



POSTI GROUP CORPORATION INTERIM REPORT APRIL 26, 2024, AT 9:00 A.M. (EEST)

Posti Group Corporation Interim Report January-March 2024



Posti Group 1-3/2024: Strong profitability due to high operational excellence

Posti Group Corporation Interim Report January–March 2024

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

January-March

Financial highlights

- Net sales decreased by 3.9% to EUR 382.1 (397.6) million.
- Adjusted EBITDA increased to EUR 53.0 (42.5) million, or 13.9% (10.7%) of net sales.
- EBITDA increased to EUR 49.9 (41.6) million, or 13.1% (10.5%) of net sales.
- Adjusted operating result increased to EUR 21.2 (9.6) million, representing 5.5% (2.4%) of net sales.
- Operating result increased to EUR 18.1 (8.8) million, representing 4.7% (2.2%) of net sales.
- Net debt to adjusted EBITDA was 1.2x (1.2x).

Operational highlights in Q1

- Group net sales decreased which was affected by the low consumer and customer demand in all segments. Political strikes in Finland had an indirect negative impact on net sales.
- The Group's adjusted EBITDA and operating result improved significantly. Continuous improvements in cost and operational efficiency, especially in the Postal Services increased the share of the Group's adjusted EBITDA of net sales to a record high.
- In the eCommerce and Delivery Services segment, the total parcel volume grew by 5% (decreased by 1%) driven by the growth in the Baltic countries.
- Weak customer demand and political strikes in Finland impacted warehousing consequently declining Fulfillment and Logistics Services net sales and profitability.
- The addressed letter volumes continued to decrease by 16% (0%).
 - The share of mail items covered by the universal service obligation accounted for 3.2% (2.8%) of all Posti's mail items delivered.

Outlook for 2024 unchanged

In 2024, Posti is expecting its net sales and adjusted EBITDA to be on the previous year's level. In 2023, Posti's net sales from continuing operations were EUR 1,586.1 million and adjusted EBITDA was EUR 197.7 million.

Current macroeconomic and market conditions bring uncertainty to economic projection and consumer confidence. Consumer behavior affects Posti's business and may further 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 2024	1-3 2023	1-12 2023
Net sales, EUR million	382.1	397.6	1,586.1
Adjusted EBITDA, EUR million	53.0	42.5	197.7
<i>Adjusted EBITDA margin, %</i>	13.9%	10.7%	12.5%
EBITDA, EUR million	49.9	41.6	188.6
<i>EBITDA margin, %</i>	13.1%	10.5%	11.9%
Adjusted operating result, EUR million	21.2	9.6	66.4
<i>Adjusted operating result margin, %</i>	5.5%	2.4%	4.2%
Operating result, EUR million	18.1	8.8	-7.0
<i>Operating result margin, %</i>	4.7%	2.2%	-0.4%
Result for the period, EUR million	12.3	4.9	-25.2
Return on capital employed (12 months), %	0.3%	7.9%	-1.0%
Net debt, EUR million	245.1	233.2	240.0
Net debt / adjusted EBITDA	1.2x	1.2x	1.2x
Operative free cash flow, EUR million	8.3	-6.6	28.6
Personnel, end of period	15,948	18,851	17,024
Personnel on average, FTE	13,133	14,346	14,272
Earnings per share, basic, EUR	0.31	0.12	-0.63
Dividend per share, EUR			0.80
Dividend, EUR million			31.8

Timo Karppinen, Interim CEO

We started the year with strong profitability which is a result of delivering great operational excellence and resilient cost discipline. We continued to implement our strategy and stayed on the course towards our vision of becoming a modern fulfillment and delivery company with progressive profitability. The good work from last year continued in the first quarter yielding a great result, even in the challenging market.

Our net sales declined by 3.9% to EUR 382.1 (397.6) million. Consumer spending remained weak during the first quarter, which resulted in declined volumes and low circulation of goods in warehouses. We also faced some negative effects off the political strikes in Finland during the first quarter. The Group's adjusted EBITDA increased to EUR 53.0 (42.5) million, which is highest in the recent years. Growth was remarkable taking into consideration the relatively weak Q1 2023. Improved cost and operational efficiency across all segments had a positive impact on the entire Group's result. This is a strong accomplishment.

On the segment level, the eCommerce and Delivery Services profitability increased due to improvements in operational efficiency, while the net sales declined. On a positive note, we saw some increase in the consumer market's parcel volumes, particularly in the Baltics. The slow market, especially in the construction industry, and the political strikes in Finland affected the volumes in warehouses negatively, consequently decreasing the net sales and profitability in the Fulfillment and Logistics Services segment. The Postal Services segment achieved a significant improvement in profitability. This was due to improved operational efficiency, especially in automated sorting. The segment's net sales declined.

Although the high inflation and interest rates have slightly declined, the consumer purchasing power and trust in personal economy remains below the long-term average. Having said this, we do believe that the long-term market potential of e-commerce will remain positive in the Nordics, and we continue to seek growth in line with our strategy.

Sustainability continues to be at the core of our strategy. In the first quarter we updated our sustainability program for the next three years. With the new program we keep on focusing on our people, and we want to help them grow. We will drive the clean transition of logistics by eliminating our own emissions and transport fossil-free by 2030 and be at net zero by 2040. We strive to create a positive impact on society by for example advancing human rights, ethical business, and promoting anti-racism. I'm also satisfied that in February we took another concrete step forward in our climate work as our first ever diesel to electric conversion truck started to operate in Finland.

Thank you Posti team, for your decisive work on achieving this as the market environment and consumer confidence continued to be weak. Looking ahead, while market uncertainty impacted our net sales in the first quarter, we proceed with ensuring efficiency in everything we do.

APPENDICES

Posti Group Corporation Interim Report tables January-March 2024 in full (PDF)

FURTHER INFORMATION

Timo Karppinen, CFO and Interim CEO

Tel. +358 20 452 3366 (MediaDesk)

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. We make our customers' everyday lives smoother with a wide range of services, which includes parcels, freight, and postal services as well as warehouse, fulfillment, and logistics services. Our goal is to zero our own emissions by 2030 and transport completely fossil-free throughout the value chain by 2040. Our net sales in 2023 amounted to EUR 1,586.1 million and we have approximately 17,000 employees. www.posti.com

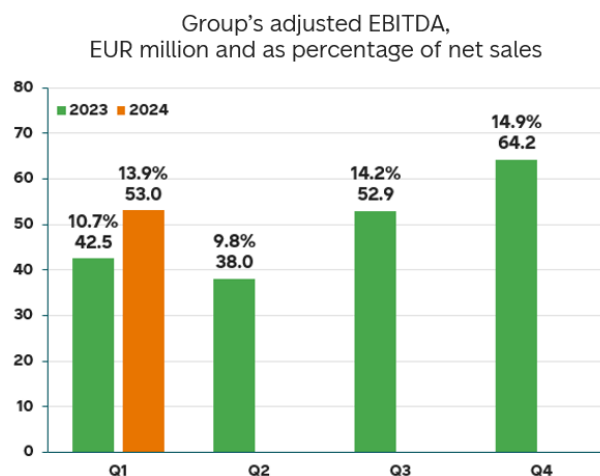
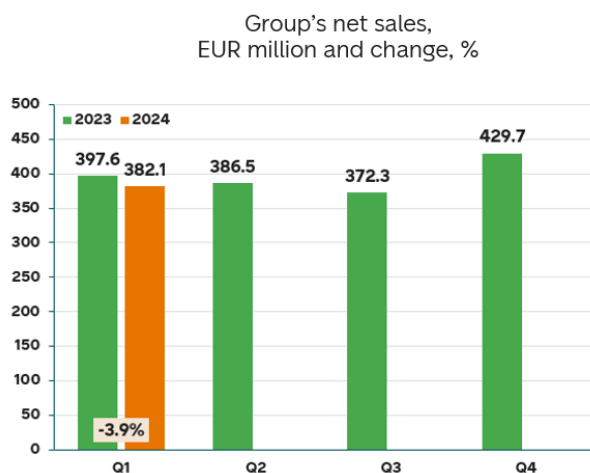
Market situation and business environment

The production volume and turnover of companies have decreased in recent months. At the same time, consumer confidence remains clearly below the long-term average, and consumers' assessment of the current state of their own economy and expectations for the general economy of Finland during the year ahead are very weak. According to the consumer confidence indicator, the time is still considered very unfavorable for purchasing durable goods, and there are very few intentions to spend money on consumption.

The challenging business conditions and the macroeconomic situation are concretely reflected in the demand for logistics services and the general economic conditions. This has adversely impacted the circulation of products in Posti warehouses and Posti's parcel volumes. The need for logistics services has remained low having a direct negative effect on Posti's business activities.

The forecast indicates that Finland's GDP shrank by 1.0% in 2023 and will keep shrinking in 2024, with a projected decline of 0.5%. However, the current forecasts do not account for the effect of political strikes by trade unions. Political strikes in Finland may have an impact on economic development in 2024 and have a greater impact on Posti's financial performance compared to its competitors. Even though the inflation has slowed down, the VAT increases planned by the Finnish government might weaken the purchasing power when the VAT increases will come to affect. Moreover, geopolitical conflicts and several important elections, including the US presidential elections, create uncertainty for economic outlooks. Therefore, the forecasts are subject to risks related to downward trends, and they might be too positive. Sweden GDP growth is expected to increase gradually in 2024. Riskbank's current GDP growth forecast for 2024 is 0.3%.

Net sales and profitability



January-March 2024

Net sales

The Group's net sales decreased by 3.9% to EUR 382.1 (397.6) million. Net sales decreased by 3.2% in Finland and by 10.3% in other countries. The decline in net sales in other countries was mainly due to the challenging macroeconomic environment in Sweden. The political strikes in Finland had an indirect negative effect on Posti's net sales through lower warehouse volumes. Also, the divestment of Transval Myymäläpalvelut Oy in 2023 impacted net sales negatively. The share of Posti's business operations outside Finland decreased and accounted for 9.0% (9.7%) of net sales.

Net sales in the eCommerce and Delivery Services segment decreased by 2.5% to EUR 153.0 (157.0) million.

Net sales in the Fulfillment and Logistics Services segment decreased by 10.7% to EUR 74.6 (83.5) million.

The combined external net sales of eCommerce and Delivery Services and Fulfillment and Logistics Services represented 58.3% (59.2%) of the Group's net sales.

Net sales in the Postal Services segment decreased by 1.1% to EUR 160.9 (162.7) million.

Operations under the universal service obligation decreased and amounted to EUR 18.9 (19.7) million, or 5.0% (4.9%) of the Group's net sales, representing 3.2% (2.8%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 53.0 (42.5) million, or 13.9% (10.7%) of net sales, mainly due to the improved operational efficiency in all segments and increased profitability in Postal Services. EBITDA increased to EUR 49.9 (41.6) million, or 13.1% (10.5%) of net sales.

The adjusted operating result increased significantly to EUR 21.2 (9.6) million, or 5.5% (2.4%) of net sales. The operating result increased to EUR 18.1 (8.8) million, or 4.7% (2.2%) of net sales.

Special items affecting the operating result in the first quarter amounted to EUR -3.1 (-0.9) million.

Special items affecting the operating result

EUR million	1-3 2024	1-3 2023	1-12 2023
Personnel restructuring costs	-3.1	-0.6	-5.7
Impairments on goodwill and purchase price allocations			-57.4
Impairments			-6.9
Other special items		-0.3	-3.4
Total	-3.1	-0.9	-73.4

Transfers between segments

The organization and management model of the Group's ICT has been changed on January 1, 2024. ICT operations and the development with the assets have been centralized from the business groups to the Group functions. Restatements have been made to all segment data.

eCommerce and Delivery Services

Key figures

	1-3 2024	1-3 2023	1-12 2023
Net sales, EUR million	153.0	157.0	652.0
<i>Net sales change-%</i>	-2.5%	-1.3%	-4.1%
Adjusted EBITDA, EUR million	14.4	11.7	75.9
<i>Adjusted EBITDA margin, %</i>	9.4%	7.5%	11.6%
EBITDA, EUR million	13.4	11.7	73.9
<i>EBITDA margin, %</i>	8.8%	7.5%	11.3%

January-March 2024

The parcel and freight volumes developed as follows:

- The total number of parcels delivered by Posti in Finland and the Baltic countries increased by 5% (decreased by 1%) to 15.7 (15.0) million. The figure does not include letter-like eCommerce items.
- Transportation volumes measured in waybills decreased by 8% (10%).

Net sales of eCommerce and Delivery Services decreased by 2.5% to EUR 153.0 (157.0) million. The overall low level of spending and consumption of goods in the market was reflected in the declining volumes, especially in transportation, which led to a decline in net sales.

The adjusted EBITDA of eCommerce and Delivery Services increased to EUR 14.4 (11.7) million, or 9.4% (7.5%) of net sales. Focusing on costs and operational efficiency, such as optimized resourcing improved eCommerce and Delivery Services' profitability, albeit the declined net sales affected profitability negatively. EBITDA increased from the previous year and was EUR 13.4 (11.7) million.

Fulfillment and Logistics Services

Key figures

	1-3 2024	1-3 2023	1-12 2023
Net sales, EUR million	74.6	83.5	328.4
Transval	49.6	56.3	219.5
Aditro Logistics	25.0	27.2	108.9
<i>Net sales change-% *</i>	-10.7%	-4.5%	-10.3%
Adjusted EBITDA, EUR million	8.1	8.5	37.3
<i>Adjusted EBITDA margin, %</i>	10.9%	10.2%	11.4%
EBITDA, EUR million	8.1	8.3	35.4
<i>EBITDA margin, %</i>	10.9%	10.0%	10.8%

* *Transval Myymäläpalvelut Oy was divested in September 2023.*

January-March 2024

Fulfillment and Logistics Services' net sales decreased by 10.7% and were EUR 74.6 (83.5) million. The weak customer demand in the construction market and the political strikes in Finland affected the warehouse volumes negatively in **Transval**, which decreased net sales. Also, the divestment of Transval Myymäläpalvelut Oy in September 2023 impacted net sales negatively. **Aditro Logistics'** net sales also decreased from the previous year. The low consumer demand in Sweden had a negative impact on market volumes and Aditro Logistics' net sales.

The adjusted EBITDA of Fulfillment and Logistics Services decreased to EUR 8.1 (8.5) million but increased as per the share of net sales to 10.9% (10.2%). Improvements in operational efficiency in Fulfillment and Logistics Services helped to increase the segment's relative adjusted EBITDA. EBITDA decreased to EUR 8.1 (8.3) million.

Postal Services

Key figures

	1-3 2024	1-3 2023	1-12 2023
Net sales, EUR million	160.9	162.7	631.0
Net sales change-%	-1.1%	8.1%	0.1%
Adjusted EBITDA, EUR million	32.1	24.6	96.3
Adjusted EBITDA margin, %	20.0%	15.1%	15.3%
EBITDA, EUR million	30.4	23.9	92.8
EBITDA margin, %	18.9%	14.7%	14.7%

January-March 2024

- The number of addressed letters decreased by 16% (0%).

The net sales of Postal Services decreased by 1.1% to EUR 160.9 (162.7) million due to the decreased volumes. Various price increases driven by the high inflation, had a positive impact on net sales.

The adjusted EBITDA of Postal Services increased significantly to EUR 32.1 (24.6) million, or 20.0% (15.1%) of net sales. Continuous improvements in operational efficiency, especially in automated sorting increased profitability. EBITDA increased to EUR 30.4 (23.9) million.

Cash flow, financial position, and major investments

In January-March, the consolidated cash flow from operating activities was EUR 41.4 (21.2) million, the cash flow from investing activities was EUR -28.1 (-13.2) million and the cash flow from financing activities was EUR -33.5 (-16.6) million.

At the end of March, liquid assets amounted to EUR 102.7 (108.3) million and undrawn committed credit facilities totaled EUR 150.0 (150.0) million. The Group's interest-bearing borrowings were EUR 347.8 (341.5) million of which a bank loan of EUR 60.0 million is due in May 2024. Net debt totaled EUR 245.1 (233.2) million. Equity ratio was 36.6% (41.8%).

Posti is investing in strategic key development areas such as digital services, including its OmaPosti application. With the OmaPosti application Posti aims to stay competitive as the digitalization of government communication, prepared by the Finnish Government, proceeds. We also continue to invest in in-house technological resources and production facilities. These include sorting machines and new modern and efficient automated warehouses and terminals, like the new Transval warehouse in Järvenpää, Finland. Thus, Posti wants to improve the competitive advantage of its core business and respond to the changing market and customer needs. We also continue to invest in sustainability to support in reaching our net-zero targets.

The surrounding land area of Posti Group Headquarters is presented as an investment property for a development purposes. Negotiations between Posti, the City of Helsinki, and third parties regarding the use of the land and the future exchanges of land have been completed and the changed city plan entered into force in November 2023. The Group has an estimated environmental liability of EUR 26 million related to the cleaning of the land areas in the Eteläinen Postipuisto area. The cleaning of the area is estimated to start at the end of 2024 and progress in stages in 2025-2026.

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.

Changes in the leadership Team

Posti announced on March 13, 2024, that Antti Jääskeläinen (M.Sc.Eng) has been appointed as the new President and CEO of Posti Group Corporation. He will start in his position by the end of the summer vacation season. Posti's previous President and CEO Turkka Kuusisto left his position on March 20, 2024, and his employment with Posti ended at the end of April. Timo Karppinen, CFO of Posti Group, acts as the interim CEO in addition to his own duties between March 21 and the start of the new CEO.

Annual General Meeting

Posti Group Corporation's Annual General Meeting was held in Helsinki on March 20, 2024.

In line with the Board of Directors' proposal, the Annual General Meeting decided to distribute a dividend of EUR 31.8 million. The dividend will be paid in two parts during the year 2024.

The meeting adopted the 2023 financial statements and discharged the members of the Board of Directors, Supervisory Board and President and CEO from liability.

Sanna Suvanto-Harsaae was elected to continue as the Board Chair and Jukka Leinonen as Deputy Chair. The Annual General Meeting re-elected the following persons to the Board of Directors: Raija-Leena Hankonen-Nybom, Kari-Pekka Laaksonen, Jukka Leinonen, Frank Marthaler, Minna Pajumaa, Anni Ronkainen, Sanna Suvanto-Harsaae, Stefan Svensson, Hanna Vuorela and Satu Ollikainen.

In its constitutive meeting, held after the Annual General Meeting, the Board of Directors decided on the below committees and committee members as follows: The Audit, Risk and Sustainability Committee with members Raija-Leena Hankonen-Nybom (Chair), Kari-Pekka Laaksonen, Frank Marthaler and Hanna Vuorela. The Personnel Committee with members Sanna Suvanto-Harsaae (Chair), Jukka Leinonen, Minna Pajumaa and Anni Ronkainen.

The Strategy Committee with members Sanna Suvanto-Harsaae (Chair), Jukka Leinonen, Anni Ronkainen and Stefan Svensson.

Annual General Meeting re-elected Mia Laiho as the Chair of the Supervisory Board, and Paula Werning as the Deputy Chair, and the following members to the Supervisory Board: Pekka Aittakumpu, Tiina Elo, Timo Furuholm, Tomi Immonen, Aleks Jäntti, Milla Lahdenperä, Mia Laiho, Anders Norrback, Jorma Piisinen, Timo Suhonen, Sari Tanus, and Paula Werning.

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.

Employees

The Group's personnel

	1-3 2024	1-3 2023	1-12 2023
Personnel at period-end	15,948	18,851	17,024
<i>Finland</i>	14,007	16,889	14,937
<i>Other countries of operation</i>	1,941	1,962	2,087
Personnel on average, FTE *	13,133	14,346	14,272

* Full-time equivalent personnel on average

In January-March, the Group's personnel expenses amounted to EUR 163.4 (175.0) million, declining by 6.6% from the previous year. The personnel expenses included EUR 3.1 (0.6) million of restructuring costs. The number of personnel declined, decreasing the overall expenses, while the union-negotiated salary agreements increased personnel expenses. The decline in the number of personnel year-on-year is mainly a consequence of the sale of Transval Myymäläpalvelut Oy in 2023, the partnership with CGI, and a reduced need for seasonal employees due to challenging market and lower volumes.

Business arrangements

Posti announced on January 30, 2024, that it has entered a 10-year strategic partnership with IT and consulting company CGI. Through the agreement, Posti will partner with CGI on the development and delivery of digital multichannel messaging in Postal Services. On March 1, 2024, 88 professionals in Finland, Poland, Latvia, and Estonia transferred to CGI.

Legal proceedings

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

Business risks

Posti's business and financial results are exposed to the general economic development, including risk of rising costs and lowering customer demand. A high inflation, high interest rates as well as rising taxes, such as the VAT increase recently introduced by the Finnish Government, may reduce the consumers' purchasing power and have a negative impact to Posti's results.

External factors such as the ongoing war in Europe or other geopolitical conflicts may cause market uncertainty and directly affect the transportation routes or supply chains in general, which may cause challenges to our customers, partners, and subcontractors. This may have a negative impact to Posti's financial performance through lower volumes in ecommerce and other related challenges.

Posti's business is very employee intensive and in Finland the labor market is intensified. Political or labor union strikes against government reforms may have a negative impact to Posti's operations and its financial performance. Depending on the nature of the strike it may also have a direct effect on net sales, increase Posti's operating costs and impact our volumes negatively through our customers.

Posti and its operations are subject to technology and data related risks such as technical errors in sorting machines, data breach or violation of GDPR. Posti may be subject to cyberattacks directly or through third parties such as subcontractor or service provider. Cyberattacks might lead to reduction in the electricity supply, IT services and facility services, which may all have a negative impact to Posti's financial performance.

New lower priced competitors have entered the operating market, which may have a negative impact to Posti's financial performance. In postal business the competition is seen as long period risk if competitors can build mail capabilities faster than expected. This would have negative impact in turnover and reflects also challenges to develop cost efficiency in Posti network in Finland.

Increasing and progressive digitalization presents risks to a traditional letter business. Posti is responding to the digitalization of government communication prepared by the Finnish Government with its OmaPosti application.

As the economic situation and labor market is forecasted to improve it may cause challenges to recruit and maintain talent. Posti takes actions to mitigate this risk and we've already seen improvements in employee image measured by an external vendor.

Events after the reporting period

Posti announced on April 18, 2024, that it is starting change negotiations concerning delivery services in the eCommerce and Delivery Services -business group. It is estimated that the change negotiations concern altogether 1,319 persons and could lead to a reduction of 295 jobs. The change negotiations are aiming for a flexible and more efficient transportation network. The need for the change negotiations is based on reduced customer demand, not on other external factors such as, for example, the labor market situation.

Outlook for 2024 unchanged

In 2024, Posti is expecting its net sales and adjusted EBITDA to be on the previous year's level. In 2023, Posti's net sales from continuing operations were EUR 1,586.1 million and adjusted EBITDA was EUR 197.7 million.

Current macroeconomic and market conditions bring uncertainty to economic projection and consumer confidence. Consumer behavior affects Posti's business and may further impact our actual results.

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Posti's financial reporting

2024:

August 8, 2024: Half-year Financial Report 2024

October 25, 2024: Interim Report for January-September 2024

Helsinki, April 26, 2024

Posti Group Corporation
Board of Directors

APPENDICES

Calculation of key figures

Interim Report tables January-March 2024

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 2024

Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Consolidated Income Statement

EUR million	1-3 2024	1-3 2023	1-12 2023
Net sales	382.1	397.6	1,586.1
Other operating income	4.0	1.7	9.4
Materials and services	-99.9	-108.4	-433.4
Employee benefits	-163.4	-175.0	-685.1
Other operating expenses	-72.9	-74.2	-288.4
Depreciation and amortization	-31.9	-32.6	-129.9
Impairment losses	0.0	-0.2	-65.6
Operating result	18.1	8.8	-7.0
Finance income	2.6	1.2	6.4
Finance expenses	-4.3	-3.0	-13.6
Result before income tax	16.4	7.0	-14.1
Income tax	-4.1	-2.0	-11.1
Result for the period	12.3	4.9	-25.2
Earnings per share (EUR per share)	0.31	0.12	-0.63

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 2024	1-3 2023	1-12 2023
Result for the period	12.3	4.9	-25.2
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Change in fair value of cash flow hedges	0.0	0.0	-1.2
Translation differences	0.1	-1.0	-2.0
Income tax relating to these items	0.0	0.0	0.2
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations			-0.7
Income tax relating to these items			0.1
Comprehensive income for the period	12.3	3.9	-28.8

Consolidated Balance Sheet

Assets

EUR million	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Non-current assets			
Goodwill	169.1	223.0	169.1
Other intangible assets	66.8	86.2	69.7
Investment property	24.6	3.5	24.6
Property, plant and equipment	229.3	232.4	226.5
Right-of-use assets	277.4	272.8	280.6
Other non-current investments	0.8	1.0	0.8
Non-current receivables	1.0	2.2	1.9
Deferred tax assets	7.0	15.6	5.2
Total non-current assets	776.0	836.6	778.5
Current assets			
Inventories	4.1	3.5	3.9
Trade and other receivables	263.0	270.5	289.6
Current income tax receivables	2.3	1.6	0.0
Current financial assets	60.1	35.3	47.1
Cash and cash equivalents	44.3	73.8	64.6
Total current assets	373.7	384.7	405.2
Total assets	1,149.8	1,221.3	1,183.7

Equity and liabilities

EUR million	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Equity attributable to the shareholders of the parent company			
Share capital	70.0	70.0	70.0
Other reserves	142.7	142.7	142.7
Fair value reserve	0.8	1.7	0.8
Translation differences	-7.2	-6.2	-7.2
Retained earnings	194.8	276.7	214.3
Total shareholders' equity	401.1	484.9	420.5
Non-current liabilities			
Deferred tax liabilities	8.4	11.9	9.1
Non-current interest-bearing borrowings	0.0	60.0	0.0
Non-current interest-bearing lease liabilities	220.9	219.7	224.6
Other non-current payables	9.8	5.5	11.9
Advances received	4.3	7.3	6.2
Non-current provisions	6.3	2.4	5.9
Defined benefit pension plan liabilities	7.9	10.2	8.6
Total non-current liabilities	257.7	316.9	266.4
Current liabilities			
Current interest-bearing borrowings	60.0	0.0	60.0
Current interest-bearing lease liabilities	66.9	61.8	66.1
Trade and other payables	299.0	297.7	298.0
Advances received	50.7	53.8	60.6
Current income tax liabilities	7.0	5.6	4.6
Current provisions	7.4	0.6	7.5
Total current liabilities	491.0	419.5	496.8
Total liabilities	748.7	736.4	763.2
Total equity and liabilities	1,149.8	1,221.3	1,183.7

Condensed Consolidated Statement of Cash Flows

EUR million	1-3 2024	1-3 2023	1-12 2023
Result for the period	12.3	4.9	-25.2
Adjustments to cash flow	37.1	35.0	214.7
Change in net working capital	0.3	-16.5	-26.6
Cash flow before financial items and income tax	49.7	23.5	162.9
Financial items (net)	-1.7	-2.1	-7.1
Income tax paid	-6.5	-0.2	-0.7
Cash flow from operating activities	41.4	21.2	155.1
Purchase of intangible assets	-2.9	-5.2	-23.0
Purchase of property, plant and equipment	-12.6	-6.0	-36.4
Proceeds from sale of intangible and tangible assets	0.2	0.1	0.9
Business acquisitions, net of cash acquired	-	-	-3.1
Proceeds from business disposals less cash and cash equivalents	-	-	0.1
Cash flow from financial assets	-12.2	-2.1	-13.9
Cash flow from other investments	-0.5	0.1	1.1
Cash flow from investing activities	-28.1	-13.2	-74.2
Payments of lease liabilities	-17.6	-16.6	-67.1
Dividends paid	-15.9	-	-31.7
Cash flow from financing activities	-33.5	-16.6	-98.8
Change in cash and cash equivalents	-20.1	-8.6	-17.9
Cash and cash equivalents at the beginning of the period	64.6	82.6	82.6
Effect of exchange rates changes	-0.2	-0.2	-0.1
Cash and cash equivalents at the end of the period	44.3	73.8	64.6
Operative free cash flow, reconciliation			
Cash flow from operating activities	41.4	21.2	155.1
Purchase of intangible assets and property, plant and equipment	-15.5	-11.2	-59.4
Payments of lease liabilities	-17.6	-16.6	-67.1
Operative free cash flow	8.3	-6.6	28.6

Consolidated Statement of Changes in Equity

EUR million	Share capital	Other reserves	Fair value reserve	Translation differences	Retained earnings	Total equity
Jan 1, 2024	70.0	142.7	0.8	-7.2	214.3	420.5
Comprehensive income						
Result for the period					12.3	12.3
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			0.0			0.0
Translation differences				0.1		0.1
Comprehensive income for the period			0.0	0.1	12.3	12.3
Transactions with equity holders						
Dividend					-31.8	-31.8
Mar 31, 2024	70.0	142.7	0.8	-7.2	194.8	401.1

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	Other reserves	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					-25.2	-25.2
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			-1.0			-1.0
Translation differences				-2.0		-2.0
Remeasurements of post-employment benefit obligations, net of tax					-0.5	-0.5
Comprehensive income for the period			-1.0	-2.0	-25.8	-28.8
Transactions with equity holders						
Dividend					-31.7	-31.7
Dec 31, 2023	70.0	142.7	0.8	-7.2	214.3	420.5

Dividends

Posti Group Corporation's Annual General Meeting was held in Helsinki on March 20, 2024. In line with the Board of Directors' proposal, the Annual General Meeting decided to distribute a dividend of EUR 31.8 million based on the year 2023. Half of the dividend was paid on March and the other half will be paid on autumn 2024.

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 2023. Amendments to IFRS standards effective as of January 1, 2024 or later 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 report is unaudited.

General economic operating environment

The weakened confidence and purchasing power of consumers, as well as the development of inflation and interest rates, have affected Posti's operations in terms of lower demand and rising costs. The general economic operating environment has further weakened, and economies of Finland and Sweden are not expected to grow yet in 2024, but to return to growth path in 2025. Political strikes in Finland have a greater impact of Posti's financial performance compared to its competitors. Geopolitical tensions and several important elections bring uncertainty in economic prospects. Due to the market situation, it is difficult for the management to predict economic development. Therefore, the estimates are subject to considerable uncertainties. Consumer behavior and the continued low demand for logistics services in trade and industry sectors directly affect Posti's business operations and performance.

2. Foreign exchange rates

Average rate	1-3 2024	1-3 2023	1-12 2023
SEK	11.280	11.202	11.473
NOK	11.420	10.985	11.424
SDR	0.816	0.801	0.811

Closing rate	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
SEK	11.525	11.281	11.096
NOK	11.699	11.394	11.241
SDR	0.817	0.808	0.822

Group's terminal dues related to international mail are partly defined in SDR basket of currencies.

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 personnel end of period. Capital expenditure includes additions to intangible assets and property, plant and equipment including additions to right-of-use assets as well as business acquisitions.

Transfers between segments

The organization and management model of the Group's ICT has been changed on January 1, 2024. ICT operations and development with the assets have been centralized from the business groups to the Group functions. Restatements have been made to all segment data.

Description of operating segments

eCommerce and Delivery Services offers parcel, transportation and e-commerce services to corporate and private customers in Finland, Sweden and the 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, terminals, factories, production sites and shops.

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 2024 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	153.0	74.6	160.9		388.5
Net Sales, internal	-0.7	-4.1	-1.6		-6.4
Net Sales, external	152.3	70.5	159.3	0.0	382.1
Adjusted EBITDA	14.4	8.1	32.1	-1.6	53.0
Special items (impacting EBITDA)	-1.0	0.0	-1.7	-0.4	-3.1
EBITDA	13.4	8.1	30.4	-2.0	49.9
Depreciation & amortization					-31.9
Impairment losses					0.0
Adjusted operating result					21.2
Special items (impacting EBIT)					-3.1
Operating result					18.1
Financial income & expenses					-1.7
Taxes					-4.1
Result for the period					12.3
Capital Expenditure	4.1	14.1	2.8	12.0	32.9
Personnel, end of period	3,604	4,252	7,441	651	15,948
Net Assets	246.0	289.7	79.9	-214.6	401.1

1-3 2023 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	157.0	83.5	162.7		403.1
Net Sales, internal	-0.5	-4.4	-0.5		-5.5
Net Sales, external	156.5	79.0	162.1	0.0	397.6
Adjusted EBITDA	11.7	8.5	24.6	-2.2	42.5
Special items (impacting EBITDA)	0.0	-0.2	-0.7	-0.1	-0.9
EBITDA	11.7	8.3	23.9	-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					4.9
Capital Expenditure	5.5	19.7	2.4	19.8	47.4
Personnel, end of period	3,816	6,017	8,321	697	18,851
Net Assets	274.5	371.4	77.0	-238.0	484.9

1-12 2023 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	652.0	328.4	631.0		1,611.4
Net Sales, internal	-2.5	-17.8	-5.1		-25.4
Net Sales, external	649.5	310.6	625.9	0.0	1,586.1
Adjusted EBITDA	75.9	37.3	96.3	-11.9	197.7
Special items (impacting EBITDA)	-2.0	-1.9	-3.5	-1.6	-9.1
EBITDA	73.9	35.4	92.8	-13.5	188.6
Depreciation & amortization					-129.9
Impairment losses					-65.6
Adjusted operating result					66.4
Special items (impacting EBIT)					-73.4
Operating result					-7.0
Financial income & expenses					-7.1
Taxes					-11.1
Result for the period					-25.2
Capital Expenditure	35.3	26.5	22.6	83.0	167.4
Personnel, end of period	3,789	4,713	7,846	676	17,024
Net Assets	264.0	297.6	73.0	-214.0	420.5

4. Net sales by geographical area

EUR million	1-3 2024	1-3 2023	1-12 2023
Finland	317.9	330.2	1,314.1
Sweden	32.0	37.7	141.4
The Baltics	9.5	8.7	32.4
Other countries	22.8	21.0	98.1
Total	382.1	397.6	1,586.1

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 2024.

Posti has entered a 10-year strategic partnership with IT and consulting company CGI on development and delivery of digital multichannel messaging in Postal Services. On March 1, 2024, 88 professionals in Finland, Poland, Latvia, and Estonia transferred to CGI.

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, 2024	Mar 31, 2023	Dec 31, 2023
Carrying amount	Jan 1	226.5	234.9	234.9
Additions		11.5	5.4	39.9
Transfers to investment property		-	0.2	-13.9
Other disposals and transfers between items		0.3	-8.5	0.2
Depreciation		-8.2	-	-33.2
Impairment		0.0	-	-1.6
Translation differences		-0.9	0.4	0.1
Carrying amount, end of the period		229.3	232.4	226.5

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

EUR million		Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Carrying amount	Jan 1	280.6	255.0	255.0
Additions		18.3	36.7	98.0
Disposals and transfers between items		0.3	-0.5	-2.5
Depreciation		-18.0	-16.9	-69.8
Translation differences		-3.8	-1.5	0.0
Carrying amount, end of the period		277.4	272.8	280.6

Specification of right-of-use assets:

EUR million		Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Buildings		207.4	220.2	211.3
Vehicles		58.0	44.0	61.7
Machinery and other		11.9	8.6	7.6
Carrying amount, end of the period		277.4	272.8	280.6

7. Goodwill and other intangible assets

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

EUR million		Goodwill			Other intangible assets		
		Mar 31, 2024	Mar 31, 2023	Dec 31, 2023	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Carrying amount	Jan 1	169.1	223.7	223.7	69.7	88.2	88.2
Additions		-	-	-	2.9	5.2	23.0
Business divestments		-	-	-2.4	-	-	-
Disposals and transfers between items		-	-	-	0.0	-0.1	-0.4
Amortization		-	-	-	-5.5	-7.1	-27.6
Impairment		-	-	-52.4	-	-0.2	-13.6
Translation differences		0.0	-0.7	0.3	-0.2	0.2	0.0
Carrying amount, end of the period		169.1	223.0	169.1	66.8	86.2	69.7

8. Net debt and liquid funds

EUR million		Interest bearing borrowings	Interest bearing lease liabilities	Interest bearing borrowings total	Liquid funds	Net debt total
Carrying amount	Jan 1, 2024	60.0	290.7	350.8	110.8	240.0
Cash flows		0.0	-17.6	-17.5	-7.8	-9.7
Effect of exchange rates changes		0.0	-4.2	-4.2	-0.2	-4.0
Other non-cash items		0.0	18.8	18.8	0.0	18.8
Carrying amount	Mar 31, 2024	60.0	287.8	347.8	102.7	245.1
Fair value	Mar 31, 2024	60.1	287.8	347.9		

EUR million		Interest bearing borrowings	Interest-bearing lease liabilities	Interest bearing borrowings total	Liquid funds	Net debt total
Carrying amount	Jan 1, 2023	60.0	263.4	323.4	114.9	208.5
Cash flows		0.0	-16.6	-16.6	-6.4	-10.1
Effect of exchange rates changes		0.0	-1.7	-1.7	-0.2	-1.5
Other non-cash items		0.0	36.4	36.3	0.0	36.3
Carrying amount	Mar 31, 2023	60.0	281.5	341.5	108.3	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	Net debt total
Carrying amount	Jan 1, 2023	60.0	263.4	323.4	114.9	208.5
Cash flows		0.0	-67.1	-67.1	-4.1	-63.0
Effect of exchange rates changes		0.0	0.3	0.3	-0.1	0.4
Other non-cash items		0.0	94.1	94.1	0.0	94.1
Carrying amount	Dec 31, 2023	60.0	290.7	350.8	110.8	240.0
Fair value	Dec 31, 2023	60.2	290.7	350.9		

EUR million	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Cash and cash equivalents	44.3	73.8	64.6
Money market investments and investments in bonds	58.4	34.5	46.1
Liquid funds	102.7	108.3	110.8

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 2023. 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, 2024	Mar 31, 2023	Dec 31, 2023
Financial assets				
Non-current investments	3	0.8	1.0	0.8
Currency derivatives, non-hedge accounting	2	0.7	2.1	-
Interest rate derivatives, hedge accounting	2	1.0	0.8	1.0
Total		2.4	4.0	1.8
Financial liabilities				
Currency derivatives, non-hedge accounting	2	-	-	0.7
Total		-	-	0.7

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 23.0 million and their carrying value EUR 23.2 million. For the other instruments, the fair values are not materially different to their carrying amounts, since the instruments are short-term in nature.

10. Commitments and other contingent liabilities

EUR million	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Guarantees	8.9	10.8	9.0
Total	8.9	10.8	9.0

Lease commitments not recognized in balance sheet

EUR million	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Maturity of minimum lease payments:			
Less than a year	12.8	11.1	12.5
1-5 years	1.4	1.1	0.7
Total	14.1	12.2	13.1

Other contingent liabilities

The Group has an estimated environmental liability of EUR 26 million related to the cleaning of the land areas in Eteläinen Postipuisto. Negotiations with Posti, City of Helsinki and third parties regarding the land use and the future land exchanges have been completed and the changed city plan has been entered into force in November 2023. The cleaning of the area is estimated to start at the end of 2024 and progress in stages in 2025-2026.

11. Events after the reporting period

Posti announced on April 18, 2024, that it is starting change negotiations concerning delivery services in eCommerce and Delivery Services -business group. It is estimated, that change negotiations concern altogether 1,319 persons and could lead to a reduction of 295 jobs. The change negotiations are aiming for a flexible and more efficient transportation network. The need for the change negotiations is based on reduced customer demand, not on other external factors such as, for example, the labor market situation.