

# posti

POSTI GROUP CORPORATION FINANCIAL STATEMENTS FEBRUARY 16, 2024, AT 9:00 AM (EET)

## Posti Group Corporation Financial Statements Bulletin January-December 2023



# **Posti Group 2023: profitability increased as a result of significant improvements in operational excellence. Weak consumer demand in Q4 affected sales.**

Posti Group Corporation Financial Statements Bulletin January–December 2023

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

## **October-December**

### **Financial highlights**

- Net sales decreased by 5.3% to EUR 429.7 (453.6) million.
- Adjusted EBITDA increased to EUR 64.2 (63.5) million, or 14.9% (14.0%) of net sales.
- EBITDA increased to EUR 64.2 (61.2) million, or 14.9% (13.5%) of net sales.
- Adjusted operating result increased to EUR 31.6 (30.9) million, representing 7.4% (6.8%) of net sales.
- Operating result increased to EUR 31.0 (26.3) million, representing 7.2% (5.8%) of net sales.

## **January-December**

### **Financial highlights**

- Net sales decreased by 4.0% to EUR 1,586.1 (1,651.6) million.
- Adjusted EBITDA increased to EUR 197.7 (183.8) million, or 12.5% (11.1%) of net sales.
- EBITDA increased to EUR 188.6 (178.2) million, or 11.9% (10.8%) of net sales.
- Adjusted operating result increased to EUR 66.4 (58.9) million, representing 4.2% (3.6%) of net sales.
- Operating result decreased to EUR -7.0 (51.0) million, representing -0.4% (3.1%) of net sales, mainly due to impairments and other special items in Q3.
- Net debt to adjusted EBITDA was 1.2x (1.1x).

### **Operational highlights in Q4**

- Group net sales decreased which was affected by low consumer and customer demand in all segments.
- Despite declined sales, effective improvements in operational efficiency in all segments increased the Group's adjusted EBITDA to a good level, especially in the eCommerce and Delivery Services segment.
- In the eCommerce and Delivery Services segment, the total parcel volume grew by 3% (decreased by 4%) driven by the growth in the Baltic countries.
- Posti delivered about 12 million Christmas cards and nearly 7 million parcels during the peak season, from the Black Week until Christmas.
- Posti hired over 1,300 employees for the peak season across Finland.
- The addressed letter volumes continued to decrease by 12% (8%).
  - The share of mail items covered by the universal service obligation accounted for 5.8% (5.3%) of all Posti's mail items delivered.

## Outlook for 2024

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

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

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

### Key figures of Posti Group

	10-12 2023	10-12 2022	1-12 2023	1-12 2022
Net sales, EUR million	429.7	453.6	1,586.1	1,651.6
Adjusted EBITDA, EUR million	64.2	63.5	197.7	183.8
<i>Adjusted EBITDA margin, %</i>	<i>14.9%</i>	<i>14.0%</i>	<i>12.5%</i>	<i>11.1%</i>
EBITDA, EUR million	64.2	61.2	188.6	178.2
<i>EBITDA margin, %</i>	<i>14.9%</i>	<i>13.5%</i>	<i>11.9%</i>	<i>10.8%</i>
Adjusted operating result, EUR million	31.6	30.9	66.4	58.9
<i>Adjusted operating result margin, %</i>	<i>7.4%</i>	<i>6.8%</i>	<i>4.2%</i>	<i>3.6%</i>
Operating result, EUR million	31.0	26.3	-7.0	51.0
<i>Operating result margin, %</i>	<i>7.2%</i>	<i>5.8%</i>	<i>-0.4%</i>	<i>3.1%</i>
Result for the period, EUR million	22.8	17.6	-25.2	31.7
Return on capital employed (12 months), %			-1.0%	7.8%
Net debt, EUR million			240.0	208.5
Net debt / adjusted EBITDA			1.2x	1.1x
Operative free cash flow, EUR million			28.6	28.5
Personnel, end of period			17,024	19,996
Personnel on average, FTE	13,784	15,023	14,272	14,985
Earnings per share, basic, EUR	0.57	0.44	-0.63	0.79
Dividend per share, EUR			0.80*	0.79
Dividend, EUR million			31.8*	31.7

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

## Turkka Kuusisto, President and CEO

Year 2023 ended on a good note. Our profitability increased in the last quarter and developed positively during the year due to operational excellence and the strong implementation of our strategy. Our ability to produce quality remained high and we managed to improve cost-efficiency throughout the year. This is an outstanding result from our teams which steered well in a demanding geopolitical and economic environment. I want to thank every Posti employee for their work, and resilience during the year. I also want to thank our customers for their trust on us.

Our adjusted EBITDA increased to EUR 64.2 million (EUR 63.5 million) during the fourth quarter and to EUR 197.7 million (EUR 183.8 million) during January-December. This can be attributed to operational efficiency that improved remarkably for example in the form of optimized resourcing, successful cost management, and investments in automation in sorting capabilities. During the peak season we delivered nearly 7 million parcels and about 12 million Christmas cards.

Group net sales decreased by 5.3% to EUR 429.7 million (EUR 453.6 million) in the fourth quarter and by 4.0% to EUR 1,586.1 million (EUR 1,651.6 million) in January-December. Consumer purchasing power and trust in the economy stayed low throughout the year, especially in Sweden. This resulted in an overall decrease in volumes and low circulation of goods in our warehouses, and unavoidably had a negative impact on net sales. Despite the strong operational performance, the net profit was affected by the impairments on goodwill and purchase price allocations in Q3. This was mainly related to the challenges in Swedish economy, and especially rapidly reduced e-commerce demand, combined with higher interest rates and heavily weakened Swedish Krona. The Group's operating result decreased to EUR -7.0 (51.0) million in 2023.

For the full reporting year, eCommerce and Delivery Services net sales and profitability decreased due to increased costs driven by inflation and high interest rates, and consequently declined volumes. Fulfillment and Logistics Services profitability increased due to improvements in operational efficiency, whereas the net sales declined. In the Postal Services segment both the net sales and the profitability increased. This was driven by the improvements in operational efficiency as well as the increased letter volumes in the early part of the year. Letter volumes decreased in 2023.

As mentioned, the year presented challenges in our operating market. Inflation remained high and interest rates peaked, which had a negative impact on the economy and kept the demand for logistic services low. While we are mindful that the uncertainties in our operating environment will somewhat continue in 2024, we do see some signs indicating that the market will pick up momentum and that purchasing power will improve. We continue to seek growth according to our strategy and expect the long-term market potential of e-commerce to remain positive in the Nordics. More recently, I'm satisfied that our digital service for letters and parcels, the OmaPosti application was revamped during the fourth quarter, and now offers more intuitive parcel experience for the consumer. The OmaPosti application already has over one million active users and is gaining new users every day.

Notable sustainability highlights from the fourth quarter include our first ever diesel to electric conversion truck and the inauguration of Finland's first heavy-duty charging station, which I am confident will accelerate the clean transition of the industry. COP28, which we participated in as part of the Finnish pavilion, concluded with a historic agreement to transition away from fossil fuels and to try to rein in the accelerating climate change. My hope is that this resolution will help in reducing emissions in the logistics sector also on a global scale. I am especially delighted to report positive developments in our work safety and the metrics in this area are showing favorable progress. Our continuous commitment to a safe working environment is reflected in these results. We have also kicked off our Sustainability Program update. We remain steadfast in our pursuit of sustainable growth within planetary boundaries, strengthening our societal handprint, and ensuring a caring workplace for all our employees.

We are in a good shape to continue the year 2024. Our strategy is solid, and we keep executing it in all fronts. Looking forward, we continue to focus on operational excellence and business development, and we hold our eyes steadily on the future, together as a team.

## APPENDICES

Posti Group Corporation Financial Statements Bulletin January-December 2023 Tables in full (PDF)

## FURTHER INFORMATION

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



## Market situation and business environment

The demand for logistics services lowered throughout the year, and the overall economic sentiment indicator is below the long-term average both in Finland and Sweden. On average, the overall economic sentiment indicator picked up mildly in the EU and in the euro area during Q4 but not yet in Finland and Sweden. The economic sentiment predicts weak economic development.

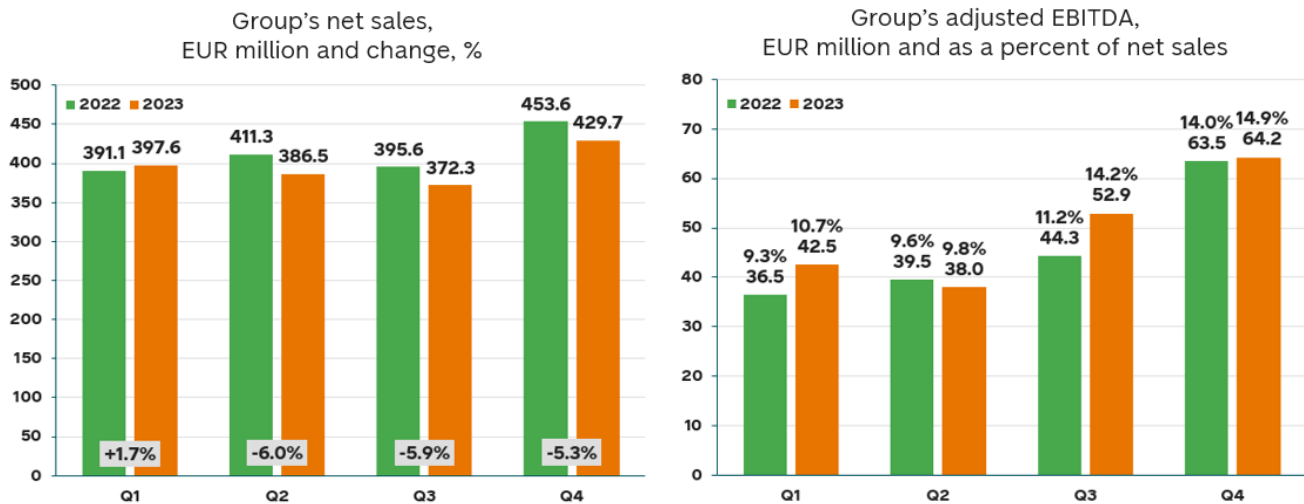
Finnish (-0.5%) and Swedish (-0.7%) economies decreased in 2023, and according to Statistics Finland, the number of bankruptcy applications in Finland increased by 25% in 2023 compared to 2022. Consumer confidence has recovered from all-time lows, but confidence is still clearly below the long-term average. High inflation and increased interest rates have affected households' purchasing power and restrained companies' desire to invest in machinery, equipment, and construction projects. Inflation is already slowing down but there is no certainty that the European Central Bank will lower its interest rate in 2024.

The economic situation affected the circulation of goods in Posti's warehouses and Posti's parcel volumes negatively. Logistics is a supporting industry for trade and industry sectors and the demand of logistics services therein has continued to be low, with a direct impact on Posti's business operations and performance.

The amended Postal Act came into effect in October 2023 and reduced Posti's universal service delivery obligation to three days throughout mainland Finland. Five-day delivery of paper newspapers in sparsely populated areas will continue, as newspapers will be delivered on two weekdays with the help of the new, temporary State Aid. Traficom awarded the government grant to Posti in 17 of the eligible areas after a public application process, and in Lapland a separate public service obligation was imposed on Posti. The changes in the Postal Act are responsible decisions that help the sector adapt to the sharply decreasing mail volumes and at the same time support the delivery of paper newspapers in sparsely populated areas. Posti is satisfied that the reforms enable full-time work in mail delivery, significant emission reductions and meeting the changing needs of customers.

According to the latest forecast from the Bank of Finland, GDP contracted by 0.5% in 2023 (+1.6% in 2022). Based on Riksbank forecast, Sweden's GDP decreased by 0.7% during 2023 (+2.8% in 2022). The Finnish and Swedish economies are not expected to return to growth path until 2025. Political strikes in Finland may have an impact on economic development in 2024 and have a greater impact of Posti's financial performance compared to its competitors. Geopolitical tensions and several important elections, including the US presidential election, bring uncertainty to economic prospects.

## Net sales and profitability



### October - December 2023

#### Net sales

The Group's net sales decreased by 5.3% to EUR 429.7 (453.6) million. Net sales decreased by 3.6% in Finland and by 19.1% in other countries. The decline in net sales in other countries was mainly due to the challenging macro-economic environment in Sweden, lower volumes and the weakened Swedish Krona compared to the reporting currency. Therefore, the share of Posti's business operations outside Finland decreased and accounted for 9.2% (10.8%) of net sales.

Net sales in the eCommerce and Delivery Services segment decreased by 2.6% to EUR 175.8 (180.5) million.

Net sales in the Fulfillment and Logistics Services segment decreased by 13.2% to EUR 82.6 (95.2) million.

The combined external net sales of eCommerce and Delivery Services and Fulfillment and Logistics Services represented 58.9% (59.5%) of the Group's net sales.

Net sales in the Postal Services segment decreased by 3.4% to EUR 178.1 (184.4) million.

Operations under the universal service obligation decreased and amounted to EUR 37.0 (42.2) million, or 8.6% (9.3%) of the Group's net sales, representing 5.8% (5.3%) of delivery volumes.

#### Profitability

The Group's adjusted EBITDA increased to EUR 64.2 (63.5) million, or 14.9% (14.0%) of net sales, mainly due to the improved operational efficiency in all segments and increased profitability in eCommerce and Delivery Services. EBITDA increased to EUR 64.2 (61.2) million, or 14.9% (13.5%) of net sales.

The adjusted operating result increased to EUR 31.6 (30.9) million, or 7.4% (6.8%) of net sales. The operating result increased to EUR 31.0 (26.3) million, or 7.2% (5.8%) of net sales.

Special items affecting the operating result in the fourth quarter amounted to EUR -0.6 (-4.5) million.

## Special items affecting the operating result

EUR million	10-12 2023	10-12 2022
Personnel restructuring costs	0.0	-0.5
Impairments on goodwill and purchase price allocations	-	-1.6
Other impairments	-0.6	-0.6
Other special items	0.0	-1.8
<b>Total</b>	<b>-0.6</b>	<b>-4.5</b>

## January - December 2023

### Net sales

The Group's net sales decreased by 4.0% to EUR 1,586.1 (1,651.6) million. Net sales decreased by 1.7% in Finland and by 21.9% in other countries. The net sales in other countries declined mainly due to the challenging macroeconomic environment that has continued in Sweden throughout the reporting period, and the weakened Swedish Krona compared to the reporting currency. Therefore, the share of Posti's business operations outside Finland decreased and accounted for 9.3% (11.4%) of net sales.

Net sales in the eCommerce and Delivery Services segment decreased by 4.2% to EUR 651.5 (679.9) million.

Net sales in the Fulfillment and Logistics Services segment decreased by 10.3% to EUR 328.4 (366.1) million.

The combined external net sales of eCommerce and Delivery Services and Fulfillment and Logistics Services represented 60.5% (62.0%) of the Group's net sales.

Net sales in the Postal Services segment slightly increased by 0.2% to EUR 631.4 (630.2) million.

Operations under the universal service obligation decreased and amounted to EUR 90.1 (100.2) million, or 5.7% (6.1%) of the Group's net sales, representing 3.4% (3.1%) of delivery volumes.

### Profitability

The Group's adjusted EBITDA increased to EUR 197.7 (183.8) million, or 12.5% (11.1%) of net sales, mainly due to the increased profitability of Postal Services. EBITDA increased to EUR 188.6 (178.2) million, or 11.9% (10.8%) of net sales.

The adjusted operating result increased to EUR 66.4 (58.9) million, or 4.2% (3.6%) of net sales. The operating result decreased to EUR -7.0 (51.0) million, or -0.4% (3.1%) of net sales, mainly due to impairments and other special items in Q3.

Special items affecting the operating result in January-December amounted to EUR -73.4 (-7.9) million.

The macroeconomic environment has been challenging especially in Sweden. The decreased outlook for the next few years, along with the increased WACC (weighted average cost of capital) rate resulted in impairments of EUR -57.4 million on the goodwill and purchase price allocations in the third quarter. The impairments primarily resulted from challenges in the Swedish economy, and especially from the rapidly reduced e-commerce demand, combined with higher interest rates and heavily weakened the Swedish Krona. We continue to ensure operational efficiency and implement our strategy and see the market potential in Sweden to be positive in the long-term.



## Special items affecting the operating result

EUR million	1-12 2023	1-12 2022
Personnel restructuring costs	-5.7	-3.0
Impairments on goodwill and purchase price allocations	-57.4	-1.6
Other impairments	-6.9	-0.6
Other special items	-3.4	-2.6
<b>Total</b>	<b>-73.4</b>	<b>-7.9</b>

## Transfers between segments

In the fourth quarter, Posti transferred businesses between the reportable segments. Previously, international letter products have been part of the eCommerce and Delivery Services segment. After restatements, all letter products are part of the Postal Services segment. Both segments' data has been restated from the beginning of 2022. At the annual level, the restated net sales were EUR 13.0 (13.4) million. Also, Tampere Postal Center sorting responsibility was shifted from the Postal Services segment to the eCommerce and Delivery Services segment. Restatements have been made to all segment data in the financial statements.

## eCommerce and Delivery Services

### Key figures

	10-12 2023	10-12 2022	1-12 2023	1-12 2022
Net sales, EUR million	175.8	180.5	651.5	679.9
<i>Net sales change-%</i>	-2.6%	-2.3%	-4.2%	-0.2%
Adjusted EBITDA, EUR million	25.8	22.1	75.5	78.3
<i>Adjusted EBITDA margin, %</i>	14.6%	12.2%	11.6%	11.5%
EBITDA, EUR million	25.8	22.1	73.5	77.5
<i>EBITDA margin, %</i>	14.7%	12.3%	11.3%	11.4%

## October - December 2023

The parcel and freight volumes developed as follows:

- The total number of parcels delivered by Posti in Finland and the Baltic countries increased by 3% (decreased by 4%) to 20.3 (19.8) million. The figure does not include letter-like eCommerce items.
- Transportation volumes measured in waybills decreased by 12% (9%).

### Net sales

Net sales of eCommerce and Delivery Services decreased by 2.6% to EUR 175.8 (180.5) million. The overall low level of spending and consumption of goods in the market was reflected in the declining volumes especially in transportation, which led to a decline in net sales.

## Profitability

The adjusted EBITDA of eCommerce and Delivery Services increased to EUR 25.8 (22.1) million, or 14.6% (12.2%) of net sales. Improvements in operational efficiency such as optimized resourcing, route planning, and the positively developed parcel redirection rate increased eCommerce and Delivery Services' profitability, albeit the declined net sales affected profitability negatively. EBITDA increased from the previous year and was EUR 25.8 (22.1) million.

## January - December 2023

The parcel and freight volumes developed as follows:

- The total number of parcels delivered by Posti in Finland and the Baltic countries increased by 1% (decreased by 4%) to 69 (68) million. The figure does not include letter-like eCommerce items.
- Transportation volumes measured in waybills decreased by 10% (7%).

## Net sales

The net sales of eCommerce and Delivery Services decreased by 4.2% to EUR 651.5 (679.9) million. The union strikes in Finland during the first and fourth quarters, high inflation and interest rates, consumers' low confidence in the economy and low consumer spending had a negative impact on the volumes and net sales.

## Profitability

The adjusted EBITDA of eCommerce and Delivery Services decreased to EUR 75.5 (78.3) million, or 11.6% (11.5%) of net sales. Despite the improvements made in operational efficiency, including optimized resourcing, route planning and the positively developed parcel redirection rate segment's profitability declined. Also, the inflation, increased costs and decreased net sales had a negative impact on the profitability. EBITDA decreased to EUR 73.5 (77.5) million.

## Fulfillment and Logistics Services

### Key figures

	10-12 2023	10-12 2022	1-12 2023	1-12 2022
Net sales, EUR million	82.6	95.2	328.4	366.1
Transval	53.1	60.7	219.5	232.0
Aditro Logistics	29.5	34.5	108.9	134.1
Net sales change-% */**/**	-13.2%	3.8%	-10.3%	10.9%
Adjusted EBITDA, EUR million	7.8	7.6	37.3	34.8
Adjusted EBITDA margin, %	9.5%	8.0%	11.4%	9.5%
EBITDA, EUR million	7.8	6.0	35.4	32.9
EBITDA margin, %	9.5%	6.3%	10.8%	9.0%

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

\*\* KV Turva Oy was divested in December 2022.

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

## October - December 2023

### Net sales

Fulfillment and Logistics Services' net sales decreased by 13.2% and were EUR 82.6 (95.2) million. The slow market had a negative impact on **Transval's** volumes, which decreased net sales, together with the divestment of KV Turva Oy in December 2022 and the divestment of Transval Myymäläpalvelut Oy in September 2023. **Aditro Logistics'** net sales also decreased from the previous year. The low consumer demand in Sweden had a negative impact on market volumes and Aditro Logistics' net sales. Also, the weakened Swedish Krona compared to the reporting currency had a negative impact on the segment's net sales.

### Profitability

The adjusted EBITDA of Fulfillment and Logistics Services was EUR 7.8 (7.6) million, or 9.5% (8.0%) of net sales. Improvements in operational efficiency at Fulfillment and Logistics Services helped the adjusted EBITDA to remain on the previous year's level. EBITDA increased to EUR 7.8 (6.0) million.

## January - December 2023

### Net sales

Fulfillment and Logistics Services' net sales decreased by 10.3% and were EUR 328.4 (366.1) million. **Transval's** net sales decreased mainly because of declined volumes and the divestment of KV Turva Oy in December 2022 and the divestment of Transval Myymäläpalvelut Oy in September 2023. The low consumer demand in Sweden throughout the year had a negative impact on market volumes and **Aditro Logistics'** net sales. Also, the weakened Swedish Krona compared to the reporting currency had a negative impact on the segment's net sales.

### Profitability

The adjusted EBITDA of Fulfillment and Logistics Services increased to EUR 37.3 (34.8) million, or 11.4% (9.5%) of net sales. Even though the net sales declined, improvements in operational efficiency throughout the year increased profitability. EBITDA increased to EUR 35.4 (32.9) million.

## Postal Services

### Key figures

	10-12 2023	10-12 2022	1-12 2023	1-12 2022
Net sales, EUR million	178.1	184.4	631.4	630.2
Net sales change-% *	-3.4%	5.1%	0.2%	3.2%
Adjusted EBITDA, EUR million	35.3	34.6	96.4	81.0
Adjusted EBITDA margin, %	19.8%	18.8%	15.3%	12.8%
EBITDA, EUR million	35.4	33.9	92.9	78.3
EBITDA margin, %	19.9%	18.4%	14.7%	12.4%

\* *Mediatalo Keskisuomalainen Oyj's early-morning delivery operations have been part of the segment since April 2022.*

## October - December 2023

- The number of addressed letters decreased by 12% (8%).

### Net sales

The net sales of Postal Services decreased by 3.4% to EUR 178.1 (184.4) million due to the decreased volumes, whereas the various price increases, reflecting the increased costs, had a positive impact on net sales.

### Profitability

The adjusted EBITDA of Postal Services increased to EUR 35.3 (34.6) million, or 19.8% (18.8%) of net sales. Continuous improvements in operational efficiency increased profitability. EBITDA increased to EUR 35.4 (33.9) million.

## January - December 2023

- The number of addressed letters decreased by 9% (4%).

### Net sales

The net sales of Postal Services increased by 0.2% to EUR 631.4 (630.2) million. Letters sent by the Finnish public sector regarding the parliamentary elections and letters sent by other public sector bodies in the early part of the year had an exceptionally positive impact on Posti's letter volumes, which consequently increased net sales. Also, the 2022 acquisition of Mediatalo Keski-suomalainen Oyj's early-morning delivery operations and various price increases impacted net sales positively.

### Profitability

The adjusted EBITDA of Postal Services increased to EUR 96.4 (81.0) million, or 15.3% (12.8%) of net sales. Profitability improved mainly because of highly effective improvements in operational efficiency such as investments in automation in sorting capabilities and increased letter volumes in the early part of the year. EBITDA increased to EUR 92.9 (78.3) million.

## Cash flow, financial position, and major investments

In January-December, the consolidated cash flow from operating activities was EUR 155.1 (150.8) million, the cash flow from investing activities was EUR -74.2 (-72.5) million of which EUR -3.1 (-44.3) million for business acquisitions, and the cash flow from financing activities was EUR -98.8 (-92.1) million.

At the end of December, liquid assets amounted to EUR 110.8 (114.9) million and undrawn committed credit facilities totaled EUR 150.0 (150.0) million. The Group's interest-bearing borrowings were EUR 350.8 (323.4) million of which a bank loan of EUR 60.0 million is due in May 2024. Net debt totaled EUR 240.0 (208.5) million. Equity ratio was 37.7% (41.5%).

Posti is investing in strategic key development areas such as digital services, including its OmaPosti application. With the OmaPosti application Posti aims to stay competitive as the digitalization of government communication, prepared by the Finnish Government, proceeds. We also continue to invest in in-house technological resources and production facilities. These include new modern and efficient automated warehouses and terminals as well as sorting machines. Building the new Transval warehouse in Järvenpää, Finland is proceeding, and the first phase of the construction investment will total around EUR 60 million.

Thus, Posti wants to improve the competitive advantage of its core business and respond to the changing market and customer needs. We also continue to invest in sustainability to support in reaching our net-zero targets.

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

## Share capital and shareholding

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

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

## Leadership Team

Posti announced on August 18, 2023, that Timo Koskinen will leave his position as Posti Group's Senior Vice President, Human Resources and as a member of the Leadership Team. Koskinen will continue in the role of Senior Advisor at Posti until spring 2024. In this position, Koskinen is also responsible for future collective agreement matters.

On October 18, 2023, Posti announced that Anna Salmi, a member of Posti Group's Leadership Team, has been appointed as SVP, People, Communications and Sustainability as of 1st November 2023. She served as acting Senior Vice President, Human Resources in addition to her previous position as of August 2023.

## General Meetings

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

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

The Annual General Meeting decided that Sanna Suvanto-Harsaae continued as the Chair of the Board of Directors and Jukka Leinonen was elected as Deputy Chair. The following persons continued as members of the Board of Directors: Raija-Leena Hankonen-Nybom, Kari-Pekka Laaksonen, Jukka Leinonen, Frank Marthaler, Minna Pajumaa, Sanna Suvanto-Harsaae, Hanna Vuorela and Satu Ollikainen. The following persons were elected as new members of the Board of Directors: Anni Ronkainen and Stefan Svensson. Harri Hietala and Per Sjödel left their positions in the Board of Directors.

The Board appointed in its constitutive meeting on 3 April 2023 three permanent Committees to assist in its work: the Audit, Risk and Sustainability Committee (previously Audit Committee), the Personnel Committee and the Strategy Committee.

The Audit, Risk and Sustainability Committee (formerly Audit Committee) with members Raija-Leena Hankonen-Nybom (Chair), Kari-Pekka Laaksonen, Frank Marthaler and Hanna Vuorela.

Personnel Committee with members Sanna Suvanto-Harsaae (Chair), Jukka Leinonen, Minna Pajumaa and Anni Ronkainen.

Strategy Committee with members Sanna Suvanto-Harsaae (Chair), Jukka Leinonen, Frank Marthaler and Anni Ronkainen.

The Annual General Meeting decided that Aki Lindén continued as the Chair of the Supervisory Board and Heli Järvinen as the Deputy Chair. Following persons continued as members of the Supervisory Board: Sari Essayah, Heli Järvinen, Eeva Kalli, Kimmo Kiljunen, Mia Laiho, Rami Lehto, Aki Lindén, Pia Lohikoski, Mari Rantanen, Veronica Rehn-Kivi, Ari Torniainen and Paula Werning.

The fees of the members of the Board of Directors and the Supervisory Board were reviewed. Members of the Board of Directors received a monthly remuneration and a meeting fee. The meeting fee was paid in double to the Board members when they attended at meeting physically outside their country of residence. The employee representative and members of the Supervisory Board received a meeting fee.

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

**The Extraordinary General Meeting of Posti Group was held on August 11, 2023, in Helsinki.** The Extraordinary General Meeting of Posti Group elected Oskari Valtola as the Chair and member of the Supervisory Board and Paula Werning to continue as a member and as a new Deputy Chair of the Supervisory Board.

The Extraordinary General Meeting elected the following persons as new ordinary members of the Supervisory Board: Oskari Valtola (Chair), Paula Werning (Deputy Chair), Milla Lahdenperä, Aleks Jäntti, Tomi Immonen, Jorma Piisinen, Timo Suhonen, Pekka Aittakumpu, Tiina Elo, Timo Furuholm, Anders Norrback and Sari Tanus.

At the same time, the Extraordinary General Meeting approved the resignations of the following members of the Supervisory Board: Aki Lindén (Chair), Heli Järvinen (Deputy Chair) and Sari Essayah, Eeva Kalli, Kimmo Kiljunen, Mia Laiho, Rami Lehto, Pia Lohikoski, Mari Rantanen, Veronica Rehn-Kivi and Ari Torniainen.

## Employees

### The Group's personnel

	10-12 2023	10-12 2022	1-12 2023	1-12 2022
Personnel at period-end			17,024	19,996
<i>Finland</i>			14,937	17,642
<i>Other countries of operation</i>			2,087	2,354
Personnel on average, FTE *	13,784	15,023	14,272	14,985

\* Full-time equivalent personnel on average

In January-December, the Group's personnel expenses amounted to EUR 685.1 (700.8) million, declining by 15.7% from the previous year. The personnel expenses included EUR 5.7 (3.0) million of restructuring costs. The number of personnel declined, decreasing the overall expenses, while the union-negotiated salary agreements increased personnel expenses. The decline in the number of personnel year-on-year is mainly a consequence of the sale of



Myymäläpalvelut Oy in 2023 and a reduced need for seasonal employees due to challenging market and lower volumes.

## **Divestments and changes in the corporate structure**

In September 2023, Posti completed the sale of the entire shareholding of Transval Myymäläpalvelut Oy.

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

## **Legal proceedings**

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

## **Business risks**

Posti's financial results are exposed to various operational and strategic risks and these risks are identified, monitored, and managed regularly. Posti has also started the work to integrate sustainability risks into its enterprise risk management framework.

The weak economy has affected Posti's operations in terms of rising costs and weakened customer demand. Inflation and interest rates have peaked but the prices of goods and services remain high and have weakened the purchasing power of households. Consumers remain cautious and customers are postponing growth plans and outsourcing decisions leading to longer sales cycles in the market. The outlook and forecasted growth of ecommerce may be weaker than previously estimated, and increasing competition and market disruption in parcel business could lead to market price erosion and a loss of market share. The competitive dynamics in last-mile delivery are undergoing changes as the e-commerce supply chain evolves and integrates. To stay competitive, Posti needs to monitor market developments and consumer preferences carefully and ensure an exceptional customer experience.

Posti invests in its business to support and accelerate the transformation into a fulfillment player within ecommerce and logistics for example, by building one of Finland's largest warehouses in Järvenpää for Transval. In the current economic situation, Posti needs to carefully balance the future investment capacity with customer demand.

The number of addressed letters delivered by Posti has decreased by nearly 70% over the past decade due to digitalization and fierce competition. The number of printed newspapers also continues to decline as publishers are adapting their business models.

Posti's success in the declining postal delivery market depends on implementing efficient operating and delivery models to decrease costs in line with the declining volumes. Flexible postal regulation is a key enabler in ensuring that universal postal service can be maintained in an economically sustainable way in the coming years, and in adapting to the digital media environment. If public services and authorities were to switch more extensively to digital communications during the current government term, it could also have an impact on Posti's operations and financial result. Posti is responding to the digitalization of government communication prepared by the Finnish Government with its OmaPosti application, which puts Posti in a strong position in the competition.

Labor market tension in Finland is higher than normal, which increases the risk of strikes and other industrial actions. Several labor unions have initiated and are planning actions against the Finnish government's reforms. Strikes and other industrial actions may significantly affect Posti's operations and results, depending on the timing, duration, and extent of the strikes.

Posti's business activities cover various fulfillment, logistics, warehousing, delivery, and postal as well as digital services. The target for risk & business continuity management is to continuously improve the risk management framework and systematically train for major disturbances in order to enhance situation awareness and preparedness in case severe risks were to realize. Any unexpected operational event caused by e.g., human error, failed processes, technical failure, cyber security or data breach or any other external event that can endanger personal safety or result in environmental or physical damage or a disruption in business continuity could lead to financial losses and severe long-term reputational impacts for Posti's brand and future business.

## **Events after the reporting period**

The Extraordinary General Meeting of Posti Group was held on January 9, 2024. The Extraordinary General Meeting of Posti Group accepted the resignation of Oskari Valtola as the Chair and member of the Supervisory Board and elected Mia Laiho as the new Chair of the Supervisory Board.

As of January 9, 2024, Posti Group Supervisory Board therefore comprises the following members: Mia Laiho (Chair), Paula Werning (Deputy Chair), Milla Lahdenperä, Aleksi Jäntti, Tomi Immonen, Jorma Piisinen, Timo Suhonen, Pekka Aittakumpu, Tiina Elo, Timo Furuholm, Anders Norrback, and Sari Tanus.

On January 11, 2024, Posti announced that Posti Group's President and CEO, Turkka Kuusisto, has given notice of his resignation to join Finnair as their new CEO, starting at the latest on 11 July 2024. Until then, Kuusisto continues in his CEO role at Posti. The search for Kuusisto's successor is on its way.

On January 30, 2024, Posti announced that Posti and IT and business consulting firm CGI have entered a 10-year strategic partnership for the development and delivery of digital multichannel messaging services. Through the agreement, Posti will partner with CGI on production of these services, and transfer 88 professionals who are based in Finland, Poland, Latvia, and Estonia.

## **Board of Directors' proposal for the distribution of profit**

In the financial statements, the parent company's distributable funds total EUR 402,811,692.91 of which the loss for the financial year 2023 is EUR -19,783,482.47.

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

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 31.8 million, or a dividend of EUR 0.80 per share, be distributed for the financial year 2023.

## Outlook for 2024

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

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

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

## Posti's financial reporting

### 2024:

February 16, 2024: Financial statements release for 2023

April 26, 2024: Interim report for January-March 2024

August 8, 2024: Half-year financial report 2024

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

Helsinki, February 16, 2024

Posti Group Corporation  
Board of Directors

### APPENDICES

Calculation of key figures

Financial Statements Bulletin tables January-December 2023

## Calculation of key figures

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

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

## Financial statements release tables January-December 2023

### Consolidated income statement and consolidated statement of comprehensive income

#### Consolidated income statement

EUR million	10-12 2023	10-12 2022	1-12 2023	1-12 2022
<b>Net sales</b>	<b>429.7</b>	<b>453.6</b>	<b>1,586.1</b>	<b>1,651.6</b>
Other operating income	4.2	3.3	9.4	10.0
Materials and services	-116.8	-128.8	-433.4	-484.3
Employee benefits	-178.4	-185.1	-685.1	-700.8
Other operating expenses	-74.5	-81.8	-288.4	-298.4
Depreciation and amortization	-32.4	-32.1	-129.9	-124.4
Impairment losses	-0.9	-2.7	-65.6	-2.7
<b>Operating result</b>	<b>31.0</b>	<b>26.3</b>	<b>-7.0</b>	<b>51.0</b>
Finance income	2.4	1.5	6.4	4.1
Finance expenses	-3.9	-3.4	-13.6	-11.8
<b>Result before income tax</b>	<b>29.5</b>	<b>24.4</b>	<b>-14.1</b>	<b>43.3</b>
Income tax	-6.7	-6.8	-11.1	-11.6
<b>Result for the period</b>	<b>22.8</b>	<b>17.6</b>	<b>-25.2</b>	<b>31.7</b>
<b>Earnings per share (EUR per share)</b>	<b>0.57</b>	<b>0.44</b>	<b>-0.63</b>	<b>0.79</b>

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

#### Consolidated statement of comprehensive income

EUR million	10-12 2023	10-12 2022	1-12 2023	1-12 2022
<b>Result for the period</b>	<b>22.8</b>	<b>17.6</b>	<b>-25.2</b>	<b>31.7</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit or loss:</b>				
Change in fair value of cash flow hedges	-0.9	0.5	-1.2	3.0
Translation differences	0.1	-1.1	-2.0	-4.6
Income tax relating to these items	0.2	-0.1	0.2	-0.6
<b>Items that will not be reclassified to profit or loss:</b>				
Remeasurements of post-employment benefit obligations	-1.5	-0.2	-0.7	-1.3
Income tax relating to these items	0.3	0.0	0.1	0.3
<b>Comprehensive income for the period</b>	<b>20.9</b>	<b>16.8</b>	<b>-28.8</b>	<b>28.5</b>

## Consolidated balance sheet

### Assets

EUR million	Dec 31, 2023	Dec 31, 2022
<b>Non-current assets</b>		
Goodwill	169.1	223.7
Other intangible assets	69.7	88.2
Investment property	24.6	3.5
Property, plant and equipment	226.5	234.9
Right-of-use assets	280.6	255.0
Other non-current investments	0.8	1.0
Non-current receivables	1.9	2.2
Deferred tax assets	5.2	15.1
<b>Total non-current assets</b>	<b>778.5</b>	<b>823.7</b>
<b>Current assets</b>		
Inventories	3.9	3.9
Trade and other receivables	289.6	286.9
Current income tax receivables	0.0	0.1
Current financial assets	47.1	33.2
Cash and cash equivalents	64.6	82.6
<b>Total current assets</b>	<b>405.2</b>	<b>406.6</b>
<b>Total assets</b>	<b>1,183.7</b>	<b>1,230.3</b>

### Equity and liabilities

EUR million	Dec 31, 2023	Dec 31, 2022
<b>Equity attributable to the shareholders of the parent company</b>		
Share capital	70.0	70.0
Other reserves	142.7	142.7
Fair value reserve	0.8	1.7
Translation differences	-7.2	-5.2
Retained earnings	214.3	271.8
<b>Total shareholders' equity</b>	<b>420.5</b>	<b>481.0</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	9.1	13.0
Non-current interest-bearing borrowings	0.0	60.0
Non-current interest-bearing lease liabilities	224.6	205.0
Other non-current payables	11.9	6.1
Advances received	6.2	7.6
Non-current provisions	5.9	2.4
Defined benefit pension plan liabilities	8.6	11.1
<b>Total non-current liabilities</b>	<b>266.4</b>	<b>305.2</b>
<b>Current liabilities</b>		
Current interest-bearing borrowings	60.0	0.0
Current interest-bearing lease liabilities	66.1	58.4
Trade and other payables	298.0	322.0
Advances received	60.6	62.9
Current income tax liabilities	4.6	0.6
Current provisions	7.5	0.2
<b>Total current liabilities</b>	<b>496.8</b>	<b>444.1</b>
<b>Total liabilities</b>	<b>763.2</b>	<b>749.3</b>
<b>Total equity and liabilities</b>	<b>1,183.7</b>	<b>1,230.3</b>



## Condensed consolidated statement of cash flows

EUR million	1-12 2023	1-12 2022
<b>Result for the period</b>	<b>-25.2</b>	<b>31.7</b>
Adjustments to cash flow	214.7	144.7
Change in net working capital	-26.6	-18.1
<b>Cash flow before financial items and income tax</b>	<b>162.9</b>	<b>158.3</b>
Financial items (net)	-7.1	-6.8
Income tax paid	-0.7	-0.7
<b>Cash flow from operating activities</b>	<b>155.1</b>	<b>150.8</b>
Purchase of intangible assets	-23.0	-26.7
Purchase of property, plant and equipment	-36.4	-37.0
Proceeds from sale of intangible and tangible assets	0.9	1.3
Business acquisitions, net of cash acquired	-3.1	-44.3
Proceeds from business disposals less cash and cash equivalents	0.1	0.0
Cash flow from financial assets	-13.9	31.5
Cash flow from other investments	1.1	2.6
<b>Cash flow from investing activities</b>	<b>-74.2</b>	<b>-72.5</b>
Repayment of current loans	-	-0.9
Repayment of non-current loans	-	-0.5
Payments of lease liabilities	-67.1	-58.7
Dividends paid	-31.7	-32.0
<b>Cash flow from financing activities</b>	<b>-98.8</b>	<b>-92.1</b>
<b>Change in cash and cash equivalents</b>	<b>-17.9</b>	<b>-13.8</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>82.6</b>	<b>97.2</b>
Effect of exchange rates changes	-0.1	-0.8
<b>Cash and cash equivalents at the end of the period</b>	<b>64.6</b>	<b>82.6</b>
<b>Operative free cash flow, reconciliation</b>		
Cash flow from operating activities	155.1	150.8
Purchase of intangible assets and property, plant and equipment	-59.4	-63.7
Payments of lease liabilities	-67.1	-58.7
<b>Operative free cash flow</b>	<b>28.6</b>	<b>28.5</b>

Investing activities includes EUR -3.1 million relating to an acquisitions in previous financial years.

## Consolidated statement of changes in equity

EUR million	Share capital	Other reserves	Fair value reserve	Translation differences	Retained earnings	Total equity
<b>Jan 1, 2023</b>	<b>70.0</b>	<b>142.7</b>	<b>1.7</b>	<b>-5.2</b>	<b>271.8</b>	<b>481.0</b>
<b>Comprehensive income</b>						
Result for the period					-25.2	-25.2
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			-1.0			-1.0
Translation differences				-2.0		-2.0
Remeasurements of post-employment benefit obligations, net of tax					-0.5	-0.5
<b>Comprehensive income for the period</b>			<b>-1.0</b>	<b>-2.0</b>	<b>-25.8</b>	<b>-28.8</b>
<b>Transactions with equity holders</b>						
Dividend					-31.7	-31.7
<b>Dec 31, 2023</b>	<b>70.0</b>	<b>142.7</b>	<b>0.8</b>	<b>-7.2</b>	<b>214.3</b>	<b>420.5</b>

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

### Dividends

Posti Group Corporation's Annual General Meeting was held in Helsinki on April 3, 2023. In line with the Board of Directors' proposal, the Annual General Meeting decided to distribute a dividend of EUR 31.7 million based on the result in 2022. Half of the dividend was paid on April and the other half on September 2023.

## Notes

### 1. Accounting Policies

Financial statement release has been prepared in accordance with IAS 34 Interim financial reporting. In the preparation of this report, Posti Group (the "Group") has applied the same accounting policies, methods of computation and presentation as in the consolidated financial statements for 2022. Amendments to IFRS standards effective as of January 1, 2023 or later had no impact on consolidated income statement or balance sheet. The figures shown have been rounded, which is why the sum total of individual figures may differ from totals presented. The report is unaudited.

#### General economic operating environment

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

### 2. Foreign exchange rates

<b>Average rate</b>	<b>1-12 2023</b>	<b>1-12 2022</b>
SEK	11.473	10.629
NOK	11.424	10.109
SDR	0.811	0.786

<b>Closing rate</b>	<b>Dec 31, 2023</b>	<b>Dec 31, 2022</b>
SEK	11.096	11.122
NOK	11.241	10.514
SDR	0.822	0.799

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

### 3. Segment reporting

Posti discloses three reportable segments.

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

<b>Reportable Segment</b>	<b>Operating segment</b>
eCommerce and Delivery Services	eCommerce and Delivery Services
Fulfillment and Logistics Services	Transval
Fulfillment and Logistics Services	Aditro Logistics
Postal Services	Postal Services

Posti reports segments' profitability with both EBITDA and adjusted EBITDA. Other key figures are net sales, capital expenditure, net assets and personnel end of period. Capital expenditure includes additions to intangible assets and property, plant and equipment including additions to right-of-use assets as well as business acquisitions.

#### Transfers between segments

In 2023 first quarter, Tampere Postal Center sorting responsibility has been transferred from Postal Services -segment to eCommerce and Delivery Services -segment. Personnel end of period and net assets for the year 2022 have been also transferred between reportable segments.

In 2023 fourth quarter, Posti transferred businesses between reportable segments. International letter products have been earlier part of eCommerce and Delivery Services -segment. After adjustment, all letter products are part of Postal Services -segment. Both segments' data has been adjusted from the beginning of the year 2022. At annual level 2022, the adjusted Net Sales was EUR 13.4 million. Correspondingly at 2023, the adjusted Net Sales was EUR 13.0 million. Adjustment has been made to all segment data in Financial statement release.

#### Description of operating segments

**eCommerce and Delivery Services** offers parcel, transportation and e-commerce services to corporate and private customers in Finland, Sweden and the Baltics.

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

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

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

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

#### Seasonality

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

<b>10-12 2023 EUR million</b>	<b>eCommerce and Delivery Services</b>	<b>Fulfillment and Logistics Services</b>	<b>Postal Services</b>	<b>Other and unallocated</b>	<b>Posti Group</b>
Net Sales	175.8	82.6	178.1		436.6
Net Sales, internal	-0.9	-4.7	-1.4		-7.0
<b>Net Sales, external</b>	<b>174.9</b>	<b>77.9</b>	<b>176.7</b>	<b>0.0</b>	<b>429.7</b>
<b>Adjusted EBITDA</b>	<b>25.8</b>	<b>7.8</b>	<b>35.3</b>	<b>-4.8</b>	<b>64.2</b>
Special items (impacting EBITDA)	0.0	0.0	0.1	-0.1	0.0
<b>EBITDA</b>	<b>25.8</b>	<b>7.8</b>	<b>35.4</b>	<b>-4.9</b>	<b>64.2</b>
Depreciation & amortization					-32.4
Impairment losses					-0.9
<b>Adjusted operating result</b>					<b>31.6</b>
Special items (impacting EBIT)					-0.6
<b>Operating result</b>					<b>31.0</b>
Financial income & expenses					-1.5
Taxes					-6.7
<b>Result for the period</b>					<b>22.8</b>
Capital Expenditure	18.4	3.8	8.5	26.1	56.7
Personnel, end of period	3,804	4,713	7,862	645	17,024
Net Assets	264.0	297.6	73.0	-214.0	420.5

The decline in the number of personnel year-on-year is mainly a consequence of the sale of Transval Myymäläpalvelut Oy in September 2023 and a reduced need for seasonal employees due to challenging market and lower volumes.

<b>10-12 2022 EUR million</b>	<b>eCommerce and Delivery Services</b>	<b>Fulfillment and Logistics Services</b>	<b>Postal Services</b>	<b>Other and unallocated</b>	<b>Posti Group</b>
Net Sales	180.5	95.2	184.4		460.1
Net Sales, internal	-0.7	-5.1	-0.6		-6.5
<b>Net Sales, external</b>	<b>179.7</b>	<b>90.1</b>	<b>183.8</b>	<b>0.0</b>	<b>453.6</b>
<b>Adjusted EBITDA</b>	<b>22.1</b>	<b>7.6</b>	<b>34.6</b>	<b>-0.9</b>	<b>63.5</b>
Special items (impacting EBITDA)	0.1	-1.6	-0.8	0.1	-2.3
<b>EBITDA</b>	<b>22.1</b>	<b>6.0</b>	<b>33.9</b>	<b>-0.8</b>	<b>61.2</b>
Depreciation & amortization					-32.1
Impairment losses					-2.7
<b>Adjusted operating result</b>					<b>30.9</b>
Special items (impacting EBIT)					-4.5
<b>Operating result</b>					<b>26.3</b>
Financial income & expenses					-1.9
Taxes					-6.8
<b>Result for the period</b>					<b>17.6</b>
Capital Expenditure	17.6	6.3	7.9	14.3	46.0
Personnel, end of period	3,897	6,868	8,590	641	19,996
Net Assets	252.4	337.9	46.3	-155.6	481.0

<b>1-12 2023 EUR million</b>	<b>eCommerce and Delivery Services</b>	<b>Fulfillment and Logistics Services</b>	<b>Postal Services</b>	<b>Other and unallocated</b>	<b>Posti Group</b>
Net Sales	651.5	328.4	631.4		1,611.4
Net Sales, internal	-2.5	-17.8	-5.1		-25.4
<b>Net Sales, external</b>	<b>649.0</b>	<b>310.6</b>	<b>626.4</b>	<b>0.0</b>	<b>1,586.1</b>
<b>Adjusted EBITDA</b>	<b>75.5</b>	<b>37.3</b>	<b>96.4</b>	<b>-11.5</b>	<b>197.7</b>
Special items (impacting EBITDA)	-2.0	-1.9	-3.5	-1.6	-9.1
<b>EBITDA</b>	<b>73.5</b>	<b>35.4</b>	<b>92.9</b>	<b>-13.2</b>	<b>188.6</b>
Depreciation & amortization					-129.9
Impairment losses					-65.6
<b>Adjusted operating result</b>					<b>66.4</b>
Special items (impacting EBIT)					-73.4
<b>Operating result</b>					<b>-7.0</b>
Financial income & expenses					-7.1
Taxes					-11.1
<b>Result for the period</b>					<b>-25.2</b>
Capital Expenditure	38.2	26.5	22.6	80.1	167.4
Personnel, end of period	3,804	4,713	7,862	645	17,024
Net Assets	264.0	297.6	73.0	-214.0	420.5

<b>1-12 2022 EUR million</b>	<b>eCommerce and Delivery Services</b>	<b>Fulfillment and Logistics Services</b>	<b>Postal Services</b>	<b>Other and unallocated</b>	<b>Posti Group</b>
Net Sales	679.9	366.1	630.2		1,676.2
Net Sales, internal	-3.0	-18.9	-2.7		-24.5
<b>Net Sales, external</b>	<b>677.0</b>	<b>347.1</b>	<b>627.5</b>	<b>0.0</b>	<b>1,651.6</b>
<b>Adjusted EBITDA</b>	<b>78.3</b>	<b>34.8</b>	<b>81.0</b>	<b>-10.3</b>	<b>183.8</b>
Special items (impacting EBITDA)	-0.8	-1.9	-2.7	-0.2	-5.6
<b>EBITDA</b>	<b>77.5</b>	<b>32.9</b>	<b>78.3</b>	<b>-10.5</b>	<b>178.2</b>
Depreciation & amortization					-124.4
Impairment losses					-2.7
<b>Adjusted operating result</b>					<b>58.9</b>
Special items (impacting EBIT)					-7.9
<b>Operating result</b>					<b>51.0</b>
Financial income & expenses					-7.7
Taxes					-11.6
<b>Result for the period</b>					<b>31.7</b>
Capital Expenditure	39.7	36.0	40.4	63.9	180.1
Personnel, end of period	3,897	6,868	8,590	641	19,996
Net Assets	252.4	337.9	46.3	-155.6	481.0



#### 4. Net sales by geographical area

<b>EUR million</b>	<b>10-12 2023</b>	<b>10-12 2022</b>	<b>1-12 2023</b>	<b>1-12 2022</b>
Finland	353.9	374.3	1,314.1	1,346.6
Sweden	37.5	35.4	141.4	161.4
The Baltics	9.0	9.3	32.4	37.4
Other countries	29.3	34.6	98.1	106.2
<b>Total</b>	<b>429.7</b>	<b>453.6</b>	<b>1,586.1</b>	<b>1,651.6</b>

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

#### 5. Acquired and divested businesses

Posti has not acquired businesses during 2023.

In September 2023, the Group completed the sale of the entire shareholding of Transval's subsidiary Transval Myymäläpalvelut Oy. Sales result was EUR -1.7 million. As part of the sales result, goodwill of EUR 2.4 million was reduced in Fulfillment and Logistics Services -segment. Company's net assets totalled EUR 0.1 million. Sale did not have material impact in Posti Group consolidated income statement or balance sheet.

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

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

EUR million		Dec 31, 2023	Dec 31, 2022
<b>Carrying amount</b>	<b>Jan 1</b>	<b>234.9</b>	<b>233.6</b>
Acquired businesses		-	0.5
Additions		39.9	36.2
Transfers to investment property		-13.9	-
Other disposals and transfers between items		0.2	-0.1
Depreciation		-33.2	-34.2
Impairment		-1.6	-0.1
Translation differences		0.1	-1.0
<b>Carrying amount, end of the period</b>		<b>226.5</b>	<b>234.9</b>

Land area in Helsinki Eteläinen Postipuisto EUR 13.9 million has been earlier presented in Property, plant and equipment, and now it has been transferred to investment property. Negotiations with Posti and third parties regarding the land use and the future land exchanges have been completed and the changed city plan has been entered into force in November 2023

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

EUR million		Dec 31, 2023	Dec 31, 2022
<b>Carrying amount</b>	<b>Jan 1</b>	<b>255.0</b>	<b>239.2</b>
Acquired businesses		-	22.2
Additions		98.0	63.4
Business divestments		0.0	-
Disposals and transfers between items		-2.5	-1.2
Depreciation		-69.8	-60.7
Impairment		0.0	-0.6
Translation differences		0.0	-7.3
<b>Carrying amount, end of the period</b>		<b>280.6</b>	<b>255.0</b>

Specification of right-of-use assets:

EUR million	1/0/1900	Dec 31, 2022
Buildings	211.3	203.2
Vehicles	61.7	42.9
Machinery and other	7.6	8.9
<b>Carrying amount, end of the period</b>	<b>280.6</b>	<b>255.0</b>

## 7. Goodwill and other intangible assets

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

EUR million		Goodwill		Other intangible assets	
		Dec 31, 2023	Dec 31, 2022	Dec 31, 2023	Dec 31, 2022
<b>Carrying amount</b>	<b>Jan 1</b>	<b>223.7</b>	<b>189.9</b>	<b>88.2</b>	<b>84.3</b>
Acquired businesses		-	39.6	0.0	8.0
Additions		-	-	23.0	26.7
Business divestments		-2.4	-	-	-
Disposals and transfers between items		-	-	-0.4	-0.7
Amortization		-	-	-27.6	-28.6
Impairment		-52.4	-1.6	-13.6	-0.4
Translation differences		0.3	-4.1	0.0	-1.0
<b>Carrying amount, end of the period</b>		<b>169.1</b>	<b>223.7</b>	<b>69.7</b>	<b>88.2</b>

The macroeconomic environment has been challenging especially in Sweden. The decreased outlook for the next years combined with the increased discount rate (WACC) affected Aditro Logistics' value-in-use and resulted in impairments of EUR -57.4 million on the goodwill and purchase price allocations. In addition, impairments were made on development costs.

## 8. Net debt and liquid funds

EUR million		Interest bearing borrowings	Interest bearing lease liabilities	Interest bearing borrowings total	Liquid funds	Debt certificates	Net debt total
<b>Carrying amount</b>	<b>Jan 1, 2023</b>	<b>60.0</b>	<b>263.4</b>	<b>323.4</b>	<b>114.9</b>	<b>0.0</b>	<b>208.5</b>
Cash flows		0.0	-67.1	-67.1	-4.1	0.0	-63.0
Effect of exchange rates changes		0.0	0.3	0.3	-0.1	0.0	0.4
Other non-cash items		0.0	94.1	94.1	0.0	0.0	94.1
<b>Carrying amount</b>	<b>Dec 31, 2023</b>	<b>60.0</b>	<b>290.7</b>	<b>350.8</b>	<b>110.8</b>	<b>0.0</b>	<b>240.0</b>
<b>Fair value</b>	<b>Dec 31, 2023</b>	<b>60.2</b>	<b>290.7</b>	<b>350.9</b>			

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

EUR million	Dec 31, 2023	Dec 31, 2022
Cash and cash equivalents	64.6	82.6
Money market investments and investments in bonds	46.1	32.3
<b>Liquid funds</b>	<b>110.8</b>	<b>114.9</b>

## 9. Financial assets and liabilities measured at fair value

The Group categorizes financial assets and liabilities into three hierarchy levels according to the information used in fair value measurement. Information on hierarchy levels and principles on fair value measurement can be found on note Financial instruments and financial risk management in financial statements 2023. No transfers between the fair value hierarchy levels have been made during the reporting periods.

### Financial assets and liabilities measured and recognized at fair value

EUR million	Level	Dec 31, 2023	Dec 31, 2022
<b>Financial assets</b>			
Non-current investments	3	0.8	1.0
Currency derivatives, non-hedge accounting	2	-	1.0
Interest rate derivatives, hedge accounting	2	1.0	2.2
<b>Total</b>		<b>1.8</b>	<b>4.1</b>
<b>Financial liabilities</b>			
Currency derivatives, non-hedge accounting	2	0.7	0.1
<b>Total</b>		<b>0.7</b>	<b>0.1</b>

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 21.3 million and their carrying value EUR 21.7 million. For the other instruments, the fair values are not materially different to their carrying amounts, since the instruments are short-term in nature.

## 10. Commitments and other contingent liabilities

EUR million	Dec 31, 2023	Dec 31, 2022
Guarantees	9.0	10.8
<b>Total</b>	<b>9.0</b>	<b>10.8</b>

### Lease commitments not recognized in balance sheet

EUR million	Dec 31, 2023	Dec 31, 2022
Maturity of minimum lease payments:		
Less than a year	12.5	11.5
1-5 years	0.7	0.9
<b>Total</b>	<b>13.1</b>	<b>12.4</b>

### Other contingent liabilities

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

## 11. Events after the reporting period

On January 11, 2024, Posti announced that Posti Group's President and CEO, Turkka Kuusisto, has given notice of his resignation to join Finnair as their new CEO, starting at the latest on 11 July 2024. Until then, Kuusisto continues in his CEO role at Posti. The search for Kuusisto's successor is on its way.

On January 30, 2024, Posti announced that Posti and IT and business consulting firm CGI have entered a 10-year strategic partnership for the development and delivery of digital multichannel messaging services. Through the agreement, Posti will partner with CGI on production of these services, and transfer 88 professionals who are based in Finland, Poland, Latvia, and Estonia.