



POSTI GROUP CORPORATION INTERIM REPORT OCTOBER 26, 2023, AT 9:00 A.M. (EEST)

Posti Group Corporation Interim Report January-September 2023



Posti Group 1-9/2023: Operatively good third quarter resulted in improved adjusted EBITDA compared to previous year, despite decreased net sales.

Posti Group Corporation Interim Report January–September 2023

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

July-September

Financial highlights

- Net sales decreased by 5.9% to EUR 372.3 (395.6) million.
- Adjusted EBITDA increased to EUR 52.9 (44.3) million, or 14.2% (11.2%) of net sales.
- EBITDA increased to EUR 46.5 (43.7) million, or 12.5% (11.0%) of net sales.
- Adjusted operating result increased to EUR 19.9 (13.0) million, representing 5.4% (3.3%) of net sales.
- Operating result decreased to EUR -50.2 (12.4) million, representing -13.5% (3.1%) of net sales, mainly due to impairments and other special items.

January-September

Financial highlights

- Net sales decreased by 3.5% to EUR 1,156.4 (1,198.0) million.
- Adjusted EBITDA increased to EUR 133.4 (120.3) million, or 11.5% (10.0%) of net sales.
- EBITDA increased to EUR 124.4 (117.0) million, or 10.8% (9.8%) of net sales.
- Adjusted operating result increased to EUR 34.8 (28.1) million, representing 3.0% (2.3%) of net sales.
- Operating result decreased to EUR -38.0 (24.7) million, representing -3.3% (2.1%) of net sales, mainly due to impairments and other special items.
- Net debt to adjusted EBITDA was 1.3x (1.5x).

Operational highlights in Q3

- Continuous improvements in operational efficiency across all segments increased Group's adjusted EBITDA substantially, despite the lower net sales which was affected by the low consumer spending.
- Low consumer and customer demand decreased the volumes in freight and slowed down the circulation of goods in Posti's warehouses.
- In the eCommerce and Delivery Services segment, the total parcel volume grew by total 3% (decreased by 6%) driven by the growth in the Baltic countries.
- The declining trend in addressed letter volumes continued, and the addressed letter volumes at Posti decreased by 18% (increased 5%). The comparison period was affected positively by the acquisition of Mediatalo Keski-suomalainen early-morning delivery operations.
 - The share of mail items covered by the universal service obligation accounted for 2.6% (2.3%) of all Posti's mail items delivered.
- Posti made an investment decision on a new Transval warehouse in Järvenpää. The first phase of the construction will total around EUR 60 million.

Outlook for 2023

Posti is adjusting its outlook for 2023. The Group's adjusted EBITDA is expected to be on the previous year's level (previously it was communicated that adjusted EBITDA is expected to decrease). The new outlook states as follows:

In 2023, Posti is expecting its net sales to decrease from the previous year. The Group's adjusted EBITDA in 2023 is expected to be on the previous year's level. In 2022, Posti's net sales from continuing operations were EUR 1,651.6 million and adjusted EBITDA was EUR 183.8 million.

The continuing inflation and the increase in interest rates are impacting consumer demand. The changes in consumer behavior affect Posti's business and may further impact 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

	7-9 2023	7-9 2022	1-9 2023	1-9 2022	1-12 2022
Net sales, EUR million	372.3	395.6	1,156.4	1,198.0	1,651.6
Adjusted EBITDA, EUR million	52.9	44.3	133.4	120.3	183.8
<i>Adjusted EBITDA margin, %</i>	14.2%	11.2%	11.5%	10.0%	11.1%
EBITDA, EUR million	46.5	43.7	124.4	117.0	178.2
<i>EBITDA margin, %</i>	12.5%	11.0%	10.8%	9.8%	10.8%
Adjusted operating result, EUR million	19.9	13.0	34.8	28.1	58.9
<i>Adjusted operating result margin, %</i>	5.4%	3.3%	3.0%	2.3%	3.6%
Operating result, EUR million	-50.2	12.4	-38.0	24.7	51.0
<i>Operating result margin, %</i>	-13.5%	3.1%	-3.3%	2.1%	3.1%
Result for the period, EUR million	-53.6	8.4	-48.0	14.1	31.7
Return on capital employed (12 months), %			-1.7%	5.6%	7.8%
Net debt, EUR million			255.8	252.7	208.5
Net debt / adjusted EBITDA			1.3x	1.5x	1.1x
Operative free cash flow, EUR million			-2.4	-21.7	28.5
Personnel, end of period			17,288	19,929	19,996
Personnel on average, FTE	14,208	15,014	14,435	14,972	14,985
Earnings per share, basic, EUR	-1.34	0.21	-1.20	0.35	0.79
Dividend per share, EUR					0.79
Dividend, EUR million					31.7

Turkka Kuusisto, President and CEO

I am very satisfied that we succeeded to further improve our operational efficiency and showed resilient cost management in the third quarter, especially since the market continued demanding. This resulted in a significant improvement in profitability during the reporting period. I want to thank all Posti employees for their hard work in making Posti more agile and responsive company.

Our adjusted EBITDA increased by 10.9% to EUR 133.4 million (EUR 120.3 million) during January-September, and by an impressive 19.5% to EUR 52.9 million (EUR 44.3 million) during the third quarter. Group net sales decreased by 3.5% to EUR 1,156.4 (EUR 1,198.0 million) in January-September and by 5.9% to EUR 372.3 million (EUR 395.6) in the third quarter. The Group's operating result was EUR -50.2 million (EUR 12.4 million) in the third quarter. Operating result was charged with impairments on goodwill and purchase price allocations of EUR 57.4 million (total impairments EUR 64.5 million). The impairments were primarily result of challenges in Swedish economy, and especially rapidly reduced e-commerce demand, combined with higher interest rates and heavily weakened Swedish Krona.

Looking at the third quarter on the segment level: the eCommerce and Delivery Segment's profitability increased year-on-year, whereas net sales decreased. The segments' net sales were adversely affected by the current economic situation which kept purchasing power low and impacted volumes negatively. Also, the Fulfillment and Logistics Segment profitability increased, whereas net sales decreased due to declined volumes and demanding market in Sweden. Profitability in Postal Services increased year-on-year, while net sales decreased. We have successfully taken actions to improve our operational efficiency from the beginning of the year. It is rewarding to see that it is now bearing fruit.

We are approaching the peak season. The macroeconomic uncertainty is expected to continue for the remainder of the year, especially in Sweden. Consumer purchasing power rests weak, which has a negative impact on industry wide volumes. However, we continue to seek growth according to our strategy, and see the long-term market potential of e-commerce to remain positive in the Nordics. I am pleased that during the quarter we made an investment decision on a new Transval warehouse in Järvenpää. Once operational, the warehouse which will use modern technology and automation with geothermal heating and solar power will be the largest warehouse in Finland.

Sustainability has long been at the core of Posti's strategy, and I have many times stated that sustainability is a choice. This choice is even more important in times of macroeconomic and geopolitical uncertainty. I was honored that we had an opportunity to engage in discussion on the 2030 Agenda for Sustainable Development with other leaders in the UN General Assembly in September as part of Finland's official delegation. At the half-way point toward 2030 many of SDGs are still off track. I believe that companies like Posti have great potential to create a significant impact by tackling the lagging SDGs, and our ambitious climate targets are one great example of this commitment. We are proud to continue to pave the way towards zero-emission logistics as I believe that the transition to fossil-free logistics is not only possible but inevitable.

Looking ahead, we are now focusing on delivering a successful season, while ensuring operational efficiency in everything we do. I want to thank every Christmas maker in advance for your work and help in spreading the Christmas joy to our customers.

APPENDICES

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

FURTHER INFORMATION

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Key media

www.posti.com/financials

IMAGES AND LOGOS

www.posti.com/media

Posti is one of the leading delivery and fulfillment companies in Finland, Sweden and the Baltics. Our core business includes parcels, freight, postal services, and logistics solutions. Our goal is to have fossil-free transport by 2030. We have operations in seven countries. Our net sales in 2022 amounted to EUR 1,651.6 million and we have approximately 20,000 employees. www.posti.com

Market situation and business environment

The demand for logistics services has lowered during the year, and the overall economic sentiment indicator is below the long-term average both in Finland and Sweden. The sentiment indicators have decreased during the third quarter more than in the European Union on average. Both the Finnish and Swedish economies are forecasted to shrink during 2023.

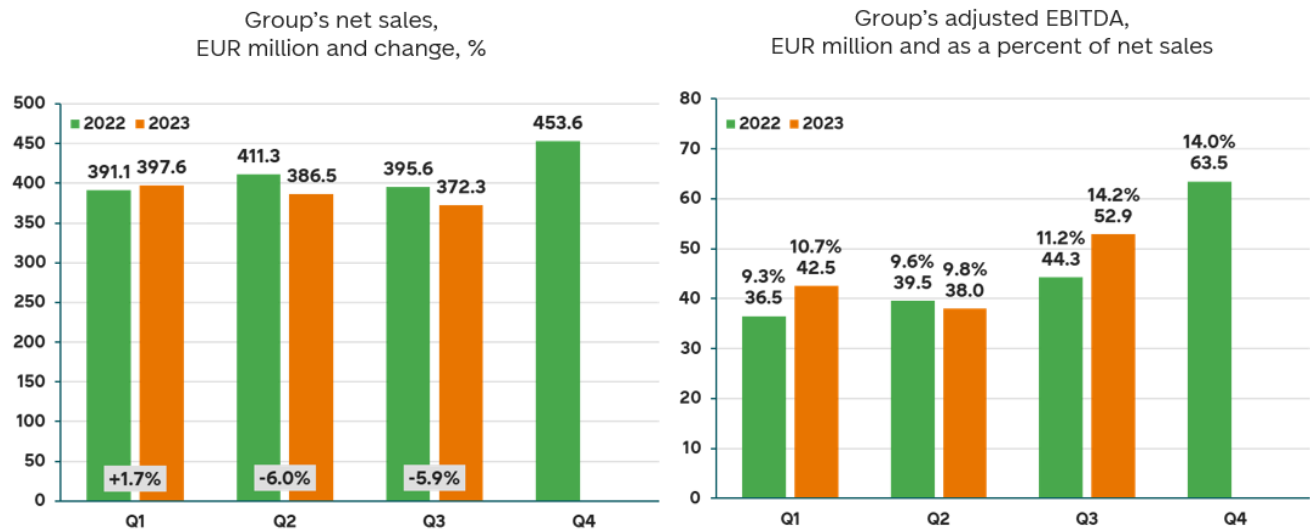
Consumer confidence has somewhat recovered from the shock caused by the Russian invasion to Ukraine last year, but high inflation has affected households' purchasing power and reduced the volume of consumption. The retail sales volumes are not growing as consumers cut down their consumption. According to Nordea's card payment statistics, real total consumption during July-September has been below last year's levels in all Nordic countries except Norway. According to preliminary data from Statistics Finland, seasonally adjusted retail sales, excluding the impact of price changes, decreased by 1.1% in August 2023 compared to August 2022. The retail sales in Sweden have also declined in August by 1.7% compared to last year in working-day adjusted figures.

Logistics is a supporting industry for trade and industry sectors, so the current economic situation has a direct impact on logistics market volumes and Posti's business operations. The lack of demand for goods and decreased consumption levels has had an impact on the circulation of goods in Posti's warehouses. Lower logistics volumes have influenced Posti Group's financial results negatively.

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. The government grant was awarded to Posti in 17 of the eligible areas, 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.

The Bank of Finland forecasts that Finland's GDP will shrink by 0.2% in 2023. According to Riksbank's forecast, Sweden's GDP will shrink by 0.8% in 2023. In Finland, a slow growth is expected to start in 2024 and Sweden is forecasted to return to growth in 2025.

Net sales and profitability



July-September 2023

Net sales

The Group's net sales decreased by 5.9% to EUR 372.3 (395.6) million. Net sales decreased by 3.1% in Finland and by 27.5% 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 9.0% (11.7%) of net sales.

Net sales in the eCommerce and Delivery Services segment decreased by 6.5% to EUR 159.9 (171.0) million.

Net sales in the Fulfillment and Logistics Services segment decreased by 12.1% to EUR 78.9 (89.8) million.

The combined external net sales of eCommerce and Delivery Services and Fulfillment and Logistics Services represented 62.9% (64.6%) of the Group's net sales.

Net sales in the Postal Services segment decreased by 1.3% to EUR 139.3 (141.2) million.

Operations under the universal service obligation decreased and amounted to EUR 16.0 (17.5) million, or 4.3% (4.4%) of the Group's net sales, representing 2.6% (2.3%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 52.9 (44.3) million, or 14.2% (11.2%) of net sales, mainly due to the increased profitability in Postal Services and eCommerce and Delivery Services. EBITDA increased to EUR 46.5 (43.7) million, or 12.5% (11.0%) of net sales.

The adjusted operating result increased to EUR 19.9 (13.0) million, or 5.4% (3.3%) of net sales. The operating result decreased to EUR -50.2 (12.4) million, or -13.5% (3.1%) of net sales.

Special items affecting the operating result in the third quarter amounted to EUR -70.2 (-0.6) million.

The macroeconomic environment has been challenging especially in Sweden. The decreased outlook for the next years combined 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. The impairments were primarily result of challenges in Swedish economy, and especially rapidly reduced e-commerce demand, combined with higher interest rates and heavily weakened Swedish Krona. We continue to ensure operational efficiency and implementing our strategy and see the market potential in Sweden to be positive in the long-term.

Special items affecting the operating result

EUR million	7-9 2023	7-9 2022
Personnel restructuring costs	-3.4	-0.4
Impairments on goodwill and purchase price allocations	-57.4	-
Impairments on other assets	-6.3	-
Other special items	-3.0	-0.2
Total	-70.2	-0.6

January-September 2023

Net sales

The Group's net sales decreased by 3.5% to EUR 1,156.4 (1,198.0) million. Net sales decreased by 0.9% in Finland and by 22.8% in other countries. The net sales in other countries declined mainly due to a 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% (11.7%) of net sales.

Net sales in the eCommerce and Delivery Services segment decreased by 4.7% to EUR 484.2 (508.1) million.

Net sales in the Fulfillment and Logistics Services segment decreased by 9.3% to EUR 245.8 (270.8) million.

The combined external net sales of eCommerce and Delivery Services and Fulfillment and Logistics Services represented 61.9% (63.7%) of the Group's net sales.

Net sales in the Postal Services segment increased by 1.7% to EUR 445.3 (437.8) million.

Operations under the universal service obligation decreased and amounted to EUR 53.1 (58.0) million, or 4.6% (4.8%) of the Group's net sales, representing 2.6% (2.3%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 133.4 (120.3) million, or 11.5% (10.0%) of net sales, mainly due to the increased profitability of Postal Services. EBITDA increased to EUR 124.4 (117.0) million, or 10.8% (9.8%) of net sales.

The adjusted operating result increased to EUR 34.8 (28.1) million, or 3.0% (2.3%) of net sales. The operating result decreased to EUR -38.0 (24.7) million, or -3.3% (2.1%) of net sales.

Special items affecting the operating result in January-September amounted to EUR -72.8 (-3.3) million.

The macroeconomic environment has been challenging especially in Sweden. The decreased outlook for next years 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 were primarily result of challenges in Swedish economy, and especially rapidly reduced e-commerce demand, combined with higher interest rates and heavily weakened Swedish Krona. We continue to ensure operational efficiency and implementing our strategy and see the market potential in Sweden to be positive in the long-term.

Special items affecting the operating result

EUR million	1-9 2023	1-9 2022	1-12 2022
Personnel restructuring costs	-5.7	-2.5	-3.0
Impairments on goodwill and purchase price allocations	-57.4	-	-1.6
Impairments on other assets	-6.3	-	-1.0
Other special items	-3.4	-0.9	-2.2
Total	-72.8	-3.3	-7.9

eCommerce and Delivery Services

Key figures

	7-9 2023	7-9 2022	1-9 2023	1-9 2022	1-12 2022
Net sales, EUR million	159.9	171.0	484.2	508.1	693.3
Net sales change-%	-6.5%	3.6%	-4.7%	2.4%	1.8%
Adjusted EBITDA, EUR million	21.7	19.8	46.0	52.8	75.1
Adjusted EBITDA margin, %	13.6%	11.6%	9.5%	10.4%	10.8%
EBITDA, EUR million	19.5	19.7	44.0	51.9	74.3
EBITDA margin, %	12.2%	11.5%	9.1%	10.2%	10.7%

July-September 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 6%) to 16.6 (16.1) million. The figure does not include letter-like eCommerce items.
- Transportation volumes measured in waybills decreased by 8% (10%).

Net sales

Net sales of eCommerce and Delivery Services decreased by 6.5% to EUR 159.9 (171.0) million. Consumers' low spending and consumption of goods were reflected in the declining volumes which led to a decline in net sales.

Profitability

The adjusted EBITDA of eCommerce and Delivery Services increased to EUR 21.7 (19.8) million, or 13.6% (11.6%) of net sales. Improvements in operational efficiency increased eCommerce and Delivery Services profitability, albeit the declined net sales affected profitability negatively. EBITDA stayed close to the previous year's level and was EUR 19.5 (19.7) million.

January-September 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 48.7 (48.3) million. The figure does not include letter-like eCommerce items.
- Transportation volumes measured in waybills decreased by 9% (6%).

Net sales

The net sales of eCommerce and Delivery Services decreased by 4.7% to EUR 484.2 (508.1) million. The union strikes in February, high inflation and interest rates, consumers' low confidence in the economy and low consumer spending had a negative impact on the main product volumes and net sales.

Profitability

The adjusted EBITDA of eCommerce and Delivery Services decreased to EUR 46.0 (52.8) million, or 9.5% (10.4%) of net sales. Despite the improvements made in operational efficiency, inflation, increased costs and decreased net sales lowered the segment's profitability. EBITDA decreased to EUR 44.0 (51.9) million.

Fulfillment and Logistics Services

Key figures

	7-9 2023	7-9 2022	1-9 2023	1-9 2022	1-12 2022
Net sales, EUR million	78.9	89.8	245.8	270.8	366.1
Transval	53.5	57.0	166.4	171.3	232.0
Aditro Logistics	25.4	32.9	79.4	99.6	134.1
Net sales change-% */**/**	-12.1%	10.3%	-9.3%	13.7%	10.9%
Adjusted EBITDA, EUR million	11.2	10.9	29.5	27.2	34.8
Adjusted EBITDA margin, %	14.2%	12.2%	12.0%	10.0%	9.5%
EBITDA, EUR million	9.5	10.8	27.6	26.9	32.9
EBITDA margin, %	12.0%	12.0%	11.2%	9.9%	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.

July-September 2023

Net sales

Fulfillment and Logistics Services' net sales decreased by 12.1% and were EUR 78.9 (89.8) million. The difficult market environment had a negative impact on **Transval's** volumes, which decreased net sales, together with the divestment of KV Turva Oy in December 2022 and 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 increased to EUR 11.2 (10.9) million, or 14.2% (12.2%) of net sales. Growth was driven by the improvements in operational efficiency at Fulfillment and Logistics Services. EBITDA decreased to EUR 9.5 (10.8) million.

January-September 2023

Net sales

Fulfillment and Logistics Services' net sales decreased by 9.3% and were EUR 245.8 (270.8) million. **Transval's** net sales decreased mainly because of declined volumes and the divestment of KV Turva Oy in December 2022 and 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 29.5 (27.2) million, or 12.0% (10.0%) of net sales. Despite the decreased net sales, the adjusted EBITDA increased. This was a result of improvements in operational efficiency throughout the year. EBITDA increased to EUR 27.6 (26.9) million.

Postal Services

Key figures

	7-9 2023	7-9 2022	1-9 2023	1-9 2022	1-12 2022
Net sales, EUR million	139.3	141.2	445.3	437.8	617.7
Net sales change-% *	-1.3%	4.4%	1.7%	0.5%	1.1%
Adjusted EBITDA, EUR million	21.0	16.0	64.8	49.8	84.2
Adjusted EBITDA margin, %	15.1%	11.3%	14.5%	11.4%	13.6%
EBITDA, EUR million	19.9	15.8	61.1	47.9	81.5
EBITDA margin, %	14.3%	11.2%	13.7%	10.9%	13.2%

* *Mediatulo Keski-suomalainen Oyj's early-morning delivery operations have been part of the segment since April 2022.*

July-September 2023

- The number of addressed letters decreased by 18% (increased 5%).

Net sales

The net sales of Postal Services decreased by 1.3% to EUR 139.3 (141.2) 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 21.0 (16.0) million, or 15.1% (11.3%) of net sales. Continuous improvements in operational efficiency and for example the implemented alternate-day delivery method in Finland increased profitability. EBITDA increased to EUR 19.9 (15.8) million.

January-September 2023

- The number of addressed letters decreased by 8% (3%).

Net sales

The net sales of Postal Services increased by 1.7% to EUR 445.3 (437.8) 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 Keskisuomalainen Oyj's early-morning delivery operations and various price increases impacted net sales positively.

Profitability

The adjusted EBITDA of Postal Services increased to EUR 64.8 (49.8) million, or 14.5% (11.4%) of net sales. Profitability improved mainly because of improvements in operational efficiency and increased net sales. EBITDA increased to EUR 61.1 (47.9) million.

Cash flow, financial position, and major investments

In January-September, the consolidated cash flow from operating activities was EUR 88.6 (65.3) million, the cash flow from investing activities was EUR -49.4 (-57.9) million of which EUR -3.1 (-44.3) million for business acquisitions, and the cash flow from financing activities was EUR -82.0 (-66.1) million.

At the end of September, liquid assets amounted to EUR 79.3 (74.0) million and undrawn committed credit facilities totaled EUR 150.0 (150.0) million. The Group's interest-bearing borrowings were EUR 335.1 (326.7) million of which a bank loan of EUR 60 million is due in May 2024. Net debt totaled EUR 255.8 (252.7) million. Equity ratio was 38.1% (41.3%).

Posti is investing in strategic key development areas such as digital services, including its OmaPosti application. With the OmaPosti application Posti targets to stay competitive as when the digitalization of government communication, prepared by the Finnish Government, proceeds. We also continue to invest in in-house technological resources and production facilities, such as new modern and efficient automated warehouses and terminals, as well as automated sorting machines. 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.

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.

Employees

The Group's personnel

	7-9 2023	7-9 2022	1-9 2023	1-9 2022	1-12 2022
Personnel at period-end			17,288	19,929	19,996
<i>Finland</i>			15,281	17,679	17,642
<i>Other countries of operation</i>			2,007	2,250	2,354
Personnel on average, FTE *	14,208	15,014	14,435	14,972	14,985

* Full-time equivalent personnel on average

In January-September, the Group's personnel expenses amounted to EUR 506.7 (515.7) million, declining by 1.8% from the previous year. The personnel expenses included EUR 5.7 (2.5) million of restructuring costs. The number of personnel declined, decreasing the overall expenses, while the union-negotiated salary agreements increased personnel expenses.

Changes in the corporate structure

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 Kiinteistö Ltd. was renamed as Posti Group Suomi Ltd. Other subsidiaries of Posti, and their names remained unchanged.

Legal proceedings

The Supreme Administrative Court annulled the decision given by the administrative court on November 11, 2021, and confirmed the €100,000 penalty issued to Posti by the data protection authority on May 18, 2020.

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 is 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 current macroeconomic slowdown has affected Posti's operations in terms of rising costs and weakened demand. The low market volumes are affecting the general growth of logistics markets. Due to the uncertainty, some customers are also postponing their own growth plans and outsourcing decisions leading to longer sales cycles in the market.

High inflation and interest rates have also had an adverse impact on consumers as households' disposable income has decreased. This has subsequently affected goods consumption resulting in a delay in the forecasted growth of ecommerce as well as lower parcel volumes. The competitive dynamics in last-mile delivery are undergoing changes as the e-commerce supply chain evolves and integrates. Posti's competitive advantage in parcel deliveries is being increasingly challenged as competitors are expanding their delivery networks in Finland and in the Baltics and consumers have even more delivery options. The e-commerce market landscape is also changing rapidly as quick on-demand deliveries, click-and-collect, direct-to-consumer, and omnichannel models gain more popularity. To stay competitive, Posti needs to monitor market developments and consumer preferences carefully.

Posti continues its transformation into a modern delivery and logistics company. The competitiveness of the transport sector requires determined efforts to reduce emissions from heavy transport and responsible tax and energy solutions for commercial transport. By ensuring the operating conditions of the domestic logistics and transport sector, Posti helps to support the vitality of the Finnish economy, regions, and companies and in maintaining the competitiveness of exports. Logistics is a labor-intensive sector. Advancing work-based immigration and immigration leading to work plays an important role in the availability of skilled labor in the sector. Weakening these operating conditions may have a negative impact on Posti's operations and financial result.

The amount of paper mail is constantly decreasing. 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. Posti is constantly adapting its operating model in traditional postal services. If, to promote the efficiency, public services switch more extensively to digital communications during the current government term, this will also have an impact on Posti's operations and financial result. It is therefore important that the reform of postal regulation continues systematically as delivery volumes continue to fall.

Several labor unions have initiated actions against the government program's reforms. Posti is not a party to these various events, but it is possible that the situation may affect Posti directly or indirectly through customer, partners, and subcontractors' companies.

Posti's business activities cover various fulfillment, logistics, delivery, and postal as well as digital services. 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. Posti regularly reviews its processes to effectively handle crises and exceptional situations and to enhance the resilience of operations.

Events after the reporting period

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.

Outlook for 2023

Posti is adjusting its outlook for 2023. The Group's adjusted EBITDA is expected to be on the previous year's level (previously it was communicated that adjusted EBITDA is expected to decrease). The new outlook states as follows:

In 2023, Posti is expecting its net sales to decrease from the previous year. The Group's adjusted EBITDA in 2023 is expected to be on the previous year's level. In 2022, Posti's net sales from continuing operations were EUR 1,651.6 million and adjusted EBITDA was EUR 183.8 million.

The continuing inflation and the increase in interest rates are impacting consumer demand. The changes in consumer behavior affect Posti's business and may further impact 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, October 26, 2023

Posti Group Corporation
Board of Directors

APPENDICES

Calculation of key figures

Interim Report tables January-September 2023

Calculation of key figures

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

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

Interim report tables January-September 2023

Consolidated income statement and consolidated statement of comprehensive income

Consolidated income statement

EUR million	7-9 2023	7-9 2022	1-9 2023	1-9 2022	1-12 2022
Net sales	372.3	395.6	1,156.4	1,198.0	1,651.6
Other operating income	1.6	2.5	5.2	6.7	10.0
Materials and services	-103.0	-121.1	-316.7	-355.5	-484.3
Employee benefits	-156.9	-161.8	-506.7	-515.7	-700.8
Other operating expenses	-67.6	-71.6	-213.9	-216.5	-298.4
Depreciation and amortization	-32.2	-31.3	-97.6	-92.3	-124.4
Impairment losses	-64.5	0.0	-64.8	0.0	-2.7
Operating result	-50.2	12.4	-38.0	24.7	51.0
Finance income	0.9	0.7	4.0	2.6	4.1
Finance expenses	-2.8	-2.5	-9.7	-8.4	-11.8
Result before income tax	-52.1	10.6	-43.6	18.9	43.3
Income tax	-1.5	-2.1	-4.4	-4.8	-11.6
Result for the period	-53.6	8.4	-48.0	14.1	31.7
Earnings per share (EUR per share)	-1.34	0.21	-1.20	0.35	0.79

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

Consolidated statement of comprehensive income

EUR million	7-9 2023	7-9 2022	1-9 2023	1-9 2022	1-12 2022
Result for the period	-53.6	8.4	-48.0	14.1	31.7
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Change in fair value of cash flow hedges	0.0	1.0	-0.3	2.5	3.0
Translation differences	1.4	-1.2	-2.1	-3.5	-4.6
Income tax relating to these items	0.0	-0.2	0.1	-0.5	-0.6
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefit obligations	0.8	-1.0	0.8	-1.0	-1.3
Income tax relating to these items	-0.2	0.2	-0.2	0.2	0.3
Comprehensive income for the period	-51.5	7.3	-49.7	11.7	28.5

Consolidated balance sheet

Assets

EUR million	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Non-current assets			
Goodwill	169.0	228.3	223.7
Other intangible assets	70.0	88.7	88.2
Investment property	17.4	3.5	3.5
Property, plant and equipment	220.6	230.5	234.9
Right-of-use assets	265.8	249.0	255.0
Other non-current investments	0.8	1.0	1.0
Non-current receivables	0.0	2.7	2.2
Deferred tax assets	18.2	30.8	15.1
Total non-current assets	761.7	834.5	823.7
Current assets			
Inventories	3.9	4.3	3.9
Trade and other receivables	270.8	287.3	286.9
Current income tax receivables	0.1	1.0	0.1
Current financial assets	41.7	37.4	33.2
Cash and cash equivalents	39.6	37.7	82.6
Total current assets	356.1	367.6	406.6
Total assets	1,117.8	1,202.1	1,230.3

Equity and liabilities

EUR million	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Equity attributable to the shareholders of the parent company			
Share capital	70.0	70.0	70.0
General purpose reserve	142.7	142.7	142.7
Fair value reserve	1.5	1.3	1.7
Translation differences	-7.3	-4.1	-5.2
Retained earnings	192.7	254.3	271.8
Total shareholders' equity	399.6	464.2	481.0
Non-current liabilities			
Deferred tax liabilities	9.2	12.6	13.0
Non-current interest-bearing borrowings	0.0	60.1	60.0
Non-current interest-bearing lease liabilities	211.4	200.8	205.0
Other non-current payables	10.3	6.5	6.1
Advances received	6.7	11.3	7.6
Non-current provisions	3.2	2.9	2.4
Defined benefit pension plan liabilities	7.8	11.2	11.1
Total non-current liabilities	248.6	305.5	305.2
Current liabilities			
Current interest-bearing borrowings	60.0	10.0	0.0
Current interest-bearing lease liabilities	63.6	55.8	58.4
Trade and other payables	267.8	288.5	322.0
Advances received	63.5	67.5	62.9
Current income tax liabilities	11.6	10.1	0.6
Current provisions	3.1	0.4	0.2
Total current liabilities	469.6	432.4	444.1
Total liabilities	718.2	737.9	749.3
Total equity and liabilities	1,117.8	1,202.1	1,230.3

Condensed consolidated statement of cash flows

EUR million	1-9 2023	1-9 2022	1-12 2022
Result for the period	-48.0	14.1	31.7
Adjustments to cash flow	174.9	100.5	144.7
Change in net working capital	-32.6	-43.0	-18.1
Cash flow before financial items and income tax	94.3	71.5	158.3
Financial items (net)	-5.4	-4.9	-6.8
Income tax paid	-0.3	-1.4	-0.7
Cash flow from operating activities	88.6	65.3	150.8
Purchase of intangible assets	-16.5	-19.2	-26.7
Purchase of property, plant and equipment	-24.3	-24.9	-37.0
Proceeds from sale of intangible and tangible assets	0.5	1.6	1.3
Business acquisitions, net of cash acquired	-3.1	-44.3	-44.3
Proceeds from business disposals less cash and cash equivalents	0.0	0.0	0.0
Cash flow from financial assets	-7.4	27.5	31.5
Cash flow from other investments	1.4	1.4	2.6
Cash flow from investing activities	-49.4	-57.9	-72.5
Withdrawals of current loans	-	10.0	-
Repayment of current loans	-	-0.9	-0.9
Repayment of non-current loans	-	-0.4	-0.5
Payments of lease liabilities	-50.3	-42.9	-58.7
Dividends paid	-31.7	-32.0	-32.0
Cash flow from financing activities	-82.0	-66.1	-92.1
Change in cash and cash equivalents	-42.7	-58.7	-13.8
Cash and cash equivalents at the beginning of the period	82.6	97.2	97.2
Effect of exchange rates changes	-0.3	-0.8	-0.8
Cash and cash equivalents at the end of the period	39.6	37.7	82.6
Operative free cash flow, reconciliation			
Cash flow from operating activities	88.6	65.3	150.8
Purchase of intangible assets and property, plant and equipment	-40.8	-44.1	-63.7
Payments of lease liabilities	-50.3	-42.9	-58.7
Operative free cash flow	-2.4	-21.7	28.5

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	General purpose reserve	Fair value reserve	Translation differences	Retained earnings	Total equity
Jan 1, 2023	70.0	142.7	1.7	-5.2	271.8	481.0
Comprehensive income						
Result for the period					-48.0	-48.0
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			-0.3			-0.3
Translation differences				-2.1		-2.1
Remeasurements of post-employment benefit obligations, net of tax					0.7	0.7
Comprehensive income for the period			-0.3	-2.1	-47.3	-49.7
Transactions with equity holders						
Dividend					-31.7	-31.7
Sep 30, 2023	70.0	142.7	1.5	-7.3	192.7	399.6

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

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

Dividends

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

Notes

1. Accounting Policies

Interim report has been prepared in accordance with IAS 34 Interim financial reporting. In the preparation of this report, Posti Group (the "Group") has applied the same accounting policies, methods of computation and presentation as in the consolidated financial statements for 2022. Amendments to IFRS standards effective as of January 1, 2023 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 general economic situation has deteriorated and uncertainty in the operating environment continues. The events in the business environment and macroeconomic slowdown have affected Posti's operations in terms of rising costs and weakened demand. It is difficult for management to estimate economic development even in the short term. Therefore, the estimates are subject to considerable uncertainties. Lower consumer confidence and decreasing consumer purchasing power, have affected, and may affect in the future, Posti's operations in terms of rising costs as well as lower demand.

2. Foreign exchange rates

Average rate	1-9 2023	1-9 2022	1-12 2022
SEK	11.475	10.526	10.629
NOK	11.348	10.015	10.109
SDR	0.810	0.788	0.786

Closing rate	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
SEK	11.533	10.899	11.122
NOK	11.254	10.584	10.514
SDR	0.806	0.762	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.

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

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

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.

7-9 2023 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	159.9	78.9	139.3		378.2
Net Sales, internal	-0.5	-4.1	-1.2		-5.9
Net Sales, external	159.4	74.8	138.1	0.0	372.3
Adjusted EBITDA	21.7	11.2	21.0	-1.0	52.9
Special items (impacting EBITDA)	-2.2	-1.7	-1.1	-1.5	-6.5
EBITDA	19.5	9.5	19.9	-2.5	46.5
Depreciation & amortization					-32.2
Impairment losses					-64.5
Adjusted operating result					19.9
Special items (impacting EBIT)					-70.2
Operating result					-50.2
Financial income & expenses					-1.9
Taxes					-1.5
Result for the period					-53.6
Capital Expenditure	5.4	1.2	5.8	22.2	34.7
Personnel, end of period	3,749	4,973	7,891	675	17,288
Net Assets	247.7	307.7	79.7	-235.5	399.6

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					8.4
Capital Expenditure	7.9	2.4	4.7	3.9	18.9
Personnel, end of period	3,917	6,811	8,570	631	19,929
Net Assets	247.6	346.9	61.7	-192.0	464.2

1-9 2023 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	484.2	245.8	445.3		1,175.3
Net Sales, internal	-1.6	-13.1	-4.2		-18.9
Net Sales, external	482.7	232.6	441.1	0.0	1,156.4
Adjusted EBITDA	46.0	29.5	64.8	-6.7	133.4
Special items (impacting EBITDA)	-2.0	-1.9	-3.6	-1.5	-9.1
EBITDA	44.0	27.6	61.1	-8.2	124.4
Depreciation & amortization					-97.6
Impairment losses					-64.8
Adjusted operating result					34.8
Special items (impacting EBIT)					-72.8
Operating result					-38.0
Financial income & expenses					-5.6
Taxes					-4.4
Result for the period					-48.0
Capital Expenditure	19.8	22.6	14.2	54.0	110.7
Personnel, end of period	3,749	4,973	7,891	675	17,288
Net Assets	247.7	307.7	79.7	-235.5	399.6

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					14.1
Capital Expenditure	22.1	29.7	32.5	49.6	134.0
Personnel, end of period	3,917	6,811	8,570	631	19,929
Net Assets	247.6	346.9	61.7	-192.0	464.2

1-12 2022 EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Other and unallocated	Posti Group
Net Sales	693.3	366.1	617.7		1,677.1
Net Sales, internal	-3.0	-18.9	-3.6		-25.4
Net Sales, external	690.4	347.1	614.1	0.0	1,651.6
Adjusted EBITDA	75.1	34.8	84.2	-10.3	183.8
Special items (impacting EBITDA)	-0.8	-1.9	-2.7	-0.2	-5.6
EBITDA	74.3	32.9	81.5	-10.5	178.2
Depreciation & amortization					-124.4
Impairment losses					-2.7
Adjusted operating result					58.9
Special items (impacting EBIT)					-7.9
Operating result					51.0
Financial income & expenses					-7.7
Taxes					-11.6
Result for the period					31.7
Capital Expenditure	39.7	36.0	40.4	63.9	180.1
Personnel, end of period	3,897	6,868	8,590	641	19,996
Net Assets	252.4	337.9	46.3	-155.6	481.0

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

4. Net sales by geographical area

EUR million	7-9 2023	7-9 2022	1-9 2023	1-9 2022	1-12 2022
Finland	309.8	321.6	960.3	972.3	1,346.6
Sweden	34.0	44.9	104.0	126.1	161.4
The Baltics	6.9	10.1	23.4	28.1	37.4
Other countries	21.7	19.1	68.8	71.6	106.2
Total	372.3	395.6	1,156.4	1,198.0	1,651.6

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

5. Acquired and divested businesses

Posti has not acquired businesses during 2023.

In September 2023, the Group completed the sale of the entire shareholding of Transval's subsidiary Transval Mymäläpalvelut 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		Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Carrying amount	Jan 1	234.9	233.6	233.6
Acquired businesses		-	0.5	0.5
Additions		26.2	23.1	36.2
Transfers to investment property		-13.9	-	-
Other disposals and transfers between items		0.2	-0.3	-0.1
Depreciation		-24.9	-25.7	-34.2
Impairment		-1.4	0.0	-0.1
Translation differences		-0.5	-0.7	-1.0
Carrying amount, end of the period		220.6	230.5	234.9

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. The development of the land area is waiting for the changed city plan to enter into force.

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

EUR million		Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Carrying amount	Jan 1	255.0	239.2	239.2
Acquired businesses		-	21.3	22.2
Additions		67.8	38.4	63.4
Business divestments		0.0	-	-
Disposals and transfers between items		-2.3	-0.8	-1.2
Depreciation		-51.2	-44.5	-60.7
Impairment		-	-	-0.6
Translation differences		-3.6	-4.6	-7.3
Carrying amount, end of the period		265.8	249.0	255.0

Specification of right-of-use assets:

EUR million		Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Buildings		209.0	206.7	203.2
Vehicles		48.6	34.2	42.9
Machinery and other		8.2	8.1	8.9
Carrying amount, end of the period		265.8	249.0	255.0

7. Goodwill and other intangible assets

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

EUR million		Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Carrying amount	Jan 1	311.9	274.1	274.1
Acquired businesses		-	48.5	47.6
Additions		16.5	19.2	26.7
Business divestments		-2.4	-	-
Disposals and transfers between items		-0.2	-0.6	-0.7
Amortization		-21.3	-21.5	-28.6
Impairment		-63.0	0.0	-2.0
Translation differences		-2.5	-2.8	-5.1
Carrying amount, end of the period		239.0	316.9	311.9

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
Carrying amount	Jan 1, 2023	60.0	263.4	323.4	114.9	0.0	208.5
Cash flows		0.0	-50.3	-50.3	-35.3	0.0	-15.0
Effect of exchange rates changes		0.0	-3.7	-3.7	-0.3	0.0	-3.4
Other non-cash items		0.0	65.7	65.7	0.0	0.0	65.7
Carrying amount	Sep 30, 2023	60.0	275.1	335.1	79.3	0.0	255.8
Fair value	Sep 30, 2023	60.0	275.1	335.1			

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

EUR million	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Cash and cash equivalents	39.6	37.7	82.6
Money market investments and investments in bonds	39.7	36.3	32.3
Liquid funds	79.3	74.0	114.9

9. Financial assets and liabilities measured at fair value

The Group categorizes financial assets and liabilities into three hierarchy levels according to the information used in fair value measurement. Information on hierarchy levels and principles on fair value measurement can be found on note Financial instruments and financial risk management in financial statements 2022. No transfers between the fair value hierarchy levels have been made during the reporting periods.

Financial assets and liabilities measured and recognized at fair value

EUR million	Level	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Financial assets				
Non-current investments	3	0.8	1.0	1.0
Currency derivatives, non-hedge accounting	2	0.2	1.1	1.0
Interest rate derivatives, hedge accounting	2	1.8	1.6	2.2
Total		2.9	3.7	4.1
Financial liabilities				
Currency derivatives, non-hedge accounting	2	0.3	-	0.1
Total		0.3	-	0.1

Group also has a number of financial instruments which are not measured at fair value in the balance sheet. The fair value of investments in bonds was EUR 21.0 million and their carrying value EUR 21.5 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, 2023	Sep 30, 2022	Dec 31, 2022
Guarantees	9.2	13.7	10.8
Total	9.2	13.7	10.8

Lease commitments not recognized in balance sheet

EUR million	Sep 30, 2023	Sep 30, 2022	Dec 31, 2022
Maturity of minimum lease payments:			
Less than a year	10.1	11.3	11.5
1-5 years	1.3	1.4	0.9
Total	11.4	12.7	12.4

Other contingent liabilities

The Group has a potential environmental liability of EUR 23.0 million, related to cleaning of the land area in Eteläinen Postipuisto. Negotiations with Posti and third parties regarding the use of land have been completed. The realization of the liability is waiting for the changed city plan to enter into force.

11. Events after the reporting period

There have been no significant events after the reporting period.