

Staying resilient in volatile times



Q2 & HY 2024 results

The Hague – 5 August 2024



Additional information

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Published by:
PostNL NV
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Key messages

Q2 & HY 2024



Key takeaways for Q2 2024

Outlook for FY 2024 reconfirmed

Highlights

- Parcel volumes up 6.0%
 - modest growth in domestic volumes
 - continued strong growth from international customers
- Mail volumes down 1.3%, -5.9% adjusted for election-related mail, mainly due to ongoing substitution
- Continued high organic cost increase of €38m, mainly labour-related and largely mitigated
- Free cash flow improved
- 17% further improvement in average carbon efficiency
- Successful issuance €300m sustainability-linked notes
- PostNL Belgium fully acquitted in case involving delivery partners, no appeal
- Interim dividend set at €0.03 per share

Mail in the Netherlands

- Results underpin urgent need for transformation
- Aim to deliver standard mail within two days, moving towards within three days over time
- Committed to cost savings initiatives also when adjusting service level
- USO already loss-making
 - bridging measures deemed necessary, and already being explored, by government
 - in these bridging measures, a financial contribution should be included in our view

Parcels

- Volume growth trending towards FY anticipated level
- Slight market share gain in the quarter
- Development in product and customer mix less favourable than expected
- Confidence in long-term growth potential of e-commerce market

Q2 & HY 2024 performance

Normalised EBIT €18m in Q2 in difficult circumstances

Key financial metrics

| <i>(in € million)</i> | Q2 2023 | Q2 2024 | change | HY 2023 | HY 2024 | change |
|---------------------------------|---------|---------|--------|---------|---------|--------|
| Revenue | 771 | 795 | 3% | 1,544 | 1,560 | 0% |
| Normalised EBIT | 18 | 18 | | 25 | 9 | -65% |
| Free cash flow | (34) | (19) | | (65) | (26) | |
| Normalised comprehensive income | 10 | 14 | 39% | 14 | 6 | -57% |

Performance

- Volume growth at Parcels, but unfavourable shift in mix
- Mail volume development strongly impacted by election-related mail; further shift to non-24-hour mail
- €38m organic cost increases in Q2 (HY: €62m) largely mitigated by yield measures

Strategic drivers and business development



Our strategy

Delivering distinctive customer and consumer experience to be the leading logistics and postal service provider in, to and from the Benelux area

Strategic foundation



Parcels: Manage for sustainable growth



Mail: Manage for value



Accelerate digitalisation

Strategic objectives



Digitalisation, customers, consumers

- Launch of personalised anti-phishing code for quick recognition of PostNL e-mails



Environmental value

- 17% further improvement in average carbon efficiency YTD



Social value

- PostNL Belgium acquitted on all counts in a case alleging pseudo-employment, no appeal
- Highest PSO* ranking for supporting people with a distance to the labour market
- Negotiations new CLA PostNL started

Be your favourite deliverer



225 years of dedication, trust and innovation

Parcels – manage for sustainable growth

Balancing volume and value

Revenue and capacity management to capture value in supply chain and manage seasonality

Tailored pricing policy to balance portfolio and attract favourable parcels

- Adjusted tariff structure to encourage use of smaller parcels (less air)

Targeted approach for SME segment by scaling new digital services and insights

Simplify products and services and rationalise delivery options

- Return platform supporting customers to better manage returns



Network rationalisation and cost control

Cost reduction in first and middle mile (collection and transport) by integrating networks, leveraging on network infrastructure

- Smart route design in middle mile by using optimising algorithms

Focus on expansion of APL network as important pillar of out-of-home-strategy

- 1,034 APLs (FY 2023: 903), to grow to 1,200 in 2024, further expansion going forward
- Network accessible to other carriers



Focus on customers and consumers

Focus on last mile NPS: average #1 position in relevant markets maintained

- Further development consumer journey 'I receive'
- Slight market share gain in the quarter

Encourage out-of-home delivery options to improve sustainable delivery, reduce costs and improve NPS

- Growing # of consumers opt for APL as their standard delivery option
- Promote APL option in check-out



Parcels in Q2 2024

Volume growth, but less favourable mix

| | Revenue | Normalised EBIT | Volumes |
|----------------|--------------|-----------------|------------------|
| Q2 2024 | €581m | €15m | 92m +6.0% |
| Q2 2023 | €556m | €17m | 87m |

Revenue mix

| <i>in € million</i> | Q2 2023 | Q2 2024 |
|--|------------|------------|
| Parcels NL and BE | 372 | 387 |
| Spring | 119 | 137 |
| Logistics solutions and other services | 72 | 76 |
| Other / intercompany | (7) | (19) |
| Parcels | 556 | 581 |

Volume

- Volume growth picks up to 6.0% (Q1: 4.6%)
 - volume from international customers up 29%
 - domestic volume increase of 0.3%, with growing share from larger customers
- Weather conditions negatively impacted e-commerce market, especially fashion
- Slight gain in market share this quarter

Revenue

- Revenue Parcels NL and BE reflecting:
 - volume growth
 - tariff increases more than offset by less favourable product and customer mix (impact €0.08 per parcel)
- Cross-border activities continued positive trend; Spring revenue up, most strongly in Asia

Costs

- Significant organic costs increase, mainly labour-related
- Efficiency improvements (network optimisation, higher utilisation rates, smaller average size parcels, rationalisation of services), also thanks to adaptive measures

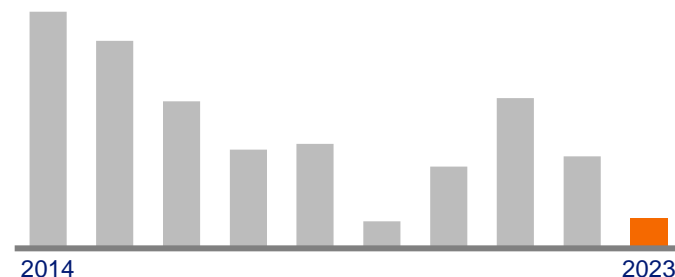
Mail in the Netherlands – manage for value

Urgent need for transformation

Structural decline

- Ongoing decline in mail volumes and shift to non-24-hour mail
- Organic cost increases continue
- Result of just €1m (HY2024)
 - USO already loss-making
 - deteriorating result going forward

Result mail activities in €m



Necessary actions

- Aim for standard mail service level of delivery within two days, over time within three days:
 - ongoing strong commitment to cost savings initiatives
 - explore smooth transition non-USO mail to D+2
 - change Postal Act: relief in USO conditions and financial safety net
- Pressure on postal services
 - bridging measures deemed, and already being explored, by government
 - in these bridging measures, a financial contribution (common in neighbouring countries) should be included in our view

Future-proof postal service

- Accessible, reliable and affordable
- Providing job security to thousands of people
- Aligned with consumer needs
- Modern and innovative services
- Financially viable

Political process towards change in regulation

Minister of Economic Affairs is leading the process

2024

Round-table discussion took place in June

- Support Members of Parliament in understanding postal market dynamics
- PostNL, competitors, business customers, trade unions and ACM shared views on market development

Debate in Parliament expected in October

- Discuss letter from the Minister of Economic Affairs
 - exploration of bridging measures
 - ACM to assess requirements of postal services users

Postal Act amendment note

- To be finalised by Ministry of Economic Affairs
- ACM to assess feasibility and enforceability

2025

Bridging measures potentially in place

Amendments in Postal Act

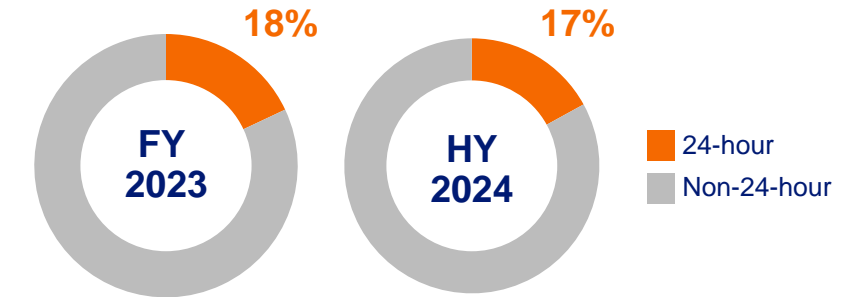
- Completion of ACM studies
 - insight into cost of USO
 - scope and quality of USO
 - market developments in postal sector
- Vision on future postal market
 - based on outcome of ACM studies
 - proposal of structural measures and changes in regulation

Mail in the Netherlands Q2 2024

Volume decline strongly impacted by election-related mail

| | Revenue | Normalised EBIT | Volumes | |
|----------------|--------------|-----------------|-------------|--------------|
| Q2 2024 | €324m | €6m | 404m | -1.3% |
| Q2 2023 | €323m | €2m | 409m | |

Indicative volume split bulk mail**



Volume

- Overall volume decline of 1.3%
 - 5.9% underlying volume decline (excluding election-related mail)
 - mainly due to ongoing substitution

Revenue

- Stamp price development
 - 7.9% increase as of 1 January 2024
 - 4.6% increase as of 1 July 2024
- Unfavourable shift in mix
 - single items decline faster than bulk mail
 - within bulk mail: shift from 24-hour to non-24-hour delivery mail items diluting average price

Costs

- Continued higher sick leave rates in tight labour market resulting in higher related cost including addition to WGA provision
- Increase in labour costs following CLAs for PostNL and postal deliverers
- Additional cost savings achieved through product portfolio optimisation and efficiency gains in sorting and preparation

Outlook 2024 reconfirmed

Reflecting assumption of gradual improvement in economic conditions

| <i>(in € million)</i> | 2023 | 2024 outlook |
|---------------------------------|------|--------------|
| Normalised EBIT | 92 | 80 - 110 |
| Normalised comprehensive income | 52 | 40 - 70 |
| Free cash flow | 52 | 0 - 40 |

Parcels

- Well-positioned for anticipated pick-up in volume growth
- Consistent focus on customer excellence, strict cost control and capacity management

Mail in the Netherlands

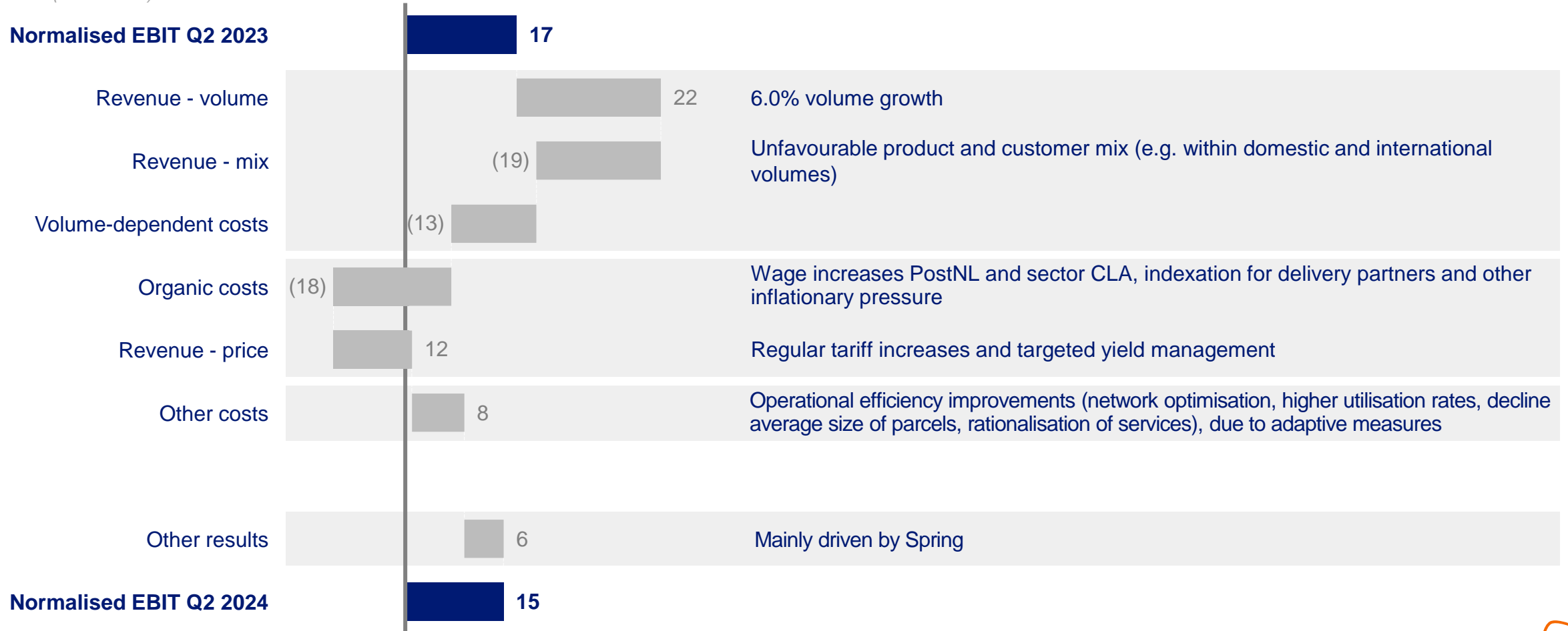
- Ongoing volume decline with shift in mix combined with higher costs, mainly labour-related, continues to put pressure on result
- Partly mitigated by yield increases and cost savings in current business model
- Urgent need for transformation

Financial performance Q2 & HY 2024



Parcels Q2 2024 normalised EBIT bridge

(in € million)



Tariff increases more than offset by mix effects

Increasing customer concentration, growth Asian volumes

Various mix effects

Increasing customer concentration in domestic volumes

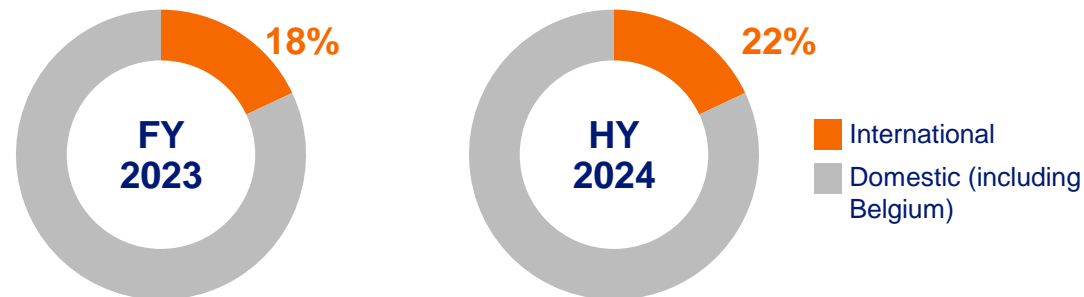
- share of SME segment declines, with fewer single items
- consolidation towards bigger (platform) players

International volumes

- slower growth in export items

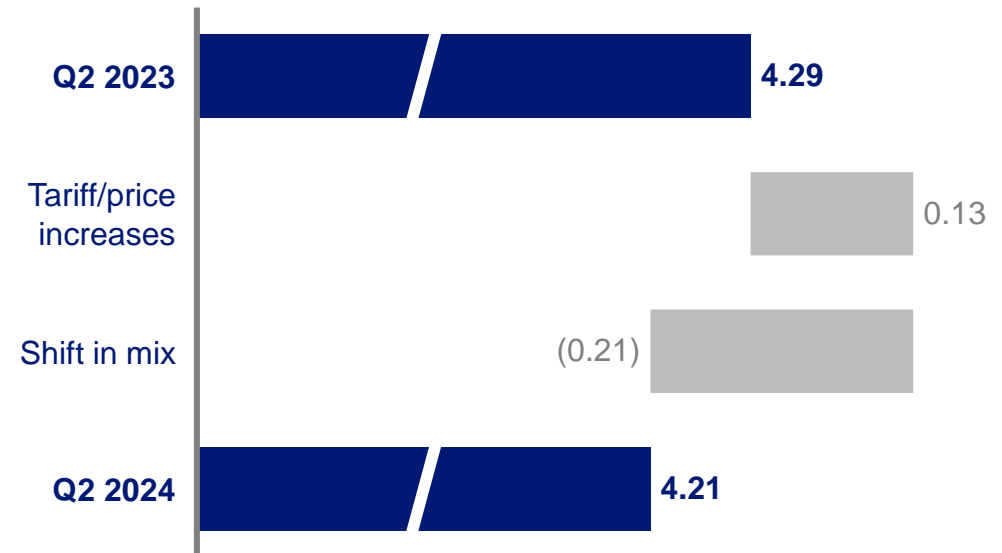
Composition domestic / international

- growth international volumes, mainly large Asian customers
- downtrading in e-commerce chain, marketing Asian webshops



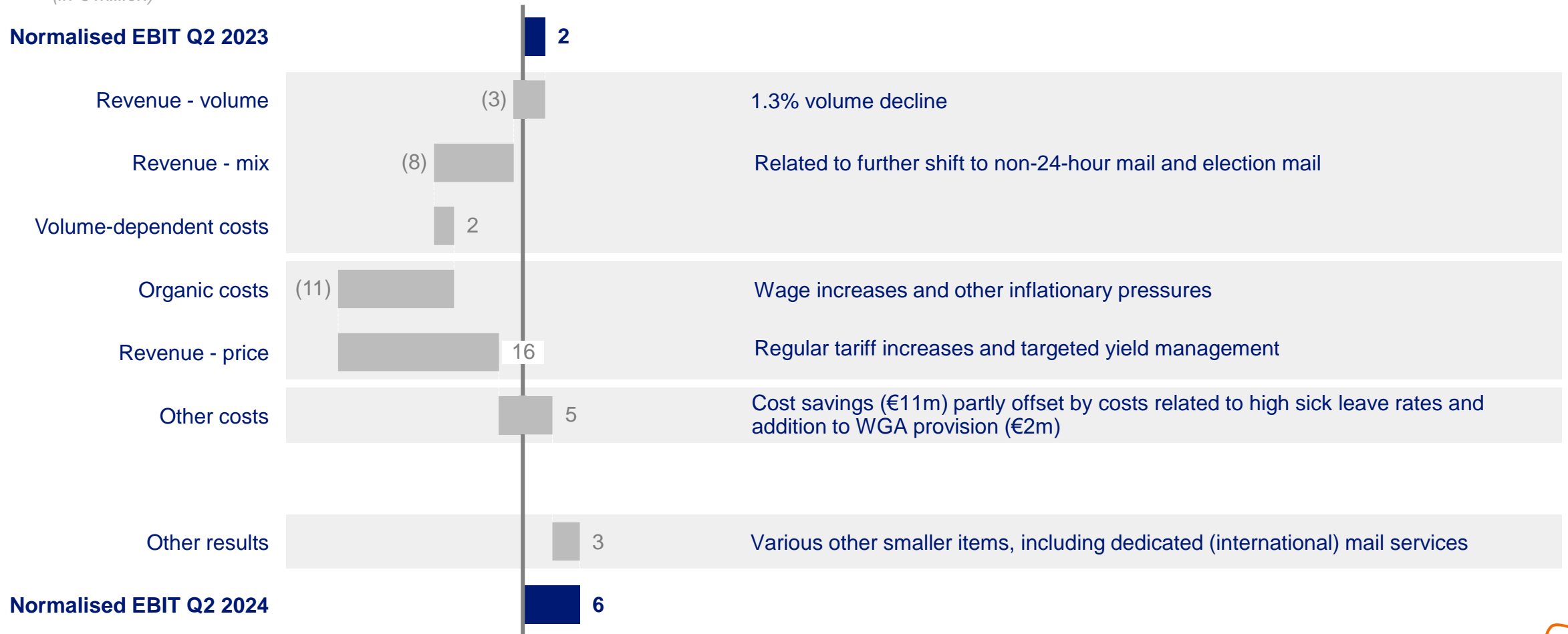
Development average tariff per parcel in Q2

(in €)



Mail in the Netherlands Q2 2024 normalised EBIT bridge

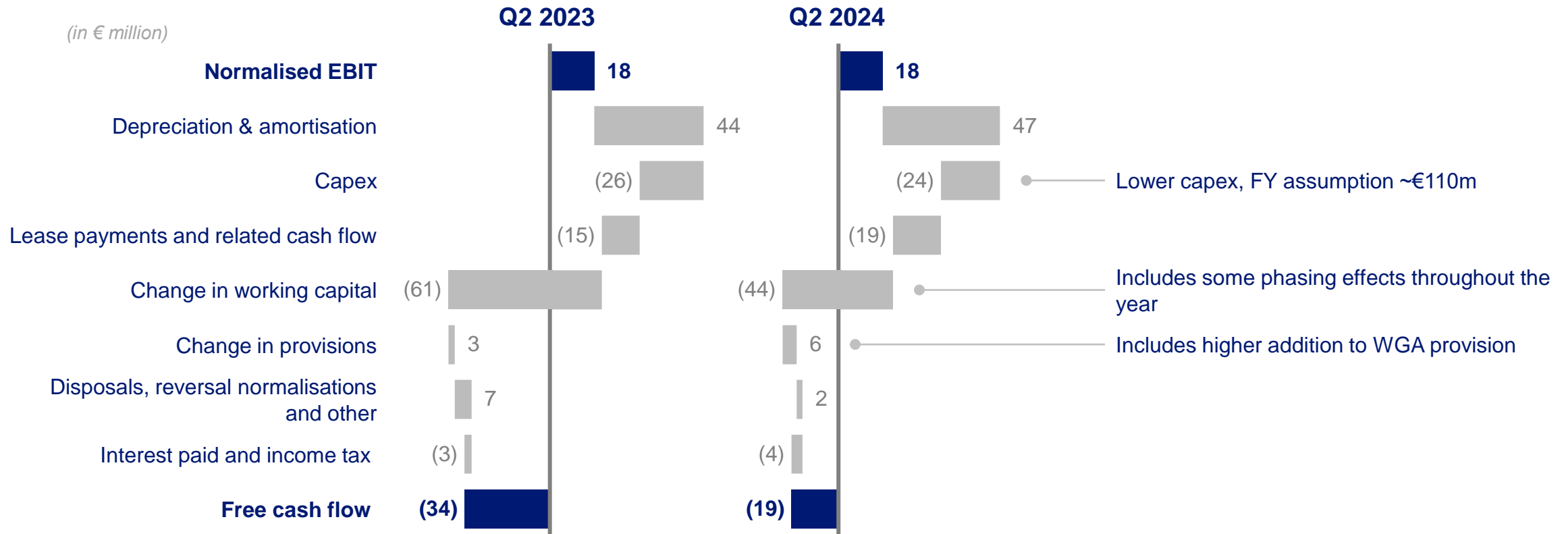
(in € million)



Cash flow improved

Better working capital, partly phasing

(in € million)



Financial position provides solid base for dividend

Interim dividend of €0.03 per share to be paid on 26 August

Balance sheet

| <i>(in € million)</i> | 29 Jun 2024 | | 29 Jun 2024 |
|------------------------------------|--------------|---------------------------------------|--------------|
| Intangible fixed assets | 411 | <i>Consolidated equity</i> | 182 |
| Property, plant and equipment | 479 | <i>Non-controlling interests</i> | 3 |
| Right-of-use assets | 285 | Total equity | 184 |
| Other non-current assets | 61 | Pension liabilities | 2 |
| Other current assets | 415 | Long-term debt | 596 |
| Cash | 777 | Long-term lease liabilities | 229 |
| Assets classified as held for sale | 1 | Other non-current liabilities | 188 |
| | | Short-term lease liabilities | 82 |
| | | Other current liabilities | 1,149 |
| Total assets | 2,430 | Total equity & liabilities | 2,430 |

Successful issuance sustainability-linked notes

Adjusted net debt

| (in € million) | 31 Dec 2023 | 29 Jun 2024 |
|--|-------------|-------------|
| Short- and long-term debt | 740 | 1,036 |
| Long-term interest-bearing assets | (15) | (14) |
| Cash and cash equivalents | (518) | (777) |
| Net debt | 207 | 245 |
| Pension liabilities/WGA* | 2 | 31 |
| Lease liabilities (on balance) | 320 | 311 |
| Lease liabilities (off balance) | 9 | 9 |
| DTA on WGA and operational lease liabilities | (76) | (82) |
| Adjusted net debt | 462 | 514 |

WGA provision (€22m) included in adjusted net debt as of 1 January 2024

Sustainability-linked notes due June 2031

- Size €300m, 4.750% annual coupon
- 100bps step-up on final coupon if targets are not met:
 - > 90% reduction in Scope 1 and 2 GHG emissions by 2030
 - 45% reduction in Scope 3 GHG emissions by 2030
 - 36% women in senior management positions in 2030
- Invest cash surplus in interest-bearing assets to limit cost-of-carry

WGA self-insurance provision

- Provision for future resumption of work benefit for partially disabled people
- Choice for self-insurance instead of social security premium
- Gradual build-up from anticipated inflow of benefit recipients

Outlook 2024



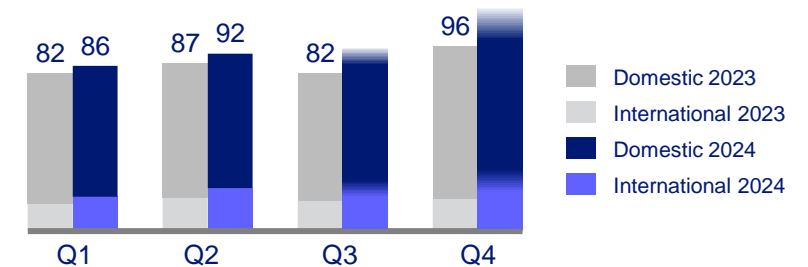
Outlook 2024 reconfirmed

Reflecting assumption of gradual improvement in economic conditions

Parcels

- 7% - 10% overall volume growth assumed, dependent on economic developments
 - domestic volumes trending to 2% - 4% growth, but lagging expectations
 - double-digit growth in volumes from international customers
- Shift in customer and product mix puts pressure on margins
 - international growth higher than growth rate domestic
 - within domestic, growing share from large customers and platform growing
- Rationalisation of services and network, and strict cost control (~€35m)

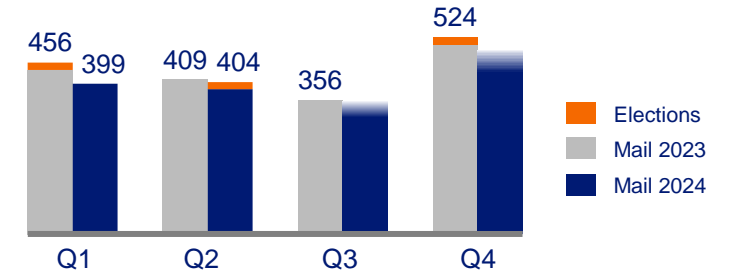
Volume, in million items, indicative only



Mail in the Netherlands

- 7% - 9% assumed volume decline for 2024, not evenly split over the quarters, mainly due to timing and number of elections
- Additional pressure on margins due to faster shift towards non-24-hour mail
- ~€40m in cost savings, based on current business model
- Further increase of stamp price to €1.14 from 1 July 2024

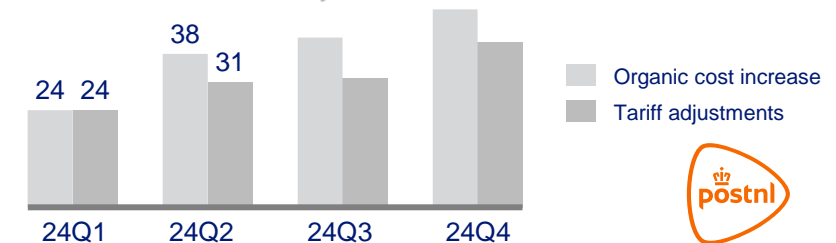
Volume, in million items, indicative only



Other

- Organic cost increases ~€155m, mostly absorbed by ~€135m tariff adjustments
- €20m additional cost savings from earlier measures to reduce indirect costs and improve efficiency

In € million, indicative only



Outlook 2024 reconfirmed

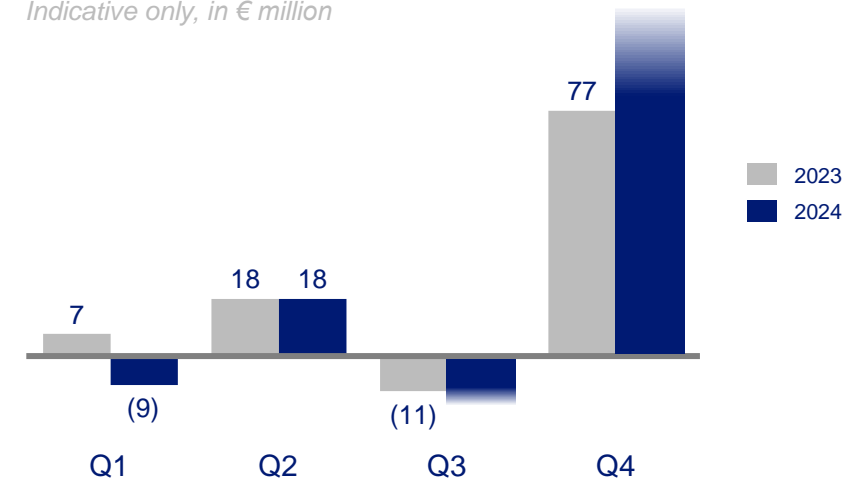
Operating environment remains volatile

| <i>(in € million)</i> | 2023 | 2024 outlook |
|---------------------------------|------|--------------|
| Normalised EBIT | 92 | 80 – 110 |
| Normalised comprehensive income | 52 | 40 – 70 |
| Free cash flow | 52 | 0 – 40 |

- Capex is expected to be around €110m
 - continuing clear focus on strategy whilst staying disciplined on cash flow management.
 - flexible investment programme which ensures efficient and future-proof infrastructure

Majority normalised EBIT in Q4

Indicative only, in € million



Closing remarks

Remain leading e-commerce and postal services provider in, to, and from Benelux area

Outlook 2024 reconfirmed

Solid financial position

- Successful issuance of €300m sustainability-linked notes
- Interim dividend of €0.03 per share, in line with dividend policy

Parcels

- Well-positioned for anticipated pick-up volume growth
- Dependent on economic developments
- Consistent focus on customer excellence, strict cost control and capacity management

Mail in the Netherlands

- Urgent need for transformation



Q&A



Appendix

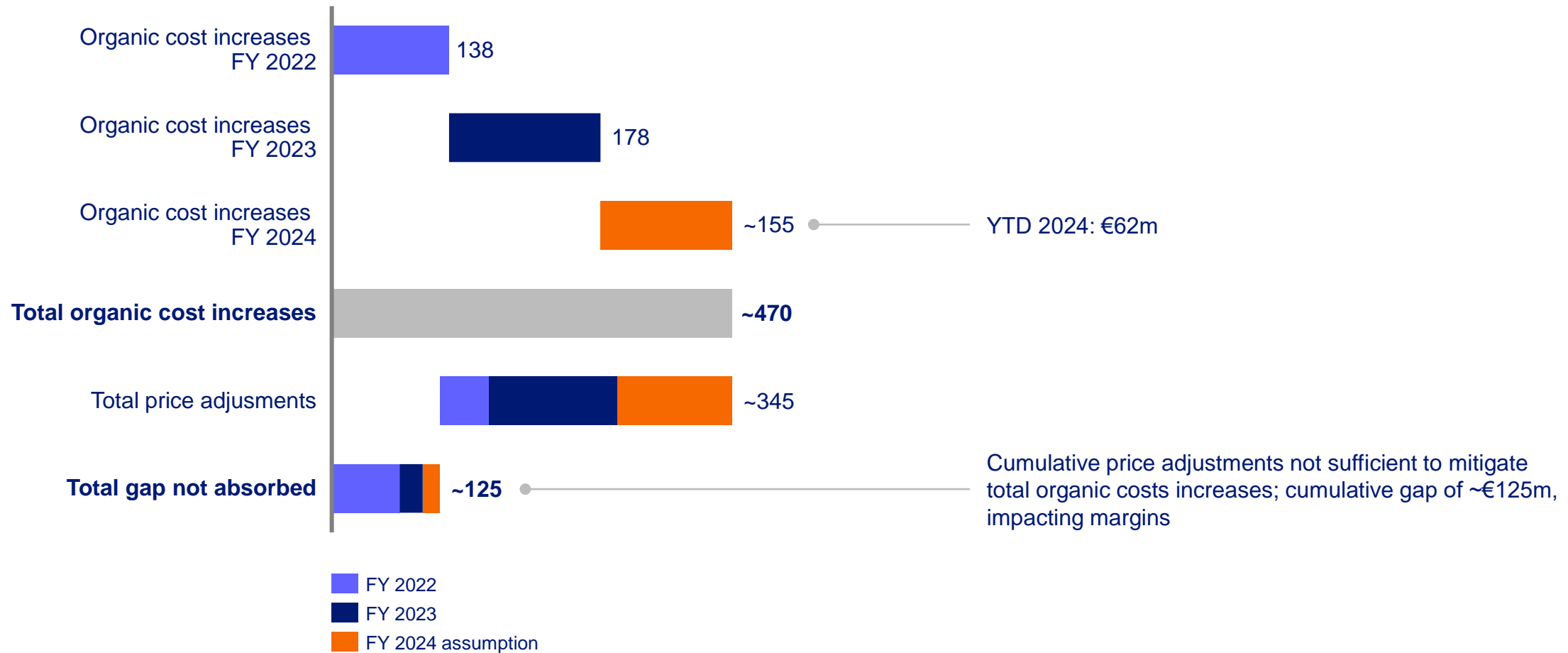
1. Cumulative organic cost increases and price adjustments 2022-24
2. Results per segment Q2 2024 & HY 2024
3. Revenue mix Parcels
4. Full reconciliation of income statement and EBITDA per segment
5. Free cash flow per segment HY 2024
6. Result development (bridge) per segment HY 2024
7. Free cash flow HY 2024
8. Profit and normalised comprehensive income



Continued significant inflationary pressure on costs

Not fully mitigated by price adjustments

(in € million)



Results per segment Q2 2024 & HY 2024

(in € million)

| | Revenue | | Normalised EBIT | | Margin | |
|-------------------------|--------------|--------------|-----------------|-----------|-------------|-------------|
| | Q2 2023 | Q2 2024 | Q2 2023 | Q2 2024 | Q2 2023 | Q2 2024 |
| Parcels | 556 | 581 | 17 | 15 | 3.1% | 2.5% |
| Mail in the Netherlands | 323 | 324 | 2 | 6 | 0.7% | 1.7% |
| PostNL Other | 59 | 58 | (2) | (2) | | |
| Intercompany | (168) | (168) | | | | |
| PostNL | 771 | 795 | 18 | 18 | 2.3% | 2.2% |
| | HY 2023 | HY 2024 | HY 2023 | HY 2024 | HY 2023 | HY 2024 |
| Parcels | 1,118 | 1,137 | 22 | 16 | 2.0% | 1.4% |
| Mail in the Netherlands | 673 | 648 | 10 | 1 | 1.5% | 0.1% |
| PostNL Other | 119 | 121 | (7) | (8) | | |
| Intercompany | (355) | (346) | | | | |
| PostNL | 1,554 | 1,560 | 25 | 9 | 1.6% | 0.6% |

Revenue mix Parcels

As of 2024

| <i>(in € million)</i> | Q1 2023 | Q1 2024 | Q2 2023 | Q2 2024 | Q3 2023 | Q3 2024 | Q4 2023 | Q4 2024 | FY 2023 | FY 2024 |
|-------------------------------|------------|------------|------------|------------|------------|---------|------------|---------|--------------|---------|
| Parcels | 360 | 369 | 372 | 387 | 348 | | 409 | | 1,489 | |
| Spring | 116 | 125 | 119 | 137 | 116 | | 125 | | 475 | |
| Logistics solutions and other | 72 | 73 | 72 | 76 | 67 | | 72 | | 283 | |
| Other / intercompany | 14 | (12) | (7) | (19) | 3 | | 3 | | 13 | |
| Parcels | 561 | 555 | 556 | 581 | 535 | | 608 | | 2,260 | |

2023

| <i>(in € million)</i> | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | FY 2023 |
|-------------------------------|------------|------------|------------|------------|--------------|
| Parcels Netherlands | 355 | 366 | 342 | 402 | 1,464 |
| Spring | 116 | 119 | 116 | 125 | 475 |
| Logistics solutions and other | 72 | 72 | 67 | 72 | 283 |
| Other / intercompany | 19 | (0) | 9 | 10 | 38 |
| Parcels | 561 | 556 | 535 | 608 | 2,260 |

Presentation revenue and volume split Parcels

As from 1 January 2024, volumes also include domestic Belgium volumes; the comparative figures for 2023 revenue and volume have been adjusted accordingly (volumes: Q1 2023: +1m, Q2 2023: +1m, FY 2023: +3m)

Full reconciliation of income statement and EBITDA HY 2024

| Income statement <i>(in € million)</i> | PostNL | | Parcels | | Mail in the Netherlands | | PostNL Other | | Eliminations | |
|---|----------------|----------------|----------------|----------------|-------------------------|--------------|--------------|--------------|--------------|------------|
| | HY 2023 | HY 2024 | HY 2023 | HY 2024 | HY 2023 | HY 2024 | HY 2023 | HY 2024 | HY 2023 | HY 2024 |
| Total operating revenue | 1,554 | 1,560 | 1,118 | 1,137 | 673 | 648 | 119 | 121 | (355) | (346) |
| Other income | 0 | 0 | 0 | 0 | 0 | 0 | - | - | - | - |
| Cost of materials | (45) | (38) | (32) | (28) | (6) | (6) | (7) | (4) | | |
| Work contracted out and other external expenses | (778) | (809) | (737) | (762) | (334) | (324) | (62) | (68) | 355 | 346 |
| Salaries and social security contributions | (518) | (510) | (213) | (213) | (243) | (237) | (63) | (59) | - | - |
| Pension contributions & related costs | (46) | (47) | (17) | (18) | (20) | (20) | (9) | (9) | - | - |
| Depreciation, amortisation and impairments | (85) | (92) | (40) | (44) | (12) | (13) | (32) | (36) | - | - |
| Other operating expenses | (58) | (69) | (56) | (56) | (48) | (58) | 46 | 44 | - | - |
| <i>Total operating expenses</i> | <i>(1,530)</i> | <i>(1,566)</i> | <i>(1,096)</i> | <i>(1,121)</i> | <i>(663)</i> | <i>(658)</i> | <i>(126)</i> | <i>(133)</i> | <i>355</i> | <i>346</i> |
| Operating income / EBIT | 24 | (6) | 22 | 15 | 10 | (9) | (7) | (12) | - | - |

EBITDA

| | | | | | | | | |
|--|------------|-----------|-----------|-----------|-----------|------------|-----------|-----------|
| Operating Income / EBIT | 24 | (6) | 22 | 15 | 10 | (9) | (7) | (12) |
| Depreciation, amortisation and impairments | 85 | 92 | 40 | 44 | 12 | 13 | 32 | 36 |
| Reported EBITDA | 109 | 87 | 62 | 59 | 22 | 4 | 25 | 24 |
| IFRS16 impact (depreciation RoU assets) | (35) | (37) | (23) | (25) | (6) | (6) | (6) | (6) |
| EBITDA excluding non-cash pensions and IFRS16 | 74 | 50 | 39 | 34 | 17 | (2) | 19 | 18 |

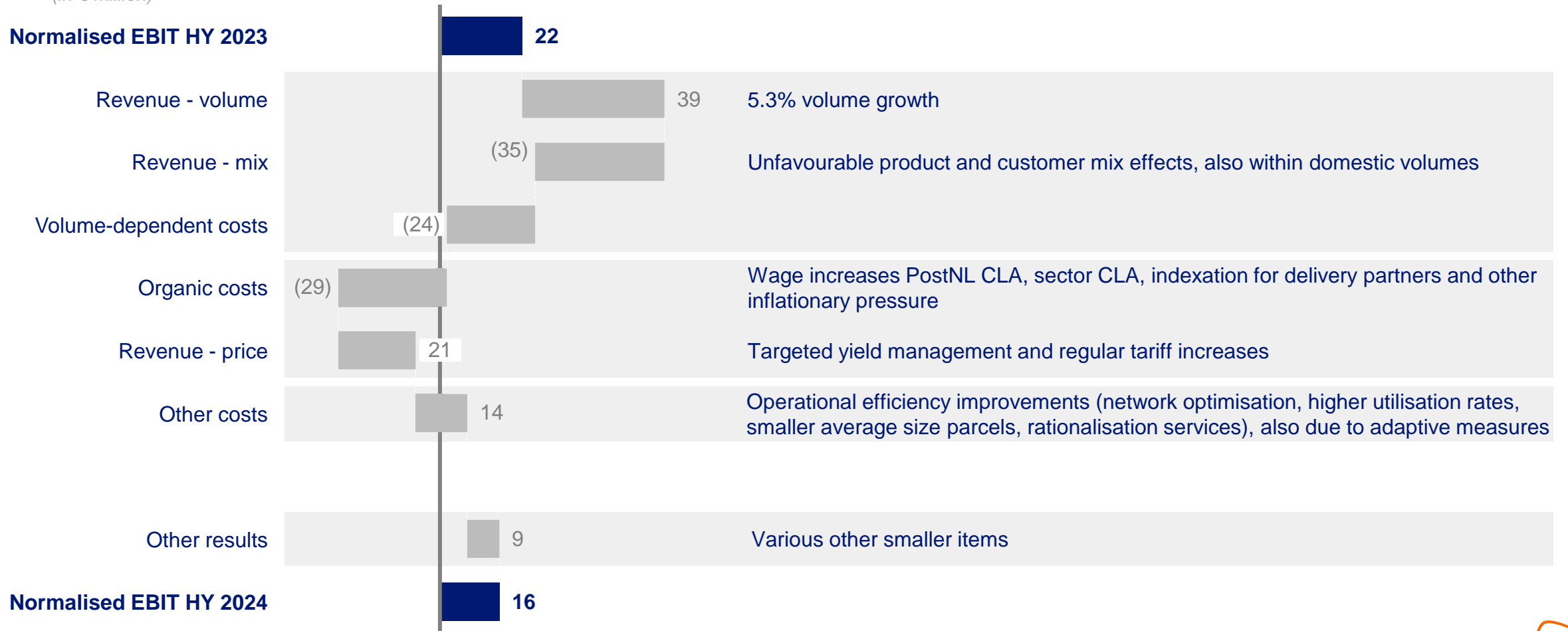
Free cash flow per segment HY 2024

(in € million)

| | PostNL | | Parcels | | Mail in the Netherlands | | PostNL Other & Eliminations | |
|--------------------------------------|---------|---------|---------|---------|-------------------------|---------|-----------------------------|---------|
| | HY 2023 | HY 2024 | HY 2023 | HY 2024 | HY 2023 | HY 2024 | HY 2023 | HY 2024 |
| EBITDA | 109 | 87 | 62 | 59 | 22 | 4 | 25 | 24 |
| Change in pensions | 0 | 0 | 0 | 0 | - | - | (0) | (0) |
| Change in provisions | 6 | 14 | 4 | 0 | 1 | 15 | 1 | (1) |
| Change in working capital | (38) | (51) | (1) | (9) | (17) | (31) | (19) | (11) |
| Capex | (64) | (50) | (20) | (9) | (5) | (2) | (39) | (38) |
| Disposals | 0 | 8 | (0) | 0 | 0 | 8 | (0) | (0) |
| Interest paid | (6) | (8) | (3) | (3) | (1) | (2) | (1) | (3) |
| Income tax paid | (35) | (0) | (6) | (4) | (3) | 2 | (27) | 1 |
| Lease payments and related cash flow | (34) | (38) | (20) | (24) | (9) | (9) | (6) | (6) |
| Other | 12 | 11 | 0 | 1 | 0 | 0 | 12 | 10 |
| Adjusted free cash flow | (49) | (26) | 16 | 12 | (11) | (14) | (54) | (24) |
| Settlement payment transitional plan | (16) | 0 | 0 | 0 | 0 | 0 | (16) | 0 |
| Free cash flow | (65) | (26) | 16 | 12 | (11) | (14) | (70) | (24) |
| Free cash flow yield | -8% | -4% | | | | | | |

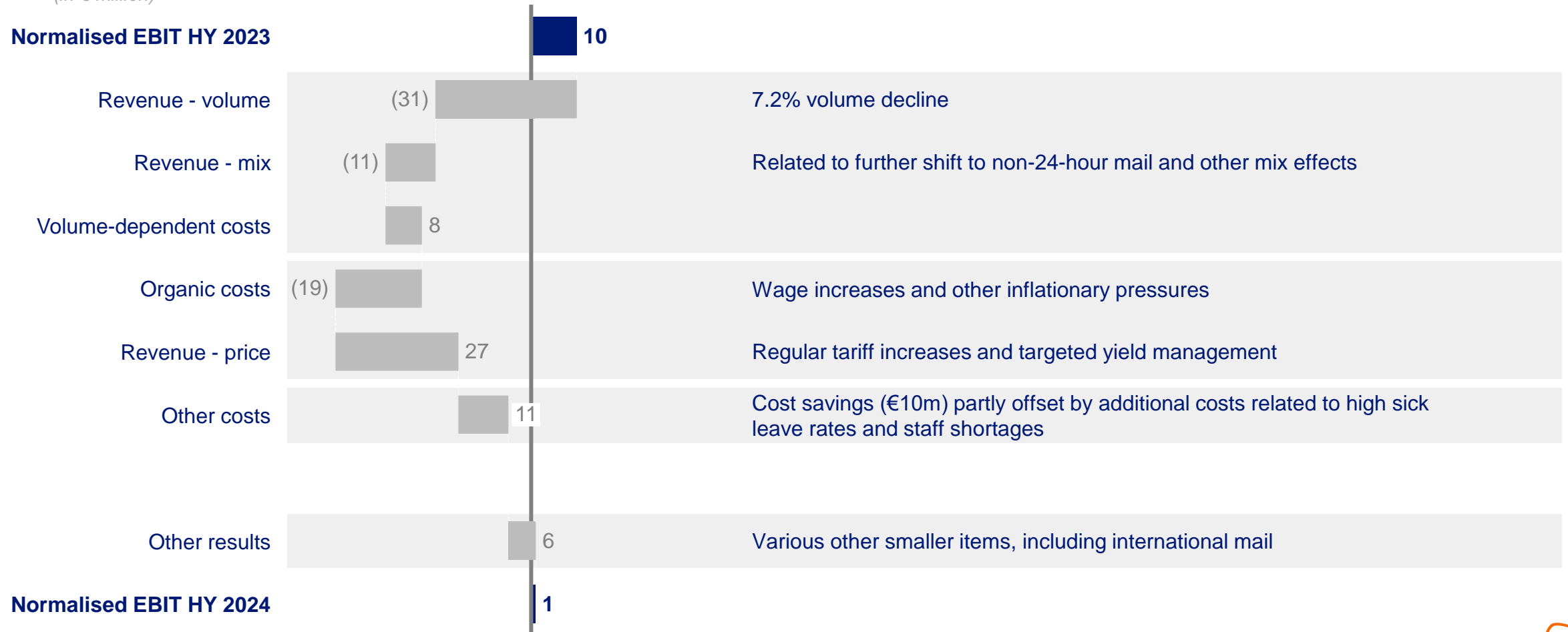
Parcels HY 2024 normalised EBIT bridge

(in € million)



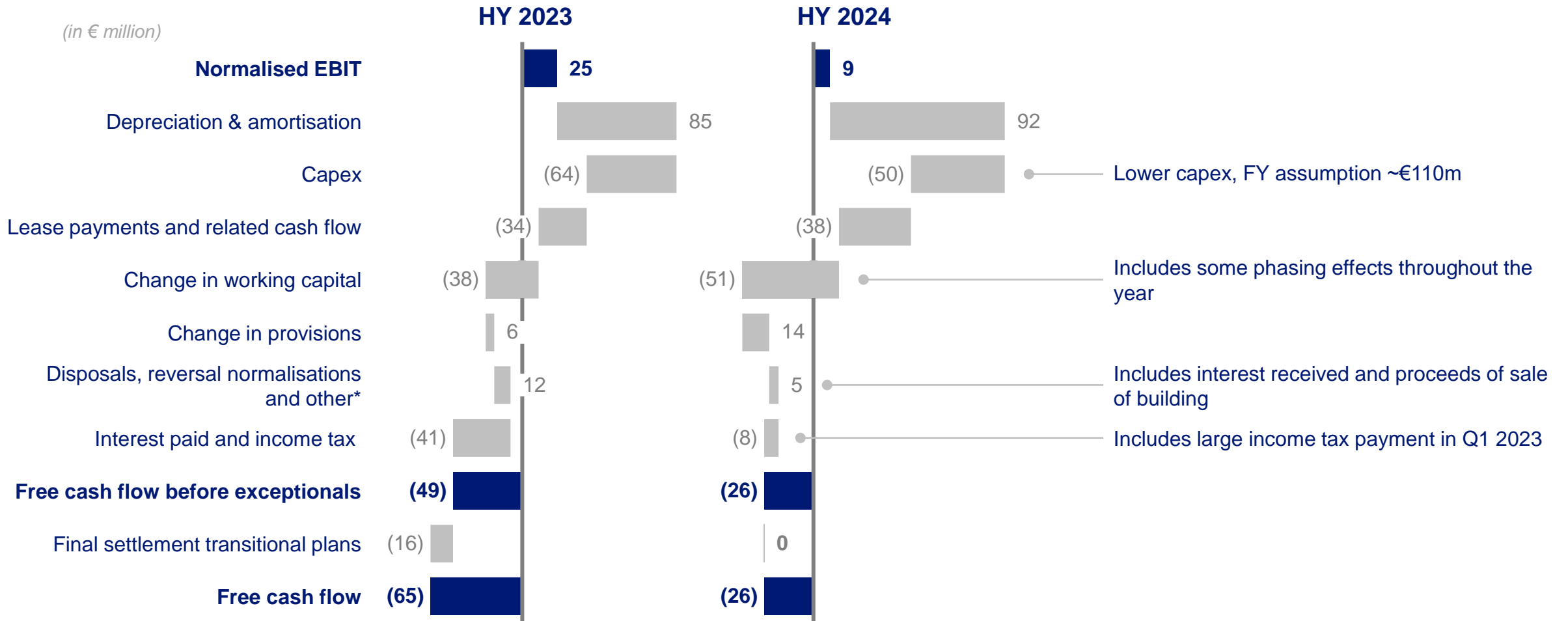
Mail in the Netherlands HY 2024 normalised EBIT bridge

(in € million)



Free cash flow HY 2024

(in € million)



Profit and normalised comprehensive income PostNL

| <i>(in € million)</i> | HY 2023 | HY 2024 |
|---|-----------|------------|
| Operating income / EBIT | 24 | (6) |
| Net financial expenses | (3) | (2) |
| Results from investments in JVs/associates | (0) | 0 |
| Income taxes | (6) | (2) |
| Profit/(loss) from discontinued operations | (0) | (0) |
| Profit | 15 | (9) |
| Other comprehensive income | (2) | 4 |
| Total comprehensive income | 13 | (5) |
| Normalisation on EBIT, net of tax | 0 | 11 |
| Exclude result from discontinued operations | 0 | 0 |
| Normalised comprehensive income | 14 | 6 |