

Press release

The Hague, the Netherlands, 8 May 2023

PostNL reports first-quarter results above its expectations Normalised EBIT of €7 million for Q1 2023

Financial highlights Q1 2023

in€ million	Q1 2022	Q1 2023	% Change
Revenue	806	783	-3%
Normalised EBIT	33	7	-78%
<i>assumed to be non-recurring and related to Covid-19</i>	1	-	
Free cash flow	52	(31)	
Normalised comprehensive income	34	4	-89%

Highlights Q1 2023

- Volume development at Parcels better than expected:
 - reported volumes -6.5%
 - domestic volumes -5.0% (excluding non-recurring impact Covid-19)
- Reported volumes Mail in the Netherlands -10.8% with underlying development (excluding non-recurring impact Covid-19) at -8.1%
- Adaptive measures, good operational leverage, efficiency improvements and productivity gains partly mitigate inflationary pressure
- Progress as scheduled on plans for reduction of 200-300 FTEs in overhead, mainly at Parcels
- Outlook FY 2023 confirmed:
 - normalised EBIT between €70 million and €100 million
 - free cash flow between €10 million and €40 million

CEO statement

Herna Verhagen, CEO of PostNL, said: “Our strong focus on the adaptive measures that we initiated last year, such as optimisation of routes, staff and fleet and tight control of indirect costs, continued to contribute to our results. At the same time the actual volumes at Parcels developed favourably compared to our expectations, both domestically and internationally, especially in March. Together with good operational leverage, this resulted in a performance that came in slightly better than we had anticipated. Our cross-border activities continued the positive trend visible since late 2022.

“During the quarter we also worked hard to further detail our additional plans for the reduction of 200-300 FTEs in overhead, mainly at Parcels. These preparations are progressing according to plan, with expected annual savings of around €25 million set to become visible in 2024.

“Overall, we are satisfied with the start of year, which has shown the positive effect from the necessary steps taken to mitigate the impact of the macroeconomic situation and inflationary pressure on our volumes and costs. In the current economic environment, that continues to be volatile and uncertain, we are on track to deliver our outlook for 2023 normalised EBIT of between €70 million and €100 million.”

Executing on our strategy

Over the last couple of years, PostNL has successfully transformed into an e-commerce logistics player. Its strategy is to be the leading logistics and postal service provider in, to and from the Benelux region.

Parcels is managed for sustainable growth. The company aims to capture further e-commerce growth by balancing volume, value and capacity. The related investment programme is flexible and ensures an efficient and future-proof infrastructure. At Mail in the Netherlands, PostNL aims to mitigate volume decline through a moderate pricing policy and cost savings initiatives, managing its mail business for value. The company aims to

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further strengthen its competitive position by building on its platform, integrating customers, consumers and solutions through simple and smart digital journeys. The impact of its business activities on the environment and society at large are important for PostNL. Clear and ambitious ESG objectives are fully embedded in its strategy.

Further ESG progress

PostNL is continuing its investments in sustainability, increasing usage of renewable fuels and further expanding its fleet of electric vehicles. In the first three months of 2023, the company further improved the carbon efficiency of its own fleet by 6% mainly due to increasing usage of renewable fuels. It continues to offset any remaining carbon emissions from its own transport and that of delivery partners, cutting its footprint to net zero.

PostNL also focuses on green products and services. The company is currently testing re-usable packaging solutions together with bol.com to make online shopping more environmentally-friendly. This initiative aims to reduce waste and contributes positively to the transition towards a circular economy.

Acceleration of digital transformation

The acceleration of PostNL's digital transformation is progressing as planned. Consumers and customers are increasingly digitally connected to the company's platform. PostNL now has 8.0 million consumer accounts (end of 2022: 7.8 million), of which 69% are actively used (end of 2022: 63%).

PostNL is currently implementing an algorithm that supports the planning of routes, aiming to further improve efficiency in its network. In Q1 2023, PostNL spent around €3 million on the acceleration of its digital transformation.

Business performance Q1 2023

in €million, volume in million items	Volume		Revenue		Normalised EBIT	
	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023
Parcels	87	81	554	561	18	5
Mail in the Netherlands	511	456	387	349	36	8
PostNL Other			55	60	(22)	(6)
Intercompany			(190)	(187)		
PostNL			806	783	33	7

Note: normalised figures exclude one-offs in Q1 2023 (€0 million) and in Q1 2022 (€3 million)

- Performance includes in total €54 million organic cost increases, of which around €10 million relates to the 1.5% one-time payment on annual salaries as agreed in PostNL CLA (FY 2023 assumption: €185 million)
- Full explanation of results per segment on next page

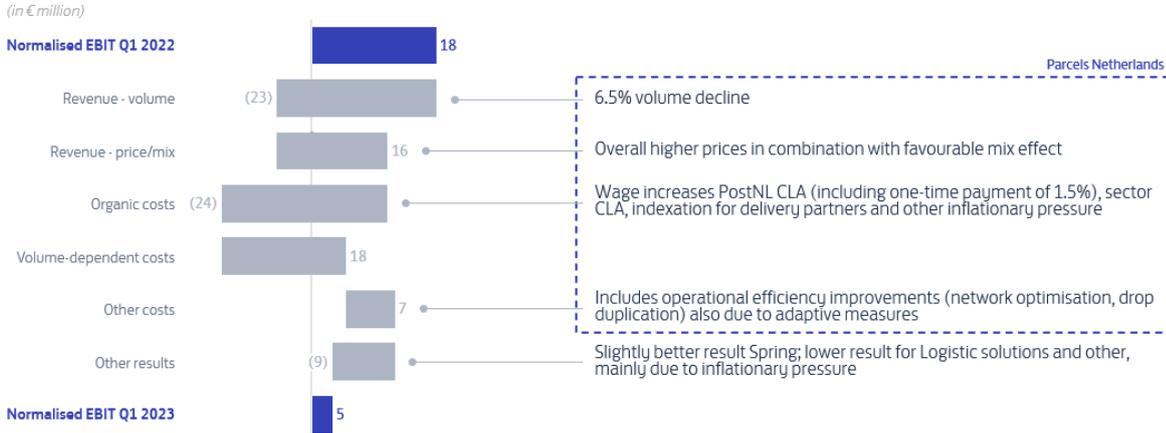
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Segment information

Parcels: Organic cost pressure mitigated by good operational leverage and efficiency

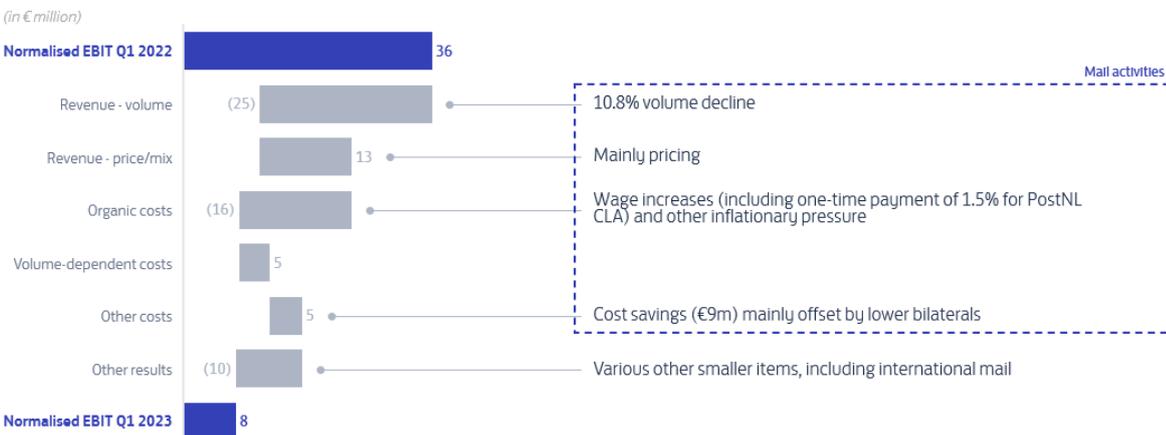
Normalised EBIT at Parcels came in at €5 million (Q1 2022: €18 million). Excluding the non-recurring Covid-19 impact of €(2) million in Q1 2022, normalised EBIT declined by €16 million.



Revenue grew to €561 million (Q1 2022: €554 million), reflecting a positive price/mix effect. Volumes developed favourably compared to our expectations by declining 6.5% in the quarter. Domestic parcel volumes, excluding the non-recurring impact related to Covid-19 in Q1 2022, declined by 5.0%. Revenue at Spring was up, both in Asia and Europe, while revenue at Logistics solutions was slightly down.

Mail in the Netherlands: Performance in line with expectations

Normalised EBIT at Mail in the Netherlands came in at €8 million (Q1 2022: €36 million). Excluding the non-recurring Covid-19 impact of €3 million in Q1 2022, normalised EBIT declined by €25 million. Cost savings of €9 million supported performance at Mail in the Netherlands.



Revenue was down to €349 million (Q1 2022: €387 million), mainly explained by a 10.8% volume decline in the quarter. Excluding the non-recurring Covid-19 items in Q1 2022, volume development was -8.1%, mainly reflecting substitution. The price/mix effect was positive.

PostNL Other

Revenue at PostNL Other amounted to €60 million (Q1 2022: €55 million). Normalised EBIT came in at €(6) million (Q1 2022: €(22) million). Following the switch to a collective defined contribution scheme, pension

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expense is below last year, and equal to the regular pension cash contribution. Both pension expense and regular pension contribution amounted to €23 million (Q1 2022: €42 million and €23 million respectively).

Free cash flow development

Free cash flow came in at €(31) million (Q1 2022: €52 million). This reflected the lower reported normalised EBIT together with a less favourable working capital development and higher tax payment in Q1 2023. In line with the new pension agreement, the change in pension liabilities was equal to zero. Free cash flow in Q1 2023 included the final settlement payment for the transitional plans of €16 million.

Key figures

in €million	Q1 2022	Q1 2023
Revenue	806	783
Operating income	30	7
Profit for the period	16	4
Profit from continuing operations	17	4
Total comprehensive income	32	4
	31 December 2022	1 April 2023
Adjusted net debt	467	530
Consolidated equity	177	182

Financial calendar

7 August 2023	Publication of Q2 & HY 2023 results
6 November 2023	Publication of Q3 2023 results

Dividend calendar

Final dividend over 2022	
9 May 2023	End of election period and determination of conversion rate
11 May 2023	Payment date
Interim dividend 2023	
9 August 2023	Ex-dividend date
10 August 2023	Record date
11 August 2023	Start of election period
24 August 2023	End of election period and determination of conversion rate
28 August 2023	Payment date

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Audio webcast and conference call on Q1 2023 results

On 8 May 2023, at 11.00 am CET, a conference call for analysts and investors will start. It can be followed live via an audio webcast at <https://www.postnl.nl/en/about-postnl/investors/>.

Additional information

Additional information is available at www.postnl.nl. Elements of this press release contain or may contain inside information within the meaning of article 7(1) of the EU Market Abuse Regulation.

Note that the numbers presented in this press release (tables and explanations of results) may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to rounding.

Caution on forward-looking statements

Some statements in this press release are “forward-looking statements”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict, and that may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management's beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which only apply as of the date of this press release and are neither predictions nor guarantees of possible future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities law.

Use of non-GAAP information

In presenting and discussing the PostNL Group operating results, management uses certain non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures. Non-GAAP financial measures do not have a standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The main non-GAAP key financial performance indicator is normalised EBIT. Normalised EBIT is derived from the IFRS-based performance measure operating income adjusted for the impact of project costs and incidentals.

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Basis of preparation

The interim financial statements are reported on a year-to-date basis ending 1 April 2023. The information should be read in conjunction with the consolidated 2022 Annual Report of PostNL N.V. as published on 27 February 2023.

The measurement of profit and loss and assets and liabilities is based on group accounting policies, which are compliant with IFRS as endorsed by the European Union. All significant accounting policies applied in these consolidated interim financial statements are consistent with those applied in PostNL's consolidated 2022 Annual Report for the year ended on 31 December 2022.

There are no IFRS standards, amended standards or IFRIC interpretations taking effect for the first time for the financial year beginning 1 January 2023 that would be expected to have a material impact on the Group's 2023 accounts.

Note that the numbers presented in the financial statements and disclosures thereto may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to rounding.

Auditor's involvement

The content of this interim financial report has not been audited or reviewed by an external auditor.

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PostNL Consolidated statement of profit or loss in € million

	Q1 2022	Q1 2023
Revenue from contracts with customers	801	780
Other operating revenue	5	3
Total operating revenue	806	783
Other income	5	0
Cost of materials	(21)	(25)
Work contracted out and other external expenses	(404)	(395)
Salaries, pensions and social security contributions	(287)	(285)
Depreciation, amortisation and impairments	(39)	(41)
Other operating expenses	(30)	(30)
Total operating expenses	(781)	(776)
Operating income	30	7
Interest and similar income	1	4
Interest and similar expenses	(7)	(5)
Net financial expenses	(6)	(1)
Results from investments in JVs/ associates	0	(0)
Profit/ (loss) before income taxes	24	6
Income taxes	(7)	(2)
Profit/ (loss) from continuing operations	17	4
Profit/ (loss) from discontinued operations	(0)	1
Profit for the period	16	4
Attributable to:		
Non-controlling interests	0	(0)
Equity holders of the parent	16	4
Earnings per ordinary share (in € cents) ¹	3.2	0.9
Earnings per diluted ordinary share (in € cents) ²	3.2	0.9
Earnings from continuing operations per ordinary share (in € cents) ¹	3.3	0.8
Earnings from continuing operations per diluted ordinary share (in € cents) ²	3.2	0.8
Earnings from discontinued operations per ordinary share (in € cents) ¹	(0.1)	0.1
Earnings from discontinued operations per diluted ordinary share (in € cents) ²	(0.1)	0.1

¹ Based on an average of 487,530,628 outstanding ordinary shares (2022: 512,147,800).

² Based on an average of 488,657,348 outstanding diluted ordinary shares (2022: 513,024,817).

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PostNL Consolidated statement of comprehensive income in €million

	Q1 2022	Q1 2023
Profit for the period	16	4
Impact pensions, net of tax	15	0
Change in value of financial assets at fair value through OCI		0
Other comprehensive income that will not be reclassified to the income statement	15	0
Currency translation adjustment, net of tax	0	(0)
Gains/ (losses) on cashflow hedges, net of tax	0	(0)
Other comprehensive income that may be reclassified to the income statement	0	(0)
Total other comprehensive income for the period	15	(0)
Total comprehensive income for the period	32	4
Attributable to:		
Non-controlling interests	0	(0)
Equity holders of the parent	32	4
Total comprehensive income attributable to the equity holders of the parent arising from:		
Continuing operations	32	4
Discontinued operations	(0)	1

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PostNL Consolidated statement of cash flows in € million

	Q1 2022	Q1 2023
Profit/ (loss) before income taxes	24	6
Adjustments for:		
Depreciation, amortisation and impairments	39	41
Share-based payments	1	1
(Profit)/loss on disposal of assets	(5)	0
Interest and similar income	(1)	(4)
Interest and similar expenses	7	5
Results from investments in JVs/ associates	(0)	0
Investment income	1	1
Pension liabilities	20	(0)
Other provisions	(6)	4
Changes in provisions	13	4
Inventory	(1)	(1)
Trade accounts receivable	45	53
Other accounts receivable	1	0
Other current assets excluding taxes	14	(14)
Trade accounts payable	(31)	4
Other current liabilities excluding short-term financing and taxes	12	(34)
Changes in working capital	41	8
Cash generated from operations	119	60
Interest paid	(3)	(3)
Income taxes received/ (paid)	(23)	(35)
Net cash (used in)/ from operating activities	92	22
Interest received	1	4
Investments in JVs/ associates	(1)	(0)
Capital expenditure on intangible assets	(18)	(22)
Capital expenditure on property, plant and equipment	(17)	(16)
Proceeds from sale of property, plant and equipment	11	0
Changes in other loans receivable	1	1
Net cash (used in)/ from investing activities	(23)	(34)
Share buyback	(17)	
Repayments of lease liabilities/ incentives	(17)	(19)
Net cash (used in)/ from financing activities	(35)	(19)
Total change in cash from continuing operations	34	(31)
Cash at the beginning of the period	848	556
Cash transfers related to discontinued operations	(0)	(30)
Total change in cash from continuing operations	34	(31)
Cash at the end of the period	882	495

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PostNL Consolidated statement of financial position in € million

	31 December 2022	1 April 2023
Assets		
Goodwill	207	207
Other intangible assets	182	191
Intangible fixed assets	389	398
Land and buildings	255	271
Plant and equipment	146	152
Other equipment	13	12
Construction in progress	44	39
Property, plant and equipment	457	474
Right-of-use assets	295	287
Investments in joint ventures/ associates	7	7
Loans receivable	17	16
Deferred tax assets	9	9
Financial assets at fair value through OCI	20	20
Financial fixed assets	53	53
Total non-current assets	1,194	1,212
Inventory	7	8
Trade accounts receivable	370	316
Accounts receivable	12	12
Income tax receivable	1	23
Prepayments and accrued income	76	89
Cash and cash equivalents	556	495
Total current assets	1,022	943
Assets classified as held for sale	6	6
Total assets	2,221	2,161
Equity and liabilities		
Equity attributable to the equity holders of the parent	177	182
Non-controlling interests	2	2
Total equity	179	184
Deferred tax liabilities	40	43
Provisions for pension liabilities	2	2
Other provisions	35	36
Long-term debt	697	698
Long-term lease liabilities	255	246
Other long-term liabilities	27	27
Total non-current liabilities	1,057	1,052
Trade accounts payable	182	184
Other provisions	15	16
Short-term debt	21	29
Short-term lease liabilities	75	75
Other current liabilities	168	115
Income tax payable	13	0
Contract liabilities	70	49
Accrued current liabilities	441	457
Total current liabilities	984	925
Total equity and liabilities	2,221	2,161