6	63.9	180.1
Personnel, end of period	3,647	6,868	8,866	615	19,996
Net Assets	254.0	337.9	44.4	-155.3	481.0

1-12 2021 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	681.1	330.0	610.9		1,621.9
Net Sales, internal	-2.6	-20.3	-4.0		-26.9
Net Sales, external	678.5	309.7	606.9	0.0	1,595.0
Adjusted EBITDA	62.0	32.6	99.1	-12.0	181.6
Special items (impacting EBITDA)	0.1	-0.5	-2.3	1.6	-1.1
EBITDA	62.0	32.1	96.8	-10.4	180.5
Depreciation & amortization					-119.5
Impairment losses					-6.1
Adjusted operating result					59.8
Special items (impacting EBIT)					-4.8
Operating result					55.0
Financial income & expenses					-6.7
Taxes					-9.6
Result for the period from continuing operations					38.7
Result for the period from discontinued operations					-54.7
Result for the period					-15.9
Capital Expenditure, continuing operations	41.5	14.5	14.3	46.0	116.4
Personnel, end of period	3,790	7,616	9,144	578	21,128
Net Assets	263.8	287.2	9.3	-75.9	484.5

4. Net sales by geographical area

EUR million	10-12 2022	10-12 2021	1-12 2022	1-12 2021
Finland	374.3	363.8	1,346.6	1,305.7
Sweden	35.4	41.0	161.4	151.2
Baltics	9.3	9.7	37.4	36.2
Other countries	34.6	29.7	106.2	102.0
Total	453.6	444.2	1,651.6	1,595.0

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

5. Acquired and divested businesses

On January 2022 Posti acquired all the shares in Swedish logistics company Veddestagruppen AB. Veddestagruppen has been consolidated from February on and is integrated to Aditro Logistics. Aditro Logistics is a forerunner of delivery and fulfillment services in Sweden and with Veddestagruppen we can expand and strengthen our capabilities even further to better serve our customers. In 2021, Veddestagruppen had net sales of around EUR 23 million. Veddestagruppen employs around 300 people. A goodwill of EUR 18.5 million was recognized in the acquisition. Acquisition supports Posti's strategic goals of growing through parcel business and logistics in Finland, Sweden and the Baltics. Acquisition-related costs of EUR 0.3 million were recognized in other operating expenses.

On March 31, Posti signed an agreement on the acquisition of the early-morning delivery operations of Mediatalo Keski-suomalainen Oyj's subsidiaries Jakelusepät Oy and Ilves Jakelu Oy in the areas of Pohjois-Savo, Päijät-Häme and Kanta-Häme. The transaction is aimed at strengthening the future of the delivery market and ensuring quality service for customers in early-morning delivery in Postal Services. Acquisition was completed during April. Approximately 730 employees transferred to Posti as existing employees. A goodwill of EUR 20.0 million was recognized in the acquisition, reflecting expected synergies from combining delivery networks. The goodwill is deductible for tax purposes. Acquisition-related costs of EUR 0.4 million were recognized in other operating expenses.

In September 1, 2022 Posti acquired of all shares in WebLog Finland Oy. Acquisition supports Posti's strategic targets and strengthens our growth opportunities especially within segment of small and medium sized e-commerce. Acquisition did not have material impact in Posti Group consolidated income statement or balance sheet.

The assets and liabilities recognized as a result of the acquisitions are as follows

	Veddesta- gruppen	Other	Total
Effect on assets	Fair value	Fair value	
EUR million			
Intangible assets	6.7	1.3	8.0
Property, plant and equipment	0.3	0.3	0.5
Right-of-use assets	22.2	0.0	22.2
Receivables	4.8	0.5	5.3
Cash and cash equivalents	2.9	0.2	3.1
Effect on assets	36.8	2.2	39.0
Effect on liabilities			
EUR million			
Deferred tax liability	1.8	0.1	1.8
Interest bearing liabilities	22.2	0.1	22.3
Trade payables and other liabilities	3.5	2.1	5.5
Effect on liabilities	27.4	2.3	29.7
Net assets acquired	9.4	0.0	9.3
Components of acquisition cost			
EUR million			
Cash considerations	27.9	17.4	45.3
Purchase price debt		3.0	3.0
Additional purchase price accrual		0.6	0.6
Total cost of acquisition	27.9	21.0	48.9
Fair value of net assets acquired	9.4	0.0	9.3
Goodwill	18.5	21.1	39.6
Cash flow effect of the acquisition			
EUR million			
Purchase price, paid in cash	27.9	17.4	45.3
Cash and cash equivalents of the acquired subsidiary	2.9	0.2	3.1
Cash flow	25.0	17.2	42.2

Divested businesses

In December 2022, the Group completed the sale of the entire shareholding of Transval's subsidiary KV Turva Oy. In connection to the sale goodwill impairment loss of EUR 1.6 million was recognized in Fulfillment and Logistics Services -segment. KV Turva Oy net liabilities totalled EUR 0.3 million. Sale did not have material impact in Posti Group consolidated income statement or balance sheet.

Discontinued operations

In December, 2021, Posti Group completed the divestment of Itella Russia business group. After the divestment Posti has no operations in Russia. Itella Russia segment result 2021, including result of the divestment and previously sold real estate companies, is presented as discontinued operations.

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

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

EUR million	Dec 31, 2022	Dec 31, 2021
Carrying amount Jan 1	233.6	273.6
Acquired businesses	0.5	0.0
Additions	36.2	52.8
Business divestments	0.0	-56.4
Disposals and transfers between items	-0.1	-2.1
Depreciation, continuing operations	-34.2	-33.6
Impairment, continuing operations	-0.1	-1.0
Depreciation and impairment, discontinued operations	0.0	-4.1
Translation differences	-1.0	4.4
Carrying amount, end of the period	234.9	233.6

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

EUR million	Dec 31, 2022	Dec 31, 2021
Carrying amount Jan 1	239.2	262.8
Acquired businesses	22.2	0.0
Additions	63.4	36.7
Disposals and transfers between items	-1.2	-0.7
Depreciation	-60.7	-58.0
Impairment	-0.6	0.0
Translation differences	-7.3	-1.6
Carrying amount, end of the period	255.0	239.2

Specification of right-of-use assets:

EUR million	Dec 31, 2022	Dec 31, 2021
Buildings	203.2	197.6
Vehicles	42.9	33.4
Machinery and other	8.9	8.2
Carrying amount, end of the period	255.0	239.2

7. Goodwill and other intangible assets

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

EUR million	Dec 31, 2022	Dec 31, 2021
Carrying amount Jan 1	274.1	280.4
Acquired businesses	47.6	0.0
Additions	26.7	27.6
Business divestments	0.0	-0.7
Disposals and transfers between items	-0.7	0.5
Amortization, continuing operations	-28.6	-27.4
Impairment, continuing operations	-2.0	-4.5
Amortization and impairment, discontinued operations	0.0	-0.3
Translation differences	-5.1	-1.4
Carrying amount, end of the period	311.9	274.1

8. Net debt and liquid funds

EUR million		Interest bearing borrowings	Interest bearing lease liabilities	Interest bearing borrowings total	Liquid funds	Debt certificates	Net debt total
Carrying amount	Jan 1, 2022	61.3	244.8	306.1	151.1	10.0	145.0
Cash flows		-1.4	-58.7	-60.1	-38.5	-10.0	-11.6
Acquired businesses		0.1	22.2	22.3	3.1	0.0	19.2
Effect of exchange rates changes		0.0	-7.5	-7.5	-0.8	0.0	-6.8
Other non-cash items		0.0	62.6	62.6	0.0	0.0	62.6
Carrying amount	Dec 31, 2022	60.0	263.4	323.4	114.9	0.0	208.5
Fair value	Dec 31, 2022	60.1	263.4	323.5			

EUR million		Interest bearing 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		-61.5	-55.5	-117.0	-9.0	10.0	-117.9
Acquired businesses		0.0	0.0	0.0	0.0	0.0	0.0
Effect of exchange rates changes		0.0	1.6	1.6	0.0	0.0	1.6
Other non-cash items		0.1	32.5	32.6	0.0	0.0	32.6
Carrying amount	Dec 31, 2021	61.3	244.8	306.1	151.1	10.0	145.0
Fair value	Dec 31, 2021	61.4	244.8	306.3			

EUR million	Dec 31, 2022	Dec 31, 2021
Cash and cash	82.6	97.2
Money market investments and investments in bonds	32.3	53.9
Liquid funds	114.9	151.1

9. Financial assets and liabilities measured at fair value

The Group categorizes financial assets and liabilities into three hierarchy levels according to the information used in fair value measurement. Information on hierarchy levels and principles on fair value measurement can be found on note Financial instruments and financial risk management in financial statements 2022. No transfers between the fair value hierarchy levels have been made during the reporting periods.

Financial assets and liabilities measured and recognized at fair value

EUR million	Level	Dec 31, 2022	Dec 31, 2021
Financial assets			
Non-current investments	3	1.0	1.0
Currency derivatives, non-hedge accounting	2	1.0	0.6
Interest rate derivatives, hedge accounting	2	2.2	
Total		4.1	1.6
Financial liabilities			
Interest rate derivatives, hedge accounting	2		0.9
Currency derivatives, non-hedge accounting	2	0.1	0.0
Total		0.1	0.9

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 24.4 million and their carrying value EUR 24.3 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. Commitments and other contingent liabilities

EUR million	Dec 31, 2022	Dec 31, 2021
Guarantees	10.8	13.6
Total	10.8	13.6

Lease commitments not recognized in balance sheet

EUR million	Dec 31, 2022	Dec 31, 2021
Maturity of minimum lease payments:		
Less than a year	11.5	10.9
1-5 years	0.9	0.5
Total	12.4	11.4

Other contingent liabilities

The Group has a potential environmental liability of EUR 23.0 million, related to cleaning of the land area in Pohjois-Pasila. Negotiations with Posti and third parties regarding the use of land have been completed. The realization of the liability is waiting for the changed city plan to enter into force.

11. Events after the reporting period

In January 2023, Parliament approved the long-prepared reform of the Postal Act, in which the universal service's five-day delivery obligation is reduced to three days throughout Finland. The amendment to the Postal Act and the new State Aid for newspaper delivery are targeted to adapt the sector's regulation to the sharply decreasing mail volumes and at the same time support the delivery of paper newspapers in sparsely populated areas.