



POSTI GROUP CORPORATION INTERIM REPORT APRIL 27, 2023, AT 9:00 A.M. (EEST)

**Posti Group Corporation
Interim Report January-March 2023**



Posti Group 1-3/2023: Great start of the year. Net sales and profitability grew.

Posti Group Corporation Interim Report January–March 2023

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

January-March

Financial highlights

- Net sales grew by 1.7% to EUR 397.6 (391.1) million.
- Adjusted EBITDA increased to EUR 42.5 (36.5) million, or 10.7% (9.3%) of net sales.
- EBITDA increased to EUR 41.6 (34.4) million, or 10.5% (8.8%) of net sales.
- Adjusted operating result increased to EUR 9.6 (6.6) million, representing 2.4% (1.7%) of net sales.
- Operating result increased to EUR 8.8 (4.4) million, representing 2.2% (1.1%) of net sales.
- Net debt to adjusted EBITDA was 1.2x (1.4x).

Operational highlights in Q1

- Group profitability and net sales improved in a volatile and challenging market environment.
- The number of addressed letters sent by the public sector in Finland affected Posti's letter volumes exceptionally resulting in the volumes remaining at the same level as in the comparison period (decreased 7%). This consequently improved Postal Services net sales.
 - The share of mail items covered by the universal service obligation accounted for 2.8% (2.5%) of all Posti's mail items delivered.
- The amended Postal Act and the new State Aid for newspaper delivery were ratified in the beginning of 2023, coming into effect later in the year.
- Finnish Transport Workers' Union AKT's strike and the Finnish Post and Logistics Union PAU support strike in February affected especially eCommerce and Delivery Services net sales and profitability negatively. Posti was not a negotiating party in the collective agreement negotiations.
- Posti published its first eCommerce Index, which is based on Posti's eCommerce deliveries, external research data, and Posti's analysis. The report shares information about the current and future state of online shopping in Finland.

Outlook for 2023

Posti's outlook for 2023 remains unchanged. 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 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

	1-3 2023	1-3 2022	1-12 2022
Net sales, EUR million	397.6	391.1	1,651.6
Adjusted EBITDA, EUR million	42.5	36.5	183.8
<i>Adjusted EBITDA margin, %</i>	10.7%	9.3%	11.1%
EBITDA, EUR million	41.6	34.4	178.2
<i>EBITDA margin, %</i>	10.5%	8.8%	10.8%
Adjusted operating result, EUR million	9.6	6.6	58.9
<i>Adjusted operating result margin, %</i>	2.4%	1.7%	3.6%
Operating result, EUR million	8.8	4.4	51.0
<i>Operating result margin, %</i>	2.2%	1.1%	3.1%
Result for the period, EUR million	4.9	1.0	31.7
Return on capital employed (12 months), %	7.9%	6.5%	7.8%
Net debt, EUR million	233.2	236.9	208.5
Net debt / adjusted EBITDA	1.2x	1.4x	1.1x
Operative free cash flow, EUR million	-6.6	-13.5	28.5
Personnel, end of period	18,851	20,135	19,996
Personnel on average, FTE	14,346	14,688	14,985
Earnings per share, EUR	0.12	0.03	0.79
Dividend per share, EUR			0.79*
Dividend, EUR million			31.7*

* Board of Directors' proposal to the Annual General Meeting. On April 3, 2023, Posti Group Corporation's Annual General Meeting decided accordingly.

Turkka Kuusisto, President and CEO

Our start of the year was strong, and we continued on the growth path. I am pleased that we, once again, delivered strong profitability in the market which continued to be challenging and volatile. Thank you Posti team for a good start. The dedication and efforts you have shown in the first quarter are essential throughout the year.

Our net sales grew by 1.7% to EUR 397.6 (391.1) million. In 2022 the acquired Mediatulo Keski-suomalainen early-morning operations and Veddestagruppen in Sweden added net sales in Q1, compared to the comparison period. The Group's adjusted EBITDA increased to EUR 42.5 (36.5) million. Increased net sales and profitability as well as improved operational efficiency in Postal Services had a positive impact on the entire Group's result, whereas eCommerce and Delivery Services results suffered from the effects of the Finnish union strikes in the first quarter.

On the segment level, eCommerce and Delivery Services net sales and profitability decreased. The Finnish Transport Workers' Union AKT's strike and the Finnish Post and Logistics Union PAU's support strike in February had an adverse effect on the parcel and freight volumes, affecting the segment's quarterly result negatively. Posti was not a negotiating party in the collective agreement negotiations, and our teams were quick to bring operations back to normal levels after the strikes ended. Also, Fulfillment and Logistics Services' net sales decreased, although, the segment's profitability increased due to the significant improvements in operational efficiency. The addressed mail volumes exceptionally remained on the last year's level as the Finnish public sector mailed a larger

number of letters, for example in connection with the Finnish parliamentary elections. This partly contributed to Postal Services increased net sales and profitability in the first quarter.

The high inflation and interest rates will continue to impact consumer confidence in economy bringing down the purchasing power. However, the long-term market potential for parcels is positive. In Posti's eCommerce Index Report, published in February, we estimate that parcel volumes in Finland will double by 2030 due to eCommerce growth. It also shows that the COVID-19 pandemic pushed eCommerce to grow, and the trend has become permanent. We firmly see our growth sector to continue to lie in eCommerce and in online delivery services.

In January, the Smart Freight Centre, and the World Business Council for Sustainable Development (WBCSD) released a new guidance for reporting emissions of transport chains ,support the logistics industry on its' journey to net-zero emissions. I am proud that Posti was one of the 30+ global development partners who made this possible. Also, in the first quarter we entered into a three-year collaboration with WWF to advance the work in biodiversity. We should work together to stop biodiversity loss and assess our own harmful effects on nature and minimize them.

While we expect the market volatility to continue in the second quarter, we have to ensure efficiency in everything we do and keep our eyes on the future. We will focus on staying on the growth path, and together as one Posti team we are committed to continue our journey towards our long-term goals.

APPENDICES

Posti Group Corporation Interim Report Tables January-March 2023 in full (PDF)

FURTHER INFORMATION

Turkka Kuusisto, President and CEO

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DISTRIBUTION

Key media

www.posti.com/financials

IMAGES AND LOGOS

www.posti.com/media

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 economy slowed down during the first three months and growth forecasts for the current year in Posti's home markets have been lowered. Inflation is estimated to have peaked during the winter but expected to remain above 4% in Finland, above 8% in Sweden and around 9% in the Baltic countries during 2023 depending on the forecast source.

Although the global supply chain pressures and the energy crisis have eased, interest rates remain high. Uncertainty is still high as the war in Ukraine continues and macroeconomic business cycle indicators as well as confidence indicators highlight challenging business conditions.

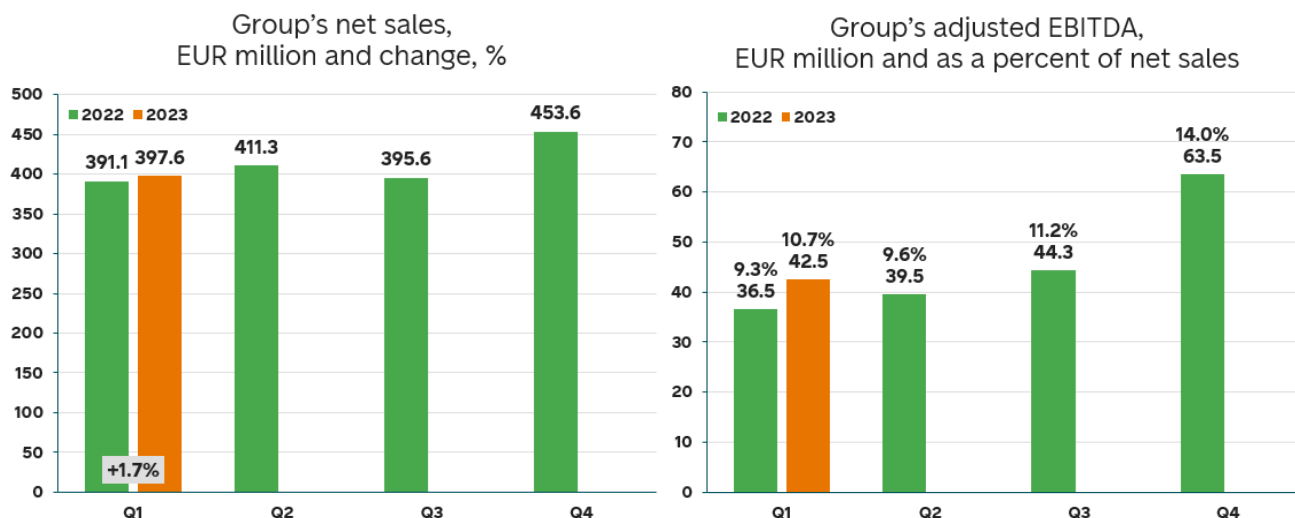
Consumers in our home market countries are feeling the pressure. Rapid inflation and the demand for goods have decreased as consumers' purchasing power has weakened and consumption has shifted from goods towards services after the pandemic. In general, consumer confidence is low, and the times are considered unfavorable for spending money.

This trend can be observed also in the trade statistics. For example, in Finland the turnover in total trade adjusted for working days increased by 3.7% in February 2023 from one year ago due to rising prices but at the same time sales volume development was negative and decreased by 3.8%. Even though, Posti was not a negotiating party in the collective agreement negotiations, Posti's operations and parcel and freight volumes were impacted by the Finnish Transport Workers' Union AKT's strike and the Finnish Post and Logistics Union PAU support strike.

The amended Postal Act will come into effect in October 2023 and reduce Posti's universal service obligation to three days throughout Finland. Five-day delivery of paper newspapers in sparsely populated areas will continue, as newspapers will be delivered on two weekdays with the help of the new, temporary State Aid. The changes are responsible decisions that help the sector adapt 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 the reforms enable full-time work in mail delivery, significant emission reductions and meeting the changing needs of customers.

The Bank of Finland forecasts that Finland's GDP will shrink by 0.2 percent in 2023, and small growth is expected to return in 2024. Riksbank forecasts that Sweden's GDP will shrink 1.1 percent in 2023 and return to growth in 2024.

Net sales and profitability



January-March 2023

Net sales

The Group's net sales grew by 1.7% to EUR 397.6 (391.1) million. Net sales grew by 3.7% in Finland and decreased by 13.8% in other countries. The share of Posti's business operations outside Finland decreased and accounted for 9.7% (11.4%) of net sales. The decline in net sales in other countries was mainly due to the challenging macroeconomic environment in Sweden.

The eCommerce and Delivery Services segment's net sales decreased by 1.3% to EUR 160.1 (162.2) million.

Net sales in the Fulfillment and Logistics Services segment decreased by 4.4% to EUR 83.6 (87.5) million.

The combined external net sales of eCommerce and Delivery Services, and Fulfillment and Logistics Services represented 60.0% (62.5%) of the Group's net sales.

Net sales in the Postal Services segment increased by 8.2% to EUR 159.6 (147.5) million.

Operations under the universal service obligation decreased and amounted to EUR 19.7 (20.9) million, or 4.9% (5.3%) of the Group's net sales, representing 2.8% (2.5%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 42.5 (36.5) million, or 10.7% (9.3%) of net sales, mainly due to the increased profitability of Postal Services. EBITDA increased to EUR 41.6 (34.4) million, or 10.5% (8.8%) of net sales. The adjusted operating result increased to EUR 9.6 (6.6) million, or 2.4% (1.7%) of net sales. The operating result increased to EUR 8.8 (4.4) million, or 2.2% (1.1%) of net sales.

Special items affecting the operating result in the first quarter amounted to EUR -0.9 (-2.1) million.

Special items affecting the operating result

EUR million	1-3 2023	1-3 2022	1-12 2022
Personnel restructuring costs	-0.6	-1.7	-3.0
Impairments			-2.2
Other special items	-0.3	-0.4	-2.6
Total	-0.9	-2.1	-7.9

eCommerce and Delivery Services

Key figures

	1-3 2023	1-3 2022	1-12 2022
Net sales, EUR million	160.1	162.2	693.3
Net sales change-%	-1.3%	2.3%	1.8%
Adjusted EBITDA, EUR million	10.2	14.2	75.1
Adjusted EBITDA margin, %	6.4%	8.8%	10.8%
EBITDA, EUR million	10.3	13.6	74.3
EBITDA margin, %	6.4%	8.4%	10.7%

January-March 2023

The parcel and freight volumes developed as follows:

- The total number of parcels delivered by Posti in Finland and the Baltic countries decreased by 1% to 15.8 (16.0) million. The figure does not include letter-like eCommerce items.
- Transportation volumes measured in waybills decreased by 10%.

Net sales

The net sales of eCommerce and Delivery Services decreased by 1.3% to EUR 160.1 (162.2) million. The Finnish Transport Workers' Union AKT's strike and PAU's support strike in February impacted eCommerce and Delivery Services net sales negatively. The strikes, the difficult market environment and consumers' low confidence in the economy were reflected in the declining volumes. High inflation and interest rates decreased overall consumer spending.

Profitability

The adjusted EBITDA of eCommerce and Delivery Services decreased to EUR 10.2 (14.2) million, or 6.4% (8.8%) of net sales. The union strikes in Finland in February impacted eCommerce and Delivery Services operations negatively. Also, inflation increased costs, which had a negative impact on the segment's profitability. EBITDA decreased to EUR 10.3 (13.6) million.

Fulfillment and Logistics Services

Key figures

	1-3 2023	1-3 2022	1-12 2022
Net sales, EUR million	83.6	87.5	366.1
Transval	56.4	55.6	232.0
Aditro Logistics	27.2	31.8*	134.1*
Net sales change-%	-4.4%	14.7%*	10.9%*
Adjusted EBITDA, EUR million	8.5	7.4	34.8
Adjusted EBITDA margin, %	10.2%	8.4%	9.5%
EBITDA, EUR million	8.3	7.4	32.9
EBITDA margin, %	10.0%	8.4%	9.0%

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

January-March 2023

Net sales

Fulfillment and Logistics Services' net sales decreased by 4.4% and were EUR 83.6 (87.5) million. **Transval's** net sales increased from the previous year and were mainly driven by the increased net sales and volumes in in-house logistics. **Aditro Logistics'** net sales decreased from the previous year, despite added net sales from Veddestagruppen. The current market environment in Sweden is particularly challenging, which had a negative impact on market volumes and Aditro Logistics' net sales.

Profitability

The adjusted EBITDA of Fulfillment and Logistics Services increased to EUR 8.5 (7.4) million, or 10.2% (8.4%) of net sales. Growth was driven by the increased net sales and improvements in operational efficiency at Transval. EBITDA increased to EUR 8.3 (7.4) million.

Postal Services

Key figures

	1-3 2023	1-3 2022	1-12 2022
Net sales, EUR million	159.6	147.5	617.7
Net sales change-%	8.2%	-4.8%	1.1%
Adjusted EBITDA, EUR million	25.9	18.1	84.2
Adjusted EBITDA margin, %	16.3%	12.3%	13.6%
EBITDA, EUR million	25.3	16.8	81.5
EBITDA margin, %	15.8%	11.4%	13.2%

January-March 2023

- The number of letters sent by the public sector in Finland was unusually high, which increased Posti's addressed letter volumes. As a result, volumes remained at the same level as in the comparison period (decreased 7%).

Net sales

The net sales of Postal Services increased by 8.2% to EUR 159.6 (147.5) million mainly due to price increases and the 2022 acquisition of Mediatalo Keskiuomalainen Oyj's early-morning delivery operations. Letters sent by the Finnish public sector regarding the parliamentary elections and letters sent by other public sector bodies had exceptionally positive impact on Posti's letter volumes, which consequently increased net sales.

Profitability

The adjusted EBITDA of Postal Services increased to EUR 25.9 (18.1) million, or 16.3% (12.3%) of net sales. Profitability improved mainly because of the increased net sales and improvements in operational efficiency. EBITDA increased to EUR 25.3 (16.8) million.

Cash flow, financial position, and major investments

In January-March, the consolidated cash flow from operating activities was EUR 21.2 (17.5) million, the cash flow from investing activities was EUR -13.2 (-39.8) million of which EUR 0.0 (-27.0) million for business acquisitions, and the cash flow from financing activities was EUR -16.6 (-31.5) million.

At the end of March, liquid assets amounted to EUR 108.3 (103.6) million and undrawn committed credit facilities totaled EUR 150.0 (150.0) million. The Group's interest-bearing borrowings were EUR 341.5 (340.5) million. Net debt totaled EUR 233.2 (236.9) million. Equity ratio was 41.8% (39.3%).

By continuing to invest in the development of digital services and tangible assets Posti will improve the competitiveness of its core business to respond to the changing market and customer needs, and to support Posti into reaching its net-zero targets.

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.

Employees

The Group's personnel

	1-3 2023	1-3 2022	1-12 2022
Personnel at period-end	18,851	20,135	19,996
<i>Finland</i>	16,889	17,646	17,642
<i>Other countries of operation</i>	1,962	2,489	2,354
Personnel on average, FTE *	14,346	14,688	14,985

* Full-time equivalent personnel on average

In January-March, the Group's personnel expenses amounted to EUR 175.0 (177.3) million, decline by 1.3% from the previous year. The personnel expenses included EUR 0.6 (1.7) million of restructuring costs. The number of personnel reduced, decreasing the overall expenses, while the union-negotiated salary agreements increased the personnel expenses.

Changes in the corporate structure

Posti Group has reformed its legal corporate structure in Finland, effective as from January 1, 2023. In the new structure parcel, eCommerce and logistics services were centralized under the same company, named Posti Ltd. Letter, publication, and direct marketing business continued under the same company, but 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

Uncertainty in the operating environment continues. Global production and logistics bottlenecks have eased as supply chain pressures and container shipments prices have decreased. However, the general economic situation has deteriorated, and growth is forecasted to be negative. It is difficult to estimate economic development and the return to growth, and all forecasts are subject to considerable uncertainties. The events in the business environment and the macroeconomic slowdown have affected and may continue to affect Posti's operations in terms of rising costs and weakened demand. Lower consumer confidence and the weakened economic situation and its knock-on effects, including decreasing consumer purchasing power, have affected, and may continue to affect Posti's operations in terms of rising costs as well as lower demand.

Posti continues its transformation towards emission-free logistics and a modern delivery and fulfillment company. The competitiveness of the transport sector requires that the taxation and energy solutions for commercial traffic are sustainable, that the availability of skilled labor into the sector is secured and that companies in the sector are not subject to additional regulation at the national or EU level. Should these factors not be in place, it may have a negative impact to Posti's operations and financial results.

The growth of eCommerce goods is experiencing headwind but according to forecasts, eCommerce is still expected to grow significantly in the future as consumer buying habits change and online delivery services

improve and gain widespread adoption. However, competition in the online shops' checkouts and in the last mile is getting fiercer as competitors are expanding their networks and new competition emerges across the delivery and fulfillment value chain. These developments may have a negative impact to Posti's operations and financial results.

During the past over ten years, the volume of addressed letters delivered by Posti has fallen by nearly 70 per cent due to digitalization and intense competition. The first publication day cuts have also been announced by some newspaper publishers. Posti continuously adjusts its operating model in the declining postal business, and it is important that the reform of postal regulation is continued during the starting parliamentary term. If Posti fails in its adjustment measures or the regulation reform does not continue, it may have a negative impact to Posti's financial results.

Events after the reporting period

The Annual General Meeting of Posti Group Corporation was held in Helsinki on April 3, 2023.

In line with the Board of Directors' proposal, the Annual General Meeting decided to distribute a dividend of EUR 31.7 million based on the result in 2022. The dividend will be paid in two parts during the year 2023.

The meeting adopted the 2022 financial statements and discharged the members of the Board of Directors, the Supervisory Board and the President and CEO from liability.

Board of Directors

The Annual General Meeting decided that the following persons will continue as members of the Board of Directors:

- Raija-Leena Hankonen-Nybom, Board Professional
- Kari-Pekka Laaksonen, CEO
- Jukka Leinonen, Board Professional
- Frank Marthaler, Board Professional
- Minna Pajumaa, Senior Financial Counsellor
- Sanna Suvanto-Harsaae, Board Professional
- Hanna Vuorela, Vice President, Strategy and Business Development
- Satu Ollikainen as an employee representative.

The following persons were elected as new members of the Board of Directors:

- Anni Ronkainen, Board Professional
- Stefan Svensson, Chief Operating Officer.

Harri Hietala and Per Sjödelld had announced that they were not available for re-election for the Board of Directors.

Sanna Suvanto-Harsaae will continue as the Chair of the Board of Directors and Jukka Leinonen was elected as the Deputy Chair. Information on members of the Board of Directors can be found on the company's home page at posti.com in the section Governance/Board of Directors.

The Annual General Meeting decided on the below committees and committee members as follows:

- The Audit, Risk and Sustainability Committee (formerly Audit Committee) with members Raija-Leena Hankonen-Nybom (Chair), Kari-Pekka Laaksonen, Frank Marthaler and Hanna Vuorela
- Personnel Committee with members Sanna Suvanto-Harsaae (Chair), Jukka Leinonen, Minna Pajumaa and Anni Ronkainen
- Strategy Committee with members Sanna Suvanto-Harsaae (Chair), Jukka Leinonen, Frank Marthaler and Anni Ronkainen.

Supervisory Board

The Annual General Meeting decided that the following persons will continue as members of the Supervisory Board:

- Sari Essayah, MP, Christian Democrats
- Heli Järvinen, MP, Green Party
- Eeva Kalli, MP, Centre Party
- Kimmo Kiljunen, MP, Social Democratic Party
- Mia Laiho, MP, National Coalition Party
- Rami Lehto, MP, Finns Party
- Aki Lindén, MP, Social Democratic Party
- Pia Lohikoski, MP, Left Alliance
- Mari Rantanen, MP, Finns Party
- Veronica Rehn-Kivi, MP, Swedish People's Party
- Ari Torniaainen, MP, Centre Party
- Paula Werning, MP, Social Democratic Party

Annual General Meeting decided that Aki Lindén (Social Democratic Party) will continue as the Chair of the Supervisory Board. Heli Järvinen (the Greens in Finland) will continue as the Deputy Chair of the Supervisory Board.

The remuneration of the members of the Board of Directors and the Supervisory Board remained unchanged.

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

Outlook for 2023

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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:

August 10, 2023: Half-year financial report 2023

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

Helsinki, April 27, 2023

Posti Group Corporation
Board of Directors

APPENDICES

Calculation of key figures

Interim report tables January-March 2023

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.

Interim report tables January-March 2023

Consolidated income statement and consolidated statement of comprehensive income

Consolidated income statement

EUR million	1-3 2023	1-3 2022	1-12 2022
Net sales	397.6	391.1	1,651.6
Other operating income	1.7	2.1	10.0
Materials and services	-108.4	-111.7	-484.3
Employee benefits	-175.0	-177.3	-700.8
Other operating expenses	-74.2	-69.9	-298.4
Depreciation and amortization	-32.6	-29.9	-124.4
Impairment losses	-0.2	0.0	-2.7
Operating result	8.8	4.4	51.0
Finance income	1.2	0.4	4.1
Finance expenses	-3.0	-2.7	-11.8
Result before income tax	7.0	2.2	43.3
Income tax	-2.0	-1.2	-11.6
Result for the period	4.9	1.0	31.7
Earnings per share (EUR per share)	0.12	0.03	0.79

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	1-3 2023	1-3 2022	1-12 2022
Result for the period	4.9	1.0	31.7
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Change in fair value of cash flow hedges	0.0	0.7	3.0
Translation differences	-1.0	0.4	-4.6
Income tax relating to these items	0.0	-0.1	-0.6
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations			-1.3
Income tax relating to these items			0.3
Comprehensive income for the period	3.9	2.1	28.5

Consolidated balance sheet

Assets

EUR million	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Non-current assets			
Goodwill	223.0	210.3	223.7
Other intangible assets	86.2	90.8	88.2
Investment property	3.5	3.5	3.5
Property, plant and equipment	232.4	234.5	234.9
Right-of-use assets	272.8	274.6	255.0
Investments in associated companies	0.0	0.1	0.0
Other non-current investments	1.0	1.0	1.0
Non-current receivables	2.2	1.0	2.2
Deferred tax assets	15.6	28.2	15.1
Total non-current assets	836.6	844.0	823.7
Current assets			
Inventories	3.5	3.7	3.9
Trade and other receivables	270.5	293.4	286.9
Current income tax receivables	1.6	0.9	0.1
Current financial assets	35.3	61.0	33.2
Cash and cash equivalents	73.8	43.3	82.6
Total current assets	384.7	402.3	406.6
Total assets	1,221.3	1,246.4	1,230.3
Equity and liabilities			
EUR million	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
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	1.7	-0.1	1.7
Translation differences	-6.2	-0.1	-5.2
Retained earnings	276.7	242.1	271.8
Total shareholders' equity	484.9	454.5	481.0
Non-current liabilities			
Deferred tax liabilities	11.9	13.2	13.0
Non-current interest-bearing borrowings	60.0	60.0	60.0
Non-current interest-bearing lease liabilities	219.7	224.0	205.0
Other non-current payables	5.5	4.4	6.1
Advances received	7.3	12.4	7.6
Non-current provisions	2.4	3.6	2.4
Defined benefit pension plan liabilities	10.2	10.8	11.1
Total non-current liabilities	316.9	328.4	305.2
Current liabilities			
Current interest-bearing lease liabilities	61.8	56.6	58.4
Trade and other payables	297.7	323.9	322.0
Advances received	53.8	78.5	62.9
Current income tax liabilities	5.6	3.9	0.6
Current provisions	0.6	0.6	0.2
Total current liabilities	419.5	463.5	444.1
Total liabilities	736.4	791.8	749.3
Total equity and liabilities	1,221.3	1,246.4	1,230.3

Condensed consolidated statement of cash flows

EUR million	1-3 2023	1-3 2022	1-12 2022
Result for the period	4.9	1.0	31.7
Adjustments to cash flow	35.0	34.3	144.7
Change in net working capital	-16.5	-15.1	-18.1
Cash flow before financial items and income tax	23.5	20.2	158.3
Financial items (net)	-2.1	-2.1	-6.8
Income tax paid	-0.2	-0.6	-0.7
Cash flow from operating activities	21.2	17.5	150.8
Purchase of intangible assets	-5.2	-6.7	-26.7
Purchase of property, plant and equipment	-6.0	-10.1	-37.0
Proceeds from sale of intangible and tangible assets	0.1	0.1	1.3
Business acquisitions, net of cash acquired	-	-27.0	-44.3
Proceeds from business disposals less cash and cash equivalents	-	-	0.0
Cash flow from financial assets	-2.1	3.5	31.5
Cash flow from other investments	0.1	0.4	2.6
Cash flow from investing activities	-13.2	-39.8	-72.5
Repayment of current loans	-	-0.9	-0.9
Repayment of non-current loans	-	-0.4	-0.5
Payments of lease liabilities	-16.6	-14.2	-58.7
Dividends paid	-	-16.0	-32.0
Cash flow from financing activities	-16.6	-31.5	-92.1
Change in cash and cash equivalents	-8.6	-53.8	-13.8
Cash and cash equivalents at the beginning of the period	82.6	97.2	97.2
Effect of exchange rates changes	-0.2	-0.1	-0.8
Cash and cash equivalents at the end of the period	73.8	43.3	82.6
Operative free cash flow, reconciliation			
Cash flow from operating activities	21.2	17.5	150.8
Purchase of intangible assets and property, plant and equipment	-11.2	-16.8	-63.7
Payments of lease liabilities	-16.6	-14.2	-58.7
Operative free cash flow	-6.6	-13.5	28.5

Consolidated statement of changes in equity

EUR million	Share capital	General purpose reserve	Fair value reserve	Translation differences	Retained earnings	Total equity
Jan 1, 2023	70.0	142.7	1.7	-5.2	271.8	481.0
Comprehensive income						
Result for the period					4.9	4.9
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			0.0			0.0
Translation differences				-1.0		-1.0
Comprehensive income for the period			0.0	-1.0	4.9	3.9
Mar 31, 2023	70.0	142.7	1.7	-6.2	276.7	484.9

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					1.0	1.0
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			0.6			0.6
Translation differences				0.4		0.4
Comprehensive income for the period			0.6	0.4	1.0	2.1
Transactions with equity holders						
Dividend					-32.0	-32.0
Mar 31, 2022	70.0	142.7	-0.1	-0.1	242.1	454.5

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

Dividends

Posti Group Corporation's Annual General Meeting was held in Helsinki on April 3, 2023. In line with the Board of Directors' proposal, the Annual General Meeting decided to distribute a dividend of EUR 31.7 million based on the result in 2022. The dividend will be paid in two parts.

Notes

1. Accounting Policies

Interim report 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 2022. Amendments to IFRS standards effective as of January 1, 2023 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.

General economic operating environment

The general economic situation has deteriorated and uncertainty in the operating environment continues. The events in the business environment and macroeconomic slowdown have affected Posti's operations in terms of rising costs and weakened demand. It is difficult for management to estimate economic development even in the short term. Therefore, the estimates are subject to considerable uncertainties. Lower consumer confidence and decreasing consumer purchasing power, have affected, and may affect in the future, Posti's operations in terms of rising costs as well as lower demand.

2. Foreign exchange rates

Average rate	1-3 2023	1-3 2022	1-12 2022
SEK	11.202	10.479	10.629
NOK	10.985	9.933	10.109
SDR	0.801	0.797	0.786

Closing rate	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
SEK	11.281	10.337	11.122
NOK	11.394	9.711	10.514
SDR	0.808	0.803	0.799

3. Segment reporting

Posti discloses three reportable segments.

Transval and Aditro Logistics are 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.

Reportable Segment	Operating segment
eCommerce and Delivery Services	eCommerce and Delivery Services
Fulfillment and Logistics Services	Transval
Fulfillment and Logistics Services	Aditro Logistics
Postal Services	Postal Services

Posti reports segments' profitability with both EBITDA and adjusted EBITDA. 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.

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.

Other and unallocated consists of centralized Group functions including the part which is not allocated to the segments. Balance sheet items allocated to the segments include non-current and current operating assets and operating liabilities, including non-interest bearing liabilities and provisions. Other and unallocated includes Group's interest-bearing borrowings.

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.

1-3 2023 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	160.1	83.6	159.6		403.3
Net Sales, internal	-0.5	-4.6	-0.6		-5.7
Net Sales, external	159.6	79.0	159.0	0.0	397.6
Adjusted EBITDA	10.2	8.5	25.9	-2.2	42.5
Special items (impacting EBITDA)	0.0	-0.2	-0.7	-0.1	-0.9
EBITDA	10.3	8.3	25.3	-2.3	41.6
Depreciation & amortization					-32.6
Impairment losses					-0.2
Adjusted operating result					9.6
Special items (impacting EBIT)					-0.9
Operating result					8.8
Financial income & expenses					-1.8
Taxes					-2.0
Result for the period from continuing operations					4.9
Result for the period from discontinued operations					0.0
Result for the period					4.9
Capital Expenditure	5.7	19.7	2.4	19.5	47.4
Personnel, end of period	3,825	6,026	8,360	640	18,851
Net Assets	274.6	371.4	76.6	-237.7	484.9

1-3 2022 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	162.2	87.5	147.5		397.1
Net Sales, internal	-0.6	-4.6	-0.8		-6.0
Net Sales, external	161.6	82.9	146.7	0.0	391.1
Adjusted EBITDA	14.2	7.4	18.1	-3.2	36.5
Special items (impacting EBITDA)	-0.7	0.0	-1.3	-0.2	-2.1
EBITDA	13.6	7.4	16.8	-3.4	34.4
Depreciation & amortization					-29.9
Impairment losses					0.0
Adjusted operating result					6.6
Special items (impacting EBIT)					-2.1
Operating result					4.4
Financial income & expenses					-2.2
Taxes					-1.2
Result for the period					1.0
Capital Expenditure	8.8	21.7	3.4	39.5	73.5
Personnel, end of period	3,921	6,971	8,618	625	20,135
Net Assets	267.2	359.7	18.6	-191.0	454.5

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	39.7	36.0	40.4	63.9	180.1
Personnel, end of period	3,897	6,868	8,616	615	19,996
Net Assets	252.4	337.9	46.0	-155.3	481.0

Personnel and nets assets for 2022 have been adjusted between segments. Tampere Postal Center sorting responsibility changed from Postal Services -segment to eCommerce and Delivery Services -segment.

4. Net sales by geographical area

EUR million	1-3 2023	1-3 2022	1-12 2022
Finland	330.2	317.5	1,346.6
Sweden	37.7	40.8	161.4
Baltics	8.7	9.2	37.4
Other countries	21.0	23.6	106.2
Total	397.6	391.1	1,651.6

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

5. Acquired and divested businesses

Posti has not acquired or divested businesses during 2023.

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

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

EUR million	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Carrying amount Jan 1	234.9	233.6	233.6
Acquired businesses	-	0.3	0.5
Additions	5.4	9.1	36.2
Disposals and transfers between items	0.2	0.0	-0.1
Depreciation	-8.5	-8.3	-34.2
Impairment	-	0.0	-0.1
Translation differences	0.4	-0.2	-1.0
Carrying amount, end of the period	232.4	234.5	234.9

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

EUR million	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Carrying amount Jan 1	255.0	239.2	239.2
Acquired businesses	-	22.2	22.2
Additions	36.7	28.1	63.4
Disposals and transfers between items	-0.5	0.1	-1.2
Depreciation	-16.9	-14.9	-60.7
Impairment	-	-	-0.6
Translation differences	-1.5	-0.1	-7.3
Carrying amount, end of the period	272.8	274.6	255.0

Specification of right-of-use assets:

EUR million	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Buildings	220.2	230.5	203.2
Vehicles	44.0	35.1	42.9
Machinery and other	8.6	9.0	8.9
Carrying amount, end of the period	272.8	274.6	255.0

7. Goodwill and other intangible assets

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

EUR million	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Carrying amount Jan 1	311.9	274.1	274.1
Acquired businesses	-	27.6	47.6
Additions	5.2	6.7	26.7
Disposals and transfers between items	-0.1	0.0	-0.7
Amortization	-7.1	-6.8	-28.6
Impairment	-0.2	-	-2.0
Translation differences	-0.6	-0.4	-5.1
Carrying amount, end of the period	309.1	301.1	311.9

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, 2023	60.0	263.4	323.4	114.9	0.0	208.5
Cash flows		0.0	-16.6	-16.6	-6.4	0.0	-10.1
Effect of exchange rates changes		0.0	-1.7	-1.7	-0.2	0.0	-1.5
Other non-cash items		0.0	36.4	36.3	0.0	0.0	36.3
Carrying amount	Mar 31, 2023	60.0	281.5	341.5	108.3	0.0	233.2
Fair value	Mar 31, 2023	60.1	281.5	341.6			

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		-1.3	-14.2	-15.4	-47.4	-10.0	41.9
Business acquisitions		0.0	22.2	22.2	0.0	0.0	22.2
Effect of exchange rates changes		0.0	0.1	0.1	-0.1	0.0	0.2
Other non-cash items		0.0	27.6	27.6	0.0	0.0	27.6
Carrying amount	Mar 31, 2022	60.0	280.5	340.5	103.6	0.0	236.9
Fair value	Mar 31, 2022	60.1	280.5	340.6			

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	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Cash and cash equivalents	73.8	43.3	82.6
Money market investments and investments in bonds	34.5	60.3	32.3
Liquid funds	108.3	103.6	114.9

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	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Financial assets				
Non-current investments	3	1.0	1.0	1.0
Currency derivatives, non-hedge accounting	2	2.1	-	1.0
Interest rate derivatives, hedge accounting	2	0.8	0.7	2.2
Total		4.0	1.7	4.1
Financial liabilities				
Interest rate derivatives, hedge accounting	2	-	0.1	-
Currency derivatives, non-hedge accounting	2	-	0.1	0.1
Total		-	0.2	0.1

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 20.8 million and their carrying value EUR 21.6 million. For the other instruments, the fair values are not materially different to their carrying amounts, since the instruments are short-

10. Commitments and other contingent liabilities

EUR million	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Guarantees	10.8	13.6	10.8
Total	10.8	13.6	10.8

Lease commitments not recognized in balance sheet

EUR million	Mar 31, 2023	Mar 31, 2022	Dec 31, 2022
Maturity of minimum lease payments:			
Less than a year	11.1	11.2	11.5
1-5 years	1.1	0.6	0.9
Total	12.2	11.9	12.4

Other contingent liabilities

The Group has a potential environmental liability of EUR 23.0 million, related to cleaning of the land area in Eteläinen Postipuisto. 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

There have been no significant events after the reporting period.