



POSTI GROUP CORPORATION
ANNUAL FINANCIAL STATEMENTS AND
BOARD OF DIRECTORS REPORT 2024
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Board of Directors Report 2024

Description of the business model

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.

Posti has three reportable segments: eCommerce and Delivery Services, Fulfillment and Logistics Services, and Postal Services.

Posti operated in 2024 in six countries. At the end of the financial year 2024, the number of personnel stood at approximately 15,000 people. In Finland, the company employed about 13,000 people at the end of the financial year, which makes it one of the largest employers of the country.

Posti is an international delivery & fulfillment company with increasing profitability. It is focusing on delivery and fulfillment business in Finland, Sweden, and the Baltic region.

Posti updated its strategy during the last half of 2024 and the Board of Directors approved it in October 2024. While the broad outline of the strategy remains the same, the strategy has been fine-tuned and the focus has been sharpened to better meet the demands of the dynamic market environment.

The disruption of the postal industry with declining mail volumes, and the strong digitalization trend have changed Posti's business permanently. The core of Posti's future growth are parcels and logistics in Finland, Sweden, and the Baltics, along the entire value chain.

Year 2024

The Group's net sales decreased by 4.1% to EUR 1,521.4 (1,586.1) million. Low volumes in all reporting segments impacted the Group's net sales negatively. The Group's adjusted EBITDA increased to EUR 207.6 (197.7) million, mainly due to the strong first half of the year which was driven by the improved operational efficiency in the reporting segments.

Stronger first half of the year impacted the eCommerce and Delivery Services net sales positively, whereas somewhat stable development in volumes in the latter part of the year affected volumes and therefore net sales growth negatively. Adjusted EBITDA increased, driven by cost discipline as well as enhanced operational efficiency in sorting and route optimization.

Fulfillment and Logistics Services' net sales decreased. The weak customer demand and the political strikes in Finland in the first quarter affected the warehouse volumes negatively in Finland, which decreased net sales. Acquisition of Swedish Cargo Support Holding C.S.H. AB in May 2024 impacted the net sales positively. The adjusted EBITDA increased due to improvements in operational efficiency.

The net sales of Postal Services decreased due to the declined volumes. This was partly offset by various price increases driven by the high inflation. The adjusted EBITDA increased due to the continuous improvements in operational efficiency, especially in automated sorting, cost optimization and more efficient delivery models.

Market situation and business environment

The market conditions during 2024 remained challenging, and the economic situation affected the circulation of goods in Posti warehouses as well as parcel volumes. Trade and industry sector turnover has been declining throughout the year and households have reduced their consumption. Lower demand for logistics services had a direct impact on Posti's business operations and performance.

According to the December forecast of the Ministry of Finance of Finland, Finland's GDP decreased by 0.3 percent in 2024 compared to the previous year. In 2025, the GDP in Finland is forecasted to grow by 1.6 percent. The global economic outlook is positive, but the trade policy tensions may escalate slowly and could accelerate inflation.

The volumes of paper mail continue to decrease. By renewing its distribution model, Posti can continue to offer traditional delivery services alongside digital services. The regional alternate-day delivery model was expanded in several areas in Finland during 2024. Similar delivery models are also used in all Nordic countries.

In line with the current Finnish government's program, Finland will gradually shift toward prioritizing digital services as the main channel for interactions with authorities. Legislation is being amended to establish digital communication as the primary method of official correspondence. The drafting of related legislation is currently underway. One proposed model envisions developing digital official communication within an open ecosystem. This approach would allow private providers to deliver official messages to citizens through their own digital mail services. Posti Group supports this model, viewing it as a logical step toward more efficient and user-friendly electronic communication.

To drive international growth, Posti will be operating with the Posti brand also in Sweden, in addition to Finland, and with SmartPosti in the Baltics. In an increasingly competitive environment, this change is targeted to strengthen Posti's position as a versatile and international logistics partner.

The fulfillment and logistics market in Sweden is off-balance due to a significant amount of free capacity in the warehousing market. The growing cross-border e-commerce does not fully translate into a need for warehouse capacity in the Nordics. Warehouse inventory levels are likely to improve, but the overcapacity challenge is expected to persist for some time.

According to the Swedish Riksbank's December forecast, the Swedish GDP grew by 0.6% in 2024, and economic activity is expected to improve next year. Stronger domestic demand is the driving force behind the expected economic recovery in Sweden. The GDP in Sweden is forecasted to grow by 1.8% in 2025.

Lithuania's GDP growth has accelerated during 2024, and Swedbank estimates that the Lithuanian GDP grew by 2.4% in 2024. The Latvian and Estonian economies have developed somewhat weaker. The Estonian economy is expected to have shrunk by 0.8% in 2024 and the Latvian economy by 0.3%. Swedbank forecasts the GDP growth in the Baltics to diverge in 2025. The Lithuanian GDP is forecasted to grow by 3.0% in 2025, while the growth forecast for Estonia and Latvia is 1.5% and 2.4% respectively.

Key figures of Posti Group

	1-12 2024	1-12 2023
Net sales, EUR million	1,521.4	1,586.1
Adjusted EBITDA, EUR million	207.6	197.7
Adjusted EBITDA margin, %	13.6%	12.5%
EBITDA, EUR million	196.6	188.6
EBITDA margin, %	12.9%	11.9%
Adjusted operating result, EUR million	80.1	66.4
Adjusted operating result margin, %	5.3%	4.2%
Operating result, EUR million	68.0	-7.0
Operating result margin, %	4.5%	-0.4%
Result for the period, EUR million	43.8	-25.2
Return on capital employed (12 months), %	11.2%	-1.0%
Net debt, EUR million	257.5	240.0
Net debt / adjusted EBITDA	1.2x	1.2x
Operative free cash flow, EUR million	-2.9	28.6
Personnel, end of period	14,764	17,024
Personnel on average, FTE	13,095	14,272
Earnings per share, basic, EUR	1.10	-0.63
Dividend per share, EUR	0.83*	4.55**
Dividend, EUR million	33.0*	181.8**

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

** The ordinary dividend of EUR 31.8 million and extra dividend of EUR 150.0 million decided on December 20, 2024

Group net sales and profitability

The Group's net sales decreased by 4.1% to EUR 1,521.4 (1,586.1) million. Net sales decreased by 3.8% in Finland and by 6.4% in other countries. The decline in net sales in other countries was mainly due to the weak customer demand that affected especially Fulfillment and Logistics Services volumes negatively consequently decreasing net sales.

Low volumes in all reporting segments impacted Group's net sales negatively. The divestment of Transval Myymäläpalvelut Oy in 2023 and political strikes in the first quarter also impacted net sales negatively, whereas the acquisition of Swedish Cargo Support Holding C.S.H. AB in May 2024 had a somewhat positive impact. The decrease in Postal Services net sales was partly offset by various price increases driven by the high inflation.

The share of Posti's business operations outside Finland decreased slightly and accounted for 9.1% (9.3%) of net sales.

Net sales in the eCommerce and Delivery Services segment decreased by 1.7% to EUR 640.9 (652.0) million.

Net sales in the Fulfillment and Logistics Services segment decreased by 7.7% to EUR 303.0 (328.4) million.

The combined external net sales of eCommerce and Delivery Services and Fulfillment and Logistics Services represented 60.7% (60.5%) of the Group's net sales.

Net sales in the Postal Services segment decreased by 4.5% to EUR 602.9 (631.0) million.

Operations under the universal service obligation decreased and amounted to EUR 80.4 (89.0) million, or 5.3% (5.6%) of the Group's net sales, representing 3.7% (3.4%) of delivery volumes.

Profitability

The Group's adjusted EBITDA increased to EUR 207.6 (197.7) million, or 13.6% (12.5%) of net sales, mainly due to the strong first half of the year which was driven by the improved operational efficiency in all reporting segments. EBITDA increased to EUR 196.6 (188.6) million, or 12.9% (11.9%) of net sales.

The adjusted operating result increased significantly to EUR 80.1 (66.4) million, or 5.3% (4.2%) of net sales. The operating result also increased substantially to EUR 68.0 (-7.0) million, or 4.5% (-0.4%) of net sales. The comparison period was impacted by the impairments on goodwill and purchase price allocations as well as other special items.

Special items affecting the operating result amounted to EUR -12.2 (-73.4) million.

Special items affecting the operating result

EUR million	1-12 2024	1-12 2023
Personnel restructuring costs	-11.0	-5.7
Impairments on goodwill and purchase price allocations	-	-57.4
Impairments	-1.2	-6.9
Other special items	0.1	-3.4
Total	-12.2	-73.4

Transfers between segments and renaming of operating segments

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

As per the announcement on September 25, 2024, to start operating under one Posti brand, the operating segment naming of Transval has been changed to "Fulfillment and Logistics Services Finland" and that of Aditro Logistics to "Fulfillment and Logistics Services Sweden". Both are part of the Fulfillment and Logistics Services reporting segment.

eCommerce and Delivery Services

The parcel and freight volumes developed as follows:

- The total number of parcels delivered by Posti in Finland and the Baltic countries increased by 2% (1%) to 66.8 (65.3) million. The figure does not include letter-like eCommerce items.
- Transportation volumes measured in waybills decreased by 3% (10%).

Net sales of eCommerce and Delivery Services decreased by 1.7% to EUR 640.9 (652.0) million. Stronger first half of the year impacted the segments net sales positively, whereas somewhat stable development in volumes in the latter part of the year affected volumes and therefore net sales growth negatively.

The adjusted EBITDA of eCommerce and Delivery Services increased to EUR 77.0 (75.9) million, or 12.0% (11.6%) of net sales. Focusing on cost discipline as well as enhanced operational efficiency in sorting and route optimization improved eCommerce and Delivery Services' profitability. EBITDA decreased year-on-year and was EUR 71.2 (73.9) million.

Fulfillment and Logistics Services

Fulfillment and Logistics Services Finland (former Transval) and Fulfillment and Logistics Services Sweden (Aditro Logistics) are included in Fulfillment and Logistics Services segment.

Fulfillment and Logistics Services' net sales decreased by 7.7% and were EUR 303.0 (328.4) million. The weak customer demand and the political strikes in Finland in the first quarter affected the warehouse volumes negatively in Fulfillment and Logistics Services Finland (formerly Transval), which decreased net sales. The divestment of Transval Myymäläpalvelut Oy in September 2023 also impacted net sales negatively in comparison to previous year.

Fulfillment and Logistics Services Sweden's (Aditro Logistics) net sales also decreased year-on-year. The low customer demand in Sweden had a negative impact on market volumes and therefore net sales, but the acquisition of Swedish Cargo Support Holding C.S.H. AB in May 2024 impacted the net sales positively.

The adjusted EBITDA of Fulfillment and Logistics Services increased to EUR 38.3 (37.3) million, or 12.6% (11.4%) of net sales despite the decline in net sales. Improvements in operational efficiency increased the segment's adjusted EBITDA. EBITDA increased year-on-year and was EUR 37.8 (35.4) million.

Postal Services

The number of addressed letters decreased by 14% (9%).

The net sales of Postal Services decreased by 4.5% to EUR 602.9 (631.0) million due to the declined volumes. The decrease in net sales was partly offset by various price increases driven by the high inflation.

The adjusted EBITDA of Postal Services increased to EUR 104.8 (96.3) million, or 17.4% (15.3%) of net sales. Continuous improvements in operational efficiency, especially in automated sorting, cost optimization and more efficient delivery models increased profitability. EBITDA increased to EUR 99.8 (92.8) million year-on-year.

Key figures for segments

EUR million	1-12 2024	1-12 2023
Net sales		
eCommerce and Delivery Services	640.9	652.0
Fulfillment and Logistics Services *	303.0	328.4
Postal Services	602.9	631.0
Intra-Group sales	-25.4	-25.3
Posti Group	1,521.4	1,586.1
Net sales change-%		
eCommerce and Delivery Services	-1.7%	-4.1%
Fulfillment and Logistics Services *	-7.7%	-10.3%
Postal Services	-4.5%	0.1%
Posti Group	-4.1%	-4.0%
Adjusted EBITDA		
eCommerce and Delivery Services	77.0	75.9
Fulfillment and Logistics Services *	38.3	37.3
Postal Services	104.8	96.3
Other and unallocated	-12.5	-11.9
Posti Group	207.6	197.7
Adjusted EBITDA, %		
eCommerce and Delivery Services	12.0%	11.6%
Fulfillment and Logistics Services *	12.6%	11.4%
Postal Services	17.4%	15.3%
Posti Group	13.6%	12.5%
EBITDA		
eCommerce and Delivery Services	71.2	73.9
Fulfillment and Logistics Services *	37.8	35.4
Postal Services	99.8	92.8
Other and unallocated	-12.1	-13.5
Posti Group	196.6	188.6
EBITDA, %		
eCommerce and Delivery Services	11.1%	11.3%
Fulfillment and Logistics Services *	12.5%	10.8%
Postal Services	16.5%	14.7%
Posti Group	12.9%	11.9%

* Transval Myymäläpalvelut Oy was divested in September 2023.

* Cargo Support Holding C.S.H. AB was acquired in May 2024.

Cash flow, financial position, and major investments

In January-December, the consolidated cash flow from operating activities was EUR 148.6 (155.1) million, the cash flow from investing activities was EUR -77.3 (-74.2) million of which EUR -1.4 (-3.1) million were for business acquisitions, and the cash flow from financing activities was EUR -73.9 (-98.8) million.

At the end of December, liquid assets amounted to EUR 103.5 (110.8) million and undrawn committed credit facilities totaled EUR 180.0 (150.0) million. The Group's interest-bearing borrowings were EUR 361.1 (350.8) million, of which bank loans totaled EUR 90.0 million. Net debt totaled EUR 257.5 (240.0) million. Equity ratio was 25.2% (37.9%) due to the extra dividend of EUR 150.0 million.

In June, the Group signed two new bilateral EUR 60.0 million floating rate term loan facility agreements, of which EUR 90.0 million was withdrawn by the end of December. The margins of the loans are linked to two sustainability targets: the absolute amount of Scope 1 and 2 greenhouse gas emissions and the absolute amount of Scope 3 greenhouse gas emissions.

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.

Posti wants to improve the competitive advantage of its core business and respond to the changing market and customer needs. Thus, Posti continues to invest in in-house technological resources such as sorting machines and new modern and efficient automated warehouses and terminals such as a new terminal logistics center in Tallinn, Estonia and a new warehouse in Järvenpää, Finland. Posti also invests in sustainability, for example by acquiring clean transport vehicles in accordance with Posti's fleet roadmap to support in reaching its net-zero targets.

The surrounding land area of Posti Group Headquarters, Eteläinen Postipuisto, is presented as an investment property for development purposes. The exchanges of land areas between Posti and the City of Helsinki were completed in May 2024, and an environmental provision was recognized. In addition, the Group has an estimated contingent liability of EUR 12.4 million related to the cleaning of the land areas in the Eteläinen Postipuisto area. The cleaning of the area started at the end of 2024 and progresses in stages in 2025-2026. Also, the planning of the area of the Keskinen Postipuisto in North Pasila has started in 2024 with the renewal of Helsinki city plan. The construction of the Keskinen Postipuisto area may start in the 2030s at the earliest. Posti Group headquarters is planning to move back to the historic Postitalo building in Helsinki city center in late 2025.

Research and development

Research and development expenditure in 2024 amounted to EUR 2.8 (7.2) million, or 0.2% (0.5%) of Group's total operating expenses. In addition, EUR 8.2 (9.3) million was capitalized as development costs. During 2024, the Posti Group definition of research and development items has been specified.

Statement of non-financial information

Posti is committed to sustainability and ethical business in all aspects of its operations. This Statement of Non-Financial Information provides an overview of our environmental, social, and governance (ESG) practices, outlining our commitment to responsible business conduct and the impact of our business activities on the wider community. Our governance framework emphasizes ethical conduct, compliance with laws and regulations, and responsible business practices. Going forward, Posti will report on sustainability as part of the Board of Directors' report under the Corporate Sustainability Reporting Directive (CSRD) starting from the financial year 2025.

Posti's sustainability is based on the company's sustainability program, strategy, values, commitments, and the Finnish Government's Resolution on State Ownership, indicating that state-owned companies should adhere to a high standard of corporate responsibility. The Board of Directors and Posti Leadership Team regularly monitor the progress of the company's sustainability program. The cross-functional Sustainability Forum steering group, comprising representatives from business and support functions within Posti, leads the sustainability efforts of the group. Posti also has a cross-functional steering group which oversees the CSRD work, and it reports to Posti's Audit, Risk and Sustainability Committee.

In Posti's incentive programs, sustainability-related goals include climate objectives, workplace safety targets, and employee engagement objectives.

Posti is committed to the fundamental principles of the UN Global Compact initiative regarding labor, the environment, anti-corruption, and human rights. In 2024 Posti updated its Human Rights Principles in which Posti is committed to respecting human rights in its own operations and in its subcontractor supply chain in accordance with the UN Guiding Principles on Business and Human Rights. Calculations of greenhouse gas emissions are based on the Greenhouse Gas (GHG) Protocol developed by the World Business Council for Sustainable Development and the World Resources Institute. Environmental management at Posti is based on the ISO 14001 environmental management standard.

Regulation of sustainability reporting

Posti's Sustainability Report has been prepared with reference to the sustainability reporting standards issued by the Global Reporting Initiative (GRI). The Sustainability Report also refers to the European Sustainability Reporting Standards (ESRS), according to which Posti is required to report from the financial year 2025. The EU Taxonomy will also be relevant to Posti from 2025 on. Both the ESRS and the EU Taxonomy are applicable to Posti under the Corporate Sustainability Reporting Directive (CSRD).

Posti has started preparing for the CSRD already in 2023 by assessing its sustainability impacts, risks, and opportunities in line with the double materiality principle (double materiality assessment, DMA). Posti is currently in the process of finalizing the DMA results, which will be reflected in our 2025 Sustainability Statement. Posti will likely be under sector-specific standards in the ESRS (notably on road transportation) that the EU Commission is expected to adopt in 2026.

Posti is continuously monitoring regulatory developments related to sustainability reporting and preparing for future changes in this area.

Environmental responsibility

Posti is committed to operate fossil-free by 2030. This includes fossil-free road transportation, including purchased transport, and use of fossil-free energy in all Posti properties. Our target is to be at net-zero by 2040 in terms of both our own and the value chain's greenhouse gas emissions. Posti's climate targets have been validated by the Science Based Targets initiative.

The carbon-dioxide emissions arising from transport are reduced by route and fill rate optimization, smooth and safe driving styles, fossil-free fuels, and the renewal of the fleet. In 2022, Posti decided on a clean vehicle roadmap for its own fleet, which includes the deployment of new electric and biogas fleets each year, and a piloting of hydrogen vehicles before 2030.

During 2024, we continued to execute our own fleet investments according to our clean vehicle roadmap. As a concrete step, we worked together with our contract carriers by planning future fleet investments and including requirements for green fleet in the contracts. This will drive a transition to fossil-free transport by 2030 also by our contract carriers. We also arranged trainings for our contract carriers on how to reach the 2030 target in practice.

The Group's absolute greenhouse gas emissions, including Posti's own and value chain emissions (scopes 1, 2 and 3), totaled 224,441 (214,581) tCO₂e in 2024. In Finland, the total emissions amounted to 196,788 (192,152) tCO₂e.

The Group's own greenhouse gas emissions (scopes 1 and 2) amounted to 28,809 (35,662) tCO₂e. The reduction of 19% in own emissions has been achieved through improved operational efficiency, increased use of renewable fuels and electric vehicles as well as increased share of fossil-free energy used in Posti properties.

Our value chain emissions (Scope 3) totaled 195,632 tCO₂e (178,918 tCO₂e in the previous year). Emissions from purchased transport services, our largest Scope 3 source, increased by 8% due to a higher share of subcontracted transport and improvements in data quality. This underscores the importance of strengthening collaboration with suppliers, partners, and customers to accelerate emission reduction initiatives. Achieving our ambitious net-zero target by 2040 requires continuous investment in innovative solutions and deepened engagement across the value chain.

In the second-largest category, emissions from other purchased products and services rose by 3%. Capital goods, the third-largest category, saw an 84% increase, driven by major construction projects in Finland and Estonia. It's important to note that these estimates are based on cost-related emission factors and should be seen as indicative.

Looking ahead, we are committed to continuously enhancing Scope 3 data quality in 2025 and beyond to support more precise emissions management and targeted reduction efforts.

Posti published its updated Environmental Policy in 2024, effective as of November 1, 2024. To ensure that we operate in accordance with our goals from the perspective of our environmental management, we follow the policy that is binding on all Posti employees.

Environmental management at Posti is based on the ISO 14001 environmental management standard. Employee awareness of environmental issues is promoted through, for example, Group-wide sustainability training, and environmental issues are regularly highlighted in various discussion forums, such as sustainability briefings organized for the personnel and the Group's various internal channels. At the end of 2024, certified environmental management systems covered 97% (97%) of the Group's employees.

Social sustainability and personnel

The safety and well-being of Posti employees has always been high in importance and part of Posti's strategy. We focus on ensuring a safe and healthy working environment for everyone, supported by good leadership, an equal and inclusive culture, and possibilities for growth. Our health and safety work is guided by Posti Group's People Policy.

Posti's occupational safety management system complies with the requirements of the ISO 45001 standard. Certified occupational safety management systems covered 95% of personnel at the end of 2024.

In Posti's labor-intensive sector, the most significant work safety risks arise from the movement of the personnel, traffic such as forklifts, and work ergonomics. The total accident frequency rate LTAO decreased from 39 to 37, which means that we succeeded in reducing the number of accidents by 109 in 2024 compared to the previous year.

In 2024, we continued active preventive safety work. Common occupational safety actions that are important to Posti include safety observations, safety walks, personal safety discussions and having regular personnel safety meetings at our workplaces. Our training offering is extensive in safety, work ability and well-being including, for example, occupational safety card trainings, first aid, work ability management for supervisors, forklift training and much more. Training is also available for several specific target groups such as supervisors, HR, and occupational safety and health delegates.

We paid special attention to monitoring serious accidents and developed a reporting and investigation process for such cases during 2024. The number of serious accidents which resulted in an absence of more than 30 days (and/or hospitalization) increased by 20% in 2024, compared to the previous year. These represented approximately 6% of all reported accidents. Most of these accidents were classified as serious due to prolonged absences. We are monitoring this development closely, as our age structure in physical work may predispose our employees to prolonged absences.

We have continued to support the well-being and work ability of Posti employees by carrying on and sharpening our good practices from previous years. Our joint efforts with our healthcare provider in shifting the focus away from medical care towards preventive care are paying off. The share of preventive services increased to 42% (39%). We have also paid special attention to promoting manager approved sick leaves, as increasing their share has a positive effect on the health care costs and the manager-employee relationship. As in the previous year, we have also still been able to reduce prolonged sickness absences (more than 90 days). One of our main metrics is the sick leave rate, where the progress in recent years has been steady. The sick leave rate in 2024 was 5.4% compared to 5.6% in 2023.

The most significant cause of sickness absences is musculoskeletal disorders. Mental health disorders are a growing concern, although the level is not very high currently, as sickness absences due to mental health related reasons are easily prolonged and severe. We have thus chosen mental well-being as one of our big themes for the coming years and have already started to prepare the action plan.

After launching the new leadership principles and our leadership promise in 2023, last year was our big year of leader training. In 2023–2024 approx. 900 supervisors have passed through our Caring Leader program – either the Finnish or English implementation. The last groups in Finland will join the program in early 2025, and the program is also rolled out to other Posti countries in their own native languages.

In 2024, we advanced our diversity, equity, and inclusion (DEI) work by, among other things, publishing a compulsory DEI training for all supervisors. The training was one of the measurable and time-bound DEI targets published in 2023. These targets measure diversity in senior leadership, the experience of inclusion by the personnel and awareness raising.

Our employee survey is an important tool for us to hear the voice of all Posti employees. The survey is conducted twice a year and development actions are defined based on the results. Based on the answers to the Peakon survey, the Fixing the Basics project was launched, and the goal for 2024 was to improve the comfort of the break and changing rooms in our facilities in different locations through small everyday changes or repairs. Based on the most recent Peakon results, this work has been successful. The survey response rate in the second survey of 2024 was 74% (78%), and over 37,000 open responses were received.

Respecting human rights and preventing bribery and corruption

Posti is committed to respecting human rights in all its operations and requires the same from its partners and suppliers through the Code of Conduct and the Supplier Code of Conduct. Posti adheres to the UN Global Compact principles in realizing the Group's responsibility for human rights. The Group's human rights work is guided by the UN Guiding Principles on Business and Human Rights. In 2024 Posti strengthened its human rights approach by establishing a human rights due diligence (HRDD) process, which is described in its Human Rights Principles.

Posti also has a Group-level guidance on gifts and hospitality as part of the Group's compliance program. Posti has a zero-tolerance policy regarding human rights violations, corruption, and bribery.

The processing of personal data is governed by the EU General Data Protection Regulation (GDPR). Posti has paid attention to data protection issues such as privacy by design, privacy impact assessments, privacy documentation, privacy information and protection of processes and systems. Posti's steering group on cyber security aims to ensure that processes, practices, and risk management measures pertaining to cyber security and data protection are appropriately implemented in all Posti's business groups.

Basic-level data protection training has been organized for all employees. 64% (71%) of the Group's personnel completed the basic-level training. The figure does not include Fulfillment and Logistics Services Sweden (Aditro Logistics). The figure is monitored based on the cumulative results for two calendar years. In addition, more in-depth data protection training has been organized for personnel groups engaged in expert work. In 2024, 439 employees in expert work completed more in-depth data protection training. Data protection and cyber security trainings are aimed at preventing risks related to data protection and information security, including data protection violations concerning customer data and cyber security threats related to critical IT infrastructure.

Posti's Code of Conduct and Supplier Code of Conduct cover legal and regulatory compliance, good business practices, principles concerning equality and non-discrimination, the avoidance of conflicts of interest, the prohibition of unethical commercial practices and environmental responsibility. Other risks identified in this area are related to potential human rights violations, supplier management, failure of internal control and corruption. Posti prevents these risks by providing Code of Conduct training for all employees. The content of the Code of Conduct is the same for all employees, and it is included in the employee orientation for new recruits. The training was updated in 2024 and therefore the training completion rate for 2024 is unavailable (in 2023 the rate was 66%, excluding Aditro Logistics). More in-depth training on the subject is also organized for the most significant target groups, such as management and the sales and sourcing functions.

The Code of Conduct also sets out the principles concerning the consequences of misconduct. Suspected cases of misconduct or other problems can be reported anonymously through Posti's whistleblowing channel, which is offered by an independent external service provider. Posti is committed to protecting the rights and privacy of all individuals who make a report, and no form of retaliation is allowed against an employee who reports an alleged misconduct in good faith. Reported incidents are investigated promptly, independently, and objectively.

Potential risks related to human rights and the prevention of corruption and bribery in the supply chain are prevented by monitoring suppliers' sustainability performance by means of supplier checks, including financial status, ownership, ESG status, and PEP & sanction list checks, which are done before adding a supplier to the supplier base. The Supplier Code of Conduct is part of all new sourcing contracts. A self-assessment tool is also used, and sustainability audits of selected suppliers are conducted when necessary.

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 1, 2024, that Antti Jääskeläinen started as President and CEO of Posti Group Corporation on August 1, 2024.

Posti announced on August 27, 2024, that Peter Ervasalo had been appointed to lead Posti's operations in Sweden (Senior Vice President) and will join Posti Group's Leadership Team. He assumed his duties on October 28, 2024.

Posti's Leadership Team consists of the following members on January 1, 2025: Antti Jääskeläinen, President and CEO, Timo Karppinen CFO, Peter Ervasalo, Senior Vice President, Fulfillment and Logistics Services Sweden, Yrjö Eskola, Senior Vice President, Postal Services, Arttu Hollméus, Senior Vice President, eCommerce and Delivery Services, Sakari Kiiskinen, Senior Vice President, Fulfillment and Logistics Services Finland, Petteri Naulapää, Senior Vice President, ICT and Digitalization, Anna Salmi, Senior Vice President, People, Communications and Sustainability and Kaarina Ståhlberg, Senior Vice President, Legal and M&A

General Meetings

The Extraordinary General Meeting of Posti Group was held in Helsinki 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 a new Chair of the Supervisory Board.

Posti Group Corporation's Annual General Meeting was held in Helsinki on March 20, 2024. In line with the Board of Directors' proposal, the Annual General Meeting decided to distribute an ordinary dividend of EUR 31.8 million. The dividend was paid in two parts during the year 2024.

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

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

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

The remuneration of the members of the Board of Directors and the Supervisory Board remained unchanged.

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

The Extraordinary General Meeting of Posti Group was held in Helsinki on October 31, 2024. The Extraordinary General Meeting accepted the resignation of Pekka Aittakumpu as member of the Supervisory Board and elected Mika Riipi as a member the Supervisory Board.

Posti Group Supervisory Board therefore consisted of the following members as from October 31, 2024: Mia Laiho (Chair), Paula Werning (Deputy Chair), Tiina Elo, Timo Furuholm, Tomi Immonen, Aleks Jäntti, Milla Lahdenperä, Anders Norrback, Jorma Piisinen, Mika Riipi, Timo Suhonen and Sari Tanus.

The Extraordinary General Meeting of Posti Group was held in Helsinki on December 20, 2024.

Extraordinary General Meeting resolved to pay an extra dividend of EUR 150.0 million from the company's distributable funds.

Employees

The Group's personnel

	1-12 2024	1-12 2023
Personnel at period-end	14,764	17,024
<i>Finland</i>	12,925	14,937
<i>Other countries of operation</i>	1,839	2,087
Personnel on average, FTE *	13,095	14,272

**Full-time equivalent personnel on average*

In January-December, the Group's personnel expenses amounted to EUR 644.6 (685.1) million, declining by 5.9% year-on-year. The personnel expenses included EUR 11.0 (5.7) million of restructuring costs. The number of personnel declined, decreasing the overall expenses. The decline in the number of personnel year-on-year is mainly a consequence of the sale of Transval Myymäläpalvelut Oy in 2023, the partnership with CGI in January 2024, the reduced need for seasonal employees due to a challenging market and lower volumes as well as personnel reductions related to the change negotiations.

On September 11, 2024, Service Sector Employers PALTA and the Finnish Post and Logistics Union PAU approved the results of the negotiation on the utilization of the option year in the collective agreement for the mail communications and logistics industry, the information logistics industry as well as the collective agreement applicable to the parcel sorters of Posti Palvelut Oy.

As a recognition to employees for their contribution, Posti Group paid an additional bonus instalment of EUR 1.5 million to the personnel fund in Finland at the end of 2024. Bonus was allocated to those employee groups that are not covered by the incentive plans. These groups include, for example, customer service employees, logistics employees, postal employees, early-morning deliverers, drivers, and terminal employees.

Business arrangements and acquisitions

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

Posti announced on April 18, 2024, that it was planning to reform the corporate delivery services of its eCommerce and Delivery Services business group. The planned changes could lead to a reduction of up to 295 jobs. The change negotiations concerned altogether 1,319 persons. On June 6, Posti announced that the negotiations had ended with the redundancy need decreased to a maximum of 153 persons.

On May 6, 2024, Posti announced that it planned to remove mass delivery of advertisements and unaddressed mass mailings, such as papers free of charge to mail recipients, from its service offering from the beginning of 2025. According to a preliminary estimate, these changes were expected to reduce a maximum of 130 employees. Posti also planned to reorganize its postal center in Perkkoontie, Tampere. The changes at the Tampere postal center were estimated to lead to a maximum of 120 redundancies. On August 22, Posti announced that the negotiations had ended with the estimated need for redundancies being maximum of 34 people at the Tampere Postal Center and a maximum of 3 people in unaddressed deliveries.

Posti announced on June 3, 2024, that Aditro Logistics had acquired Swedish Cargo Support Holding C.S.H. AB, which had expertise in packaging design and production. The acquisition was planned to support Posti's strategic targets and strengthen the growth opportunities of Fulfillment and Logistics Services in Sweden, especially within the industrial segment.

Posti announced on September 25, 2024, that all Posti Group companies would start to operate under one unified Posti brand. Transval changed its name to Posti in September, and Aditro Logistics in Sweden was planned to be named Posti in March 2025. In the Baltics, the Itella SmartPost brand would change to SmartPosti during the spring 2025. This was planned to reinforce Posti's position as a complete one-stop-shop logistics partner, offering its customers solutions from transportation to fulfillment and handling across its entire value chain.

Legal proceedings

In November 2024, the Finnish Data Protection Authority issued a decision regarding a complaint filed by an individual consumer customer in July 2018, regarding Posti's electronic mailbox service earlier known as Netposti. The authority's decision focused on the onboarding to an electronic mailbox and processing of personal data. According to the authority's view, informing consumer customers about the onboarding and functionality of the mailbox had not been sufficient. As part of the decision, Posti was ordered an administrative fine of EUR 2.4 million. Posti considers the authority's decision unfounded and the administrative fine unreasonable. Posti has filed an appeal with the Helsinki Administrative Court, which is now considering the matter.

Based on complaints by some of Posti's competitors, the Finnish Consumer and Competition Authority (FCCA) has since 2017 investigated Posti's suspected abuse of a dominant market position related to the business letter market in Finland. In December 2024 the FCCA issued Posti a draft proposal to the Market Court for imposition of a competition infringement fine. Posti's hearing of the draft proposal is pending. The FCCA has not made any final decisions in the matter, and the draft proposal did not include any amount of the possibly proposed infringement fine, the legal maximum amount of which corresponds to ten percent of Posti's Group's turnover. Posti will defend itself against the allegations, which it considers unfounded and erroneous.

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

Business risks

Posti's business and financial results are exposed to the general economic development, including the risk of rising costs which might lower customer demand. The volatile economic and geopolitical environment increased consumer uncertainty, although inflation and interest rates lowered towards the end of the year.

External factors such as the ongoing war in Europe or other geopolitical conflicts continued to cause market uncertainty and directly affect the transportation routes or supply chains in general. This may cause challenges to Posti's customers, partners, and subcontractors with potential negative implications on Posti's financial performance, for example through lower delivery and fulfillment volumes.

The outlook and forecasted growth of ecommerce may be weaker than previously estimated, and increasing competition and market disruption in the parcel business could lead to market price erosion and loss of market share. Consumer behavior evolved during 2024, and the recommerce market started to grow rapidly. To stay competitive, Posti needs to monitor market developments and consumer preferences carefully, as well as continuously develop its service portfolio and operational efficiency.

Overcapacity in the warehousing market in Finland and Sweden might lead to price erosion. To increase warehouse fill-rate, this requires Posti to continuously improve operational efficiency, develop new services and succeed in the acquisition of new customers.

Posti's business is very employee intensive, and there is tension in the labor market in Finland. Possible union strikes may have a negative impact on the general economic environment and therefore on Posti's financial performance. Negative impacts on Posti are expected to be limited due to the agreement made on September 2024 between Service Sector Employers PALTA and the Finnish Post and Logistics Union PAU. They accepted the result of the negotiation on the utilization of the option year in the collective agreement for the mail communications and logistics industry, the information logistics industry as well as the parcel sorters of Posti Palvelut Oy.

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

Posti's business and operations require processing or administering a significant amount of personal data. Any breach or even alleged breach of the personal data regulation could have a negative impact to Posti's brand and reputation, and its financial results. Posti may from time to time be subject to authorities' investigations or face allegations or complaints relating to its market position or market behavior, including compliance with the competition laws. Any breach or even alleged breach of competition laws or other regulatory requirements, like sanction regulation, would have a negative impact to Posti's financial performance as well as its brand and reputation. Continues development of postal regulation in a direction that reduces obligations is a key requirement 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.

New competitors have entered the parcel delivery markets Posti operates in, and new entrants may emerge. Increasing competition in the markets may present a risk to Posti's revenue and margin development.

Posti is responsible for participating in maintaining the security of supply and ensuring that essential goods and services are delivered even during crises. Posti assesses its risks and implements business continuity planning with consideration to its role in the security of supply. Posti's risk management procedures and principles are adhered to across Posti Group. Posti continues to simulate major disruptions as part of its continuous improvement efforts to further enhance resilience.

Events after the reporting period

As announced on May 6, 2024, Posti has removed the business of mass delivery of advertisements and unaddressed mass mailings, such as papers free of charge to mail recipients from its service offering at the beginning of 2025.

The extra dividend of EUR 150.0 million was paid on January 31, 2025. The extra dividend payment was funded with external short and long-term funding and with available bank account cash funds.

Board of Directors' proposal for the distribution of profit

In the financial statements, the parent company's distributable funds total EUR 265,621,472.85 of which the profit for the financial year 2024 is EUR 42,573,201.30. 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 33.0 million, or a dividend of EUR 0.83 per share, be distributed for the financial year 2024.

Outlook for 2025

In 2025, Posti is expecting its net sales and adjusted EBITDA to be on the previous year's level. In 2024, Posti's net sales were EUR 1,521.4 million and adjusted EBITDA was EUR 207.6 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.

Helsinki, February 13, 2025

Posti Group Corporation

Board of Directors

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.

Operative free cash flow, reconciliation

	2024	2023
Cash flow from operating activities	148.6	155.1
Purchase of intangible assets and property, plant and equipment	-79.4	-59.4
Payments of lease liabilities	-72.1	-67.1
Operative free cash flow	-2.9	28.6

Consolidated Financial Statements

Consolidated Income Statement and Consolidated Statement of Comprehensive Income

Consolidated Income Statement

EUR million	Note	2024	2023
Net sales	1, 3	1,521.4	1,586.1
Other operating income	4	15.7	9.4
Materials and services	5	-412.2	-433.4
Employee benefits	6	-644.6	-685.1
Other operating expenses	7	-283.7	-288.4
Depreciation and amortization	8	-126.7	-129.9
Impairment losses	8	-1.9	-65.6
Operating result		68.0	-7.0
Finance income	9	6.5	6.4
Finance expenses	9	-15.5	-13.6
Result before income tax		58.9	-14.1
Income tax	10	-15.1	-11.1
Result for the period		43.8	-25.2
Earnings per share (EUR per share)		1.10	-0.63

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

Consolidated Statement of Comprehensive Income

EUR million		2024	2023
Result for the period		43.8	-25.2
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Change in fair value of cash flow hedges		-1.0	-1.2
Translation differences		0.1	-2.0
Income tax relating to these items		0.2	0.2
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit obligations	18	0.3	-0.7
Income tax relating to these items		-0.1	0.1
Comprehensive income for the period		43.4	-28.8

Consolidated Balance Sheet

Assets

EUR million	Note	Dec 31, 2024	Dec 31, 2023, restated*	Jan 1, 2023, restated*
Non-current assets				
Goodwill	11	170.1	169.1	223.7
Other intangible assets	11	63.3	69.7	88.2
Investment property	12	41.9	24.6	3.5
Property, plant and equipment	13	262.2	226.5	234.9
Right-of-use assets	14	258.8	280.6	255.0
Other non-current investments	21	0.8	0.8	1.0
Non-current receivables	21	2.7	1.9	2.2
Deferred tax assets	15	5.5	5.2	15.1
Total non-current assets		805.4	778.5	823.7
Current assets				
Inventories		3.6	3.9	3.9
Trade and other receivables	16	225.4	252.2	246.0
Current income tax receivables		0.1	0.0	0.1
Current financial assets	21	41.7	47.1	33.2
Cash and cash equivalents	21	61.9	64.6	82.6
Total current assets		332.7	367.9	365.8
Total assets		1,138.1	1,146.4	1,189.4

Equity and liabilities

EUR million	Note	Dec 31, 2024	Dec 31, 2023, restated*	Jan 1, 2023, restated*
Equity attributable to the shareholders of the parent company				
Share capital	17	70.0	70.0	70.0
Other reserves	17	142.7	142.7	142.7
Fair value reserve	17	-	0.8	1.7
Translation differences	17	-7.2	-7.2	-5.2
Retained earnings		76.6	214.3	271.8
Total shareholders' equity		282.1	420.5	481.0
Non-current liabilities				
Non-current interest-bearing borrowings	21	89.8	0.0	60.0
Non-current interest-bearing lease liabilities	22	202.6	224.6	205.0
Other non-current payables	20	17.3	11.9	6.1
Advances received	20	-	6.2	7.6
Deferred tax liabilities	15	9.6	9.1	13.0
Non-current provisions	19	8.6	5.9	2.4
Defined benefit pension plan liabilities	18	5.7	8.6	11.1
Total non-current liabilities		333.7	266.4	305.2
Current liabilities				
Current interest-bearing borrowings	21	-	60.0	0.0
Current interest-bearing lease liabilities	22	68.6	66.1	58.4
Trade and other payables	20	422.4	291.8	314.4
Advances received	20	17.7	29.5	29.7
Current income tax liabilities		3.0	4.6	0.6
Current provisions	19	10.5	7.5	0.2
Total current liabilities		522.2	459.5	403.3
Total liabilities		856.0	725.8	708.4
Total equity and liabilities		1,138.1	1,146.4	1,189.4

*Restated as terminal dues of postal operators have been offset in 2024 instead of earlier gross presentation. Additional information has been provided in the note Revenue from contracts with customers.

Consolidated Statement of Cash Flows

EUR million	Note	2024	2023, restated*
Result for the period		43.8	-25.2
Adjustments for:			
Depreciation and amortization	8	126.7	129.9
Impairment losses	8	1.9	65.6
Gains on sale of intangible and tangible assets	4	-0.6	-0.7
Losses on sale of intangible and tangible assets	7	0.0	1.7
Finance income	9	-6.5	-6.4
Finance expense	9	15.5	13.6
Income tax	10	15.1	11.1
Other non-cash items		-5.5	-0.1
Cash flow before change in net working capital		190.5	189.5
Change in trade and other receivables		25.1	-9.4
Change in inventories		0.3	-0.1
Change in trade and other payables		-41.2	-17.1
Change in net working capital		-15.8	-26.6
Cash flow before financial items and income tax		174.7	162.9
Interests paid		-13.2	-10.0
Interests received		3.8	3.1
Other financial items		-0.1	-0.1
Income tax paid		-16.6	-0.7
Cash flow from financial items and income tax		-26.1	-7.7
Cash flow from operating activities		148.6	155.1
Purchase of intangible assets	11	-13.0	-23.0
Purchase of property, plant and equipment	13	-66.4	-36.4
Payments for investment property	12	-2.4	-
Proceeds from sale of intangible and tangible assets	11, 13	0.7	0.9
Business acquisitions, net of cash acquired	2	-1.4	-3.1
Proceeds from business disposals less cash and cash equivalents	2	-	0.1
Cash flow from financial assets		5.1	-13.9
Cash flow from other investments		0.2	1.1
Cash flow from investing activities		-77.3	-74.2
Increases in non-current loans	21	90.0	-
Repayment of non-current loans	21	-60.0	-
Payments of lease liabilities	22	-72.1	-67.1
Dividends paid		-31.8	-31.7
Cash flow from financing activities		-73.9	-98.8
Change in cash and cash equivalents		-2.6	-17.9
Cash and cash equivalents at the beginning of the period		64.6	82.6
Effect of exchange rates changes		-0.2	-0.1
Cash and cash equivalents at the end of the period		61.9	64.6

*Restated as terminal dues of postal operators have been offset in 2024 instead of earlier gross presentation. Restatement impacts only items presented within change in net working capital.

Consolidated Statement of Changes in Equity

EUR million	Share capital	Other reserves	Fair value reserve	Translation differences	Retained earnings	Total equity
Equity Jan 1, 2024	70.0	142.7	0.8	-7.2	214.3	420.5
Comprehensive income						
Result for the period					43.8	43.8
Other comprehensive income:						
Changes in the fair value of cash flow hedges, net of tax			-0.8			-0.8
Translation differences				0.1		0.1
Remeasurements of post-employment benefit obligations, net of tax					0.3	0.3
Total comprehensive income for the period			-0.8	0.1	44.1	43.4
Transactions with equity holders						
Dividend					-181.8	-181.8
Equity Dec 31, 2024	70.0	142.7	0.0	-7.2	76.6	282.1

The ordinary dividend of EUR 31.8 million and extra dividend of EUR 150.0 million decided on December 20, 2024.

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

Notes to the Consolidated Financial Statements

Company information

Posti Group Corporation and its subsidiaries ("Posti" or "the Group") 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 include parcels, freight, and postal services as well as warehouse, fulfillment, and logistics services. Posti operates in six countries. The Group's parent company, Posti Group Corporation ("the Company"), is domiciled in Helsinki, and its registered address is Postintie 7 A, FI-00230 Helsinki.

Group accounting policies

Posti's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards as issued by the IASB (IFRS Accounting Standards), and adopted by the European Union (EU), in addition to related interpretation of the IFRS interpretation committee (IFRICs). The consolidated financial statements are also in compliance with Finnish accounting and company legislation.

The consolidated financial statements are prepared under the historical cost convention, with the exception of below mentioned items valued at fair value as required by the standards. All amounts in the consolidated financial statements are presented in millions of euros, unless otherwise stated. The figures are rounded and thus the sum of individual figures may be different than the total presented. These policies have been consistently applied to all the years presented, unless stated otherwise.

Application of new or amended IFRS Accounting Standards

Posti has increased the amount of information presented for income and expense items in segment disclosures as followed by the 2024 IFRIC agenda decision on segment reporting.

The amendments to IFRS Accounting Standards or IFRIC interpretations effective from January 1, 2024, had no material impact on the Group's financial statements.

General economic operating environment

The market conditions and the general economic operating environment continued to be challenging. Trade and industry sector turnover has been on a declining trend, and households have reduced their consumption. This was reflected in a decrease in overall demand for the logistics and warehousing services offered by Posti. Due to the general economic operating environment and the tightened 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.

Consolidation Principles

Subsidiaries

The consolidated financial statements include the parent company, Posti Group Corporation, and all its subsidiaries. Subsidiaries are entities over which the Group has control. Control exists, directly or indirectly, if the Group has decision-making powers, is exposed to, and has rights to, variable returns, and is able to use its decision-making powers to affect the amount of the variable returns. Subsidiaries are consolidated from the date on which the Group is able to exercise control and are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations.

All intercompany transactions, assets and liabilities, distribution of profits and unrealized gains on transactions between group companies are eliminated in the consolidated accounts.

Associated companies

Associates are entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20 percent and 50 percent of the voting rights. Also, entities where the Group has a lower ownership, but it exercises significant influence are disclosed as associated companies. Investments in associated companies are accounted for using the equity method of accounting, under which the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee. The Group's share of associates' results is presented before operating profit in the consolidated income statement.

Joint operations

Posti has investments in mutual real estate companies. These investments are accounted for as joint operations. Posti's direct share of the assets, liabilities, income and expenses in these arrangements is recognized in the consolidated financial statements under the appropriate headings.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group.

Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency using the exchange rate at the date of the transaction. Monetary items in the balance sheet denominated in foreign currencies are translated into functional currency using the exchange rate at the balance sheet date and non-monetary items using the exchange rate at the transaction date, excluding items measured at fair value in a foreign currency which are translated using the exchange rate at the date when the fair value was determined. Foreign exchange gains and losses arising from business operations are presented in the income statement under the respective items above operating profit. Foreign exchange gains and losses that relate to financing activities are presented in the income statement within financial income and financial expenses except for the long-term intercompany loans that are attributable to the net investment in foreign entities of which exchange rate differences are recognized in other comprehensive income.

Subsidiaries

If the subsidiaries' functional currency differs from the Group's presentation currency, their income statements and statement of comprehensive income are translated into euros using the average exchange rates for the financial year, and their balance sheets using the exchange rates at the closing rate at the balance sheet date. All resulting translation differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment, including net investment loans to the subsidiary, are recognized in other comprehensive income. When a foreign entity is disposed of, the associated translation differences are reclassified through profit or loss, as part of gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated into euros using the rate at the balance sheet date.

Revenue recognition

The Group's revenue is mostly generated by rendering of short-term sorting and delivery services, warehouse, and logistics services. Framework type agreements do not represent customer contracts as defined in the IFRS 15 standard but needs to be combined with a service order confirmation made by the customer.

Revenue of the performance obligations is recognized either over time or at a point in time, depending on how Posti transfers control to the customer as it satisfies performance obligations of the customer contracts. Generally, the revenue is recognized over time when the service is rendered. Services that Posti provides are done within day or days meaning that the revenue is fully recognized, and only minor part is on the way or in the process at the period end. Revenue for the sale of goods comprising of various packaging materials, stationary products and office supplies is recognized at a point in time when the customer makes the purchase, and the product is sold.

At contract inception, the Group assesses the services promised in the contract with a customer to identify performance obligations. Performance obligation can be either a promise to transfer to the customer a distinct good or service or a series of distinct goods or services.

Some contracts include variable considerations of transaction price, such as volume discounts or service level bonuses and sanctions. Variable consideration is included to transaction price using the expected value or most likely amount method, to the extent that it is highly probable that a significant reversal will not occur.

Posti applies the practical expedient where no adjustments to the transaction prices are made for the time value of money, since the period between the transfer of the promised services to the customer and payment by the customer does not exceed one year.

Net sales comprise the revenue generated by the sale of goods and services net of value added taxes, discounts, service level related and other refunds to customers.

eCommerce and Delivery Services

Revenue for eCommerce and Delivery services, including parcel and freight, is recognized over time as Posti satisfies performance obligations. The performance obligation is to transport parcel or freight from the dispatch point to the agreed delivery point. The transaction price is based, among other things, on the size, weight and distance of the parcel or cargo being transported, as well as on possible additional services such delivery method and time. Main product and additional services are usually combined as a one performance obligation. For the services not completed at the end of the reporting period, the progress of performance is estimated and revenue recognized.

Fulfillment and Logistics Services

Fulfillment and Logistics Services revenue is recognized as the service is being provided. The performance obligations include reception, handling and storage of goods, order picking, packing and dispatching, and warehouse accounting. The transaction price is based on the number of work unit occurrences and the space used for the customer's goods. The transaction price for other staffing services is based on the work performance. Based on the Group's assessment, its customer contracts do not contain a lease contract as the customer has no control over the warehouse space and where their products are located in the warehouse.

Postal Services

Postal services include corporate messaging, media, retail and consumer mail services. The performance obligations are for example delivery of a postcard, a letter, a magazine or digital message. As a rule, revenue for postal services is recognized over time as the Group satisfies performance obligations. For the services not completed at the end of the reporting period, the progress of performance is estimated and revenue recognized.

Revenue for certain prepaid services, including stamps, franking machines, and prepaid envelopes, is recognized based on their estimated usage. Estimated usage is based on statistical model that incorporates sales and production volumes and price changes. The unperformed services are accrued as liability on the balance sheet. Deferred revenue is presented on the balance sheet as current and non-current. The portion of the prepaid services that are estimated to be performed within the next 12 months is presented as a current liability. The Group is using external specialists to develop, assess and update the statistical revenue recognition model.

The commissions for selling stamps to the retailers are recognized as expense when Posti has performed the prepaid service. Accordingly, the sales commissions estimated to relate to unused stamps which are paid in advance to the retailers are recognized as receivables on the balance sheet and recognized as expense when the related revenue is recognized in net sales.

The Group acts as a principal for outbound international mail and parcel services under a universal service obligation. Revenue is recognized gross, while terminal dues payable to third parties (other postal administrations) are reported as operating costs.

Contract costs

Incremental costs of obtaining a contract, for example sales commissions are capitalized if they expect to be recovered. Incremental costs with amortization period of one year or less are expensed.

Costs to fulfill a contract are capitalized in balance sheet and recognized as expense during the contract period if criteria for capitalization are met. Costs need to relate directly to a contract, to generate or enhance resources to be used in satisfying performance obligations of the contract and to be recovered. General or administrative costs are not capitalized.

Government grants

Government grants are recognized as income and presented in other operating income when management has reasonable assurance that the grants will be received, and the Group will comply with all attached conditions. Some investment, product and business development grants are presented in the statement of financial position by deducting the grant from the carrying amount of the asset.

Employee benefits

The Group has several pension plans of which the majority relates to defined contribution plans. For the defined contribution plans, the Group pays contributions to pension insurance plans on a statutory or contractual basis. The contributions are recognized as employee benefit expenses in the income statement when occurred. The Group has no further payment obligations once the contributions have been paid.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in interest expense in the income statement.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. More information on the Group's defined benefit pension plans is presented in note Pension liabilities.

Income taxes

Income tax expense in the consolidated income statement includes Group companies' current income tax calculated on their taxable profit for the financial year using the applicable corporate income tax rate for each jurisdiction based on local tax laws enacted or substantively enacted at the balance sheet date, as well as any tax adjustments for previous financial years and changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred taxes are calculated on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. Largest temporary differences arise from depreciation of property, plant and equipment, defined benefit pension plans, unused tax losses and fair value adjustments related to acquisitions. Deferred taxes are determined using the tax rates enacted or substantially enacted by the balance sheet date and which are expected to be applied when the related deferred tax asset is realized, or deferred tax liability is settled. Posti applies the temporary exception not to recognize deferred taxes regarding to Pillar 2 legislation.

A deferred tax asset is recognized to the extent that it appears probable that future taxable profit will be available against which the temporary difference and losses can be utilized.

Deferred tax is not recorded on undistributed profits of subsidiaries, unless the distribution of profits is probable in the foreseeable future and thus causes tax consequences.

Where uncertain positions are taken in tax returns, transfer pricing or other tax related issues they are subject to interpretation and uncertainty. Each uncertain tax treatment is considered separately or together depending on which approach predicts the uncertainty the best way. All these effects of uncertainties are reflected in the tax accounting when it is not probable that the tax authorities or courts will accept treatments.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Discontinued Operations

The Group presents discontinued operations as a separate line item in income statement and other comprehensive income. Comparative amounts of income statement and related notes are restated to reflect continuing operations.

Intangible assets

Business combinations and goodwill

Acquisition method of accounting is used to account for all business combinations. The purchase consideration for the acquisition of a subsidiary or business operation comprises the fair values of cash consideration and contingent consideration arrangements. Any contingent consideration for a business combination is estimated by calculating the present value of the future expected cash flows. Contingent consideration is classified as a financial liability and presented in other payables. It is subsequently remeasured to fair value with changes in fair value recognized in the profit or loss.

Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the purchase consideration over the Group's interest in the fair value of the net identifiable assets acquired is recognized in the balance sheet as goodwill.

After initial recognition, goodwill is carried at cost less any accumulated impairment losses. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purposes of impairment testing goodwill is allocated to the cash generating units. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the

business combination in which the goodwill arose. For more information on impairment testing see below Impairment testing and note Intangible assets.

Research and development

Research and development costs are primarily expensed as incurred. Only development costs arising from new significant or substantially improved software products, service applications and enterprise resource planning systems are capitalized as intangible assets. Asset is capitalized only if it is technically and commercially feasible, the Group has the intention and resources to complete the intangible asset and use or sell it, the expenditure attributable to the product during its development can be reliably measured and it is probable that the development asset will generate future economic benefits. Capitalized development costs are recognized as intangible assets and amortized over the assets' useful lives 3-10 years from the moment that they are ready for use. Material research and development projects are reported as R&D expenses.

Other intangible assets

Separately acquired intangible assets, such as software licenses and applications, are initially recognized at cost. Intangible assets acquired through business combinations, such as customer portfolios, trademarks, acquired technology, are recognized at fair value at the acquisition date comprising the amortizable acquisition cost. Useful lives are reassessed, and adjusted, if necessary if estimates over their useful lives change.

Intangible rights in the balance sheet mainly comprise software solutions and licenses (where Posti has the control) and customer portfolios and trademarks acquired through business combinations. Software as a Service agreements are recognized as an expense or accrued in accordance with IFRIC agenda decision. The Group's intangible rights have finite useful lives, over which period they are amortized. The expected useful lives are as follows:

Software solutions and licenses	3–15 years
Customer portfolios	5–10 years
Trademarks	3–5 years
Acquired technology	5 years

Property, plant and equipment

Property, plant and equipment (PPE) are carried at cost less any accumulated depreciation and impairment losses. The initial cost of an asset includes the expenditure that is directly attributable to the acquisition of the items such as purchase price, costs of bringing the asset into working condition and installation costs. PPE are depreciated on a straight-line basis over their expected useful lives or in case of leased right-of-use asset, over the lease term. Land and water are not depreciated. Useful lives are reassessed, and adjusted, if necessary if estimates over their useful lives change.

The Groups PPE comprises land and water areas, production and office buildings and structures, machinery and equipment such as letter and parcel sorting machines, conveyors, vehicles and forklifts as well as other tangible assets consisting of e.g., storage shelves and storage systems and parcel lockers.

The expected useful lives of PPE are as follows:

Production buildings	15–50 years
Office buildings	25–40 years
Structures	5–15 years
Production equipment	3–13 years
Vehicles	3–5 years
Storage shelves and systems	5–13 years
Parcel lockers	3–7 years
Other tangible assets	3–10 years

If an asset under PPE constitutes several items with differing useful lives, each of them is accounted for as a separate asset. In such a case, the cost of replacing the item is recognized as an asset. Otherwise, subsequent costs, such as modernization and renovation project costs, are capitalized if it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Regular repair, maintenance and service costs are expensed as incurred.

Assets held for sale

When an asset's carrying amount is expected to be recovered principally through a sale rather than through continuing use, it is classified as held for sale. An asset is classified as held for sale if its sale is highly probable and it is available and ready for immediate sale. Furthermore, the company's management must be committed to a plan to sell the asset within 12 months of classification as held for sale. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. They are not amortized or depreciated while classified as held for sale.

Investment property

Investment property refers to land or buildings, or part thereof that Posti holds for rental income or capital appreciation. Investment property includes also land areas held under development for sale purposes. It is measured at cost less accumulated depreciation and impairment losses. Environmental provisions and possible changes in the estimate affect the value of investment properties. Investment property buildings are depreciated over their useful lives using the straight-line method and land is not depreciated. The fair value disclosed in the notes is determined by external, independent and qualified valuers and is used for impairment testing purposes. Impairment losses are recognized in accordance with the principles described under the section Impairment testing.

Impairment testing

Goodwill and intangible or tangible assets not yet in use (e.g., capitalized development projects not yet completed) are not subject to amortization and are tested annually for impairment. Testing can be performed more frequently if events or changes in circumstances indicate that the asset might be impaired. Other long-lived assets that are depreciated during the useful life (e.g. right-of-use assets) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Value in use refers to estimated future net cash flows from an asset or a cash generating unit, discounted to their present value. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

For purposes of assessing impairment of goodwill, assets are grouped at the lowest level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Posti's cash generating units that form the basis for goodwill impairment testing are presented in note Intangible assets.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Leases

Posti makes use of the relief exemptions provided by the standard for leases for which the underlying asset is of low value and short-term leases (12 months or less). These leases are not recognized in the balance sheet. Part of rental contracts for premises, where Posti and the lessor both have termination options within 12 months or less, are classified as short-term leases. Some key premises with short-term lease contracts but with longer term use plans are, however, recognized in the balance sheet by using a longer lease term than agreed in the lease contract.

For those leases recognized in the balance sheet, the lease liability is recognized at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease. Where the rate is not available, Posti uses its incremental borrowing rate. Posti defines the rate separately for each significant geographic area, contract term, and asset type.

Posti uses euro interest rate swap rates from the markets. Posti has defined three lease term length range baskets and accordingly three market reference rates are applied. Additional legal entity related margin reflects the financial standing of each lessee in the Group. Leased asset type is also reflected as incremental borrowing rate is adjusted down in lease contracts for premises.

Termination or extension option can be related to a lease contract. Matter is presented below in chapter Critical accounting estimates and judgments in applying accounting policies.

Cash payments for the principal portion of the lease liability are classified within cash flow from financing activities and only the payments that reflect interest are presented as cash flows from operating activities. For those leases which are not recognized in balance sheet, lease expense is classified within cash flow from operating activities.

Especially in case of long-term premise lease contracts, the accounting values are subject to changes if the lease contract terms are changed or otherwise Posti makes reassessments to the contents of the lease contract. Changed rental payments, changed length of the lease term or changed assessment of lease term or other essential changes are adjusted in accounting in lease liability and right-of-use asset.

Most of the balance sheet value generated from leasing arrangements are leasing contracts for premises. These contracts are typically related with annual lease amount increases. By number of lease contracts, most lease contracts are connected to leased vehicles in which the monthly lease amount is typically stable during the entire lease contract term. Vehicles' lease contracts often include service fee components in addition to capital rent. Service fees are not recognized in balance sheet value of lease contracts but only the pure capital rent is included. Service fees are recognized as incurred.

Inventories

Group's inventories comprise stamps, packaging materials, retail goods and production material, such as paper and envelopes. Inventories are valued on a weighted average cost basis and carried at the lower of cost or net realizable value. Cost includes all direct expenditure attributable to the inventories. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution.

Financial assets and liabilities

Financial assets

The Group classifies its financial assets into the following categories: measured at amortized cost and measured at fair value through profit or loss. The classification is based on the Group's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets, whose business model is to hold the assets until maturity for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Other financial assets are measured at fair value through profit or loss.

Financial assets are recognized and derecognized at the settlement date. The Group derecognizes a financial asset when its contractual right to the cash flows from the asset has expired or is forfeited, or it has transferred substantially all risks and rewards outside the Group. Any gain or loss arising on derecognition of a financial asset is recognized directly in profit or loss and presented in finance income or expenses (or in other operative income or expenses for trade receivables), together with foreign exchange gains and losses.

Financial assets at amortized cost

Financial assets at amortized cost include investments in bonds and money-market investments, fixed-term bank deposits as well as trade receivables and other receivables. Interest income from these financial assets is included in financial income using the effective interest rate method.

The Group assesses the expected credit losses associated with its debt instruments carried at amortized cost on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For low credit risk bond investments, the Group applies a low credit risk exemption, where the loss allowance recognized is limited to 12 months expected credit losses. The changes in loss allowance are presented in other financial expenses.

For trade receivables, the Group applies a simplified loss allowance matrix approach whereby the impairment loss is measured over the life of the asset unless the asset is already written off. Write-offs are based on indicators that there is no reasonable expectation of recovery, for example, due to a failure to make contractual payments or bankruptcy. The changes in loss allowance and loss from write-offs are presented in other operating expenses.

Financial assets at fair value through profit or loss

The Group classifies investments in equity instruments as financial assets at fair value through profit or loss. This category includes unlisted shares. The changes in the fair value of investments in equity instruments are recognized in financial income or expenses at each balance sheet date.

Also, derivatives for which hedge accounting is not applied are included in the financial assets at fair value through profit or loss. For these derivatives, realized and unrealized gains and losses from changes in fair values are recognized in the income statement in the period in which they have arisen.

Financial liabilities

The Group classifies its financial liabilities either into financial liabilities at amortized cost or financial liabilities at fair value through profit or loss.

Financial liabilities at amortized cost

Non-derivative financial liabilities are classified as financial liabilities at amortized cost. They are initially recognized at fair value based on the consideration received. Transaction costs are included in the initial carrying amount of financial liabilities. Subsequently, financial liabilities, except for derivative liabilities, are measured at amortized cost using the effective interest rate method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivatives for which hedge accounting is not applied. For these derivatives, realized and unrealized gains and losses from changes in fair values are recognized in the income statement in the period in which they have arisen.

Derivative contracts and hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at each balance sheet date. Gain or loss arising from valuation at fair value is recognized in accordance with the derivative contract's purpose of use. The income effect of the value changes of derivative contracts, which constitute effective hedging instruments, and which are subject to hedge accounting, is shown consistently with the hedged item. The Group recognizes derivative contracts as hedges of highly probable future transactions (cash flow hedge) or as other hedges, to which hedge accounting is not applied.

When hedge accounting is applied, the Group documents at the inception of the hedging transaction the relationship between the hedged item and the hedge instruments as well as the objectives of the Group's risk management and the strategy for carrying out the hedging transaction. The Group also documents and assesses prospectively at inception of the hedge and at each reporting date the effectiveness of the hedging relationship by inspecting the hedge instruments' ability to offset the changes in fair values or cash flows of hedged items.

Effective portion of changes in the fair value of derivatives that are designated and qualify as cash-flow hedges are recognized in other comprehensive income. Possible ineffective portion is recognized through profit or loss according to its nature either in other operating income or expenses or financial items. Amounts accumulated in equity are reclassified into profit or loss when the hedged item is recognized through profit or loss. The Group applies cash flow hedging for hedging against interest-rate risk of a loan with variable interest-rate. If a derivative contract classified as a cash flow hedging instrument expires or it is sold, or it no longer meets the conditions for hedge accounting, the accumulated fair value gain or loss is retained in the equity until the projected business transaction occurs. However, if the projected business transaction is no longer expected to occur, the accumulated fair value gain or loss is recognized through profit or loss immediately.

For certain derivative instruments while entered into for risk management purposes, hedge accounting is not applied. Such derivatives include currency derivatives hedging against foreign exchange risk of currency denominated receivables and liabilities. For these contracts, the changes in their fair value are recognized through profit or loss and presented in financial items or other operating income or expenses, depending on the purpose of hedging.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents consist of other short-term, highly liquid investments that can be easily exchanged for a pre-determined amount of cash, and which are subject to an insignificant risk of changes in value. The money-market investments classified as the Group's cash and cash equivalents have a maximum maturity of three months at the acquisition.

Fair Value Measurement

The Group measures derivatives, investments in equity assets as well as assets and liabilities acquired through a business combination at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy as follows:

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

Level 2: Fair values are, to a significant degree, based on data other than quoted prices included in level 1, but on data that are either directly or indirectly observable for the asset or liability in question. To determine the fair value of these instruments, the Group uses generally accepted valuation models that are, to a significant degree, based on observable market data.

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Provisions and contingent liabilities

A provision is recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions for restructuring are recognized when the related, detailed and official plan has been approved and disclosed.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

Contingent liabilities represent possible obligations whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities also include obligations that will most likely not require the fulfillment of a payment obligation or the amount of which cannot be reliably determined. Contingent liabilities are disclosed in the notes to the consolidated financial statements.

Critical accounting estimates and judgments in applying accounting policies

Preparing the consolidated financial statements in compliance with IFRS Accounting Standards requires that the Group's management makes certain estimates and judgments in applying the accounting policies. These estimates and assumptions are based on the management's best knowledge of current events and circumstances, but the actuals may differ from the estimates and assumptions stated in the financial statements. The areas involving a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong are disclosed below.

Goodwill impairment testing

Goodwill, as well as other assets, are tested for impairment annually or more often if indicators of potential impairment exist.

The determination of impairments of goodwill and other intangible assets involves the use of estimates that include, but are not limited to, the cause, timing, and amount of the impairment. Impairment is based on a large number of factors, such as changes in current competitive conditions, expectations of growth in Posti's businesses, increased cost of capital, technological obsolescence, discontinuance of services, current replacement costs, prices paid in comparable transactions, and other changes in circumstances that indicate an impairment exists. The identification of impairment indicators, as well as the estimation of future cash flows and the determination of fair values for assets (or groups of assets) require management to make significant judgments concerning the identification and validation of impairment indicators, expected cash flows, applicable discount rates, useful lives, and residual values. When determining the values in use for the cash generating units, additional planning uncertainties are factored in that reflect the risks of macroeconomic development, which could adversely affect future results of operations. The most significant assumptions in goodwill impairment testing comprise of growth in net sales, development of operative result, determination of the discount rate (WACC), and long-term growth rate used after the forecast period.

Uncertainty regarding deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable amounts will be available to utilize the underlying temporary differences and losses. Significant judgement is required to determine the amount that can be recognized and depends foremost on the expected timing and level of taxable profits as well as potential tax planning opportunities. The judgement relates specifically to tax losses carried forward in previous years in some of Posti's foreign operations. Matter of discretion is, whether these losses can be utilized in either parent company or in other Posti subsidiary. Posti assesses at each balance sheet date the expected utilization of deferred tax assets considering the likelihood of (a) expected future taxable profits and (b) positions taken in tax returns being sustained.

When an entity has a history of recent losses the deferred tax asset arising from unused tax losses is recognized only to the extent that there is convincing evidence that sufficient future taxable profit will be generated. Estimated future taxable profit is not considered as convincing evidence unless the entity has demonstrated the ability of generating significant taxable profit for the current year or there are certain other events providing sufficient evidence of future taxable profit. Uncertainty related to new transactions and events and the interpretation of new tax rules may also affect these judgements.

Provisions

Restructuring provisions are primarily related to the change negotiations conducted in recent years. A significant portion of the long-term personnel expense provisions in the Group's Finnish companies is the employer's liability component within the unemployment insurance contribution towards the Unemployment Insurance Fund.

Land use compensation and environmental liability presented as a provision in the balance sheet includes the part of the liability that meets the criteria of recognition. Total liability related to the development of Eteläinen Postipuisto area needs to be considered together with the environmental liability presented in the other contingent liabilities. The total amount and timing to fulfill the responsibilities of Posti to clean the area for future use in residential building is subject to significant uncertainties. The cleaning of the area is done together with the City of Helsinki, and discussions are continuous to follow the progress and the changes in the estimates.

Provisions for onerous contracts by Posti are determined based on the net present value (NPV) of Posti's total estimated unavoidable costs for onerous contracts. The estimates are based on future estimated level of losses considering the estimated revenue from these contracts and related directly attributable expenses. The estimates include the effect of inflation, cost-base development, the exchange rate development and discounting. Because of the inherent uncertainties in this evaluation process, actual losses may be different from the originally estimated provision and the carrying amounts of provisions are regularly reviewed and adjusted to reflect any changes in estimates.

Lease term determination and assessments on termination and extension options

If lease contract does not contain option clause, Posti will not make judgements on lease contract extension or early termination. In case the contract includes a termination or extension option, Posti considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Posti makes judgement as per each lease contract to exercise or not to exercise the option and related recognition to increase or decrease the accounting lease liability.

Leases and short-term judgement

Posti makes use of the relief exemptions provided by the standard for leases for which the underlying asset is of low value and short-term leases (12 months or less). These leases are not recognized in balance sheet. Part of rental contracts for premises, where Posti and the lessor both have termination options within 12 months or less, are classified as short-term leases.

Some key premises with short-term lease contracts but with longer term use plans are, however, recognized in the balance sheet by using a longer lease term than agreed in the lease contract.

Changes in standards not yet effective

The Group will apply the new or amended standards as they become effective.

On April 9, 2024, the IASB published new IFRS 18 Accounting Standard (effective from January 1, 2027). The standard replaces the current IAS 1 Presentation of Financial Statements, and it amends several other IFRS Accounting Standards, such as IAS 7 Statement of Cash Flows and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The standard includes:

- new required amounts, subtotals and categories in the calculation showing profit or loss,
- new requirements for the provision of information on numbers that describe performance defined by the management, and
- new principles for combining and disaggregating the information presented.

Posti is currently analyzing the requirements of the new standard and the changes required.

The other IFRS Accounting Standards or IFRIC interpretations coming into force in the future which the Group is aware of are not estimated to have a material impact on the group's Financial Statements.

1. Segment reporting

Posti discloses three reportable segments which consists of four operating segments. The operating segments are defined based on their services, products and markets, are they are managed as a separate business groups.

Reportable Segment	Operating segment
eCommerce and Delivery Services	eCommerce and Delivery Services
Fulfillment and Logistics Services	Fulfillment and Logistics Services Finland (Formerly Transval)
Fulfillment and Logistics Services	Fulfillment and Logistics Services Sweden (Aditro Logistics)
Postal Services	Postal Services

For Fulfillment and Logistics Services, the operating segments' business in Finland and Sweden have similar economic characteristics, nature of services and customer types, and markets in the Nordic countries. Geographical areas are separated into two operating segments, but are combined into one reportable segment. The gross margin and EBITDA of these two operating segments are on a similar level. The medium and long-term financial development trends of the operating segments are similar.

Posti reports segments' profitability with both EBITDA and adjusted EBITDA. Other key figures are net sales, capital expenditure, capital employed 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 and additions to investment properties.

Transfers between segments and renaming of operating segments

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

Posti announced on September 25, 2024, to start operating under one Posti brand, the operating segment naming of Transval has been changed to "Fulfillment and Logistics Services Finland" and Aditro Logistics to "Fulfillment and Logistics Services Sweden". Both are part of the reporting segment of Fulfillment and Logistics Services. No changes to operating segments data.

Description of operating segments

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

Fulfillment and Logistics Services Finland (Formerly 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 Posti's premises or in the client's premises such as warehouses, terminals, factories, production sites and shops.

Fulfillment and Logistics Services Sweden (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, eliminations, and items which are not allocated to the reportable 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 real estate and ICT related capital expenditure.

Adjusted EBITDA and adjusted operating result

The President and CEO is the chief operating decision maker, responsible for allocating resources to operating segments and the evaluation of the segments' results. The chief operating decision maker primarily uses adjusted EBITDA to assess the performance of the operating segments. Both EBITDA and adjusted EBITDA are disclosed by segment.

In order to enhance the comparability between periods, Posti reports adjusted EBITDA and adjusted operating result, which exclude effects of significant items of income and expenses that are considered to incur outside of the ordinary course of business ("special items"). 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.

Expenses of providing services and other expenses reflect the breakdown of expenses used in internal management reporting. Expenses of providing services contain direct expenses related to operative business transactions. Other expenses contain indirect general and administrative expenses. Expenses of providing services and other expenses total the expenses presented in consolidated income statement in lines materials and services, employee benefits and other operating expenses. Expenses of providing services and other expenses are directed and allocated to the segments based on business transactions and usage of centralized functions.

The chief operating decision maker also receives information on capital employed on a monthly basis. Capital employed items allocated to the segments include non-current and current operating assets and liabilities, including non-interest bearing liabilities and provisions. Operating assets and liabilities are items the segment uses in its operations or that may be reasonably allocated to the segments. Capital expenditure consists of additions of tangible and intangible assets including additions of right-of-use assets and business acquisitions and additions to investment properties.

The measurement and recognition principles used in the internal management reporting comply with Group's accounting principles. Transactions between the segments are carried out at market prices.

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.

2024

EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Segments total	Other and unallocated	Group total
Net Sales	640.9	303.0	602.9	1,546.8	-25.4	1,521.4
Net Sales, internal	-2.8	-17.8	-4.8	-25.4	25.4	0.0
Net Sales, external	638.1	285.2	598.1	1,521.4	0.0	1,521.4
Other operating income	0.4	3.0	8.9	12.3	3.4	15.7
Expenses of providing services	433.0	202.0	397.2	1,032.2	9.0	1,041.2
Other expenses	137.2	66.2	114.7	318.1	-18.8	299.3
Adjusted EBITDA	77.0	38.3	104.8	220.1	-12.5	207.6
Personnel restructuring	-5.8	0.0	-5.1	-10.9	-0.2	-11.0
Other special items	0.0	-0.4	0.0	-0.4	0.5	0.1
Special items (impacting EBITDA)	-5.8	-0.4	-5.1	-11.3	0.3	-11.0
EBITDA	71.2	37.8	99.8	208.7	-12.1	196.6
Depreciation & amortization						-126.7
Impairment losses						-1.9
Adjusted operating result						80.1
Special items (impacting EBIT)						-12.2
Operating result						68.0
Financial income & expenses						-9.0
Taxes						-15.1
Result for the period						43.8
Capital Expenditure	40.0	22.7	21.4	84.1	92.4	176.5
Personnel, end of period	3,337	3,753	7,003	14,093	671	14,764
Capital employed	174.8	180.7	72.9	428.3	118.3	546.6

2023

EUR million	eCommerce and Delivery Services	Fulfillment and Logistics Services	Postal Services	Segments total	Other and unallocated	Group total
Net Sales	652.0	328.4	631.0	1,611.4	-25.3	1,586.1
Net Sales, internal	-2.5	-17.8	-5.1	-25.4	25.4	0.0
Net Sales, external	649.5	310.6	625.9	1,586.1	0.0	1,586.1
Other operating income	0.7	0.9	4.4	6.0	3.4	9.4
Expenses of providing services	435.9	220.7	423.4	1,079.9	11.0	1,090.9
Other expenses	143.0	73.2	119.2	335.4	-19.4	316.0
Adjusted EBITDA	75.9	37.3	96.3	209.5	-11.9	197.7
Personnel restructuring	-2.0	0.0	-3.3	-5.3	-0.3	-5.7
Other special items	0.0	-1.9	-0.2	-2.1	-1.3	-3.4
Special items (impacting EBITDA)	-2.0	-1.9	-3.5	-7.4	-1.6	-9.1
EBITDA	73.9	35.4	92.8	202.1	-13.5	188.6
Depreciation & amortization						-129.9
Impairment losses						-65.6
Adjusted operating result						66.4
Special items (impacting EBIT)						-73.4
Operating result						-7.0
Financial income & expenses						-7.1
Taxes						-11.1
Result for the period						-25.2
Capital Expenditure	38.2	26.5	22.6	87.3	80.1	167.4
Personnel, end of period	3,804	4,713	7,862	16,379	645	17,024
Capital employed	185.9	199.9	36.8	422.6	245.5	668.1

Special items affecting the operating result

EUR million	2024	2023
Personnel restructuring costs	-11.0	-5.7
Impairments on goodwill and purchase price allocations	-	-57.4
Other impairments	-1.2	-6.9
Other special items	0.1	-3.4
Total	-12.2	-73.4

Net sales of Fulfillment and Logistics Services

Net Sales, EUR million	2024	2023
Fulfillment and Logistics Services Finland (Formerly Transval)	201.3	219.5
Fulfillment and Logistics Services Sweden (Aditro Logistics)	101.8	108.9
Total	303.0	328.4

Geographical areas

The group operates in the following geographical areas: Finland, Sweden, the Baltics, and Other countries. The net sales of the geographical areas are determined by the geographical location of the Group's external customer. Assets are presented according to their geographical location, and they include non-current assets except Group goodwill, deferred tax assets and financial instruments. As an individual country, only Finland accounts for a significant part of the Group's net sales. The Group's customer base consists of a large number of customers over several market areas, and net sales to any single customer does not represent a significant part of the Group's net sales.

2024

EUR million	Finland	Sweden	Baltics	Other countries	Total
Net sales	1,253.3	132.8	41.8	93.4	1,521.4
Non-current assets	495.5	99.7	31.3	0.5	627.1

2023

EUR million	Finland	Sweden	Baltics	Other countries	Total
Net sales	1,314.1	141.4	32.4	98.1	1,586.1
Non-current assets	455.3	121.6	24.2	1.1	602.3

Revenue streams

EUR million	2024	2023
Sales of services	1,506.8	1,568.0
Sales of goods	14.6	18.1
Total	1,521.4	1,586.1

2. Acquired and divested businesses and discontinued operations

2024

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

On May 31, 2024, Aditro Logistics acquired all shares of Cargo Support Holding C.S.H. AB, Swedish specialist in packaging solutions. The company had net sales of around EUR 2 million and employs 17 people. A goodwill of EUR 1.0 million was recognized in the acquisition. The acquisition was planned to support Posti's strategic targets in Sweden and adds new capabilities and competencies, especially within the industrial segment. Acquisition related costs of EUR 0.1 million were recognized as other operating expenses. Acquisition did not have material impact on Group's consolidated income statement or balance sheet.

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.

3. Revenue from contracts with customers

The Group's revenue is mostly generated by rendering of short-term parcel and mail sorting, delivery services, and warehouse and logistics services. More detailed description of services provided by operating segments, disaggregation of revenue and services by operating segments, location of the customers and sale of services or goods are presented in note Segment reporting. Revenue recognition policies are described in the Accounting policies.

Assets and liabilities related to contracts with customers

The Group has recognized the following assets and liabilities related to contracts with customers:

EUR million	2024	2023, restated	Jan 1, 2023, restated
Contract assets on terminal dues	5.2	5.6	4.5
Other contract assets	7.0	6.4	5.0
Contract assets total	12.1	12.0	9.5
Contract liabilities on prepaid services	7.6	14.1	15.7
Other contract liabilities	5.1	2.7	2.7
Contract liabilities total	12.7	16.8	18.4

Contract liabilities on prepaid services include deferred revenue for stamps, prepaid envelopes and franking machines held by the customer to be used in future periods. The amount has been determined using statistical models and surveys. The method has been described in more detail in the Accounting policies in section Revenue recognition.

Offsetting of terminal due assets and liabilities

Contract assets on terminal dues (from other postal administrations) relate to inbound international mail. According to the international multilateral contracts, such as Universal Postal Convention, the postal operator with a net receivable has the right to receive an advance payment for the estimated annual receivable position (outbound mail liability is deducted).

Therefore, the net receivable position resulting from the terminal dues at year-end is materially paid in advance, and the balance sheet position represents the net position with the postal operator counterparty. Where services delivered exceed the purchased deliveries and are in excess of the advance received, the position is presented either as a contract asset or a trade receivable depending on whether Posti has the unconditional right to invoice.

The amounts that have been offset in the balance sheet

	2024	2023, restated
Terminal due assets		
Terminal due assets, gross amount	40.7	48.9
Offset in the balance sheet	-30.7	-37.4
Net amount reported in the balance sheet	10.0	11.5
Terminal due liabilities		
Terminal due liabilities, gross amount	38.7	56.1
Offset in the balance sheet	-30.7	-37.4
Net amount reported in the balance sheet	8.0	18.7

As stated above, terminal dues related to international mail are subject to offsetting rules defined in international multilateral contracts, such as Universal Postal Convention. Terminal dues have been offset in the balance sheet as the net position is settled with the counterparty on an annual basis. These net amounts are presented within trade and other receivables, trade and other payables, and advances received.

Restatement of terminal due receivable and liabilities offsetting

Posti is party to the Universal Postal Convention and subject to its settlement conditions. These are binding on all public postal operators and provide standard settlement mechanisms for inbound and outbound mail and parcel.

Posti has changed from gross to net presentation in its Financial Statements to better reflect its settlement arrangements. Terminal due related assets and liabilities have been restated to present the net exposure under these contracts for each postal operator.

Previously the various balances under these contracts with other public postal operators had been presented on a gross basis and offsetting information has been provided in the note Financial Instruments.

The effect of the restatement is as follows:

Dec 31, 2023

EUR million	Previously reported	Restatement	Restated
Trade receivables	228.6	-23.2	205.5
Contract assets on terminal dues	19.8	-14.2	5.6
Other accrued income and prepayments and other receivables	41.2	-	41.2
Total trade and other receivables	289.6	-37.4	252.2
Total assets	1,183.7	-37.4	1,146.4
Trade payables	77.2	-4.6	72.6
Other accrued expenses	39.5	-1.6	37.8
Other current payables	181.3	-	181.3
Total trade and other payables	298.0	-6.2	291.8
Advances received	60.6	-31.1	29.5
Total equity and liabilities	1,183.7	-37.4	1,146.4

Jan 1, 2023

EUR million	Previously reported	Restatement	Restated
Trade receivables	230.9	-27.3	203.5
Contract assets on terminal dues	18.0	-13.5	4.5
Other accrued income and prepayments and other receivables	38.1	-	38.1
Total trade and other receivables	286.9	-40.9	246.0
Total assets	1,230.3	-40.9	1,189.4
Trade payables	82.1	-6.1	75.9
Other accrued expenses	47.9	-1.5	46.4
Other current payables	192.0	-	192.0
Total trade and other payables	322.0	-7.6	314.4
Advances received	62.9	-33.2	29.7
Total equity and liabilities	1,230.3	-40.9	1,189.4

This restatement has no effect on result for the period or equity.

Revenue recognized in relation to contract liabilities

Revenue recognized for the period that was included in the contract liabilities at the beginning of the period:

EUR million	2024	2023
Stamps and other prepaid services	7.9	8.1
Other contract liabilities	2.7	2.7
Total	10.6	10.8

Remaining performance obligations

The Group expects to recognize all contract liabilities related to unsatisfied performance obligations within the following financial year.

Assets recognized from costs incurred to fulfill a contract

In addition to the contract balances disclosed above, the Group has also recognized an asset of EUR 0.4 (0.5) million in relation to sales commissions to stamp retailers. This is presented within other assets in the balance sheet and recognized as expense when the related revenue is recognized in net sales.

Payment terms

The revenue is typically invoiced when the performance obligation is satisfied. For stamps, prepaid envelopes and franking machines as well as for sales taking place at retail locations, revenue is invoiced at the time of purchasing event. The Group follows market practices for payment terms, which most commonly vary between 14 and 45 days. Payment terms on terminal dues related to international mail are in accordance with international multilateral contracts and a settlement system, where prepayments are made during the financial year and final settlement of yearly payables and receivables is performed in the following year.

4. Other operating income

EUR million	2024	2023
Gains on disposals of property, plant and equipment	0.6	0.7
Rental income	3.7	1.9
Rents from investment property	1.1	1.4
Gains on sale of subsidiaries and businesses	-	0.0
Other admin and IT related services and fees	0.3	1.6
Government grants, distribution support of Postal Services	8.0	2.2
Government grants, other	0.1	0.3
Other items	1.9	1.1
Total	15.7	9.4

Rental income consists mostly of rent income from buildings and condominiums owned by Posti. Other admin and IT related services and fees relate mainly to Posti Messaging business. Government grants are for the most part, state grants for newspaper five-day delivery in rural areas, but also grants for transportation equipment investments, energy grants and research and business development grants. Other items include income from the sale of services and materials.

5. Materials and services

EUR million	2024	2023
Production materials	26.8	29.1
Subcontracting and external services	108.2	111.2
Mail transport and delivery services	229.9	235.9
Freight and transport	47.2	57.2
Other production cost	0.0	0.1
Total	412.2	433.4

External services consist mainly of purchased subcontracting services for production such as freight, forwarding and transport services.

6. Employee benefits

EUR million	2024	2023
Wages and salaries	528.8	558.4
Pensions, defined contribution plans	84.5	92.0
Other social expenses	31.3	34.7
Total	644.6	685.1

As a recognition to employees for their contribution, Posti Group paid an additional bonus instalment of EUR 1.5 million to the personnel fund in Finland at the end of 2024.

Employee benefits

Information on defined benefit pension plans is presented in note Pension liabilities.

Employee benefit expense includes EUR 11.0 million (2023: 5.7) of personnel restructuring costs relating primarily to restructuring carried out in conjunction with the operational transformation and the Group's profitability improvement programs.

The Group's senior management, different operational management and specialist roles are involved in the cash-settled short-term bonus plan. The bonus is based on the Group's, the unit's and the team's financial and strategic indicators. Posti confirms annually the threshold values for these indicators.

Decisions concerning long-term incentive schemes are made by the Board of Directors on the recommendation of the Personnel Committee. Long-term incentive schemes are rolling 3-year programs, which are settled in cash. The schemes include the Leadership Team as well as key employees per scheme named by the Personnel Committee. The schemes have been implemented in accordance with the valid guidelines by the state-owner concerning the remuneration of executive management.

For key management compensation, see note Related Parties.

7. Other operating expenses

EUR million	2024	2023
Other production expenses*	89.6	90.3
ICT operating expenses*	65.7	64.7
Short-term and low-value leases of premises, machinery and equipment	31.3	37.6
Facility maintenance*	35.6	33.8
Office, marketing and travel	35.0	31.5
Voluntary employee expenses	21.0	20.0
Losses on disposal of businesses and property, plant and equipment	0.0	1.7
Other operating items	5.5	8.8
Total	283.7	288.4

*ICT and facility maintenance expenses related to parcel lockers have been reclassified into other production expenses. Comparison year 2023 figures have been restated.

Other production expenses include production vehicle and machinery spare part, maintenance and other expenses, fuels and lubricants and other production related expenses.

Posti Group other operating expenses and employee benefits include EUR 2.8 (2023: 7.2) million of research and development costs. R&D related amortization of capitalized development costs and internally generated intangible rights amounted to EUR 12.3 (2023: 12.6) million. During 2024, the Posti Group definition of research and development has been specified.

Auditor's fees

EUR million	2024	2023
PricewaterhouseCoopers Oy		
Audit	1.0	1.0
Tax services	0.0	0.0
Other services	0.1	0.1
Total	1.1	1.1

8. Depreciation, amortization and impairment losses

EUR million	2024	2023
Amortization on intangible assets		
Development costs	12.3	13.7
Intangible rights	8.1	13.7
Total	20.4	27.5
Impairment losses on intangible assets		
Impairment losses on intangible rights	0.5	13.4
Impairment losses on goodwill	-	50.7
Total	0.5	64.1
Depreciation on property, plant and equipment		
Buildings and structures	7.6	7.7
Machinery and equipment	24.4	25.1
Other tangible assets	0.3	0.3
Total	32.3	33.2
Impairment losses on property, plant and equipment		
Impairment losses on machinery and equipment	0.3	1.5
Impairment losses on buildings	0.0	0.0
Impairment losses on other tangible assets	-	0.0
Total	0.3	1.5
Depreciation on right-of-use assets	74.0	69.3
Impairment losses on right-of-use assets	1.1	-
Total depreciation, amortization and impairment losses	128.7	195.5

Goodwill is not amortized but is tested for impairment annually and whenever there are indications for impairment.

More information about impairment testing of goodwill is presented in note Intangible assets.

The comparison period was impacted by the impairments on goodwill and purchase price allocations in Aditro Logistics.

9. Financial income and expenses

Financial income

EUR million	2024	2023
Dividend income	0.0	0.0
Interest income		
Financial assets at amortised cost	4.1	3.2
Exchange rate gains		
Interest-bearing receivables and liabilities	0.7	0.9
Currency derivatives, non-hedge accounting	1.6	2.4
Total	6.5	6.4

Financial expenses

EUR million	2024	2023
Interest expenses		
Financial lease liabilities at amortised cost	10.0	8.3
Other financial liabilities at amortised cost	2.6	1.3
Exchange rate losses		
Interest-bearing receivables and liabilities	1.5	0.5
Currency derivatives, non-hedge accounting	0.8	2.8
Other financial expenses	0.5	0.6
Total	15.5	13.6

10. Income tax

EUR million	2024	2023
Current tax expense	14.7	4.9
Taxes for previous years	0.2	-0.3
Deferred tax	0.2	6.5
Total	15.1	11.1

Reconciliation of tax charge at Finnish tax rate (20%)

EUR million	2024	2023
Profit or loss before tax	58.9	-14.1
Income tax at parent company's tax rate of 20%	11.8	-2.8
Difference in foreign subsidiaries tax rates	-0.3	-0.3
Non-deductible expenses and other differences	0.2	12.1
Other deductible expense not recognized in income statement	-0.1	-
Tax-exempt income	-0.2	-0.1
Adjustments in taxes from previous years	0.2	-0.3
Unrecognized deferred tax asset on losses for the period	3.5	2.6
Income tax	15.1	11.1
Effective tax rate	25.7%	-79.0%

Effective tax rate decreased to 25.7% (2023: -79.0%) which were caused by tax losses from Swedish and Baltics operations where deferred taxes were not recognized. Non-deductible expenses decreased EUR 11.9 million compared to previous year. Income taxes from operations were EUR 14.7 (4.9) million. Main reason for increase of income taxes was that during comparable period the Group utilized fully taxable losses in Finland in connection of divestment of Russian real estate companies.

Pillar 2 legislation has been enacted in jurisdictions the Group operates beginning of 2024. This legislation is applicable for Posti Group. However, during the reporting period legislation didn't have any impacts to Income taxes because Posti was capable to utilize transitional safe harbors in all its operating jurisdictions. Posti is expecting to have similar situation until 2027 when current transitional safe harbors are to be expired.

11. Intangible assets

2024

EUR million	Goodwill	Intangible rights	Development costs	Advances paid and work in progress	Total other intangible assets
Acquisition cost January 1	286.4	257.9	100.4	21.7	380.1
Translation differences and other adjustments	0.0	0.3	-0.2	0.0	0.2
Acquired businesses	1.0	0.7			0.7
Additions		12.4	8.2	-7.5	13.0
Disposals		-5.0	-7.0		-12.0
Transfers between items		5.3	-5.2	-0.1	0.0
Acquisition cost December 31	287.4	271.7	96.2	14.1	382.0
Accumulated amortization and impairment losses January 1	-117.3	-237.7	-69.4	-3.4	-310.4
Translation differences and other adjustments		0.6	0.1		0.7
Amortization for the financial period		-8.1	-12.3		-20.4
Impairments		-0.2	-0.3		-0.5
Accumulated amortization on disposals and transfers		5.0	6.9		11.9
Accumulated amortization and impairment losses December 31	-117.3	-240.4	-75.0	-3.4	-318.7
Carrying amount on January 1	169.1	20.3	31.1	18.4	69.7
Carrying amount on December 31	170.1	31.3	21.2	10.8	63.3

During 2024, the Posti Group definition of research and development has been specified. As a result, EUR 5.3 million has been transferred from development costs to intangible rights.

2023

EUR million	Goodwill	Intangible rights	Development costs	Advances paid and work in progress	Total other intangible assets
Acquisition cost January 1	288.6	264.8	88.1	21.6	374.4
Translation differences and other adjustments	0.3	0.2	-0.2	0.2	0.1
Business divestments	-2.4				
Additions		4.3	18.8	0.0	23.0
Disposals		-10.7	-6.3		-17.0
Transfers between items		-0.6	0.1		-0.5
Acquisition cost December 31	286.4	257.9	100.4	21.7	380.1
Accumulated amortization and impairment losses January 1	-64.9	-225.7	-57.1	-3.4	-286.1
Translation differences and other adjustments		-0.1	0.0		-0.2
Amortization for the financial period		-13.8	-13.7		-27.6
Impairments	-52.4	-8.2	-5.4		-13.6
Accumulated amortization on disposals and transfers	0.0	10.2	6.9		17.1
Accumulated amortization and impairment losses December 31	-117.3	-237.7	-69.4	-3.4	-310.4
Carrying amount on January 1	223.7	39.1	31.0	18.2	88.2
Carrying amount on December 31	169.1	20.3	31.1	18.4	69.7

The comparison period was impacted by the impairments on goodwill and purchase price allocations in Aditro Logistics. In addition, impairments were made on development costs.

Intangible rights include software solutions and licenses as well as customer portfolios acquired in business combinations. Development costs include capitalized costs on internally generated software.

Goodwill impairment testing

Goodwill is tested for impairment annually or more often if indicators of impairment exist. Goodwill impairment testing involves the use of estimates and is one of the critical accounting policies where the management makes estimates and judgments. This has been described in the Accounting policies under the section Critical accounting estimates and judgments in applying accounting policies.

Allocation of goodwill to the Group's cash generating units is presented in the table below.

EUR million Cash generating unit	Reportable segment	2024	2023
eCommerce and Delivery Services	eCommerce and Delivery Services	74.5	74.5
Fulfillment and Logistics Services Finland (Formerly Transval)	Fulfillment and Logistics Services	59.2	59.2
Fulfillment and Logistics Services Sweden (Aditro Logistics)	Fulfillment and Logistics Services	1.0	-
Postal Services	Postal Services	35.5	35.5
Total		170.1	169.1

The result of the goodwill impairment testing in 2024

Posti has performed the annual impairment tests for each cash generating units containing goodwill. The Group does not have other intangible assets with indefinite useful life. No impairment losses were recognized based on the goodwill impairment tests in 2024.

Impairment testing and sensitivity analysis 2024

The recoverable amount of the CGU's is based on the value-in-use method. The value-in-use is based on forecasted discounted cash flows. Cash flow forecasts are prepared for a three or five year period and they are based on Group strategic plans. The forecasts and the assumptions about the development of the business environment are in line with the current business structure and approved by the management. The key assumptions influencing the cash flow forecasts are the long-term market growth, market positions and the profitability level. Investments are expected to be ordinary replacement investments.

The terminal value beyond the cash flow forecasts is based on a terminal growth rate expectation of 1.5% (2023: 1.5%) for eCommerce and Delivery Services and Fulfillment and Logistics Services Finland and Sweden. Posti expects 1.5% growth rate to simulate potential growth in the addressable markets. For Postal Services the estimated terminal growth rate used is -13.4% (2023: -8.4%) which is assessed on base of forecasted net sales and expenses of Postal Services. Posti anticipates that the decline of traditional postal services continues and the business is impacted by the rapid transformation.

Weighted average cost of capital (WACC) before taxes with IFRS16 capital structure, determined for each cash generating unit, has been used as discount rate. Discount rates reflect specific risks relating to the relevant cash generating unit.

The key outcomes and the parameters used in testing 2024

Cash generating unit	Value-in-use exceeds carrying amount, MEUR	EBIT margin average, %	Terminal growth rate, %	Discount rate, pre-tax %	Terminal year EBIT margin, %
eCommerce and Delivery Services	370	5.9	1.5	8.0	6.5
Fulfillment and Logistics Services Finland (Formerly Transval)	60	4.6	1.5	7.1	6.2
Fulfillment and Logistics Services Sweden (Aditro Logistics)	6	0.8	1.5	6.5	4.1
Postal Services	78	8.2	-13.4	7.3	3.7

A sensitivity analysis is presented below for those cash generating units where the Group estimates that a reasonably possible change in the key assumptions could cause recognition of an impairment loss. The analysis was done by determining which key parameter values would produce a carrying amount that would equal the value-in-use. The parameters used in the analysis were the discount rate and the terminal year EBIT margin. The analysis was carried out by changing the values of a single parameter while leaving the others constant. The table below indicates the limits within which the carrying amount and value-in-use are equal.

Cash generating unit	Discount rate, pre-tax %	Terminal year EBIT margin, %
Fulfillment and Logistics Services Finland (Formerly Transval)	8.8	4.6
Fulfillment and Logistics Services Sweden (Aditro Logistics)	6.9	3.6

The result of the goodwill impairment testing in 2023

Posti has performed the annual impairment tests for each cash generating units containing goodwill. The Group does not have other intangible assets with indefinite useful life. Based on goodwill impairment tests in 2023 Posti has impaired all goodwill in Aditro Logistics cash generating unit. The macroeconomic environment has been challenging especially in Sweden. The rapidly reduced e-commerce demand and the decreased outlook for the next years combined with the increased discount rate WACC (weighted average cost of capital) affected Aditro Logistics' value-in-use and resulted in impairment.

Impairment testing and sensitivity analysis 2023

The recoverable amount of the CGU's is based on the value-in-use method. The value-in-use is based on forecasted discounted cash flows. Cash flow forecasts are prepared for a three-year period and they are based on Group strategic plans. The forecasts and the assumptions about the development of the business environment are in line with the current business structure and approved by the management. The key assumptions influencing the cash flow forecasts are the long-term market growth, market positions and the profitability level. Investments are expected to be ordinary replacement investments.

The terminal value beyond three years is based on a terminal growth rate expectation of 1.5% (2022: 1.5%) for eCommerce and Delivery Services, Transval and Aditro Logistics. Posti expects 1.5% growth rate to simulate potential growth in the addressable markets. For Postal Services the estimated terminal growth rate used is -8.4% (2022: -11.8%) which is assessed on base of forecasted net sales and expenses of Postal Services. Posti anticipates that the decline of traditional postal services continues and the business is impacted by the rapid transformation.

Weighted average cost of capital (WACC) before taxes with IFRS16 capital structure, determined for each cash generating unit, has been used as discount rate. Discount rates reflect specific risks relating to the relevant cash generating unit. Discount rates in testing 2023 have increased in comparison to testing 2022. The essential factor is the increase in long-term risk-free rates.

The key outcomes and the parameters used in testing 2023

Cash generating unit	Value-in-use exceeds carrying amount, MEUR	EBIT margin average, %	Terminal growth rate, %	Discount rate, %	Terminal year EBIT margin, %
eCommerce and Delivery Services	262	4.6	1.5	8.4	6.0
Fulfillment and Logistics Services Finland (Formerly Transval)	12	4.1	1.5	8.7	6.4
Fulfillment and Logistics Services Sweden (Aditro Logistics)	negative	-0.5	1.5	7.9	4.6
Postal Services	130	7.6	-8.4	8.1	4.6

A sensitivity analysis is presented below for those cash generating units where the Group estimates that a reasonably possible change in the key assumptions could cause recognition of an impairment loss. The analysis was done by determining which key parameter values would produce a carrying amount that would equal the value-in-use. The parameters used in the analysis were the discount rate and the terminal year EBIT margin. The analysis was carried out by changing the values of a single parameter while leaving the others constant. The table below indicates the limits within which the carrying amount and value-in-use are equal.

Cash generating unit	Discount rate, %	Terminal year EBIT margin, %
Fulfillment and Logistics Services Finland (Formerly Transval)	9.1	6.0

12. Investment property

EUR million	2024	2023
Acquisition cost January 1	26.3	5.2
Additions	28.5	7.3
Disposals	-11.4	-
Transfers between items	0.3	13.9
Acquisition cost December 31	43.6	26.3
Accumulated depreciation and impairment losses January 1	-1.6	-1.6
Accumulated depreciation and impairment losses December 31	-1.6	-1.6
Carrying amount on January 1	24.6	3.5
Carrying amount on December 31	41.9	24.6

Investment property includes land areas held under development for future sale purposes and properties that Posti has leased out to external parties. In 2024, rental income from investment property totaled EUR 1.1 million (2023: 1.4) and maintenance charges amounted to EUR 0.5 (2023: 0.4) million.

The exchanges of land areas between Posti and the City of Helsinki in the surrounding land area of Posti Group Headquarters in Eteläinen Postipuisto, Helsinki were completed in May 2024. The exchanges have been carried out based on fair value. As a result, an increase of EUR 26.1 million and a decrease of EUR 9.7 million were recognized in investment property. The amounts include the recognized environmental provision of EUR 8.7 million.

The fair value of investment properties totals EUR 96.6 (2023: 96.6) million. Fair values are based on either income approach or reference transactions in the nearby area calculated with the estimated price per square meter for the intended use for the plot and the building rights. The fair value of Eteläinen Postipuisto requires Posti to invest into the cleaning of the area as mentioned in the contingent liabilities. The plots cannot be sold before the cleaning obligation is fulfilled.

13. Property, plant and equipment

2024

EUR million	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advances paid and work in progress	Total
Acquisition cost on January 1	40.9	322.3	371.4	12.0	14.2	760.8
Translation differences and other adjustments	-0.0	-0.6	-1.3	-0.2	-0.0	-2.1
Acquired businesses			0.0			0.0
Additions	0.0	4.2	30.4	0.3	35.4	70.2
Disposals		-0.1	-10.9	-0.1		-11.1
Transfer to investment property	-0.3					-0.3
Other transfers between items	0.0	-0.8	0.8	0.2	0.0	0.3
Acquisition cost on December 31	40.6	325.0	390.4	12.2	49.5	817.8
Accumulated depreciation and impairment losses January 1	-0.6	-233.3	-290.8	-9.5		-534.2
Translation differences and other adjustments		0.2	0.5	0.0		0.7
Depreciation for the period		-7.6	-24.4	-0.3		-32.3
Impairments		-0.0	-0.3			-0.3
Accumulated depreciation on disposals and transfers		0.2	10.3	0.1		10.5
Accumulated depreciation and impairment losses December 31	-0.6	-240.5	-304.8	-9.7		-555.6
Carrying amount on January 1	40.3	89.0	80.5	2.5	14.2	226.5
Carrying amount on December 31	40.1	84.5	85.6	2.5	49.5	262.2

Advances paid and work in progress include a logistics center in Tallinn, Estonia and a new warehouse in Järvenpää, Finland. The buildings are expected to be ready for use during the spring of 2025.

2023

EUR million	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Advances paid and work in progress	Total
Acquisition cost on January 1	46.8	312.5	371.7	11.3	12.0	754.2
Translation differences and other adjustments	0.0	-0.2	0.2	0.0	0.0	0.0
Additions	8.0	11.9	17.1	0.7	2.2	39.9
Disposals	-0.0	-1.9	-18.1			-20.1
Transfers between items	-13.9					-13.9
Other transfers between items		0.0	0.5			0.5
Acquisition cost on December 31	40.9	322.3	371.4	12.0	14.2	760.8
Accumulated depreciation and impairment losses January 1	-0.6	-227.6	-281.9	-9.3		-519.3
Translation differences and other adjustments		0.2	-0.0	0.0		0.1
Depreciation for the period		-7.7	-25.2	-0.3		-33.2
Impairments		-0.0	-1.6	-0.0		-1.6
Accumulated depreciation on disposals and transfers		1.9	17.9	0.0		19.8
Accumulated depreciation and impairment losses December 31	-0.6	-233.3	-290.8	-9.5		-534.2
Carrying amount on January 1	46.2	84.8	89.8	2.0	12.0	234.9
Carrying amount on December 31	40.3	89.0	80.5	2.5	14.2	226.5

Land area in Helsinki Eteläinen Postipuisto EUR 13.9 million presented in Property, plant and equipment was transferred to Investment property during 2023. Negotiations with Posti and third parties regarding the land use and the future land exchanges were completed and the changed city plan entered into force in November 2023.

14. Right-of-use assets

2024

EUR million	Buildings	Machinery and other	Vehicles	Total right-of-use assets
Acquisition cost on January 1	363.6	15.0	106.9	485.5
Translation differences and other adjustments	-4.7	0.1	0.0	-4.7
Acquired businesses	0.5	-	-	0.5
Additions	41.2	10.0	20.2	71.4
Disposals	-30.0	-4.5	-15.8	-50.3
Transfers between items	0.8	-0.2	0.0	0.6
Acquisition cost on December 31	371.5	20.4	111.2	503.1
Accumulated amortization and impairment losses January 1	-152.3	-7.3	-45.2	-204.8
Translation differences and other adjustments	1.5	0.1	0.0	1.6
Depreciation for the financial period	-48.2	-4.7	-21.1	-73.9
Impairments	-1.1	-	-	-1.1
Accumulated depreciation on disposals and transfers	16.4	3.8	13.8	34.0
Accumulated depreciation and impairment losses December 31	-183.6	-8.2	-52.5	-244.3
Carrying amount on January 1	211.3	7.6	61.7	280.6
Carrying amount on December 31	187.9	12.2	58.7	258.8

2023

EUR million	Buildings	Machinery and other	Vehicles	Total right-of-use assets
Acquisition cost on January 1	337.2	15.1	76.5	428.8
Translation differences and other adjustments	0.5	0.1	-0.1	0.5
Business divestments	-	-	0.0	0.0
Additions	56.6	3.3	38.1	98.0
Disposals	-30.8	-3.5	-8.0	-42.3
Transfers between items	0.0	0.0	0.4	0.4
Acquisition cost on December 31	363.6	15.0	106.9	485.5
Accumulated amortization and impairment losses January 1	-134.0	-6.1	-33.7	-173.8
Translation differences and other adjustments	-0.4	-0.1	0.0	-0.5
Business divestments	-	-	0.0	0.0
Depreciation for the financial period	-47.8	-3.5	-18.5	-69.8
Accumulated depreciation on disposals and transfers	29.9	2.4	7.0	39.3
Accumulated depreciation and impairment losses December 31	-152.3	-7.3	-45.2	-204.8
Carrying amount on January 1	203.2	8.9	42.9	255.0
Carrying amount on December 31	211.3	7.6	61.7	280.6

15. Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

Deferred tax assets 2024

EUR million	1 Jan	Translation difference and other changes	Acquired/ Divested businesses	Recorded through profit or loss	Recorded through other comprehensive income	31 Dec
Pension obligations	1.9			-0.7		1.1
Leasing contracts	0.9			0.1		1.0
Impairment on real estate shares	0.7					0.7
Provisions	0.6			1.5		2.1
Unused tax losses	0.1					0.0
Other temporary differences	1.0			-0.5		0.5
Total	5.2	-	-	0.4	-	5.5

Deferred tax assets are recognized to the extent that it is probable that future taxable amounts will be available to utilize the underlying temporary differences and losses. Significant judgment is required to determine the amount that can be recognized. This judgment is described in the accounting principles under the section Critical accounting estimates and judgments in applying accounting policies.

Increase of deferred tax assets were mainly caused by increase in long term provisions related to investment properties. On December 31, 2024, the Group had unused tax losses for which it has not recognized deferred taxes of EUR 65.3 (2023: 48.5) million, since it is not considered probable that future taxable amounts will be generated. These losses are mainly arising from businesses outside Finland and most of them do not expire.

Deferred tax liabilities 2024

EUR million	1 Jan	Translation difference and other changes	Acquired/ Divested businesses	Recorded through profit or loss	Recorded through other comprehensive income	31 Dec
Intangible and tangible assets	6.0	0.1		0.5		6.6
Accumulated depreciation in excess of plan	1.8			0.4		2.1
Fair value measurement of intangible and tangible assets in acquisition	1.2	-0.1	0.1	-0.2		1.0
Other temporary differences	0.2				-0.2	0.0
Total	9.1	0.0	0.1	0.6	-0.2	9.6

A deferred tax liability is recognized on undistributed profits of subsidiaries located in countries where corporate income taxes are applied to distributed dividends, when it is likely that dividends will be distributed in the foreseeable future. At 31.12.2024 Posti had EUR 25.2 million undistributed profits in those countries (2023: 23.8 million) for which deferred tax liability has not been recognized.

Netting of deferred taxes 2024

EUR million	1 Jan	Translation difference and other changes	Acquired/ Divested businesses	Recorded through profit or loss	Recorded through other comprehensive income	31 Dec
Lease liabilities, deferred tax asset	36.6			-0.2		36.3
Right-of-use assets, deferred tax liability	35.6			-0.3		35.3
Deferred taxes, net	0.9	-	-	0.1	-	1.0

Only lease contract related deferred tax assets and deferred tax liabilities qualify for the criteria for netting.

Deferred tax assets 2023

EUR million	1 Jan	Translation difference and other changes	Acquired/ Divested businesses	Recorded through profit or loss	Recorded through other comprehensive income	31 Dec
Pension obligations	2.3			-0.5	0.1	1.9
Leasing contracts	1.6			-0.8		0.9
Impairment on real estate shares	0.8			-0.1		0.7
Difference between accounting depreciation and tax depreciation	1.0			-0.4		0.6
Restructuring provision	0.5			0.1		0.6
Temporary differences from business transactions	0.6			-0.4		0.2
Unused tax losses	8.2			-8.2		0.1
Other temporary differences	0.1			0.1		0.2
Total	15.1	-	-	-10.1	0.1	5.2

Deferred tax liabilities 2023

EUR million	1 Jan	Translation difference and other changes	Acquired/ Divested businesses	Recorded through profit or loss	Recorded through other comprehensive income	31 Dec
Intangible and tangible assets	5.6			0.4		6.0
Accumulated depreciation in excess of plan	2.7			-0.9		1.8
Fair value measurement of intangible and tangible assets in acquisition	3.9	0.0		-2.7		1.2
Other temporary differences	0.8			-0.3	-0.2	0.2
Total	13.0	0.0	-	-3.6	-0.2	9.1

Netting of deferred taxes 2023

EUR million	1 Jan	Translation difference and other changes	Acquired/ Divested businesses	Recorded through profit or loss	Recorded through other comprehensive income	31 Dec
Lease liabilities, deferred tax asset	53.3			-16.7		36.6
Right-of-use assets, deferred tax liability	51.6			-16.0		35.6
Deferred taxes, net	1.6	-	-	-0.8	-	0.9

Only lease contract related deferred tax assets and deferred tax liabilities qualify for the criteria for netting.

Net of deferred taxes related to Aditro Logistics' right-of-use assets and lease liabilities was written down in 2023 as deferred tax assets exceeding deferred tax liabilities cannot be utilized in the near future.

16. Trade and other receivables

EUR million	2024	2023, restated*
Trade receivables	173.6	205.5
Contract assets	12.1	12.0
Accrued income and prepayments	30.7	22.3
Other receivables	9.1	12.5
Total	225.4	252.2

More information on trade receivables is provided in note Financial instruments and financial risk management.

The largest item under contract assets is EUR 5.2 million (2023: 5.6*) accrued terminal due receivables from other postal administrations. Other accrued income and prepayments include ordinary sales accruals and prepaid expenses.

Other receivables mainly include credit card receivables from banks and financing companies.

**Restated for offsetting of terminal dues. Additional information presented in note Revenue from contracts with customers.*

17. Equity

EUR million	2024	2023
Share capital	70.0	70.0
Other reserves	142.7	142.7
Fair value reserve	-	0.8
Translation differences	-7.2	-7.2
Retained earnings	76.6	214.3
Total shareholders' equity	282.1	420.5

Share capital

Posti Group Corporation has one class of ordinary shares. The total number of shares is 40,000,000 as of December 31, 2024. All of the shares are held by the Finnish State. The shares do not have a nominal value. Posti Group Corporation's share capital amounts to EUR 70,000,000 for all periods presented. All issued shares have been paid in full.

Other reserves

The other funds amounts to EUR 142.7 million and includes reserves transferred from the share premium to other reserves. The reserve is included in the distributable funds of the Group's parent company.

Fair value reserve

Changes in the fair value derivatives hedging interest rate risk (cash flow hedge) are recognized in the fair value reserve. There were no hedging instruments on Dec 31, 2024.

Translation difference

Translation differences include the differences resulting from the translation of foreign units' financial statements and net investments in foreign currencies.

Consolidated statement of changes in equity contains additional information on changes in equity items.

Distributable funds

The distributable funds of the Group's parent company Posti Group Corporation:

EUR million	2024	2023
Other reserves	142.7	142.7
Retained earnings	122.9	262.1
Capitalised development costs	-	-2.0
Total distributable funds	265.6	402.8

Dividend distribution

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

Posti's Extraordinary General Meeting on December 20, 2024, decided of an additional dividend of EUR 150.0 million. The dividend has been paid in January 2025.

The Board of Directors proposes the Annual General Meeting a dividend distribution of EUR 33.0 million (0.83 per share) for the year 2024.

18. Pension liabilities

Main characteristics of the defined benefit pension plans

The Group applies several pension plans in different countries, managed according to the local regulations and practices effective in each country. The Group's defined benefit pension schemes are related to Finnish insured voluntary pension plans. The plans are voluntary plans supplementing statutory pensions. Funded plans are insurance policies and the assets of the plan are part of the investment assets of the insurance company. The insurance covers the old-age pension, and the level of benefits provided depends usually on the employee's salary level and the length of service.

The Group is exposed to the various risks of the defined benefit plans. As the discount rates applied in measuring the defined benefit obligation are determined based on yields of corporate bonds, the Group is exposed to the related interest-rate risk. Since the majority of plans entail lifetime benefits to the members, the increase in the life expectancy for pensioners increases the Group's liability. Certain plans are also adjusted to inflation and higher inflation increases the present value of the plan. The majority of the plan assets are not affected by the inflation; consequently higher inflation increases the deficit of the plan.

Defined benefit pension liabilities in the balance sheet

EUR million	2024	2023
Present value of funded obligation	43.4	46.0
Fair value of plan assets	-37.7	-37.4
Deficit	5.7	8.6

Defined benefit pension expenses in the income statement

EUR million	2024	2023
Current service cost	0.0	0.0
Interest expense	0.2	0.3
Total	0.2	0.3

Statement of comprehensive income

EUR million	2024	2023
Remeasurement gains (-) and losses (+)	-0.3	0.7

Changes in the present value of the pension obligation

EUR million	2024	2023
Obligation at the beginning of the period	46.0	50.6
Current service cost	0.0	0.0
Interest expense	1.5	1.5
Paid benefits	-4.9	-4.9
Actuarial gains (-) and losses (+) on changes in financial assumptions	1.1	-2.5
Experience-based gains (-) and losses (+)	-0.4	1.3
Obligation at the end of the period	43.4	46.0

Changes in the fair value of the plan assets

EUR million	2024	2023
Fair value of the plan assets at the beginning of the period	37.4	39.5
Interest income	1.3	1.2
Paid benefits	-4.9	-4.9
Employer contributions	2.9	3.5
Actual return on plan assets less interest income	1.0	-1.9
Fair value of the plan assets at the end of the period	37.7	37.4

Estimated contributions payable to the defined benefit plans during the next financial period total EUR 1.0 million. The average duration of the defined benefit plan obligation at the end of the reporting period is 7.2 years.

The plan assets are the responsibility of the insurance company and a part of the insurance company's investment assets. The distribution within categories is not possible to provide.

Key actuarial assumptions and sensitivity analysis

	2024	2023
Discount rate (%)	2.7-3.1	3.5-3.7
Future pension increase expectation (%)	2.0-2.1	2.4-2.6

2024

EUR million	Change in assumption	Change in defined benefit liability			
		Increase in assumption		Decrease in assumption	
Discount rate	0.25%	-0.2	-2.9%	0.2	3.1%
Pension increase rate	0.25%	0.7	12.1%	-0.7	-11.7%

EUR million	Increase by one year		Decrease by one year	
Life expectancy at birth	0.5	9.6%	-0.5	-8.9%

2023

EUR million	Change in assumption	Change in defined benefit liability			
		Increase in assumption		Decrease in assumption	
Discount rate	0.25%	-0.2	-2.7%	0.2	2.8%
Pension increase rate	0.25%	0.7	8.5%	-0.7	-8.3%

EUR million	Increase by one year		Decrease by one year	
Life expectancy at birth	0.7	8.5%	-0.7	-8.0%

The above analysis is based on only changing one assumption while holding all other assumptions constant.

19. Provisions

2024

EUR million	Restructuring provision	Land use compensation and Environmental provision	Other	Total
Carrying amount 1 Jan	3.0	7.3	3.1	13.4
Translation difference and transfers between items	0.0	-	0.0	0.0
Increase in provisions	7.7	8.7	1.3	17.8
Used provisions	-2.7	-3.4	-1.0	-7.1
Unused amounts reversed	-2.4	-1.6	-0.9	-4.9
Carrying amount 31 Dec	5.6	11.0	2.5	19.1

2023

EUR million	Restructuring provision	Land use compensation and Environmental provision	Other	Total
Carrying amount 1 Jan	2.4	0.0	0.1	2.5
Increase in provisions	3.3	7.3	3.2	13.7
Used provisions	-1.2	-	-0.3	-1.5
Unused amounts reversed	-1.5	-	0.1	-1.4
Carrying amount 31 Dec	3.0	7.3	3.1	13.4

EUR million	2024	2023
Long-term provisions	8.6	5.9
Short-term provisions	10.5	7.5
Total	19.1	13.4

Restructuring provisions

Restructuring provisions are primarily related to the change negotiations conducted in recent years. A significant portion of the long-term personnel expense provisions in the Group's Finnish companies is the employer's liability component within the unemployment insurance contribution towards the Employment Fund.

Land use compensation and Environmental provision

In addition to the environmental liability presented in Other contingent liabilities, Posti has recognized provisions related to the land use agreements and environmental liabilities. Corresponding amount has been recorded to additions in Investment properties.

An increase of EUR 8.7 million in environmental provision related to development of the surrounding land area of Posti Group headquarters was recognized during the second quarter. The cleaning of the area started at the end of 2024. Realized costs and possible changes in the overall estimate affect the amount of the environmental provision and value of investment properties.

Other provisions

Other provisions include litigation provisions and onerous contracts.

20. Trade and other payables

Other non-current payables

EUR million	2024	2023
Contract liabilities	-	6.2
Other interest-bearing liabilities	7.2	-
Other non-interest bearing liabilities	0.5	0.6
Other accrued expenses	9.7	11.3
Total	17.3	18.2

Current trade and other payables

EUR million	2024	2023, restated*
Derivative contracts	0.1	0.7
Trade payables	72.2	72.6
Contract liabilities	12.7	10.6
Advances received	10.1	21.6
Accrued personnel expenses	118.6	128.5
Dividend liability	150.0	-
Other accrued expenses	31.5	35.1
Other liabilities	44.9	52.1
Current trade and other payables	440.1	321.2

The accrued expenses include estimated payables for terminal due payments to other Postal administrations, totaling EUR 3.6 (2023: 4.2*) million. The remaining items comprise ordinary accruals of expenses.

**Restated for offsetting of terminal dues. Additional information presented in note Revenue from contracts with customers.*

21. Financial instruments and financial risk management

Financial assets and liabilities

2024

EUR million	At fair value through profit or loss	Measured at amortised cost	Derivatives, hedge accounting	Carrying value	Fair value	Level
Non-current financial assets						
Other non-current investments	0.8			0.8	0.8	3
Non-current receivables		2.7		2.7	2.7	2
Non-current financial assets	0.8	2.7		3.5	3.5	
Current financial assets						
Trade and other receivables		204.9		204.9	204.9	
Currency derivatives	0.1			0.1	0.1	2
Money market investments		31.9		31.9	31.9	2
Investments in quoted bonds		8.0		8.0	8.1	1
Investments in unquoted bonds		1.8		1.8	1.8	2
Current financial assets	0.1	246.5		246.6	246.8	
Money market investments		5.5		5.5	5.5	2
Cash and bank		56.4		56.4	56.4	
Cash and cash equivalents		61.9		61.9	61.9	
Total financial assets	0.9	311.1		312.0	312.2	
Non-current financial liabilities						
Loans from financial institutions		89.8		89.8	90.0	2
Lease liabilities		202.6		202.6	202.6	
Other borrowings		0.0		0.0	0.0	2
Other non-current payables		11.0		11.0	11.0	
Non-current financial liabilities		303.4		303.4	303.7	
Current financial liabilities						
Lease liabilities		68.6		68.6	68.6	
Currency derivatives	0.1			0.1	0.1	2
Trade payables and other liabilities		258.1		258.1	258.1	
Current financial liabilities	0.1	326.7		326.8	326.8	
Total financial liabilities	0.1	630.1		630.2	630.5	

2023, restated*

EUR million	At fair value through profit or loss	Measured at amortised cost	Derivatives, hedge accounting	Carrying value	Fair value	Level
Non-current financial assets						
Other non-current investments	0.8			0.8	0.8	3
Non-current receivables		1.9		1.9	1.9	2
Non-current financial assets	0.8	1.9		2.7	2.7	
Current financial assets						
Trade and other receivables		234.6		234.6	234.6	
Interest rate derivatives			1.0	1.0	1.0	2
Money market investments		24.4		24.4	24.5	2
Investments in quoted bonds		16.9		16.9	16.6	1
Investments in unquoted bonds		4.8		4.8	4.7	2
Current financial assets		280.7	1.0	281.7	281.4	
Money market investments		6.9		6.9	6.9	2
Cash and bank		57.7		57.7	57.7	
Cash and cash equivalents		64.6		64.6	64.6	
Total financial assets	0.8	347.3	1.0	349.1	348.7	
Non-current financial liabilities						
Lease liabilities		224.6		224.6	224.6	
Other borrowings		0.0		0.0	0.0	2
Non-current financial liabilities		224.6		224.6	224.6	
Current financial liabilities						
Loans from financial institutions		60.0		60.0	60.2	2
Lease liabilities		66.1		66.1	66.1	
Currency derivatives	0.7			0.7	0.7	2
Trade payables and other liabilities	0.5	109.8		110.3	110.3	
Current financial liabilities	1.2	235.9		237.1	237.2	
Total financial liabilities	1.2	460.5		461.7	461.9	

* Restated as terminal due balances of postal operators have been offset instead of earlier gross presentation. Additional information has been provided in the note Revenue from contracts with customers.

Hierarchy levels

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

Level 2: Fair values are, to significant degree, based on data other than quoted prices included in level 1, but on data that can be either directly or indirectly verified for the asset group or liability in question. To determine the fair value of these instruments, the Group uses generally accepted valuation models that are, to a significant degree, based on verifiable market data.

Level 3: Fair values are based on other data than verifiable market data regarding the asset or liability.

The fair values of currency forward contracts are calculated by valuing forward contracts at the present value of the forward rates on the reporting date. The fair values of interest rate swaps are calculated by discounting the forecasted cash flows of the contracts with the market interest rate curves on the reporting date. The fair values of zero interest rate floors related to interest rate swaps are based on the generally used option pricing models.

The fair values of investments in money market instruments are based on the market interest rate curves on the reporting date. The fair values of investments in bonds are based on the quoted market prices on the reporting date (Level 1) or a price based on observable market information such as interest yield and issuer's credit spread (Level 2). The fair values of the loans from financial institutions and lease liabilities are calculated by discounting the forecast cash flows with the market rates on the reporting date. Due to the short-term nature of the trade and other current receivables and trade payables and other current liabilities, their carrying amount is considered to be the same as their fair value.

No transfers between fair value hierarchy levels were made during 2024 or 2023. The Group identifies and recognizes transfers between different levels as the transaction is exercised or at the moment when the parameters change materially.

Reconciliation of Level 3 financial assets

2024

EUR million	Shares
Carrying amount 1 Jan	0.8
Profits and losses in income statement	-
Carrying amount 31 Dec	0.8

2023

EUR million	Shares
Carrying amount 1 Jan	1.0
Profits and losses in income statement	-0.2
Additions	0.1
Exercises	0.0
Carrying amount 31 Dec	0.8

Total profits and losses recognized on assets held at the end of the reporting period

In financial income and expenses	-
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Financial risk management

Principles of risk management

The target of financial risk management is to secure adequate and competitive financing for executing the Group's operative businesses and strategy and to minimize the effects of market risks in Group's financial results, financial position and cash flows. The Group aims to identify risk concentrations and hedge against them to necessary extent. The Group's business involves financial risks, such as market, liquidity, credit and counterparty risks. Of Group's commodity risks, the price risk related to electricity is monitored actively, and managed with price secured electricity products.

Risk management organization

The Group's financing and financial risk management is centralized to Group Treasury in Posti Group corporation in line with the treasury policy approved by the Board of Directors. Group Treasury is responsible for the entire Group's currency, interest rate, liquidity and refinancing risk management in close co-operation with the business operations. The business operations are responsible for the identification, management and reporting of the financial risks associated with their operations to Group Treasury. Credit risk related to customer receivables is managed by the sales organizations of the business operations. Posti's real-estate function is responsible for managing the price risk of electricity.

Market risks

Foreign Currency risk

The goal of currency risk management is to reduce the Group's currency risk to an optimal level as well as improve the transparency of profitability and predictability of financial results. The Group's transaction risk primarily consists of currency-denominated receivables, payables and commitments. The key principle is to achieve full hedging against the transaction risks in the balance sheet related to financial operations. Unhedged exposure is permitted within the limits specified in the Group's treasury policy. Loans granted by the parent company to subsidiaries are in the subsidiary's domestic currency, in which case the subsidiary has no currency risk arising from financial agreements. The Group may hedge contract based operative cash flows at maximum to 100 percent of the following 12 months cash flows. On the balance sheet dates December 31, 2024, or December 31, 2023, the Group did not have highly probable operative cash flows defined as hedged items or related hedging currency derivatives under hedge accounting. On the balance sheet date, the Group had currency derivatives with a nominal value of EUR 28.3 (2023: 25.3) million in total used to hedge against the currency risk associated with loans, receivables and commitments.

The Group is also exposed to translation risks in connection with the net investments in subsidiaries outside the euro area. The objective of translation risk management is to ensure that exchange rate fluctuations do not cause any material changes in the Group's gearing. On the balance sheet date, the Group had not hedged against translation risk of any of its foreign net investments.

Foreign exchange rates

Average rate	2024	2023
SEK	11.427	11.473
NOK	11.621	11.424
SDR	0.816	0.811
Closing rate	2024	2023
SEK	11.459	11.096
NOK	11.795	11.241
SDR	0.797	0.822

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

Major transaction risk positions on the balance sheet date

2024	EUR-companies			
EUR million		SEK	USD	SDR
Trade receivables and payables		-0.4	0.0	0.3
Loans and bank accounts*		23.4	0.0	
Derivatives		-23.1		
Open position		-0.1	0.0	0.3
2023	EUR-companies			
EUR million		SEK	USD	SDR
Trade receivables and payables		0.0	-0.3	-9.3
Loans and bank accounts*		25.5	0.0	
Derivatives		-26.0		
Open position		-0.5	-0.3	-9.3

*Includes cash and cash equivalents, interest-bearing receivables and liabilities.

The sensitivity analysis on currency risk is based on the items denominated in other than functional currencies of the group companies on the balance sheet date. Strengthening of the euro by 10 percent against all other currencies would have an impact of EUR -0,7 (2023: +1.0) million on the Group's profit before taxes.

Major translation risk positions on the balance sheet date

Net investments			
EUR million	SEK	NOK	PLN
2024	6.0	0.9	1.2
2023	3.1	1.2	7.4

The net investment positions have been unhedged on each balance sheet date presented.

Interest rate risk

The Group is exposed to interest rate risks through its investments and interest-bearing liabilities. The goal of interest rate risk management is to minimize financing costs and decrease the uncertainty that interest rate movements cause for the Group's financial result. According to the treasury policy the interest rate risk of the debt portfolio is managed by balancing the proportion of the floating and fixed rate debt in the debt portfolio, taking into account the number, the maturity and the value of the debt instruments as well as the market conditions. The proportion of the fixed interest rate debt is to be at minimum 20% of the debt portfolio, including the interest rate derivatives. However, the minimum requirement of the fixed interest rate debt can be deviated with the decision of the Group's CFO. The interest rate risk of the interest bearing financial assets is managed by investing the assets into different investment classes, interest periods and maturities. In addition to diversification, interest rate risks associated with interest-bearing receivables and liabilities can be hedged with interest rate derivatives within the limits defined in treasury policy.

On the balance sheet date, the Group's interest-bearing liabilities amounted to EUR 361.1 (2023: 350.8) million and interest-bearing receivables to EUR 103.5 (2023: 110.8) million. On the balance sheet date, the Group had long-term floating rate loans totalling EUR 90.0 million. There were no hedging instruments related to the loans. On the balance sheet date December 31, 2023, the Group had a short-term floating rate loan EUR 60.0 million which had been hedged by an interest rate swap to a fixed rate. The Group has applied hedge accounting to the interest rate swap hedging the loan. The interest rate swap had identical critical terms as the hedged loan, such as notional amount, reference rate, reset dates, interest rate floor, interest periods and maturity. As all critical terms matched during the year, there is an economic relationship and the hedge was expected to be 100% effective. The amount of the fair value recognized in other comprehensive income is presented in a statement of changes in equity.

The effects of the interest rate swap on the Group's financial position and performance are as follows:

EUR million	2024	2023
Carrying amount (non-current asset/liability)	-	1.0
Notional amount	-	60.0
Maturity date	-	2024
Hedge ratio	-	1:1
Change in fair value of outstanding hedging instrument during the year	-	-1.2
Change in value of hedged item used to determine hedge effectiveness	-	1.2

Interest-bearing receivables and debt according to interest rate fixing 2024

EUR million	Fixed interest rate	Less than 1 year	Total
Liquid funds	-45.3	-58.2	-103.5
Loans from financial institutions		89.8	89.8
Lease liabilities	74.3	196.9	271.2
Net debt	29.0	228.5	257.5

2023

EUR million	Fixed interest rate	Less than 1 year	Total
Liquid funds	-51.3	-59.5	-110.8
Loans from financial institutions		60.0	60.0
Lease liabilities	71.8	218.9	290.7
Net debt	20.5	219.4	240.0
Impact of interest rate swaps	0.0		0.0
Total	20.5	219.4	240.0

Net debt and the related figures above do not include the interest-bearing long-term liability of EUR 7.2 (2023:0.0) million to the City of Helsinki on Eteläinen Postipuisto investment property.

The sensitivity analysis on interest rate risk includes interest-bearing receivables, loans and interest rate derivatives. An increase of 1 percentage point in the interest rates at the end of the financial period would affect the Group's profit before taxes for the next 12 months by EUR -0.2 (2023: -0.1) million and other items of equity by EUR 0.0 (2023: -0.0) million before taxes.

Electricity price risk

The electricity price risk management aims to reduce the volatility in the Group's profit and cash flows caused by electricity price fluctuations. The Group employs price-secured electricity products to reduce the price risk related to electricity procurement.

Derivative contracts

2024

EUR million	Nominal value	Net fair value	Positive fair value	Negative fair value
Currency forward contracts, non-hedge accounting	28.3	0.0	0.1	-0.1

2023

EUR million	Nominal value	Net fair value	Positive fair value	Negative fair value
Currency forward contracts, non-hedge accounting	25.3	-0.7	-	-0.7
Interest rate swaps, hedge accounting	60.0	1.0	1.0	-

Offsetting of financial instruments

Derivative assets	2024	2023
Derivative assets, reported as gross amount	0.1	1.0
Related derivative liabilities subject to master netting agreements	0.1	-
Net amount	0.0	1.0
Derivative liabilities	2024	2023
Derivative liabilities, reported as gross amount	0.1	0.7
Related derivative assets subject to master netting agreements	0.1	-
Net amount	0.0	0.7

Derivative agreements are subject to offsetting in the case of default, insolvency or bankruptcy of the counterparty. Derivative agreements have not been offset in the balance sheet.

Offsetting of terminal due assets and liabilities is presented in Note Revenue from contracts with customers.

Liquidity risk

The liquidity and refinancing risk means that the Group's liquidity reserve is insufficient to cover the Group's commitments and investment possibilities or that the cost of the refinancing or additional financing need is exceptionally high. The Group places a considerable emphasis on accurate cash management and liquidity planning in order to minimize liquidity risks generated by large daily fluctuations in the Group's cash flows. In addition to cash and cash equivalents, the Group aims to secure sufficient financing in all circumstances, and has as financial reserves, a syndicated credit facility (committed) of EUR 150.0 million, maturing in 2025, and a non-binding commercial paper program of EUR 200.0 million.

On the balance sheet date, the Group had liquid funds of EUR 103.5 (2023: 110.8) million and unused committed credit facilities of EUR 180.0 (2023: 150.0) million. Liquid funds include cash and cash equivalents and investments tradable on the secondary market whose tradability is secured by the liquid size of the issue and the creditworthiness of the issuer. In addition, the Group had an unused commercial paper program of EUR 200.0 (2023: 200.0) million.

EUR million	2024	2023
Cash and cash equivalents	61.9	64.6
Money market investments and investments in bonds	41.6	46.1
Liquid funds	103.5	110.8

Contractual cash flows from financial liabilities and derivatives including interest payments

2024

EUR million	2025	2026	2027	2028	2029-	Total
Loans from financial institutions	3.1	3.1	91.5			97.8
Lease liabilities	80.3	63.4	50.7	32.5	97.1	324.0
Other non-current liabilities		3.2	1.1	3.0	3.7	11.0
Trade payables and other liabilities	258.1					258.1
Derivatives:						
Currency derivatives, cash flows payable	28.4					28.4
Currency derivatives, cash flows receivable	-28.3					-28.3
Total	341.5	69.7	143.3	35.5	100.8	690.9

2023, restated*

EUR million	2024	2025	2026	2027	2028-	Total
Loans from financial institutions	61.4					61.4
Lease liabilities	75.1	66.6	50.7	39.5	89.1	321.1
Trade payables and other current liabilities	109.8					109.8
Derivatives:						
Interest rate derivatives (net settled)	-1.0					-1.0
Currency derivatives, cash flows payable	26.0					26.0
Currency derivatives, cash flows receivable	-25.3					-25.3
Total	246.0	66.6	50.7	39.5	89.1	491.9

*Restated as terminal due balances of postal operators have been offset instead of earlier gross presentation. Additional information has been provided in the note Revenue from contracts with customers.

The contractual cash flows presented in above tables are not discounted.

In May, the Group repaid a bank loan of EUR 60.0 million. In June, the Group signed two new bilateral EUR 60.0 million floating rate term loan facility agreements linked to its sustainability targets. By the end of December, the Group made withdrawals totalling EUR 90.0 million from the new loans. The margins of the loans are linked to two sustainability targets: absolute amount of scope 1 and 2 greenhouse gas emissions and absolute amount of scope 3 greenhouse gas emissions. The loans are unsecured and have maturity of 3 years with two one year extension options. There are no hedging instruments related to the new loan agreements.

Lease liabilities are in fact secured liabilities since, in default of payment, rights to the leased property transfer back to the lessor. Other loans have no security.

Credit and counterparty risk

Pursuant to authorizations given by the Board of Directors, the Group invests its liquid funds in debt instruments and bonds issued by companies, banks and states with good creditworthiness, as well as bank deposits. Posti Group makes derivative contracts only with solvent banks and credit institutions. The credit and counterparty risk related to investing of liquid funds and derivative contracts are managed by the limits set for the counterparties. The assessment method for expected credit losses of investments is described in Accounting principles in section Financial assets and liabilities. During the financial year the Group has not recognized material impairment losses of investments. On the balance sheet date December 31, 2024, the recognized expected credit loss was insignificant.

Trade receivables are subject to only minor credit risk concentrations due to the Group's extensive customer base. The Group applies a simplified provision matrix approach for expected credit losses on trade receivables. Terminal due receivables form a separate category in trade receivables, since the expected credit loss on terminal due receivables is minor due to offsetting arrangement and customer base. Trade receivables include EUR 4.8 (2023: 5.9) million terminal due receivables. Credit losses recognized were EUR 1.1 (2023: 1.1) million.

Aging of trade receivables

EUR million	2024	2023, restated*
Not yet due	151.6	158.9
1–30 days overdue	15.5	38.7
31–60 days overdue	2.0	2.0
61–90 days overdue	1.4	0.0
91–180 days overdue	3.2	0.7
181– days overdue	2.3	7.1
Trade receivables gross	176.1	207.4
Expected credit loss	-2.6	-1.9
Trade receivables net	173.6	205.5

* Restated as terminal due balances of postal operators have been offset instead of earlier gross presentation. Additional information has been provided in the note Revenue from contracts with customers.

Capital management

The target of the Group's capital management is to secure financing required by businesses and the Group's ability to operate in capital markets under all circumstances. Although the Group has no public credit rating issued by a credit rating agency, it seeks to maintain a capital structure that would be required for investment grade rating. The Board of Directors assesses the capital structure on a regular basis. The covenants associated with the Group's loan agreements are standard terms and conditions that feature limitations on securities given, material changes in business activities, and changes in majority holdings. The Group has met these covenants in 2024 and 2023. The margins of the Group's loan agreements signed in 2024 are linked to two sustainability targets: absolute amount of scope 1 and 2 greenhouse gas emissions and absolute amount of scope 3 greenhouse gas emissions. Of sustainability targets, in 2024 the Group has met the target related to the absolute amount of the scope 1 and 2 greenhouse emissions but the target related to the absolute amount of the scope 3 greenhouse gas emissions has not been met. According to the terms of the loans, as one of two KPIs were met, there were no adjustments to the loan margins. The Group's loan agreements do not contain financial covenants.

The Group monitors its capital structure by assessing net debt to adjusted EBITDA and equity ratio.

Net debt	2024	2023
Interest-bearing liabilities	361.1	350.8
Cash and cash equivalents	61.9	64.6
Investments in maturities over 3 months	41.6	46.1
Total	257.5	240.0
Net debt / Adjusted EBITDA	1.2x	1.2x
Equity ratio, %*	25.2	37.9

**Restated as terminal due balances of postal operators have been offset instead of earlier gross presentation. Additional information has been provided in the note Revenue from contracts with customers.*

Reconciliation of net debt

2024

EUR million		Interest bearing borrowings	Interest bearing lease liabilities	Interest bearing borrowings total	Liquid funds	Net debt total
Carrying amount on	Jan 1	60.0	290.7	350.8	110.8	240.0
Cash flows		29.8	-72.1	-42.4	-7.8	-34.6
Acquired businesses		-	0.5	0.5	0.7	-0.2
Effect of exchange rate changes		-	-3.4	-3.4	-0.2	-3.2
Other non-cash items		0.1	55.4	55.5	-	55.5
Carrying amount on	Dec 31	89.8	271.2	361.1	103.5	257.5
Fair value on	Dec 31	90.0	271.2	361.3		

2023

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

Net debt and the related figures above do not include the interest-bearing long-term liability of EUR 7.2 (2023: 0.0) million to the City of Helsinki related to exchanges of land areas.

22. Lease agreements

The Group leases mainly premises, vehicles and production machinery. The lease terms for premises vary up to more than 10 years. Leased premises consist of postal centers, warehouses, offices, parcel sorting centers, terminals, premises for retail as well as smaller local delivery sites. Typical vehicle lease term is from 3 to 6 years. Vehicle category includes larger and smaller trucks, cars and different vehicles for postal delivery purposes. Machinery category includes significant number of leased warehouse forklifts.

Extension options are included in some of the major premise lease contracts. Posti management reviews lease contracts regularly and Posti has recognized option periods in lease liability for some lease contracts. In 2024, extension option of 10 years for Oulu Postikeskus was recognized in balance sheet.

Posti's lease contracts do not include variable lease payments, e.g., lease payments variable according to net sales. Generally lease contracts do not include lease incentive payments.

Some lease contracts for real estates and vehicles have clauses that contents of the lease contract can be renegotiated if Finnish state's shareholding decreases in Posti Group Corporation.

Right-of-use assets

EUR million	2024	2023
Buildings	187.9	211.3
Vehicles	58.7	61.7
Machinery and other	12.2	7.6
Total	258.8	280.6

Specification of right-of-use assets is presented in the note Right-of-use assets.

Lease liabilities

EUR million	2024	2023
Non-current lease liabilities	202.6	224.6
Current lease liabilities	68.6	66.1
Total	271.2	290.7

Lease liabilities maturity

EUR million	2024	2023
Less than 1 year	80.3	75.1
1–5 years	170.0	180.6
More than 5 years	73.8	65.4
Minimum lease payments total	324.0	321.1
Future interest expenses	-52.8	-30.3
Total	271.2	290.7

Income statement items for leases

EUR million	2024	2023
Depreciations		
Buildings	48.2	47.3
Vehicles	21.1	18.5
Machinery and other	4.7	3.5
Total	74.0	69.3
Interest expense, leases	10.0	8.3
Incomes from subleasing right-of-use assets	2.6	2.7

Lease expenses not recognized in balance sheet

EUR million	2024	2023
Lease expenses in income statement, short-term leases	30.7	36.7
Lease expenses in income statement, low-value asset leases	0.5	0.9
Total	31.3	37.6

Total cash outflow of leases was EUR 113.5 (2023: 113.5) million.

Short-term lease expenses include lease contracts valid until further notice that the Group has assessed to not recognize on the balance sheet. Short-term lease expenses include also lease expenses arising from ad hoc leases for vehicles or machinery.

Posti did not have gains or losses arising from sale and leaseback transactions during periods reported.

Posti had no lease expenses due to variable lease payments components.

Lease commitments not recognized in balance sheet

EUR million	2024	2023
Less than 1 year	10.1	12.5
1–5 years	17.3	0.7
More than 5 years	13.4	-
Total	40.8	13.1

Already signed lease agreements, that will start in the future are also shown as lease commitments. When the premises have been handed over to Posti, the lease commitments turn into a right-of-use asset and a lease liability.

Leases as lessor

Posti Group operates also as a lessor to external parties. Some office or production premises are leased out in individual cases and Posti has assessed these to be operating leases. The Posti Group does not act as a lessor in finance lease contracts.

Lease payment receivables

EUR million	2024	2023
Less than 1 year	1.2	1.7
1–5 years	1.1	1.5
More than 5 years	1.6	1.7
Total	3.9	4.9

23. Commitments and other contingent liabilities

EUR million	2024	2023
Guarantees	8.8	9.0
Total	8.8	9.0

Guarantees have been given for obligations arising in the ordinary course of business of the Group. Guarantees have been given by either financial institutions or Posti Group Oyj on behalf of Group companies. These guarantees have typically been given on behalf of a Group company's contractual payment obligations or for authority requirement, and as a counter guarantee to banks.

Legal proceedings

In November 2024, the Finnish Data Protection Authority issued a decision regarding a complaint filed by an individual consumer customer in July 2018, regarding Posti's electronic mailbox service earlier known as Netposti. The authority's decision focused on the onboarding to an electronic mailbox and processing of personal data. According to the authority's view, informing consumer customers about the onboarding and functionality of the mailbox had not been sufficient. As part of the decision, Posti was ordered an administrative fine of EUR 2.4 million. Posti considers the authority's decision unfounded and the administrative fine unreasonable and has filed an appeal with the Helsinki Administrative Court, which is now considering the matter.

Based on complaints by some Posti's competitors, the Finnish Consumer and Competition Authority (FCCA) has since 2017 investigated Posti's suspected abuse of dominant market position related to the business letter market in Finland. In December 2024 the FCCA issued Posti a draft proposal to the Market Court for imposition of a competition infringement fine. Posti's hearing of the draft proposal is pending. The FCCA has not made any final decisions in the matter, and the draft proposal did not include any amount of the possibly proposed infringement fine, the legal maximum amount of which corresponds to ten percent of Posti's Group's turnover. Posti will defend itself against the allegations, which it considers unfounded and erroneous.

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

Other contingent liabilities

The Group has an estimated environmental liability of EUR 12.4 million related to the cleaning of the land areas in Eteläinen Postipuisto area. The exchanges of land areas between Posti and the City of Helsinki were completed in May 2024, and environmental provision was recognized for the sold land areas. The cleaning of the area started at the end of 2024 and will progress in stages in 2025-2026. Total amount has been re-estimated for the year-end.

24. Related party transactions

Parties are considered to be related parties if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions. Posti's related parties include the parent company Posti Group Oyj's subsidiaries, associates and joint operations as well as its sole shareholder, the State of Finland. Related parties also include the members of the Board of Directors, the President and CEO, the Posti Leadership Team and the close family members of these individuals and entities that are controlled or jointly controlled by a person identified as a related party. Also entities that are controlled or jointly controlled by, or are associates of the State of Finland, are related parties of Posti. Posti has group-wide procedures in place to assess potential conflicts of interest, and to ensure that any transactions with related parties can be considered as ordinary course of business, executed at arm's-length principles.

The key management consists of the members of the Board of Directors, President and CEO and members of the Posti Leadership Team.

Turkka Kuusisto served as the President and CEO of Posti Group Corporation until March 20, 2024. From March 21, 2024, to July 31, 2024, Timo Karppinen, CFO of Posti, acted as an interim CEO in addition to his own duties. Since the beginning of August 1, 2024, Antti Jääskeläinen has been serving as the President and CEO.

Transactions with related parties

Transactions between group companies are eliminated in the group's consolidated financial statement.

No financial loans have been granted to the key management. Posti did not have significant business transactions with the key management or their related parties during the periods presented.

Posti has business relations with the government-related entities. Posti has recognized EUR 8.2 (2023: 2.6) million of government grants from Traficom regarding distribution support and vehicle acquisition support. During the periods presented, Posti did not carry out any other business transactions with these entities that were individually or collectively significant quantitatively or qualitatively.

Management remuneration

EUR million	2024	2023
President and CEO	1.0	0.9
Posti Leadership Team (excl. CEO)	3.3	3.5
Board of Directors	0.4	0.4
Supervisory Board	0.0	0.0
Total	4.7	4.9

President and CEO or members in Posti Leadership Team do not have supplementary pension plans.

President and CEO*

EUR million	2024	2023
Salary**	0.8	0.6
Short-term bonus	0.2	0.2
Long-term incentive	-	0.2
Total	1.0	0.9

Posti Leadership Team (excl. CEO)

EUR million	2024	2023
Salary**	1.9	2.2
Short-term bonus	0.8	0.6
Long-term incentive	0.5	0.7
Total	3.3	3.5

*President and CEO remuneration includes Turkka Kuusisto's remuneration, Timo Karppinen's remuneration from March 21, 2024 to July 31, 2024 and Antti Jääskeläinen's remuneration.

**Salary includes fringe benefits, holiday compensations, insurance coverage and possible special incentives. Salary presented in table excludes pension contributions. Costs under the Finnish statutory pension scheme for the President and CEO amounted to EUR 0.2 (2023: 0.2) million and for the Posti Leadership Team amounted to EUR 0.6 (2023: 0.6) million.

Board of Directors remuneration

EUR thousand	2024	2023
Sanna Suvanto-Harsaae (Chair)	63.6	67.2
Jukka Leinonen (Deputy chair)	42.0	41.8
Raija-Leena Hankonen-Nybom	41.4	39.6
Harri Hietala**	-	10.1
Kari-Pekka Laaksonen	42.6	43.8
Frank Marthaler	42.0	46.8
Minna Pajumaa	37.8	36.6
Anni Ronkainen*	39.0	29.6
Per Sjödel**	-	14.5
Stefan Svensson*	38.4	27.2
Hanna Vuorela	37.8	37.8
Satu Ollikainen	7.2	9.0
	391.8	403.9

*Member of the Board since April 3, 2023

**Member of the Board until April 3, 2023

25. Group companies

The Group's parent company is Posti Group Corporation.

Subsidiaries Dec 31, 2024	Group's holding %	Country
Aditro Logistics AB	100	Sweden
Aditro Logistics Norge AS	100	Norway
Aditro Logistics Staffing AB	100	Sweden
Itella Estonia OÜ	100	Estonia
Itella Logistics SIA	100	Latvia
Itella Logistics UAB	100	Lithuania
Posti 3PL Contract Logistics Oy	100	Finland
Posti 3PL Etelä-Suomi Oy	100	Finland
Posti 3PL Pääkaupunkiseutu Oy	100	Finland
Posti 4PL Contract Logistics Oy	100	Finland
Posti Group Suomi Oy	100	Finland
Posti Henkilöstöratkaisut Oy	100	Finland
Posti Jakelu Oy	100	Finland
Posti Kuljetus Oy	100	Finland
Posti Logistics Handling Oy	100	Finland
Posti Logistics Management Oy	100	Finland
Posti Logistics Services Oy	100	Finland
Posti Logistics Solutions Supply Oy	100	Finland
Posti Logistics Terminal Oy	100	Finland
Posti Logistics Warehousing Oy	100	Finland
Posti Logistics Wholesale Oy	100	Finland
Posti Logistiikka ja Varastointi Oy	100	Finland
Posti Logistiikkaratkaisut Action Oy	100	Finland
Posti Logistiikkaratkaisut Chain Oy	100	Finland
Posti Logistiikkaratkaisut Craft Oy	100	Finland
Posti Logistiikkaratkaisut Espoo Oy	100	Finland
Posti Logistiikkaratkaisut Etelä-Suomi Oy	100	Finland
Posti Logistiikkaratkaisut Extra Oy	100	Finland
Posti Logistiikkaratkaisut Fast Oy	100	Finland
Posti Logistiikkaratkaisut Flex Oy	100	Finland
Posti Logistiikkaratkaisut Flow Oy	100	Finland
Posti Logistiikkaratkaisut Helsinki Oy	100	Finland
Posti Logistiikkaratkaisut Itä-Suomi Oy	100	Finland
Posti Logistiikkaratkaisut Keski-Suomi Oy	100	Finland
Posti Logistiikkaratkaisut Kilo Oy	100	Finland
Posti Logistiikkaratkaisut Länsi-Suomi Oy	100	Finland
Posti Logistiikkaratkaisut Motion Oy	100	Finland
Posti Logistiikkaratkaisut Move Oy	100	Finland
Posti Logistiikkaratkaisut Oy	100	Finland
Posti Logistiikkaratkaisut Sigma Oy	100	Finland
Posti Logistiikkaratkaisut Support Oy	100	Finland
Posti Logistiikkaratkaisut Tuusula Oy	100	Finland
Posti Logistiikkaratkaisut Työmaapalvelut Oy	100	Finland
Posti Logistiikkaratkaisut Uusimaa Oy	100	Finland
Posti Logistiikkaratkaisut Vaasa Oy	100	Finland
Posti Logistiikkaratkaisut Vantaa Oy	100	Finland
Posti Logistiikkaratkaisut Works Oy	100	Finland
Posti Messaging GmbH	100	Germany
Posti Messaging Oy	100	Finland
Posti Messaging OÜ	100	Estonia
Posti Messaging SIA	100	Latvia
Posti Messaging Sp. z o.o.	100	Poland
Posti Oy	100	Finland
Posti Palvelut Oy	100	Finland
Posti Rakennuslogistiikka Oy	100	Finland
Posti Satamalogistiikka Oy	100	Finland
Posti Teollisuusratkaisut Oy	100	Finland
Posti Verkkologistiikka Oy	100	Finland
Posti Warehousing Oy	100	Finland

Posti announced on September 25, 2024, that all Posti Group companies are starting to operate under one unified Posti brand. Transval changed its name to Posti in September, and Aditro Logistics in Sweden will be named Posti in March 2025. In the Baltics, the Itella SmartPost brand will change to SmartPosti during the spring 2025.

26. Events after the reporting period

As announced on May 6, 2024, Posti removed the business of mass delivery of advertisements and unaddressed mass mailings, such as papers free of charge to mail recipients from its service offering at the beginning of 2025.

The extra dividend of EUR 150.0 million was paid on January 31, 2025. The extra dividend payment was funded with external short and long-term funding and with available bank account cash funds.

There have been no other significant events after the reporting period.

Parent Company's Financial Statements, FAS

Income Statement of the Parent Company

EUR	Note	2024	2023
Net sales	1	11,820,092.01	13,083,028.12
Other operating income	2	78,121.50	235,008.47
Personnel expenses	3	-7,036,731.05	-6,002,622.53
Depreciation, amortization and impairment losses	4	-176,158.30	-196,741.52
Other operating expenses	5, 6	-15,192,969.67	-19,604,214.36
Operating profit/loss		-10,507,645.51	-12,485,541.82
Financial income and expenses	7	-5,553,903.02	-62,001,663.02
Profit/loss before appropriations		-16,061,548.53	-74,487,204.84
Group contributions	8	71,000,000.00	66,305,500.00
Profit/loss before income tax		54,938,451.47	-8,181,704.84
Income tax	9	-12,365,250.17	-11,601,777.63
Profit/loss for the financial period		42,573,201.30	-19,783,482.47

Balance Sheet of the Parent Company

EUR	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets	10	2,033,141.11	2,209,299.41
Tangible assets	11	1,478,642.34	1,478,642.34
Investments	12	490,892,272.27	476,902,106.63
Total non-current assets		494,404,055.72	480,590,048.38
Current assets			
Non-current receivables	13	86,589,034.29	29,858,986.17
Current receivables	14	93,436,391.53	158,328,934.88
Current investments	15	41,634,689.38	46,114,059.28
Cash and cash equivalents	16	51,021,142.53	55,662,728.98
Total current assets		272,681,257.73	289,964,709.31
Total assets		767,085,313.45	770,554,757.69
EQUITY AND LIABILITIES			
Equity			
Share capital	17	70,000,000.00	70,000,000.00
Fair value reserve		0.00	771,844.02
Other reserves		142,703,761.93	142,703,761.93
Retained earnings		80,344,509.62	281,927,992.09
Profit/loss for the financial period		42,573,201.30	-19,783,482.47
Total equity		335,621,472.85	475,620,115.57
Provisions	18	1,032,515.00	1,042,803.00
Liabilities			
Non-current	20	90,672,392.34	1,237,796.21
Current	21	339,758,933.26	292,654,042.91
Total liabilities		430,431,325.60	293,891,839.12
Total equity and liabilities		767,085,313.45	770,554,757.69

Cash Flow Statement of the Parent Company

EUR	2024	2023
Cash flow from operations		
Profit/loss before appropriations	-16,061,548.53	-74,487,204.84
Adjustments:		
Depreciation and amortization	176,158.30	196,741.52
Financial income (-) and expense (+)	-1,046,096.98	-2,294,112.27
Impairment losses on non-current investments	6,600,000.00	64,295,775.29
Other adjustments	-10,664.08	2,043,887.64
Cash flow before change in working capital	-10,342,151.29	-10,244,912.66
Interest-free current receivables, increase (-), decrease (+)	5,144,516.58	-3,371,285.27
Interest-free non-current receivables, increase (-), decrease (+)	-2,073.73	0.00
Interest-free current liabilities, increase (+), decrease (-)	-6,097,571.55	1,402,329.56
Interest-free non-current liabilities, increase (+), decrease (-)	-176,086.97	-18,338.09
Change in working capital	-1,131,215.67	-1,987,293.80
Cash flow from operating activities before financial items and taxes	-11,473,366.96	-12,232,206.46
Interests paid	-7,989,745.73	-5,644,179.21
Interests received	8,423,536.86	7,273,771.97
Other financial items	-22,096.41	1,814,796.32
Income tax paid	-14,871,681.36	-11,416.62
Cash flow from financial items and taxes	-14,459,986.64	3,432,972.46
Cash flow from operating activities	-25,933,353.60	-8,799,234.00
Investments in tangible and intangible assets	0.00	-1,317,045.22
Other investments	-6,600,000.00	-6,400,000.00
Loans granted	-74,173,849.12	-9,652,903.83
Repayments of loan receivables	37,355,405.49	13,062,247.67
Current investment (net cash)	5,057,025.32	-13,848,499.24
Cash flow from investing activities	-38,361,418.31	-18,156,200.62
Repayment of current loans	-60,000,000.00	-10,000,000.00
Increases in non-current loans	89,760,000.00	0.00
Dividends paid	-31,800,000.00	-31,700,000.00
Change in group cash pool	-4,612,314.54	-1,373,807.45
Group contributions received and paid	66,305,500.00	67,100,000.00
Cash flow from financing activities	59,653,185.46	24,026,192.55
Change in cash and cash equivalents	-4,641,586.45	-2,929,242.07
Cash and cash equivalents at the beginning of the financial period	55,662,728.98	58,591,971.05
Cash and cash equivalents at the end of the financial period	51,021,142.53	55,662,728.98

Cash flow from investing activities includes the net cash flow of current investments maturing within more than three months. The change in group cash pool is presented in the cash flow from financing activities.

Accounting policies

General

Posti Group Corporation is the parent company of Posti Group, domiciled in Helsinki, Finland. Financial statements are prepared in accordance with Finnish accounting and company legislation.

Revenue recognition and net sales

Major part of Posti Group Corporation's revenues consists of management and administration services rendered to Posti Group's subsidiaries. Revenue is recognized when the service is rendered as agreed. Net sales derive from revenue based on the sale services net of indirect taxes and exchange rate differences.

Other operating income

Other operating income includes capital gains on sale of assets and income other than generated by the sale of services.

Valuation of fixed assets

Tangible and intangible assets are carried at historical acquisition cost less accumulated depreciation.

Fixed assets are depreciated on a straight-line basis according to plan. The depreciations are based on expected useful lives, starting from the time items are in use. The common expected useful lives in Posti Group Corporation are as follows:

Immaterial rights and other long-term expenses	3 – 15 years
Machinery and equipment	3 – 5 years
Land and water are not subject to depreciation.	

Non-current investments are valued at their original acquisition cost. If it is probable that the future revenue on the investment is permanently smaller than the acquisition cost, the difference is recognized as an impairment loss.

Leasing

Lease payments are expensed in the income statement as rental expenses. Lease payments due in future years under lease contracts are presented as off-balance sheet items.

Cash in hand and at banks

Cash and cash equivalents consist of cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments that can be easily exchanged for a pre-determined amount of cash, and which are subject to an insignificant risk of changes in value. The money-market investments classified as the Company's cash and cash equivalents have a maximum maturity of three months at the acquisition.

Pension schemes

Posti Group Corporation's statutory pension coverage is provided by Ilmarinen Mutual Pension Insurance Company. Supplementary pension coverage (for those in the long-time service for Post and Telecommunications) is provided by OP Life Assurance Company Ltd.

Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of this obligation can be made. Provisions for restructuring are recognized when the related, detailed, and official plan has been approved and disclosed.

Income taxes

Income tax includes tax calculated on the profit for the current financial year as well as tax adjustments for previous financial years.

Deferred taxes are calculated using the tax rate effective on the balance sheet date. A deferred tax asset is recognized to the extent that it appears probable that future taxable profit will be available against which the temporary difference can be utilized.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into euros at the exchange rate quoted on the transaction date.

Receivables and liabilities in foreign currencies are translated into euros using the average exchange rate quoted on the balance sheet date by the European Central Bank. The exchange rate gains or losses arising from the business operations are recognized as adjustments of net sales and purchases. The exchange rate gains and losses arising from financial instruments are included in the financial income and expenses.

Financial assets and liabilities**Financial assets**

Posti Group Corporation classifies its financial assets into the following categories: measured at amortized cost and measured at fair value through profit or loss. The classification is based on Posti Group Corporation's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets, whose business model is to hold the assets until maturity for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Other financial assets are measured at fair value through profit or loss.

Financial assets are recognized and derecognized at the settlement date. Posti Group Corporation derecognizes a financial asset when its contractual right to the cash flows from the asset has expired or is forfeited, or it has transferred substantially all risks and rewards outside Posti Group Corporation. Any gain or loss arising on derecognition of a financial asset is recognized directly in profit or loss and presented in finance income or expenses (or in other operative income or expenses for trade receivables), together with foreign exchange gains and losses.

Financial assets at amortized cost

Financial assets at amortized cost include investments in bonds and money-market investments, fixed-term bank deposits as well as trade receivables and other receivables. Interest income from these financial assets is included in financial income using the effective interest rate method.

Posti Group Corporation assesses the expected credit losses associated with its debt instruments carried at amortized cost on forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For low credit risk bond investments, Posti Group Corporation applies a low credit risk exemption, where the loss allowance recognized is limited to 12 months expected credit losses. The changes in loss allowance are presented in other financial expenses.

For trade receivables, Posti Group Corporation applies a simplified loss allowance matrix approach whereby the impairment loss is measured over the life of the asset unless the asset is already written off. Write-off is based on indicators that there is no reasonable expectation of recovery for example due to failure to make contractual payments or bankruptcy. The changes in loss allowance and loss from write-off are presented in other operating expenses.

Financial assets at fair value through profit or loss

Posti Group Corporation classifies investments in equity instruments as financial assets at fair value through profit or loss. This category includes unlisted shares. The changes in the fair value of investments in equity instruments are recognized in financial income or expenses at each balance sheet date.

Also, derivatives for which hedge accounting is not applied are included in the financial assets at fair value through profit or loss. For these derivatives, realized and unrealized gains and losses from changes in fair values are recognized in the income statement in the period in which they have arisen.

Financial liabilities

Posti Group Corporation classifies its financial liabilities either into financial liabilities at amortized cost or financial liabilities at fair value through profit or loss.

Financial liabilities at amortized cost

Non-derivative financial liabilities are classified as financial liabilities at amortized cost. They are initially recognized at fair value based on the consideration received. Transaction costs are included in the initial carrying amount of financial liabilities. Subsequently, financial liabilities, except for derivative liabilities, are measured at amortized cost using the effective interest rate method.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivatives for which hedge accounting is not applied. For these derivatives, realized and unrealized gains and losses from changes in fair values are recognized in the income statement in the period in which they have arisen.

Derivative contracts and hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at each balance sheet date. Gain or loss arising from valuation at fair value is recognized in accordance with the derivative contract's purpose of use. The income effect of the value changes of derivative contracts, which constitute effective hedging instruments, and which are subject to hedge accounting, is shown consistently with the hedged item. Posti Group Corporation recognizes derivative contracts as hedges of highly probable future transactions (cash flow hedge) or as economic hedges, to which hedge accounting is not applied.

When hedge accounting is applied, Posti Group Corporation documents at the inception of the hedging transaction the relationship between the hedged item and the hedge instruments as well as the objectives of Posti Group Corporation's risk management and the strategy for carrying out the hedging transaction. Posti Group Corporation also documents and assesses prospectively at inception of the hedge and at each reporting date the effectiveness of the hedging relationship by inspecting the hedge instruments' ability to offset the changes in fair values or cash flows of hedged items.

Effective portion of changes in the fair value of derivatives that are designated and qualify as cash-flow hedges are recognized in other comprehensive income. Possible ineffective portion is recognized through profit or loss according to its nature either in other operating income or expenses or financial items. Amounts accumulated in equity are reclassified into profit or loss when the hedged item is recognized through profit or loss. Posti Group Corporation applies cash flow hedging for hedging against interest-rate risk of a loan with variable interest-rate. If a derivative contract classified as a cash flow hedging instrument expires or it is sold, or it no longer meets the conditions for hedge accounting, the accumulated fair value gain or loss is retained in the equity until the projected business transaction occurs. However, if the projected business transaction is no longer expected to occur, the accumulated fair value gain or loss is recognized through profit or loss immediately.

For certain derivative instruments while entered into for risk management purposes, hedge accounting is not applied. Such derivatives include currency derivatives hedging against foreign exchange risk of currency denominated receivables and liabilities. For these contracts, the changes in their fair value are recognized through profit or loss and presented in financial items or other operating income or expenses, depending on the purpose of hedging.

The fair values of derivatives are determined on the basis of the market values of similar derivatives or standard valuation models. The fair value of currency forward contracts is calculated by valuing forward contracts at the present value of the forward rates on the reporting date and the fair value of interest-rate swaps is the present value of future interest cash flows. The fair values of interest rate swap related options are based on the generally used option pricing models.

1. Net sales by geographical location

	2024	2023
Finland	11,820,092.01	13,083,028.12
Total	11,820,092.01	13,083,028.12

The company's net sales consists of the group's internal services. The company also manages licenses related to Posti Group's information systems.

2. Other operating income

	2024	2023
Rental income	78,118.40	76,645.10
Other operating income	3.10	158,363.37
Total	78,121.50	235,008.47

3. Personnel expenses

	2024	2023
Wages and salaries	6,775,197.01	5,715,699.90
Pension expenses	208,199.70	116,431.62
Other social expenses	53,334.34	170,491.01
Total	7,036,731.05	6,002,622.53
Management remuneration		
President and CEO	1,003,320.61	903,472.76
Executive Board (excl. CEO)	1,172,124.35	1,271,947.00
Board of Directors	391,800.00	403,948.33
Supervisory Board	10,800.00	17,200.00
Total	2,578,044.96	2,596,568.09
Average number of personnel during the financial period		
Administrative employees	32	35
Total	32	35

To recognize employees for their contribution, Posti paid an additional bonus instalment of EUR 1.5 million to the personnel fund in Finland.

4. Depreciation, amortization and impairment losses

	2024	2023
Intangible rights	176,158.30	176,529.02
Machinery and equipment	0.00	20,212.50
Total	176,158.30	196,741.52

5. Other operating expenses

	2024	2023
Rents and leases	324,577.80	323,658.36
Personnel related costs	209,539.37	406,438.54
Travelling expenses	151,943.16	217,573.80
Marketing expenses	401,053.32	203,411.88
Entertainment expenses	44,391.57	36,289.72
Facility maintenance expenses	11,499.16	13,500.81
Office and administrative expenses	3,542,982.72	3,678,192.71
IT operating costs	10,424,817.77	11,304,183.22
Materials and services	68,184.83	77,719.10
Other operating expenses	13,979.97	3,343,246.22
Total	15,192,969.67	19,604,214.36

6. Auditors' remuneration

	2024	2023
Audit	199,981.77	198,097.14
Tax advisory	0.00	2,767.50
Other services	140,083.63	134,510.50
Total	340,065.40	335,375.14

7. Financial income and expenses

Financial income	2024	2023
Interest income from Group companies	5,232,353.16	4,893,404.12
Interest income from others	3,447,384.82	2,588,881.08
Exchange rate gains		
Receivables and liabilities	636,996.17	747,246.00
Currency derivatives, non-hedge accounting	1,629,330.86	2,424,944.54
Other financial income from Group companies	859,120.82	970,192.16
Total	11,805,185.83	11,624,667.90
Financial expense		
Interest expense to Group companies	5,879,121.64	4,899,353.23
Interest expense to others	2,176,478.86	795,443.68
Exchange rate losses		
Receivables and liabilities	1,414,067.32	451,094.56
Currency derivatives, non-hedge accounting	800,499.16	2,820,954.87
Impairment losses in Group companies	6,600,000.00	64,295,775.29
Other financial expenses	488,921.87	363,709.29
Total	17,359,088.85	73,626,330.92
Total financial income and expenses	-5,553,903.02	-62,001,663.02
Change in fair value of hedging interest rate derivatives recognized in the fair value reserve loss (-), gain (+) of which deferred tax	0.00 0.00	964,805.03 -192,961.01

The company's new loan arrangement negotiated in 2024 does not involve interest rate hedges.

8. Group contributions

	2024	2023
Group contributions received	84,000,000.00	103,250,000.00
Group contributions distributed	-13,000,000.00	-36,944,500.00
Total	71,000,000.00	66,305,500.00

9. Income tax

	2024	2023
Income tax on group contributions	14,200,000.00	13,261,100.00
Income tax on business activities	-1,900,975.80	-9,716,813.49
Income tax from previous years	2,591.88	0.00
Change in deferred tax assets	63,634.09	8,057,491.12
Total	12,365,250.17	11,601,777.63

10. Intangible assets

Development costs	2024	2023
Acquisition cost 1 Jan	864,866.93	0.00
Additions	0.00	2,810.00
Transfers between items	-864,866.93	862,056.93
Acquisition cost 31 Dec	0.00	864,866.93
Accumulated amortization 1 Jan	86,486.69	0.00
Accumulated amortization on transfers	-86,486.69	0.00
Amortization for the financial period	0.00	86,486.69
Accumulated amortization 31 Dec	0.00	86,486.69
Book value 31 Dec	0.00	778,380.24
Intangible rights		
Acquisition cost 1 Jan	4,879,214.75	6,253,407.01
Additions	0.00	195,060.96
Transfers between items	1,493,966.13	0.00
Disposals	-536,033.54	-1,569,253.22
Acquisition cost 31 Dec	5,837,147.34	4,879,214.75
Accumulated amortization 1 Jan	4,706,493.98	6,185,704.87
Accumulated amortization on transfers	86,486.69	0.00
Accumulated amortization on disposals	-536,033.54	-1,569,253.22
Amortization for the financial period	176,158.30	90,042.33
Accumulated amortization 31 Dec	4,433,105.43	4,706,493.98
Book value 31 Dec	1,404,041.91	172,720.77
Prepayments		
Cost 1 Jan	1,258,198.40	1,002,379.33
Additions	0.00	1,117,876.00
Transfers between items	-629,099.20	-862,056.93
Cost 31 Dec	629,099.20	1,258,198.40
Book value 31 Dec	629,099.20	1,258,198.40
Total intangible assets	2,033,141.11	2,209,299.41

In 2024 company has reclassified activations related to information system licenses from development costs to intangible rights.

11. Tangible assets

Land and water	2024	2023
Acquisition cost 1 Jan	891,396.01	891,396.01
Acquisition cost 31 Dec	891,396.01	891,396.01
Book value 31 Dec	891,396.01	891,396.01
Machinery and equipment		
Acquisition cost 1 Jan	103,264.56	160,031.21
Additions	0.00	1,298.26
Disposals	0.00	-58,064.91
Acquisition cost 31 Dec	103,264.56	103,264.56
Accumulated depreciation 1 Jan	103,264.56	139,818.71
Depreciation for the financial period	0.00	21,510.76
Accumulated depreciation on disposals	0.00	-58,064.91
Accumulated depreciation 31 Dec	103,264.56	103,264.56
Book value 31 Dec	0.00	0.00
Other tangible assets		
Acquisition cost 1 Jan	587,246.33	587,246.33
Acquisition cost 31 Dec	587,246.33	587,246.33
Book value 31 Dec	587,246.33	587,246.33
Total tangible assets	1,478,642.34	1,478,642.34

12. Investments

Shares in Group companies	2024	2023
Acquisition cost 1 Jan	793,915,772.63	781,272,741.30
Additions	20,590,165.64	12,643,032.33
Disposals	0.00	-1.00
Acquisition cost 31 Dec	814,505,938.27	793,915,772.63
Accumulated impairment losses 1 Jan	317,485,315.21	253,189,539.92
Impairment losses	6,600,000.00	64,295,775.29
Book value 31 Dec	490,420,623.06	476,430,457.42
Other shares and holdings		
Acquisition cost 1 Jan	909,361.33	909,361.33
Acquisition cost 31 Dec	909,361.33	909,361.33
Accumulated impairment losses 1 Jan	437,712.12	437,712.12
Book value 31 Dec	471,649.21	471,649.21
Total investments	490,892,272.27	476,902,106.63

The company has made capital investments in Baltic and Swedish subsidiaries. For Baltic subsidiaries investments have been recorded as impaired, as the value of the subsidiary shares is permanently lower than this.

In comparison year, a significant impairment was recorded on the Swedish subsidiary shares as the value of the subsidiary shares was permanently lower.

13. Non-current receivables

Receivables from Group companies	2024	2023
Loan receivables	86,405,927.14	29,614,318.66
Total	86,405,927.14	29,614,318.66
Receivables from others		
Other receivables	2,073.73	0.00
Deferred tax assets	181,033.42	244,677.51
Total	183,107.15	244,677.51
Total non-current receivables	86,589,034.29	29,858,996.17

The company finances Posti Group companies by granting loans for investments or other long-term needs.

14. Current receivables

Receivables from Group companies	2024	2023
Trade receivables	340,952.58	3,661,297.52
Loan receivables	0.00	34,776,978.33
Interest receivables	1,045,837.25	843,544.50
Other receivables, interest-bearing	4,579,043.08	9,458,420.56
Group contribution receivables	84,000,000.00	103,250,000.00
Total	89,965,832.91	151,990,240.91
Receivables from others		
Prepayments and accrued income	3,470,558.62	6,338,693.97
Total	3,470,558.62	6,338,693.97
Total current receivables	93,436,391.53	158,328,934.88
Key items in prepayments and accrued income		
Interest receivables	561,881.48	454,806.58
Other prepayments and accrued income	2,908,677.14	5,883,887.39
Total	3,470,558.62	6,338,693.97

Other receivables from Group companies includes in cash pool receivables from subsidiaries.

15. Financial instruments and financial risk management

2024

EUR million	Financial assets and liabilities at fair value through profit or loss	Financial assets and liabilities at amortized cost	Derivatives, hedge accounting	Carrying value	Fair value	Level
Financial assets – non-current						
Non-current receivables		86.4		86.4	86.4	
Non-current financial assets		86.4		86.4	86.4	
Financial assets – current						
Trade and other receivables		93.4		93.4	93.4	
Currency derivatives	0.1			0.1	0.1	2
Money market investments		31.9		31.9	31.9	2
Investments in quoted bonds		8.0		8.0	8.1	1
Investments in unlisted bonds		1.8		1.8	1.8	2
Current financial assets	0.1	135.1		135.2	135.4	
Money market investments		5.5		5.5	5.5	2
Cash and bank		45.6		45.6	45.6	
Cash and cash equivalents		51.0		51.0	51.0	
Total financial assets	0.1	272.5		272.6	272.8	
Financial liabilities – non-current						
Loans from financial institutions		89.8		89.8	90.0	2
Non-current borrowings		89.8		89.8	90.0	
Financial liabilities – current						
Liabilities to Group companies		186.0		186.0	186.0	2
Currency derivatives	0.1			0.1	0.1	2
Trade and other payables		153.7		153.7	153.7	
Current borrowings	0.1	339.8		339.9	339.9	
Total financial liabilities	0.1	429.6		429.7	429.9	

2023

EUR million	Financial assets and liabilities at fair value through profit or loss	Financial assets and liabilities at amortized cost	Derivatives, hedge accounting	Carrying value	Fair value	Level
Financial assets – non-current						
Non-current receivables		29.6		29.6	29.6	
Non-current financial assets		29.6		29.6	29.6	
Financial assets – current						
Trade and other receivables		148.9		148.9	148.9	
Interest-rate derivatives			1.0	1.0	1.0	2
Money market investments		24.4		24.4	24.5	2
Investments in quoted bonds		16.9		16.9	16.6	1
Investments in unlisted bonds		4.8		4.8	4.7	2
Current financial assets		195.0	1.0	195.9	195.6	
Money market investments		6.9		6.9	6.9	2
Cash and bank		48.7		48.7	48.7	
Cash and cash equivalents		55.6		55.6	55.6	
Total financial assets		280.2	1.0	281.2	280.9	
Financial liabilities – current						
Liabilities to Group companies		161.3		161.3	161.3	2
Loans from financial institutions		60.0		60.0	60.2	
Currency derivatives	0.7			0.7	0.7	2
Trade and other payables		13.1		13.1	13.1	
Current borrowings	0.7	234.5		235.1	235.3	
Total financial liabilities	0.7	234.5		235.1	235.3	

The financial risk management of the Company has been described on the Note Financial instruments and financial risk management of the consolidated financial statements. The Company follows the Group's treasury policy and risk management principles.

16. Cash and cash equivalents

	2024	2023
Current investments	5,453,288.15	6,939,314.82
Cash and bank	45,567,854.38	48,723,414.16
Total	51,021,142.53	55,662,728.98

Cash and bank consist of cash in hand and at banks. Current investments in cash and cash equivalents include bank deposits that can be withdrawn on demand and other highly liquid investments with a maturity of no more than three months.

17. Equity

	2024	2023
Share capital 1 Jan	70,000,000.00	70,000,000.00
Share capital 31 Dec	70,000,000.00	70,000,000.00
Fair value reserve 1 Jan	0.00	1,736,688.66
Profit or loss at fair value, interest-rate derivatives	0.00	-964,844.64
Fair value reserve 31 Dec	0.00	771,844.02
Restricted equity total	70,000,000.00	70,771,844.02
Unrestricted equity		
Other reserves 1 Jan	142,703,761.93	142,703,761.93
Other reserves 31 Dec	142,703,761.93	142,703,761.93
Retained earnings 1 Jan	262,144,509.62	313,627,992.09
Dividend distribution	-181,800,000.00	-31,700,000.00
Retained earnings 31 Dec	80,344,509.62	281,927,992.09
Profit/loss for the financial year 31 Dec	42,573,201.30	-19,783,482.47
Total unrestricted equity	265,621,472.85	404,848,271.55
Total equity	335,621,472.85	475,620,115.57
Calculation of distributable unrestricted equity 31 Dec		
Other reserves	142,703,761.93	142,703,761.93
Retained earnings	80,344,509.62	281,927,992.09
Development costs	0.00	-2,036,578.64
Profit/loss for the financial period	42,573,201.30	-19,783,482.47
Total	265,621,472.85	402,811,692.91

Posti's Extraordinary General Meeting on December 20, 2024, decided of an additional dividend of EUR 150 million. Dividend to be paid by the end of January 2025.

18. Provisions

	2024	2023
Pension provision	282,515.00	289,515.00
Litigation provision	750,000.00	750,000.00
Restructuring provision	0.00	3,288.00
Total	1,032,515.00	1,042,803.00

19. Deferred tax assets and liabilities

Deferred tax assets	2024	2023
From provision	56,503.00	58,560.60
From impairments	87,542.42	87,542.42
Other items	36,988.00	98,564.49
Total	181,033.42	244,667.51

Deferred tax liabilities	2024	2023
Other	0.00	192,961.01
Total	0.00	192,961.01

Deferred tax assets and liabilities have not been netted.

20. Non-current liabilities

	2024	2023
Loans from financial institutions	89,803,644.11	0.00
Other non-current liabilities	868,748.23	1,237,796.21
Total	90,672,392.34	1,237,796.21

In May, the company paid off a bank loan of EUR 60.0 million. In June, the company signed two new bilateral EUR 60.0 million floating rate term loan facility agreements, of EUR 90.0 million was withdrawn by the end of December. The loans have a three-year maturity with two one-year extension options. There are no hedging instruments associated with the new loan agreements

21. Current liabilities

Amounts owed to Group companies	2024	2023
Trade payables	15,677.80	86,999.19
Interest liabilities	26,453.33	26,867.08
Group contribution liabilities	13,000,000.00	36,944,500.00
Other liabilities, interest free	15,117.11	0.00
Other liabilities, interest-bearing	172,974,779.29	182,466,471.31
Total	186,032,027.53	219,524,837.58
Amounts owed to others		
Trade payables	364,720.90	4,025,198.36
Loans from financial institutions	0.00	59,992,384.35
Other liabilities	150,423,615.90	3,049,728.50
Accruals and deferred income	2,938,568.93	6,061,894.12
Total	153,726,905.73	73,129,205.33
Total current liabilities	339,758,933.26	292,654,042.91
Key items in other liabilities		
Payroll and related social costs	141,465.74	133,002.28
VAT-liability	146,338.07	2,247,661.03
Dividend liability	150,000,000.00	0.00
Other liabilities	135,812.09	669,065.19
Total	150,423,615.90	3,049,728.50
Key items in accruals and deferred income		
Payroll and related social costs	1,624,690.14	1,659,130.00
Accrued interests	162,529.17	427,760.00
Income tax liability	951,647.13	3,521,711.18
Other accruals and deferred income	199,702.49	453,292.94
Total	2,938,568.93	6,061,894.12
Interest-bearing liabilities		
Non-current liabilities	89,803,644.11	0.00
Current liabilities	172,974,779.29	182,466,471.31
Total	262,778,423.40	182,466,471.31

Other liabilities to Group companies includes in cash pool liabilities to subsidiaries.

22. Pledged assets, commitments and other liabilities

Pledges given for Group companies	2024	2023
Guarantees	102,843,297.00	115,948,797.00
Total	102,843,297.00	115,948,797.00
Lease contracts unpaid amounts		
Payable within one year	70,907.44	73,501.15
Payable in later years	50,006.43	50,006.43
Total	120,913.87	123,507.58
Currency forward contracts		
Fair value	-32,697.73	-669,065.19
Nominal value	28,331,840.06	25,287,503.59
Interest rate swaps		
Fair value	0.00	964,805.03
Nominal value	0.00	60,000,000.00

Derivative instruments are used for hedging the foreign exchange rate risk and interest rate risk and they are valued at the market rates available on the balance sheet date. Currency forward contracts are used to hedge against currency-denominated receivables and payables. Generally, transaction positions arising from subsidiary financing are hedged fully.

Based on complaints by some Posti's competitors, the Finnish Consumer and Competition Authority (FCCA) has since 2017 investigated Posti's suspected abuse of dominant market position related to the business letter market in Finland. In December 2024 the FCCA issued Posti a draft proposal to the Market Court for imposition of a competition infringement fine. Posti's hearing of the draft proposal is pending. The FCCA has not made any final decisions in the matter, and the draft proposal did not include any amount of the possibly proposed infringement fine, the legal maximum amount of which corresponds to ten percent of Posti's Group's turnover. Posti will defend itself against the allegations, which it considers unfounded and erroneous. Besides Posti Group Corporation, this matter concerns Posti Jakelu Oy, Posti Messaging Oy and Posti Palvelut Oy.

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

23. Shares and holdings of Posti Group Corporation

Company name and domicile

	Number of shares	Owner- ship (%)	Book value
Group companies			
Itella Logistics SIA, Riga	20	100.00	400,000.00
Itella Logistics UAB, Vilnius	1,000	100.00	1,000,000.00
Posti Group Suomi Oy, Helsinki	105,000	100.00	201,998,539.01
Posti Palvelut Oy, Helsinki	500	50.00	102,500.00
Posti Jakelu Oy, Helsinki	2,538,295	100.00	71,548,716.49
Posti Messaging Oy, Helsinki	1,000	100.00	47,985,238.65
Posti Oy, Helsinki	300,000	100.00	109,644,263.27
Posti Henkilöstöratkaisut Oy, Helsinki	10	100.00	4,551,200.00
Aditro Logistics AB, Stockholm	1,910,200	100.00	53,190,165.64
Total			490,420,623.06

	Number of shares	Owner- ship (%)	Book value
Other companies			
As. Oy Raisio Keskuslähiö, Raisio	6,350	9.77	1.00
Huhtakeskus Oy, Jyväskylä	328	3.28	1.00
Cooperative Vereniging IPC, Amsterdam	5	0.05	6,040.80
Helsinki Halli Oy, Helsinki	19	0.03	238,826.85
Kiinteistö Oy Turun Monitoimihalli, Turku	2	0.04	136,703.15
Vierumäki Golf Oy, Helsinki	7	0.06	61,516.41
Golfsarfvik	1		28,560.00
Total			471,649.21

24. Events after the reporting period

The extra dividend of EUR 150.0 million was paid on January 31, 2025. The extra dividend payment was funded with external short and long-term funding and with available bank account cash funds.

There have been no other significant events after the reporting period.

Board of Directors' proposal

Board of Directors' proposal to the Annual General Meeting

According to the financial statements for 2024, the parent company's distributable funds total EUR 265 621 472,85 of which the profit for the financial year accounts for EUR 42 573 201,30.

No material changes in the company's financial standing since the end of the financial period, nor does the solvency test, as referred to in Section 13(2) of the Finnish Limited Liability Companies Act, affect the proposed distributable

The Board of Directors proposes to the Annual General Meeting a dividend of EUR 33 000 000,00 to be distributed and EUR 232 621 472,85 would be retained in the shareholders' equity.

Signatures of the Board of Directors' Report and the Financial Statements

Helsinki, February 13, 2025

Sanna Suvanto-Harsaae
Chair of the Board of Directors

Antti Jääskeläinen
President & CEO

Raija-Leena Hankonen-Nybom

Kari-Pekka Laaksonen

Jukka Leinonen

Frank Marthaler

Satu Ollikainen

Minna Pajumaa

Anni Ronkainen

Stefan Svensson

Hanna Vuorela

Our auditor's report has been issued today.

Helsinki,

PricewaterhouseCoopers Oy
Authorized Public Accountants

Mikko Nieminen
Authorized Public Accountant