

# Q4

2019  
Year-end report

postnord

## Strong improvement in income during the year

### Fourth quarter 2019\*

- Net sales totaled SEK 10,267m (10,225), an organic decrease of 0.4%
- Adjusted operating income was SEK 181m (200)
- Operating income totaled SEK 35m (193)
- Net income for the period was SEK -73m (123)
- Earnings per share were SEK -0.04 (0.06)
- Cash flow from operating activities totaled SEK 1,205m (617)

### Full year, January–December 2019\*

- Net sales totaled SEK 38,278m (37,669), an organic increase of 0.6%
- **Adjusted operating income was SEK 541m (129)**
- Operating income totaled SEK 184m (-855).
- Net income for the period was SEK -239m (-1,067)
- Earnings per share were SEK -0.12 (-0.53)
- Cash flow from operating activities totaled SEK 2,132m (2,083)

SEKm	Oct.–Dec.		Jan.–Dec.	
	2019	2018	2019	2018
Net sales	10,267	10,225	38,278	37,669
Operating income (EBIT)	35	193	184	-855
Adjusted operating income (EBIT)	181	200	541	129
Income before tax	-34	183	-111	-890
Net income for the period	-73	123	-239	-1,067
Earnings per share, SEK	-0.04	0.06	-0.12	-0.53
Cash flow from operating activities	1,205	617	2,132	2,083
Net debt ratio	259%	31%	259%	31%
Return on operating capital (ROCE)	3.6%	-12.4%	3.6%	-12.4%

\*The Group applies IFRS 16 Leases as of January 1, 2019. In accordance with IFRS 16, figures for comparison have not been restated.

**We deliver!** PostNord is the leading supplier of communication and logistics solutions to, from, and within the Nordic region. We ensure postal service to households and businesses in Sweden and Denmark. With our expertise and strong distribution network, we develop the conditions for tomorrow's communication, e-commerce, distribution and logistics in the Nordic region. In 2019, the Group had around 29,000 employees and sales of SEK 38,3 billion. The Parent Company is a Swedish public limited company with Group headquarters in Solna, Sweden. Visit us at [www.postnord.com](http://www.postnord.com)

# Strong improvement in income during the year

- Strong improvement in income via ongoing work on restructuring.
- E-commerce continues to grow; B2C volumes increased by 10 percent over the full year.
- Digitalization continues; letter volumes in 2019 decreased by 8 percent in Sweden and 13 percent in Denmark.
- Delivery quality for letters exceeded requirements laid down in Sweden and Denmark.
- Improved brand image and customer satisfaction during the year.

In the fourth quarter, sales were on the same level as in the corresponding period last year and increased to SEK 38,278m (37,669) over the full year. Adjusted operating income for the quarter totaled SEK 181m (200) for the quarter and SEK 541m (129) for the full year. The improvement in income over the full year was the result, above all, of efficiency improvements and favorable growth in prices.

We are meeting the challenges of increasing digitalization and declining mail volumes via transformation of the letters business. In Denmark, where letter volumes have decreased by 75 percent over the past ten-year period, we have successfully changed our way of working in letter distribution. Since 2016, we have reduced staffing by the equivalent of around 4,000 full-time employees. In Sweden, we have been engaged for many years in adapting our organization to address the decline in volumes. In 2019, we reduced staffing in the Swedish letters business by the equivalent of just over 800 full-time employees.

E-commerce continues to drive growth in the logistics business and in the fourth quarter we delivered just over 50 million parcels. Compared with the fourth quarter 2018, B2C volumes increased by 6 percent and by 10 percent for the full year. Our strategy for providing for consumer needs and customer growth is a success. In the course of 2019, we invested approximately SEK 1.4 billion in parcel terminals, sorting machines, vehicles and digital development.

We are proud of being responsible for the universal service in mail deliveries in Sweden and Denmark and are seizing the opportunities that changes in the regulatory systems are creating for us. However, it is clear to us that further regulatory changes will be necessary if we to be able to secure an economically sustainable business. We are therefore maintaining our constructive dialogue with politicians about the letter service of the future. In Denmark, a new agreement on



the universal postal services is needed. When no such agreement was possible before the end of the period in December 2019, the current agreement was extended by 6 months and PostNord Denmark will receive just over DKK 100 million for mail deliveries in the first half of 2020. In Sweden, we were given consent to implement the increase in postal rates that was effected on January 1, 2020. Work on examining a future model for alternate-day deliveries in the Swedish market is progressing.

During the quarter, we delivered just over 410 million letters. The decline in volumes was 7 percent, compared to the fourth quarter 2018. Quality for mail deliveries in Sweden was 97.6 percent for the quarter and 97.7 percent for the whole year. The corresponding figures for the standard Brevet service in Denmark were 95.1 and 95.4, respectively.

On November 1, I took up the position of Group President and CEO, while Peter Kjær Jensen took over as Vice President. The Group is in the middle of a paradigm shift, driven by changes in patterns of communication and consumption. PostNord's future lies in the parcels business. At the same time, we are keen to ensure a good postal service for everyone in Sweden and Denmark. We now look forward to another exciting year, where change will set the tone.

## **Annemarie Gardshol**

*President & Group CEO*

## Net sales and income

Unless otherwise stated, the report comments on developments in October–December 2019, compared with the same period in 2018. The Group has applied IFRS 16 Leases as of January 1, 2019. In accordance

with IFRS 16, figures for comparison have not been restated. The concept *like-for-like* in the table below indicates the change excluding acquisitions/disposals and currency.

### FINANCIAL OVERVIEW

Group SEKm	Oct.–Dec.		Jan.–Dec.	
	2019	2018	2019	2018
Net sales	10,267	10,225	38,278	37,669
Δ ( <i>like-for-like</i> )	-0.4%	-0.4%	0.6%	-0.3%
– Communication Services ( <i>external</i> )	4,129	4,429	15,680	16,797
Δ ( <i>like-for-like</i> )	-7.5%	-7.3%	-7.4%	-6.7%
– e-Commerce & Logistics ( <i>external</i> )	6,138	5,796	22,598	20,873
Δ ( <i>like-for-like</i> )	5.0%	5.6%	7.0%	5.6%
Operating income (EBIT)	35	193	184	-855
Operating margin	0.3%	1.9%	0.5%	-2.3%
Items affecting comparability	-147	-7	-357	-984
Adjusted operating income (EBIT)	181	200	541	129
Adjusted operating margin	1.8%	0.2%	1.4%	0.3%
Net financial items	-68	-10	-295	-35
Income before tax	-34	183	-111	-890
Tax	-39	-59	-128	-176
Net income for the period	-73	123	-239	-1,067

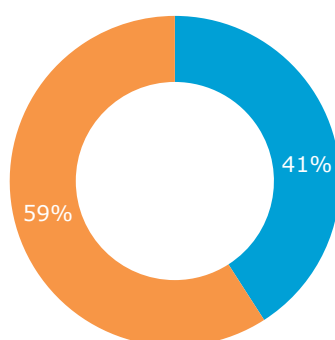
Net sales for the Group in the period totaled SEK 10,267m (10,225), a decrease of 0.4%, after elimination of currency effects. The continued trend of digitization is affecting, above all, operations in Sweden and Denmark, and at Strålfors.

The Group's mail volumes declined by 7%; 6% in Sweden and 13% in Denmark.

Sales for digital services at Strålfors again recorded robust growth, of 41%.

Parcel volumes rose by 2% through growth in e-commerce, where B2C parcel volumes increased by 6%.

Accumulated growth for parcels was 4%, with a rise of 10% for B2C parcels. Income from third-party logistics increased by 5%, excluding currency effects, for the quarter and 14% for the full year.



■ Communication Services (mail)    ■ eCommerce & Logistics (parcels)

## INCOME

### Operating income

SEKm	Oct.–Dec.		Jan.–Dec.	
	2019	2018	2019	2018
PostNord Sweden	361	380	1,112	845
PostNord Denmark	25	19	-91	-420
PostNord Norway	47	41	75	41
PostNord Finland	-7	8	4	19
PostNord Strålfors	39	34	137	169
Other business activities	30	6	-18	19
Other & eliminations	-314	-288	-678	-544
<b>Adjusted operating income, EBIT</b>	<b>181</b>	<b>200</b>	<b>541</b>	<b>129</b>
<u>Reversal of items affecting comparability:</u>				
Other income, compensation	-	-	-	1,533
Impairment of intangible assets	-122	-	-181	-
Provisions/reversals of restructuring measures	-62	-	-213	-2,562
Other items affecting comparability	37	-7	37	46
<b>Total, items affecting comparability</b>	<b>-147</b>	<b>-7</b>	<b>-357</b>	<b>-984</b>
<b>Operating income (EBIT)</b>	<b>35</b>	<b>193</b>	<b>184</b>	<b>-855</b>

Operating income for the fourth quarter was SEK 35m (193).

The results of business operations continue to show a healthy trend, mainly thanks to efficiency programs in progress in the countries concerned. This has made sharply reduced staffing possible, above all, in Sweden and Denmark. The quarter was charged with restructuring costs relating to redundancies and impairment of intangible assets.

Operating income in the quarter was positively affected by adoption of IFRS 16 Leases, increasing by SEK 9m (-).

Adjusted operating income totaled SEK 181m (200).

Return on capital employed was 3.6% (-12.4), and excluding items affecting comparability 7.2% (1.8).

Net financial items totaled SEK -68m (-10). The decrease was mainly attributable to interest expense of SEK 29m (-) from leases recognized in accordance with IFRS 16, higher interest charges of SEK 13m (0) relating to pensions and translation losses of SEK 25m (1).

Income taxes in the period totaled SEK -39m (-59).

Net income totaled SEK -73m (123).

## Cash flow and financial position

### CASH FLOWS

SEKm	Oct.–Dec.		Jan.–Dec.	
	2019	2018	2019	2018
Cash flow from operating activities	1,205	617	2,132	2,083
Cash flows from investing activities	-485	-487	-1,224	-1,155
Cash flows from financing activities	-230	308	-602	252
<b>Cash flows for the period</b>	<b>490</b>	<b>438</b>	<b>306</b>	<b>1,180</b>
<b>Cash and cash equivalents, closing balance</b>	<b>3,398</b>	<b>3,088</b>	<b>3,398</b>	<b>3,088</b>

Cash flows from operating activities before changes in working capital totaled SEK 599m (466). The change is mainly attributable to net income, recognition of leases in accordance with IFRS 16 (see Note 5 for more information), payment of an SEK 200m (-) refund from PostNords Försäkringsförening and settlement of the Group's provisions for restructuring in Denmark.

Working capital increased by SEK 606m (151) during the quarter, mainly in the form of increased trade payables and interim liabilities. Cash flow from operating activities totaled SEK 1,205m (617).

Cash flow from investing activities totaled SEK -485m (-487). Investments in property, plant and equipment

and in non-current intangible assets during the period totaled SEK 506m (545). The investments focused mainly on vehicles, sorting machines, equipment for third-party logistics, land and build-up of distribution hubs and IT development.

Investments in commercial paper totaled SEK -m (50).

Cash flow from financing activities totaled SEK -230m (-308). The change is mainly attributable to amortization of loans of SEK -m (-349) and amortization of the lease liability SEK -240m (-). Cash flow for the preceding year was affected positively by a shareholder contribution of SEK 667m.

### NET DEBT

SEKm	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31
	2019	2019	2019	2019	2018
Interest-bearing liabilities	9,550	9,513	9,499	9,658	3,389
Pensions and disability pension plans	3,500	4,710	3,485	2,123	1,612
Long- and short-term investments	-198	-197	-196	-200	-299
Cash and cash equivalents	-3,398	-2,914	-3,374	-4,036	-3,088
<b>Net debt incl. pensions and lease liabilities*</b>	<b>9,454</b>	<b>11,112</b>	<b>9,414</b>	<b>7,545</b>	<b>1,614</b>
Net debt ratio incl. pensions and lease liabilities	259%	408%	257%	156%	31%
<b>Net debt incl. pensions but excl. lease liabilities</b>	<b>3,776</b>	<b>5,476</b>	<b>3,787</b>	<b>2,309</b>	<b>1,614</b>
Net debt ratio incl. pensions but excl. lease liabilities	102%	199%	103%	48%	31%
<b>Net debt excl. pensions and leases</b>	<b>276</b>	<b>767</b>	<b>301</b>	<b>186</b>	<b>2</b>
Net debt ratio excl. pensions and lease liabilities	8%	28%	8%	4%	0%

\* For more information regarding the IFRS 16 Leases effect on the group's financial position, see note 1, 5 and 9.

The Group's net debt including pensions but excluding lease liabilities decreased by SEK 1,700m during the fourth quarter, mainly as a result of revaluation of SEK 1,433m (-2,677) in PostNord's pension commitments.

The net debt ratio excluding lease and pension liabilities totaled 8% (0). The Group's net debt ratio excluding lease liabilities totaled 102% (31), which was above the Group's target range of 10-50%. Interest-bearing debt excluding lease liabilities consists of a long-term portion of SEK 3,872m (1,770) and a current portion of SEK 0m (1,619).

At the end of the quarter, the Group's financial preparedness totaled SEK 5,398m (5,189), represented by cash and cash equivalents of SEK 3,398m (3,088), short-term investments of SEK 0m (101) and unutilized long-term confirmed credit facilities of SEK 2,000m (2,000).

## Equity

The Group's equity increased to SEK 3,654m from SEK 2,729m on September 30, 2019. The change was above all attributable to revaluation of pension commitments in the amount of SEK 1,152m net after tax, together with income for the period and translation differences.

## Sustainability

### Quality

Delivery quality in Sweden for stamped letters that must be delivered to the intended recipient within two working days was 97.7% (98,6) for the full year, exceeding the legal requirement of 95%.

Delivery quality in Denmark for the standard Brevet service in 2019 was 95.4% (95.4). The legal requirement that 93% of letters to be delivered to the recipient within 5 business days was therefore exceeded.

The weighted quality in parcels for the PostNord Group increased from 95.2% in 2018 to 95.9% for the full year 2019.

### HR

The average number of employees (FTEs) in 2019 totaled 28,627 (29,962).

The number of employees needs to be adjusted continuously to reflect prevailing and future conditions. The change arose largely through adjustments to and adaptation of the organization.

Sick leave in 2019 totaled 5.3% (5.7). Over a multi-year timeline, it has shown a gradually declining trend. PostNord is implementing preventive measures to reduce sick leave, including in the area of rehabilitation.

## Parent Company

The Parent Company conducted limited operations, in the form of supervision of the Group's strategy and intra-Group services. No net sales were recognized during this or the corresponding quarter last year. Net income for the period totaled SEK 192m (-776). The preceding year was charged with an impairment of SEK -m (-815m) on shares in subsidiaries. Group contributions of SEK 230n (51) were received.

The discount rate used for IAS 19 valuation measurement of pensions rose during the fourth quarter.

Over the full year 2019, the discount rate fell from 2.2% to 1.4%. As a result, the pension liability is based on a negative real interest rate, with a sharply negative impact on the Group's equity in 2019.

The proportion of women in positions at management levels 1-3 was 35% (36). At levels 4-6, the figure was 31% (31).

### Purchases

The target for a sustainable supply chain over 2019 is that 75% of the purchase volumes from significant suppliers should originate by those approved via PostNord's process to verify compliance with the Supplier Code of Conduct. The result for the full year in the Group was 74% (54). Over the year, approximately 164 (260) suppliers were requested to perform a self-assessment and 23 (31) on-site audit were carried out.

### Environment

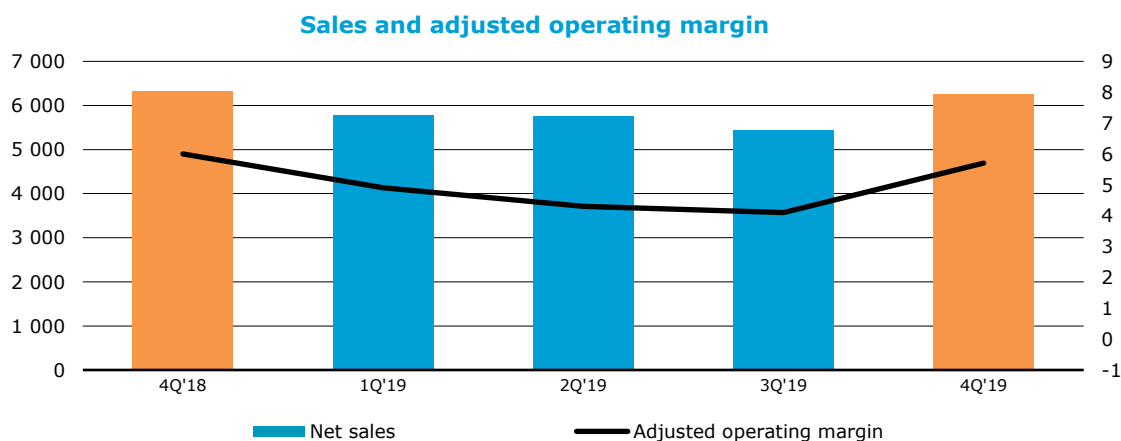
Emissions during 2019 totaled 328,517 (331,477) tonnes of carbon dioxide, a decrease of 1% (3) from 2018. Despite increased parcel volumes, PostNord Sweden reduced its emissions, partly through a sharp reduction in transportation by air in the mail business and reduced energy consumption on the Company's premises. Emissions from the operations of Strålfors were reduced considerably, partly through increased use of green electricity. As a result of volume increases, it was not possible to reduce emissions in the other companies, relative to the preceding year. The objective is to reduce the total volume of carbon dioxide emissions from the Group by 40% by the end of 2020, from the level prevailing in 2009. The result at year-end 2019 was a reduction of 36% (35).

## POSTNORD SWEDEN

SEKm	Oct.–Dec.		Jan.–Dec.	
	2019	2018	2019	2018
Net sales	6,281	6,315	23,253	23,225
Δ (like-for-like)	-0.5%	1.0%	0.1%	3.0%
– Communication Services (external)	2,699	2,892	10,116	10,979
Δ (like-for-like)	-6.7%	-5.0%	-7.9%	-3.0%
– e-Commerce & Logistics (external)	3,142	3,118	11,723	11,162
Δ (like-for-like)	0.8%	7.0%	5.0%	8.0%
– internal	440	306	1,414	1,084
Operating income (EBIT)	341	342	1,092	807
Operating margin	5.4%	5.4%	4.7%	3.5%
Items affecting comparability	-20	-38	-20	-38
Adjusted operating income (EBIT)	361	380	1,112	845
Adjusted operating margin	5.7%	6.0%	4.8%	3.6%

Net sales in Sweden decreased marginally over the quarter. In Communication Services, sales decreased as a result of continued digitalization, with mail volumes declining 6%. In eCommerce & Logistics, sales increased by in all 1%. B2C volumes including Value Letter (Varubrev) for the full year increased by 7%. Other logistics services also show growth, especially third-party logistics, which increased sales by 5% for the quarter and by 15% for the full year.

The adjusted operating income for the quarter and for the full year arose through growth in e-commerce and third-party logistics, a flow-back of mail customers from competitors and other efficiency measures that have reduced staffing.



## POSTNORD DENMARK

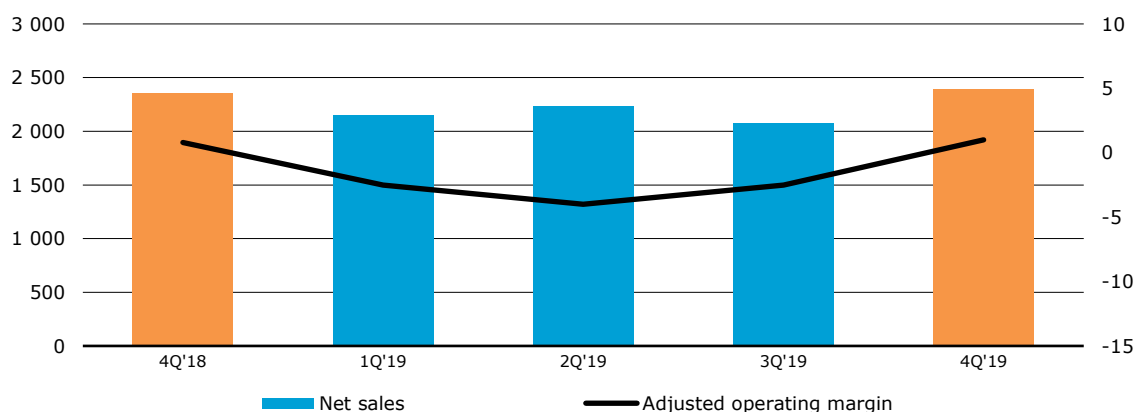
SEKm	Oct.–Dec.		Jan.–Dec.	
	2019	2018	2019	2018
Net sales	2,389	2,355	8,839	8,559
Δ (like-for-like)	-1.7%	-6.0%	0.2%	-7.0%
– Communication Services (external)	896	978	3,439	3,618
Δ (like-for-like)	-11.2%	-16.0%	-7.8%	-18.0%
– e-Commerce & Logistics (external)	1,319	1,247	4,823	4,454
Δ (like-for-like)	2.5%	4.0%	5.0%	3.0%
– internal	174	130	577	487
Operating income (EBIT)	-39	50	-155	-1,366
Operating margin	-1.6%	2.0%	-1.7%	-16.0%
Items affecting comparability	-64	-31	-64	-946
Adjusted operating income (EBIT)	25	19	-91	-421
Adjusted operating margin	1.0%	0.8%	-1.0%	-5.0%

In Communication Services, sales decreased owing to the fact that mail volumes decreased by 13%. E-commerce & Logistics show growth, mainly through continued growth in e-commerce via Germany.

Operating income in the quarter declined as a result of provisions for personnel and the fact that income in the

previous year included capital gains from property sales. Adjusted operating income for 2019 improved via a continued positive trend in e-commerce, higher productivity within the framework of a new production model, lower costs for administrative staff and improvements in heavy goods and third-party logistics.

### Sales and adjusted operating margin



## POSTNORD NORWAY

SEKm	Oct.–Dec.		Jan.–Dec.	
	2019	2018	2019	2018
Net sales	1,206	1,143	4,526	4,191
Δ (like-for-like)	7.0%	3.0%	7.4%	5.0%
– Communication Services (external)	17	16	66	54
Δ (like-for-like)	9.6%	24.0%	22.1%	14.0%
– e-Commerce & Logistics (external)	958	913	3,683	3,398
Δ (like-for-like)	6.5%	3.0%	7.8%	3.0%
– internal	231	214	777	741
Operating income (EBIT)	35	41	62	42
Operating margin	2.9%	3.6%	1.4%	1.0%
Items affecting comparability	-12	-	-12	-
Adjusted operating income (EBIT)	47	-	74	-
Adjusted operating margin	3.9%	-	1.6%	-



Net sales for PostNord Norway increased through growth in e-commerce (B2C parcels), groupage and part-loads.

Operating income in 2019 improved through growth, as well as efficiency measures in terminal and distribution handling.

## POSTNORD FINLAND

SEKm	Oct.–Dec.		Jan.–Dec.	
	2019	2018	2019	2018
Net sales	334	323	1,301	1,176
Δ (like-for-like)	0.1%	10.0%	7.1%	7.0%
– Communication Services (external)	0	3	8	11
Δ (like-for-like)	-93.9%	2.0%	-29.8%	-14.0%
– e-Commerce & Logistics (external)	207	200	808	767
Δ (like-for-like)	0.2%	3.0%	2.1%	4.0%
– internal	126	119	484	399
Operating income (EBIT)	-9	8	2	19
Operating margin	-2.7%	2.5%	0.2%	1.6%
Items affecting comparability	-2	-	-2	-
Adjusted operating income (EBIT)	-7	-	-7	-
Adjusted operating margin	2.1%	-	2.1%	-

The increase in net sales, excluding currency effects, for PostNord Finland is attributable above all to growth in B2C parcels.

The decline in income arose mainly through transformation measures and lower e-commerce volumes during the quarter in connection with a strike.

## POSTNORD STRÅLFORS

SEKm	Oct.–Dec.		Jan.–Dec.	
	2019	2018	2019	2018
Net sales	508	528	1,984	2,051
Δ (like-for-like)	-4.4%	-3.0%	-4.4%	-4.0%
– Communication Services (external)	469	489	1,835	1,908
Δ (like-for-like)	-4.7%	-3.0%	-5.0%	-4.0%
– internal	39	39	149	143
Operating income (EBIT)	39	34	137	169
Operating margin	7.7%	6.4%	6.9%	8.2%

Sales for PostNord Strålfors decreased as a result of a continued decline in volumes of physical products, while growth in digital services is strong.

The increased operating income arose mainly through new business, higher sales of SMS services and decreased administrative costs.

## OTHER BUSINESS ACTIVITIES

SEKm	Oct.–Dec.		Jan.–Dec.	
	2019	2018	2019	2018
Net sales	561	365	1,781	1,326
Δ (like-for-like)	45.9%	4.0%	27.8%	2.0%
– Communication Services (ext.)	49	51	216	227
Δ (like-for-like)	-3.9%	-5.0%	-5.2%	1.0%
– e-Commerce & Logistics (ext.)	512	313	1,560	1,092
Δ (like-for-like)	54.4%	5.0%	34.5%	2.0%
– internal	0	2	5	6
Operating income (EBIT)	30	6	-18	19
Operating margin	5.3%	1.6%	-1.0%	1.4%

The increased sales for other business activities was generated largely by growth by Direct Link in Asia, as well as by growth in other markets.

The improvement arose through new business with a favorable change in the product mix.

## MAJOR EVENTS IN OCTOBER–DECEMBER 2019

### New President and CEO as of November 1, 2019

On November 1, Annemarie Gardshol took over as new President and Group CEO and Peter Kjaer Jensen as new Deputy CEO of PostNord AB. For additional details, please see the press release from October 29, 2019, at [www.postnord.com](http://www.postnord.com).

### Extension of mail delivery agreement in Denmark

The existing agreement on mail deliveries in Denmark expired on December 31, 2019. As no new agreement between the Danish State and PostNord had been reached, the current agreement was extended by six months. Under the agreement, PostNord Denmark will receive just over DKK 100 million in compensation for mail deliveries in the first part of 2020, to ensure a good mail service for the population of Denmark.

## MAJOR EVENTS AFTER THE REPORTING PERIOD

### ANNUAL GENERAL MEETING 2020

The AGM will take place on April 21, 2020 at PostNord's headquarters located at Terminalvägen 21 in Solna, Sweden. Information about the AGM will be published on the website [www.postnord.com](http://www.postnord.com).

### DIVIDEND PROPOSAL

In view of the Company's continued restructuring requirements, the Board of Directors proposes that no dividend be paid in respect of the 2019 financial year.

Solna, January 30, 2020

PostNord AB (publ), CIN 556771–2640

### Annemarie Gardshol

President & Group CEO

This report has not been reviewed by the auditors.

This information is such that PostNord AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 8:00 a.m. CET on January 30, 2020.

*This interim report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish interim report and the English translation, the former shall take precedence.*

### Financial calendar

Annual and Sustainability Report 2019	March 2020
Annual General Meeting	April 22, 2020
Interim report January–March 2020	April 22, 2020
Interim report January–June 2020	July 16, 2020
Interim report January–September 2020	October 23, 2020

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# GROUP FINANCIAL STATEMENTS

## Income statement

SEKm	Note	Oct.–Dec. 2019	Oct.–Dec. 2018	Jan.–Dec. 2019	Jan.–Dec. 2018
	1, 5				
Net sales		10,267	10,225	38,278	37,669
Other operating income		79	104	351	2,053
<b>Operating revenue</b>	3	<b>10,346</b>	<b>10,328</b>	<b>38,629</b>	<b>39,722</b>
Personnel expenses		-4,176	-4,280	-16,018	-18,789
Transportation expenses		-2,924	-2,938	-11,300	-11,224
Other operating expenses		-2,495	-2,602	-8,537	-9,315
Depreciation and impairments		-718	-315	-2,591	-1,250
<b>Operating expenses</b>		<b>-10,313</b>	<b>-10,135</b>	<b>-38,446</b>	<b>-40,578</b>
<b>OPERATING INCOME</b>	3	<b>35</b>	<b>193</b>	<b>184</b>	<b>-855</b>
Financial income		7	5	23	39
Financial expenses		-75	-15	-318	-74
<b>Net financial items</b>		<b>-68</b>	<b>-10</b>	<b>-295</b>	<b>-35</b>
<b>Income before tax</b>		<b>-34</b>	<b>183</b>	<b>-111</b>	<b>-890</b>
Tax		-39	-59	-128	-176
<b>NET INCOME</b>		<b>-73</b>	<b>123</b>	<b>-239</b>	<b>-1,067</b>
<b>Attributable to</b>					
Parent Company shareholders		-73	124	-241	-1,068
Non–controlling interests		0	-1	2	1
Earnings per share, SEK		-0.04	0.06	-0.12	-0.53

## Statement of comprehensive income

SEKm	Oct.–Dec. 2019	Oct.–Dec. 2018	Jan.–Dec. 2019	Jan.–Dec. 2018
<b>NET INCOME</b>	<b>-73</b>	<b>123</b>	<b>-239</b>	<b>-1,067</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items that cannot be transferred to net income</b>				
Revaluation of pension liabilities	1,433	-2,677	-1,716	-2,504
Change in deferred tax	-281	585	367	547
<b>Total</b>	<b>1,152</b>	<b>-2,092</b>	<b>-1,349</b>	<b>-1,957</b>
<b>Items that have been or may be transferred to net income</b>				
Cash flow hedges after tax	2	0	0	-2
Translation differences	-155	-120	102	138
<b>Total</b>	<b>-153</b>	<b>-120</b>	<b>102</b>	<b>136</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>999</b>	<b>-2,212</b>	<b>-1,247</b>	<b>-1,821</b>
<b>COMPREHENSIVE INCOME</b>	<b>926</b>	<b>-2,089</b>	<b>-1,486</b>	<b>-2,888</b>
<b>Attributable to</b>				
Parent Company shareholders	926	-2,088	-1,488	-2,889
Non–controlling interests	0	-1	2	1

## Statement of financial position

SEKm	Note	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Dec. 31, 2018
	1, 5					
<b>ASSETS</b>						
Goodwill		2,619	2,692	2,682	2,656	2,594
Other non-current intangible assets		608	706	767	761	747
Property, plant and equipment		8,113	8,002	8,078	8,088	7,961
Right-of-use assets		5,813	5,783	5,783	5,387	-
Participations in associated companies and joint ventures		111	93	95	89	87
Financial investments	7	198	197	195	198	198
Non-current receivables		874	1,017	1,031	1,077	1,108
Deferred tax assets		491	728	481	203	78
<b>Total non-current assets</b>		<b>18,826</b>	<b>19,217</b>	<b>19,114</b>	<b>18,459</b>	<b>12,773</b>
Inventories		105	111	108	110	100
Tax assets		222	264	264	404	322
Trade receivables	7	4,928	4,617	4,732	4,719	5,009
Prepaid expenses and accrued income		823	936	1,212	1,066	1,113
Other receivables		464	218	137	138	190
Short-term investments	7	0	0	0	2	101
Cash and cash equivalents	7	3,398	2,914	3,374	4,036	3,088
Assets held for sale		126	64	124	123	125
<b>Total current assets</b>		<b>10,064</b>	<b>9,125</b>	<b>9,952</b>	<b>10,598</b>	<b>10,048</b>
<b>TOTAL ASSETS</b>		<b>28,891</b>	<b>28,342</b>	<b>29,066</b>	<b>29,056</b>	<b>22,821</b>
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>		<b>3,654</b>	<b>2,729</b>	<b>3,665</b>	<b>4,835</b>	<b>5,142</b>
<b>LIABILITIES</b>						
Non-current interest-bearing liabilities	7	3,872	3,876	3,870	2,871	1,770
Long-term lease liabilities		4,476	4,427	4,418	4,048	-
Other non-current liabilities		180	80	46	46	46
Pensions		4,211	5,556	4,363	3,054	2,576
Other provisions	6	2,548	2,927	3,046	3,345	3,392
Deferred tax liabilities		142	159	157	149	157
<b>Total non-current liabilities</b>		<b>15,428</b>	<b>17,025</b>	<b>15,901</b>	<b>13,513</b>	<b>7,941</b>
Current interest-bearing liabilities	7	0	0	0	1,550	1,619
Current lease liabilities		1,202	1,210	1,210	1,189	-
Trade payables	7	2,811	2,398	2,621	2,441	2,584
Tax liabilities		80	54	48	122	49
Other current liabilities	7	1,099	915	1,180	1,136	1,167
Accrued liabilities and deferred income		3,439	3,026	3,412	3,417	3,339
Other provisions	6	1,083	984	1,027	852	980
Liabilities categorized as assets held for sale		95	-	-	-	-
<b>Total current liabilities</b>		<b>9,809</b>	<b>8,588</b>	<b>9,500</b>	<b>10,707</b>	<b>9,738</b>
<b>TOTAL LIABILITIES</b>		<b>25,237</b>	<b>25,613</b>	<b>25,400</b>	<b>24,221</b>	<b>17,678</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>28,891</b>	<b>28,342</b>	<b>29,066</b>	<b>29,056</b>	<b>22,821</b>

## Statement of cash flows

SEKm	Note	Oct.–Dec. 2019	Oct.–Dec. 2018	Jan.–Dec. 2019	Jan.–Dec. 2018
<b>OPERATING ACTIVITIES</b>	5				
Income before tax		-34	183	-111	-890
Adjustments for non–cash items <sup>1</sup>		696	189	1,958	3,468
Income tax paid		-63	94	-188	-175
<b>Cash flows from operating activities before change in working capital</b>		<b>599</b>	<b>466</b>	<b>1,659</b>	<b>2,403</b>
Cash flow from changes in working capital					
Increase(–)/decrease(+) in inventories		6	8	-5	-12
Increase(–)/decrease(+) in other operating receivables		-576	-157	8	-125
Increase(+)/decrease(–) in other operating liabilities		1,176	268	476	-202
Other changes in working capital		0	32	-6	19
<b>Changes in working capital</b>		<b>606</b>	<b>151</b>	<b>473</b>	<b>-320</b>
<b>Cash flow from operating activities</b>		<b>1,205</b>	<b>617</b>	<b>2,132</b>	<b>2,083</b>
<b>INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		-488	-476	-1,178	-1,187
Sale of property, plant and equipment		43	9	55	30
Acquisitions of non-current intangible assets		-18	-69	-178	-186
Acquisition of financial assets		-20	0	-24	-156
Sale of financial assets		-2	49	101	344
<b>Cash flows from investing activities</b>		<b>-485</b>	<b>-487</b>	<b>-1,224</b>	<b>-1,155</b>
<b>FINANCING ACTIVITIES</b>					
Amortized loans		-	-349	-1,615	-2,578
New loans		-	-	2,095	2,171
Amortized lease liabilities		-240	-	-1,086	-
Shareholder contribution		-	667	-	667
Dividend paid		-	-	-2	-2
Increase(+)/decrease(–) in other interest–bearing liabilities		10	-10	6	-6
<b>Cash flows from financing activities</b>		<b>-230</b>	<b>308</b>	<b>-602</b>	<b>252</b>
<b>CASH FLOWS FOR THE PERIOD</b>		<b>490</b>	<b>438</b>	<b>306</b>	<b>1,180</b>
Cash and cash equivalents, at beginning of period		2,914	2,648	3,088	1,901
Translation difference in cash and cash equivalents		-6	2	4	7
<b>Cash and cash equivalents, closing balance</b>		<b>3,398</b>	<b>3,088</b>	<b>3,398</b>	<b>3,088</b>
<sup>1</sup> Adjustments for non–cash items:					
Depreciation and impairments, non-current assets		439	315	1,443	1,250
Amortization and impairments, right-of-use assets		278	-	1,148	-
Change in pension liability		308	115	462	561
Other provisions		-327	-218	-1,111	1,748
Miscellaneous		-2	-23	16	-91
<b>Total</b>		<b>696</b>	<b>189</b>	<b>1,958</b>	<b>3,468</b>

## Statement of changes in equity

### Equity attributable to the Parent Company's shareholders

SEKm	Capital stock <sup>1</sup>	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
<b>Opening balance Jan. 1, 2018</b>	<b>2,000</b>	<b>9,954</b>	<b>-1,749</b>	<b>2</b>	<b>-2,845</b>	<b>3</b>	<b>7,365</b>
<b>Comprehensive income for the period</b>							
Net income for the period	-	-	-	-	-1,068	1	-1,067
Other comprehensive income for the period	-	-	138	-2	-1,957	-	-1,821
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>138</b>	<b>-2</b>	<b>-3,025</b>	<b>1</b>	<b>-2,888</b>
Contribution from owner	-	667	-	-	-	-	<b>667</b>
Dividend	-	-	-	-	-	-2	<b>-2</b>
<b>Shareholders' equity, closing balance Dec. 31, 2018</b>	<b>2,000</b>	<b>10,621</b>	<b>-1,611</b>	<b>0</b>	<b>-5,870</b>	<b>2</b>	<b>5,142</b>

### Equity attributable to the Parent Company's shareholders

SEKm	Capital stock <sup>1</sup>	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
<b>Opening balance Jan. 1, 2019</b>	<b>2,000</b>	<b>10,621</b>	<b>-1,611</b>	<b>0</b>	<b>-5,870</b>	<b>2</b>	<b>5,142</b>
<b>Comprehensive income for the period</b>							
Net income for the period	-	-	-	-	-241	2	-239
Other comprehensive income for the period	-	-	102	-	-1,349	-	-1,247
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>102</b>	<b>-</b>	<b>-1,590</b>	<b>2</b>	<b>-1,486</b>
Dividend	-	-	-	-	-	-2	-2
<b>Shareholders' equity, closing balance Dec. 31, 2019</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>

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

## Parent Company financial statements in brief

### Income statement

SEKm	Note	Oct.–Dec. 2019	Oct.–Dec. 2018	Jan.–Dec. 2019	Jan.–Dec. 2018
	1				
Other operating income		4	4	27	14
<b>Operating revenue</b>		<b>4</b>	<b>4</b>	<b>27</b>	<b>14</b>
Personnel expenses		-2	-6	-43	-24
Other expenses		-16	-3	-76	-6
<b>Operating expenses</b>		<b>-18</b>	<b>-8</b>	<b>-119</b>	<b>-30</b>
<b>OPERATING INCOME</b>		<b>-14</b>	<b>-4</b>	<b>-92</b>	<b>-16</b>
Impairment of shares in subsidiaries		-	-815	-	-815
Interest income and similar income items		-	-	-	2
Interest expenses and similar items		-2	-8	-39	-38
<b>Financial items</b>		<b>-2</b>	<b>-823</b>	<b>-39</b>	<b>-851</b>
<b>Income after financial items</b>		<b>-16</b>	<b>-827</b>	<b>-131</b>	<b>-868</b>
Appropriations		230	51	230	51
<b>Income before tax</b>		<b>214</b>	<b>-776</b>	<b>99</b>	<b>-817</b>
Tax		-22	-	-22	-
<b>NET INCOME</b>		<b>192</b>	<b>-776</b>	<b>77</b>	<b>-817</b>

### Statement of comprehensive income

SEKm	Oct.–Dec. 2019	Oct.–Dec. 2018	Jan.–Dec. 2019	Jan.–Dec. 2018
Net income for the period	192	-776	77	-817
Other comprehensive income for the period	-	-	-	-
<b>COMPREHENSIVE INCOME</b>	<b>192</b>	<b>-776</b>	<b>77</b>	<b>-817</b>

### Balance sheet

SEKm	Note	Dec. 31, 2019	Dec. 31, 2018
	1		
<b>ASSETS</b>			
Financial assets		10,893	10,888
<b>Total non-current assets</b>		<b>10,893</b>	<b>10,888</b>
Current receivables		8,288	7,612
<b>Total current assets</b>		<b>8,288</b>	<b>7,612</b>
<b>TOTAL ASSETS</b>		<b>19,181</b>	<b>18,500</b>
<b>EQUITY AND LIABILITIES</b>			
Equity		15,690	15,613
Non-current liabilities		3,434	1,330
Current liabilities		57	1,557
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,181</b>	<b>18,500</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 year-end 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 year-end report.

### New and revised accounting principles

The Group has applied IFRS 16 Leases as of January 1, 2019. The Parent Company does not apply IFRS 16, in accordance with the exemption described in RFR 2.

For lessees, the classification into operating and financial leases under IAS 17 has been replaced by a model in which assets and liabilities relating to lease agreements are to be recognized on the balance sheet. The lessee recognizes a right-of-use asset that represents a right to use the underlying asset, and a lease liability that represents an obligation to pay lease charges. In the income statement, amortization is recognized separately from interest expenses arising from the lease liability.

The standard has not been applied to leases relating to intangible assets and non-lease components have been recognized separately. No material impact has arisen with regard to leases where the Group is the lessor.

The Group's leases identified in accordance with IFRS 16 relate for the most part to rent of premises. With regard to transportation and IT service leases, such leases are not deemed to fall within the scope of IFRS 16, mainly on the basis that PostNord has no control over which underlying asset is used.

At the time of transition, the lease liability was measured at the present value of the outstanding lease charges, discounted by the marginal borrowing interest rate. A differentiated marginal borrowing interest rate was calculated, taking into account geographical location, length of lease term, credit volumes and financial environment. At the time of transition, the average marginal borrowing rate was 2.3%.

The lease term was determined as the non-cancellable lease term. Taken into account are leases of material importance that include options for extension or cancellation, where it is reasonably certain that the options will be exercised. PostNord has applied the modified retrospective approach without restatement of figures for comparison. Right-of-use assets relating to former operating leases have been recognized at amortized value from the start of the lease, for all current leases with a term of no less than 12 months from January 1, 2019.

PostNord applies the provisions on transitional rules for short-term leases and low-value assets. As a result, leases with a term of less than 12 months and low-value leases (assets valued at less than around SEK 50 thousand in new condition) are not included in the calculation of right-of-use asset or lease liability, but instead continue to be recognized on a linear cost basis over the lease term. Examples of low-value assets include computers, printers and coffee machines. For more information, see Note 5. Leases.

Otherwise, the same accounting policies and calculation methods are applied in the year-end report as in the 2018 annual report for the Group and Parent Company.

## Note 2 – Risks

The Parent Company and the Group are exposed to strategic, operational and financial risks.

The EU Commission announced in June that it was initiating an in-depth investigation to determine whether certain capital contributions to PostNord AB and Post Danmark A/S comply with EU rules on State subsidies, following a complaint submitted to the Commission. The Commission is now conducting a more thorough investigation and the concerned parties may submit their opinions. The investigation is being conducted without any conditions. The Commission's decision is expected in the second half of 2020/first half of 2021.

For further information on risks, uncertainties, other aspects of risk management and significant assessments and estimates, see PostNord's 2018 Annual and Sustainability Report (pages 32-33 and Note 2, page 54).



### Note 3 – Operating segments

The Group's organization into segments is principally based on the companies' registered geographical domicile. The PostNord Strålfors segment is coordinated on the basis of the nature of the business. Market pricing is applied to legal transactions between PostNord's segments. There is no latitude for purchasing externally where the service is available internally. The operating segments reflect the 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 and is responsible for the e-commerce and logistics part of PostNord's operations in Germany.

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

**PostNord Strålfors** operates in the area of information logistics. The company develops and offers communications solutions for companies with large customer bases.

**Other business activities** incorporates other business activities and Direct Link. Direct Link operates in global distribution of marketing communications and lightweight goods, mainly for e-retailers. The business is conducted in the USA, the United Kingdom, Germany, Singapore, Hong Kong and Australia.

The **Other** and **eliminations** segment consists of shared 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 adjustment between Other and eliminations and PostNord Sweden is made to enable PostNord Sweden to report an accurate cost for pensions, which legally may vary, above all, depending on when credit is received from Postens Pensionsstiftelse.

Eliminations consists of the elimination of internal transactions.

Net sales per segment	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEKm	2018	2018	2018	2018	2019	2019	2019	2019
PostNord Sweden	5,694	5,791	5,425	6,315	5,783	5,757	5,433	6,281
– of which internal	269	254	255	306	290	329	355	441
PostNord Denmark	2,006	2,204	1,994	2,355	2,147	2,228	2,075	2,389
– of which internal	119	126	110	130	130	155	118	174
PostNord Norway	965	1,065	1,019	1,143	1,099	1,116	1,105	1,206
– of which internal	157	194	175	214	171	192	182	231
PostNord Finland	268	294	291	323	309	324	334	333
– of which internal	83	94	102	119	107	123	128	126
PostNord Strålfors	519	531	474	528	520	511	445	508
– of which internal	34	37	34	39	34	39	37	39
Other business activities	317	322	317	365	348	417	455	561
– of which internal	2	1	1	2	2	2	1	0
Other and eliminations	-667	-705	-680	-805	-735	-839	-822	-1,011
<b>Group</b>	<b>9,102</b>	<b>9,502</b>	<b>8,840</b>	<b>10,225</b>	<b>9,471</b>	<b>9,514</b>	<b>9,026</b>	<b>10,267</b>

Operating income per segment	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEKm, unless otherwise indicated	2018	2018	2018	2018	2019	2019	2019	2019
PostNord Sweden	138	222	105	342	283	245	223	341
– as % of net sales, EBIT	2.4	3.8	1.9	5.4	4.9	4.3	4.1	5.4
PostNord Denmark	-199	-1,065	-152	50	-54	-10	-51	-39
– as % of net sales, EBIT	-9.9	-48.3	-7.6	2.1	-2.5	-0.4	-2.5	-1.6%
PostNord Norway	1	17	-18	41	22	15	-10	35
– as % of net sales, EBIT	0.1	1.6	-1.8	3.6	2.0	1.3	-0.9	2.9
PostNord Finland	1	4	6	8	2	3	6	-9
– as % of net sales, EBIT	0.3	1.4	2.1	2.5	0.5	0.9	1.8	-2.7
PostNord Strålfors	47	46	42	34	31	34	33	39
– as % of net sales, EBIT	9.0	8.6	8.9	6.4	6.0	6.6	7.4	7.7
Other business activities	4	2	8	6	0	-20	-28	30
– as % of net sales, EBIT	1.2	0.6	2.5	1.6	0.0	-4.8	-6.2	5.3
Other and eliminations	-66	-127	-64	-288	-122	-337	-116	-362
<b>Operating income</b>	<b>-74</b>	<b>-901</b>	<b>-73</b>	<b>193</b>	<b>162</b>	<b>-70</b>	<b>57</b>	<b>35</b>
– as % of net sales, EBIT	-0.8	-9.5	-0.8	1.9	1.7	-0.7	0.6	0.3

### Note 3 – Operating segments (cont.)

Adjusted operating income per segment	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEKm, unless otherwise indicated	2018	2018	2018	2018	2019	2019	2019	2019
PostNord Sweden	138	222	105	380	283	245	223	361
– as % of net sales, Adjusted EBIT	2.4	3.8	1.9	6.0	4.9	4.3	4.1	5.7
PostNord Denmark	-199	-96	-143	19	-54	-10	-51	25
– as % of net sales, Adjusted EBIT	-9.9	-4.4	-7.2	0.8	-2.5	0.0	-2.5	1.0
PostNord Norway	1	17	-18	41	22	15	-10	47
– as % of net sales, Adjusted EBIT	0.1	1.6	-1.8	3.6	2.0	1.3	-0.9	3.9
PostNord Finland	1	4	6	8	2	3	6	-7
– as % of net sales, Adjusted EBIT	0.3	1.4	2.1	2.5	0.6	0.9	1.8	-2.1
PostNord Strålfors	47	46	42	34	31	34	33	39
– as % of net sales, Adjusted EBIT	9.0	8.6	8.9	6.4	6.0	6.6	7.4	7.7
Other business activities	4	2	8	5	0	-20	-28	30
– as % of net sales, Adjusted EBIT	1.2	0.6	2.5	1.4	0.0	-4.8	-6.2	5.3
Other and eliminations	-66	-127	-64	-287	-122	-172	-70	-314
<b>Adjusted operating income</b>	<b>-74</b>	<b>68</b>	<b>-64</b>	<b>200</b>	<b>162</b>	<b>95</b>	<b>103</b>	<b>181</b>
– as % of net sales, Adjusted EBIT	-0.8	0.7	-0.7	2.0	1.7	1.0	1.1	1.8

SEKm	Business areas			
	Communication Services		e-Commerce & Logistics	
	Jan–Dec 2019	Jan–Dec 2018	Jan–Dec 2019	Jan–Dec 2018
<b>Operating segments</b>				
PostNord Sweden	10,116	10,979	11,723	11,162
PostNord Denmark	3,439	3,618	4,823	4,454
PostNord Norway	66	54	3,683	3,398
PostNord Finland	8	11	808	767
PostNord Strålfors	1,835	1,908	-	-
Other business activities	216	227	1,560	1,092
<b>Total</b>	<b>15,681</b>	<b>16,797</b>	<b>22,597</b>	<b>20,873</b>

The above table shows PostNord's external net sales per service category (business area) 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 95% (95) and over time 5% (5) are unchanged. Business area e-Commerce & Logistics offers 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 a postal service for individual customers. For a more detailed description of PostNord's services, see the Annual Report.

### Note 4 – Acquisitions and disposals

No material acquisitions or disposals took place during 2019 or 2018.

## Note 5 – Leases

### Impact of adoption of IFRS 16 Leases

The Group has applied the modified retroactive approach. In this method, the accumulated effect of introducing IFRS 16 has been recognized in the opening balance as per January 1, 2019, without restatement of figures for comparison. The impact of transition on items in the Consolidated statement of financial position at the start of the current financial year relates to right-of-use assets of SEK 5.5 billion and lease liabilities of SEK 5.4 billion, in which the difference, approximately SEK 0.1 billion, consists of advance payments. No impact on opening balance of equity. Recognized right-of-use assets refers to properties of SEK 5.2 billion and machinery and equipment of SEK 0.3 billion.

### Impact on Consolidated financial statements

#### Income statement

Recognition of amortization of right-of-use assets instead of lease charges made a positive impact on operating income. The Group's aggregate operating income was SEK 69m higher than if previous accounting principles had been applied. Estimated interest on the lease liability has a negative impact on net financial items. Deferred tax is recognized as the difference between leasing cost booked by legal entities and the amount of amortization and interest calculated in accordance with IFRS 16. The Group's aggregate income was SEK 43 million lower than if previous accounting principles had been applied.

#### Statement of financial position

The Consolidated statement of financial position on December 31, 2019 included right-of-use assets of SEK 5,813m and lease liabilities of SEK 5,678m, where the difference for the most part consists of advance payments. Deferred tax assets consisting of temporary differences are recognized in the amount of SEK 11m.

#### Statement of cash flows

Leases recognized as assets or liabilities in the Consolidated statement of financial position have no impact on cash flow. No investment regarding new leases is reported in the statement of cash flows. Amortizations of the lease liability are reported under financing activities. The cash flow from operating activities is adjusted to take into account amortization of right-of-use assets.

The Group's key performance indicators for operating capital (ROCE) and net debt are impacted to a major extent by IFRS 16. See also Net Debt table on page 5 and Note 9 in the Interim Report.

### Information for comparison as if IFRS 16 had not been applied in 2019

	Carrying amounts, IFRS 16 not applied	Effect of IFRS 16	Statement of financial position
SEKm	Dec. 31, 2019	Dec. 31, 2019	Dec. 31, 2019
<b>Summary statement of financial position</b>			
Right-of-use assets	-	5,813	<b>5,813</b>
Deferred tax assets	480	11	<b>491</b>
Prepaid expenses and accrued income	1,012	-189	<b>823</b>
Equity	3,697	-43	<b>3,654</b>
Long-term lease liabilities	-	4,476	<b>4,476</b>
Current lease liabilities	-	1,202	<b>1,202</b>

	Carrying amounts, IFRS 16 not applied	Effect of IFRS 16	Income statement
SEKm	Dec. 31, 2019	Dec. 31, 2019	Dec. 31, 2019
<b>Summary income statement</b>			
<b>Operating revenue</b>	<b>38,629</b>	-	<b>38,629</b>
Personnel expenses	-16,035	17	-16,018
Transportation expenses	-11,411	111	-11,300
Other operating expenses	-9,626	1,089	-8,537
Depreciation and impairments	-1,443	-1,148	-2,591
<b>Operating expenses</b>	<b>-38,516</b>	<b>69</b>	<b>-38,446</b>
<b>OPERATING INCOME</b>	<b>114</b>	<b>69</b>	<b>184</b>
Financial income	23	-	23
Financial expenses	-195	-123	-318
<b>Net financial items</b>	<b>-172</b>	<b>-123</b>	<b>-295</b>
<b>Income before tax</b>	<b>-58</b>	<b>-54</b>	<b>-111</b>
Tax	-139	11	-128
<b>NET INCOME</b>	<b>-197</b>	<b>-43</b>	<b>-239</b>

## Note 5 Leases (cont.)

Summary statement of cash flows SEKm	Carrying amounts, IFRS 16 not applied	Effect of IFRS 16	Statement of cash flows
	Dec. 31, 2019	Dec. 31, 2019	Dec. 31, 2019
Cash flow from operating activities	1,047	1,085	2,132
Cash flows from investing activities	-1,224	-	-1,224
Cash flows from financing activities	483	-1,085	-602
<b>CASH FLOWS FOR THE PERIOD</b>	<b>306</b>	<b>-</b>	<b>306</b>

## Note 6 – Other provisions

Jan.–Dec. 2019, SEKm	Opening balance	Provisions	Reversals	Utilization	Miscellaneous <sup>1</sup>	Closing balance
Restructuring measures	3,147	252	-5	-1,133	110	2,371
Non-vested pension commitments	1,157	47	-	-277	264	1,191
Miscellaneous	68	1	-	-3	3	69
<b>Total</b>	<b>4,372</b>	<b>300</b>	<b>-5</b>	<b>-1,413</b>	<b>377</b>	<b>3,631</b>
<i>Of which, current</i>	<i>980</i>					<i>1,083</i>
<i>Of which, non-current</i>	<i>3,392</i>					<i>2,548</i>

Jan.–Dec. 2018, SEK m	Opening balance	Provisions	Reversals	Utilization	Miscellaneous <sup>1</sup>	Closing balance
Restructuring measures	1,127	2,623	-9	-640	46	3,147
Non-vested pension commitments	1,098	52	-	-310	317	1,157
Miscellaneous	90	1	-	-16	-7	68
<b>Total</b>	<b>2,316</b>	<b>2,676</b>	<b>-9</b>	<b>-966</b>	<b>356</b>	<b>4,372</b>
<i>Of which, current</i>	<i>592</i>					<i>980</i>
<i>Of which, non-current</i>	<i>1,724</i>					<i>3,392</i>

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

## Note 7 – Financial instruments

December 31, 2019

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	Financial liabilities at fair value via income	Financial liabilities measured at fair value via other comprehensive income	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	15	-	-	-	15	15
Currency derivatives	2	-	-	-	-	2	2
Trade receivables	-	4,928	-	-	-	4,928	4,928
Terminal fees <sup>1</sup>	-	489	-	-	-	489	489
Short-term investments	-	-	-	-	-	-	-
Cash and cash equivalents	-	3,398	-	-	-	3,398	3,398
Long-term interest-bearing liabilities	-	-	-	-	-3,872	-3,872	-3,894
Current interest-bearing liabilities	-	-	-	-	-	-	-
Trade payables	-	-	-	-	-2,811	-2,811	-2,811
Other current liabilities	-	-	-	-	-1,099	-1,099	-1,099
Currency derivatives	-	-	-71	-	-	-71	-71
Interest rate derivatives, hedge accounting	-	-	-	0	-	0	0
Terminal fees	-	-	-	-	-478	-478	-478
<b>Total financial assets and liabilities, by category</b>	<b>2</b>	<b>8,830</b>	<b>-71</b>	<b>0</b>	<b>-8,260</b>	<b>501</b>	<b>479</b>

December 31, 2018

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	Financial liabilities at fair value via income	Financial liabilities measured at fair value via other comprehensive income	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	20	-	-	-	20	20
Currency derivatives	16	-	-	-	-	16	16
Trade receivables	-	5,009	-	-	-	5,009	5,009
Terminal fees <sup>1</sup>	-	504	-	-	-	504	504
Short-term investments	-	101	-	-	-	101	101
Cash and cash equivalents	-	3,088	-	-	-	3,088	3,088
Long-term interest-bearing liabilities	-	-	-	-	-1,595	-1,595	-1,600
Current interest-bearing liabilities	-	-	-	-	-1,619	-1,619	-1,621
Trade payables	-	-	-	-	-2,584	-2,584	-2,584
Other current liabilities	-	-	-	-	-1,167	-1,167	-1,167
Currency derivatives	-	-	-13	-	-	-13	-13
Interest rate derivatives, hedge accounting	-	-	-	0	-	0	0
Terminal fees <sup>1</sup>	-	-	-	-	-340	-340	-340
<b>Total financial assets and liabilities, by category</b>	<b>16</b>	<b>8,722</b>	<b>-13</b>	<b>0</b>	<b>-7,305</b>	<b>1,420</b>	<b>1,413</b>

<sup>1</sup>Terminal fees are payment for production services performed in the receiving country, for mail posted in another country, under international agreements between countries. Terminal fees are recognized under Prepaid expenses and accrued income and in Accrued expenses and deferred income in the Statement of financial position.

## **Note 7 – Financial instruments (cont.)**

### **Recognition and fair value measurement of financial instruments**

Fair value for currency derivatives is calculated using listed currency forward contracts on the accounting date and a calculation of the present value based on the yield curve for the currency concerned. Fair value of interest rate derivatives is calculated using the present value of estimated future cash flows. Estimated cash flows are discounted using the yield curve and the reference interest rate in the currency concerned. The fair value of loan liabilities is calculated as the discounted value of future cash flows relating to repayment of capital amounts and interest. The value is discounted to the current loan interest rate. In view of the short terms for trade receivables and trade payables, it is assumed that the carrying amount is the best approximation of the fair value.

All financial assets and liabilities recognized at fair value in the balance sheet are classified at level 2; see also Note 27 Financial risk management and financial instruments in PostNord's Annual Report.

## **Note 8 – Related parties**

As of July 1, 2019, the Group operates via a new, simplified and more cost-effective organization with increased responsibility being delegated to the country organizations. The Group Executive Team, which changed in conjunction with the reorganization as previously announced in a press release, worked rapidly with the Board of Directors during the quarter to formulate a plan to implement the necessary changes. During quarters two and three, Board member Charlotte Strand worked as a consultant on PostNord's strategic and financial plan, for which reason she received remuneration in addition to her director's fee.

## Note 9 – Definitions and alternative key performance indicators

### Alternative key performance indicators:

#### Return on operating capital (ROCE)

References are made in the interim report to a number of alternative financial measures that are not defined in IFRS. These key performance indicators provide additional information and are used as guidance to external stakeholders and management 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 measures used by other companies. As a result, these financial indicators should not be regarded as a direct equivalent of indicators as defined in IFRS.

Operating profit for the 12 months to the end of the period, divided by average capital employed for the 12 months to the end of the period.

#### Adjusted return on operating capital

Adjusted operating profit for the 12 months to the end of the period, divided by average capital employed for the 12 months to the end of the period.

#### Financial preparedness

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

#### EBITDAI

Operating income excluding depreciation and impairments.

#### Adjusted operating income

Operating income excluding items affecting comparability.

#### Adjusted operating margin

Adjusted operating income in relation to net sales.

#### Items affecting comparability

Items affecting comparability are substantial, nonrecurring or not directly attributable to operating activities. Examples of items affecting comparability include capital gains on the sale of assets, impairment of assets and provision for personnel redundancies employed under special employment conditions in Denmark. Ongoing restructuring costs are not regarded as items affecting comparability.

#### Net debt

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.

### Reconciliation with financial statements

	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31
SEKm	2019	2019	2019	2019	2018
Interest-bearing liabilities, current	0	0	0	1,550	1,619
Current lease liabilities	1,202	1,210	1,210	1,189	-
Interest-bearing liabilities, long-term	3,872	3,876	3,870	2,872	1,770
Long-term lease liabilities	4,476	4,427	4,418	4,048	-
Pensions <sup>1</sup>	4,211	5,556	4,363	3,054	2,576
Financial investments	-198	-197	-195	-198	-198
Non-current receivables <sup>2</sup>	-711	-846	-878	-930	-964
Short-term investments	0	0	0	-2	-101
Cash and cash equivalents	-3,398	-2,914	-3,374	-4,036	-3,088
<b>Net debt</b>	<b>9,454</b>	<b>11,112</b>	<b>9,414</b>	<b>7,545</b>	<b>1,615</b>

<sup>1</sup>Including assets under management. When the plan assets exceed the estimated present value of the pension commitments, they are recognized under the heading of 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 liabilities in relation to equity.

#### Net debt ratio (excl. IFRS 16)

Net debt excluding current and long-term lease liabilities in relation to equity.

#### Operating capital

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

#### Operating margin

Operating income in relation to net sales.

### Other key performance indicators:

#### Basic 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.

#### Earnings per share

Share of net earnings attributable to Parent Company shareholders divided by the average number of shares outstanding.

## Quarterly data

<b>SEKm, if not otherwise stated</b>	<b>Q4 2017</b>	<b>Q1 2018</b>	<b>Q2 2018</b>	<b>Q3 2018</b>	<b>Q4 2018</b>	<b>Q1 2019</b>	<b>Q2 2019</b>	<b>Q3 2019</b>	<b>Q4 2019</b>
<b>Group</b>									
Net sales	10,065	9,102	9,503	8,840	10,225	9,471	9,514	9,026	10,267
Other operating income	116	144	1,693	112	104	56	84	132	79
Operating expenses	-9,909	-9,321	-12,096	-9,025	-10,136	-9,365	-9,668	-9,099	-10,313
<i>of which, personnel expenses</i>	-4,215	-4,086	-6,693	-3,730	-4,280	-4,040	-4,153	-3,649	-4,176
<i>of which, transport expenses</i>	-2,888	-2,688	-2,815	-2,783	-2,938	-2,785	-2,773	-2,818	-2,924
<i>of which, other expenses</i>	-2,476	-2,242	-2,267	-2,204	-2,602	-1,956	-2,108	-1,978	-2,495
<i>of which, depreciation and impairments</i>	-330	-305	-321	-309	-315	-584	-635	-654	-718
Operating income (EBITDAI)	602	231	-580	236	508	746	565	711	753
Operating margin (EBITDAI)	6.0%	2.5%	-6.1%	2.7%	4.9%	7.9%	5.9%	7.9%	7.3%
Operating income (EBIT)	272	-74	-901	-73	193	162	-70	57	35
Operating margin (EBIT)	2.7%	-0.8%	-9.5%	-0.8%	1.9%	1.7%	-0.7%	0.6%	0.3%
Cash flow from operating activities	-181	-25	1,862	-371	617	435	492	0	1,205
Net debt	238	245	-225	-164	1,614	7,545	9,414	11,112	9,454
Return on operating capital (ROCE)	-1.6%	-3.9%	-12.4%	-10.9%	-12.4%	-7.9%	1.9%	3.2%	3.6%
Average number of employees (FTE)	31,134	29,469	29,998	30,790	29,596	28,461	28,117	29,774	28,156
Number of staffing (basic) at end of period	30,797	30,355	30,500	29,623	29,886	29,959	28,324	27,871	27,679
<b>Volumes, millions of mails produced:</b>									
Sweden, priority mail	191	174	168	150	171	163	149	140	156
Sweden, non-priority mail	238	226	199	173	203	205	179	156	198
Denmark, priority mail/Quickbrev	10	9	9	8	9	7	6	6	6
Denmark, non-priority and business mail	72	62	60	50	58	58	58	45	52
<b>Volumes, millions of parcels produced (net):</b> <i>(volumes between countries eliminated)</i>									
Parcels, Group total	45	39	43	40	49	43	43	43	50