



POSTI GROUP INTERIM REPORT, OCTOBER 29, 2020 AT 9:00 A.M. (EET)

Posti Group Corporation Interim Report January–September 2020



Posti Group 1–9/2020: Posti Group's adjusted operating result improved notably in the third quarter due to fast and agile scaling of operations

Posti Group Corporation Interim Report January–September 2020

July–September

Financial highlights

- Net sales were at the previous year's level, EUR 381.2 (381.2) million.
- Adjusted EBITDA was EUR 47.1 (40.5) million, or 12.4% (10.6%) of net sales.
- EBITDA increased to EUR 47.3 (39.0) million, or 12.4% (10.2%) of net sales.
- The adjusted operating result improved to EUR 16.9 (11.5) million, representing 4.4% (3.0%) of net sales.
- The operating result improved to EUR 17.1 (10.1) million, representing 4.5% (2.6%) of net sales.

The figures in 7-9/2020 and 7-9/2019 are not fully comparable because the operations of Aditro Logistics have been included in Posti's financials as of April 2020, but they are not part of the financials of the comparable period in 2019.

January–September

Financial highlights

- Net sales decreased by 1.2% to EUR 1,157.7 (1,171.6) million.
- Adjusted EBITDA was EUR 122.4 (118.3) million, or 10.6% (10.1%) of net sales.
- EBITDA increased to EUR 121.6 (107.7) million, or 10.5% (9.2%) of net sales.
- The adjusted operating result improved to EUR 32.6 (31.8) million, representing 2.8% (2.7%) of net sales.
- The operating result improved to EUR 29.6 (21.2) million, representing 2.6% (1.8%) of net sales.
- Net debt to adjusted EBITDA was 1.8x (1.0x).

Operational highlights

- The global COVID-19 pandemic has had a significant impact on Posti's operations in 2020. While Posti's Parcel and eCommerce business group has benefited from the growth of online shopping, the demand for traditional postal services has decreased even faster than previously due to the pandemic.
- The execution of Posti's transformation continued:
 - The number of addressed letters decreased by 20% (13%) in Finland.
 - The share of mail items covered by the universal service obligation continued to decrease and accounted for only 2.6% (3.3%) of all Posti's mail items delivered
 - The parcel volume of Finland and the Baltic countries increased by 20% (10%).
 - The combined net sales of Parcel and eCommerce as well as logistics businesses represented already 57% (52%) of the Group's net sales.
 - Posti continued to focus on its core business by divesting, on September 2, its home care services provider Posti Kotipalvelut Oy to Stella Care Oy, where Posti became a minority shareholder.
 - On September 9, Posti announced its plans to change its operating model in order to accelerate the renewal of the Group's business operations and to increase agility and productivity.

- After the reporting period, on October 28, Posti and Ropo Capital announced an agreement according to which Ropo Capital will acquire the entire share capital of Posti Messaging AB in Sweden and Posti Messaging AS in Norway

The figures in 1-9/2020 and 1-9/2019 are not fully comparable because the operations of Aditro Logistics have been included in Posti's financials as of April 2020, but they are not part of the financials of the comparable period in 2019.

Outlook for 2020 (unchanged)

The coronavirus situation makes the macroeconomic outlook extremely difficult to predict for the full year. Posti maintains its outlook for 2020, but because of these exceptional circumstances, Posti's full-year outlook includes a significant level of uncertainty.

As a result of the increasing market uncertainty and expected impact of coronavirus on the Finnish and global economy, Posti's net sales in 2020, excluding possible new acquisitions and divestments, are expected to decrease from the previous year. The Group's adjusted operating result in 2020 is expected to increase from the previous year, when the postal strike had a significant negative impact on Posti's results.

The Group's business is characterized by seasonality. Net sales and operating result in the segments are not accrued evenly over the year. In Postal Services and consumer parcels, the first and fourth quarters are typically strong, while the second and third quarters are weaker.

Key figures of Posti Group					
	7-9 2020	7-9 2019	1-9 2020	1-9 2019	1-12 2019
Net sales*, EUR million	381.2	381.2	1,157.7	1,171.6	1,564.6
Adjusted EBITDA*, EUR million	47.1	40.5**	122.4	118.3**	152.3**
Adjusted EBITDA margin*, %	12.4	10.6**	10.6	10.1**	9.7**
EBITDA*, EUR million	47.3	39.0	121.6	107.7	140.6
EBITDA margin*, %	12.4	10.2	10.5	9.2	9.0
Adjusted operating result*, EUR million	16.9	11.5**	32.6	31.8**	36.2**
Adjusted operating result margin*, %	4.4	3.0**	2.8	2.7**	2.3**
Operating result*, EUR million	17.1	10.1	29.6	21.2	18.5
Operating result margin*, %	4.5	2.6	2.6	1.8	1.2
Result for the period*, EUR million	12.3	10.2	11.6	18.2	14.1
Return on equity (12 months), %			1.7	8.5	4.3
Return on capital employed (12 months), %			4.0	8.1	4.5
Net debt, EUR million			277.1	168.7	164.3
Net debt / adjusted EBITDA			1.8x	1.0x**	1.0x**
Equity ratio, %			34.5	40.0	40.0
Operative free cash flow, EUR million			30.6	2.2	14.7
Gross capital expenditure*, EUR million			111.7	94.0	133.7
Personnel, end of period*			20,586	20,153	20,468
Personnel on average*, FTE	16,187	16,527	16,266	16,747	16,569
Earnings per share, basic, EUR	0.31	0.26	0.29	0.58	0.47
Dividend per share, EUR					0.75
Dividends, EUR million					29.8

* Continuing operations

** Restated based on the new definition of special items

Turkka Kuusisto, President and CEO

I am very pleased with our third quarter results. Thanks to fast and agile scaling of operations, we were able to achieve strong result. This lays a great foundation for Posti's transformation journey. I am extremely grateful to Posti's employees for their teamwork, dedication and determination during these difficult times. We achieved a significant improvement in our operating result compared to the second quarter this year as well as to the third quarter last year and this under challenging market environment.

As we are heading towards a very hectic and important peak season, we want to recognize in particular those employees working in our operations by increasing our Spot bonus allocation from current EUR 1.3 million to EUR 3.0 million for the rest of the year. During these exceptional times, we at Posti have a great responsibility in ensuring a positive season for households and families, and a strong sales season for our customer companies.

While the third quarter results were good, our transformation journey is still in early phase. Our profitability is not yet on a sustainable level. We need to continue to make rapid progress in developing our different businesses. It is imperative that we stay focused on our customers' needs, continuously work on our cost structure and react rapidly to market changes.

In our Postal business, we have several challenges ahead of us. In the third quarter, our addressed letter volumes declined by 20%. There is a great urgency to renew the Postal Act. We welcome the proposal of the State Secretaries' working group to secure the delivery of mail and printed newspapers in coming years. This can be done by reforming the current Postal Act and introducing a temporary State Aid for newspaper delivery in rural areas. This reform is crucial and should come into effect from the beginning of 2022 at the latest.

Our Parcel and eCommerce business group continued its strong performance in the third quarter. Our parcel volumes in Finland and the Baltics grew by 21% in the third quarter. During 2020, we reached an all-time high in the number of parcels delivered. However, it is crucial that we continue to develop our offering, maintain a competitive cost structure and continuously improve our customer experience. The huge volume increase has caused some challenges to our deliveries, but we are working hard to resolve these issues.

Transval's net sales remained at the previous year's level and the business group continued to work on its efficiency. Also Aditro Logistics continued to improve its efficiency, especially related to their new Arlanda site. The turnaround program in Freight Services delivered a significant profitability improvement in the third quarter. Under difficult market circumstances and due to a strong comparison period, Itella Russia's profitability decreased in the third quarter.

In the third quarter, we also announced the planning of a new operating model. The new operating model will help us to meet the changing needs of our customers and to maintain a competitive cost structure in the future.

In September, we announced the divestment of our Home Care operations. After the reporting period on October 28, we also announced the divestment of Posti Messaging Scandinavia. These are important steps in our path to continue our renewal and to focus on our core businesses. We will continue to analyze our business portfolio going forward to ensure a streamlined and focused business portfolio.

We are now heading towards what is likely to be the busiest peak season of all times. In the last quarter of 2019, the postal strike had a significant negative impact on our results. Now we are all working hard to ensure this peak season will be a great success for our customers.

APPENDICES

Posti Group's Interim Report January–September 2020 in full (PDF)

FURTHER INFORMATION

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Posti is the leading postal and logistics service company in Finland. Our core business includes postal services, parcels, freight and logistics solutions. We have the widest network coverage in Finland, and we visit about three million households and companies every weekday. We have operations in eight countries. Our net sales in 2019 amounted to almost EUR 1.6 billion and we have approximately 21,000 employees. www.posti.com.

Changes in reporting

As of April 2020, after the closing of the transaction, Aditro Logistics became a new reportable segment of Posti. Posti's three reportable segments are now Mail, Parcel and Logistics Services, Itella Russia, and Aditro Logistics. Mail, Parcel and Logistics Services consists of four operating segments: Postal Services, Parcel and eCommerce, Transval, and Freight Services. The operating segments have been changed at the beginning of 2020 by splitting Logistics Solutions into Transval and Freight Services. Mail, Parcel and Logistics Services' revenue is reported based on the new operating segments and 2019 net sales have been restated accordingly.

Simultaneously, Logistics Solutions' Administration function ceased to exist. To ensure comparability, Logistics Solutions' Administration expenses in 2019 have been restated from Mail, Parcel and Logistics Services segment to Other and unallocated.

Posti Group has also revised its Special items definition. Costs for strategic key projects and other material items outside of ordinary course of business are not reported as Special items anymore. The 2019 figures have been restated accordingly.

Market situation and business environment, January–September 2020

The prevailing coronavirus pandemic has continued to accelerate the adoption and growth of eCommerce as well as the decline of mail volumes. In the third quarter, mail volumes continued to decrease, albeit at a slower pace than in the second quarter of this year.

While the COVID-19 situation seemed to improve during the latter part of the second quarter, the situation has got worse since then, with a second wave of infection cases emerging rapidly. The increasing insecurity arising from this has put a pressure on economies to reinstate the previously introduced restrictions to further control the spread of virus. To this end, the Finnish Ministry of Finance has projected the global economy to contract by some 6% during 2020.

The Finnish government's actions to control the virus in early spring have paid dividends, with Finland's economy enduring the upheavals of the pandemic slightly better than initially forecasted. The revised projection of the Ministry of Finance is that the Finnish economy will shrink by 4.5% in 2020. For the year 2021, a slight recovery is expected with a GDP growth estimated to be at 2.6%. Despite a lesser economic setback than initially feared, the rising unemployment and temporary layoffs are still resulting in diminished consumer confidence and household consumption in Finland.

As reported by the Ministry of Finance, the Swedish economy is expected to contract by 6.5% in 2020 as a result of the global pandemic. However, a bounce back of 4.5% is forecasted for 2021.

In line with World Bank's second quarter predictions, the Ministry of Finance projects the Russian economy to contract by some 6% in 2020 and display a moderate recovery next year, with a GDP growth estimated to reach 3.3% in 2021.

COVID-19 has undeniably altered previous norms, and consumer behavior is ever more shifting to digital channels. At the same time, online shopping has become more mainstream and is now a serious contender to the traditional means of brick-and-mortar retail.

The impact of coronavirus (COVID-19) on Posti's operations and Posti's mitigating actions

During the pandemic, protecting the health of its personnel and customers in different countries according to the instructions provided by the local health authorities and Finnish government officials has been of utmost importance to Posti.

Due to the nature of its business, Posti plays a major role in maintaining the security of supply in Finland. This means that socially critical basic functions are secured in case of severe disruptions or emergencies. Posti also has statutory obligations related to national exceptional circumstances. Pursuant to the Postal Act, Posti must be prepared for exceptional circumstances as well as disruptions in normal situations.

The coronavirus pandemic has significantly decreased the demand for traditional postal services. In July–September, the number of addressed letters decreased by 20% in Finland. Consequently, Postal Services was forced to carry out some special arrangements, which meant for example delivering most Friday items already on Thursday. This special arrangement is expected to continue at least until the end of October.

Posti is closely following its credit risks and impairment risks on the businesses negatively impacted by COVID-19. No needs of exceptional write-offs have been identified. The COVID-19 pandemic has not significantly impacted Posti's financial position or liquidity. Posti's liquidity is still strong and the pandemic has had no effects on Posti's financial arrangements. Posti's financial agreements do not include covenants which would have been affected by the COVID-19 situation.

Thanks to its contingency plan, Posti's operations are well prepared for the exceptional circumstances. Posti's multi-professional exceptional circumstances working group is continuing its work and is currently planning e.g. how Posti can manage the busy Christmas season even in a case of a rising number of coronavirus infections in Finland.

To mitigate the effects of the COVID-19 pandemic, Posti has initiated several measures to adjust its cost structure. Further details of these can be found in the "Cooperation negotiations" chapter later in this Interim Report.

Managing the impact of coronavirus pandemic has now become a part of Posti's normal risk management and it is taken care of by each business as part of the daily management of their operations.

Net sales and profitability

July–September 2020

Net sales

The Group's net sales were at the previous year's level, EUR 381.2 (381.2) million. The acquisition of Aditro Logistics in Sweden and Norway impacted Posti's net sales positively as it was included in Posti's financials as of April 2020. The number of working days in Finland in the third quarter was 66 (66). The number of working days affects the Group's net sales and result.

Net sales decreased by 4.7% in Finland, but increased by 42.1% in other countries, mainly due to the acquisition of Aditro Logistics. The share of international operations in Posti's business increased and accounted for 14.4% (10.1%) of net sales in the third quarter of the year.

Net sales decreased in Mail, Parcel and Logistics Services segment by 4.4%. Within the segment, net sales increased in Parcel and eCommerce but decreased in other operating segments due to the varying impact of COVID-19 on different businesses.

Net sales decreased in Aditro Logistics, mainly due to the impact of the coronavirus situation and changes in customer mix.

Net sales decreased in Itella Russia by 34.7%, mainly due to the restructuring actions of warehouses.

Posti has continued its growth in logistics solutions according to its strategy. The net sales of Parcel and eCommerce and logistics businesses increased to almost 60% (54%) of the Group's net sales.

Operations under the universal service obligation amounted to EUR 21.8 (23.7) million, or 5.7% (6.2%) of the Group's net sales and 2.6% (3.1%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 47.1 (40.5) million, or 12.4% (10.6%) of net sales. EBITDA increased to EUR 47.3 (39.0) million, or 12.4% (10.2%) of net sales. The adjusted operating result increased to EUR 16.9 (11.5) million, or 4.4% (3.0%) of net sales, mainly due to the improved profitability of Freight Services as well as Parcel and eCommerce.

The operating result improved to EUR 17.1 (10.1) million, or 4.5% (2.6%) of net sales. Special items affecting the operating result in the third quarter, EUR -0.1 (1.5) million, were mainly related to personnel restructuring costs, EUR 2.7 million, release of EUR 0.9 million contingent purchase consideration liability related to HR Hoiva Oy (currently Posti Kotipalvelut Oy) and a gain of EUR 1.3 million from the sale of Posti Kotipalvelut Oy.

January–September 2020

Net sales

The Group's net sales decreased by 1.2% to EUR 1,157.7 (1,171.6) million, due to the decrease of net sales in Postal Services, Freight Services and Itella Russia. The number of working days in Finland in January–September was 189 (189).

Net sales decreased by 4.1% in Finland and increased by 25.8% in other countries, mainly due to the acquisition of Aditro Logistics in Sweden. The share of international operations in Posti's business increased and accounted for 12.5% (9.8%) of net sales in January–September 2020.

Net sales decreased in Mail, Parcel and Logistics Services segment by 3.9%. The postal strike that took place in Finland in the fourth quarter of 2019 continued to impact Mail, Parcel and Logistics Services segment especially in the first quarter of 2020. Within the segment, the volume decline caused by the strike had a negative effect especially on the net sales of Postal Services and Freight Services. Even though the volumes of Parcel and eCommerce business group recovered reasonably well from the strike, the strike had an impact on the operations of this business group as well, especially at the beginning of the year. Despite the increased parcel volumes, the overall impact of COVID-19 on the segment's performance was clearly negative.

Net sales decreased in Aditro Logistics mainly due to the impact of the coronavirus situation and rescoping the business as earlier planned. Net sales decreased in Itella Russia by 26.1%, mainly due to the restructuring actions of warehouses.

The net sales of Parcel and eCommerce and logistics businesses represented almost 57% (52%) of the Group's net sales in January–September 2020. Operations under the universal service obligation amounted to EUR 68.3 (75.1) million, or 5.9% (6.4%) of the Group's net sales and 2.6% (3.3%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 122.4 (118.3) million, or 10.6% (10.1%) of net sales. EBITDA increased to EUR 121.6 (107.7) million, or 10.5% (9.2%) of net sales. The adjusted operating result increased to EUR 32.6 (31.8) million, or 2.8% (2.7%) of net sales, mainly due to the improved profitability of Parcel and eCommerce as well as Freight Services and lower level of administrative costs. The operating result improved to EUR 29.6 (21.2) million, or 2.6% (1.8%) of net sales. Special items affecting the operating result in January–September, EUR 3.0 (10.6) million, were mainly related to an impairment loss and license costs of EUR 3.9 million from an ICT project, personnel restructuring costs of EUR 3.6 million, a EUR 2.4 million gain from the release of onerous contract provisions in Russia, release of EUR 0.9 million contingent purchase consideration liability related to HR Hoiva Oy and a gain of EUR 1.3 million from the sale of Posti Kotipalvelut Oy.

In May, Supreme Administrative Court took a decision, according to which utilizing foreign tax losses in cross border mergers is extremely challenging. Due to this, Posti has de-recognized the tax benefit of EUR 8.8 million related to previously accepted Danish tax losses and the tax has been recognized as tax expense in the income statement in 2020.

Mail, Parcel and Logistics Services

July–September 2020

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

- Addressed letters: -20% (-12%)
- Parcels in Finland and the Baltics: 21% (13%)
- Freight volumes measured in waybills: -2% (1%)

The total number of parcels delivered by Posti in Finland and the Baltic countries increased to 15.1 (12.4) million parcels. The figure does not include letter-like e-commerce items.

Net sales

The net sales of Mail, Parcel and Logistics Services decreased to EUR 344.9 (360.6) million. Net sales are itemized in the following table.

Net sales of Mail, Parcel and Logistics Services			
Net sales, EUR million	7-9 2020	7-9 2019*	Change
Postal Services	143.4	158.5	-9.6%
Parcel and eCommerce	111.1	101.5	9.5%
Transval	51.2	51.8	-1.3%
Freight Services	43.3	52.6	-17.6%
Other and eliminations	-4.1	-3.8	
Total	344.9	360.6	-4.4%

* Logistics Solutions operating segment was split into Transval and Freight Services at the beginning of 2020. Net sales for 2019 have been restated accordingly.

The net sales of Postal Services decreased mainly due to the continued mail volume decline, accelerated by the strike organized by The Finnish Post and Logistics Union PAU in the second half of 2019, changes in the product mix as well as the impact of coronavirus.

The net sales of Parcel and eCommerce increased in the third quarter, albeit at a slower rate than in the second quarter. The increase was mainly due to the continued volume growth of eCommerce and the growth of online shopping due to the coronavirus situation.

The total number of parcels delivered by Posti in Finland and the Baltic countries increased to 15.1 (12.4) million parcels. The figure does not include letter-like e-commerce items. At the end of September, Posti had 1,928 (1,545) parcel lockers, making Posti's parcel locker network one of the largest in Europe. In the third quarter, the number of parcels going through Posti's parcel lockers grew by 67%, or over one million parcels, compared to the third quarter of 2019. Posti aims to increase the number of parcel lockers to 4,000 by the end of 2022. By increasing the number of parcel lockers, Posti can meet consumers' needs and tackle the challenges posed by the rapid growth in e-commerce.

The net sales of Freight Services decreased by 17.6% to EUR 43.3 (52.6) million, mainly due to the discontinuation of Posti's Grocery Logistics business.

Transval business group's net sales decreased by 1.3% to EUR 51.2 (51.8) million. The net sales were impacted by the customer mix changes after the acquisition of Transval in 2019.

Profitability

The adjusted EBITDA of Mail, Parcel and Logistics Services increased to EUR 41.1 (38.7) million, or 11.9% (10.7%) of net sales. EBITDA increased to EUR 41.1 (38.5) million. The adjusted operating result improved to EUR 18.0 (14.9) million, or 5.2% (4.1%) of net sales. The improvement was due to improved profitability in Freight Services as well as in Parcel and eCommerce.

The operating result improved to EUR 18.0 (14.6) million. Special items affecting the operating result in the third quarter amounted to EUR 0.0 (0.3) million.

January–September 2020

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

- Addressed letters: -20% (-13%)
- Parcels in Finland and the Baltics: 20% (10%)
- Freight volumes measured in waybills: -8% (1%)

The total number of parcels delivered by Posti in Finland and the Baltic countries increased to 43.8 (36.5) million parcels. The figure does not include letter-like e-commerce items.

Net sales

The net sales of Mail, Parcel and Logistics Services decreased to EUR 1,068.6 (1,112.1) million. Net sales are itemized in the following table.

Net sales of Mail, Parcel and Logistics Services			
Net sales, EUR million	1-9 2020	1-9 2019*	Change
Postal Services	465.7	513.3	-9.3%
Parcel and eCommerce	335.2	302.1	11.0%
Transval	151.2	148.0	2.1%
Freight Services	127.8	158.8	-19.5%
Other and eliminations	-11.4	-10.0	
Total	1,068.6	1,112.1	-3.9%

* Logistics Solutions operating segment was split into Transval and Freight Services at the beginning of 2020. Net sales for 2019 have been restated accordingly.

Net sales of Postal Services decreased mainly due to the continued mail volume decline, accelerated by the strike organized by The Finnish Post and Logistics Union PAU in the second half of 2019, changes in the product mix as well as the impact of coronavirus. The comparison figures of Postal Services were supported by extra seasonal mail deliveries, such as the Finnish parliamentary elections in spring 2019.

The postal strike impacted negatively also the operations of Parcel and eCommerce, especially at the beginning of the year. However, the business group's net sales increased in January–September. This was mainly due to the continued volume growth of eCommerce and the accelerated growth of online shopping due to the coronavirus situation.

The total number of parcels delivered by Posti in Finland and the Baltic countries increased to 43.8 (36.5) million parcels. The figure does not include letter-like e-commerce items. In January–September, the number of parcels going through Posti's parcel lockers grew by 67% compared to the same period in 2019.

The net sales of Freight Services decreased by 19.5% to EUR 127.8 (158.8) million, mainly due to the discontinuation of Posti's Grocery Logistics business, slow recovery from the postal strike as well as the negative impact of coronavirus.

Transval business group's net sales grew by 2.1% to EUR 151.2 (148.0) million. The net sales figures of Transval are not fully comparable with the previous year's figures as the acquired Transval was included in Posti's financials as of February 2019.

Profitability

The adjusted EBITDA of Mail, Parcel and Logistics Services decreased to EUR 108.3 (114.7) million, or 10.1% (10.3%) of net sales. EBITDA decreased to EUR 107.6 (108.7) million. The adjusted operating result decreased to EUR 37.3 (44.4) million, or 3.5% (4.0%) of net sales. The decrease was mainly due to the product mix and volume decline of Postal Services, accelerated by the postal strike and further impacted by the coronavirus situation. The decline was partly

compensated by the improved profitability of Freight Services as well as Parcel and eCommerce, despite the investments made there during the reporting period due to the fast growth of online shopping volumes.

The operating result declined to EUR 36.5 (38.5) million. Special items affecting the operating result in January–September 2020 amounted to EUR 0.7 (6.0) million and were mainly related to personnel restructuring costs and the gain from the sale of Posti's home care services.

Itella Russia

July–September 2020

Net sales

Itella Russia's net sales measured in local currency decreased by 20.8%. Reported euro-denominated net sales decreased by 34.7% to EUR 13.5 (20.7) million. Net sales decreased in Contract Logistics due to restructuring actions of warehouses and the impact of the coronavirus situation on Transport. According to its strategy, Itella Russia focuses on its core businesses, contract logistics and transportation.

The average fill rate for warehouses in Moscow was 80.4% (87.1%), while in other regions it was 33.4% (70.9%).

Profitability

The adjusted EBITDA was EUR 2.8 (4.2) million, or 20.4% (20.4%) of net sales. EBITDA was EUR 3.3 (3.0) million.

The adjusted operating result was EUR 1.3 (1.9) million. The first positive impacts of closing unprofitable warehouses were already seen in the third quarter 2019 figures. The operating result was EUR 1.8 (0.7) million.

January–September 2020

Net sales

Itella Russia's net sales measured in local currency decreased by 19.3%. Reported euro-denominated net sales decreased by 26.1% to EUR 44.2 (59.8) million. Net sales decreased in Contract Logistics due to restructuring actions of warehouses and the impact of the coronavirus situation on Transport.

The average fill rate for warehouses in Moscow was 77.8% (75.3%), while in other regions it was 42.4% (50.5%).

Profitability

The adjusted EBITDA continued to improve and was EUR 9.5 (8.8) million, or 21.4% (14.8%) of net sales. EBITDA was EUR 12.9 (8.5) million.

The adjusted operating result improved to EUR 3.6 (0.7) million. The operating result was EUR 7.0 (0.3) million. The result was positively impacted by the closure of unprofitable warehouses.

EBITDA and operating result of the comparable period in 2019 were burdened by costs of restructuring warehouses.

Aditro Logistics

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

July–September 2020

Net sales

In July–September, Aditro Logistics' net sales were EUR 23.2 million. Aditro Logistics' operations consist of contract logistics, transportation and staffing businesses. Especially contract logistics and transportation businesses were impacted by the coronavirus situation. Additionally, the customer mix changes that were carried out as planned during 2020 negatively impacted net sales.

Profitability

In July–September, the adjusted and reported EBITDA were EUR 3.7 million, or 16.1% of net sales.

The adjusted and reported operating result were EUR -0.2 million. The result was negatively impacted by the investments in the large warehouse in Arlanda and the coronavirus situation.

January–September 2020

As Aditro Logistics was integrated into Posti's financials as of April 2020, the figures below are from the period April–September 2020.

Net sales

In January–September, Aditro Logistics' net sales were EUR 45.7 million. Especially contract logistics and transportation businesses were heavily impacted by the coronavirus situation. Additionally, the customer mix changes that were carried out as planned during 2020 negatively impacted net sales.

Profitability

In January–September, the adjusted and reported EBITDA were EUR 6.5 million, or 14.3% of net sales.

The adjusted and reported operating result were EUR -1.4 million. The result was negatively impacted by the investments in the large warehouse in Arlanda and the coronavirus situation.

Key figures for segments, continuing operations					
EUR million	7-9 2020	7-9 2019*	1-9 2020	1-9 2019*	1-12 2019
Net sales					
Mail, Parcel and Logistics Services	344.9	360.6	1,068.6	1,112.1	1,482.2
Itella Russia	13.5	20.7	44.2	59.8	82.8
Aditro Logistics	23.2	N/A	45.7	N/A	N/A
Other and unallocated	0.4	0.5	1.4	1.6	2.0
Intra-Group sales	-0.8	-0.6	-2.2	-1.9	-2.5
Posti Group	381.2	381.2	1,157.7	1,171.6	1,564.6
Net sales change-%					
Mail, Parcel and Logistics Services	-4.4 %	8.4 %	-3.9 %	4.6 %	1.7 %
Itella Russia	-34.7 %	-17.5 %	-26.1 %	-22.0 %	-20.3 %
Aditro Logistics	N/A	N/A	N/A	N/A	N/A
Posti Group	0.0 %	6.8 %	-1.2 %	2.9 %	0.3 %
Adjusted EBITDA					
Mail, Parcel and Logistics Services	41.1	38.7	108.3	114.7	139.4
Itella Russia	2.8	4.2	9.5	8.8	13.9
Aditro Logistics	3.7	N/A	6.5	N/A	N/A
Other and unallocated	-0.4	-2.5	-1.9	-5.2	-1.0
Posti Group	47.1	40.5	122.4	118.3	152.3
Adjusted EBITDA, %					
Mail, Parcel and Logistics Services	11.9 %	10.7 %	10.1 %	10.3 %	9.4 %
Itella Russia	20.4 %	20.4 %	21.4 %	14.8 %	16.8 %
Aditro Logistics	16.1 %	N/A	14.3 %	N/A	N/A
Posti Group	12.4 %	10.6 %	10.6 %	10.1 %	9.7 %
EBITDA					
Mail, Parcel and Logistics Services	41.1	38.5	107.6	108.7	133.9
Itella Russia	3.3	3.0	12.9	8.5	10.4
Aditro Logistics	3.7	N/A	6.5	N/A	N/A
Other and unallocated	-0.8	-2.5	-5.4	-9.5	-3.8
Posti Group	47.3	39.0	121.6	107.7	140.6
EBITDA, %					
Mail, Parcel and Logistics Services	11.9 %	10.7 %	10.1 %	9.8 %	9.0 %
Itella Russia	24.1 %	14.6 %	29.2 %	14.2 %	12.6 %
Aditro Logistics	16.1 %	N/A	14.3 %	N/A	N/A
Posti Group	12.4 %	10.2 %	10.5 %	9.2 %	9.0 %

Key figures for segments, continuing operations					
EUR million	7-9 2020	7-9 2019*	1-9 2020	1-9 2019*	1-12 2019
Adjusted operating result					
Mail, Parcel and Logistics Services	18.0	14.9	37.3	44.4	45.8
Itella Russia	1.3	1.9	3.6	0.7	3.4
Aditro Logistics	-0.2	N/A	-1.4	N/A	N/A
Other and unallocated	-2.1	-5.2	-6.8	-13.3	-13.0
Posti Group	16.9	11.5	32.6	31.8	36.2
Adjusted operating result, %					
Mail, Parcel and Logistics Services	5.2 %	4.1 %	3.5 %	4.0 %	3.1 %
Itella Russia	9.8 %	9.1 %	8.0 %	1.1 %	4.1 %
Aditro Logistics	-1.0 %	N/A	-3.1 %	N/A	N/A
Posti Group	4.4 %	3.0 %	2.8 %	2.7 %	2.3 %
Operating result					
Mail, Parcel and Logistics Services	18.0	14.6	36.5	38.5	36.3
Itella Russia	1.8	0.7	7.0	0.3	-0.1
Aditro Logistics	-0.2	N/A	-1.4	N/A	N/A
Other and unallocated	-2.5	-5.2	-12.5	-17.6	-17.8
Posti Group	17.1	10.1	29.6	21.2	18.5
Operating result, %					
Mail, Parcel and Logistics Services	5.2 %	4.1 %	3.4 %	3.5 %	2.5 %
Itella Russia	13.5 %	3.3 %	15.8 %	0.6 %	-0.1 %
Aditro Logistics	-1.0 %	N/A	-3.1 %	N/A	N/A
Posti Group	4.5 %	2.6 %	2.6 %	1.8 %	1.2 %

* Restated based on the new definition of special items and the allocation of Logistics Solutions' Administration expenses from Mail, Parcel and Logistics Services segment to Other and unallocated.

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

Financial position and investments

In January–September, the consolidated cash flow from operating activities was EUR 109.8 (75.2) million, the cash flow from investing activities EUR -35.8 (-20.1) million and cash flow from financing activities EUR -20.3 (-79.9) million.

Investments in intangible assets, property, plant and equipment and business acquisitions according to the statement of cash flow amounted to EUR 84.6 (72.9) million. Cash flow from investing activities in the comparison period of 2019 was impacted by EUR 67.1 million of business disposals. Cash flow from financial activities includes a EUR 60.0 million withdrawal of the syndicated credit facility for the short-term financing need related to the Aditro Logistics acquisition and the payment of dividends.

At the end of September, liquid assets amounted to EUR 171.1 (141.6) million, and undrawn committed credit facilities totaled EUR 90.0 (150.0) million. The Group's interest-bearing liabilities were EUR 448.2 (325.3) million. The net debt totaled EUR 277.1 (168.7) million. Interest-bearing liabilities, and therefore also net debt, increased significantly due to the credit facility needed for purchase price payment and increased IFRS 16 lease liabilities that were related to the acquisition of Aditro Logistics in April. Equity ratio was 34.5% (40.0%).

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 50.1%, with 49.9% of the shares owned by the Finnish State Business Development Company (Vake Oy). 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 management

Sakari Kiiskinen was appointed as SVP of the Transval business group and member of Posti Group's Leadership Team as of September 1, 2020. Kiiskinen has worked as the interim Head of the Transval business group since May 1, 2020.

Employees

The Group's personnel*			
	1-9 2020	1-9 2019	1-12 2019
Personnel at period-end	20,586	20,153	20,468
<i>Finland</i>	17,339	17,998	18,307
<i>Other countries of operation</i>	3,247	2,155	2,161
Personnel on average, FTE**	16,266	16,747	16,569

*Continuing operations

**Full time equivalent personnel on average

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

In January–September, the Group's personnel expenses amounted to EUR 499.4 (514.9) million, decreasing by 3.0% from the previous year. The personnel expenses included EUR 3.6 (7.5) million in restructuring costs.

Cooperation negotiations

On January 22, 2020, Posti announced that Postal Services will continue the cooperation negotiations that began in basic delivery in 2019. These new negotiations concern basic delivery in the capital region and South-West Finland. The negotiations do not concern early-morning delivery, i.e. newspaper delivery. Together with personnel, Postal Services will also look for solutions for day-to-day work on the basis of the flexibility measures that were agreed on during the autumn 2019 collective agreement negotiations. As an outcome of the negotiations, 45 people were shifted to part-time work.

On March 24, 2020, Transval initiated cooperation negotiations on potential layoffs. Approximately 3,600 persons were within the scope of the negotiations. As an outcome of the negotiations, possible phased layoffs of up to 90 days and voluntary converting of holiday bonuses into leave were agreed.

On April 21, 2020, Posti announced the initiation of cooperation negotiations at Freight Services on temporary layoffs for a fixed period. The negotiations were initiated on April 27, 2020, with approximately 1,100 persons in scope of the negotiations at Posti Ltd and Posti Kuljetus Ltd. The objective of the negotiations was to find flexible solutions in order to minimize the impact on personnel. Freight Services was able to continue operations over the summer with voluntary agreements such as voluntary temporary layoffs and converting holiday bonuses into leave.

On April 21, 2020, Posti announced that it is also negotiating at Home Services on possible temporary layoffs for a fixed period in personal assistance functions. Posti Home Services employed approximately 600 persons in March. As an outcome of the negotiations, 24 people had to be temporarily laid off.

On May 20, 2020, Posti announced that it is initiating cooperation negotiations on possible temporary layoffs at Postal Services and Posti Group administration. In total, approximately 8,000 persons were in the scope of the negotiations. In the

negotiations, possible phased layoffs of up to 90 days were agreed for the whole personnel that was in the scope of the negotiations.

On July 29, Posti closed its shop in Elielinaukio in Helsinki. Due to the closing of the shop, eight people had to be laid off. Posti continues to support the Posti Museum in Tampere, where the heritage of Posti is kept, with over EUR 1 million each year.

On September 8, 2020, Posti announced its plans to change its operating model in order to accelerate the renewal of the Group's business operations and to increase agility and productivity. The planned changes will affect the Group's organizational structures, ways of working and job positions. Consequently, Posti initiated cooperation negotiations concerning mainly expert and supervisory positions in Finland. As an outcome of the negotiations, the employment of up to around 90 regular employees had to be terminated.

Acquisitions, divestments and changes in corporate structure

On June 20, 2019, Posti announced that it will expand its early-morning delivery by acquiring Alma Media's early-morning delivery operations in Pirkanmaa and Satakunta. The transfer took place as planned on January 1, 2020. As part of the transaction, some 800 Alma Manu's early-morning delivery employees were transferred to Posti Palvelut Oy.

On February 24, 2020, Posti, Valedo Partners and other shareholders of Aditro Logistics signed an agreement, under which Posti would acquire Aditro Logistics, one of the leading contract logistics companies in the Nordics. The acquisition is in line with Posti's ambition of growing its logistics, parcel and eCommerce businesses. Aditro Logistics was founded in 1973 and over the past years, the company has grown profitably and organically, clearly outpacing the market growth. In 2019, Aditro Logistics' net sales were approximately EUR 100 million (approx. SEK 1,100 million). The company has 1,100 full-time employees, out of which 1,050 are based in Sweden and 50 in Norway. On April 2, 2020, Posti announced that it had completed the acquisition.

On March 5, 2020, Posti announced that Transval, a nationwide forerunner in shelving services, and the owners of KV Turva had signed an agreement, whereby Transval acquires all the shares of a retail specialist KV Turva Oy. The transaction further strengthens Transval's offering in retail stores, particularly with regards to wastage management and remote monitoring. KV Turva was established in 2015 and has approximately 200 employees in Finland. In 2019, the company's net sales were approximately EUR 5.4 million.

On September 2, 2020, Posti announced that it and Stella Care Oy have signed an agreement according to which Stella Care Oy will acquire the entire share capital of Posti Kotipalvelut Oy. As a result of the transaction, Posti will become a minority shareholder in Stella Care Oy. Posti Kotipalvelut Oy provides a broad range of home care and personal assistance services across Finland. The company employs approximately 700 care professionals. The divestment is in line with Posti's strategy to continue its determined renewal and focus on its core businesses.

Legal proceedings

In 2017, Suomen Suoramainonta Oy requested that the Finnish Competition and Consumer Authority investigate competition in the unaddressed mail delivery market. Unaddressed delivery refers to the delivery of advertisements and free distribution papers to households. On March 31, 2020, Posti announced that the Finnish Competition and Consumer Authority (FCCA) had decided to discontinue the processing of Suomen Suoramainonta's request for action regarding Posti's conduct in the unaddressed mail delivery market. The FCCA had found nothing wrong with Posti's pricing or conduct in the market.

On May 18, 2020, the Finnish data protection authority issued a reprimand to Posti Oy regarding the information given to customers regarding their data protection rights. When submitting a change of address notification, Posti's customer has the option to prohibit the disclosure of their personal data to a third party for the purpose of updating their address. The data protection authority has issued a reprimand in which it remarks that, in its opinion, the information is not adequate. Posti has appealed the EUR 100,000 penalty issued by the data protection authority.

Business risks

Fast changing customer behavior and increasing competition combined with uncertainties related to availability of workforce form a challenging risk environment in postal, parcel & eCommerce delivery and logistics outsourcing in all Posti's main markets. Faster than expected mail decline forms the largest single risk item. In addition, Posti's business is dependent on the general economic conditions and their developments in Finland and in the surrounding countries.

The rapid spread of coronavirus is having a significant impact on global trade. As a result, it is widely expected to drive the Finnish economy into recession. Permanent and temporary layoffs and the rising unemployment level are expected to hit consumer confidence and household consumption in Finland. The coronavirus pandemic is expected to have two types of effects on the business operations of Posti Group. The company's Parcel and eCommerce business is expected to benefit from the significant growth in the sales volumes of online stores. However, coronavirus is increasing risks and having a negative impact on Posti's postal services, freight services, as well as on the logistics services of Aditro Logistics and Transval. Posti is mitigating these risks in various ways, e.g. by negotiating possible layoffs in certain business areas.

Posti is going through a comprehensive business transformation to adapt to the changing business environment and customer needs. The success of the chosen transformation strategy, including realization of the related growth and efficiency improvements, includes several uncertainties such as dependency on a few large customers and partners, risks especially related to the labor market negotiations and Posti ICT systems and infrastructure reliability, security and cost-efficiency related risks. Due to its history, Posti operates a complex service, process and related ICT systems architecture. This may not fully meet the requirements of Posti's current or planned new businesses or support them in a cost-efficient manner. Given the increased importance of managing cyber security and other data related risks in Posti Group's operations and risk portfolio, the company has recently increased its focus and competences within the area.

Other risks related to strategy execution include, among others, potential challenges in acquisition and divestments, and integration of possibly acquired businesses, general reputation management and the risk of general compliance in a complex regulatory requirement.

The Finnish Government's Program includes the objective of revising the Postal Act and the objective of securing newspaper delivery in low-density areas. The regulation should be renewed to support the Posti services transformation. On August 26, 2020, the Finnish state secretaries' joint working group published its report on how the delivery of mail and newspapers can be safeguarded in Finland in the coming years. The working group proposed relaxing the regulations concerning the number of delivery days and introducing a communications subsidy to guarantee the delivery of newspapers in sparsely populated areas. According to the proposal, the relaxation concerning the number of delivery days should become effective as of 2022.

However, there is no certainty of stability, nor predictability for adoption of the additional needed amendments, in the legal environment as to the postal regulation in Finland or the legislation in general in other countries, Russia in particular. The sanctions imposed by the US and EU on a number of Russian persons, entities and activities may also have an adverse impact on Posti's overall operations. In Finland, Posti tends to be subject to a number of antitrust reviews and investigations on a continuous basis.

Posti's financial reporting in 2021

Posti's financial reporting in 2021 is as follows:

February 17, 2021 - Financial Statements Release for 2020

April 29, 2021 - Interim Report for January–March 2021

August 11, 2021 - Half Year Financial Report for January–June 2021

October 27, 2021 - Interim Report for January–September 2021

Events after the review period

After the reporting period, on October 28, Posti and Ropo Capital announced an agreement according to which Ropo Capital will acquire the entire share capital of Posti Messaging AB in Sweden and Posti Messaging AS in Norway (jointly "Posti Messaging Scandinavia"). The divestment of Posti Messaging Scandinavia is in line with Posti's strategy to continue

its renewal and focus on its core businesses. The transaction also allows Posti to invest in its growth areas, which are especially the Parcel and eCommerce and Logistics businesses in the Nordic and Baltic Countries.

The transaction is still subject to the approval of the Swedish competition authority and it is expected to close by the end of 2020.

Helsinki, October 28, 2020

Posti Group Corporation
Board of Directors

APPENDICES

Calculation of key figures
Interim Report January–September 2020 tables

Calculation of key figures

In addition to IFRS-based performance measures, Posti Group discloses alternative performance measures as additional information to financial measures presented in the consolidated income statement, consolidated balance sheet, consolidated statement of cash flows and in the notes disclosures. Management believes that adjusted performance measures provide meaningful supplemental information to both management and investors regarding the business performance. Adjusted EBITDA and adjusted operating result are also one of the key business performance indicators in Posti Group's management reporting.

EBITDA*		Operating result excluding depreciation, amortization and impairment losses.
Adjusted EBITDA*		EBITDA excluding special items.
Adjusted operating result*		Operating result excluding special items.
Special items*		Special items are defined as significant items of income and expenses, which are considered to incur outside the ordinary course of business. Special items include restructuring costs, significant impairment losses on assets, impairment on goodwill, significant gains or losses on sale of shares, real estates or business operations and changes in contingent purchase considerations originated from business combinations.
Gross capital expenditure*		Additions to intangible assets and property, plant and equipment including additions to right-of-use assets as well as business acquisitions comprising of total amount of purchase considerations.
Equity ratio, %	100 x	$\frac{\text{Total equity}}{\text{Total assets - advances received}}$
Return on equity, %	100 x	$\frac{\text{Result for the period (12 months rolling)}}{\text{Total equity (average of opening and closing balance of the previous 12 months)}}$
Return on capital employed, %	100 x	$\frac{\text{Operating result (12 months rolling)}}{\text{Capital employed (average of opening and closing balance of the previous 12 months)}}$
Capital employed		Non-current assets less deferred tax assets plus inventories and trade and other receivables less other non-current liabilities, less advances received, less provisions, less defined benefit pension obligations, less trade and other payables.
Net debt		Interest bearing borrowings - liquid funds - debt certificates.
Net debt / adjusted EBITDA		$\frac{\text{Net debt}}{\text{Adjusted EBITDA (12 months rolling)}}$
Interest-bearing borrowings		Non-current and current interest-bearing borrowings and lease liabilities.
Liquid funds		Cash and cash equivalents + money market investments + investments in bonds.
Personnel on average, FTE*		Full time equivalent personnel on average.
Operative free cash flow**		Cash flow from operating activities as presented in the consolidated statement of cash flows less purchase of intangible assets and property, plant and equipment as presented in the consolidated statement of cash flows and less payments of lease liabilities.

* Continuing operations

** New key figure from 1 Jan 2020. See additional information in note 1.

Interim report tables January-September 2020

Condensed consolidated Income Statement and consolidated Statement of Comprehensive Income

Condensed consolidated income statement

Continuing operations

EUR million	7-9 2020	7-9 2019	1-9 2020	1-9 2019	1-12 2019
Net sales	381.2	381.2	1,157.7	1,171.6	1,564.6
Other operating income	6.1	5.2	15.0	14.3	19.3
Materials and services	-119.4	-120.6	-344.7	-357.0	-482.9
Employee benefits	-157.2	-159.7	-499.4	-514.9	-672.7
Other operating expenses	-63.4	-67.2	-207.1	-206.3	-287.8
Depreciation and amortisation	-30.1	-28.9	-89.6	-86.4	-114.9
Impairment losses	-0.1	-0.1	-2.5	-0.1	-7.2
Operating result	17.1	10.1	29.6	21.2	18.5
Finance income	0.4	6.4	2.4	10.1	11.9
Finance expenses	-3.8	-7.4	-10.2	-11.3	-13.9
Result before income tax	13.6	9.1	21.7	20.1	16.5
Income tax	-1.3	1.2	-10.1	-1.9	-2.4
Result for the period from continuing operations	12.3	10.2	11.6	18.2	14.1
Result for the period from discontinued operations	0.0	0.1	0.0	4.9	4.9
Result for the period	12.3	10.3	11.6	23.1	19.0
Earnings per share (EUR per share)					
Group total	0.31	0.26	0.29	0.58	0.47
Continuing operations	0.31	0.26	0.29	0.45	0.35
Discontinued operations	0.00	0.00	0.00	0.12	0.12

As Posti currently has no dilutive instruments outstanding, diluted earnings per share is the same as basic earnings per share.

Condensed consolidated Statement of Comprehensive Income

Result for the period	12.3	10.3	11.6	23.1	19.0
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Change in fair value of cash flow hedges	-0.1	-0.2	0.0	-1.1	-0.8
Translation differences	-9.0	2.5	-16.7	9.1	10.4
Income tax relating to these items	0.0	0.0	0.0	0.2	0.2
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations			0.0	-1.1	1.1
Income tax relating to these items			0.0	0.2	-0.2
Comprehensive income for the period	3.2	12.6	-5.1	30.4	29.6

Condensed consolidated Balance Sheet

Assets

EUR million	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Non-current assets			
Goodwill	189.7	151.6	151.9
Other intangible assets	86.6	59.5	58.5
Investment property	3.6	3.7	3.7
Property, plant and equipment	273.7	310.8	314.0
Right-of-use assets	259.0	189.6	190.5
Investments in associated companies	2.0	0.0	0.0
Other non-current investments	1.0	1.0	1.0
Non-current receivables	0.3	0.3	0.3
Deferred tax assets	13.4	15.8	8.8
Total non-current assets	829.2	732.3	728.7
Current assets			
Inventories	5.0	4.8	4.6
Trade and other receivables	266.0	296.3	299.7
Current income tax receivables	4.9	7.1	4.6
Current financial assets	64.6	74.9	101.9
Cash and cash equivalents	106.5	81.7	54.9
Total current assets	447.1	464.7	465.7
Total assets	1,276.3	1,197.0	1,194.4
Equity and liabilities			
EUR million	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
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	-1.3	-1.6	-1.3
Translation differences	-107.0	-91.6	-90.3
Retained earnings	305.8	326.2	323.8
Total shareholders' equity	410.2	445.6	444.9
Non-current liabilities			
Deferred tax liabilities	20.9	20.1	20.6
Non-current interest-bearing borrowings	121.4	122.8	122.4
Non-current interest-bearing lease liabilities	212.0	146.0	146.8
Other non-current payables	7.3	14.3	6.9
Advances received	13.3	13.7	13.6
Non-current provisions	4.2	6.6	4.8
Defined benefit pension plan liabilities	7.3	10.5	8.0
Total non-current liabilities	386.4	333.9	323.1
Current liabilities			
Current interest-bearing borrowings	65.2	11.5	6.5
Current interest-bearing lease liabilities	49.6	45.0	45.3
Trade and other payables	271.0	273.7	296.2
Advances received	74.8	69.1	67.4
Current income tax liabilities	16.7	10.2	0.7
Current provisions	2.5	7.9	10.2
Total current liabilities	479.7	417.4	426.4
Total liabilities	866.1	751.4	749.5
Total equity and liabilities	1,276.3	1,197.0	1,194.4

Condensed consolidated Statement of Cash Flows

EUR million	1-9 2020	1-9 2019	1-12 2019
Result for the period	11.6	23.1	19.0
Adjustments to cash flow	97.4	74.4	111.1
Change in net working capital	5.1	-12.5	8.1
Cash flow before financial items and income tax	114.1	85.0	138.2
Financial items (net)	-3.7	-3.9	-5.4
Income tax paid	-0.6	-5.9	-6.5
Cash flow from operating activities	109.8	75.2	126.3
Purchase of intangible assets	-21.9	-15.3	-22.2
Purchase of property, plant and equipment	-13.9	-15.9	-34.2
Proceeds from sale of intangible and tangible assets	11.7	4.4	4.9
Business acquisitions, net of cash acquired	-48.8	-41.8	-49.8
Proceeds from business disposals less cash and cash equivalents	0.2	67.1	67.6
Cash flow from financial assets	37.1	-19.7	-46.6
Cash flow from other investments	-0.1	0.9	1.1
Cash flow from investing activities	-35.8	-20.1	-79.3
Increases in current loans	60.0		
Repayment of current loans	-6.0	-9.2	-14.2
Repayment of non-current loans	-1.1	-0.6	-0.9
Payments of lease liabilities	-43.4	-41.8	-55.2
Dividends paid	-29.8	-28.4	-28.4
Cash flow from financing activities	-20.3	-79.9	-98.8
Change in cash and cash equivalents	53.7	-24.9	-51.8
Cash and cash equivalents at the beginning of the period	54.9	106.6	106.6
Effect of exchange rates changes	-2.1	0.0	0.1
Cash and cash equivalents at the end of the period	106.5	81.7	54.9

Operative free cash flow, reconciliation

Cash flow from operating activities	109.8	75.2	126.3
Purchase of intangible assets and property, plant and equipment	-35.8	-31.2	-56.4
Payments of lease liabilities	-43.4	-41.8	-55.2
Operative free cash flow	30.6	2.2	14.7

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

Consolidated Statement of Changes in Equity

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

Jan 1, 2019	70.0	142.7	-0.7	-100.7	332.4	443.7
Comprehensive income						
Result for the period					23.1	23.1
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			-0.9			-0.9
Translation differences				9.1		9.1
Remeasurements of post-employment benefit obligations, net of tax					-0.9	-0.9
Comprehensive income for the period			-0.9	9.1	22.2	30.4
Transactions with equity holders						
Dividends paid					-28.4	-28.4
Sep 30, 2019	70.0	142.7	-1.6	-91.6	326.2	445.6

EUR million	Share capital	General purpose reserve	Fair value reserve	Translation differences	Retained earnings	Total equity
Jan 1, 2019	70.0	142.7	-0.7	-100.7	332.4	443.7
Comprehensive income						
Result for the period					19.0	19.0
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			-0.6			-0.6
Translation differences				10.4		10.4
Remeasurements of post-employment benefit obligations, net of tax					0.9	0.9
Comprehensive income for the period			-0.6	10.4	19.8	29.6
Transactions with equity holders						
Dividends paid					-28.4	-28.4
Dec 31, 2019	70.0	142.7	-1.3	-90.3	323.8	444.9

Dividends

Posti Group Corporation's Annual General Meeting was held in Helsinki on May 14, 2020. The Annual General Meeting decided to distribute a dividend of EUR 29.8 million based on the result for the year 2019.

Notes

1. Accounting Policies

Interim report has been prepared in accordance with IAS 34 Interim financial reporting. In the preparation of this interim report, Posti Group (the "Group") has applied the same accounting policies, methods of computation and presentation as in the consolidated financial statements for 2019. Amendments to IFRS standards effective as of 1 January 2020 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.

Additional information on COVID-19 pandemic impacts in financial reporting

Posti is closely following its credit risks and impairment risks.

Posti examines its trade receivables development during the coronavirus pandemic and has increased its expected credit loss allowance from the beginning of the year. It includes management judgement related to forward-looking information on the market and macroeconomic factors.

In connection of third quarter reporting Posti's cash generating units market circumstances have been estimated. Updated estimates do not require changes to the goodwill presented in the consolidated financial statements at 31 December, 2019. Uncertainty is related to future recoverable amounts because of the special market conditions in 2020. The management will re-estimate the future expectations during the fourth quarter of year 2020.

Operative free cash flow - new key figure

From 1st Jan 2020 onwards, Posti reports a new key figure "Operative free cash flow" replacing the previous key figure "Adjusted free cash flow" formed from line items in statement of cash flow. Cash flow from operating activities is deducted by purchase of intangible assets and property, plant and equipment and payments of lease liabilities. According to management's estimate the new key figure provides more meaningful information on the operative free cash flow produced by business. The treatment of leasing contracts in accounting and in cash flow statement changed essentially at 1.1.2019 after adoption of IFRS 16 leases standard. The lease payments cash flow related to lease liability is presented in the cash flow from financial activities in item "payments of lease liabilities" and payments related to off-balance sheet lease contracts in cash flow from operating activities. Operative free cash flow includes cash flows from all lease contracts.

2. Foreign exchange rates

	1-9 2020	1-9 2019	1-12 2019
Average rate			
RUB	79.8960	73.0958	72.4593
SEK	10.5618	10.5672	10.5867
NOK	10.7143	9.7698	9.8497

	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Closing rate			
RUB	91.7763	70.7557	69.9563
SEK	10.5713	10.6958	10.4468
NOK	11.1008	9.8953	9.8638

7-9
2019
restated

EUR million	Mail, Parcel and Logistics Services	Itella Russia	Aditro Logistics*	Segments total	Other and unallocated	Elimi- nations	Group total
External sales	360.4	20.7		381.1	0.1		381.2
Inter-segment sales	0.2			0.2	0.4	-0.6	
Net sales	360.6	20.7		381.3	0.5	-0.6	381.2
EBITDA	38.5	3.0		41.5	-2.5		39.0
Special items included in EBITDA:							
Personnel restructuring costs	0.3			0.3	0.3		0.6
Disposals of subsidiaries, real-estates and businesses, net gain (-) /loss (+)		-0.1		-0.1	-1.7		-1.8
Onerous contracts		-0.1		-0.1			-0.1
Other		1.3		1.3	1.4		2.8
Special items included in EBITDA total	0.3	1.2		1.5	0.0		1.5
Adjusted EBITDA	38.7	4.2		43.0	-2.5		40.5
Operating result	14.6	0.7		15.3	-5.2		10.1
Special items included in operating result:							
Special items included in EBITDA	0.3	1.2		1.5	0.0		1.5
Impairment losses							
Special items total	0.3	1.2		1.5	0.0		1.5
Adjusted operating result	14.9	1.9		16.8	-5.2		11.5
Financial income and expense							-1.0
Income tax							1.2
Result for the period from continuing operations							10.2
Result for the period from discontinued operations							0.1
Result for the period							10.3

* The operations of Aditro Logistics have been included in Posti's financials as of April 2020, but they are not part of the financials of the comparable period in 2019.

1-12
2019
restated

EUR million	Mail, Parcel and Logistics Services	Itella Russia	Aditro Logistics*	Segments total	Other and unallocated	Elimi- nations	Group total
External sales	1,481.4	82.8		1,564.3	0.3		1,564.6
Inter-segment sales	0.8			0.8	1.7	-2.5	
Net sales	1,482.2	82.8		1,565.0	2.0	-2.5	1,564.6
EBITDA	133.9	10.4		144.3	-3.8		140.6
Special items included in EBITDA:							
Personnel restructuring costs	5.0			5.0	1.4		6.4
Disposals of subsidiaries, real-estates and businesses, net gain (-) /loss (+)	0.5	-0.1		0.5	-1.7		-1.3
Onerous contracts		1.6		1.6			1.6
Other		1.9		1.9	3.1		5.0
Special items included in EBITDA total	5.5	3.5		9.0	2.8		11.8
Adjusted EBITDA	139.4	13.9		153.3	-1.0		152.3
Operating result	36.3	-0.1		36.2	-17.8		18.5
Special items included in operating result:							
Special items included in EBITDA	5.5	3.5		9.0	2.8		11.8
Impairment losses	4.0			4.0	2.0		6.0
Special items total	9.5	3.5		13.0	4.8		17.8
Adjusted operating result	45.8	3.4		49.2	-13.0		36.2
Financial income and expense							-2.0
Income tax							-2.4
Result for the period from continuing operations							14.1
Result for the period from discontinued operations							4.9
Result for the period							19.0

* The operations of Aditro Logistics have been included in Posti's financials as of April 2020, but they are not part of the financials of the comparable period in 2019.

Net sales of Mail, Parcel and Logistics Services

EUR million	7-9 2020	7-9 2019 restated	1-9 2020	1-9 2019 restated	1-12 2019 restated
Postal Services	143.4	158.5	465.7	513.3	684.4
Parcel and eCommerce	111.1	101.5	335.2	302.1	407.2
Transval	51.2	51.8	151.2	148.0	199.7
Freight Services	43.3	52.6	127.8	158.8	204.5
Other and eliminations	-4.1	-3.8	-11.4	-10.0	-13.7
Total	344.9	360.6	1,068.6	1,112.1	1,482.2

Sep 30, 2020

EUR million	Mail, Parcel and Logistics Services	Itella Russia	Aditro Logistics*	Segments total	Other and unallocated	Elimi- nations	Group total
Assets	804.1	70.5	162.2	1,036.9	239.5	-0.1	1,276.3
Liabilities	341.5	6.4	14.0	361.9	504.4	-0.1	866.1
Capital expenditure	35.7	0.4	1.6	37.7	74.0		111.7
Depreciation and amortization	71.0	5.8	7.9	84.7	4.9		89.6
Impairment losses	0.1	0.1		0.2	2.2		2.5
Personnel, end of period	17,688	950	1,319	19,957	629		20,586
Personnel on average, FTE	14,039	1,055	820	15,914	626		16,539

**Sep 30, 2019
restated**

EUR million							
Assets	868.1	110.4		978.5	218.5	0.1	1,197.0
Liabilities	349.7	20.1		369.8	381.5	0.1	751.4
Capital expenditure	75.7	1.3		76.9	17.1		94.0
Depreciation and amortization	70.2	8.1		78.3	8.1		86.4
Impairment losses	0.0	0.1		0.1	0.1		0.1
Personnel, end of period	18,220	1,266		19,486	667		20,153
Personnel on average, FTE	14,709	1,329		16,038	709		16,747

**Dec 31, 2019
restated**

EUR million							
Assets	875.1	113.2		988.3	206.4	-0.3	1,194.4
Liabilities	359.2	23.1		382.4	367.5	-0.3	749.5
Capital expenditure	102.3	2.7		105.1	28.7		133.7
Depreciation and amortization	93.3	10.4		103.7	11.1		114.9
Impairment losses	4.3	0.1		4.4	2.8		7.2
Personnel, end of period	18,579	1,255		19,834	634		20,468
Personnel on average, FTE	14,577	1,307		15,884	685		16,569

* The operations of Aditro Logistics have been included in Posti's financials as of April 2020, but they are not part of the financials of the comparable period in 2019. Personnel on average is calculated from acquisition date onwards.

4. Net sales by geographical area

EUR million	7-9 2020	7-9 2019	1-9 2020	1-9 2019	1-12 2019
Finland	307.5	318.1	952.8	983.7	1,311.8
Other Nordic countries	38.0	19.3	95.6	62.7	81.8
Russia	15.2	20.7	46.9	59.6	82.4
Other countries	20.5	23.1	62.4	65.6	88.5
Total	381.2	381.2	1,157.7	1,171.6	1,564.6

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

5. Acquired businesses

Business acquisitions in January-September 2020

On April 2, 2020, Posti announced that it had completed the acquisition of the Swedish logistics company Aditro Logistics. As of April 1, 2020, Aditro Logistics will be reported as one of the three reportable segments of Posti. Aditro Logistics is one of the leading contract logistics companies in the Nordics. The acquisition is in line with Posti's ambition of growing its logistics, parcel and eCommerce businesses. In 2019, Aditro Logistics' net sales were approximately EUR 100 million and it has 1,100 full-time employees, out of which 1,050 are based in Sweden and 50 in Norway. A goodwill of EUR 35.1 million was recognized on the acquisition. Aditro acquisition supports Posti's strategy to expand to Sweden.

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

EUR million	Preliminary Aditro Logistics Fair value
Effect on assets	
Intangible assets	16.5
Property, plant and equipment	98.9
Inventory	0.6
Receivables	14.8
Cash and cash equivalents	0.0
Effect on assets	130.7
Effect on liabilities	
Deferred tax liability	3.3
Interest bearing liabilities	97.9
Trade payables and other liabilities	16.8
Effect on liabilities	118.1
Net assets acquired	12.7
Components of acquisition cost	
Cash considerations	47.8
Total cost of acquisition	47.8
Fair value of net assets acquired	12.7
Goodwill	35.1
Cash flow effect of the acquisition	
Purchase price paid in cash	47.8
Cash and cash equivalents of the acquired subsidiary	0.0
Cash flow	47.8

Posti, Alma Media Kustannus Oy and Alma Manu Oy agreed on June 20, 2019 on a business transfer and a delivery service agreement under which Alma Manu Oy's early-morning delivery operations published by Alma Media Kustannus were transferred to Posti on January 1, 2020. Posti expanded its early-morning delivery because Posti's strategy is to have a strong presence in the publication delivery. A total of approximately 800 Alma Manu early-morning delivery employees were transferred to Posti Palvelut Oy as existing employees. Acquisition price was EUR 8 million. No goodwill was recognized, as most part of the acquisition price was recognized in intangible rights as customer portfolio. In addition, a personnel related liability of EUR 1.9 million was recognized.

On March 5 2020, Posti announced that Transval business group acquires all the shares of KV Turva Oy, a specialist in retail wastage management. The transaction further strengthens Transval's offering in retail stores, particularly with regards to wastage management and remote monitoring. KV Turva Oy has approximately 200 employees in Finland. In 2019, company's net sales amounted to EUR 5.4 million. A goodwill of EUR 1.6 million was recognized on the acquisition. Acquisition did not have material impact in Posti group consolidated income statement or balance sheet.

Business divestments in January-September 2020

In September Posti divested Posti Kotipalvelut Oy to Stella Care Oy. Divestment is in line with strategy to continue its determined renewal and focus on its core businesses. Posti seeks growth especially in the Parcel and eCommerce and Logistics businesses. As a result of the transaction Posti Group Corporation will be minority shareholder in Stella Care Oy. Transaction did not have material impact in Posti group's balance sheet or income statement.

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

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

EUR million		Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Carrying amount	Jan 1	314.0	327.6	327.6
Change in accounting policy, IFRS 16			-9.5	-9.5
Acquired businesses		5.9	5.9	5.9
Additions		12.0	15.8	32.8
Business divestments		0.0	-5.7	-5.7
Disposals and transfers between items		-9.5	-1.4	-4.2
Amortization, continuing operations		-28.9	-32.8	-43.4
Impairment, continuing operations		-0.2	-0.1	-0.4
Amortization and impairment, discontinued operations			0.0	-0.1
Translation differences		-19.6	11.0	11.0
Carrying amount, end of the period		273.7	310.8	314.0

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

EUR million		Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Carrying amount	Jan 1	190.5		
Change in accounting policy, IFRS 16			217.4	217.4
Acquired businesses		92.4	4.7	4.8
Additions		20.2	12.6	28.5
Business divestments		-0.1	-1.0	-1.0
Disposals and transfers between items		-0.3	-1.1	-2.6
Depreciation, continuing operations		-43.1	-42.0	-55.7
Depreciation and impairment, discontinued operations			-0.2	0.1
Translation differences		-0.6	-0.9	-1.1
Carrying amount, end of the period		259.0	189.6	190.5

Specification of right-of-use asset:

EUR million		Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Land		0.2	0.3	0.3
Buildings		232.2	164.5	163.7
Vehicles		18.5	20.0	21.3
Machinery and other		8.0	4.8	5.1
Carrying amount, end of the period		259.0	189.6	190.5

7. Goodwill and other intangible assets

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

EUR million		Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Carrying amount	Jan 1	210.4	204.4	204.4
Acquired businesses		63.6	65.2	66.2
Additions		21.9	15.3	22.2
Business divestments		-0.7	-60.9	-60.9
Disposals and transfers between items		0.3	0.0	3.0
Amortization, continuing operations		-16.6	-11.6	-15.8
Impairment, continuing operations		-2.2	0.0	-6.8
Amortization and impairment, discontinued operations			-0.9	-0.9
Translation differences		-0.5	-0.5	-0.8
Carrying amount, end of the period		276.3	211.1	210.4

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

8. Net debt and liquid funds

EUR million		Borrowings	Lease liabilities	Interest bearing borrowings total	Liquid funds	Debt certificates	Net debt total
Carrying amount	Jan 1, 2020	128.5	192.5	321.0	141.7	15.0	164.3
Cash flows		52.7	-43.4	9.3	31.5	-15.0	-7.3
Business acquisitions		4.9	93.4	98.3	0.0	0.0	98.3
Effect of exchange rates changes		0.0	0.5	0.5	-2.1	0.0	2.6
Other non-cash items		-0.1	19.2	19.1	0.0	0.0	19.1
Carrying amount	Sep 30, 2020	186.1	262.1	448.2	171.1	0.0	277.1
Fair value	Sep 30, 2020	186.3	262.1	448.5			

EUR million		Borrowings	Lease liabilities	Interest bearing borrowings total	Liquid funds	Debt certificates	Net debt total
Carrying amount	Jan 1, 2019	119.7	10.0	129.7	131.0	30.0	-31.3
Cash flows		-10.1	-41.8	-51.9	10.5	-15.0	-47.4
Business acquisitions		24.3	4.3	28.6	0.0	0.0	28.6
Effect of exchange rates changes		0.0	-0.1	-0.1	0.0	0.0	-0.1
Other non-cash items		0.1	218.9	218.9	0.0	0.0	218.9
Carrying amount	Sep 30, 2019	134.0	191.3	325.3	141.6	15.0	168.7
Fair value	Sep 30, 2019	134.3	191.3	325.6			

EUR million		Borrowings	Lease liabilities	Interest bearing borrowings total	Liquid funds	Debt certificates	Net debt total
Carrying amount	Jan 1, 2019	119.7	10.0	129.7	131.0	30.0	-31.3
Cash flows		-15.6	-55.2	-70.8	10.5	-15.0	-66.3
Business acquisitions		24.3	4.3	28.6	0.0	0.0	28.6
Effect of exchange rates changes		0.0	-0.1	-0.1	0.1	0.0	-0.2
Other non-cash items		0.1	233.5	233.6	0.0	0.0	233.6
Carrying amount	Dec 31, 2019	128.5	192.5	321.0	141.7	15.0	164.3
Fair value	Dec 31, 2019	129.0	192.5	321.5			

EUR million	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Cash and cash equivalents	106.5	81.7	54.9
Money market investments and investments in bonds	64.6	59.9	86.8
Liquid funds	171.1	141.6	141.7

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

EUR million	Total	Level 1	Level 2	Level 3
Sep 30, 2020				
Financial assets measured at fair value				
Non-current receivables				
Other non-current investments	1.0			1.0
Current financial assets				
Derivative contracts				
Currency derivatives, non-hedge accounting	0.0		0.0	
Total	1.0		0.0	1.0
Financial liabilities measured at fair value				
Other non-current liabilities				
Derivative contracts				
Interest rate derivatives, hedge accounting	1.6		1.6	
Trade payables and other liabilities				
Derivative contracts				
Currency derivatives, non-hedge accounting	0.1		0.1	
Total	1.7		1.7	
Sep 30, 2019				
Financial assets measured at fair value				
Non-current receivables				
Other non-current investments	1.0			1.0
Total	1.0			1.0
Financial liabilities measured at fair value				
Other non-current liabilities				
Derivative contracts				
Interest rate derivatives, hedge accounting	2.0		2.0	
Total	2.0		2.0	

No transfers between the fair value hierarchy levels have been made during the reporting periods. The Group identifies and recognizes transfers between different levels as the transaction is exercised or at the moment when the parameters change materially.

Hierarchy levels:

Level 1: Fair values are based on the quoted prices of identical asset groups or liabilities in active markets.

Level 2: Fair values are, to a significant degree, based on data other than quoted prices included in level 1, but on data that can be either directly or indirectly verified for the asset group or liability in question.

To determine the fair value of these instruments, the Group uses generally accepted valuation models that are, to a significant degree, based on verifiable market data.

Level 3: Fair values are based on data regarding the asset group or liability that is not based on verifiable market data.

The fair value of currency forward contracts is calculated by measuring forward contracts against the forward rates on the reporting date. The fair values of interest rate swaps are calculated by discounting the forecast cash flows of the contracts with the market interest rate curves on the reporting date. The measurement of equity funds relies on valuations delivered by external investment managers, based on the general valuation techniques used by asset managers. The fair value of the written put option is based on the expected contractual cash flows.

The group also has a number of financial instruments which are not measured at fair value in the balance sheet. The fair value of investments in bonds was EUR 25.8 million and their carrying value EUR 26.4 million. For the other instruments, the fair values are not materially different to their carrying amounts, since the instruments are short-term in nature.

10. Pledges, commitments and other contingent liabilities

Pledges

EUR million	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Pledges for own behalf			
Bank guarantees	9.1	9.1	9.1
Guarantees	3.6	3.6	3.6
Pledges	0.9	0.0	0.0
Total	13.6	12.7	12.7

Lease commitments not recognized in balance sheet

EUR million	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Maturity of minimum lease payments:			
Less than a year	10.2	9.3	8.8
1-5 years	0.5	0.6	0.5
Total	10.6	10.0	9.3

Other contingent liabilities

In accordance with the environmental permit, the Group is subject to environmental liability regarding the cleanup of land of Pohjois-Pasila building lots. The liability amounts to approximately EUR 19.9 million and it will be realized if the construction in the building lots begins.

Derivative contracts

EUR million	Sep 30, 2020	Sep 30, 2019	Dec 31, 2019
Currency derivatives			
Non-hedge accounting			
Fair value	0.0	0.0	0.1
Nominal value	16.1	6.2	6.2
Interest rate derivatives			
Hedge accounting			
Fair value	-1.6	-2.0	-1.6
Nominal value	60.0	60.0	60.0

11. Events after the reporting period

After the reporting period, on October 28, Posti and Ropo Capital announced an agreement according to which Ropo Capital will acquire the entire share capital of Posti Messaging AB in Sweden and Posti Messaging AS in Norway (jointly "Posti Messaging Scandinavia"). The divestment of Posti Messaging Scandinavia is in line with Posti's strategy to continue its renewal and focus on its core businesses. The transaction also allows Posti to invest in its growth areas, which are especially the Parcel and eCommerce and Logistics businesses in the Nordic and Baltic Countries.

The transaction is still subject to the approval of the Swedish competition authority and it is expected to close by the end of 2020.