International Post Corporation

Posti Group Corporation Interim Report Januaryâ€“March 2023

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Our start of the year was strong, and we continued on the growth path. I am pleased that we, once again, delivered strong profitability in the market which continued to be challenging and volatile. Thank you Posti team for a good start. The dedication and efforts you have shown in the first quarter are essential throughout the year.

Our net sales grew by 1.7% to EUR 397.6 (391.1) million. In 2022 the acquired Mediatalo Keskisuomalainen early-morning operations and Veddestagruppen in Sweden added net sales in Q1, compared to the comparison period. The Group's adjusted EBITDA increased to EUR 42.5 (36.5) million. Increased net sales and profitability as well as improved operational efficiency in Postal Services had a positive impact on the entire Group's result, whereas eCommerce and Delivery Services results suffered from the effects of the Finnish union strikes in the first quarter.

On the segment level, eCommerce and Delivery Services net sales and profitability decreased. The Finnish Transport Workers' Union AKT's strike and the Finnish Post and Logistics Union PAU's support strike in February had an adverse effect on the parcel and freight volumes, affecting the segment's quarterly result negatively. Posti was not a negotiating party in the collective agreement negotiations, and our teams were quick to bring operations back to normal levels after the strikes ended. Also, Fulfillment and Logistics Services' net sales decreased, although, the segment's profitability increased due to the significant improvements in operational efficiency. The addressed mail volumes exceptionally remained on the last year's level as the Finnish public sector mailed a larger number of letters, for example in connection with the Finnish parliamentary elections. This partly contributed to Postal Services increased net sales and profitability in the first quarter.

The high inflation and interest rates will continue to impact consumer confidence in economy bringing down the purchasing power. However, the long-term market potential for parcels is positive. In Posti's eCommerce Index Report, published in February, we estimate that parcel volumes in Finland will double by 2030 due to eCommerce growth. It also shows that the COVID-19 pandemic pushed eCommerce to grow, and the trend has become permanent. We firmly see our growth sector to continue to lie in eCommerce and in online delivery services.

In January, the Smart Freight Centre, and the World Business Council for Sustainable Development (WBCSD) released a new guidance for reporting emissions of transport chains ,support the logistics industry on its' journey to net-zero emissions. I am proud that Posti was one of the 30+ global development partners who made this possible. Also, in the first quarter we entered into a three-year collaboration with WWF to advance the work in biodiversity. We should work together to stop biodiversity loss and assess our own harmful effects on nature and minimize them.

While we expect the market volatility to continue in the second quarter, we have to ensure efficiency in everything we do and keep our eyes on the future. We will focus on staying on the growth path, and together as one Posti team we are committed to continue our journey towards our long-term goals.

Source: Posti