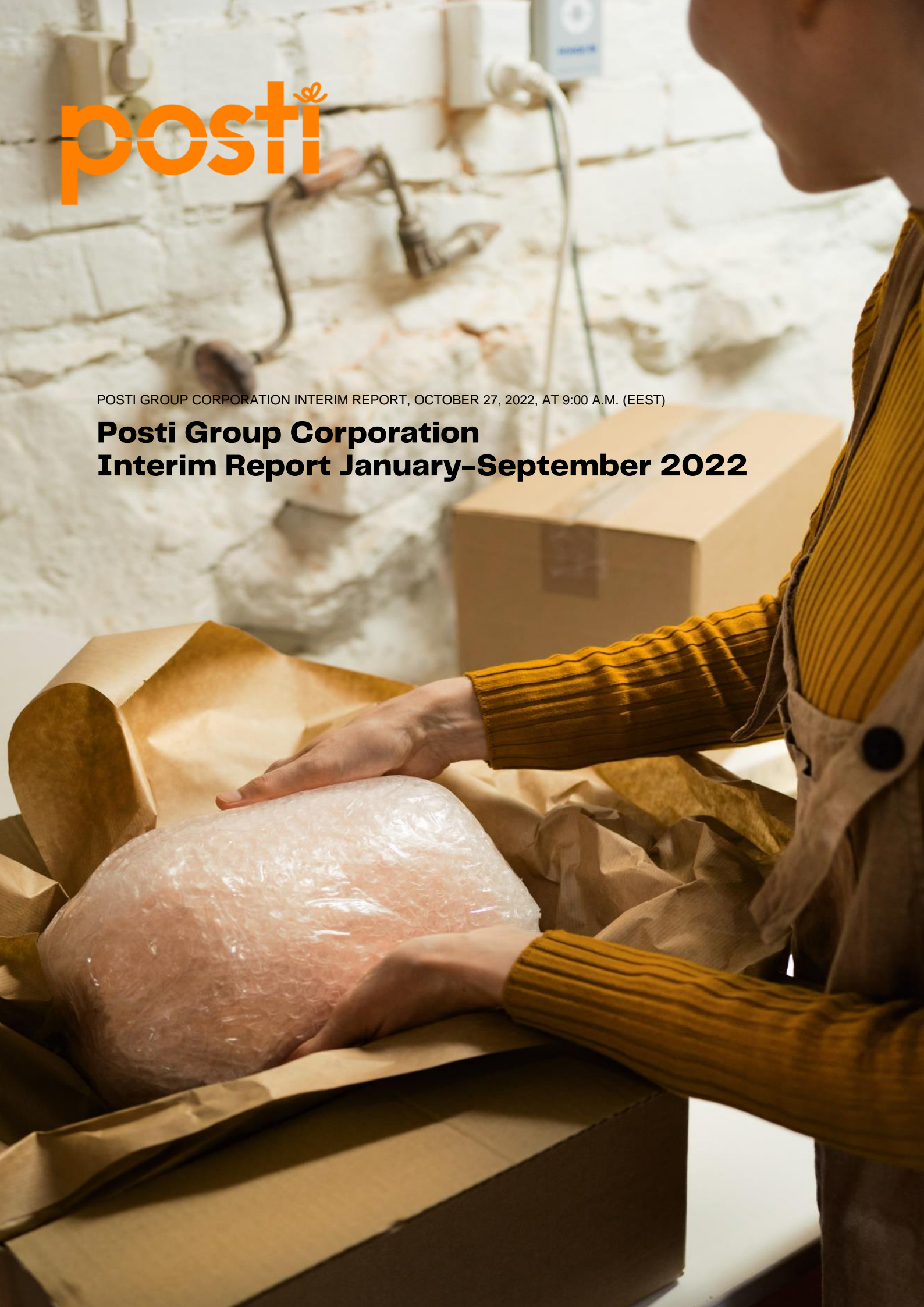




POSTI GROUP CORPORATION INTERIM REPORT, OCTOBER 27, 2022, AT 9:00 A.M. (EEST)

Posti Group Corporation Interim Report January–September 2022



Posti Group 1–9/2022: Net sales increased across all segments. Group profitability in third quarter improved from last year.

Posti Group Corporation Interim Report January–September 2022

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

July–September

Financial highlights

- Net sales grew by 5.6% to EUR 395.6 (374.8) million.
- Adjusted EBITDA increased to EUR 44.3 (42.6) million, or 11.2% (11.4%) of net sales.
- EBITDA increased to EUR 43.7 (42.0) million, or 11.0% (11.2%) of net sales.
- Adjusted operating result increased to EUR 13.0 (12.5) million, representing 3.3% (3.3%) of net sales.
- Operating result increased to EUR 12.4 (12.0) million, representing 3.1% (3.2%) of net sales.

January–September

Financial highlights

- Net sales grew by 4.1% to EUR 1,198.0 (1,150.8) million.
- Adjusted EBITDA decreased to EUR 120.3 (131.3) million, or 10.0% (11.4%) of net sales.
- EBITDA decreased to EUR 117.0 (130.4) million, or 9.8% (11.3%) of net sales.
- Adjusted operating result decreased to EUR 28.1 (41.1) million, representing 2.3% (3.6%) of net sales.
- Operating result decreased to EUR 24.7 (40.1) million, representing 2.1% (3.5%) of net sales.
- Net debt to adjusted EBITDA was 1.5x (1.3x).

Operational highlights in Q3

- Despite the very challenging operating environment net sales grew across all segments. Growth was organic but supported by acquisitions and price increases. Also, the Group's profitability increased.
- eCommerce and Delivery Services profitability increased significantly, albeit total parcel volumes decreased by 6% (increased by 13%) in Finland and the Baltic countries.
- Fulfillment and Logistics Services net sales increased by 10.3% and were mainly driven by the acquisition of Veddestagruppen.
- The combined external net sales of eCommerce and Delivery Services, and Fulfillment and Logistics Services represented 64.6% (64.2%) of the Group's net sales.
- The addressed letters volume in general continued to decrease. However, Posti's addressed mail volumes increased exceptionally by 5% (decreased 8%) due to new volumes from the acquired Keski-suomalainen Oyj early-morning delivery operations.
 - The share of mail items covered by the universal service obligation accounted for 2.3% (2.0%) of all Posti's mail items delivered.
- Posti decided on a new green technology vehicle 2030 roadmap, which includes a plan over two thousand new electric, biogas, and hydrogen vehicles. New vehicles will be gradually replacing the current fleet during the next eight years.

Outlook for 2022

Outlook for 2022 remains unchanged.

In 2022, Posti is expecting its net sales to increase from the previous year. The Group's adjusted EBITDA in 2022 is expected to decrease. Posti's net sales from continuing operations in 2021 were EUR 1,595.0 million and adjusted EBITDA was EUR 181.6 million.

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

The Group's business is characterized by seasonality. The net sales and operating result 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 service volume decline is expected to continue.

Key figures of Posti Group					
	7-9 2022	7-9 2021	1-9 2022	1-9 2021	1-12 2021
Net sales*, EUR million	395.6	374.8	1,198.0	1,150.8	1,595.0
Adjusted EBITDA*, EUR million	44.3	42.6	120.3	131.3	181.6
Adjusted EBITDA margin*, %	11.2%	11.4%	10.0%	11.4%	11.4%
EBITDA*, EUR million	43.7	42.0	117.0	130.4	180.5
EBITDA margin*, %	11.0%	11.2%	9.8%	11.3%	11.3%
Adjusted operating result*, EUR million	13.0	12.5	28.1	41.1	59.8
Adjusted operating result margin*, %	3.3%	3.3%	2.3%	3.6%	3.7%
Operating result*, EUR million	12.4	12.0	24.7	40.1	55.0
Operating result margin*, %	3.1%	3.2%	2.1%	3.5%	3.4%
Result for the period*, EUR million	8.4	8.1	14.1	28.5	38.7
Return on capital employed (12 months)*, %			5.6%	9.6%	8.4%
Net debt, EUR million			252.7	241.3	145.0
Net debt / adjusted EBITDA*			1.5x	1.3x	0.8x
Operative free cash flow, EUR million			-21.7	-14.3	23.1
Personnel, end of period*			19,929	20,421	21,128
Personnel on average*, FTE	15,014	15,038	14,972	14,950	15,042
Earnings per share, continuing operations*, EUR	0.21	0.20	0.35	0.71	0.97
Earnings per share, basic, EUR	0.21	0.24	0.35	0.83	-0.40
Dividend per share, EUR					0.80
Dividend, EUR million					32.0

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

Changes in reporting

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

Turkka Kuusisto, President and CEO

I am delighted that our growth continued in January-September: our net sales grew by 4.1% to EUR 1,198.0 (1,150.8) million. Despite the very challenging operating environment, net sales increased across all business groups. In the third quarter solid work paid off as our group net sales grew by 5.6% to EUR 395.6 (374.8) million resulting in improved profitability. Third quarter group adjusted EBITDA increased to EUR 44.3 (42.6) million.

Our adjusted EBITDA decreased to EUR 120.3 (131.3) million in January-September but increased in the third quarter. eCommerce and Delivery Services improved its profitability significantly during the quarter, which impacted the Group's profitability positively. The increase can be attributed to improved net sales as well as cost and operational efficiency.

Our business groups reported strong results in the third quarter. eCommerce and Delivery Services net sales and profitability increased, which was a great achievement, especially when considering the consumers' weakened confidence in economy, impacting parcel volumes negatively. Also, Fulfillment and Logistics Services net sales and profitability increased, driven by Veddestagruppen. Postal Services net sales increased with the help of Mediatalo Keski-suomalainen Oyj early-morning delivery operations acquisition, whereas profitability declined. In general, the addressed mail volumes continued to decrease, but the share of addressed mail in Mediatalo Keski-suomalainen Oyj early-morning delivery operations exceptionally increased our mail volumes in the third quarter.

The energy crisis and the increasing costs of living have lowered consumers' confidence in the economy. We have worked tirelessly to mitigate the effect of these factors on our operations, and we have succeeded very well. The preventive measures taken early in the year are now paying off, making this a very good quarter result and a true victory.

E-commerce continues to grow after the COVID-19 pandemic. Posti's Grand eCom Survey 2022 published in August shows that 44% of online stores get 70% of their revenue online. These results support our strategy to seek growth from eCommerce. Also, nearly 40% of buyers consider sustainability when selecting a delivery option. It was fantastic to see that Posti got most mentions in this area, and that our sustainability efforts have been recognized by our customers.

I am very excited about the new green technology vehicle 2030 roadmap, that we announced today. The new roadmap includes a plan for over two thousand new electric, biogas, and hydrogen vehicles to gradually replace the current fleet in the next eight years. We already have about 200 electric vans and our fleet of 29 biogas trucks by the end of this year will be the largest fleet in Finland. This is a big and concrete step towards reaching our goal to transport fossil free by 2030. And as we have communicated earlier, the Science Based Targets initiative (SBTi), a global body enabling businesses to set ambitious emissions reduction targets in line with the latest climate science, approved Posti's science-based net zero target in May. We are proud to have achieved this as the first Finnish company and as the first company in our industry globally.

We are now approaching the busiest and also most rewarding season of Posti's year. We are committed to making this year's peak season a success and I want to thank every Christmas maker already now for making this happen.

APPENDICES

Posti Group's Interim report January-September 2022 in full (PDF)

FURTHER INFORMATION

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DISTRIBUTION

Key media

www.posti.com/financials

IMAGES AND LOGOS

www.posti.com/media

Posti is one of the leading delivery and fulfillment companies in Finland, Sweden and Baltics. Our core business includes parcels, freight, postal services, and logistics solutions. Our goal is to have fossil-free transport by 2030. We have operations in seven countries. Our net sales in 2021 amounted to EUR 1,595.0 million and we have approximately 21,000 employees. www.posti.com

Market situation and business environment

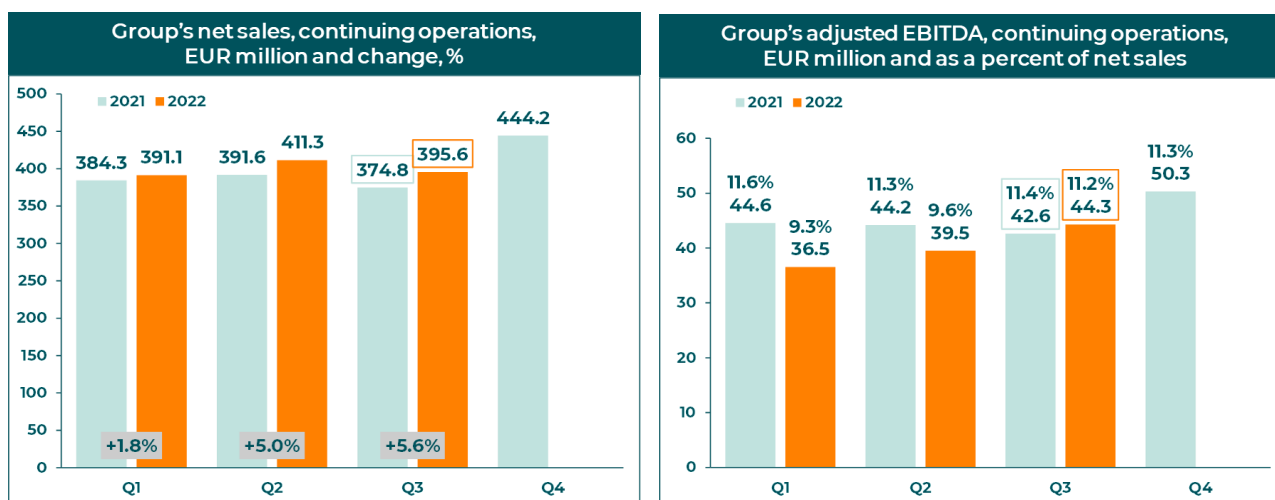
The continuing war in Ukraine has led to an energy crisis and the signs of economic slowdown have intensified significantly. Even a recession cannot be ruled out. Rising energy prices, overall high inflation and increasing interest rates have affected consumer and business confidence across industry and trade after the summer. Consumer confidence is now a record low and business confidence are also decreasing.

The situation for households is challenging, and the exceptionally high inflation means that there is less available income for consumption. According to Statistics Finland, the working day adjusted volume of total trade in Finland, from which the impact of price changes has been eliminated, decreased by 6.9% in July and 3.7% in August compared to last year. The decline of sales volume in the trade sector has continued throughout the year and has decreased the stock turnover in Posti's warehouses as well as impacted Posti's parcel volume growth negatively.

According to the September interim forecast by the Bank of Finland, the Finnish economy is forecasted to grow by 2.2% in 2022 due to a strong start of the year but to contract by 0.3% in 2023.

The current crisis has also impacted the Swedish economy. According to the Riksbank's forecast in September, the GDP growth in Sweden for 2022 is 2.7% and the forecast for 2023 is negative 0.7%. The forecasts are subject to considerable uncertainties.

Net sales and profitability



July-September 2022

Net sales

The Group's net sales grew by 5.6% to EUR 395.6 (374.8) million. Net sales grew by 3.9% in Finland and by 20.1% in other countries. The growth in other countries was mainly from acquisition of Veddestagruppen in Sweden. The share of Posti's business operations outside Finland increased and accounted for 11.7% (10.2%) of net sales.

The eCommerce and Delivery Services segment's net sales increased by 3.6% to EUR 171.0 (165.0) million.

Net sales in the Fulfillment and Logistics Services segment increased by 10.3% to EUR 89.8 (81.4) million. The increase came mainly from Veddestagruppen. The company has been included in the segment since February.

The combined external net sales of eCommerce and Delivery Services, and Fulfillment and Logistics Services represented 64.6% (64.2%) of the Group's net sales.

Net sales in the Postal Services segment increased by 4.4% to EUR 141.2 (135.3) million.

Operations under the universal service obligation decreased and amounted to EUR 17.5 (17.7) million, or 4.4% (4.7%) of the Group's net sales and increased to 2.3% (2.0%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 44.3 (42.6) million, or 11.2% (11.4%) of net sales mainly due to the increased profitability of eCommerce and Delivery Services. EBITDA increased to EUR 43.7 (42.0) million, or 11.0% (11.2%) of net sales. The adjusted operating result increased to EUR 13.0 (12.5) million, or 3.3% (3.3%) of net sales. The operating result increased to EUR 12.4 (12.0) million, or 3.1% (3.2%) of net sales.

Special items affecting the operating result in the third quarter amounted to EUR -0.6 (-0.6) million.

January–September 2022

Net sales

The Group's net sales grew by 4.1% to EUR 1,198.0 (1,150.8) million. Net sales increased by 2.1% in Finland and 22.1% in other countries. The growth in other countries was mainly due to the acquisition of Veddestagruppen in Sweden. The share of Posti's business operations outside Finland increased and accounted for 11.7% (9.9%) of net sales.

The eCommerce and Delivery Services segment's net sales increased by 2.4% to EUR 508.1 (496.3) million.

Net sales in the Fulfillment and Logistics Services segment increased by 13.7% to EUR 270.8 (238.2) million, mainly due to the acquisition of Veddestagruppen in January 2022. The company has been included in the segment since February.

The combined external net sales of eCommerce and Delivery Services, and Fulfillment and Logistics Services represented 63.7% (62.4%) of the Group's net sales.

Net sales in the Postal Services segment increased by 0.5% to EUR 437.8 (435.5) million.

Operations under the universal service obligation decreased and amounted to EUR 58.0 (64.8) million, or 4.8% (5.6%) of the Group's net sales and 2.3% (2.5%) of delivery volumes.

Profitability

The Group's adjusted EBITDA decreased to EUR 120.3 (131.3) million, or 10.0% (11.4%) of net sales mainly due to the decreased profitability of Postal Services, declined parcel volumes and increased operational costs. EBITDA decreased to EUR 117.0 (130.4) million, or 9.8% (11.3%) of net sales. The adjusted operating result decreased to EUR 28.1 (41.1) million, or 2.3% (3.6%) of net sales. The operating result declined to EUR 24.7 (40.1) million, or 2.1% (3.5%) of net sales.

Special items affecting the operating result amounted to EUR -3.3 (-0.9) million.

Special items affecting the operating result in 1-9 2022

EUR million	
Personnel restructuring costs	-2.5
Other special items	-0.9
Total	-3.3

eCommerce and Delivery Services

Key figures, eCommerce and Delivery Services					
	7-9 2022	7-9 2021	1-9 2022	1-9 2021	1-12 2021
Net sales, EUR million	171.0	165.0	508.1	496.3	681.1
<i>Net sales change-%</i>	3.6%	6.2%	2.4%	6.6%	4.8%
Adjusted EBITDA, EUR million	19.8	14.1	52.8	44.2	62.0
<i>Adjusted EBITDA margin, %</i>	11.6%	8.6%	10.4%	8.9%	9.1%
EBITDA, EUR million	19.7	14.1	51.9	44.3	62.0
<i>EBITDA margin, %</i>	11.5%	8.6%	10.2%	8.9%	9.1%

July–September 2022

On September 1, 2022, Posti announced that it has acquired the Finnish e-commerce logistics company WebLog Finland Oy to strengthen growth opportunities especially in the small and midsize e-commerce segment.

The parcel and freight volumes developed as follows:

- The total number of parcels delivered by Posti in Finland and the Baltic countries decreased by 6% to 16 (17) million. The figure does not include letter-like eCommerce items.
- Transportation volumes measured in waybills decreased by 10%.

Net sales

The net sales of eCommerce and Delivery Services increased by 3.6% to EUR 171.0 (165.0) million. In the segment, the increased net sales of transportation services were mainly driven by increased prices. However, the net sales of parcel deliveries decreased slightly.

The total parcel volume decreased by 6%. The difficult market environment and low consumers' confidence in the economy were reflected in the declining parcel volumes. High inflation and interest rates decreased overall consumer spending.

Profitability

The adjusted EBITDA of eCommerce and Delivery Services increased to EUR 19.8 (14.1) million, or 11.6% (8.6%) of net sales. The growth was driven by the increased net sales of the segment and the improved cost and operational efficiency. EBITDA increased to EUR 19.7 (14.1) million.

January–September 2022

The parcel and freight volumes developed as follows:

- The total number of parcels delivered by Posti in Finland and the Baltic countries decreased by 4% to 48 (50) million. The figure does not include letter-like eCommerce items.
- Transportation volumes measured in waybills decreased by 6%.

Net sales

The net sales of eCommerce and Delivery Services increased by 2.4% to EUR 508.1 (496.3) million. In the segment, the net sales of transportation services increased, whereas the net sales of parcel deliveries decreased.

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

Profitability

The adjusted EBITDA of eCommerce and Delivery Services increased to EUR 52.8 (44.2) million, or 10.4% (8.9%) of net sales. The growth was driven by the increased net sales and cost efficiency starting from the early part of the year. EBITDA increased to EUR 51.9 (44.3) million.

Fulfillment and Logistics Services

Key figures, Fulfillment and Logistics Services					
	7-9 2022	7-9 2021	1-9 2022	1-9 2021	1-12 2021
Net sales, EUR million	89.8	81.4	270.8	238.2	330.0
Transval	57.0	55.5	171.3	160.8	219.8
Aditro Logistics	32.9	25.9	99.6	77.5	110.2
Net sales change-%	10.3%**	11.0%	13.7%**	N/A*	N/A*
Adjusted EBITDA, EUR million	10.9	10.2	27.2	25.8	32.6
Adjusted EBITDA margin, %	12.2%	12.5%	10.0%	10.8%	9.9%
EBITDA, EUR million	10.8	10.2	26.9	25.8	32.1
EBITDA margin, %	12.0%	12.5%	9.9%	10.8%	9.7%

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

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

July–September 2022

Net sales

Fulfillment and Logistics Services' net sales increased by 10.3% and were EUR 89.8 (81.4) million. The growth of **Transval**'s net sales was mainly due to the increased volumes of new contracts in in-house logistics and the volume increase in contract logistics. **Aditro Logistics**' net sales growth was mostly driven by Veddestagruppen in Sweden. Also, warehousing storage volumes continued to increase, improving net sales.

Profitability

The adjusted EBITDA of Fulfillment and Logistics Services increased to EUR 10.9 (10.2) million, or 12.2% (12.5%) of net sales, driven by the increased net sales. Higher fixed costs impacted profitability negatively. EBITDA increased to EUR 10.8 (10.2) million.

January–September 2022

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

Net sales

Fulfillment and Logistics Services' net sales increased by 13.7% and were EUR 270.8 (238.2) million. The growth of **Transval**'s net sales was mainly due to the increased volumes of in-house logistics and contract logistics. **Aditro Logistics**' net sales growth was mainly due to the acquisition of Veddestagruppen in Sweden as well as improved warehousing storage volumes.

Profitability

The adjusted EBITDA of Fulfillment and Logistics Services increased to EUR 27.2 (25.8) million, or 10.0% (10.8%) of net sales. The improvement was mainly due to the acquisition of Veddestagruppen. EBITDA increased to EUR 26.9 (25.8) million.

Postal Services

Key figures, Postal Services					
	7-9 2022	7-9 2021	1-9 2022	1-9 2021	1-12 2021
Net sales, EUR million	141.2	135.3	437.8	435.5	610.9
Net sales change-%	4.4%	-5.7%	0.5%	-6.6%	-5.6%
Adjusted EBITDA, EUR million	16.0	18.5	49.8	66.5	99.1
Adjusted EBITDA margin, %	11.3%	13.7%	11.4%	15.3%	16.2%
EBITDA, EUR million	15.8	17.9	47.9	64.5	96.8
EBITDA margin, %	11.2%	13.3%	10.9%	14.8%	15.8%

July–September 2022

The addressed letters volume continued to decrease in general. The volume increased exceptionally by 5% (decreased by 8%), due to the share of addressed mail in Mediatalo Keski-suomalainen Oyj's early-morning delivery operations, increasing Posti's total addressed mail volumes.

Net sales

The net sales of Postal Services increased by 4.4% to EUR 141.2 (135.3) million mainly due to price increases and the acquisition of Mediatalo Keski-suomalainen Oyj's early-morning delivery operations.

Profitability

The adjusted EBITDA of Postal Services decreased to EUR 16.0 (18.5) million, or 11.3% (13.7%) of net sales. Profitability was affected by the higher operational costs due to the increase in energy prices and operational inefficiency. EBITDA decreased to EUR 15.8 (17.9) million.

January–September 2022

The decline of Postal volumes continued. The number of addressed letters decreased by 3% (9%).

Net sales

The net sales of Postal Services increased by 0.5% to EUR 437.8 (435.5) million. The acquisition of Mediatalo Keskisuomalainen Oyj's early-morning delivery operations and increase in prices impacted net sales positively.

Profitability

The adjusted EBITDA of Postal Services decreased to EUR 49,8 (66.5) million, or 11.4% (15.3%) of net sales. Profitability was affected by the higher operational costs due to the increase in energy prices and operational inefficiency. The exceptional winter conditions and the absences of employees due to the COVID-19 virus required overtime hours and temporary workforce, which impacted profitability in the early part of the year. EBITDA decreased to EUR 47.9 (64.5) million.

Cash flow, financial position, and major investments

In January–September, the consolidated cash flow from operating activities was EUR 65.3 (82.3) million, the cash flow from investing activities was EUR -57.9 (-16.1) million of which EUR -44.3 (-0.5) million for business acquisitions, and the cash flow from financing activities was EUR -66.1 (-73.6) million.

At the end of September, liquid assets amounted to EUR 74.0 (127.0) million and undrawn committed credit facilities totaled EUR 150.0 (150.0) million. The Group's interest-bearing borrowings were EUR 326.7 (368.3) million. Net debt totaled EUR 252.7 (241.3) million. Equity ratio was 41.3% (39.0%).

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

Share capital and shareholding

At Posti, the Finnish State exercises the shareholder's decision-making power. The State's direct ownership of Posti Group Corporation is 100%. Posti Group Corporation's share capital consists of 40,000,000 shares of equal value.

The company holds no treasury shares and does not have subordinated loans. No loans have been granted to related parties, and no commitments have been given on their behalf. The company has not issued shares, stock options, or other rights with entitlement to company shares. The Board of Directors is not authorized to issue shares, stock options, or other rights with entitlement to company shares.

Leadership team

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

Employees

The Group's personnel					
	7-9 2022	7-9 2021	1-9 2022	1-9 2021	1-12 2021
Personnel at period-end*			19,929	20,421	21,128
Finland*			17,679	18,060	18,571
Other countries of operation*			2,250	2,361	2,557
Personnel on average, FTE **	15,014	15,038	14,972	14,950	15,042

*Continuing operations

**Full-time equivalent personnel on average

In January-September, the Group's personnel expenses amounted to EUR 515.7 (497.5) million, growing by 3.7% from the previous year. The personnel expenses included EUR 2.5 (1.9) million of restructuring costs.

Acquisitions, divestments, and changes in the corporate structure

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

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

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

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

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

As communicated in the company's Half-Year Financial Report 2022, published on August 11th, 2022, Posti is reforming its legal structure to centralize its parcel, eCommerce and logistics services under the same company in Finland, named Posti Ltd. Letter, publication, and direct marketing business will continue under the current company, with the new name Posti Distribution Ltd. Other subsidiaries of Posti, and their names remain unchanged. The project is proceeding as planned. The new legal company structure is planned to become effective as of January 1st, 2023.

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

Due to the current crisis, there is an unprecedented level of risk and uncertainties related to global supply chains. High energy costs, changes in demand and the general development of the economy have an impact on Posti's business.

The main risks in Posti's business transformation towards a modern delivery and fulfillment company remain two-fold. Posti needs to carefully manage and adjust its operating model in the declining postal business and at the same time develop new integrated services and offering in the delivery and fulfillment value chain to support eCommerce market and customers' ecommerce and omnichannel strategies.

Posti is facing increasing competition in last-mile delivery and e-fulfillment. New disruptive business models have been introduced and increased competition could lead to price competition and loss of market share. Posti needs to move fast and continuously increase customer focus in all areas. Posti is managing related business risks by continuously monitoring and reviewing the execution of its delivery and fulfillment strategy. To be able to grow and succeed, Posti needs to strengthen the consumer trust in the Posti brand and as a large employer, Posti is continuously working to enhance its employer image to secure the availability of skilled labor.

Posti's success in the declining postal delivery market depends on implementing efficient operating and delivery models to decrease costs in line with the declining volumes. Renewing the current Postal Act is urgent as the volume of paper mail continues to drop significantly. More flexible regulation is necessary so that universal postal service can be maintained in an economically sustainable way in the coming years and government would not be compelled to compensate Posti for delivering universal postal services. There is a risk that the changes in the Postal Act will be additionally delayed due to the tendering process of State Aid for newspaper delivery.

The risks related to cyber security remain under continuous scrutiny. Posti is actively working on addressing cyber risks and continuously increasing maturity to protect digital infrastructure and capability to detect and respond to security incidents. Objective is to enable the continuity of business-critical operations. Potential security breaches or disruptions in business continuity could lead to financial losses and a severe long-term reputational risk for Posti's brand and future business.

Aditro Logistics has an important role in achieving Posti's strategic goal of capturing the e-fulfillment opportunity in Finland, Sweden, and the Baltics. To succeed in its transformation into a fulfillment player within eCommerce, Aditro Logistics needs to carefully manage the execution of its strategic initiatives.

Events after the reporting period

There have been no significant events after the reporting period.

Outlook for 2022

Posti's outlook 2022 remains unchanged.

In 2022, Posti is expecting its net sales to increase from the previous year. The Group's adjusted EBITDA in 2022 is expected to decrease. Posti's net sales from continuing operations in 2021 were EUR 1,595.0 million and adjusted EBITDA was EUR 181.6 million.

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

The Group's business is characterized by seasonality. The net sales and operating result 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 service volume decline is expected to continue.

Posti's financial reporting

Posti's financial reporting in 2023 is as follows:

February 17, 2023: Financial statements release for 2022

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

August 10, 2023: Half-year financial report 2023

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

Helsinki, October 27, 2022

Posti Group Corporation

Board of Directors

APPENDICES

Calculation of key figures

Interim report January- September 2022 tables

Calculation of key figures

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

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

* Continuing operations

Interim report tables January-September 2022

Consolidated income statement and consolidated statement of comprehensive income

Consolidated income statement

Continuing operations

EUR million	7-9 2022	7-9 2021	1-9 2022	1-9 2021	1-12 2021
Net sales	395.6	374.8	1,198.0	1,150.8	1,595.0
Other operating income	2.5	2.8	6.7	9.6	12.6
Materials and services	-121.1	-115.4	-355.5	-338.5	-474.0
Employee benefits	-161.8	-156.9	-515.7	-497.5	-682.0
Other operating expenses	-71.6	-63.3	-216.5	-194.0	-271.1
Depreciation and amortization	-31.3	-29.9	-92.3	-89.6	-119.5
Impairment losses	0.0	-0.2	0.0	-0.7	-6.1
Operating result	12.4	12.0	24.7	40.1	55.0
Finance income	0.7	0.2	2.6	1.1	2.2
Finance expenses	-2.5	-1.8	-8.4	-6.0	-8.9
Result before income tax	10.6	10.3	18.9	35.2	48.3
Income tax	-2.1	-2.2	-4.8	-6.8	-9.6
Result for the period from continuing operations	8.4	8.1	14.1	28.5	38.7
Result for the period from discontinued operations	0.0	1.4	0.0	4.8	-54.7
Result for the period	8.4	9.5	14.1	33.3	-15.9
Earnings per share (EUR per share)					
Group total	0.21	0.24	0.35	0.83	-0.40
Continuing operations	0.21	0.20	0.35	0.71	0.97
Discontinued operations	0.00	0.04	0.00	0.12	-1.37

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

Consolidated statement of comprehensive income

EUR million	7-9 2022	7-9 2021	1-9 2022	1-9 2021	1-12 2021
Result for the period	8.4	9.5	14.1	33.3	-15.9
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Change in fair value of cash flow hedges	1.0	0.0	2.5	0.2	0.6
Translation differences	-1.2	1.2	-3.5	5.4	93.6
Income tax relating to these items	-0.2	0.0	-0.5	0.0	-0.1
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations	-1.0		-1.0		-4.2
Income tax relating to these items	0.2		0.2		0.8
Comprehensive income for the period	7.3	10.8	11.7	38.9	74.8

Consolidated balance sheet

Assets

EUR million	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Non-current assets			
Goodwill	228.3	190.1	189.9
Other intangible assets	88.7	89.1	84.3
Investment property	3.5	3.5	3.5
Property, plant and equipment	230.5	279.3	233.6
Right-of-use assets	249.0	241.4	239.2
Investments in associated companies	0.0	1.6	0.9
Other non-current investments	1.0	1.0	1.0
Non-current receivables	2.7	0.2	1.5
Deferred tax assets	30.8	16.2	25.7
Total non-current assets	834.5	822.4	779.6
Current assets			
Inventories	4.3	4.5	4.0
Trade and other receivables	287.3	289.3	296.4
Current income tax receivables	1.0	1.6	0.9
Current financial assets	37.4	43.2	64.5
Cash and cash equivalents	37.7	83.9	97.2
Total current assets	367.6	422.4	462.9
Total assets	1,202.1	1,244.8	1,242.5

Equity and liabilities

EUR million	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
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	-1.0	-0.7
Translation differences	-4.1	-88.8	-0.6
Retained earnings	254.3	325.7	273.1
Total shareholders' equity	464.2	448.6	484.5
Total equity	464.2	448.6	484.5
Non-current liabilities			
Deferred tax liabilities	12.6	18.5	12.1
Non-current interest-bearing borrowings	60.1	60.3	60.4
Non-current interest-bearing lease liabilities	200.8	196.8	193.4
Other non-current payables	6.5	8.0	7.2
Advances received	11.3	13.2	12.9
Non-current provisions	2.9	3.6	3.0
Defined benefit pension plan liabilities	11.2	6.6	11.1
Total non-current liabilities	305.5	307.1	300.1
Current liabilities			
Current interest-bearing borrowings	10.0	61.2	0.9
Current interest-bearing lease liabilities	55.8	50.0	51.4
Trade and other payables	288.5	282.1	324.7
Advances received	67.5	81.9	80.1
Current income tax liabilities	10.1	13.6	0.3
Current provisions	0.4	0.4	0.5
Total current liabilities	432.4	489.1	458.0
Total liabilities	737.9	796.2	758.0
Total equity and liabilities	1,202.1	1,244.8	1,242.5

Condensed consolidated statement of cash flows

EUR million	1-9 2022	1-9 2021	1-12 2021
Result for the period	14.1	33.3	-15.9
Adjustments to cash flow	100.5	99.5	192.9
Change in net working capital	-43.0	-33.3	-1.0
Cash flow before financial items and income tax	71.5	99.5	175.9
Financial items (net)	-4.9	-4.3	-6.5
Income tax paid	-1.4	-12.9	-8.5
Cash flow from operating activities	65.3	82.3	160.9
Purchase of intangible assets	-19.2	-21.0	-27.6
Purchase of property, plant and equipment	-24.9	-34.3	-54.7
Proceeds from sale of intangible and tangible assets	1.6	2.5	2.7
Business acquisitions, net of cash acquired	-44.3	-0.5	-0.5
Proceeds from business disposals less cash and cash equivalents	0.0	11.4	68.0
Cash flow from financial assets	27.5	25.9	5.1
Cash flow from other investments	1.4	-0.1	0.4
Cash flow from investing activities	-57.9	-16.1	-6.6
Withdrawals of current loans	10.0		
Repayment of current loans	-0.9	-0.2	-0.2
Repayment of non-current loans	-0.4	-0.9	-61.2
Payments of lease liabilities	-42.9	-41.2	-55.5
Dividends paid	-32.0	-31.3	-31.3
Cash flow from financing activities	-66.1	-73.6	-148.1
Change in cash and cash equivalents	-58.7	-7.5	6.2
Cash and cash equivalents at the beginning of the period	97.2	91.0	91.0
Effect of exchange rates changes	-0.8	0.4	0.0
Cash and cash equivalents at the end of the period	37.7	83.9	97.2

Operative free cash flow, reconciliation

Cash flow from operating activities	65.3	82.3	160.9
Purchase of intangible assets and property, plant and equipment	-44.1	-55.3	-82.3
Payments of lease liabilities	-42.9	-41.2	-55.5
Operative free cash flow	-21.7	-14.3	23.1

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

Consolidated statement of changes in equity

EUR million	Share capital	General purpose reserve	Fair value reserve	Translation differences	Retained earnings	Total equity
Jan 1, 2022	70.0	142.7	-0.7	-0.6	273.1	484.5
Comprehensive income						
Result for the period					14.1	14.1
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			2.0			2.0
Translation differences				-3.5		-3.5
Remeasurements of post-employment benefit obligations, net of tax					-0.8	-0.8
Comprehensive income for the period			2.0	-3.5	13.3	11.7
Transactions with equity holders						
Dividend					-32.0	-32.0
Sep 30, 2022	70.0	142.7	1.3	-4.1	254.3	464.2

Jan 1, 2021	70.0	142.7	-1.2	-94.2	323.7	441.1
Comprehensive income						
Result for the period					33.3	33.3
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			0.2			0.2
Translation differences				5.4		5.4
Comprehensive income for the period			0.2	5.4	33.3	38.9
Transactions with equity holders						
Dividend					-31.3	-31.3
Sep 30, 2021	70.0	142.7	-1.0	-88.8	325.7	448.6

EUR million	Share capital	General purpose reserve	Fair value reserve	Translation differences	Retained earnings	Total equity
Jan 1, 2021	70.0	142.7	-1.2	-94.2	323.7	441.1
Comprehensive income						
Result for the period					-15.9	-15.9
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			0.5			0.5
Translation differences				93.6		93.6
Remeasurements of post-employment benefit obligations, net of tax					-3.4	-3.4
Comprehensive income for the period			0.5	93.6	-19.3	74.8
Transactions with equity holders						
Dividend					-31.3	-31.3
Dec 31, 2021	70.0	142.7	-0.7	-0.6	273.1	484.5

Dividends

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

Notes

1. Accounting Policies

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 2021. Amendments to IFRS standards effective as of January 1, 2022 had no impact on consolidated income statement or balance sheet. The figures shown have been rounded, which is why the sum total of individual figures may differ from totals presented. The interim financial report is unaudited.

Additional information on Russia-Ukraine war in financial reporting

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

2. Foreign exchange rates

Average rate	1-9 2022	1-9 2021	1-12 2021
SEK	10.5	10.2	10.1
NOK	10.0	10.2	10.2

Closing rate	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
SEK	10.9	10.2	10.3
NOK	10.6	10.2	10.0

3. Segment reporting

Operating and reportable segments

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

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

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

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

2022

Operating segment

eCommerce and Delivery Services
Transval
Aditro Logistics
Postal Services

Reportable Segment

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

2021

Operating segment

Parcel and eCommerce
Freight Services
Postal Services
Transval
Aditro Logistics

Reportable Segment

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

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

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

Description of operating segments

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

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

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

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

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

Seasonality

The Group's business is characterized by seasonality. Net sales and operating result of the segments do not accrue evenly over the year. In postal services and consumer parcels, the first and fourth quarters are typically strong, while the second and third quarters are weaker.

7-9 2022 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	171.0	89.8	141.2		402.0
Net Sales, internal	-0.8	-4.5	-1.0		-6.3
Net Sales, external	170.2	85.3	140.2	0.0	395.6
Adjusted EBITDA	19.8	10.9	16.0	-2.4	44.3
Special items (impacting EBITDA)	-0.1	-0.1	-0.2	-0.1	-0.6
EBITDA	19.7	10.8	15.8	-2.6	43.7
Depreciation & amortization					-31.3
Impairment losses					0.0
Adjusted operating result					13.0
Special items (impacting EBIT)					-0.6
Operating result					12.4
Financial income & expenses					-1.8
Taxes					-2.1
Result for the period from continuing operations					8.4
Result for the period from discontinued operations					0.0
Result for the period					8.4
Capital Expenditure, continuing operations	7.8	2.4	4.8	3.9	18.9
HeadCount	3,667	6,811	8,843	608	19,929
Net Assets	248.2	346.9	60.8	-191.7	464.2

7-9 2021 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	165.0	81.4	135.3		381.7
Net Sales, internal	-0.7	-5.1	-1.0		-6.9
Net Sales, external	164.3	76.3	134.2	0.0	374.8
Adjusted EBITDA	14.1	10.2	18.5	-0.2	42.6
Special items (impacting EBITDA)	0.0	0.0	-0.6	0.0	-0.6
EBITDA	14.1	10.2	17.9	-0.2	42.0
Depreciation & amortization					-29.9
Impairment losses					-0.2
Adjusted operating result					12.5
Special items (impacting EBIT)					-0.6
Operating result					12.0
Financial income & expenses					-1.6
Taxes					-2.2
Result for the period from continuing operations					8.1
Result for the period from discontinued operations					1.4
Result for the period					9.5
Capital Expenditure, continuing operations	8.8	2.0	4.5	9.9	25.1
HeadCount	3,526	7,139	9,145	611	20,421
Net Assets	248.0	308.7	35.8	-143.8	448.6

1-9 2022 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	508.1	270.8	437.8		1,216.8
Net Sales, internal	-2.2	-13.8	-2.7		-18.7
Net Sales, external	505.9	257.0	435.1	0.0	1,198.0
Adjusted EBITDA	52.8	27.2	49.8	-9.4	120.3
Special items (impacting EBITDA)	-0.8	-0.3	-1.9	-0.3	-3.3
EBITDA	51.9	26.9	47.9	-9.7	117.0
Depreciation & amortization					-92.3
Impairment losses					0.0
Adjusted operating result					28.1
Special items (impacting EBIT)					-3.3
Operating result					24.7
Financial income & expenses					-5.8
Taxes					-4.8
Result for the period from continuing operations					14.1
Result for the period from discontinued operations					0.0
Result for the period					14.1
Capital Expenditure, continuing operations	21.9	29.7	32.8	49.6	134.0
HeadCount	3,667	6,811	8,843	608	19,929
Net Assets	248.2	346.9	60.8	-191.7	464.2

1-9 2021 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	496.3	238.2	435.5		1,170.0
Net Sales, internal	2.1	14.2	3.0		19.3
Net Sales, external	494.2	224.0	432.5	0.0	1,150.8
Adjusted EBITDA	44.2	25.8	66.5	-5.2	131.3
Special Items (impacting EBITDA)	0.0	0.0	-2.0	1.0	-0.9
EBITDA	44.3	25.8	64.5	-4.2	130.4
Depreciation & amortization					-89.6
Impairment losses					-0.7
Adjusted operating result					41.1
Special items (impacting EBIT)					-0.9
Operating result					40.1
Financial income & expenses					-4.9
Taxes					-6.8
Result for the period from continuing operations					28.5
Result for the period from discontinued operations					4.8
Result for the period					33.3
Capital Expenditure, continuing operations	23.5	11.3	7.2	38.9	81.0
HeadCount	3,526	7,139	9,145	611	20,421
Net Assets	248.0	308.7	35.8	-143.8	448.6

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

4. Net sales by geographical area

EUR million	7-9 2022	7-9 2021	1-9 2022	1-9 2021	1-12 2021
Finland	321.6	306.1	972.3	943.5	1,308.1
Sweden	44.9	37.5	126.1	110.2	137.5
Baltics	10.1	8.3	28.1	24.6	24.6
Other countries	19.1	23.0	71.6	72.5	124.8
Total	395.6	374.8	1,198.0	1,150.8	1,595.0

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

5. Acquired and divested businesses

On January 2022 Posti acquired all the shares in Swedish logistics company Veddestagruppen AB. Veddestagruppen has been consolidated from February on and is integrated to Aditro Logistics. Aditro Logistics is a forerunner of delivery and fulfillment services in Sweden and with Veddestagruppen we can expand and strengthen our capabilities even further to better serve our customers. In 2021, Veddestagruppen had net sales of around EUR 23 million. Veddestagruppen employs around 300 people. A goodwill of EUR 20.5 million was recognized in the acquisition. Acquisition supports Posti's strategic goals of growing through parcel business and logistics in Finland, Sweden and the Baltics. Acquisition-related costs of EUR 0.3 million were recognized in other operating expenses.

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

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

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

Effect on assets EUR million	Veddesta- gruppen Fair value	Other Fair value	Total
Intangible assets	6.7	1.3	8.0
Property, plant and equipment	0.3	0.3	0.5
Right-of-use assets	22.2	0.0	22.2
Receivables	4.8	0.5	5.3
Cash and cash equivalents	2.9	0.2	3.1
Effect on assets	36.8	2.2	39.0
Effect on liabilities EUR million			
Deferred tax liability	1.8	0.1	1.8
Interest bearing liabilities	22.2	0.1	22.3
Trade payables and other liabilities	3.5	2.1	5.5
Effect on liabilities	27.4	2.3	29.7
Net assets acquired	9.4	0.0	9.3
Components of acquisition cost EUR million			
Cash considerations	29.9	17.4	47.3
Purchase price accrual		3.6	3.6
Total cost of acquisition	29.9	21.0	50.9
Fair value of net assets acquired	9.4	0.0	9.3
Goodwill	20.5	21.1	41.6
Cash flow effect of the acquisition EUR million			
Purchase price paid in cash	29.9	17.4	47.3
Cash and cash equivalents of the acquired subsidiary	2.9	0.2	3.1
Cash flow	27.0	17.2	44.2

Divested businesses

Posti has not divested businesses during 2022.

Discontinued operations

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

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

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

EUR million		Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Carrying amount	Jan 1	233.6	273.6	273.6
Acquired businesses		0.5	0.0	0.0
Additions		23.1	37.1	52.8
Business divestments		0.0	-5.8	-56.4
Disposals and transfers between items		-0.3	-1.5	-2.1
Depreciation, continuing operations		-25.7	-25.5	-33.6
Impairment, continuing operations		0.0	-0.1	-1.0
Depreciation and impairment, discontinued operations		0.0	-3.3	-4.1
Translation differences		-0.7	4.7	4.4
Carrying amount, end of the period		230.5	279.3	233.6

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

EUR million		Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Carrying amount	Jan 1	239.2	262.8	262.8
Acquired businesses		21.3	0.0	0.0
Additions		38.4	23.3	36.7
Business divestments		0.0	0.0	0.0
Disposals and transfers between items		-0.8	-0.1	-0.7
Depreciation		-44.5	-43.5	-58.0
Impairment		0.0	0.0	0.0
Translation differences		-4.6	-1.1	-1.6
Carrying amount, end of the period		249.0	241.4	239.2

Specification of right-of-use assets:

EUR million		Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Buildings		206.7	208.6	197.6
Vehicles		34.2	24.2	33.4
Machinery and other		8.1	8.6	8.2
Carrying amount, end of the period		249.0	241.4	239.2

7. Goodwill and other intangible assets

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

EUR million		Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Carrying amount	Jan 1	274.1	280.4	280.4
Acquired businesses		48.5	0.0	0.0
Additions		19.2	21.0	27.6
Business divestments		0.0	0.0	-0.7
Disposals and transfers between items		-0.6	0.2	0.5
Amortization, continuing operations		-21.5	-20.8	-27.4
Impairment, continuing operations		0.0	-0.6	-4.5
Amortization and impairment, discontinued operations		0.0	-0.3	-0.3
Translation differences		-2.8	-0.7	-1.4
Carrying amount, end of the period		316.9	279.2	274.1

8. Net debt and liquid funds

EUR million		Borrowings	Interest bearing lease liabilities	Interest bearing borrowings total	Liquid funds	Debt certificates	Net debt total
Carrying amount	Jan 1, 2022	61.3	244.8	306.1	151.1	10.0	145.0
Cash flows		8.7	-42.9	-34.1	-79.4	-10.0	49.1
Business acquisitions		0.1	22.2	22.3	3.1	0.0	25.4
Effect of exchange rates changes		0.0	-5.8	-5.8	-0.8	0.0	-5.0
Other non-cash items		0.0	38.2	38.2	0.0	0.0	38.2
Carrying amount	Sep 30, 2022	70.1	256.5	326.7	74.0	0.0	252.7
Fair value	Sep 30, 2022	70.2	256.5	326.7			

EUR million		Borrowings	Interest-bearing lease liabilities	Interest bearing borrowings total	Liquid funds	Debt certificates	Net debt total
Carrying amount	Jan 1, 2021	122.6	266.2	388.8	160.1	0.0	228.7
Cash flows		-1.1	-41.2	-42.4	-33.5	0.0	-8.9
Business acquisitions		0.0	0.0	0.0	0.0	0.0	0.0
Effect of exchange rates changes		0.0	1.0	1.0	0.4	0.0	0.6
Other non-cash items		0.1	20.8	20.9	0.0	0.0	20.9
Carrying amount	Sep 30, 2021	121.5	246.8	368.3	127.0	0.0	241.3
Fair value	Sep 30, 2021	121.7	246.8	368.5			

EUR million		Borrowings	Interest bearing lease liabilities	Interest bearing borrowings total	Liquid funds	Debt certificates	Net debt total
Carrying amount	Jan 1, 2021	122.6	266.2	388.8	160.1	0.0	228.7
Cash flows		-61.5	-55.5	-117.0	-9.0	10.0	-117.9
Business acquisitions		0.0	0.0	0.0	0.0	0.0	0.0
Effect of exchange rates changes		0.0	1.6	1.6	0.0	0.0	1.6
Other non-cash items		0.1	32.5	32.6	0.0	0.0	32.6
Carrying amount	Dec 31, 2021	61.3	244.8	306.1	151.1	10.0	145.0
Fair value	Dec 31, 2021	61.4	244.8	306.3			

EUR million	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Cash and cash equivalents	37.7	83.9	97.2
Money market investments and investments in bonds	36.3	43.2	53.9
Liquid funds	74.0	127.0	151.1

9. Financial assets and liabilities measured at fair value

The Group categorizes financial assets and liabilities into three hierarchy levels according to the information used in fair value measurement. Information on hierarchy levels and principles on fair value measurement can be found on note Financial instruments and financial risk management in financial statements 2021. 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	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Financial assets				
Non-current investments	3	1.0	1.0	1.0
Currency derivatives, non-hedge accounting	2	1.1	0.0	0.6
Interest rate derivatives, hedge accounting	2	1.6		
Total		3.7	1.0	1.6
Financial liabilities				
Interest rate derivatives, hedge accounting	2		1.2	0.9
Currency derivatives, non-hedge accounting	2		0.1	0.0
Currency derivatives, hedge accounting	2			
Total			1.3	0.9

Group also has a number of financial instruments which are not measured at fair value in the balance sheet. The fair value of investments in bonds was EUR 23.5 million and their carrying value EUR 24.3 million. For the other instruments, the fair values are not materially different to their carrying amounts, since the instruments are short-term in nature.

10. Commitments and other contingent liabilities

EUR million	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Guarantees	13.7	14.6	13.6
Total	13.7	14.6	13.6

Lease commitments not recognized in balance sheet

EUR million	Sep 30, 2022	Sep 30, 2021	Dec 31, 2021
Maturity of minimum lease payments:			
Less than a year	11.3	10.9	10.9
1-5 years	1.4	1.4	0.5
Total	12.7	12.3	11.4

Other contingent liabilities

The Group has a potential environmental liability of EUR 19.9 million, related to cleaning the land area in Pohjois-Pasila. Negotiations on the use of land and the related cleaning liability are pending between Posti and third parties. Posti expects that such negotiations will result to a clarification of the actual liability of each party.

11. Events after the reporting period

There have been no significant events after the reporting period.