

**postnord**

PostNord Interim Report

**Q3/2021**



# Continued growth

High e-commerce volumes laid the foundations for a strong performance in the first nine months of the year. The result in the quarter decreased due to lower letter volumes and declining growth in the parcel business when the communities opens up. The result was also affected by a higher cost situation for production and long-term investments. Within the context of PostNord's ambitious sustainability agenda, work continues at a high level of intensity.



PostNord constantly focuses on developing its offerings and, in early November, will start on home delivery of parcels on Saturday in parts of Sweden.

## Third quarter 2021<sup>1</sup>

- Net sales totaled SEK 9,340 million (8,919) in the year's third quarter, an increase of 5 percent in fixed currency for like-for-like units
- Overall, parcel volumes rose 9 percent (11), driven by continued growth in business-to-consumer and a recovery in business-to-business
- Mail volumes decreased by -13 percent (-10) due to ongoing digitalization
- Operating income (EBIT) totaled SEK 323 million (747)

SEKm, if not otherwise stated <sup>2)</sup>	July – September		Change like-for-like <sup>3)</sup>	January – September		Change like-for-like <sup>3)</sup>
	2021	2020		2021	2020	
Net sales	9,340	8,919	5%	29,850	27,751	10%
Operating income (EBIT)	323	747	-57%	1,719	1,578	9%
Adjusted operating income (Adjusted EBIT)	284	520	-45%	1,607	1,238	30%
Income before tax	273	674		1,574	1,359	
Net income for the period	228	580		1,326	1,105	
Earnings per share, SEK	0.11	0.29		0.66	0.55	
Cash flow from operating activities	518	1,342		2,487	3,274	
Net debt ratio, % <sup>4)</sup>	-25	87		-25	87	
Return on capital employed (ROCE), %	19.9	12.2		19.9	12.2	

<sup>1</sup> The report comments on developments in July – September 2021 compared to the same period in 2020 unless otherwise indicated.

<sup>2</sup> For definitions, see Note 8.

<sup>3</sup> The term like-for-like refers to the change in fixed currency for comparable units.

<sup>4</sup> Net debt ratio, including pensions but excluding lease liabilities.

# Comments by the President and Group CEO

## Slowing growth as societies open up

In the third quarter, like-for-like sales in all segments, and overall for the Group, increased by 5 percent. At the same time, operating income decreased to SEK 323 million (747) and adjusted operating income to SEK 284 million (520). We can now see the effects of the pandemic beginning to loosen its grip on society. This is reflected in a slowing of growth in the parcels business, as restrictions begin to be relaxed, as well as in lower mail volumes due to a lessening of need for civic information mailings. Income for the quarter is also impacted by higher costs in the Swedish business. This is partly driven by the fact that it has not been possible for production costs for parcels to be readjusted in pace with the slowdown in growth. At the same time, we have accelerated development of our IT infrastructure and our service offering. Income is also affected by start-up costs resulting from the major reorganization of our production in Oslo, aimed at creating scope for higher parcel volumes.

We expect the subdued growth in the parcel market to continue, bringing with it increased pressure on prices. Against that background, we are now stepping up our efforts to adapt costs to these conditions.

Net sales for the first nine months amounted to SEK 29,850 million (27,751), while operating profit for the same period improved to SEK 1,719 million (1,578).

Delivery quality for mail remained high in the quarter, at 98.8 percent (95.7) in Sweden and 96.9 percent (93.7) in Denmark. Overall delivery quality for parcels in the Group was 96.1 percent (96.1).

## Offering realigned with new habits and needs

As part of our strategy, we are continuously realigning our offering and service to meet new customer needs. During the quarter, we continued the roll-out of parcel boxes under our own management and in Finland established a partnership on mailboxes at the property boundary. We also announced that we are to start home delivery of parcels on Saturdays and expand the geographical coverage of our Saturday deliveries to partner outlets in Sweden. In addition, we announced adjustments to our home delivery offering to meet consumer demand for doorstep delivery.

The new delivery model in Sweden, where parcels are delivered as before and letters, newspapers and advertising have alternative day delivery, has now been introduced for half of the recipients and will be fully rolled out by summer 2022. Thanks to very careful preparations in

all parts of the organization, we can confirm high quality and few customer comments.

In Denmark, we extended our contract with the Danish State to provide the universal postal service until the end of 2022 on a compensated basis.

## Working together for a more sustainable future

Our work in the area of sustainability is progressing in a goal-focused way. During the quarter, we reduced carbon emissions compared to both the third quarter of 2020 and the preceding quarter. We have long focused on reducing oversized and unnecessary packaging, and recently launched the Airfluencers initiative in Sweden to highlight air-friendly parcels and e-commerce companies that are playing a part in the shift to eco-friendly deliveries.

We are continuing to invest in green vehicles, such as biogas cars in Denmark and electric trucks and HVO diesel cars in Sweden. In Finland, we have made significant environmental savings by switching to biodiesel in several heavy-duty trucks. Biodiesel will be an important transitional fuel in long-distance transport until solutions are in place to enable electrification of the entire transport chain.

## PostNord is ready for the most important trading period of the year

We have entered the last quarter of the year and PostNord is well prepared. The high volumes of e-commerce parcels since the outbreak of the pandemic do not prevent us from anticipating another high-pressure period around Black Week and Christmas. At the same time, we are receiving news that many shops and e-commerce businesses have supply problems, which may affect volumes.

PostNord is undergoing a huge transformation towards a greener and more digital future. We will continue to work with determination to be the favorite carrier of the Nordics and to provide an attractive and safe place to work – with our offering, our competitiveness and our culture at the center of focus. Against that background, it is especially gratifying to note a positive trend in both brand image and employee pride, which was particularly in evidence when PostNord was awarded two prestigious prizes at the Swedish Employer Branding Awards gala in September. Many thanks to all our employees for their great commitment, and to our customers for their continued trust.

**Annemarie Gardshol**  
President & Group CEO



Annemarie Gardshol, President and Group CEO

# Net sales and income

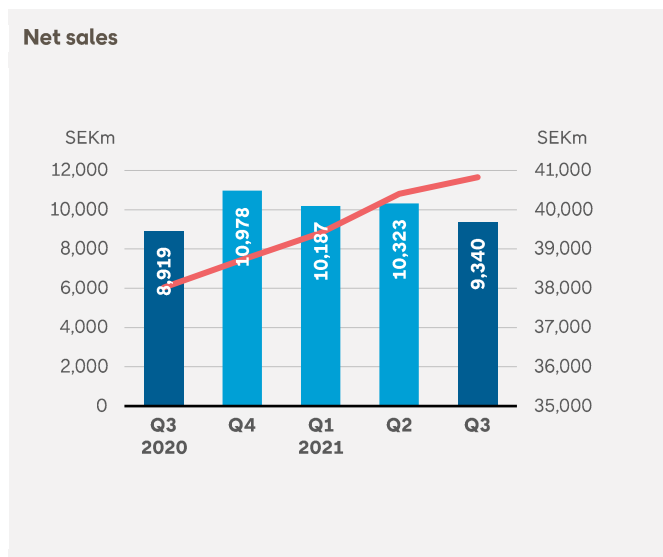
## Net sales

Net sales totaled SEK 9,340 million (8,919) in the year's third quarter, an increase of 5 percent in fixed currency for like-for-like units.

A total of 50 million (46) parcels were handled during the quarter, an increase of 9 percent (11). Volumes to business-to-consumer customers increased by 10 percent (16), while volumes to business-to-business customers recovered, rising 5 percent (-2).

During the quarter, mail volumes decreased by the equivalent of -13 percent (-10) as a result of increased digitalization.

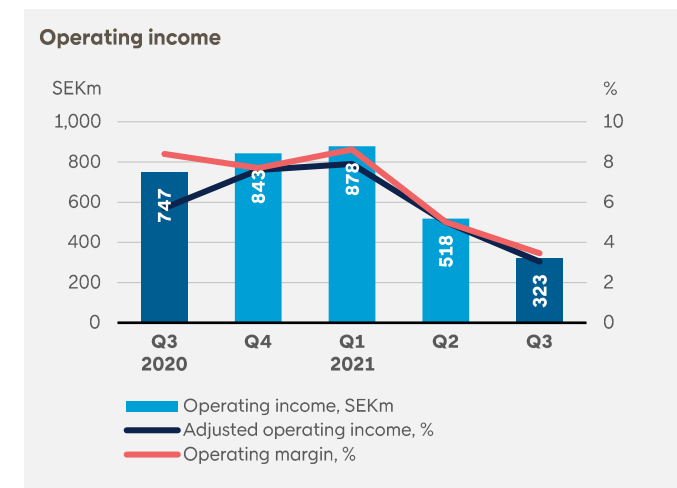
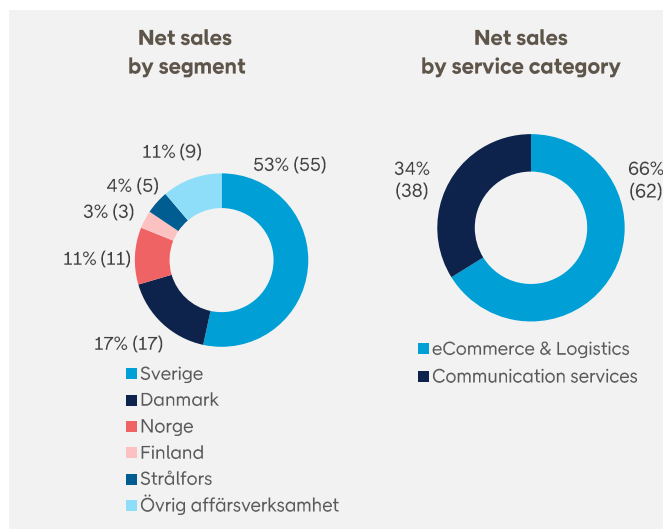
Other operating income totaled SEK 214 million (455), consisting in the main of compensation for the universal service obligation in Denmark, capital gains on the sale of properties and exchange rate gains. The change compared to the previous year is mainly explained by higher capital gains on the sale of properties.



## Income

Operating income totaled SEK 323 million (747), representing an operating margin of 3.4 percent (8.4). Continued growth in the parcels business but reduced profitability in both mail and parcels businesses were reported in the quarter, due to a higher cost situation in production and long-term investments. Government compensation in connection with the coronavirus pandemic totaled SEK 16 million (17), of which 95 percent (90) was received in Sweden and the remaining share in Denmark. Adjusted operating income totaled SEK 284 million (520). Capital gains from property sales contributed SEK 41 million (227). Net financial items totaled SEK -51 million (-73), mainly consisting of interest expense in connection with leases, pensions and loans. The change from the preceding year mainly arose through lower interest costs from pensions and a positive revaluation of disability pension plans. Tax for the period totaled SEK -45 million (-94) and income for the period SEK 228 million (580).

Return on capital employed (ROCE) improved to 19.9 percent (12.2), above all as a result of the excellent income in the past twelve months.



# Cash flow and financial position

## Cash flow

Cash flow from operating activities totaled SEK 518 million (1,342) in the third quarter. Changes in working capital amounted to SEK -67 million (502). In the previous year, operating receivables decreased, for example, via partial settlement of a surplus from PostNord Försäkringsförening, trade receivables and VAT refunds.

Cash flow from investing activities totaled SEK -416 million (-687). The effect on cash and cash equivalents of divestment of a subsidiary company was SEK – million (922). Investments in property, plant and equipment and in non-current intangible assets during the period totaled SEK 342 million (254). The investments relate for the most part to vehicles, sorting machines, parcel boxes and IT development. The increase relative to the same period last year is mainly due to increased investments in vehicles and machinery.

Cash flow from financing activities totaled SEK -849 million (-349). The change is mainly attributable to amortization totaling SEK -504 million (-) of loans. Amortization of lease liabilities amounted to SEK -345 million (-334).

## Net debt

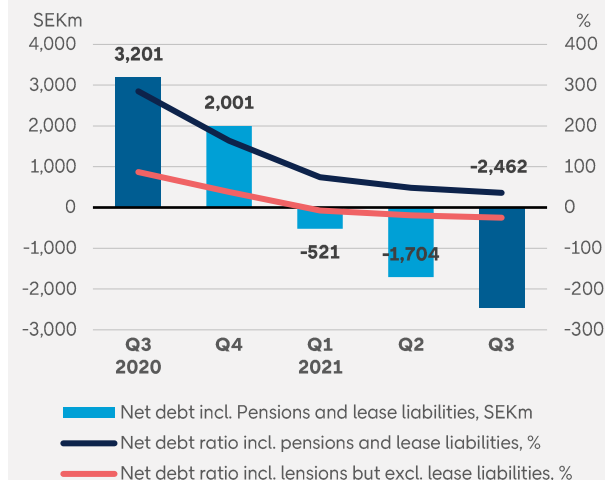
The Group's net debt, including pensions and lease liabilities, decreased by SEK 732 million during the third quarter, mainly due to a lower pension liability. Liabilities related to pensions and disability pension plans decreased by SEK 653 million in the quarter, from SEK 1,360 million to SEK 707 million, mainly due to positive returns at Postens Pensionsstiftelse.

The net debt ratio including pensions and lease liabilities was 36 percent (285). The Group's net debt ratio excluding leasing liabilities was -25 percent (87). Financial preparedness at the end of the quarter amounted to SEK 8,238 million (9,053), including cash and cash equivalents of SEK 6,238 million (6,053) and unutilized credit facilities of SEK 2,000 million (3,000).

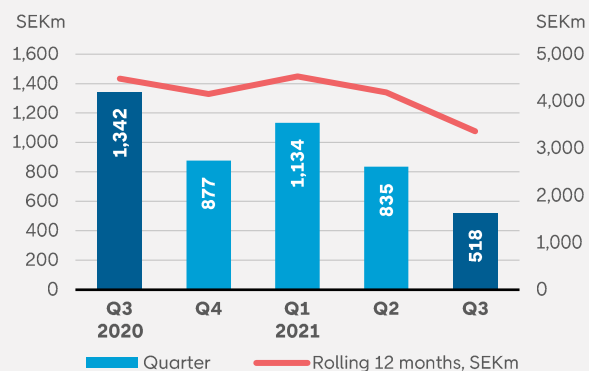
## Equity

The Group's equity increased to SEK 9,399 million, from SEK 8,653 million on June 30, 2021. The change in the quarter was attributable to income of SEK 228 million for the period, a change of SEK 476 million in the pension commitment net after tax and translation differences of SEK 42 million.

Net debt and net debt ratio



Cash flow from operating activities



Net debt<sup>1</sup>

SEKm	Sep. 30 2021	Jun. 30 2021	Mar. 31 2021	Dec. 31 2020	Sep. 30 2020
Interest-bearing liabilities	9,226	10,049	10,322	10,267	10,169
Pensions and disability pension plans	707	1,360	2,392	4,318	5,656
Long- and short-term investments	-287	-290	-291	-292	-293
Cash and cash equivalents	-6,238	-6,979	-6,821	-6,229	-6,053
<b>Net debt incl. pensions and lease liability</b>	<b>3,408</b>	<b>4,140</b>	<b>5,602</b>	<b>8,064</b>	<b>9,479</b>
Net debt ratio incl. pensions and lease liabilities	36%	48%	74%	164%	285%
<b>Net debt incl. pensions but excl. lease liabilities</b>	<b>-2,462</b>	<b>-1,704</b>	<b>-521</b>	<b>2,001</b>	<b>3,201</b>
Net debt ratio incl. pensions but excl. lease liabilities	-25%	-19%	-7%	38%	87%

<sup>1</sup> See breakdown in Note 8



# Parent Company

The Parent Company conducted limited operations, in the form of intra-Group services. No external net sales were recognized during this or the corresponding quarter last year. In January 2021, the Parent Company's loan to the subsidiary PostNord Group AB was converted from a short-term receivable, deposited in the subsidiary's Group account, to a fixed-term loan, reflecting the long-term nature of the receivable. Net income for the period totaled SEK 5 million (-20).

## First nine months

Net sales for the Group amounted to SEK 29,850 million (27,751) in the first nine months of the year, an increase of 10 percent (0) in fixed currency for like-for-like units. During the period, mail volumes decreased by -10 percent (-14) while parcel volumes increased by 20 percent (9).

Operating income totaled SEK 1,719 million (1,578), with an operating margin of 5.8 percent (5.7). The improvement in income was mainly due to sales growth.

Cash flow from operating activities totaled SEK 2,487 million (3,274).

The year-on-year change is mainly attributable to improved income, offset by changes in working capital.

# Sustainability information

As a major logistics player, PostNord takes responsibility for helping to progress sustainable development in the industry. An ambition is to lead the mail and logistics sector into the low-carbon economy by becoming fossil free by 2030. We protect the health and safety of our employees, promote equality and inclusion and require our suppliers to comply with our requirements.

## Employees

The average number of employees (FTEs) was 28,821 (28,655), an increase compared with the corresponding period last year. Sick leave averaged 6.3 percent (5.8) on a trailing 12-month basis, where the impact of each individual month is limited. At the end of the quarter, the proportion of women at management levels 1–3 was 36 percent (37). At levels 4–6, the figure was 32 percent (33).



## Sustainable supply chain

The target for a sustainable supply chain in 2021 is that 83 percent of purchase volumes from significant suppliers should be from those who accept and comply with PostNord's Supplier Code of Conduct. The result for third quarter was 81 percent, as it was for the year's second quarter. During the quarter, 23 suppliers were requested to carry out self-assessment. To date, 11 have responded. Three audits have been completed. Most of the audits planned for 2021 have not yet been completed due to the coronavirus pandemic, but work on these intensified during the autumn.

## Climate impact

Carbon dioxide emissions for the quarter decreased by 12.3 percent, compared to the third quarter in 2020, to 64,628 tons. PostNord's total energy consumption (including both transportation and use of premises) totaled 408,879 MWh (415,063). Renewable energy accounted for 39 percent (33) of total energy consumption during the quarter.

PostNord's climate transition requires its investments to be steered in a green direction. Work has started on classifying and monitoring the Company's operations in accordance with the EU's taxonomy and taxonomy regulation.

[Read more about our ambitious sustainability work at postnord.com.](https://www.postnord.com)

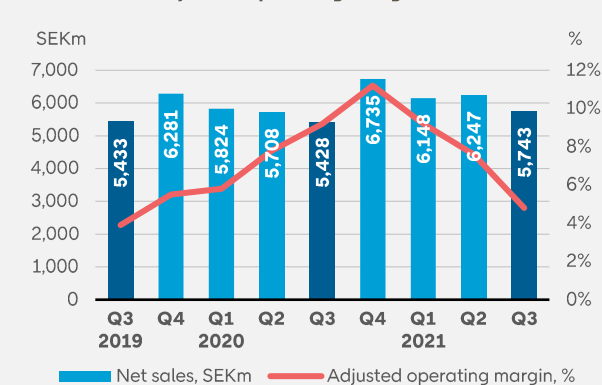
# PostNord Sweden

Net sales totaled SEK 5,743 million (5,428), an increase of 7 percent (3) for like-for-like units. Changes in patterns of consumption as a result of the pandemic persist, with high levels of e-commerce. In contrast, business-to-consumer volume growth was subdued towards the end of the quarter. Compared to the third quarter of last year, business-to-business volumes recovered slightly towards pre-pandemic levels. Parcel volumes increased on aggregate by 6 percent (6). Mail volumes decreased by -13 percent (-10) over the third quarter. A slightly accelerating decrease compared to last year and the need for civic information and marketing communications during the quarter are tending to indicate a return to the pre-pandemic trend.

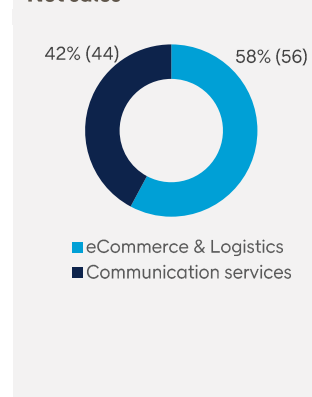
Operating profit totaled SEK 274 million (701) and adjusted operating profit SEK 274 million (499). Compared to the previous year, income shows the impact of lower mail volumes and increased production costs, above all in transport costs and from higher staffing levels. Changes in the product mix demanded in the parcel business are negatively impacting on profitability. Slightly too-high cost levels in the Swedish business are partly driven by the fact that it has not been possible for production costs for parcels to be readjusted in pace with the slowdown in growth. The level of costs is also impacted by increased costs related to IT and service development.

Delivery quality for mail over the past 12-month period was 97.9 percent (98.3). During the quarter, quality was 98.8 percent (98.7). Delivery quality for parcels over the past 12-month period was 95.1 percent (96.0). During the quarter, quality was 96.2 percent (95.7). Volume growth in parcels and a continued increase in short-term absences affected delivery quality.

Net sales and adjusted operating margin



Net sales



# 97.9%

**Delivery quality, mail**  
**Legal requirement 95%**  
 Refers to period  
 October 2020 – September 2021

SEKm, if not otherwise stated	July – September		Like-for-like change	January – September		Like-for-like change
	2021	2020		2021	2020	
Net sales	5,743	5,428	7%	18,174	16,960	9%
– Communication Services (external)	2,086	2,199	-5%	6,863	7,031	-2%
– eCommerce & Logistics (external)	2,912	2,787	6%	9,147	8,607	10%
– Internal	745	442	67%	2,165	1,322	64%
Operating income (EBIT)	274	701		1,316	1,485	
Operating margin, %	4.8	12.9		7.2	8.8	
Items affecting comparability	-	202		-	202	
Adjusted operating income (adjusted EBIT)	274	499		1,316	1,283	
Adjusted operating margin, %	4.8	9.2		7.2	7.6	

# PostNord Denmark

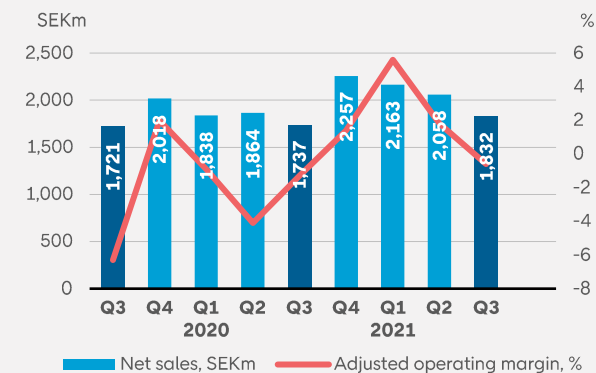
Net sales totaled SEK 1,832 million (1,737), an increase of 7 percent (8) in fixed currency for like-for-like units. Mail volumes decreased by -13 percent (-12). The third quarter was marked by a sharp fall in import mail due to the abolition of the minimum VAT threshold for purchases of goods outside the EU. However, this was partly offset by demand for public information and marketing communications. Parcel volumes increased by 6 percent (14), with business-to-consumer demand declining in pace with the opening up of Danish society.

Operating income totaled SEK 28 million (2). Items affecting comparability amounted to SEK 40 million (25), consisting of capital gains on property sales. Adjusted operating income improved to SEK -11 million (-23). The improvement was mainly attributable to increased parcel volumes and the ongoing improvement program.

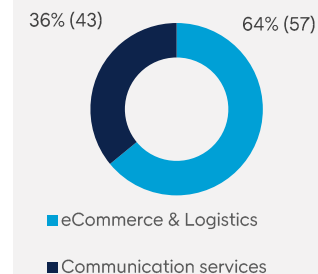
Over the past 12-month period, delivery quality for the Brevet service was 96.2 percent (94.8), as against the legal requirement that 93 percent of letters must be delivered to the intended recipient within five working days. During the quarter, quality was 96.9 percent (93.7).

Delivery quality for parcels was 95.1 percent (96.3) over the past 12-month period. During the quarter, quality was 97.6 percent (97.4).

Net sales and adjusted operating margin



Net sales



# 96.2%

**Delivery quality, Brevet  
Legal requirement 93%**

Refers to period  
October 2020 – September 2021

SEKm, if not otherwise stated	July – September <sup>1)</sup>		Like-for-like change	January – September <sup>1)</sup>		Like-for-like change
	2021	2020		2021	2020	
Net sales	1,832	1,737	7%	6,053	5,439	15%
– Communication Services (external)	561	648	-12%	1,884	2,084	-6%
– eCommerce & Logistics (external)	997	864	17%	3,269	2,679	27%
– Internal	275	225	25%	900	676	38%
Operating income (EBIT)	28	2		260	21	
Operating margin, %	1.5	0.1		4.3	0.4	
Items affecting comparability	40	25		112	138	
Adjusted operating income (adjusted EBIT)	-11	-23		148	-117	
Adjusted operating margin, %	-0.6	-1.3		2.4	-2	

<sup>1)</sup> PostNord's operations in Germany has been transferred from segment PostNord Denmark to segment Other business activities as from 1 January 2021. Comparable figures are recalculated.

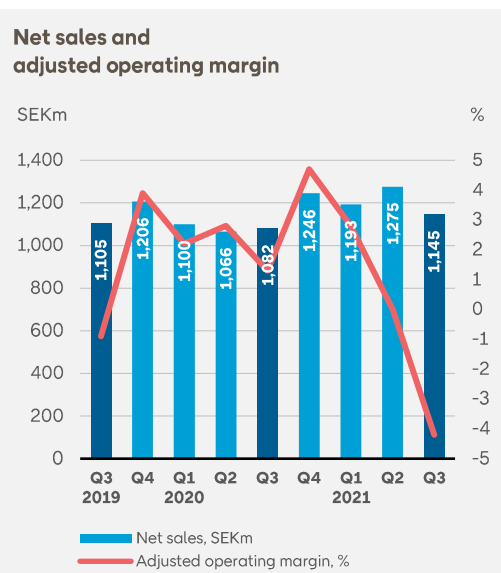


# PostNord Norway

Net sales totaled SEK 1,145 million (1,082), an increase of 4 percent (9) in fixed currency for like-for-like units. Parcel volumes increased by 23 percent (5).

Operating income totaled SEK -48 million (14). The lower income was mainly due to startup costs incurred via the launch of a new production model with increased capacity in Oslo, in order to effectively handle an increase in the volume of parcels.

Delivery quality was 93.9 percent (96.5) for the quarter and 93.2 percent (96.1) over the past 12-month period.



SEKm, if not otherwise stated	July – September		Like-for-like change	January–September		Like-for-like change
	2021	2020		2021	2020	
Net sales	1,145	1,082	4%	3,613	3,249	11%
– Communication Services (external)	20	19	6%	64	59	8%
– eCommerce & Logistics (external)	899	865	2%	2,857	2,623	9%
– Internal	226	198	11%	693	567	20%
Operating income (EBIT)	-48	14		-18	68	
Operating margin, %	-4.2	1.3		-0.5	2.1	
Items affecting comparability	-	-		-	-	
Adjusted operating income	-48	14		-18	68	
Adjusted operating margin, %	-4.2	1.3		-0.5	2.1	

# PostNord Finland

Net sales totaled SEK 358 million (342), an increase of 6 percent (5) in fixed currency for like-for-like units. Sales in logistics operations rose, for the most part in connection with deliveries to the healthcare sector. Parcel volumes increased by 10 percent (8).

Operating income totaled SEK 1 million (6). The lower income arose through a changed the product mix.

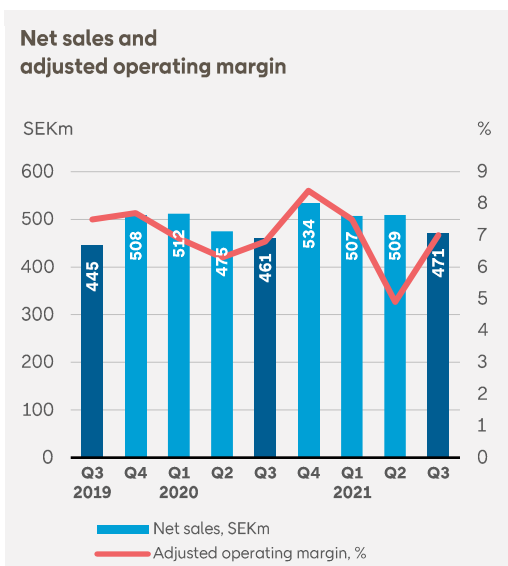
Delivery quality was 95.4 percent (95.6) for the quarter and 95.5 percent (95.3) over the past 12-month period.



SEKm, if not otherwise stated	July – September		Like-for-like change	January–September		Like-for-like change
	2021	2020		2021	2020	
Net sales	358	342	6%	1,059	1,005	10%
– Communication Services (external)	-	-	-	-	-	-
– eCommerce & Logistics (external)	248	229	10%	731	675	13%
– Internal	109	113	-2%	328	330	3%
Operating income (EBIT)	1	6		2	7	
Operating margin, %	0.3	1.8		0.2	0.7	
Items affecting comparability	-	-		-	-	
Adjusted operating income	1	6		2	7	
Adjusted operating margin, %	0.3	1.8		0.2	0.7	

# PostNord Strålfors

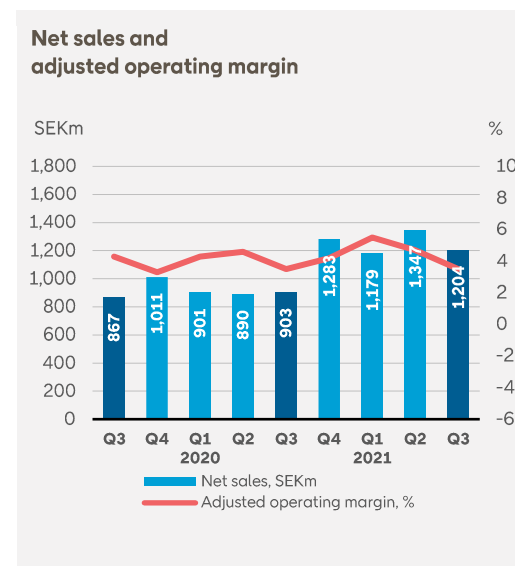
Net sales totaled SEK 471 million (461), an increase of 2 percent (3) in fixed currency for like-for-like units. The long-term trend, a structurally declining market for printed matter in the wake of digitalization, remains. However, sales are benefiting from continued growth in revenues from digital services and products, albeit at lower margins than from the physical business. Operating income totaled SEK 33 million (31). The improved operating profit is explained by lower costs and efficiency improvements made, especially in physical production.



SEKm, if not otherwise stated	July – September		Like-for-like change	January – September		Like-for-like change
	2021	2020		2021	2020	
Net sales	471	461	2%	1,487	1,447	4%
– Communication Services (external)	420	415	1%	1,327	1,323	2%
– Internal	51	46	12%	159	124	30%
Operating income (EBIT)	33	31		96	96	
Operating margin, %	7.0	6.8		6.5	6.7	
Items affecting comparability	-	-		-	-	
Adjusted operating income	33	31		96	96	
Adjusted operating margin, %	7.0	6.8		6.5	6.7	

# Other business activities

Net sales totaled SEK 1,204 million (903), an increase of 35 percent (8) in fixed currency for like-for-like units. The strong growth in e-commerce contributed positively to Direct Link's net sales and operating profit. The logistics business in Germany shows very strong volume growth powered by exports to the Nordic market in business-to-consumer parcels. Operating income improved to SEK 42 million (32).



SEKm, if not otherwise stated	July – September <sup>1)</sup>		Like-for-like change	January-September <sup>1)</sup>		Like-for-like change
	2021	2020		2021	2020	
Net sales	1,204	903	35%	3,730	2,694	45%
– Communication Services (external)	53	54	-2%	163	168	-3%
– eCommerce & Logistics (external)	1,148	847	38%	3,558	2,508	49%
– Internal	3	2	32%	9	18	-50%
Operating income (EBIT)	42	32		170	113	
Operating margin, %	3.5	3.5		4.6	4.2	
Items affecting comparability	-	-		-	-	
Adjusted operating income	42	32		170	113	
Adjusted operating margin, %	3.5	3.5		4.6	4.2	

<sup>1)</sup> PostNord's operations in Germany has been transferred from segment PostNord Denmark to segment Other business activities as from 1 January 2021. Comparable figures are recalculated.

# Other information

## Update regarding the universal service obligation in Denmark

PostNord Denmark operates in accordance with the extended contract for the universal postal service in Denmark, which runs until 2023. In parallel, dialogue on future financing continues with our owners. See also the section on Major events.

## Amendment of the PRI's Technical Bases as of January 1, 2022

PostNord has pension obligations, secured in-house, that are calculated using PRI's calculation principles. On October 11, Pensionsregistreringsinstitutet (the Swedish Pensions Registration Institute (PRI)) announced *inter alia* a reduction in the discount rate from January 1, 2022. The reduction from 4 percent to 3 percent is expected to reduce the asset coverage ratio of the Post Office Pension Fund from 150% to approximately 135%.

## Delivery quality

Delivery quality in Sweden is still above the legal requirement of 95 percent for stamped letters that must be delivered to the intended recipient within two working days, maintaining a level of 97.9 percent (98.3) over the past 12-month period. During the quarter, quality was measured at 98.8 percent (95.7). In Denmark, quality also exceeded the legal requirement. Over the past 12-month period, delivery quality for the Brevet service was 96.2 percent (94.8), as against the legal requirement that 93 percent of letters must be delivered to the intended recipient within five working days. During the quarter, quality was 96.9 percent (93.7).

Overall delivery quality for parcels in the PostNord Group was 94.8 percent (96.0) over the past 12-month period. During the quarter, quality was 96.1 percent (96.1).

## Highlights of the third quarter

07/01/2021 PostNord invests in five new electric delivery trucks  
07/29/2021 Parcel volumes remain high this summer  
08/26/2021 Alternate day delivery of letters introduced in north Stockholm  
08/26/2021 PostNord Denmark has reduced its CO<sub>2</sub> emissions by 10,000 tonnes in one year

09/20/2021 Alternate day delivery of letters introduced in south Stockholm  
09/22/2021 PostNord now delivers on Saturdays to two million households in Sweden

## Major events in July–September 2021

On September 10, the European Commission announced that it approved the internal capital injections in 2018 and 2019, totaling DKK 2.3 billion from PostNord Group AB to Post Denmark. The announcement means that the capital injection does not constitute State aid, in agreement with PostNord's view. At the same time, the European Commission announced that the capital injection of SEK 667 million in 2018 that PostNord AB received from its owners, the Swedish and Danish States, must be recovered. PostNord is now awaiting a decision from its owners as to the next steps.

## Major events after the reporting period

On October 6, it was announced that PostNord had become the first logistics operator to be approved as a member of the Pathways Coalition. The coalition is a collaboration of several major industry leaders in the transport value chain, committed to accelerating the drive towards fossil-free heavy transportation. It was established by E.ON, H&M Group, Scania and Siemens. More recently, Ericsson has also joined. Members of the Pathways Coalition are committed to its vision of achieving zero fossil emissions by 2050.

Solna, October 28, 2021  
PostNord AB (publ), CIN 556771–2640

Annemarie Gardshol  
President & Group CEO

# Review report

PostNord AB (publ) CIN 556771–2640

## Introduction

We have reviewed the condensed interim financial information (interim report) of PostNord AB as of September 30, 2021 and the nine-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 28 October 2021

KPMG AB  
Tomas Gerhardsson  
Authorized Public Accountant

# Financial statements – Group

## Income statement

SEKm	Note	July - September		January – September	
		2021	2020	2021	2020
Net sales	1	9,340	8,919	29,850	27,751
Other operating income		214	455	659	1,184
<b>Operating revenue</b>	3	<b>9,554</b>	<b>9,373</b>	<b>30,510</b>	<b>28,934</b>
Personnel expenses		-3,535	-3,594	-11,670	-11,523
Transportation expenses		-2,683	-2,458	-8,123	-7,685
Other operating expenses		-2,366	-1,921	-7,068	-6,213
Depreciation and impairments		-647	-653	-1,930	-1,936
<b>Operating expenses</b>		<b>-9,231</b>	<b>-8,625</b>	<b>-28,791</b>	<b>-27,356</b>
<b>OPERATING INCOME</b>	3	<b>323</b>	<b>747</b>	<b>1,719</b>	<b>1,578</b>
Financial income		6	11	16	37
Financial expenses		-57	-84	-161	-255
<b>Net financial items</b>		<b>-51</b>	<b>-73</b>	<b>-145</b>	<b>-218</b>
<b>Income before tax</b>		<b>273</b>	<b>674</b>	<b>1,574</b>	<b>1,359</b>
Tax		-45	-94	-248	-254
<b>NET INCOME</b>		<b>228</b>	<b>580</b>	<b>1,326</b>	<b>1,105</b>
<b>Attributable to</b>					
Parent Company shareholders		227	579	1,324	1,102
Non-controlling interests		1	1	2	3
Earnings per share, SEK		0.11	0.29	0.66	0.55

## Statement of comprehensive income

SEKm	July - September		January – September	
	2021	2020	2021	2020
<b>NET INCOME</b>	<b>228</b>	<b>580</b>	<b>1,326</b>	<b>1,105</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that cannot be transferred to net income</b>				
Revaluation of pension liabilities	620	-70	3,818	-1,572
Change in deferred tax	-144	15	-803	324
<b>Total</b>	<b>476</b>	<b>-55</b>	<b>3,015</b>	<b>-1,248</b>
<b>Items that have been or may be transferred to net income</b>				
Cash flow hedges after tax	0	0	1	-1
Translation differences	42	0	153	-177
<b>Total</b>	<b>42</b>	<b>0</b>	<b>154</b>	<b>-178</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>518</b>	<b>-55</b>	<b>3,169</b>	<b>-1,426</b>
<b>COMPREHENSIVE INCOME</b>	<b>746</b>	<b>525</b>	<b>4,495</b>	<b>-321</b>
<b>Attributable to</b>				
Parent Company shareholders	746	524	4,493	-324
Non-controlling interests	0	1	2	3

# Financial statements – Group

## Condensed statement of financial position

SEKm	Note	Sep. 30 2021	Dec. 31 2020	Sep. 30 2020
	1			
<b>ASSETS</b>				
Goodwill		2,558	2,510	2,523
Other non-current intangible assets		463	439	486
Property, plant and equipment		7,119	6,992	7,038
Right-of-use assets		5,790	5,954	6,191
Participations in associated companies		149	134	135
Non-current interest-bearing receivables	6	274	280	281
Other non-current receivables	6	321	411	481
Deferred tax assets		23	627	960
<b>Total non-current assets</b>		<b>16,697</b>	<b>17,350</b>	<b>18,096</b>
Inventories		89	90	95
Tax assets		418	299	310
Trade receivables	6	4,467	4,967	4,280
Prepaid expenses and accrued income	6	1,229	878	867
Other current receivables	6	380	600	198
Current interest-bearing receivables	6	13	11	-
Cash and cash equivalents	6	6,238	6,229	6,053
Assets held for sale		13	65	79
<b>Total current assets</b>		<b>12,848</b>	<b>13,139</b>	<b>11,884</b>
<b>TOTAL ASSETS</b>		<b>29,545</b>	<b>30,489</b>	<b>29,980</b>

## (cont.)

SEKm	Note	Sep. 30 2021	Dec. 31 2020	Sep. 30 2020
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>		9,399	4,906	3,331
<b>LIABILITIES</b>				
Non-current interest-bearing liabilities	6	2,748	3,243	3,281
Long-term lease liabilities		4,613	4,849	5,040
Other non-current liabilities		44	42	42
Pensions		811	4,395	5,725
Other provisions	5	1,147	1,685	2,215
Deferred tax liabilities		277	120	117
<b>Total non-current liabilities</b>		<b>9,640</b>	<b>14,334</b>	<b>16,420</b>
Current interest-bearing liabilities	6	513	857	506
Current lease liabilities		1,352	1,318	1,342
Trade payables	6	2,765	2,877	2,423
Tax liabilities		246	313	425
Other current liabilities	6	1,375	1,503	1,524
Accrued expenses and deferred income	6	3,500	3,643	3,263
Other provisions	5	754	737	745
<b>Total current liabilities</b>		<b>10,506</b>	<b>11,249</b>	<b>10,229</b>
<b>TOTAL LIABILITIES</b>		<b>20,146</b>	<b>25,582</b>	<b>26,649</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,545</b>	<b>30,489</b>	<b>29,980</b>



# Financial statements – Group

## Statement of cash flows

SEKm	Note	July - September		January – September	
		2021	2020	2021	2020
<b>OPERATING ACTIVITIES</b>					
Income before tax		273	674	1,574	1,359
Adjustments for non-cash items <sup>1)</sup>		420	213	1,334	707
Income tax paid		-108	-47	-371	-134
<b>Operating activities before changes in working capital</b>		<b>585</b>	<b>840</b>	<b>2,537</b>	<b>1,932</b>
<b>Changes in working capital</b>					
Increase(-)/decrease(+) in inventories		-5	5	0	9
Increase(-)/decrease(+) in other operating receivables		823	1,115	741	1,591
Increase(+)/decrease(-) in other operating liabilities		-885	-618	-791	-258
<b>Changes in working capital</b>		<b>-67</b>	<b>502</b>	<b>-50</b>	<b>1,342</b>
<b>Cash flow from operating activities</b>		<b>518</b>	<b>1,342</b>	<b>2,487</b>	<b>3,274</b>
<b>INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		-318	-242	-703	-650
Sale of property, plant and equipment		3	24	7	25
Acquisitions of non-current intangible assets		-24	-12	-102	-32
Sale of subsidiary, effect on cash and cash equivalents	4	-	922	-	1,088
Acquisition of subsidiary, effect on cash and cash equivalents	4	-80	-	-129	-
Acquisition of financial assets		0	-7	-1	-7
Sale of financial assets		3	2	5	11
<b>Cash flows from investing activities</b>		<b>-416</b>	<b>687</b>	<b>-923</b>	<b>435</b>

## (cont.)

SEKm	Note	July - September		January – September	
		2021	2020	2021	2020
<b>FINANCING ACTIVITIES</b>					
Amortized loans		-504	-	-538	-84
Amortized lease liabilities		-345	-334	-1,028	-962
Dividend paid		-	-	-2	-2
Increase(+)/decrease(-) in other interest-bearing liabilities		0	-15	0	-
<b>Cash flows from financing activities</b>		<b>-849</b>	<b>-349</b>	<b>-1,568</b>	<b>-1,048</b>
<b>CASH FLOWS FOR THE PERIOD</b>					
Cash and cash equivalents, at beginning of period		6,979	4,377	6,229	3,398
Translation difference in cash and cash equivalents		6	-4	13	-6
<b>Cash and cash equivalents, closing balance</b>		<b>6,238</b>	<b>6,053</b>	<b>6,238</b>	<b>6,053</b>
<sup>1)</sup> Adjustments for non-cash items:					
Depreciation and impairments		647	653	1,930	1,936
Change in pension liability		39	76	229	-21
Other provisions		-182	-180	-484	-740
Capital gain, property, plant and equipment sold		-31	-39	-104	-144
Capital gain, sale of subsidiaries		-	-202	-	-222
Other		-53	-95	-237	-102
<b>Total</b>		<b>420</b>	<b>213</b>	<b>1,334</b>	<b>707</b>

# Financial statements – Group

## Statement of changes in equity

January - September 2020

Equity attributable to the Parent Company's shareholders

SEKm	Capital stock <sup>1)</sup>	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
<b>Opening balance Jan. 1, 2020</b>	<b>2,000</b>	<b>10,621</b>	<b>-1,509</b>	<b>0</b>	<b>-7,460</b>	<b>2</b>	<b>3,654</b>
<b>Comprehensive income for the period</b>							
Net income for the period	-	-	-	-	1,102	3	1,105
Other comprehensive income for the period	-	-	-177	-1	-1,248	-	-1,426
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-177</b>	<b>-1</b>	<b>-146</b>	<b>3</b>	<b>-321</b>
Dividend	-	-	-	-	-	-2	-2
<b>Shareholders' equity balance, closing balance Sep. 30 2020</b>	<b>2,000</b>	<b>10,621</b>	<b>-1,686</b>	<b>-1</b>	<b>-7,606</b>	<b>3</b>	<b>3,331</b>

October - December 2020

Equity attributable to the Parent Company's shareholders

SEKm	Capital stock <sup>1)</sup>	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
<b>Opening balance Oct. 1, 2020</b>	<b>2,000</b>	<b>10,621</b>	<b>-1,686</b>	<b>-1</b>	<b>-7,606</b>	<b>3</b>	<b>3,331</b>
<b>Comprehensive income for the period</b>							
Net income for the period	-	-	-	-	607	-1	606
Other comprehensive income for the period	-	-	-134	0	1,103	-	969
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-134</b>	<b>0</b>	<b>1,710</b>	<b>-1</b>	<b>1,575</b>
Dividend	-	-	-	-	-	-	-
<b>Shareholders' equity balance, closing balance Dec. 31 2020</b>	<b>2,000</b>	<b>10,621</b>	<b>-1,820</b>	<b>-1</b>	<b>-5,896</b>	<b>2</b>	<b>4,906</b>

January – September 2021

Equity attributable to the Parent Company's shareholders

SEKm	Capital stock <sup>1)</sup>	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
<b>Opening balance Jan. 1, 2021</b>	<b>2,000</b>	<b>10,621</b>	<b>-1,820</b>	<b>-1</b>	<b>-5,896</b>	<b>2</b>	<b>4,906</b>
<b>Comprehensive income for the period</b>							
Net income for the period	-	-	-	-	1,324	2	1,326
Other comprehensive income for the period	-	-	153	1	3,015	-	3,169
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>153</b>	<b>1</b>	<b>4,339</b>	<b>2</b>	<b>4,495</b>
Dividend	-	-	-	-	-	-2	-2
<b>Shareholders' equity, closing balance Sep. 30, 2021</b>	<b>2,000</b>	<b>10,621</b>	<b>-1,667</b>	<b>0</b>	<b>-1,557</b>	<b>2</b>	<b>9,399</b>

<sup>1)</sup> Number of shares is 2,000,000,001: 1,524,905,971 ordinary shares and 475,094,030 series B shares.

# Financial statements – Parent Company

## Income statement

SEKm	Note	July - September		January – September	
		2021	2020	2021	2020
	1				
Other operating income		3	4	10	11
<b>Operating revenue</b>		<b>3</b>	<b>4</b>	<b>10</b>	<b>11</b>
Personnel expenses		-6	-4	-16	-11
Other expenses		0	-4	-12	-14
<b>Operating expenses</b>		<b>-6</b>	<b>-8</b>	<b>-28</b>	<b>-25</b>
<b>OPERATING INCOME</b>		<b>-3</b>	<b>-4</b>	<b>-18</b>	<b>-14</b>
Interest income and similar income items		21	2	60	6
Interest expenses and similar items		-13	-18	-38	-47
<b>Financial items</b>		<b>8</b>	<b>-16</b>	<b>22</b>	<b>-41</b>
<b>Income after financial items</b>		<b>5</b>	<b>-20</b>	<b>4</b>	<b>-55</b>
Appropriations		-	-	-	-
<b>Income before tax</b>		<b>5</b>	<b>-20</b>	<b>4</b>	<b>-55</b>
Tax		-	-	0	-
<b>NET INCOME</b>		<b>5</b>	<b>-20</b>	<b>4</b>	<b>-55</b>

## Statement of comprehensive income

SEKm	July - September		January – September	
	2021	2020	2021	2020
Net income for the period	5	-20	4	-55
Other comprehensive income for the period	-	-	-	-
<b>COMPREHENSIVE INCOME</b>	<b>5</b>	<b>-20</b>	<b>4</b>	<b>-55</b>

## Condensed balance sheet

SEKm	Note	Sep. 30	Dec. 31	Sep. 30
		2021	2020	2020
	1			
<b>ASSETS</b>				
Participations in Group companies		10,861	10,861	10,861
Interest-bearing receivables		36	33	33
Interest-bearing receivables from Group companies		7,000	-	-
<b>Total non-current assets</b>		<b>17,897</b>	<b>10,894</b>	<b>10,894</b>
Interest-bearing receivables from Group companies		762	8,152	8,166
Other receivables from Group companies		22	150	-
Other current receivables		35	37	30
<b>Total current assets</b>		<b>819</b>	<b>8,339</b>	<b>8,196</b>
<b>TOTAL ASSETS</b>		<b>18,716</b>	<b>19,233</b>	<b>19,089</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>15,756</b>	<b>15,752</b>	<b>15,635</b>
Interest-bearing liabilities		2,434	2,929	2,929
Other non-current liabilities		9	8	8
<b>Total non-current liabilities</b>		<b>2,443</b>	<b>2,937</b>	<b>2,937</b>
Current interest-bearing liabilities		500	500	500
Other current liabilities		17	43	15
<b>Total current liabilities</b>		<b>517</b>	<b>543</b>	<b>515</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,716</b>	<b>19,233</b>	<b>19,089</b>

# Notes to the financial statements

## Note 1 – Accounting principles

The consolidated accounts have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS). The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and supplementary rules in the Swedish Annual Accounts Act. The provisions of Chapter 9 of the Swedish Annual Accounts are applied in the Parent Company. Other disclosures in accordance with IAS 34.16A are presented both in the financial statements and other parts of the interim report.

### New and revised accounting principles

The new or revised IFRS that entered into force in 2021 have not had any impact on the consolidated financial statements. A number of new or revised IFRS that will come into effect in the financial years ahead have not been adopted early in the preparation of these financial statements. They are not expected to have a material impact on the Group's or the Parent Company's forthcoming financial reports.

### Significant assessments and estimates

The Group continuously monitors credit risk, including payment information regarding trade receivables. The Group's trade receivables are spread over various customers, sectors and regions in which the Group operates. Collective provision for expected credit losses based on historical proportion of losses is supplemented by case-by-case assessment of trade receivables. The levels of historical credit losses and proportion of losses are low. In general, the Group monitors and assesses, on a case-by-case basis, trade receivables that have been due for payment for more than 60 days. In addition, it assesses on a case-by-case basis major trade receivables where there are indications of increased credit risk. As a consequence of the coronavirus pandemic, the assessment remains that the risk of credit losses is increased. Against that background, there remains a higher provision for expected credit losses than before the coronavirus pandemic.

## Note 2 – Risks

The Parent Company and the Group are exposed to strategic, operational and financial risks. PostNord works continuously to identify, evaluate, manage, and monitor risks in the world around us and within the business. Risk management is an integral part of the Group's strategy work and business planning. Agreed risk control activities are followed up continuously and reported back to the Group Executive Team and Board of Directors. For further information on significant risks, please refer to the Annual and Sustainability Report 2020, pages 26–27.

The coronavirus pandemic is affecting the whole of society and thus also the markets where PostNord operates. The long-term impact on sales and the product mix will be determined by what behavioral changes become permanent and how the wider economy will be affected as the financial support measures are phased out.

In September, the EU Commission announced that the capital injection of SEK 667 million in 2018 that PostNord AB received from its owners, the Swedish and Danish States, must be recovered. PostNord is awaiting a decision from its owners as to the next steps.

## Note 3 – Operating segments

The Group's division into segments is primarily based on the companies' geographical domicile, plus the segments PostNord Strålfors and Other business activities, which are overseen and coordinated according to the nature of their operations. Market pricing is applied to legal transactions between PostNord's segments. In the segment reporting, PostNord has transferred its e-commerce and logistics operations in Germany from the PostNord Denmark segment to the Other Business segment effective January 1, 2021. Figures for comparison have been restated.

The operating segments reflect the Group's operational structure.

**PostNord Sweden** operates in mail, logistics and e-commerce in the Swedish market.

**PostNord Denmark** operates in mail, logistics and e-commerce in the Danish market.

**PostNord Norway** and **PostNord Finland** operate in logistics and e-commerce in the Norwegian and Finnish markets, respectively.

**PostNord Strålfors** operates in information logistics. The company develops and offers communications solutions for companies with a large customer base. PostNord Strålfors operates in Sweden, Denmark, Norway, and Finland.

**Other Business** includes Direct Link and PostNord's e-commerce and logistics business in Germany, as well as Other business activities. Direct Link operates in global distribution of marketing communications and lightweight goods, mainly for e-retailers. The business is conducted in the USA, the UK, Germany, Poland, Singapore, Hong Kong, China and Australia.

**The Other and eliminations** segment consists of Group-wide services and corporate functions including the Parent Company and Group adjustments. Group adjustments consist of IFRS measurement for pensions under IAS 19 Employee Benefits and IAS 16 Leases.

An operational allocation of the cost of earning defined-benefit pensions is made between Other and eliminations and PostNord Sweden so that each segment carries its share of the earned entitlement. Eliminations consists of the elimination of internal transactions.

*Cont. on next page*

(cont.)

### Net sales per segment

	Q3	Q2	Q1	Q4	Q3
SEKm	2021	2021	2021	2020	2020
PostNord Sweden	5,743	6,247	6,184	6,735	5,428
- of which internal	745	723	696	672	443
PostNord Denmark <sup>1)</sup>	1,832	2,058	2,163	2,257	1,737
- of which internal	275	313	311	330	225
PostNord Norway	1,145	1,275	1,193	1,246	1,082
- of which internal	226	263	203	253	198
PostNord Finland	358	370	331	366	342
- of which internal	109	119	99	118	113
PostNord Strålfors	471	509	507	534	461
- of which internal	51	55	53	62	46
Other business activities <sup>1)</sup>	1,204	1,347	1,179	1,283	903
- of which internal	3	3	3	3	2
Other and eliminations	-1,413	-1,483	-1,371	-1,442	-1,034
<b>Group</b>	<b>9,340</b>	<b>10,323</b>	<b>10,187</b>	<b>10,978</b>	<b>8,919</b>

### Operating income per segment

	Q3	Q2	Q1	Q4	Q3
	2021	2021	2021	2020	2020
PostNord Sweden	274	474	568	756	701
- Operating margin, %	4.8	7.6	9.2	11.2	12.9
PostNord Denmark <sup>1)</sup>	28	38	194	43	2
- Operating margin, %	1.5	1.8	9.0	1.9	0.1
PostNord Norway	-48	-3	33	59	14
- Operating margin, %	-4.2	-0.2	2.8	4.8	1.3
PostNord Finland	1	-1	2	2	6
- Operating margin, %	0.3	-0.3	0.6	0.6	1.8
PostNord Strålfors	33	25	38	45	31
- Operating margin, %	7.0	4.9	7.5	8.4	6.7
Other business activities <sup>1)</sup>	42	63	65	54	32
- Operating margin, %	3.5	4.7	5.5	4.2	3.5
Other and eliminations	-7	-78	-21	-116	-39
<b>Operating income</b>	<b>323</b>	<b>518</b>	<b>878</b>	<b>843</b>	<b>747</b>
- Operating margin, %	3.5	5.0	8.6	7.7	8.4

### Adjusted operating income per segment

	Q3	Q2	Q1	Q4	Q3
SEKm, unless otherwise indicated	2021	2021	2021	2020	2020
PostNord Sweden	274	474	568	756	499
- Adjusted operating margin, %	4.8	7.6	9.2	11.2	9.2
PostNord Denmark <sup>1)</sup>	-11	38	121	31	-23
- Adjusted operating margin, %	-0.1	1.8	5.6	1.4	-1.3
PostNord Norway	-48	-3	33	59	14
- Adjusted operating margin, %	-4.2	-0.2	2.8	4.8	1.3
PostNord Finland	1	-1	2	2	6
- Adjusted operating margin, %	0.3	-0.3	0.6	0.6	1.8
PostNord Strålfors	33	25	37	45	31
- Adjusted operating margin, %	7.0	4.9	7.3	8.4	6.7
Other business activities <sup>1)</sup>	42	63	65	54	32
- Adjusted operating margin, %	3.5	4.7	5.5	4.2	3.5
Other and eliminations	-7	-78	-21	-115	-39
<b>Adjusted operating income</b>	<b>284</b>	<b>518</b>	<b>805</b>	<b>833</b>	<b>520</b>
- Adjusted operating margin, %	3.0	5.0	7.9	7.6	5.8

### Net sales per operating segment and service category

Operating segments SEKm	Service category			
	Communication Services		eCommerce & Logistics	
	July - September		July - September	
	2021	2020	2021	2020
PostNord Sweden	2,086	2,199	2,912	2,787
PostNord Denmark <sup>1)</sup>	561	648	997	864
PostNord Norway	20	19	899	865
PostNord Finland	-	-	248	229
PostNord Strålfors	420	415	-	-
Other business activities <sup>1)</sup>	53	54	1,148	847
<b>Total</b>	<b>3,140</b>	<b>3,335</b>	<b>6,200</b>	<b>5,591</b>

<sup>1)</sup> PostNord's operations in Germany has been transferred from segment PostNord Denmark to segment Other business activities as from 1 January 2021. Comparable figures are recalculated.

The above table shows PostNord's external net sales per service category and operating segment.

PostNord's revenue is mostly recognized at one point in time. The main items in revenue recognition over time are third-party logistics, subscription services and mail services. The relative shares of income recognized at one point in time were 95 percent (95) and over time 5 percent (5). Services in e-Commerce & Logistics consist of logistics services for deliveries to, from and within the Nordic region. The focus is on distribution of parcels, groupage, pallet goods and bulk logistics (part loads), as well as third-party logistics. The services in Communication Services consist of services in business and market communications, newspaper distribution and postal service for individual customers.



## Note 4 — Acquisitions and divestments of subsidiaries

Effects of acquisitions and disposals on assets and liabilities, SEKm	January – September 2021		January – September 2020	
	Acquisitions	Disposals	Acquisitions	Disposals
Non current intangible assets	46	-	-	-
Property, plant and equipment	152	-	-	606
Current assets	15	-	-	108
<b>Total assets</b>	<b>213</b>	<b>-</b>	<b>-</b>	<b>714</b>
Other current liabilities	-81	-	-	-101
<b>Total liabilities</b>	<b>-81</b>	<b>-</b>	<b>-</b>	<b>-101</b>
<b>Net asset</b>	<b>132</b>	<b>-</b>	<b>-</b>	<b>613</b>
Purchase consideration paid/reviced	-129	-	-	1,097
Less deposit	-	-	-	-9
<b>Net effect on cash and cash equivalents</b>	<b>-129</b>	<b>-</b>	<b>-</b>	<b>1,088</b>

### Acquisitions and divestments of subsidiaries

No acquisitions or disposals took place in the first quarter of 2021.

In the second quarter of 2021, Post Danmark A/S acquired the remaining 51 percent of the shares in Nordic Infrastructure A/S. The company was previously recognized as an associate, but is now part of the Group as a wholly owned subsidiary. Participations in associated companies have been revalued at fair value in accordance with IFRS 3. Nordic Infrastructure A/S has a nationwide network of parcel boxes in Denmark.

In the third quarter of 2021, PostNord AS acquired 100 percent of the shares in PostNord Terminal Drammen AS. The acquisition relates in the main to land for the construction of a future parcel terminal.

In 2020, PostNord Group AB divested all shares and interests in Kardinalmärket 1 AB, KB Sveterm and PostNord Termo AB, as well as in Lokesvej 18 ApS (Hillerød HUB) and Kometvej 15 ApS (Horsens HUB).

## Note 5 – Other provisions

January – September 2021, SEKm	Opening balance	Provisions	Reversals	Utilization	Other <sup>1)</sup>	Closing balance
Transformation measures	1,411	11	-19	-497	26	932
Non-vested pension commitments	946	16	-	-	-57	905
Other	65	-	-	-1	0	64
<b>Total</b>	<b>2,422</b>	<b>27</b>	<b>-19</b>	<b>-498</b>	<b>-31</b>	<b>1,901</b>
<i>Of which, current</i>	<i>737</i>					<i>754</i>
<i>Of which, non-current</i>	<i>1,685</i>					<i>1,147</i>

January – September 2020, SEKm	Opening balance	Provisions	Reversals	Utilization	Other <sup>1)</sup>	Closing balance
Transformation measures	2,371	27	-	-809	43	1,632
Non-vested pension commitments	1,191	28	-	-	37	1,257
Other	69	-	-	-	2	71
<b>Total</b>	<b>3,631</b>	<b>55</b>	<b>-</b>	<b>-809</b>	<b>82</b>	<b>2,960</b>
<i>Of which, current</i>	<i>1,083</i>					<i>745</i>
<i>Of which, non-current</i>	<i>2,548</i>					<i>2,215</i>

<sup>1</sup> Miscellaneous includes translation effect of currency fluctuations, revaluation effect in pensions, discounting effect in provisions and reclassifications.

## Note 6 – Financial instruments

September 30, 2021

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income	Financial assets measured at amortized cost <sup>1)</sup>	Financial liabilities at fair value via income	Derivatives used for hedging purposes	Financial liabilities measured at amortized cost <sup>1)</sup>	Carrying amount	Fair value
<b>Assets</b>	<b>291</b>	<b>12,535</b>	-	-	-	<b>12,826</b>	<b>12,826</b>
<i>of which, derivatives</i>	17	-	-	-	-	17	17
<b>Liabilities</b>	-	-	<b>-13</b>	<b>0</b>	<b>-9,567</b>	<b>-9,580</b>	<b>-9,615</b>
<i>of which, loan liabilities</i>	-	-	-	-	-3,075	-3,075	-3,110
<i>of which, derivatives</i>	-	-	-13	0	-	-13	-13
<b>Total financial assets and liabilities, by category</b>	<b>291</b>	<b>12,535</b>	<b>-13</b>	<b>0</b>	<b>-9,567</b>	<b>3,246</b>	<b>3,211</b>

September 30, 2020

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income	Financial assets measured at amortized cost <sup>1)</sup>	Financial liabilities at fair value via income	Derivatives used for hedging purposes	Financial liabilities measured at amortized cost <sup>1)</sup>	Carrying amount	Fair value
<b>Assets</b>	<b>285</b>	<b>11,274</b>	-	-	-	<b>11,559</b>	<b>11,559</b>
<i>of which, derivatives</i>	49	-	-	-	-	49	49
<b>Liabilities</b>	-	-	<b>-8</b>	<b>-2</b>	<b>-9,367</b>	<b>-9,377</b>	<b>-9,402</b>
<i>of which, loan liabilities</i>	-	-	-	-	-3,620	-3,620	-3,645
<i>of which, derivatives</i>	-	-	-8	-2	-	-10	-10
<b>Total financial assets and liabilities, by category</b>	<b>285</b>	<b>11,274</b>	<b>-8</b>	<b>-2</b>	<b>-9,367</b>	<b>2,182</b>	<b>2,157</b>

<sup>1)</sup> Financial assets and liabilities valued at accrued acquisition value have from 2021 been supplemented with financial liabilities measured at amortized cost outside of terminal fees. The comparative figures have been recalculated.

The Group's assets in financial instruments are mainly valued at amortized cost and consist mainly of accounts receivable, cash and cash equivalents and terminal dues. The Group's assets in currency derivatives are measured at fair value via income.

The Group's interest-bearing liabilities largely consist of long- and short-term loan liabilities, trade payables and terminal fees, which are recognized at amortized cost. Liabilities for currency derivatives are recognized at fair value via income. The Group's interest rate derivatives used for hedging purposes are recognized at fair value via comprehensive income.

## Note 7 – Related parties

Compensation for the universal service obligation from the Danish State to Post Danmark A/S was recognized in the amount of SEK 63 million (78) for the quarter and SEK 189 million (238) on an accumulated basis. The assessment has been made in accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance.

The June 2020 agreement with the Danish State for the July–December 2020 period, the December 2020 agreement for the January–August 2021 period and the August 2021 agreement for the September 2021–December 2022 period are subject to approval by the European Commission. As of September 30, 2021, approval has not been obtained and thus the compensation has not been received. The claim on the Danish State for compensation for the universal service obligation amounted to SEK 343 million (79) on September 30, 2021. In September, the EU Commission announced that the capital injection of SEK 667 million in 2018 that PostNord AB received from its owners, the Swedish and Danish States, must be recovered. PostNord is awaiting a decision from its owners as to the next steps.

## Note 8 – Definitions and alternative key performance indicators

The Group's financial information has been prepared in accordance with IFRS. References are made to a number of alternative financial key performance indicators that are not defined in IFRS. These key performance indicators provide additional information and are used as guidance for the Group Executive Team, Board of Directors and external stakeholders in their analysis of the Company's operations. Because not all companies calculate financial measures in the same way, these indicators are not always comparable with indicators used by other companies.

The alternative key performance indicators used by PostNord are important in securing focus areas and linking to business model and strategy.

### Definitions:

#### EBITDAI

Operating income excluding depreciation, amortization and impairments.

#### Operating margin

Operating income in relation to net sales.

#### Items affecting comparability

Items that are not recurring, or that do not relate directly to operating activities. The items must be of a material nature. For example, capital gains on sales of assets and impairment of assets.

Ongoing restructuring costs are not regarded as items affecting comparability.

#### Adjusted operating income

Operating income excluding items affecting comparability.

#### Adjusted operating margin

Adjusted operating income in relation to net sales.

## Net debt

Interest-bearing liabilities, provision for pensions, lease liabilities minus cash and cash equivalents, financial investments, financial receivables as described in IAS 19 that are recognized as other non-current receivables and short-term investments.

### Reconciliation with financial statements

SEK m	Sep. 30 2021	Jun. 30 2021	Mar. 31 2021	Dec. 31 2020	Sep. 30 2020
Current interest-bearing liabilities	513	1,356	1,356	857	506
Current lease liabilities	1,352	1,324	1,336	1,318	1,342
Non-current interest-bearing liabilities	2,748	2,751	2,743	3,243	3,281
Long-term lease liabilities	4,613	4,618	4,887	4,849	5,040
Pensions <sup>1</sup>	811	1,483	2,486	4,395	5,725
Non-current interest-bearing receivables	-190	-187	-190	-188	-189
Non-current interest-bearing receivables, leases	-84	-87	-90	-93	-92
Other non-current receivables <sup>2</sup>	-104	-123	-94	-77	-69
Current interest-bearing receivables	-2	-5	-	-	-
Current interest-bearing receivables, leases	-11	-11	-11	-11	-11
Cash and cash equivalents	-6,238	-6,979	-6,821	-6,229	-6,053
<b>Net debt</b>	<b>3,408</b>	<b>4,140</b>	<b>5,602</b>	<b>8,064</b>	<b>9,479</b>

<sup>1</sup> Including assets under management. When the plan assets exceed the estimated present value of the pension commitments, they are recognized as Non-current receivables.

<sup>2</sup> This amount is the portion of non-current receivables that is attributable to funded defined-benefit disability pension plans and defined-benefit pension plans measured in accordance with IAS 19.

## Net debt ratio

Net liability in relation to equity.

### Net debt excluding leases in accordance with IFRS 16

Interest-bearing liabilities, provision for pensions, minus cash and cash equivalents, financial investments, financial receivables as described in IAS 19 that are recognized as other non-current receivables and short-term investments.

### Equity excluding leases in accordance with IFRS 16

Equity excluding the effect of IFRS 16.

### Reconciliation with financial statements

SEK m	Sep. 30 2021	Dec. 31 2020	Sep. 30 2020
Equity as per Statement of financial position	9,399	4,906	3,331
Accumulated effect of leases in accordance with IFRS 16	329	366	347
<b>Equity excluding leases in accordance with IFRS 16</b>	<b>9,728</b>	<b>5,272</b>	<b>3,678</b>

#### Net debt ratio excluding leases in accordance with IFRS 16

Net debt excluding leases in accordance with IFRS 16 in relation to equity excluding leases in accordance with IFRS 16.

#### Financial preparedness

Cash and cash equivalents, short-term investments and unutilized committed credit line.

#### Operating capital

Non-interest-bearing assets, less non-interest-bearing liabilities.

SEK m	Sep. 30 2021	Dec. 31 2020	Sep. 30 2020
<b>ASSETS</b>			
Goodwill	2,558	2,510	2,523
Other non-current intangible assets	463	439	486
Property, plant and equipment	7,119	6,992	7,038
Right-of-use assets	5,790	5,954	6,191
Participations in associated companies	149	134	135
Other non-current receivables excluding disability pensions	217	334	412
Deferred tax assets	23	627	960
Inventories	89	90	95
Tax assets	418	299	310
Trade receivables	4,467	4,967	4,280
Prepaid expenses and accrued income	1,229	878	867
Other current receivables	380	600	187
Assets held for sale	13	65	79
Other non-current liabilities	-44	-42	-42
Other provisions	-1,147	-1,685	-2,215
Deferred tax liabilities	-277	-120	-117
Trade payables	-2,765	-2,877	-2,423
Tax liabilities	-246	-313	-425
Other current liabilities	-1,375	-1,503	-1,524
Accrued expenses and deferred income	-3,500	-3,643	-3,263
Other provisions	-754	-737	-745
<b>Total capital employed</b>	<b>12,807</b>	<b>12,969</b>	<b>12,809</b>

#### Operating income over the 12 months to the end of the period

Total operating income for four quarters.

#### Return on capital employed (ROCE)

Operating income for a rolling 12-month period, in relation to average operating capital.

#### Core staff

Refers to all full- and part-time regular employees.

#### Average number of employees (FTE)

The total number of paid employee hours divided by the standard number of hours for a full-time employee during the cumulative period from the beginning of the year.

# Quarterly data

<b>SEKm, if not otherwise stated</b>	<b>Q3 2021</b>	<b>Q2 2021</b>	<b>Q1 2021</b>	<b>Q4 2020</b>	<b>Q3 2020</b>	<b>Q2 2020</b>	<b>Q1 2020</b>	<b>Q4 2019</b>	<b>Q3 2019</b>
<b>Group</b>									
Net sales	9,340	10,323	10,187	10,978	8,919	9,328	9,504	10,267	9,026
Other operating income	214	85	360	243	455	418	311	79	132
Operating expenses	-9,231	-9,891	-9,669	-10,378	-8,625	-9,230	-9,501	-10,313	-9,099
<i>of which, personnel expenses</i>	-3,535	-4,049	-4,086	-4,181	-3,594	-3,976	-3,953	-4,176	-3,649
<i>of which, transport expenses</i>	-2,683	-2,757	-2,683	-2,725	-2,458	-2,514	-2,713	-2,924	-2,818
<i>of which, other expenses</i>	-2,366	-2,442	-2,260	-2,772	-1,921	-2,090	-2,202	-2,495	-1,978
<i>of which, depreciation and impairments</i>	-647	-643	-640	-700	-653	-651	-632	-718	-654
Operating income (EBITDAI)	970	1,161	1,518	1,543	1,400	1,168	947	753	711
Operating margin (EBITDAI) (%)	10.4	11.2	14.9	14.0	15.7	12.5	10.0	7.3	7.9
Operating income (EBIT)	323	518	878	843	747	517	314	35	57
Operating margin (EBIT) (%)	3.4	5.0	8.6	7.7	8.4	5.5	3.3	0.3	0.6
Adjusted operating income (Adjusted EBIT)	284	518	805	833	520	404	314	181	103
Cash flow from operating activities	518	835	1,134	877	1,342	1,175	757	1,205	0
Net debt	3,408	4,140	5,602	8,064	9,479	10,382	9,103	9,454	11,112
Return on operating capital (ROCE), %	19.9	23.0	22.9	18.6	12.2	7.0	2.6	1.6	3.3
Adjusted return on operating capital, %	20.6	20.6	19.7	15.9	10.8	7.6	5.3	4.6	5.3
Average number of employees (FTE)	28,821	28,258	27,698	28,597	28,655	27,695	27,077	28,156	29,774
Staffing numbers (basic) at end of period	26,596	26,904	26,814	26,501	26,506	26,882	27,228	27,679	27,871
<b>Volumes, millions of mails produced:</b>									
Sweden, priority mail	116	132	138	157	132	139	149	156	140
Sweden, non-priority mail	116	136	152	159	134	138	178	198	156
Denmark, priority mail/Quickbrev	5	5	6	6	5	5	6	6	6
Denmark, non-priority and business mail	34	35	41	45	40	37	48	52	45
<b>Group total, Mail</b>	<b>272</b>	<b>307</b>	<b>336</b>	<b>368</b>	<b>311</b>	<b>319</b>	<b>381</b>	<b>412</b>	<b>347</b>
<b>Volumes, millions of parcels produced (net):</b>									
Parcels, Group total, (volumes between countries eliminated)	50	58	56	62	46	48	42	49	42



**Financial calendar**

Year-end report 2021	February 2, 2022
Annual and Sustainability Report 2021	March 2022
Interim report January– March 2022	April 26, 2022
Annual General Meeting	April 26, 2022
Interim report January–June 2022	July 19, 2022
Interim report January–September 2022	October 28, 2022

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