

We make everyday life easier

Annual and Sustainability Report 2022

postnord



Note: Every care has been taken in the translation of this document. In the event of discrepancies, the Swedish original will supersede the English translation

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About the Annual and Sustainability Report

The Board of Directors and the President & Group CEO of PostNord AB (publ.), corporate identity number 556771-2640, hereby present their Annual and Sustainability Report for the 2022 financial year. The Annual and Sustainability Report encompasses the PostNord Group as a whole, unless otherwise indicated. Other business activities do not fall within the scope of the Sustainability Report. The Board of Directors' Report, which has been audited as described in pages 90–93 of the Auditor's Report, comprises pages 6–49. The statutory Sustainability Report comprises descriptions of PostNord's world, business model, strategy and employees on pages 6–32, risk management and TCFD on pages 33–39 and in-depth information on sustainability on pages 95–116. PostNord's Sustainability Report has been produced in accordance with the GRI Standards. Information on sustainability is provided mainly on pages 6–12, 22–39 and 95–116. Detailed information regarding the scope of the Sustainability Report is provided in the GRI Index on pages 113–116. The auditor's statement on the statutory Sustainability Report is on page 117.

Vision

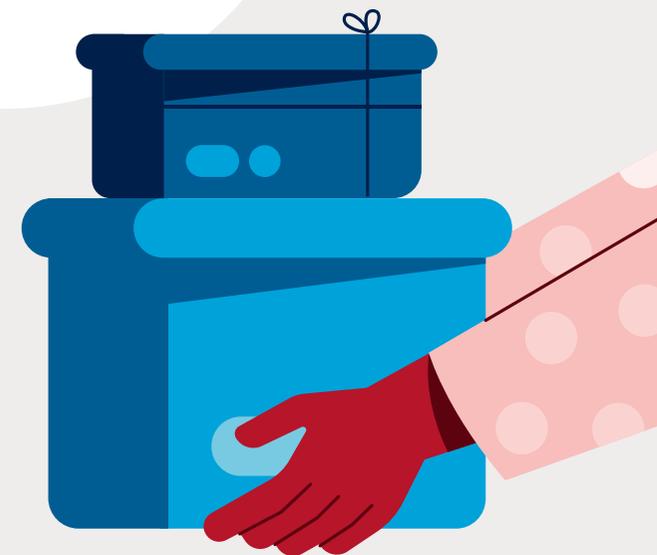
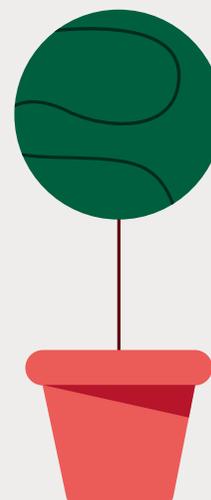
The favorite carrier of the Nordics

Our vision is that customers and consumers should choose us because we offer them the best solution.

Purpose

We make everyday life easier

We make everyday life easier for many people, in many ways. For example, it is possible to receive goods bought online safely and conveniently and to keep track of deliveries via PostNord's app. Making everyday life simpler is also about improving efficiency and cutting costs.



PostNord in brief

PostNord connects companies, public authorities and private individuals. Via our unique network, we make business, trade and communication possible to, from and within the Nordics. In 2022, PostNord delivered in all 245 million parcels and 1.1 billion letters and other mail items.

40.2

Sales, SEK billion

26,500

Employees, FTE

10,000

Parcel lockers in the Nordic region

245

parcels, million

93.1%

weighted parcel delivery quality

1.1

letters and other mail items, billion

-42%

CO₂e, tonnes¹⁾

+9%

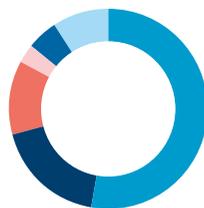
kg CO₂e/parcel¹⁾

357

Operating income, SEK million

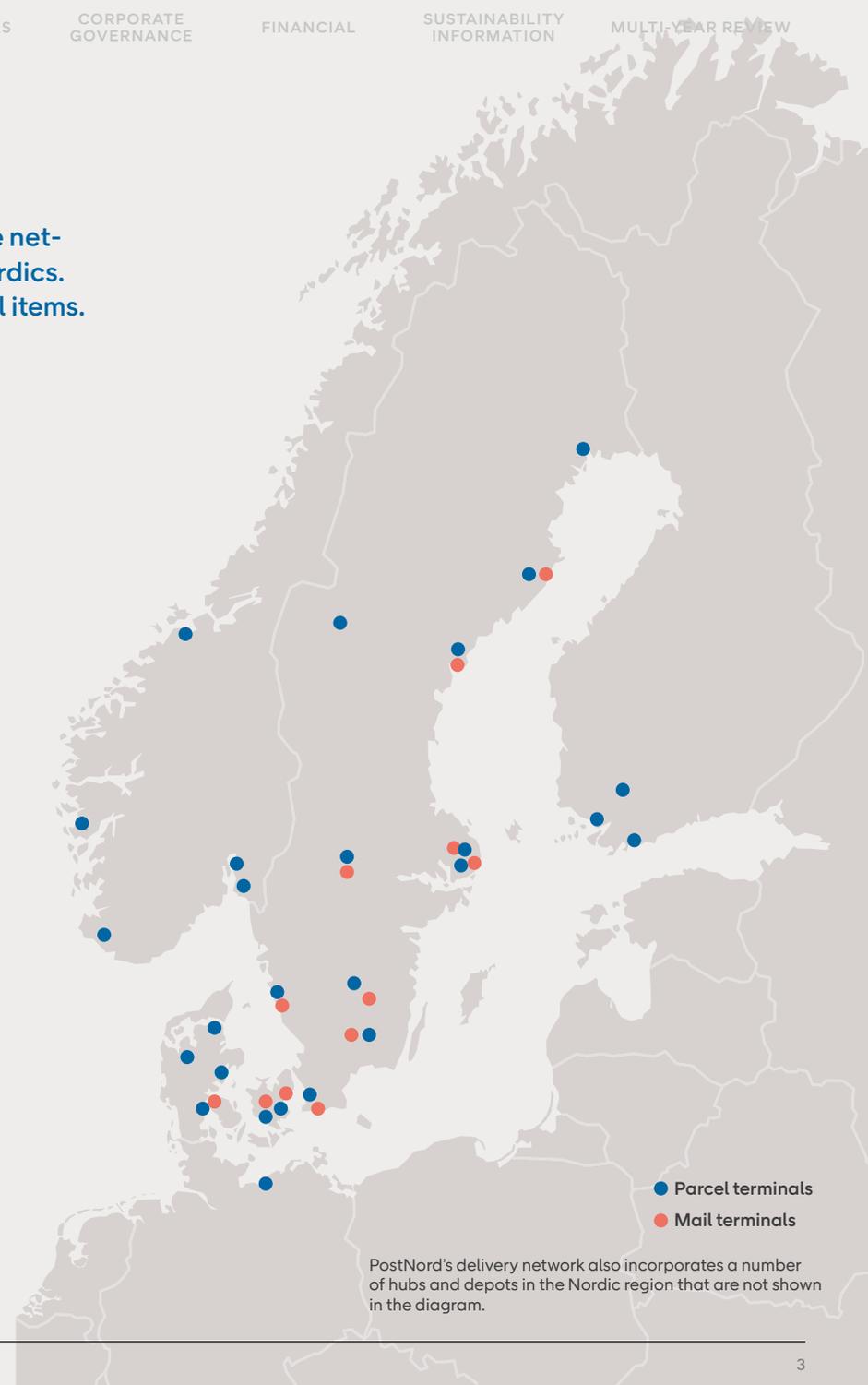
PostNord was formed as a result of the merger of Post Danmark A/S and Posten AB in 2009. Operations are conducted mainly in the Nordic region. The Group is 40 per cent owned by the Danish State and 60 per cent by the Swedish State. Voting rights are split 50/50. The Parent Company is a Swedish public limited company, with Group headquarters in Solna, Sweden.

Net sales by segment 2022, percent



- Sweden, 55% (54%)
- Denmark, 17% (17%)
- Norway 11% (10%)
- Finland, 2% (2%)
- Strålfors, 5% (4%)
- Other business activities, 10% (12%)

¹⁾ Change from base year 2020. Read more see page 97.



PostNord's delivery network also incorporates a number of hubs and depots in the Nordic region that are not shown in the diagram.

Realigning operations in parallel with continued investment

In 2022, we continued to invest and address the structural changes taking place in our markets. The year was characterized by lower parcel and letter volumes and increased transportation costs, and we are focusing on realigning our operations to these conditions. At the same time, we continued to invest for long-term growth, and ensured a high pace in our improvement programs. The actions that we are taking in the short and long term seek to create sustainable solutions that make everyday life easier for our customers.

Continued focus on the Nordic parcel business

PostNord has a solid financial position, despite a challenging 2022 with lower parcel and mail volumes. We also have a clear strategy as a basis to ensure a leading position in the attractive parcel market, with its prospects for long-term growth. Our size and financial position offer security and signal strength, at a time when the parcel delivery market is facing consolidation.

At the turn of the year, our home delivery offering was complemented by approximately 10,000 parcel lockers and 7,300 distribution points. We also continued to work closely with our customers and as a result are well positioned in their check-outs. This is, of course, very important in terms of getting consumers to choose PostNord.

During the year, we opened new terminals in Bergen, Drammen, Kristiansand and the Helsinki region. Having these terminals established is important in terms of ensuring long-term growth in Norway and Finland, and thus the entire Nordic region.

Key milestones in the mail business

In summer 2022, we completed the process of implementing alternate-day deliveries in Sweden. Moving to this delivery frequency is a necessary adjustment based on demand and in order to run a financially sustainable mail business.

In Denmark, we concluded an agreement with the Danish State at year-end as to the form of the universal service obligation for 2023. During the summer, the EU Commission approved the State subsidy that Post Danmark A/S has agreed with the Danish

State regarding the fulfillment of the universal service obligation for the year 2020. In its decision, the Commission found that our intra-organization principles for cost allocation are correct. This will serve as an important guideline in similar matters, going forward.

Tough business climate due to a challenging world

Shortly after the societies of the Nordic region fully opened up after the Covid-19 pandemic, Russia stepped up its war against Ukraine and has since waged a full-scale war of aggression in the country. I, and all of PostNord, are of course deeply concerned and sympathize with the people of Ukraine. At the same time, we've been helping with what we know – providing transportation services and allowing the public to send supplies free of charge. A total of 74,000 parcels have reached Ukraine via PostNord. This demonstrates the importance of a strong postal operator, and our vital role in society.

The war has also had negative consequences for business and has caused economic unrest in all markets. PostNord operates in a cyclical industry and a weak economy affects our business negatively. In addition to direct consequences such as skyrocketing fuel prices and driver shortages, which have increased the price of purchased transportation, rising inflation has put pressure on many households. In the autumn, surveys showed that consumers' confidence in their own finances was historically low.

This was reflected in a decline in parcel volumes totaling –6 percent (11), where the comparator year was historically strong





as a result of communities being closed down. Mail volumes continued to decline, by a total of –12 percent (–9) over the year. The decline in income was most pronounced in our two largest markets, Sweden and Denmark, and in our global Direct Link business. Operating income in 2022 totaled SEK 357 million (2,481) and adjusted operating income SEK 666 million (2,260).

Continued realignment of operations

Throughout the year, we took steps to realign our operations to tougher conditions. In addition to ongoing adjustments to our



basic capacity, we overhauled our mail terminal network, improved clarity in our advertising portfolio and took the decision to exit the mass communications market.

During the year, we continuously adjusted prices, largely offsetting increases in fuel and transportation prices. Late in the year, we introduced structural changes in our administration in Sweden, Denmark and Norway. Our Swedish business will be operating under a new commercially-oriented, more cost-effective and flatter organizational structure.

The parcels market, and especially the B2C market, typically shows large volume fluctuations from one day to the next, and over the year. This requires much more flexible planning conditions. We are increasing the focus on changing to a more flexible model in order to become even more competitive.

Overall, we are confident that the actions we are taking, alongside the investments in our offering and infrastructure, will bring us closer to our vision of being the favorite carrier of the Nordics.

A sustainability agenda that is making a positive impact

Just over a year into our updated sustainability agenda, PostNord's large-scale climate change transformation is proceeding apace. As the leading logistics player in the Nordic region, our aim is to lead the way as our industry moves towards the low-carbon economy. PostNord has signed up to and continues to support the UN Global Compact. Our strategic sustainability agenda is firmly rooted in the UN's Global Sustainable Development Goals.

Before the summer, it was announced that our climate change plan had been endorsed by the Science Based Targets initiative. This is important recognition that we are contributing in the right way and working in line with the 1.5 degree target of the Paris Agreement.

During the year, we continued to convert our vehicle fleet, and by year-end 60 percent of the energy consumed in the PostNord fleet was from renewable sources. We also established green corridors in Sweden and Norway, worked on reducing the volume of air in parcels and engaged in initiatives to optimize transportation routes.

We're also striving to ensure that terminals and buildings that are newly established are as energy-efficient and use the cleanest electricity possible.

Of course, our sustainability agenda goes beyond climate leadership. As one of the largest employers in the Nordic region, we have wide-ranging responsibilities for our employees and workplaces. So, against that background, we made efforts for example to improve physical working environments, improve conditions for our suppliers' drivers and honed our recruitment processes for even better diversity in the workforce. Of course, we have also been endeavoring to reduce the number of workplace accidents and days of sick leave.

I am truly motivated to continue working at the same high pace on our agenda to enhance the well-being of employees, the Company and society. To help me in my work, I have accompanied by all the skilled colleagues in the Group, as well as partners, customers and consumers who help us in our quest for constant improvement. Thanks to all of you for your excellent work and cooperation!

Annemarie Gardshol
President and Group CEO

External environment and market

PostNord's activities are divided into two areas: parcel and logistics services (eCommerce & Logistics) and digital and physical communication (Communication Services). Our activities include providing the universal postal service, as part of the public service mission in Sweden and Denmark.

Dominant megatrends

Two megatrends, digitalization and sustainability, are having a major impact on PostNord. Digitalization entails declining mail volumes, while the expansion in e-commerce will create long-term growth in parcels. This trend has reshaped PostNord's operations since the Group was established more than ten years ago. Simply put, we have evolved from a postal service company that also delivers parcels, to a parcel company that delivers mail.

Sustainability is an issue for everyone. Customer and consumer demands for fossil-free or zero-emission deliveries continue to grow. Such expectations can be challenging, while there are business benefits for market players who succeed in this regard. PostNord's agenda for sustainable logistics is aimed at matching the requirements and expectations of even the most ambitious customers. We intend to contribute to positive change for the people around us and to radically reduce the climate footprint of transportation in the Nordic market.

Our business models in transportation and logistics are also evolving with a view to reducing costs. PostNord aims to win in the market and against that background needs to take price-sensitivity among customers and consumers, as well as fierce competition, into account.

The parcels and logistics market

Characteristics

Growing digital commerce and consumer expectations are driving the need for logistics and transportation services.

The parcel and logistics market is characterized by competition and price pressure, a high degree of innovation and a rapid pace of change, growing digitalization and automation, as well as fluctuations in parcel volumes and production.

Previously, PostNord competed with traditional logistics organizations such as DHL, DB Schenker, Posti, Posten Norge, Bring and GLS. Today, the market is more complex, with new market participants and alliances focusing mainly on specific parts of the logistics chain to increase efficiency and/or underpin the customer offering.

To consumers, the changing landscape brings new offerings and opportunities. Online shoppers are mostly given a choice of distributors, delivery options and payment methods.

The trend of providing consumers with information on exact delivery times has grown stronger, as has the demand for delivery to the home and to parcel lockers. To be competitive in the parcels and logistics market, providers need to deliver on predictability, speed and punctuality, price and sustainability.

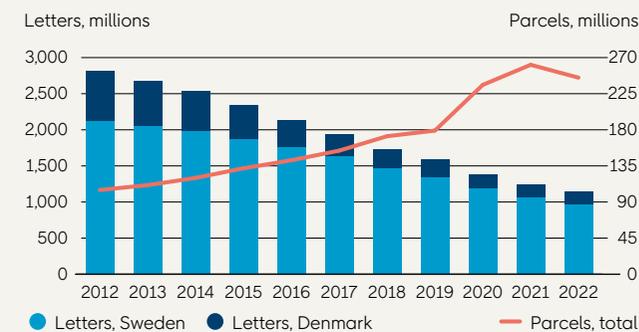
Trends

The year of 2022 was marked by the challenging situation in the world. Russia's invasion of Ukraine has caused increased economic uncertainty, with higher prices for capital and fuel, for example. Competition has become tougher, especially in last-mile transportation. The various participants in the market are competing on cost, data and technology, as well as sustainability.

Customers and consumers have high expectations. Preferences are shifting and more and more people prefer delivery to the home or to parcel lockers, driving growth in those segments.



PostNord Group performance in mail and parcels



E-commerce growth, which accelerated during the Covid-19 pandemic, started to slow in the second half of 2021. 2022 was a tough year for the parcels market, partly due to high inflation and rising interest rates, and partly because physical commerce increased at the expense of digital commerce.

PostNord's position and potential

PostNord has a leading position in the Nordic logistics market, thanks largely to our comprehensive offering and extensive network in terms of both geography and partnerships. Our size allows us to benefit from economies of scale, and with around 7,300 distribution points and approximately 10,000 parcel lockers



complementing our home delivery service, we are well placed for continued growth.

PostNord is committed to meeting the needs of customers and consumers and strengthening our position in the market. We are retooling and optimizing our operations to get more out of existing terminals and networks, while investing in new infrastructure. One major area of investment is parcel lockers. At year-end, PostNord had more than 9,000 parcel lockers of our own in the Nordics, 50 percent more than in 2021.

We also see potential for even better ways of leveraging our combined strength and product portfolio. A more clearly defined Nordic offering would bring synergetic gains, strengthen PostNord's overall customer offering and boost market shares.

Digital and physical communications market

Characteristics

The market for physical communications is characterized by declining mail volumes and the trend is expected to continue. Letters, Christmas cards and postcards sent by private individuals account for a minor share of volumes. Our biggest customers are those that send large volumes, such as public authorities, energy companies and financial institutions. Direct mail also accounts for a significant share of the market but is expected to decline in an increasingly digitalized environment.

PostNord fulfills a social function through its obligation to provide the universal postal service in Sweden and Denmark. At the same time, mail delivery is subject to competition, especially in densely populated areas. PostNord's main competitors are CityMail and Svensk Direktreklam in Sweden, along with Blade-

kompaniet and DAO in Denmark. In many sparsely-populated areas, PostNord is the only postal operator, clearly indicating the difficulty of achieving profitability outside urban areas. Read more about the universal service obligation on the next page.

Trends

The pandemic created a certain upswing in physical communications, in the form of both public information and communication between private individuals, such as Christmas greetings. The long-term trend of declining volumes continued during the year.

PostNord's position and potential

PostNord is the largest player in physical communications in both Sweden and Denmark.

PostNord's services in physical communication consist mainly of administrative communication such as invoicing, distribution of newspapers and magazines and advertising. During the year, PostNord decided to exit the unaddressed advertising market.

PostNord Strålfors offers services enabling businesses to automate their information provision and communication via digital platforms. PostNord Strålfors also offers printing and enveloping services for physical communication.

PostNord is constantly adapting its operations as the market for physical communications shrinks. In Sweden, our goal is to remain market leader. In Denmark, we aim to be the first choice, with the focus on an economically sustainable mail business.

We are continuing to develop our offering in physical and digital communications, as well as in combinations of physical and digital services.

Regulated and competitive postal market

The postal markets in Sweden and Denmark are regulated and at the same time competitive. One thing sets PostNord apart from other postal operators: we alone have the mission of delivering mail to all private individuals and businesses. In sparsely-populated areas we are usually the only postal operator. In cities and towns, on the other hand, there is competition among a range of postal operators.

Conditions and requirements

Providing the universal postal service in Sweden and Denmark means, among other things, ensuring that everyone has access to a postal service of good quality and at reasonable prices. PostNord is also required to provide a special postal service for the elderly and people with disabilities in rural areas, as well as Braille items for the visually impaired.

In Sweden, 95 percent of domestic mail (other than Economy Mail) must be delivered to the recipient within two days. Since 2019, PostNord has been allowed to compensate for the decline in volume through greater flexibility in pricing. On January 1, 2022, the rate for single letters in Sweden was raised from SEK 12 to 13.

PostNord's licence conditions for Sweden were updated in 2022, including with regard to support for Sweden's Total Defense system. Our responsibilities include the preparation of risk analyses and business continuity plans

for situations of heightened alert. During situations of heightened alert, we must be able to make staff available for cooperation with PTS (the Swedish Post and Telecom Authority).

In Denmark, the requirement is that 93 percent of domestic mail must arrive at the recipient within five working days. The postage rate was increased from DKK 11 to 12 from January 1, 2022. The price increase in both Sweden and Denmark is calculated to maintain reasonable prices, while addressing the challenge of declining revenues.

In Denmark, PostNord has an agreement with the Danish State as to financial compensation for the additional costs of the universal service obligation. Discussions are in progress to determine how the future universal service obligation will be structured and funded. Pending the outcome of negotiations, the current temporary agreement on financial compensation with the Danish State was extended until the end of 2023.

Consequences to PostNord's operations

The requirement for a universal postal service places demands on the infrastructure in terms of transportation networks, staff and vehicles, irrespective of the number of items sent. Fewer items sent via a fixed infrastructure lead mean higher costs per item. This puts pressure on the financial viability of the universal service obligation.

PostNord has restructured and rationalized operations to cut costs in pace with the decline in mail volumes. We emphasize the seriousness of the situation in our continuing dialog with elected representatives, owners, regulatory authorities and society at large. Mail deliveries now take place on alternate days in Sweden. Parcels, Varubrev and Express Mail Domestic are still delivered every day. Implementation of alternate-day deliveries began in 2021 and was completed in 2022.

Further adjustments necessary

Current laws and regulations trace their origin to the first EU Directive in 1997.

Changes to our delivery models in both Sweden and Denmark have allowed significant cost savings to be made. However, further adjustments will be necessary, as mail volumes and postage revenues decline. Postal regulations need to be adapted and future financial support requires clarification.

In Sweden, the main report of the Postal Financing Inquiry on the future scope and financing of the universal postal service has been submitted to the government. PostNord will take note of its conclusions and elaborate on our position in a forthcoming consultation response to the Government Offices. In Denmark, a political discussion on the future of mail handling is in progress and an agreement is expected in 2023.





Strategy focusing on parcels and mail

The e-commerce, parcels, and communication markets are changing radically. This is presenting both challenges and opportunities. PostNord's strategy focuses on its core business: parcels and mail.

Strategic framework

PostNord's strategy is to win in parcel and to run a financially sustainable mail business. Adjacent businesses complement and underpin the core business. We intend to deliver on our strategy with the aid of five foundational enablers, and through five strategic initiatives. All efforts are based on the vision of becoming the favorite carrier of the Nordics, with our purpose of making everyday life easier.

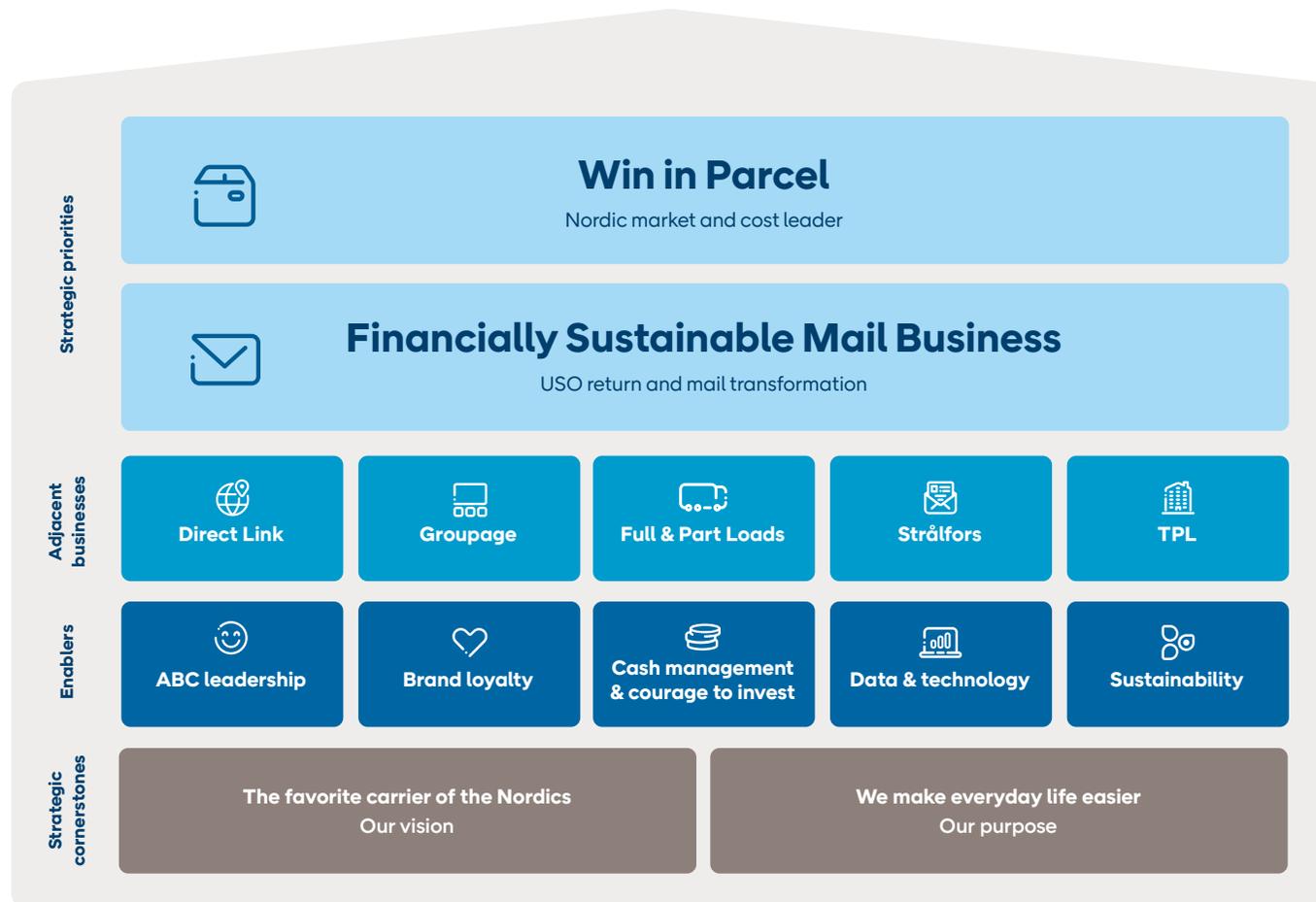
The strategy was updated during the year to emphasize business areas other than parcels and mail.

Win in parcel

PostNord is setting its sights on becoming the market- and cost-leader in the Nordic parcels market. That means being the largest (by volume) in Sweden and Denmark, and the second largest in Norway and Finland. Cost leadership is defined as the lowest cost per parcel in all delivery channels, that is, to homes, parcel lockers, distribution points, and businesses. To succeed in this aim, we need to constantly improve our offering, and the customer experience and perception.

Financially sustainable mail business

PostNord is the proud provider of the universal postal service in Sweden and Denmark. Our strategic priorities are to adapt our mail business, deliver on our universal service obligation, and run a financially sustainable business.





With fewer letters being sent, revenue is decreasing and the cost per item sent increasing. PostNord has made a number of changes to address the decline in volume, one of which has been to introduce alternate-day deliveries in Sweden. In addition, the State's requirements of, and procedures for, the postal service need to change.

Adjacent businesses

A number of business areas complement the parcel and mail businesses. Groupage is based on consolidating parcels and pallets into one delivery. This is an important arm of support for the parcel business. With Full & Part Loads, a vehicle or other cargo space is filled completely or partially. This includes simple and flexible solutions for customers who ship heavy goods (2,500 kg or more) and the delivery goes directly to the recipient without being handled at a terminal.

Read about third party logistics (TPL) on page 13, about PostNord Strålfors on page 20 and about Direct Link on page 21.

In addition to strengthening the main business, our adjacent businesses generate their own revenues and profits. PostNord's reach enables us to operate as a full-service provider, even to companies and organizations with wide-ranging and complex logistics needs.

Enablers

ABC leadership

Leadership and culture influence how we think, take decisions and act. Being accountable, brave and committed (ABC) is key to the success of the strategy.

Brand loyalty

Brand loyalty is crucial to PostNord in general and to our growing parcels business in particular. The fact that many people know us provides us with a strong starting position. The point then is always to maintain a focus on the customer and the consumer and to create positive experiences and associations. Our aim is to make more people appreciate and choose us, time and time again.

Cash management and courage to invest

The ongoing decline in mail volumes requires a strict focus on cash flow, a commitment of resources, and a willingness to invest in growth areas.

Data and technology

Data and tech serve both as an enabler and a strategic initiative. Optimizing operations and taking better decisions requires increased digitalization, automation and the application of advanced analytics. This is evident in areas such as dynamic

pricing, AI-driven forecasting and planning, and precise information to recipients on delivery times.

Sustainability

PostNord's updated sustainability agenda is helping us to realize our strategy and is making a significant difference to people and the environment. Our climate transition – shifting the business from fossil-dependent to fossil-free – is particularly business-critical.

Strategic initiatives

Cost leadership

PostNord focuses on achieving the lowest cost per parcel. This requires us to constantly simplify and improve processes and production. At the same time, we need to be flexible to be able to handle large variations in parcel volumes. The market is characterized by fierce competition and customers expect the best possible value for money.

Develop and execute last-mile strategy

PostNord is gearing up to win the battle for the last mile – the last stage of the journey to the recipient. Here, we face tough competition from players in log-tech, as well as from newspaper and parcel distributors. The focus is on improving our offering and reducing the cost per parcel, for example by developing home delivery, parcel lockers and other forms of self-service.



Climate transition

Climate leadership is one of three commitments in PostNord's sustainability agenda. We are working in a concerted and structured way to set standards, reap the benefits of best practice and make shared decisions across the Group. Near-term challenges include higher fuel and commodity prices and the need to further commercialize sustainability, including through attractive offerings and customized information and reporting.

Truly Nordic

We must become even better at leveraging PostNord's collective strength. This applies to our customer offering, as well as to networks, operations and systems. This will create clear gains for major international customers. Truly Nordic is also important from a cost perspective. Where it brings benefits and is feasible, we will

streamline and standardize, with the single goal of maximizing value and eliminating unnecessary costs.

Data and tech

Since last year, PostNord has been successfully operating a new IT strategy. Now, we are taking the next step in transforming the Company into one that is truly data- and tech-driven. This is vital if we are to up the pace of innovation, develop our customer offerings and compete with market participants that have emerged from data and tech.

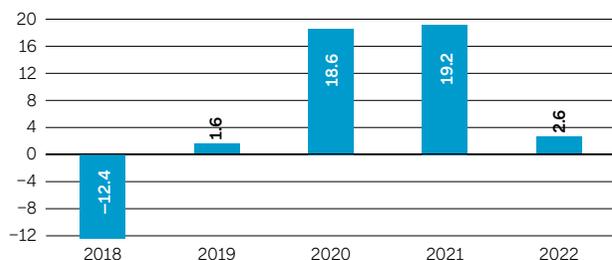
Financial targets

Through the strategic targets we have set, we can consolidate PostNord's financial position and outcomes. Our targets are long-term and will be assessed over a period of 3–5 years. The financial goals were set by PostNord's owners in 2014.

Profitability

Target: The target for return on capital employed is 10.5 percent.
Outcome: 2.6 percent (19.2).

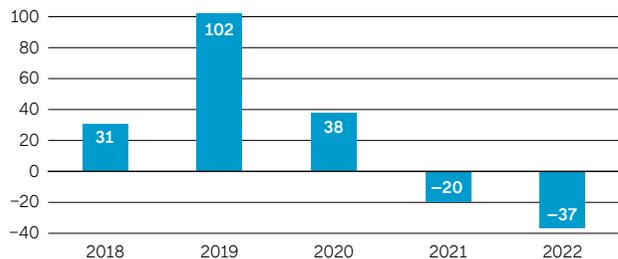
Return on capital employed, percent



Capital structure

Target: The target for net debt ratio (including pensions but excluding lease liabilities) is 10–50 percent.
Outcome: –37 percent (–20).

Net debt ratio, percent



Dividend policy

Target: The target for dividend is 40–60 percent of net income for the year.
Outcome: No dividend (no dividend).

Sustainability targets

PostNord's sustainability commitments and targets are part of the Group strategy. Our sustainability agenda was launched in early 2021 and this year is the first time that we are reporting on outcomes for all sustainability targets.

We manifest climate leadership

Our objective is fossil-free transportation and operations by 2030. During the year, PostNord developed new climate targets and had them approved by the Science Based Targets initiative. The base year is 2020.

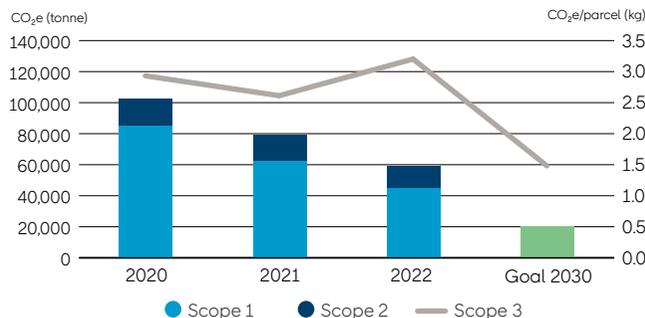
Target: –80 percent absolute scope 1 and 2 greenhouse gas emissions by 2030.

Outcome: –42 percent relative to the base year.

Target: –50 percent relative scope 3 greenhouse gas emissions by 2030.

Outcome: +9 percent relative to the base year.

Science-based climate targets



The above targets, which are approved by the Science Based Targets initiative, complement those already included in PostNord's sustainability agenda. Read more on pages 23 and 96–99.

We care for our people

Our objective is to provide safe workplaces and to promote fair conditions for suppliers' employees. The first two targets apply to PostNord's employees, the second two to purchasing and suppliers.

Target: No fatal accidents at work.

Outcome: 0.

Target: Lost time injury frequency rate (LTIFR) well below benchmark.

Outcome: Reported by country, see page 100.

Target: Truck Transport Social Guidelines to be implemented in operations by 2025.

Outcome: Implementation initiated.

Target: Responsible Procurement Index (RPI) 100 by 2025.

Outcome: 90.

Read more on pages 27–29 and 100–101.

We unleash the power of diversity

Our objective is to be an inclusive workplace.

Target: Inclusion Index well above benchmark (82).

Outcome: 76 (76).

Read more on pages 30 and 102–103.



Business areas

PostNord connects businesses, public authorities and private individuals by enabling warehousing, transportation and delivery of parcels, mail and other items. PostNord's solid experience and extensive network provide efficient distribution with significant economies of scale.

PostNord is a leader in parcels and logistics services to, from, and within the Nordics. Our primary business areas are:

- Logistics operations, comprising the distribution of parcels, pallets and groupage cargo, as well as bulk goods
- Ensuring that the universal postal service is maintained in Sweden and Denmark
- Third-party logistics to optimize warehousing and logistics on behalf of customers
- Omnichannel solutions for physical and digital communications for businesses, via PostNord Strålfors

The logistics business

The core of PostNord's logistics business is parcels that can be sorted automatically at our terminals. These operations are supported by other logistics services that are in demand from our customers, and that are profitable. Our primary customers are e-retailers wishing to transport goods, directly or via resellers, to consumers.

Our distribution network, unique in the Nordics, is made up of terminals, vehicles and partners with transportation capacity. 7,300 distribution points and 10,000 parcel lockers round out our home delivery offering. Operations are performed using both in-house and contracted personnel and vehicles.

The parcels business is coordinated and controlled to a certain extent at Nordic level, with adjustments for specific needs in the respective market. The aim is cost-efficiency and to make things easier for customers with operations in several Nordic countries.

The mail business

The core of PostNord's mail business is the universal service obligation (USO) that has been entrusted to us in Sweden and Denmark. Here, PostNord's offering and operations are largely governed by legislation and other regulations, such as how long it may take for a letter to reach the recipient. The PostNord offering includes administrative communication, such as invoices and notifications, marketing communication and distribution of newspapers. We also offer services with faster delivery than are required under the terms of the universal service obligation.

Vehicles, drivers, sorting terminals and nodes for collection and distribution are for the most part our own. Markets and legislation differ between Denmark and Sweden, and the mail businesses are managed locally in each country.

Third-party logistics

PostNord offers third-party logistics (TPL), in which we perform logistics services for our customers right to the door at their recipients. This includes, above all, inward deliveries, warehousing and inventory management, and distribution.

Our operating model is based on our own and leased warehouse properties. Transportation operations are procured based on the customer's needs and we use both PostNord's logistics operations and external carriers.

Omnichannel solutions for physical and digital communications

PostNord Strålfors develops and provides communications, invoicing and payment solutions that give companies with a large base of customers and suppliers totally new opportunities for creating stronger and more personal relationships. PostNord Strålfors is an important part of society's communications infrastructure in the Nordics, handling over a billion communication messages and invoices for its customers every year. PostNord Strålfors operates in Sweden, Denmark, Norway, and Finland.





The Group

Net sales totaled SEK 40,212 million (40,693). During the year, both parcel and mail volumes decreased, compared to the previous year. As a result of the decline in volume, along with higher costs driven by external factors, the Group's operating profit decreased to SEK 357 (2,481) million.

Net sales and income

Net sales decreased by –2 percent (–4), excluding acquisitions, disposals and exchange rate effects. In the wake of digitalization of message flows, mail volumes decreased by –12 percent overall (–9); –14 percent (–10) in Sweden and –6 percent (–8) in Denmark. The Group's parcel volumes decreased by –6 percent (11). Business-to-Consumer volumes decreased by –8 percent (16), while Business-to-Business remained unchanged at 0 percent (8). Sales of the Group's other logistics services (third-party logistics, groupage cargo and pallets) increased by 1 percent (12).

Group operating income totaled SEK 357 million (2,481). Operating profit was negatively impacted by lower letter and parcel volumes as a result of the weak economic situation in society and increased costs driven by high inflation. PostNord's high proportion of fixed costs makes it challenging to quickly adapt capacity to fast-changing volume fluctuations. The result includes items affecting comparability totaling SEK –309 (221) million, consisting mainly of transformation costs for staff reductions in Sweden and Denmark. In the preceding year, items affecting comparability consisted in the main of capital gains on the sale of properties.

The Group's adjusted operating income was SEK 666 million (2,260). Other operating income totaled SEK 843 million (953), mainly comprising exchange rate gains and compensation for the universal service obligation in Denmark. Government compensation in connection with the Covid-19 pandemic amounted to SEK

67 million (92). Net financial items amounted to SEK –198 million (–153), comprising interest income of SEK 58 million (49), interest expense for leases totaling SEK 95 million (116), interest expense for pensions totaling SEK 84 million (20) and other financial expenses for loans and exchange rate fluctuations totaling SEK 77 million (66). Income taxes for the period totaled SEK –181 million (–339). Net income for the year totaled SEK –23 million (1,989).

Financial position and cash flow

Equity totaled SEK 13,744 million on December 31, 2022, compared with SEK 9,133 million on December 31, 2021. The change is primarily attributable to the revaluation of pensions, the net income for the year and a positive translation difference as a result of the Swedish krona weakening against other currencies.

The Group's net debt totaled SEK 1,137 million (3,885) including the Group's pension liability and lease liabilities in accordance with IFRS 16. Interest-bearing liabilities consist of non-current liabilities of SEK 6,893 million (7,251) and current liabilities of SEK 2,323 million (1,884). The net debt ratio including pensions and lease liabilities (net debt/equity) was 8 percent (43). The Group's financial preparedness on December 31 totaled SEK 7,086 million (8,242), consisting of cash and cash equivalents of SEK 3,886 million (6,242) and unutilized confirmed credit facilities of SEK 3,200 million (2,000).

Cash flow for the year totaled SEK –2,372 million (1). Cash flow from operating activities totaled SEK 1,646 million (4 011). The change from the preceding year arose mainly through the decrease in income and increased investments. Investments in property, plant and equipment and in non-current intangible assets totaled SEK –1,868 million (–1,408). The investments relate for the most part to vehicles, terminals in Norway, sorting machines, parcel lockers and IT development. Amortization of loans amounted to SEK –513 (–541) million, and repayment of unconditional capital injection to the owners, the Swedish and Danish States, affected cash flow by – (–686). A credit of SEK 982 (1,200) million was received from the Post Office Pension Foundation. The change from the preceding year also reflected a decrease in tax paid, along with a part settlement of SEK 20 million (125) received from PostNord Försäkringsförening.

Income, SEKm ¹⁾	2022	2021
Net sales	40,212	40,693
of which, Communication Services	13,199	13,998
of which, eCommerce & Logistics	27,031	26,714
Operating income (EBIT)	357	2,481
Operating margin, %	0.9	6.1
Items affecting comparability, net	-309	221
Adjusted operating income (adjusted EBIT)	666	2,260
Adjusted operating margin, %	1.7	5.6
Income before tax	158	2,328
Net income for the year	-23	1,989
Earnings per share (SEK)	-0.01	0.99
Cash flow from operating activities	1,646	4,011

¹⁾ For definitions, see Note 32, page 84.

	Dec. 31	
Net debt (SEKm)	2022	2021
Interest-bearing liabilities	9,216	9,134
Pensions and disability pension plans	-3,918	1,281
Long and short-term investments	-276	-288
Cash and cash equivalents	-3,886	-6,242
Net debt incl. pensions and lease liabilities	1,137	3,885
Net debt ratio incl. pensions and lease liabilities	8%	43%
Net debt incl. pensions but excl. lease liabilities	-5,232	-1,892
Net debt ratio incl. pensions but excl. lease liabilities	-37%	-20%

Parent Company

The Parent Company engaged in very limited activity, in the form of intra-Group services. On December 31, 2022, it had 2 employees (2). Other operating income totaled SEK 24 million (8). Operating costs totaled SEK -36 million (-40). Financial items totaled SEK 70 million (30). A Group contribution received amounted to SEK 20 (700) million. Net income for the year totaled SEK 78 million (556).

Proposed appropriation of the Company's net income

The Board of Directors proposes that the unappropriated net income SEK 3,560,256,471 be appropriated as follows:

To be carried forward	SEK 3,560,256,471
Total	SEK 3,560,256,471

Important events

Extraordinary General Meeting

- On February 1, 2022, PostNord AB (publ) held an Extraordinary General Meeting (EGM) in connection with the shareholders' proposal to elect a new member to the Board of Directors. The EGM approved the election of Hillevi Engström as a new member of the Board until the end of the next Annual General Meeting. She replaces Ulrica Messing.

PostNord's climate targets approved by the Science Based Targets initiative

- On April 26, PostNord announced that the Company's climate targets and climate footprint reduction plan have been approved by the Science Based Targets initiative. The Science Based Targets initiative (SBTi) encourages ambitious climate-related measures in the private sector by making it possible for organizations to set science-based emissions reduction targets that are in line with the Paris Agreement.

Annual General Meeting 2022

- The Annual General Meeting of PostNord AB (publ) was held on April 26, 2022. The meeting passed resolutions, for example, on election of the Board and appointment of auditors, and to the effect that no dividend is to be paid to the owners.

State subsidy for 2020 in Denmark approved

- On August 10, 2022, the EU Commission approved the Danish State's compensation to Post Danmark A/S regarding fulfillment of the universal service obligation for the year 2020.

Major events after the reporting period

No major events after the reporting period.

Operations subject to licensing and notification

PostNord conducts operations that are subject to licensing and notification under national legislation in Sweden and Denmark. Strålfors' graphic production facilities are subject to licensing, PostNord TPL has logistics facilities that are subject to licensing or notification and PostNord Sweden has a number of vehicle washing facilities that are subject to notification.

Statutory sustainability report

PostNord has prepared a statutory sustainability report that is separate from the Board of Directors' Report. The scope of the sustainability report is described on the inside cover of this report.

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 coordinated according to the nature of their operations. The operating segments reflect the Group's operational structure.

Operating income (SEKm) and operating margin (%) by segment	2022		2021	
	SEKm	%	SEKm	%
PostNord Sweden	844	3.5	1,954	7.9
PostNord Denmark	-281	-3.4	307	3.7
PostNord Norway	-24	-0.5	37	0.7
PostNord Finland	-43	-3.0	-7	-0.4
PostNord Strålfors	100	5.0	135	6.6
Other business activities	103	3.0	264	5.4
Other and eliminations	-341	-	-208	-
Group	357	0.9	2,481	6.1

PostNord Sweden

PostNord Sweden offers a comprehensive range of distribution solutions in e-commerce, logistics and communication. PostNord Sweden is also responsible for the universal service obligation in the country. Through this service and because we reach every household and business in Sweden, PostNord Sweden helps to make it possible to live and work throughout the country.



Market

PostNord Sweden is continuing to adapt its operations to address the long-term growing e-commerce market and to maintain its role as market leader in the Swedish parcels market. At the same time, PostNord Sweden is working to adapt its operations to new communication patterns in the short term, with long-term declining mail volumes and, in the near future, reduced parcel volumes as a result of challenging events in the world.

The business during the year

During the year, parallel efforts continued to ensure high quality and service levels and to adapt operations to volume. At year-end, a transformation program for operations was initiated in order to create a more business-oriented, cost-efficient and flatter organizational structure.

PostNord Sweden continued to develop its e-commerce services to facilitate the continued growth of e-commerce and meet the needs of recipients. For example, around 4,500 parcel lockers were placed in service across Sweden. In addition, parcel robots were trialed as an alternative to standard parcel lockers. The robots operate indoors and have a higher capacity than the parcel lockers. During the year, it also became possible to send returns using the PostNord app and parcel lockers. Third-party logistics operations continued to expand at Ljungby.

As mail volumes decline, we face a growing need to readjust the mail business. In 2022, the roll-out of alternate-day deliveries was completed and the new delivery model has been operated throughout Sweden since the summer.

To make the readjustment a success, PostNord Sweden is investing heavily in change management. All managers in PostNord Sweden have undergone training in managing change.

The main report of the Postal Financing Inquiry on the future scope and financing of the universal service obligation has been submitted to the government. PostNord will take note of its conclusions and elaborate on our position in a forthcoming consultation response to the Government Offices.

Our overhaul of all modes of transportation and the transformation of the vehicle fleet is in full swing, with a view to fossil-free operations by 2030.

During the year, “green corridors” were established to offer fossil-free transportation of parcels between Stockholm, Gothenburg and Malmö. The program is also contributing to a cost-efficient climate transition.

Finance

Net sales totaled SEK 23,910 million (24,823). Operating income totaled SEK 844 million (1,954) and adjusted operating income SEK 1,074 million (1,854). The decrease in income is mainly explained by lower mail and parcel volumes and a high cost environment driven by external factors.

Outlook

PostNord Sweden’s transformation to enable it to offer e-commerce services with seamless deliveries for customers and recipients continues at pace. At the same time, the mail business is being readjusted in order to better address the decline in demand.

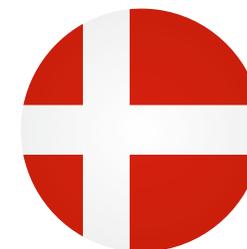
Our climate transition with the goal of becoming fossil-free by 2030 is key. Achieving this goal in full will require innovation, continued focus and systematic action.

SEKm, unless otherwise indicated	2022	2021
Net sales	23,910	24,823
<i>of which, Communication Services (external)</i>	8,582	9,351
<i>of which, eCommerce & Logistics (external)</i>	13,407	12,686
<i>of which internal</i>	1,921	2,787
Operating income (EBIT)	844	1,954
Operating margin, %	3.5	7.9
Items affecting comparability, net	-230	100
Adjusted operating income (adjusted EBIT)	1,074	1,854
Adjusted operating margin, %	4.5	7.5



PostNord Denmark

PostNord Denmark offers a comprehensive range of distribution solutions in e-commerce, logistics and communication. PostNord Denmark is also responsible for the universal service obligation in that country, with a nationwide network of service points offering high service availability and generous opening hours.



Market

Denmark is one of the most highly digitalized countries in the world, including in the public sector, and mail volumes are continuing to decline. In addition, Russia's invasion of Ukraine has resulted in extraordinary macroeconomic challenges, such as increased uncertainty, rising interest rates and higher inflation, which have negatively affected the entire business. Despite the challenges, PostNord Denmark maintained its strong position in the market during the year, both as provider of the universal service obligation and as one of the Danes' favorite parcel delivery companies.

The business during the year

In view of the difficult world situation and increased costs for delivering mail and parcels, PostNord Denmark needed to adapt its operations. This involved adjusting the organization and prices to ensure responsible operation was maintained in the circumstances.

PostNord Denmark has made substantial changes in recent years, streamlined its operations and in 2021 delivered a positive performance. 2022 was challenging and we failed to fully adapt to reduced volumes and increased costs. Going forward, continued streamlining of operations will be important in terms of ensuring profitability.

Trust in PostNord Denmark continued to grow during the year. In order to continue to live up to the high expectations of customers and consumers, PostNord Denmark is constantly developing different delivery options. During the year, PostNord Denmark increased the number of parcel lockers, invested in parcel robots and test-flew its first delivery by drone.

PostNord Denmark continued its work on climate leadership and transition. A high proportion of the vehicle fleet was upgraded to electric cars. In the past, 600 bicycles have been used for daily deliveries of mail and parcels. PostNord Denmark made a number of important investments in sustainable transportation, including a biogas filling station of its own that opened during the year.

In August, the EU Commission approved the agreement between Post Danmark A/S and the Danish State regarding the State subsidy for provision of the universal service obligation in the second half of the year 2020. In late 2022, an agreement was concluded with the Danish State on the universal service obligation for 2023.

Finance

Net sales totaled SEK 8,188 million (8,265). Operating income totaled SEK –282 million (307) and adjusted operating income SEK –211 million (186). The decrease in income is mainly due to reduced parcel volumes, lower import mail volumes and high inflation, mainly related to transportation costs.

Outlook

Consumption patterns are constantly changing and PostNord Denmark is continuously working to maintain a focus on costs, which is particularly important in a challenging macroeconomic climate. PostNord Denmark is continuing to streamline its operations to achieve better financial results. This will require a closer focus on profitability to ensure sound, sustainable and responsible operation of the business.

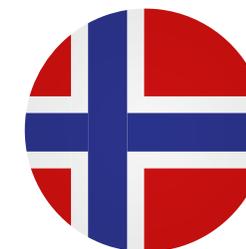
SEKm, unless otherwise indicated	2022	2021
Net sales	8,188	8,265
<i>of which, Communication Services (external)</i>	2,519	2,548
<i>of which, eCommerce & Logistics (external)</i>	4,555	4,464
<i>of which internal</i>	1,114	1,253
Operating income (EBIT)	–282	307
Operating margin, %	–3.4	3.7
Items affecting comparability, net	–71	121
Adjusted operating income (adjusted EBIT)	–211	186
Adjusted operating margin, %	–2.6	2.3





PostNord Norway

PostNord Norway continues to simplify, streamline and invest for customers and consumers through its logistics and e-commerce offering.



Market

The market in Norway was challenging due to the world situation. This led to changes in buying behavior and volumes. A further consequence was rising prices for fuel and other goods and services, and significant wage growth for drivers and terminal workers. A shortage of carriers and drivers further drove up transportation prices.

Customers and consumers are demanding climate-friendly solutions, home delivery and click & collect with simple, flexible and fast deliveries. Minor market participants continued to strengthen their position through niche offerings.

The business during the year

PostNord Norway has made extensive investments in its terminal network to expand production capacity. The principal investments were made in Drammen, Kristiansand and Bergen. These included investments in relocation processes and in ensuring optimal commissioning and roll-out. During the year, the parcel locker network was expanded by the addition of nearly 2,000 parcel lockers across the country. In addition, improved services were tested, especially in deliveries to the home. Digital interaction with consumers was simplified and improvements were introduced. Volumes relating to mail items sent between private individuals grew very strongly during the year. The private-to-private segment is expected to continue to show positive growth, given the preference of consumers for recycling and buying second-hand and vintage. PostNord Norway has been a lesser known player in this segment and is working to gain market share.

In parallel with efforts to improve its offering, PostNord Norway implemented measures to raise productivity and reduce costs. The background is the uncertain market situation. Major adjustments were made at the end of the year.

During the year, "green corridors" were established for service points in Oslo and the surrounding area, making MyPack Collect a more environmentally friendly product. Green corridors were established for biogas vehicles between Alfaset and Larvik. Investments in fossil-free operations continue. These include a vehicle fleet replacement plan that includes the introduction of electric cars in order to achieve zero emissions in Greater Oslo as early as 2023. The investments were recognized through the award of industry's environmental prize to PostNord Norway for its climate commitment and future plans.

Finance

Net sales totaled SEK 5,318 million (4,978). Operating income totaled SEK -24 million (37) and adjusted operating income SEK -16 million (37). The decrease in income is mainly explained by challenges in adapting production capacity to lower parcel volumes and increased costs driven by external factors.

Outlook

PostNord Norway will continue to build its own capacity in terms of vehicles and drivers, and adapt its operations to changes in volume. Norway's authorities have not provided extra support or offered temporary cost reductions to the transportation sector. As a result, fuel costs are to be expected to remain high.

PostNord Norway will focus attention on climate change. For example, PostNord Norway will provide facilities for charging of electric vehicles at several terminals and will establish more green corridors on key routes.

SEKm, unless otherwise indicated	2022	2021
Net sales	5,318	4,978
<i>of which, Communication Services (external)</i>	79	85
<i>of which, eCommerce & Logistics (external)</i>	4,297	3,906
<i>of which internal</i>	942	988
Operating income (EBIT)	-24	37
Operating margin, %	-0.5	0.7
Items affecting comparability, net	-8	-
Adjusted operating income (adjusted EBIT)	-16	37
Adjusted operating margin, %	-0.3	0.7

92.2%
Delivery quality
parcels (91.2%)



PostNord Finland

PostNord Finland is strengthening its logistics and e-commerce offering by simplifying and efficiency improvements.



Market

E-commerce growth slowed as pandemic restrictions were phased out and the personal finances of many consumers deteriorated. Competition remained fierce in the home delivery and service point segments. PostNord Finland's goal is to consolidate its position in the market by further expanding its offering, operations and infrastructure.

The business during the year

PostNord Finland is investing in developing an attractive offering, a strong distribution network and an infrastructure that supports growth. This includes modern terminals with advanced sorting processes in Turku, Tampere and Vantaa. The Turku terminal was modernized in 2020, the terminal in the Tampere area was established in 2021 and Vantaa became operational in early September 2022. The three terminals now form a geographical triangle in southern Finland, where a large part of Finland's logistics transportation takes place.

During the year, PostNord Finland built up its own network of service points to replace its partner model. This included establishing its own parcel lockers. Control over the service point network makes it possible to operate efficiently, sustainably and always with the customer in focus.

PostNord Finland's parcel business and, in particular, its domestic parcel distribution expanded significantly during the year. Another area of success is PostNord Finland's cooperation with the healthcare sector. PostNord Finland retained existing and gained new healthcare customers, strengthening its position as the leading player in healthcare logistics.

Finance

Net sales totaled SEK 1,525 million (1,433). Operating income totaled SEK -43 million (-7). The decrease in income is mainly explained by increased costs due to investments in future growth, in the form of terminal investments.

Outlook

Despite a slowdown, the e-commerce market is expected to continue to grow in the longer term, with rising demand for efficient transportation and logistics solutions. To address this trend and gain market shares, PostNord Finland is focusing on expanding its infrastructure and network and creating an excellent customer experience with sustainable logistics services. In Finland, PostNord is still to be regarded as a challenger in the logistics market.

SEKm, unless otherwise indicated	2022	2021
Net sales	1,525	1,433
<i>of which, Communication Services (external)</i>	0	0
<i>of which, eCommerce & Logistics (external)</i>	1,059	988
<i>of which internal</i>	466	445
Operating income (EBIT)	-43	-7
Operating margin, %	-2.8	-0.4
Items affecting comparability, net	-	-
Adjusted operating income (adjusted EBIT)	-43	-7
Adjusted operating margin, %	-2.8	-0.4

88.1%
Delivery quality
parcels (94.8%)

PostNord Strålfors

PostNord Strålfors develops and offers solutions in communication, invoicing and payment. These services offer companies with many customers and suppliers new opportunities to create stronger and more personal relationships. PostNord Strålfors is an important part of society's communications infrastructure in the Nordics, handling more than a billion messages and invoices for its customers every year. PostNord Strålfors operates in Sweden, Denmark, Norway, and Finland.

Market

The market for digital services is expanding, although not at the same pace as during the pandemic. The market in physical communications continues to decline as a result of digitalization. As in previous years, the market is characterized by increased consolidation. PostNord Strålfors holds a strong position in customer communications in the Nordics, despite fierce competition in all areas of operations and countries.

The business during the year

PostNord Strålfors continued with its improvement program to address the growing digital market and the structurally declining market in physical communications.

PostNord Strålfors is investing in both skills and technology to develop its digital offering. During the year, PostNord Strålfors further expanded its service portfolio, adding several new channels and services. The Nordic omnichannel offering will be rounded out with open banking-based payments.

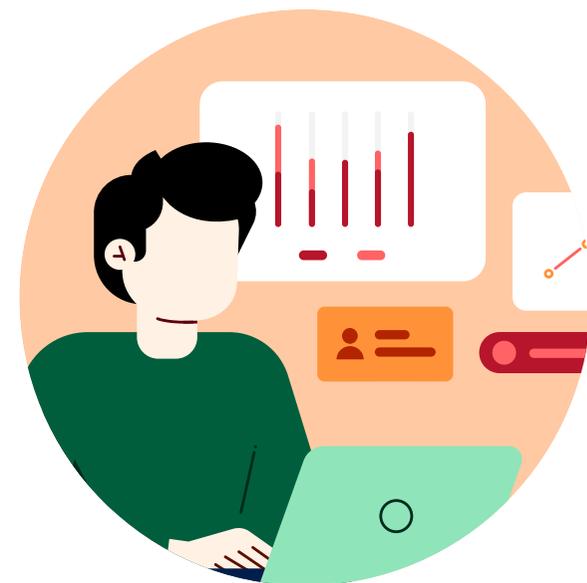
Physical production is being streamlined and optimized on an ongoing basis to exploit synergies across the Nordic network.

Finance

Net sales totaled SEK 2,076 million (2,037). Operating income totaled SEK 100 million (135). Income decreased due to increased service development costs and product mix effects.

Outlook

PostNord Strålfors is working on strengthening its position as its customers' digitalization partner, by offering the leading channel-agnostic platform for customer communications. Competition in the market is expected to remain intense.



SEKm, unless otherwise indicated	2022	2021
Net sales	2,076	2,037
of which, Communication Services (external)	1,833	1,804
of which internal	244	233
Operating income (EBIT)	100	135
Operating margin, %	4.8	6.6
Items affecting comparability, net	–	–
Adjusted operating income (adjusted EBIT)	100	135
Adjusted operating margin, %	4.8	6.6

Other business activities

The segment is made up of Direct Link, which offers distribution solutions worldwide, logistics operations in Germany, as well as Svensk Adressändring and AddressPoint.

Direct Link

Outside the Nordic region, PostNord also has a presence via Direct Link. Direct Link's primary offering to international e-commerce companies and marketplaces is distribution of products to consumers in the Nordics and internationally. Direct Link also makes it easier for e-commerce companies establish operations in new markets, by providing services such as market analysis, direct marketing and logistics solutions for warehousing. Direct Link has companies and employees in China, Hong Kong, Singapore, the UK, Poland, Germany and the USA.

2022 was a challenging year for Direct Link, largely because the business lost an important customer. In the long term, Direct Link benefits from any expansion in international trade.

Germany

PostNord's logistics operations in Germany manage import and export flows via Europe to the Nordics. Customers consist largely of companies in the fashion industry, which faced tougher external conditions and reduced trade during the year. Parcel volumes fell by -10 percent. At the same time, the customers concerned are big with consumers in large cities, which makes them attractive.

Svensk Adressändring and Addresspoint

Svensk Adressändring, which is owned jointly by PostNord and CityMail, offers services for notifying a move, ordering a change of address and mail forwarding and holding. Svensk Adressändring works with other postal operators, the Swedish Tax Agency and Statistics Sweden. AddressPoint is a sister company of Svensk Adressändring and sells address services.

Finance

Net sales totaled SEK 3,911 million (4,891). Operating income totaled SEK 103 million (264). Income decreased due to the fact that Direct Link lost an important customer and was also affected by the declining e-commerce market and rising inflation. Parcel volumes in logistics operations in Germany decreased as a result of lower exports to the business-to-consumer market in the Nordics.



SEKm, unless otherwise indicated	2022	2021
Net sales	3,911	4,891
<i>of which, Communication Services (external)</i>	187	210
<i>of which, eCommerce & Logistics (external)</i>	3,713	4,670
<i>of which internal</i>	12	11
Operating income (EBIT)	103	264
Operating margin, %	2.6	5.4
Items affecting comparability, net	-	-
Adjusted operating income (adjusted EBIT)	103	264
Adjusted operating margin, %	2.6	5.4

PostNord's agenda for sustainable logistics

PostNord's vision is to be the favorite carrier of the Nordics and our mission is to make everyday life easier for consumers and customers. Our vision and mission constitute the framework for PostNord's sustainability commitments.

PostNord's role in society

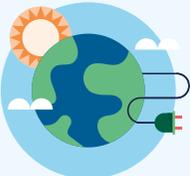
As a leading player in parcel and logistics services, PostNord holds a key position in the Nordic business community and society. With our unique network, we enable businesses, public authorities and private individuals to do business, deliver products and communicate with each other. This creates many possibilities, including in sparsely populated areas.

Our mission is to offer customers and recipients reliable deliveries that help drive dynamic communities. This includes the mission of fulfilling the universal service obligation (USO) in Sweden and Denmark.

Sustainability is key in PostNord's strategy

PostNord's strategy focuses on our core business: parcels and mail. Our strategy is to win in parcel and to run an economically sustainable mail business. Sustainability paves the way

PostNord's agenda for sustainable logistics



We manifest climate leadership



We care for our people



We unleash the power of diversity

for PostNord's strategy and our climate transition is one of the Group's strategic initiatives. Read more about PostNord's strategy on page 9.

PostNord's agenda for sustainable logistics

PostNord's Group-wide agenda for sustainable logistics is based on our key sustainability aspects and our ability to contribute to the UN Sustainable Development Goals. The agenda is based on three commitments:

- 1. We manifest climate leadership.** PostNord is demonstrating that a rapid climate transformation of transportation is possible. Our overall goal is fossil-free transportation and operations by 2030.
- 2. We care for our people.** We are committed to continuous improvement in safety, and fair conditions – as a major employer and buyer, we can make a significant difference. The overall goal of safe workplaces applies to PostNord employees. The overall goal of fair conditions applies to suppliers' employees as well as to PostNord's work on responsible purchasing.
- 3. We unleash the power of diversity.** PostNord is a force to be reckoned with – more than 30,000 of us in the Nordic region bring a range of experiences, skills and perspectives to the table. For everyone to come into their own, we need to unleash the power of this diversity. Our overall goal is to be an inclusive workplace.



“I want to be part of equipping PostNord for the future.”

Meet Amanda Jackson, new Head of Sustainability in the PostNord Group!

What attracted you to PostNord?

PostNord is a leader in an industry that plays a key role in the climate transition – I wanted to be part of that. I also saw an opportunity to promote human rights in the transportation industry. And PostNord has a CEO and management team with a strong commitment to sustainability issues – that weighed heavily.

What do you think sets PostNord's sustainability work apart?

PostNord has a sustainability agenda that is both relevant and ambitious. When a big player like PostNord has decided to take the lead, a lot can happen. Our Group-wide climate transformation program is enabling us to make a smarter and faster transition.

What are you looking forward to developing?

A lot! In the near future, the focus will be on human rights, the Truck Transport Social Guidelines and the Group's sustainability governance. There are many new requirements to deal with and we need to continue to adapt to stay relevant and successful. To sum up, I want to be part of equipping PostNord for the future.

We manifest climate leadership

Climate change is one of the greatest challenges of our time. The transportation sector accounts for a major share of global greenhouse gas emissions. As a leading player in logistics in the Nordics, we are taking the lead in the industry's climate transition.

Challenges and opportunities

The Nordic transportation system remains fossil-fuel dependent. To meet the climate challenge, the entire transportation sector needs to switch to fossil-free fuels.

The challenges are many and tough, but there are also many opportunities. We can be a solution for other players – many customers have ambitious climate targets and are counting on PostNord to achieve them. Progress depends on partnerships, both inside and outside the transportation sector. For example, our sector is dependent on the energy sector and we need to develop alongside each other.

PostNord's commitment

Road transportation accounts for around 60 percent of PostNord's climate impact in the value chain. That's why our climate agenda seeks primarily to optimize our logistics system and the vehicles that PostNord and our transportation providers operate on the roads of the Nordic region. Securing a Nordic infrastructure for fossil-free transport by 2030 will be costly and complex, but it is necessary and doable. In addition to our work in transportation, we are greening our terminals and other buildings.

Climate leadership targets

Our overall target is fossil-free operations by 2030.

During the year, PostNord developed new climate targets and had them approved by the Science Based Targets initiative (SBTi). These targets complement those already included in PostNord's sustainability agenda.

The new science-based targets are:

- – 80% absolute scope 1 and 2 greenhouse gas emissions by 2030
- –50% relative scope 3 greenhouse gas emissions by 2030

PostNord has previously been working towards the following operational targets:

- –40% carbon emissions in operations by 2025
- Zero emissions for last mile transportation by no later than 2027

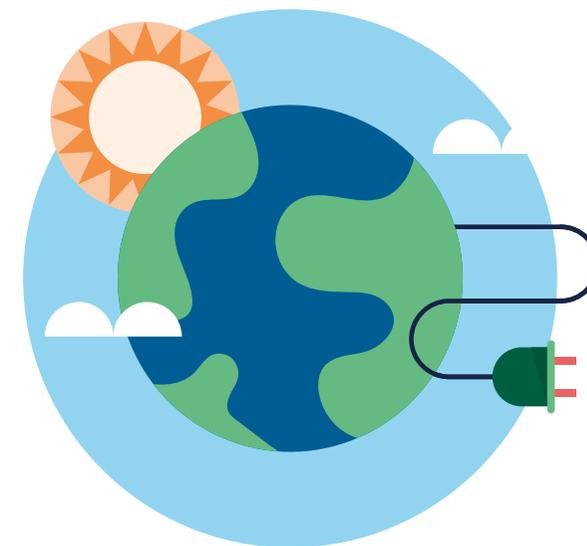
For definitions, outcomes and further information, see pages 96–99.

Initiatives in 2022

PostNord is constantly striving to develop our business with the aid of solutions for planning, controlling and monitoring production and transportation. We focus on efficiency improvements and reducing energy use, as well as on using the energy types.

Optimization of logistics systems and capacity

Fully loaded vehicles and optimally planned routes are key to efficiency, and to energy and environmental performance. Our many initiatives in efficient transportation include AI for resource-smart logistics flows. This is a collaboration between PostNord TPL and Skrym and is supported by the Swedish Energy Agency. Skrym's technology analyses millions of orders and products in order to produce a suitable set of packaging sizes and reduce unnecessary volumes of air in parcels. The project will run until September 2023 and is expected to lead to a reduction in the use of corruga-



ted cardboard, as well as fewer transports, lower emissions and happier recipients.

Right mode of transportation

The major share of PostNord's transportation takes place by road, mainly in trucks. We are looking into the possibility of transporting more parcels by rail.

At present, all but one of the mail terminals in Sweden are connected to the rail network. In Norway, most parcel and pallet volumes are carried by rail.

Air transportation is used to a certain extent, mainly to ensure that mail that has to travel a long way reaches its destination within the specified time, i.e. according to Sweden's Postal Act. During the year, we conducted a unique trial with transportation services supplier Zimex and fuel producer Neste. Two mail flights were operated on fuel with an unusually high (39 percent) blend of sustainable aviation fuel (SAF). SAF is produced entirely from renewable raw materials. The trial was successful, but the emission reduction was too small to justify the cost. Of course, we are continuing to explore opportunities in all modes of transport, including air.



Conversion of vehicle fleet

Electrification. PostNord is investing heavily in electrification of our vehicle fleet. Every market is gradually phasing in electric vehicles in line with local production. At year-end, PostNord had

PostNord's vehicle fleet

60%

Renewable energy
in own vehicles

nearly 13,000 own vehicles, of which 13 percent were bicycles and mopeds, 75 percent were distribution vehicles and 12 percent were heavy goods vehicles (>3.5 tonnes). Overall, 29 percent of PostNord's vehicle fleet ran on electricity.

The proportion of electric vehicles differs according to type of vehicle: for bicycles and mopeds the share is 87 percent, for distribution vehicles 23 percent and for heavy goods vehicles a mere 0.54 percent. In addition to our own fleet, PostNord began leasing a large number of electric trucks. At present, there is a lack of aggregated data on the vehicles of transportation providers.

PostNord TPL took an important step towards electrification of heavy goods transportation. An all-electric heavy goods truck and trailer was placed in service transporting goods from the Bauhaus warehouse to stores in Norrköping and Linköping in Sweden. The trial, a collaboration with Einride, aims to establish an effective structure and functionality for this type of electric transportation. We expect to learn many important lessons in preparation for more, and larger-scale, investments, going forward.

As things stand, electrification of heavy and long-distance transport is a challenging task. Vehicles should be affordable in terms of total cost, offer a good range and be rapidly and easily rechargeable, which requires a well-developed charging infrastructure. In view of these factors, biofuels are currently the best overall option for heavy goods transportation.

Biofuel. PostNord is constantly increasing the blend of renewable fuels in vehicles that previously ran on fossil diesel. We mainly use HVO100. Other biofuels, among which the main option is biogas, require modification or other types of engine.

At year-end, 60 percent of the energy used in our own vehicle fleet was renewable.

During the year, ten biogas trucks were purchased for the Danish organization. To secure a supply of fuel for these vehicles,

Towards fossil-free energy



1. From fossil-based

PostNord has started on the transition from fossil-based energy. The fossil-based model includes oil extraction, petroleum products and fossil fuels. It also includes electricity generated from fossil fuels.



2. Via bio-based

To bring fossil emissions down quickly, we are increasing the use of biofuels such as HVO and biogas.



3. To fossil- and emission-free

The goal for 2030 is a largely zero-emission fleet, with light electric vehicles and heavy trucks running on biofuels.

we opened our own filling station in Brøndby, Denmark. At year-end, PostNord was operating a total of 66 biogas vehicles.

PostNord engaged in dialog with producers and distributors of HVO and biogas. The aim is to ensure sufficient volumes of these fuels at reasonable prices.

Collaboration for change. Collaborating with transport suppliers is crucial to PostNord's climate transition. Outsourced transportation accounts for the major share (over 80 percent in 2022) of emissions from transportation. We mainly outsource long-distance transportation to external providers. By exerting influence, as a major buyer, over hauliers we can play a part in transformation of



the sector as a whole. During the year, we conducted interviews and analyzed how transport providers can become an active part of PostNord's transformation. The next step will be to test different joint working processes.

PostNord is also working with players in other industries who, like us, are aiming to commercialize fossil-free heavy transport on a large scale, in line with the Paris Agreement. This cooperation is taking place within the framework of the Pathways Coalition. In addition to PostNord, the coalition includes E.ON, H&M Group, Scania, Siemens and Ericsson.

Climate adaptation as a customer offering

Environmentally-adapted deliveries. We are working on various initiatives to meet customer demand for climate-adapted transport and to reduce emissions. One such initiative is fossil-free deliveries in eco-zones in a number of Swedish cities. Another is this year's launch of so called green corridors, that is, fossil-free deliveries on selected routes. Read more about green corridors on the right of this page.

During the year, we invested heavily in expanding our network of parcel lockers across the entire Nordic region. The plan is that network density should be such that recipients will not have to drive to collect their parcel, lessening environment impact. One of the aims of the expansion is to establish more parcel lockers in rural areas.

PostNord launched climate-adapted service points in Aarhus, Denmark, and plans to do the same in more areas. The criteria are fossil-free delivery from the terminal to the service point, a facility for recycling packaging on site, easy access for cycling or walking and proximity to public transportation and/or grocery store(s).

Climate report to customers. Many customers ask for detailed information on emissions from transportation on their behalf. During the year, we developed a tool for customer-specific climate



Fossil-free transportation in green corridors

The climate and customers cannot wait – more and more e-commerce customers are demanding fossil-free deliveries. In response to this demand, we are concentrating our climate transition in certain regions and parts of our network. By focusing on routes where we handle large parcel volumes, we can lower emissions and meet customers' needs cost-efficiently. During the year, we launched green corridors in Sweden and Norway. In Sweden, all transportation between PostNord's parcel terminals in Stockholm, Gothenburg and Malmö is fossil-free. The plan is to expand the number of green corridors in Sweden and Norway and to take the concept on to PostNord's other markets.



reports. Reports are currently available for a number of services in Sweden and more are in the pipeline. Similar solutions exist or are being developed at PostNord in Finland, Norway and Denmark. The idea is to standardize them in order to have a single solution for the whole Group.

Nordic Swan Ecolabel in progress. During the year, PostNord was involved in the development of the Nordic Swan Ecolabel for e-commerce transport by taking an active part in the public consultation regarding the criteria. The criteria will take an all-inclusive approach by including climate and environmental impact reduction, efficient and coordinated transportation and social responsibility. The Nordic Swan Ecolabel will become the world's first third-party certification for e-commerce transportation. The label is expected to be available in early 2023, for the benefit of consumers who want a sustainable option at checkout when e-shopping.

Resource efficiency and packaging

It is hardly surprising that many e-commerce packages contain an unnecessary amount of air. PostNord is involved in several

activities to address the problem, in association with other market participants. Our collaboration with the Chalmers University of Technology, in Gothenburg, Sweden continued during the year and is expected to emanate in a research report in early 2023. The results will be used in a new center of excellence for packaging within Green by PostNord, our climate transition program.

More efficient and CO₂-leaner buildings

When it comes to buildings, PostNord is committed to using less, and cleaner, energy. We are reducing energy use and improving energy efficiency in many ways, including by use of LED lighting, better temperature control and encouraging changes in behavior.

During the year, we started implementation of a new connected heating system in Denmark, and the system will be rolled out in more countries. The system uses AI for smart heating of large buildings, and we anticipate energy savings in the range of 20–40 percent. The combination of LED lighting and smart heating systems delivers very good energy performance and more efficient building envelopes.

In the properties where PostNord is on an electricity contract, we only buy renewable energy. We are also establishing our own

energy production. During the year, several terminals, including Hallsberg in Sweden, had solar cells installed. The solar installation at Hallsberg is rated at 500 kW and is expected to produce 456 MWh per year. This is about 14 percent of the terminal's total electricity needs. We are also exploring the possibility of installing wind turbines.

Next steps

We will continue to transform the fleet, focusing on vehicles and infrastructure for fossil-free transportation. For example, we aim to trial heavy electric vehicles for longer transports and are looking at the possibility of using rail transportation to a greater extent. The focus will be on green corridors and other arrangements for fossil-free transport. The point is to meet customers' demands and wishes, while reducing PostNord's total climate-impacting emissions. Our objective is to achieve closer collaboration with transportation providers in order to involve them in PostNord's – and the sector's – climate change transition.

We care for our people

PostNord focuses systematically on ensuring safe workplaces for our own and contracted employees, as well as on fair conditions for truck drivers at external transportation companies and employees at our suppliers.

Challenges and opportunities

PostNord employs around 25,000 people, contracts around 8,000 for our operations and helps create countless jobs by purchasing transportation and other services and products to a value of more than SEK 20 billion annually. This brings both challenges and opportunities, and a responsibility to make a positive difference.

PostNord's commitment

In terms of employees, PostNord's commitments and objectives are based, for example, on a human rights due diligence assessment of our value chain.

PostNord's impact defines the scope of our commitment. Our goals and initiatives encompass our own employees, contracted staff, drivers driving on behalf of PostNord and employees of other suppliers.

People targets

PostNord's overall goals are to provide safe workplaces and to promote fair conditions for suppliers' employees. In more specific terms, our goals are:

Safe workplaces

- No fatal accidents at work
- Lost time injury frequency rate (LTIFR) well below benchmark

For definitions and further information, see page 100.

On fair conditions

- Truck Transport Social Guidelines (TTSG) to be implemented in operations by 2025
- Responsible Procurement Index (RPI) 100 by 2025

The TTSG aims to improve working conditions for truck drivers in Europe. The guidelines were developed by a number of transportation buyers and providers working together in CSR Europe, including PostNord. The RPI is an internal index based on purchases according to PostNord's guidelines, as well as suppliers' compliance with PostNord's Code of Conduct. For detailed definitions and further information, see page 101.

Safe workplaces

Everyone at PostNord's workplaces should be, and feel, safe and secure. We strive for a safety culture where everyone plays a part in minimizing the number of workplace accidents and injuries.

The majority of PostNord employees drive for work and/or spend time in mobile environments. Situations such as traffic, loading and unloading of goods, heavy lifting and other manual processes may be hazardous. Work may be stressful and threats and violence can unfortunately occur. Over time, there is a risk of strain conditions and injuries.

As a major employer and issuer of contracts, PostNord is in a position to offer good jobs and conditions for many people. To create and maintain a good working environment, we work systematically on continuous improvement.



Initiatives in 2022

Clearer governance

During the year, we better equipped the Group for good outcomes. For example, the Swedish organization developed a work environment policy and signed a work environment agreement with the trade unions representing our employees.



Better physical work environment

Logistics processes can be physically stressful – they may involve heavy, high, low and frequent lifting. In Sweden, PostNord carried out several projects and measures to improve the physical work environment in the parcel process. For example, various technical aids were tested and introduced to facilitate this work. In addition, we are reviewing other factors affecting the physical work environment, such as organizational measures including task variation and training.

The mail business in Sweden underwent major changes when alternate-day delivery was introduced. During the year, we investi-



gated the work environment in the mail business with the aid of an external partner. The next step will be to translate the recommendations into specific actions and improvements.

Fewer accidents

In Denmark, we succeeded in reducing sick leave levels due to work-related injuries in several parts of the organization. In logistics, sick leave levels fell by nearly 40 percent. One terminal in particular, which had a problem with an unacceptably high number of accidents, managed to lower its accident rate significantly, partly through physical work environment measures and partly through management focus and follow-up. These successes also reflect diligent communication regarding targets and outcomes, and closer monitoring of absences.

Better conditions for drivers

Starting point

The logistics sector faces a number of challenges regarding the employment and working conditions for drivers. These include basic conditions such as access to clean water, sanitation and hygiene, as well as rest and recovery, but also freedom from threats, violence and other crime. Road safety, fraud and a general lack of compliance are additional challenges in the sector. These problems are exacerbated by increasing competition and pressure on prices, as well as complexities in cross-border legislation.

Drivers working for our transportation providers are subject to PostNord's Supplier Code of Conduct and, in the long term, the Truck Transport Social Guidelines.



How we work

Through Responsible Trucking, an initiative of CSR Europe, PostNord is involved in making the transport and logistics sector more sustainable and fair. In collaboration with other transport buyers and providers, including H&M, IKEA, Maersk, Raben, Scania and Volvo, we aim to improve working conditions for Europe's approximately 740,000 truck drivers.

Responsible Trucking launched the Truck Transport Social Guidelines (TTSG) in summer 2021 to set standards that PostNord and other partner companies undertake

to follow and pass on to suppliers and subcontractors. The TTSG state a number of requirements focused on improving the working conditions of drivers. These requirements include access to toilets, clean water and weather protection at terminals.

Responsible Trucking will support the implementation of the TTSG, for example, via a tool for spot checks and by engaging in dialog with stakeholders to help develop policy in the area.

Initiatives in 2022

During the year, we initiated the roll-out of TTSG. We will evaluate the conditions and adapt our terminals also to offer non-PostNord truck drivers access to clean water, toilets and weather protection during loading and unloading. We will implement Responsible Trucking's spot check tool that enables drivers to self-report irregularities and deviations from applicable laws and standards. Initially, ten terminals will start using the spot check tool.

Responsible purchasing

Starting point

Every year, PostNord purchases goods and services to a value of approximately SEK 20 billion, from around 10,000 suppliers. By setting requirements and working with our suppliers on, for example, social and environmental aspects, we influence a large



number of companies in many sectors. Purchases of road transportation services are made in each country of operation, while other purchases are procured centrally at PostNord. PostNord's major purchasing categories are transportation, fuel, staffing and IT. Our purchasing is based on cost efficiency, competitive tendering, impartiality, risk management and sustainability in the supply chain.

How we work

Code of Conduct. Initiatives to promote a sustainable supply chain are based on compliance with PostNord's Supplier Code of Conduct. This includes requirements for legal compliance, good working conditions, a healthy work environment, respect for the environment and zero tolerance of corruption.

Implementation. PostNord's Code of Conduct is included in all agreements with suppliers. Various training courses on sustainability in supply chains are available, both for PostNord employees and for suppliers. For example, we offer an e-learning course at postnord.com. As far as we are concerned, it's about integrating sustainability in the purchasing process. The courses for suppliers aim to facilitate compliance with the PostNord Supplier Code of Conduct.

Monitoring. PostNord has a Group-wide process to monitor suppliers' compliance with the Code of Conduct. The process includes a risk assessment based, for example, on self-assessment by suppliers. If necessary, an on-site audit is performed. Read more about monitoring compliance with the Code of Conduct on page 101.

Development. We are moving the emphasis from simply setting and monitoring requirements to extended and longer-term collaborations. If a supplier cannot meet the requirements of the PostNord Code of Conduct, we choose support as a first option and termination as a last resort.

Initiatives in 2022

During the year, we introduced the Responsible Procurement Index (RPI) as an indicator and target for responsible purchasing. This is a proprietary index that takes into account both our own behavior and that of our suppliers. The RPI is based on the following components:

1. Percentage of centrally procured purchases according to PostNord guidelines (target: 90 percent)
2. Percentage of procured road transportation purchases according to PostNord guidelines (target: 95 percent)
3. Sustainable supply chain: percentage of purchases from suppliers who commit to comply with PostNord's Code of Conduct (target: 90 percent)

Achieving the above targets for the three components is equal to RPI 100, given how the index is weighted. The year's target for the RPI was 92 and the outcome was 90. The target for 2025 is RPI 100.

Monitoring of suppliers also includes following up training in the PostNord Code of Conduct. The target group was suppliers who were to be audited.

To develop our own capacity, we developed a sustainability training course for the transportation organization and buyers. The plan is to roll out the course in 2023.

Read more about responsible purchasing on page 101.

Safer logistics

The goal is clear: PostNord's LTIFR should be well below the sector average. The Danish logistics business had a long way to go and decided to do something about it.

The work environment committee put the spotlight on transportation equipment such as mail containers, pallets and articulated trucks in its safety reviews. A series of measures were taken at the logistics terminals, including re-routing traffic with clear markings and rules. The Køge goods terminal also installed vacuum lifters and extended conveyor belts to make work processes easier and reduce the risk of accidents. Management's focus on working practices and behavior also helped bring about positive change.

The initiatives certainly paid off – accidents involving transportation equipment were halved, LTIFR fell by 41 percent and sickness absence due to work-related injuries fell by 24 percent. The favorable outcomes also played a part in enabling the Danish logistics operations to be considered fit for ISO certification. The business is now certified according to work environment, quality and environmental standards. And work to minimize accidents and injuries continues to progress.





We unleash the power of diversity

PostNord is an organization with a high level of diversity. Our aim is to get even better at gaining maximum benefit from this asset. Unleashing the power of diversity gives strength to every employee, and the Company as a whole.

Challenges and opportunities

PostNord welcomes people who can and want to take the Company forward. Gender, transgender identity or expression, ethnic affiliation, religion or other belief, disability, sexual orientation or age shall not be an issue. Respect and equal rights, obligations and opportunities are basic principles in how we work.

An active focus on diversity and inclusion enables us to take account of all the perspectives required to meet the various needs of customers, and to develop and strengthen our business. When every employee feels that what he or she feels, thinks and contributes is appreciated, satisfaction and motivation increases and the working climate is enhanced.

Of PostNord's more than 25,000 employees, around one third are women and two thirds are men. Around a fifth of employees are under 30 years of age and two-fifths are over 50. We have a mix of backgrounds, cultures and languages.

PostNord's commitment

According to PostNord's diversity policy, it is up to everyone in the Company to contribute to an inclusive and respectful work environment. The policy also sets out our responsibilities as employers, managers and leaders, and as employees. According to the policy, diversity should permeate all aspects of the employee process (see Diversity at all stages, below).

Inclusion target

PostNord's commitment is to unleash the power of our diversity and our overall goal is to be an inclusive workplace. In more specific terms, our target is:

- Inclusion Index well above benchmark (>82)

For further information, see pages 102–103.

Culture and leadership

We at PostNord are united in our mission to make everyday life easier and more sustainable for those who live and work in the Nordics. PostNord's desired culture is summed up: reliable, ABC leadership and sustainable.

Reliable. We keep our promises, and together do our best to make everyday life easier. We strive to build trust in PostNord as an integral part of society, among our customers and partners, and between colleagues.

ABC leadership. We are accountable, brave and committed. We lead change effectively, whether for ourselves or for others. We encourage teamwork, sincerity and positive relationships at the workplace. We build on our successes, and learn from our colleagues and mistakes.

Sustainable. We challenge the status quo and ourselves by identifying innovative solutions. We are results-oriented and when problems arise, we play a part in finding the solution. Our goal is to be sustainable in both the short and the long term.



Diversity at all levels

Recruitment. The needs of the business and the skills of the candidates determine who is recruited and promoted. We develop diversity by advertising all managerial, leadership and project manager positions internally and externally, and by holding qualification-based interviews. When recruiting managers, we aim to have both men and women among the final candidates.

76

Inclusion Index



Development and succession. To enable everyone to develop and contribute to the business, every employee is offered an annual performance appraisal with their immediate manager. This process is coordinated with PostNord's succession planning.

A number of development programs, of which PostNord Professionals is one, are offered to promote employee skills development. Diversity is integral to PostNord's various talent and development programs for managers and specialists, as well as to the country-based management development programs. These include our Diversity game, which is designed to spark conversations and initiatives to unleash the power of our diversity.

Salary and benefits. Salary and benefits are based on the employee's experience, skills, position and the relevant collective bargaining agreement. Each country of operation conducts salary surveys to ensure that salaries are fair and non-discriminatory.

Follow-up and reporting. Every year, we conduct our FOCUS employee survey in order, for example, to assess how well we live up to PostNord's values and aspiration to be an equal opportunity and inclusive workplace.

PostNord operates a zero tolerance policy for discrimination. A specific reporting channel is provided for those who have experienced and wish to report discrimination.

Initiatives in 2022

FOCUS: How employees view PostNord

Every year, we conduct our PostNord employee survey FOCUS. This year's response rate was all of 89 percent, which we regard as testimony to employee engagement.

FOCUS is used to monitor the goal of being an inclusive workplace, for example. The Inclusion Index summarizes employees' responses to the statement "in my team we respect and trust one another". The year's Inclusion Index came out at 76, the same as in 2021. Individual targets for inclusion are set in each of the countries of operation. The Inclusion Index will be revised in order to include more aspects and issues.

In addition to inclusion, we are particularly interested in the following indicators in the FOCUS survey:

- The Satisfaction & Motivation Index, which provides an overview of employee engagement
- The Immediate Manager index, which is key because the perception of the immediate manager has a major impact on engagement

Read more about the above indicators on page 102.

Each team discusses its FOCUS results and develops a plan to build on strengths and address areas of weakness.

We also monitor the employee experience relative to the customer experience. Results go hand in hand – when employees are satisfied, so are customers.

More robust recruitment process

During the year, we standardized and structured recruitment processes, partly with the aid of digital tools. For example, we developed new templates for advertising templates. The aim is to promote recruitment without prejudices and generally to enhance candidates' experience of PostNord.

PostNord Denmark focused on gender balance and gender equality in recruitment, which is believed to have contributed to

an increase of approximately 10 percent in the proportion of female managers during the year.

Structured development and succession

During the year, we developed our internal recruitment process to ensure that employees are happy in their work, develop and contribute to the business. We use clear target contracts and continuous follow-up. The process also supports PostNord's succession planning, allowing us to fill mission-critical positions.

New round of the Jobbsprånget program

PostNord continues to operate Jobbsprånget – during the year, a PostNord manager mentored an intern.

Jobbsprånget is Sweden's largest internship program for newly-arrived graduates. Since its launch in 2016, nearly 2,200 talents have been matched with more than 400 employers. The initiative is paying off – about 70 percent are getting jobs.

Employer branding with diversity

We communicate diversity in our employer branding to show what PostNord is like as an employer, and to attract more of the right kind of candidates. Within the Group, we share stories of colleagues with different experiences and abilities taking different career paths in the Company. PostNord Denmark celebrated gender equality by issuing a series of stamps featuring famous women of history. The issue was complemented by social media posts about women managers in our business. PostNord Denmark also signaled its commitment to gender equality by signing the Gender Diversity Pledge, an initiative of the Confederation of Danish Industry.

PostNord Professionals engaging in the climate transition

PostNord wants to develop a multifaceted workforce able to drive the major changes the Company is undergoing and to inspire those around it to do the same. PostNord Professionals is an important piece of the puzzle here.

The task for this year's PostNord Professionals was to propose ways that PostNord's employees can be involved in the Company's climate transition. Participants applied futures design and design thinking to understand possible future scenarios and develop proposals for solutions. The level of creativity was high, and proposals included an initiative to encourage employees to use electric bicycles instead of driving to work, a plan to incorporate sustainability into the definition of goals for everyone, and ways to inform and engage through gamification.

PostNord Professionals is a Group-wide annual program for specialists who can and want to rise to more senior roles within a few years. To be considered for the program, applicants need strong analytical skills, a willingness to learn from others and an ability to translate theory into practical solutions. Employees from diverse backgrounds are encouraged to apply. PostNord Professionals has been developing specialists, and PostNord, since 2014.





Risk and risk management

Proactive, structured risk management will enable PostNord to achieve its goals. The overall objective of risk management is to ensure that the risks that may affect the Group's strategy and goal fulfillment are identified and managed in an effective and systematic way that creates value.

Risk management at PostNord is based on the Group's Enterprise Risk Management Policy, which is established by the Board of Directors. The Group 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 strategy work and business planning. Operational risk and related risk control activities are followed up continuously and reported back to the Group Leadership Team and Board of Directors. PostNord's Board of Directors and Group Leadership Team bear overall responsibility for ensuring that the Group's risks are managed appropriately, and appoint functions with responsibility for Group-wide risk control activities. Responsibility within the country organizations, Group functions and subsidiaries lies with the relevant manager. The Group's risk management function is responsible for developing and establishing Group-wide procedures and methods for

effective risk management, and provides support to the organization. On the next few pages, we describe the risks that PostNord considers most important to address.

PostNord's reporting based on the TCFD is provided on pages 37–39. Additional descriptions of climate-related risks and opportunities are given, along with their main potential financial impacts.

Strategic risks

DESCRIPTION OF RISK

Market conditions

PostNord is affected by new preferences in society regarding communication and e-commerce, where mail volumes are declining and parcel numbers are increasing. Read about the risk of changing consumption patterns on page 38 of the section on TCFD.

Overall economy

External factors – such as high energy and fuel prices, increased inflation and rising interest rates affect the economy, and in turn PostNord by reduced activity in the e-commerce market and increased costs.

Postal legislation

PostNord is tasked with providing the universal service obligation in both Sweden and Denmark. The terms of postal regulation affect the Group's competitiveness and its ability to perform the universal service obligation under reasonable financial conditions.

Financing of the USO

Legislation existing at year-end does not provide any clearly defined mechanism for how PostNord is to be compensated for fulfilling the universal service obligation when it is no longer profitable. In Denmark, the mail business is already unprofitable, and compensation is provided. However, the conditions for compensation in Denmark have not yet been established beyond 2023.

Legislation to combat congestion in city centers

Legislation may exclude operators from delivering in city centers in order to reduce the congestion and negative impact on air quality caused by the movement of many delivery vehicles in the same area. Read more about possible consequences arising from the current risk on page 38 of the section on TCFD.

Availability of vehicles, biofuels and charging infrastructure

PostNord's ambition to transition to a fossil-free vehicle fleet will require replacement of technology and supplies of biofuels. Political decisions affect the willingness and opportunities of different market participants, who need to be involved in enabling the transition to take place. Read about supply chain disruptions and their possible consequences on page 38 of the section on TCFD.

RISK MANAGEMENT

Market conditions

PostNord manages the changes in market conditions on an ongoing basis, via market research, dialog with customers and consumers, developing new services and constant development of the business.

Overall economy

PostNord manages the risks associated with reduced e-commerce volumes through careful forecasting and work to increase flexibility in its capacity. PostNord handles increased costs through fuel surcharges and general price increases.

Postal legislation

PostNord manages regulatory risks through close monitoring and analysis of the external environment and through dialog with the relevant government agencies in order to ensure reasonable conditions and expectations regarding mail delivery.

Financing of the USO

PostNord manages regulatory risks related to compensation for net costs via dialog with our owners, the Swedish and the Danish States, and with the relevant government agencies to ensure reasonable conditions for compensation.

Legislation to combat congestion in city centers

PostNord is closely monitoring developments in this area and is in dialog with the relevant government agencies, in order to become part of the solution to the problem.

Availability of vehicles, biofuels and charging infrastructure

PostNord is working in a structured way on the procurement of both biofuels and the supply of vehicles. PostNord is participating in industry initiatives that are driving an acceleration in the transition to a fossil-free society.



Operating risks

DESCRIPTION OF RISK

Disruptions

Risk of disruption to critical supplies due to the unavailability of one or more of the resources on which the supply depends.

Data breaches

Risk of data breaches or unauthorized access to data that could lead to extortion, disruption or leakage of personal data.

Violations of human rights in the supply chain

Risk of supplier or subcontractor violating human rights.

Work-related injuries

Risk of injury to employees and consultants as a result of accidents.

Crime and theft

The risk that mail items handled by PostNord on behalf of its customers are stolen by external or internal perpetrators.

RISK MANAGEMENT

Disruptions

PostNord operates a Group-wide continuity program to ensure its preparedness for any disruptions in critical deliveries. All critical deliveries are analyzed annually and plans for restoring and maintaining them are established and tested.

Data breaches

PostNord operates an Information Security Framework that comprises technical protection for applications and the IT infrastructure, training for employees and monitoring of IT providers.

Violations of human rights in the supply chain

The PostNord Supplier Code of Conduct is included as a corner-stone of every procurement exercise and compliance is monitored through self-assessment and local audits.

Work-related injuries

PostNord operates an active work environment policy, based on the relevant legislation in each country's legislation, with a focus on minimizing the risk of accidents in the workplace.

Crime and theft

PostNord operates a Group-wide security standard in all its facilities. All suspected crimes are investigated internally by the security organization, which also works closely with the police in each country.

Financial risks

DESCRIPTION OF RISK

Currency

Risk of negative impact on income due to fluctuations in exchange rates.

Interest

The risk of the Group's income and cash flow being negatively affected by changes in market interest rates.

Credit

A credit risk arises (i) in sales to customers, in approval of advance payments to suppliers and acceptance of guarantees, and (ii) within the Group's cash management and the use of derivative contracts.

Refinancing

The Group is exposed to how the capital markets function when maturing financing transactions need to be refinanced or if cash flow excluding financing activities turns negative, for example as a result of developments in the general economy or the market.

Pension obligations

In-house pension liabilities are exposed to changes in a number of underlying factors and may have a negative impact on the Group's comprehensive income, equity, net debt ratio and cash flow.

RISK MANAGEMENT

Currency

The major share of invoicing, purchasing and wages/salaries is managed in the currency of the Group company concerned. Currency hedging is used primarily for cross-border communication and logistics services.

Interest

The Group's policy is to limit earnings sensitivity to changes in market interest rates and to strive for an attractive cost of cost of capital. Interest rate sensitivity is controlled via a fixed-interest target for the Group's outstanding interest-bearing liabilities including derivative instruments.

Credit

Credit risk relating to credit sales is managed by the country organization concerned and customers are subject to a credit assessment before the credit is granted for the first time, on the basis of information provided by credit rating companies. In the case of cash management and derivative contracts, only counterparties with at least an investment grade rating are used.

Refinancing

The Group's policy on refinancing risk consists of maintaining, at any one time, financial preparedness, taking account of internal and external risks and seasonal variations. The Group's financial preparedness is represented by cash and cash equivalents, short-term liquid investments, and unutilized committed credit lines.

Pension obligations

Asset management risks are governed by the Group's Pension Policy, but also by the Pension Foundation's Joint Board, which is responsible for the governance of the Foundation's activities and management. The Board's decision-making is supported *inter alia* by the Foundation's management organization and annual ALM analyses.



TCFD information

The Task Force on Climate-related Financial Disclosures (TCFD) provides guidance for reporting how organizations are affected by climate change and its impacts. The aim is better information provision, more accurate pricing of risk and well-informed decisions on capital allocation.

This section provides information on PostNord's governance, strategy and management of risks and opportunities related to climate change, in accordance with TCFD guidelines. Information on climate-related targets and outcomes is provided on pages 95–107.

Management of climate-related risks and opportunities

PostNord's Board of Directors and Group Leadership Team bear overall responsibility for ensuring that risks and opportunities, including environmental, are managed appropriately, and identify functions responsible for Group-wide risk control activities. During the year, general information on the TCFD and the EU Taxonomy was presented to the Board's Audit Committee. Read about the Group's risk management governance and processes on page 33. Climate and other sustainability issues are on the Group Leadership Team's agenda several times a year. In 2022, for example, the Group's climate targets and climate transition program were subjects of discussion. A Sustainability Deep Dive is performed twice a year as part of the follow-up of the business plans.

The Group Sustainability Committee, chaired by the Group's Head of Sustainability, coordinates PostNord's sustainability work. The Sustainability Committee brings together both country organizations and centralized functions.

The Group's sustainability agenda is a key element in implementation of PostNord's business strategy. The sustainability agenda includes three commitments, with targets and key performance indicators. The climate commitment includes

scientific climate targets, endorsed by the Science Based Targets initiative. The Group's climate commitment and climate transition program, Green by PostNord, involves cross-functional teams across the Group. The program is overseen by an operational steering group, including representatives from the Group Leadership Team and the Group Sustainability function. The President and CEO sponsors Green by PostNord and thus monitors ongoing transition plans and results.

Strategy and financial planning

During the year, PostNord conducted a scenario analysis to identify physical and transition risks in the Group's value chain that are posed by climate change. Based on these risks, the financial impact on the Group was analyzed. The analysis included two scenarios assuming lower (RCP2.6, SSP1-2.6¹⁾ and higher (RCP6, SSP3-7.0²⁾ temperature increases. The scenario analysis covered the Group's current markets in the Nordics and Germany.

The description of transition risks in the two scenarios is mainly based on policy documents and studies from national and European authorities. The description of physical risks is based on current climate science, including reports from the Intergovernmental Panel on Climate Change (IPCC). PostNord engaged external experts to analyze the impact of the risks on the value chain.

The table on the next page shows the risks and opportunities that are regarded as most material as far as PostNord is concerned, based on probability and financial impact³⁾. The risks and opportunities have been assessed on the basis of the scenarios outlined above, and they are considered equal over the time horizons used.

¹⁾ Equivalent to a temperature increase of about 1.0–2.5 degrees by 2040.

²⁾ Equivalent to a temperature increase of about 1.0–2.6 degrees by 2040.

³⁾ A risk or opportunity is deemed to have a high financial impact on PostNord if it may affect EBIT by more than SEK 100 million. The probability is considered high if estimated at >25 percent. The overall risk/opportunity has been assessed in terms of both financial impact and probability.



Climate-related risks and opportunities

- S** Short 2022–2025
- M** Medium 2025–2030
- L** Long 2030–2040

	Type	Description	Main possible financial impact
Transition risks	Legislation	Changes in climate-related policies and legal requirements . S M L	Increased resource requirements and new investments, which may lead to increased costs. Tax changes, for example in carbon tax, affect financial planning.
		Cities limit the number of carriers allowed and/or set requirements for fossil-free transport. Read about PostNord's risk management on page 34. S M L	Costs of rapid vehicle fleet replacements and potential loss of revenue if requirements cannot be met.
	Technology	Uncertainties related to new technologies aimed at reducing climate impact. S M L	Failed technology-related investments require financial resources for new investments. This may make it more difficult to achieve the climate targets.
	Market	Changes in patterns of consumption that affect transportation requirement, e.g. higher demand for locally produced products that may lead to less transportation. Read about PostNord's risk management in relation to market conditions and the economy on page 34. S M L	Reduced demand for PostNord's services, which may result in reduced revenues.
		Increased demands from customers regarding the climate performance of vehicles, for example. S M L	Loss of revenue if expectations and requirements are not met on time. Possible need for new investments if current investment strategy is not in line with future requirements.
		Disruptions in the supply chain that can lead to shortages of vehicle components or fuel, for example. Read about PostNord's risk management related to availability of vehicles, biofuels and charging infrastructure on page 34. S M L	Delays in, and extra expense for, the transition to a fossil-free fleet, which may lead to reduced revenues.

	Type	Description	Main possible financial impact
Physical risks Acute	Extreme rainfall and flooding	Increased risk of extreme rainfall and flooding may damage property and assets, as well as critical infrastructure. S M L	Reduced flexibility and limited ability to deliver to customers. May lead to repair costs and may require resources for investment in temporary solutions. Insurance costs may also increase.
	Storms	Increased frequency and intensity of storms may damage property and assets, as well as critical infrastructure. S M L	Reduced flexibility and limited ability to deliver to customer. May lead to repair costs and may require resources for investment in temporary solutions. Insurance costs may also increase.
Physical risks Chronic	Higher average temperature	Long-term temperature changes may affect the prices of fuel and materials, as well as requirements for ventilation. S M L	Costs related to updating ventilation and cooling systems in PostNord buildings. Higher costs for operating the vehicle fleet.
	Rise in sea levels	Rise in sea levels may affect property and assets. S M L	Costs of relocating parts of the business and/or climate-proofing buildings.
Opportunities	Resource efficiency Energy sources Resilience	Reduced use of fossil fuels due to increased electrification and renewable fuels in the vehicle fleet, together with various efficiency measures to reduce climate impact. S M L	Lower and more stable operational costs thanks to reduced dependence on fossil fuels.
	Products and services Market	Growth in market for circular business models and hence an increased need for freight between different market participants. S M L	Increased revenues arising from new needs, increased demand and fit-for-purpose offerings from PostNord.
	Energy sources Resilience	Increased in-house generation of renewable energy . S M L	Reduced exposure to volatile energy costs and reduced dependence on external energy sources.
	Resource efficiency Market	Cooperation with other market participants to jointly identify solutions to reduce climate emissions. S M L	Lower cost through joint investment and shared resources, along with more resilient infrastructure.
	Financing	Ambitious climate agenda enables access to capital. S M L	Potentially easier access to, and lower cost of, external funding.

The strategy process takes into account changes in PostNord's external environment and an assessment of the Group's ability to achieve strategic goals. The most significant opportunities and challenges are identified, analyzed in terms of potential and limitations, and prepared to enable the Board to decide whether to update or change the strategy. The risks and opportunities associated with climate change form part of this framework and have already had a major impact on PostNord's business strategy, with the lofty ambition of becoming fossil-free by 2030. The risks and opportunities are commercially and financially driven, for example in the form of customers demanding fossil-free deliveries and a general risk to PostNord's reputation if the climate commit-

ment is not achieved. Finally, PostNord sees opportunities in green financing, which can offer more favorable terms than traditional borrowing.

Management of climate-related risks and opportunities

Climate change poses a risk to our industry and to PostNord. They may affect the business in the short, medium and long term, in terms of both physical and transition risks. Risk management is based on the Group's Enterprise Risk Management Policy, which has been adopted by the Group's Board of Directors. Read more on page 33.

Climate-related risks are integrated into PostNord's risk management and governance model. Pages 33–36 describe how the Group categorizes its most prominent risks and how PostNord's risk management and governance model is structured. Climate-related risks and opportunities are in this way taken into account in the development of strategies, budgets and business plans. The Group's climate transition forms a key element of the Group's business and investment planning. During the year, work on identifying PostNord's climate-related risks and opportunities in the short, medium and long term progressed. The work involved both country organizations and centralized functions. At year-end, scenario analyses were performed to assess the risks and opportunities associated with both the transition to a low-emission economy and physical climate impact. As a result of this work, we are better able to understand and manage future risks and opportunities in creating a sustainable and resilient organization.

Climate-related key performance indicators

Key performance indicators are used to assess climate-related risks and opportunities in line with strategy and risk management. PostNord's primary indicators relate to the Group's climate targets and climate transition program. Read about PostNord's climate targets and greenhouse gas emissions on pages 96–99.





Corporate Governance Report

Properly functioning corporate governance is one of the requirements for creating long-term value for owners and other stakeholders. This Corporate Governance Report has been prepared in accordance with the relevant sections of the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. The Corporate Governance Report has been audited by the Company's external auditor.

Shareholder structure

PostNord AB (publ), corporate identity number 556771-2640 ("PostNord") is a Swedish public limited company that is owned 40 percent by the Danish State and 60 percent by the Swedish State. However, the votes at the General Assembly are equally divided (50/50) between the States. The Company is the Parent Company of the Group.

Control and organizational structure

The main decision-making bodies at PostNord are the General Meeting (GM), the Board of Directors and the President and Group CEO, supported by the Group Leadership Team. The Board has also appointed a Deputy CEO. The owners nominate the Chair of the Board, Deputy Chair and other Board members, propose directors' fees and nominate the GM chair and an external auditor. The GM is the Company's highest decision-making body. The Board of Directors has overall responsibility for the organization and administration of the Company through continuous monitoring and control of the business. The Chair of the Board oversees the work of the Board. The Audit and Remuneration Committees assist the Board in its work. PostNord's President and Group CEO is responsible for and oversees the day-to-day management of the Group in accordance with the Board's guidelines and instructions. The President and Group CEO appoints the Group Leadership Team, which, in addition to the President/Group CEO, comprises the Heads of Group Finance/CFO, Legal and Staff Functions, IT/CIO, Nordic Strategy & Solutions, PostNord Sweden, PostNord Denmark and Deputy CEO, PostNord Norway and PostNord Strål-

fors. The Head of PostNord Finland reports directly to the CEO, but is not a member of the Group Leadership Team. The Company's external auditor is elected by the AGM and audits the Annual Report and Consolidated Financial Statements and management by the Board and the CEO, producing an auditor's report. The external auditor also reviews the Company's Sustainability Report and comments on the Statutory Sustainability Report. PostNord's internal audit function evaluates the Company's internal governance and control. The Group's operational structure follows the legal structure. As a key principle, the organizational structure and governance are based on the operational structure. The postal permits are linked country-wise to the legal entities in Denmark and Sweden (PostNord Danmark A/S, PostNord Group AB), which means that formal responsibility for the postal permits follows the legal structure. The managers responsible in country and Group functions must ensure that the Group fully meets all the legal and regulatory requirements placed upon it.

General Meeting of Shareholders

Under the provisions of the Swedish Companies Act, the General Meeting is the Company's ultimate decision-making body. At the Annual General Meeting (AGM), the Swedish Ministry of Enterprise and Innovation (since year-end 2022, the Ministry of Finance) and the Danish Ministry of Transport vote on behalf of the Swedish and Danish States respectively. Each State nominates four Board members for the Company. The AGM appoints the Board and auditor, resolves on appropriation of the Company's earnings, discharges the Board and CEO from liability, and resolves upon

other matters in accordance with legislation and the Company's Articles Of Association. The AGM must be held no later than April 30, in line with the Swedish State's ownership policy. Notice of the AGM is sent by mail to shareholders and is advertised in the daily press, through the Annual and Sustainability Report and on the Group's website. Members of the Swedish and Danish parliaments and the general public are invited to attend and ask questions at the AGM.

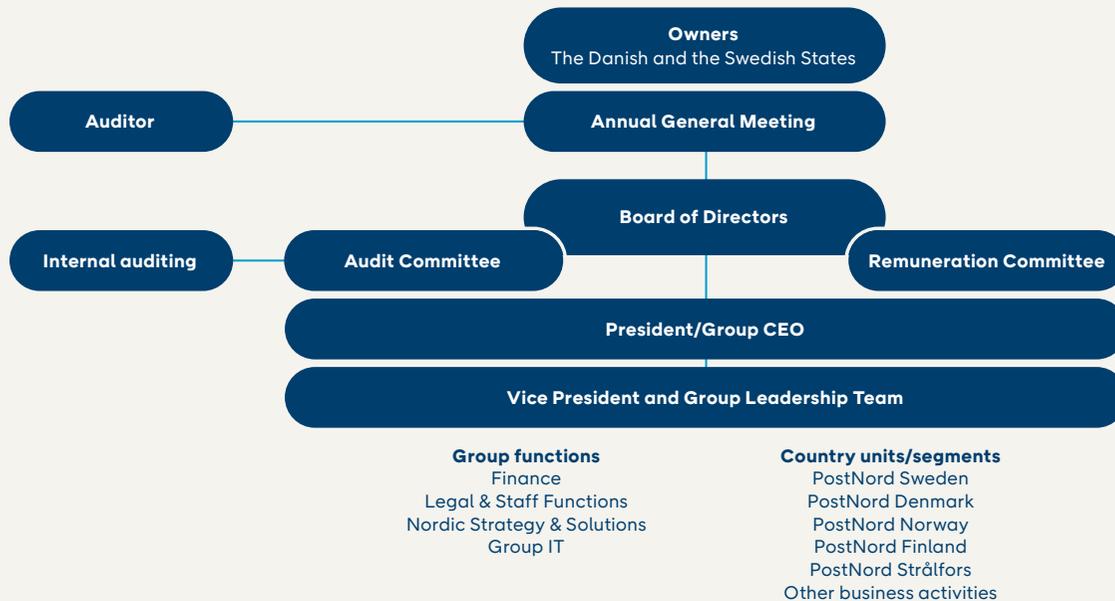
Extraordinary General Meeting

An Extraordinary General Meeting was held on February 1, 2022. The owners, the Swedish State and the Danish State, took part through their representatives. In view of the then prevailing situation regarding the Covid-19 pandemic, it was decided that the meeting would not be open to the public. The meeting resolved to elect Hillevi Engström as a new member of the Board for the period until the end of the next AGM, as Board member Ulrica Messing had made her seat available.

Annual General Meeting 2022

The 2022 AGM was held on April 26, 2022. The owners, the Swedish State and the Danish State, took part through their representatives. In view of the then prevailing situation regarding the Covid-19 pandemic, it was decided that the meeting would not be open to the public, that the President should not hold a speech and that a prerecorded speech should instead be posted on the Company's website in connection with the meeting. The meeting adopted the Group's and the Parent Company's income

Control and organizational structure



statements and balance sheets and voted to discharge the Board of Directors and the CEO from liability for the 2021 financial year. The meeting also adopted guidelines for remuneration to senior executives and remuneration to Board members and the auditor. Sonat Burman Olsson, Erik Sandstedt, Christian Frigast, Christian Jansson, Peder Lundquist, Hillevi Engström, Susanne Hundsbæk-Pedersen and Charlotte Strand were re-elected to the Board. Christian Jansson was re-elected Chair of the Board and Christian Frigast was re-elected Deputy Chair. KPMG AB was re-elected auditor through the close of next year's AGM, with authorized public accountant Tomas Gerhardsson as senior auditor. The complete minutes of the AGM are posted on www.postnord.com.

Annual General Meeting 2023

PostNord's 2023 AGM will be held on April 25, 2023.

Board's proposed guidelines for remuneration to senior executives

For the 2023 AGM, no changes are proposed in the remuneration principles and other terms and conditions of employment for the

Group Leadership Team. The proposal is thus unchanged in that respect from the guidelines that the AGM voted on in 2022 and is summarized in Note 5.

Board of Directors

The Board of Directors exercises overall responsibility for the organization and management of the Company by regularly monitoring the business and ensuring that the organizational structure, management, guidelines and internal controls are adequate. The Board adopts strategies and targets and takes decisions on major investments, acquisitions and divestments of operations.

Composition of the Board

In line with PostNord's Articles of Association, the Board shall consist of eight members and no deputies. The Board of Directors is appointed by the AGM, which has determined that the Board shall be composed of eight AGM-elected Board members and no deputies. The Board also includes three members elected by the

employees, and their three deputies. The Swedish State's ownership policy states that no less than three persons of each gender shall serve on the Board if the Board consists of six to eight ordinary members. The female/male distribution of PostNord's Board of Directors was 4/4 in 2022 (ordinary members).

The work of the Board

Work procedures

The Board of Directors adopts rules of procedure annually. These govern matters such as the Chair's duties, information to be provided to the Board of Directors and the respective roles and responsibilities of the President and Group CEO and Board members. There is no division of the work of the Board between Board members, other than that performed by the Audit and Remuneration Committees, both of which are appointed by the Board of Directors in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance. The Chair of the Board is elected by the AGM, oversees the Board's work and is responsible for ensuring that such work is well-organized and carried out effectively. This includes regular monitoring of the Company's operations in dialog with the CEO and ensuring that other Board members receive the information and documentation necessary to ensure that the Board's discussions and decisions



are of high quality. The Chair oversees evaluation of the work of the Board and the CEO. The Chair also represents the Company in issues of ownership. For example, the Chair must perform his/her duties in association with the Deputy Chair, who is also elected

Board of Directors, attendance 2022

Director	Board meetings	Audit Committee	Remuneration Committee
Christian w Jansson	15/15		2/2
Christian Frigast	15/15		2/2
Susanne Hundsbæk-Pedersen	14/15		1/2
Charlotte Strand	15/15	6/6	
Sonat Burman Olsson	15/15	6/6	
Ulrica Messing ¹	0/15		
Hillevi Engström ²	14/15		1/2
Erik Sandstedt	15/15	6/6	
Peder Lundquist	14/15	6/6	
Bo Fröström (A)	15/15		
Daniel Hansen (A)	15/15		
Sandra Svensk (A)	14/15		
Deputy			
Per-Arne Lundberg (Dep. E)	15/15		
Dzevad Ramic (Dep. E)	13/15		
Jess Sloth Hansen (Dep. E)	15/15		

¹ Resigned in February 2022.

² Elected to the Board at the Extraordinary General Meeting held in February 2022.

by the AGM, and must engage in dialog, for example, on management and agenda issues with the Deputy Chair prior to Board meetings. The Chair and Deputy Chair must also act together to achieve a constructive dialog with the Company's shareholders. The Deputy Chair shall act in the Chair's place in the event of the Chair's absence.

Board meetings and issues in 2022

In 2022, the Board met on 15 occasions, including two statutory meetings and one per capsulam meeting. The CEO described the state of the business and the market situation at each meeting. The CFO reported on the Group's economic and financial position and performance. The Board also approved the Group's strategy and business plan and addressed reports on internal control and financial activities. The work of the Board during the year focused for the most part on the strategy and transformation programs, issues relating to business combinations, impact on the business of the prevailing fluctuations in the general economy and ongoing issues relating to the national delivery obligation for the Swedish and Danish organizations. The Company's auditor delivered an account of the year's auditing activities and these issues were discussed.

Board committees

Audit Committee

The Audit Committee is tasked with preparing the Board for its duties of supervising and assuring the quality of the Group's financial reporting. The Committee monitors the effectiveness of the Company's internal governance and control, as well as systems

and processes for the risk management in financial reporting. The Committee's rules of procedure are established by the Board. The Audit Committee has no decision-making powers, other than for establishing the budget for internal auditing. The Committee also assists the owners in selecting an external auditor. The Committee shall regularly review the external auditor's reports and determine whether the auditors are performing their duties independently, objectively and in a cost-efficient way. The Audit Committee, in consultation with the Group Leadership Team, is the instructing body for the internal audit and its monitoring of internal governance and control and remains apprised of internal audit reports. The Committee consists of no less than three Board members and meets at least four times per year. The Company's external auditor must attend any meetings at which the annual accounts, annual report and auditor's report are discussed, and also when required to give an assessment of the Group's financial position. The Chair of the Committee is responsible for regularly apprising the Board of the Committee's activities. In 2022, the Committee's members were Charlotte Strand (Chair), Sonat Burman Olsson, Erik Sandstedt and Peder Lundquist. The Committee met a total of six times. The topics discussed included the following:

- External auditors' reports on the end-of-period audits and internal control.
- Review of financing proposals and financing simulations.
- Review of finance policy.
- Monitoring of the Company's financial reporting and process, and recommendations and proposals for ensuring the reliability of the financial reporting.



- Monitoring of the financial control system in respect of the efficacy of the Company's internal controls, internal auditing and risk management.
- Auditing and monitoring of the impartiality and independence of the external auditors. Evaluation of external auditing.
- Proposals and recommendations for the AGM's resolution on election of auditors.

Remuneration Committee

The Remuneration Committee is tasked with preparing and presenting proposals to the Board regarding remuneration and other terms of employment for the Group Leadership Team. The Remuneration Committee has no decision-making powers. The Remuneration Committee shall consist of no less than three members. The Committee is chaired by the Chair or Deputy Chair of the Board of Directors. The Committee shall meet no less than twice a year. The Chair of the Committee is responsible for regularly appraising the Board of the Committee's activities. In 2022, the Committee, comprising Christian Frigast (Chair), Christian Jansson, Susanne Hundsbæk-Pedersen and Hillevi Engström, met on a total of two occasions. The topics discussed included the following:

- Remuneration and other conditions for senior executives.
- Production of proposals for updated Guidelines on Remuneration to Senior Executives.
- Pension provisions for senior executives. Remuneration for members of the Group Leadership Team.
- Evaluation of goal attainment and potential, together with succession planning for senior managers.
- Approval of the Remuneration Report.

Review of the work of the Board of Directors

In accordance with the Board's Rules of Procedure, the Board of Directors is required to ensure that its work is reviewed annually in a systematic and structured process in order to develop the working methods and efficiency of both the Board and its members. Other areas to be reviewed include whether the Board is addressing the right issues, the integrity of supporting documentation and how accurately decisions and discussions are recorded in the minutes. In 2022, the Company engaged an external consultant to undertake the review. The review took place in the form of questionnaires addressed to the Board and the President and Group CEO. The consultant will present the findings of the review at the Board meeting in January 2023 and these will then be discussed by the Board. The Chair of the Board will also communicate the findings to the Company's owners at a meeting.

Remuneration for the members of the Board of Directors

Remuneration for Board members was determined by the 2022 AGM. Remuneration agreed for the period through the next AGM is payable as follows: Elected Board members: SEK 314,000; Deputy Chair of the Board: SEK 526,000; Chair of the Board: SEK 705,000. Remuneration for work on the Audit Committee is payable at SEK 58,000 to members and SEK 74,000 to the Chair. Remuneration for work on the Remuneration Committee is payable at SEK 25,000 to members and SEK 37,500 to the Chair. Board and Committee member remuneration is not paid to members employed by the Government Offices of Sweden. Remuneration comprising the equivalent of one Swedish base amount (SEK

48,300) is payable to Swedish employee representatives who take part in Board meetings and their deputies.

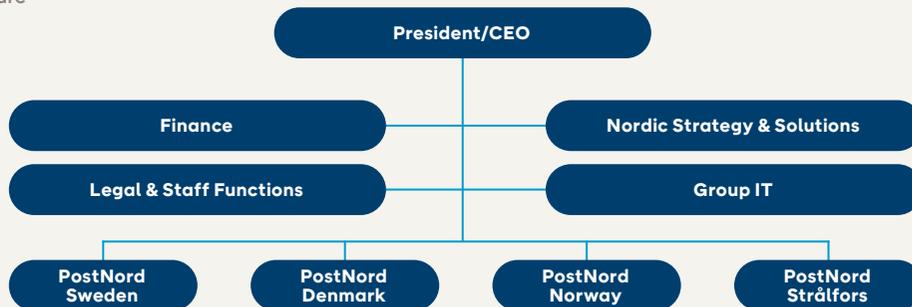
Auditor

PostNord's 2022 AGM appointed KPMG AB as the Company's auditors, with authorized public accountant Tomas Gerhardsson as senior auditor. The auditors meet with the Board no less than once per year and also take part in all Audit Committee meetings. In 2022, the Board met with the auditor at one Board meeting. No member of the Group Leadership Team attended the meeting. The Board members have thus had the opportunity to ask the auditor questions. See also Note 7 on remuneration and reimbursement of expenses to auditors.

President, Vice President, and Group Leadership Team

The Board of Directors is responsible for appointing and dismissing the President and Group CEO. The President appoints, and is assisted by, the Group Leadership Team. The President is responsible for day-to-day management of the Company in accordance with the Board's guidelines and directions. The relationship between the Board of Directors and the President is governed by the Board's rules of procedure and the Instructions to the President. The President is accountable to the Board for the day-to-day running of the business and is responsible for implementing the strategic direction set by the Board. Alongside the Board, the Group Leadership Team is the Group's decision-making body and is jointly responsible for ensuring that the Group's business performs in line with the strategy established by the Board of Directors. The President oversees the work of the Group

PostNord's control and organizational structure



Leadership Team. The Board evaluates the President's work on an ongoing basis by monitoring the business's progress toward set targets. A formal evaluation is performed once per year and is discussed with the President.

Remuneration at PostNord

Decisions on terms of employment and remuneration for the President and Group CEO are taken by the Board of Directors. The Board addresses remuneration issues through the Remuneration Committee. Salaries and wages for PostNord employees shall be in line with the market. For further details on remuneration for senior executives, see Note 5 on employees, personnel expenses, and remuneration for senior executives, as well as the Remuneration Report that will be presented at the 2023 AGM. Guidelines on remuneration for senior executives adopted by the 2022 AGM are reproduced in their entirety at www.postnord.com under Corporate Governance.

External and internal regulations

PostNord is governed by a number of external and internal regulations, including the following:

External regulations

- The Swedish Companies Act, the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance.
- The Swedish State's ownership policy and guidelines for State-owned companies and the Danish State's ownership principles (Statens Ejerskabspolitik).

- NASDAQ Stockholm's regulations for issuers (PostNord observes the market rules for companies with interest-bearing instruments registered with Nasdaq Stockholm).
- International Financial Reporting Standards (IFRS).
- Global Reporting Initiative (GRI) Standards and the UN Global Compact.
- EU Taxonomy Regulation.

Postal regulations

The UPU Convention, the EU Postal Directive, plus national legislation and regulations in Sweden (e.g. the Swedish Postal Services Act and the Postal Ordinance) and Denmark (e.g. the Danish Postal Services Act, the Post Danmark A/S Act and the Order on Conveyance by Post and Postal Services).

Internal rules and regulations

- The Articles of Association, the Board's rules of procedure (including Instruction to the President and Group CEO) and the Audit and Remuneration Committees' rules of procedure.
- Document hierarchy for the Group's governing documents, Code of Conduct and Code of Conduct for Suppliers and Group policies (see also pages 105–107).
- Delegated authority procedure for the Group.
- Operational governance PostNord.
- Framework for internal governance and control of financial reporting.
- Guidelines for determining terms of employment for senior executives.

Articles of Association

PostNord's Articles of Association govern, for example, where the Board of Directors is domiciled, the limits for the Company's capital stock and the Company's financial year. The Articles of Association do not contain any specific provisions as to appointment or discharge of Board members or as to amendment of the Articles of Association. Furthermore, the Articles of Association do not contain any restrictions as to how many votes each shareholder can cast at the AGM. The current Articles of Association are available on PostNord's website, www.postnord.com.

Deviations from the Swedish Code of Corporate Governance

PostNord applies the Swedish Code of Corporate Governance, with the exception of the following Code provisions:

- Deviation from section 1.1 regarding publication on the Company's website of information on the time by which a request from a shareholder to have a matter discussed at the meeting must have been received in order to be included in the notice of meeting. The Company has only two shareholders, who are notified directly.
- Deviation from Chapter 2 regarding requirement for a nominating committee. PostNord does not have a nominating committee, as the nomination and appointment of Board members is performed in accordance with the principles agreed upon by the owners. Nominations are made via consultation between the owners. The references to the Nomination Committee in sections 1.2, 1.3, 4.6, 8.1 and 10.2, and the reference to the Nomination Committee Instructions in section 10.3 are therefore also not applicable.
- Deviation from section 4.5 regarding the requirement for Board members to be independent of the owners. The purpose of the rule is to protect minority owners. However, protection for minority owners is not relevant to the governance of PostNord. PostNord has only two owners and there is therefore no reason to account for the independence of the Board members.

Board's report on internal governance and control of financial reporting

Organization

The Board of Directors is ultimately responsible for ensuring that the Company has an effective system of internal governance and control. The Board's rules of procedure define internal governance and control of financial reporting as a process through which the

Board, the President and employees ensure beyond reasonable doubt that the financial reporting is reliable. The Audit Committee is tasked with preparing the Board for its duty of assuring the quality of the Company's financial reporting. The Committee monitors the effectiveness of the Company's internal governance and control, as well as systems and processes for the risk management of financial reporting. The work is undertaken via regular meetings with PostNord's management and external auditors and examination of accounting principles applied, and also on adopting new accounting standards or valuation matters. The Group's operational structure differs from its legal structure. As a key principle, the organizational structure and governance are based on the operational structure. The organizational structure of the Group consists of the segments represented by the country organizations and a number of Group functions.

Governing documents

PostNord's operational governance is based on the Group's set financial and non-financial goals. Details are available in a summary document, Operational Governance for the PostNord Group. This contains a description of the business and sets out rules, for example, for the internal allocation of responsibilities. The primary governing principles are management by objectives and decentralized profit center responsibility. All units in the Group comply with uniform accounting and reporting instructions. The Group's delegated authority procedure and other governing documents are intended to facilitate and ensure compliance with regulations. The delegated authority procedure is mandatory and governs the decision-making authority within the Group. The delegated authority procedure is based on the allocation of responsibilities, adopted by the Group Board of Directors in its rules of procedure, between Board of Directors and President/Group CEO. Its aim is, through delegation of authority, to ensure effective internal governance and control. The Group Board of Directors' rules of procedure define the matters that require decision by the Board of Directors. The President's areas of authority comprise everything that, under the law or the Board's rules of procedure (or specific Board decisions) does not have to be decided by the Board. PostNord's principles of internal governance and control are based on the framework developed by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission.

Risk assessment

Management and managers in Group functions are responsible for identifying and managing risks within their respective areas of responsibility. This is done as part of the Group's organization-wide risk management process and via regular business reviews in the Group's units. Risks associated with financial reporting are identified and evaluated along with other types of risks. Financial reporting risks are also addressed by the Audit Committee and the Board, which evaluate and monitor the management of these risks on a regular basis. See also the section on Risk and Risk Management on pages 33–36.

Control activities

Governing documents and accounting and financial reporting processes are updated by the Group's Accounting and Control function in the event of changes to legislation, accounting rules, reporting requirements etc. The year-end accounting and reporting process includes controls for accounting principles, valuation and disclosure requirements. The control activities also include checks for compliance with decision-making and authorization rules, reconciliation, manual and programmed checks and the division of duties and responsibilities in processes and procedures. To a large extent, finance and payroll administration services are outsourced. Quality is ensured through the monitoring of internal control activities and reporting on compliance with agreed service levels and quality criteria. The Group's Accounting and Control function is responsible for consolidated reporting and consolidated year-end accounts. This responsibility includes analyses of the financial results of the segments (the country organizations) and Group functions.

Information and communication

The Swedish State's ownership policy sets out the principles for external reporting that are applicable to State-owned companies. As PostNord has issued bonds that are listed on Nasdaq Stockholm, the regulations governing listed companies apply. The Group's governing documents for financial reporting are continuously updated and published via the Group intranet and other channels. The Board and Audit Committee receive and review all quarterly reports and the Group's annual report and sustainability report before publication. Information for the Group's external

stakeholders is disseminated through press releases and PostNord's website. The Group also provides financial reports direct to its Danish and Swedish owners.

Follow-up

- PostNord's business activities are reported and evaluated monthly, measured against business objectives for the units with profit center responsibility. PostNord's financial situation is discussed at each Board meeting.
- Self-monitoring enables early detection and management of any risks and errors. The Board's independent audit and control function is conducted by the Group Internal Audit function, which is tasked with evaluating PostNord's processes for governance, risk identification and risk control.
- The Audit Committee receives regular reports from the Group's external and internal auditors and follows up to ensure that measures are taken on the basis of the auditors' observations and recommendations.
- The Group's companies and functions perform an annual self-assessment of internal governance and control of financial reporting. The self-assessment also covers other Group-wide policies, including legal and Code of Conduct issues. Results are compiled by the Group's Accounting and Control function and presented to the Audit Committee. They are used in support of the Group in its improvement program.
- Sections of the reports provided by the Group's companies and Group functions following self-assessment have been subject to verification through a limited review by the Group's external auditors.

Board of Directors



Christian Jansson

Chair of the Board since 2018.

- Member of the Remuneration Committee since 2018.
- Born in 1949.
- B.Sc. Economics and Honorary Doctorate in economics from Lund University.
- Chair of the Board of Blodtrycksdoktorn AB, Excillum AB, Meds Apotek AB and Saga Surgical AB.
- Previous positions include CEO of Kappahl, Ellos and Europris. Formerly Chairman of the Board of Apoteket, Min Doktor and Svensk Handel
- Own and closely related parties' holdings of PostNord's bonds: 0.



Christian Frigast

Deputy Chair since 2018.

- Member of the Remuneration Committee since 2018 and Chair since 2020.
- Born in 1951.
- Master's degree in political science (Cand. Polit.).
- Chairman of the Board of Axcel Management A/S, Danmarks Skibskredit Holding A/S, EKF Danmarks Eksporthandel, Aktive Ejere (Active Owners Denmark), Bestyrelsesforeningen (the Danish Board Leadership Society) and the think tank Axcelfuture. Deputy Chairman of Pandora A/S and Axcel Advisory Board. Board member of Nissens, Denmark's Export and Investment Fund and Danish Ship Finance.
- Previous positions include Managing Partner of Axcel Management A/S.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Sonat Burman Olsson

Board member since 2018.

- Member of the Audit Committee since 2018.
- Born in 1958.
- M.Sc. Economics from Paris and Executive MBA, Uppsala University. Studied Strategic Management at Oxford and Harvard.
- Board member of Raizen S.A., Lindab International AB and Lantmännen.
- Previous positions: Group CEO and President of Coop Sverige, Vice President and CFO of ICA Gruppen and VP, Global Marketing Strategies, Electrolux Group.
- Previous positions: Chair of the Board of Svensk Dagligvaruhandel and member of the Boards of Svensk Handel, ICC Sweden, Third Swedish National Pension Fund, iZettle AB and Nestle Corporation.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Erik Sandstedt

Board member since 2021.

- Member of the Audit Committee since 2021.
- Born in 1976.
- Master in Business Administration from Uppsala University.
- Investment Manager at the Swedish Ministry of Finance's Department for State-Owned Enterprises. Board member at Apoteket and Akademiska Hus. Formerly equity analyst at Handelsbanken Capital Markets and Kaupthing Bank.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Susanne Hundsbæk-Pedersen

Board member since 2020.

- Member of the Remuneration Committee since 2020.
- Born in 1967.
- Dipl. Eng. Technical University of Denmark, Copenhagen; MBA IMD Business School.
- Global Head of Pharma Technical Operations (EVP), Roche AG.
- Previous positions: various management positions at Novo Nordisk A/S, including responsibilities in Diabetes Finished Products, product supply and procurements, finance and IT; and head of logistics, Olicom A/S and various technical roles at United Parcel Service.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Peder Lundquist

Board member since 2017.

- Member of the Audit Committee since 2017.
- Born in 1970.
- M.Sc., Political Science.
- Board member of Evida.
- CEO, EKF (Denmark's Export and Investment Fund)
- Previously Head of Division at the Ministry of Finance and the Ministry of Climate, Energy and Utilities in Denmark; Head of Department, Corporate and Budget Office, Ministry of Transport and work on economic issues at Denmark's EU Representative Office in Brussels.
- Own and closely related parties' holdings of PostNord's bonds: 0.

Board of Directors



Charlotte Strand

Board member since 2018.

- Chair of Audit Committee since 2020.
- Born in 1961.
- MSc Economics from Aarhus University, management studies at IMD and INSEAD.
- Chair of Evida A/S. Deputy Chair/Board member of Lakrids by Bülow A/S. Board member of Per Aarsleff A/S, Reventus Power Ltd and Aibel ASA.
- Previous positions: several at DONG Energy (now Ørsted), including CFO for business units Oil & Gas and Wind Power.be.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Hillevi Engström

Board member since 2022.

- Member of the Remuneration Committee since 2022.
- Born in 1963.
- Police inspector, courses in crisis preparedness for senior executives, Swedish Defence University and the Swedish Civil Contingencies Agency (MSB); course in change management at state level, Stockholm School of Economics; IRMA, mentoring program for female managers; separate courses in, for example, law and labor market knowledge
- CEO of Trygghetsstiftelsen (Job Security Foundation) and member of the Board of Samhall Aktiebolag.
- Previous positions include Director of Södertörn Fire Brigade and Director of the Municipality of Upplands Väsby, member of the Board of DINA Försäkring AB, member of Sollentuna Municipal Council, Chair of the Board of Sollentunahem AB, Minister for International Development Cooperation, Minister for Employment, Member of the Swedish Parliament, National PVE (Prevention of Violent Extremism) Coordinator
- Own and closely related parties' holdings of PostNord's bonds: 0.

Employee representatives



Bo Fröström

Employee representative

- Appointed by ST.
- Board member since 2017.
- Born in 1960.
- Employed by PostNord since 1979.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Daniel Hansen

Employee representative

- Appointed by SEKO.
- Board member since 2021.
- Deputy employee representative 2017–2019.
- Born in 1980.
- Employed by PostNord since 1999.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Sandra Svensk

Employee representative

- Appointed by SEKO.
- Board member since 2017.
- Deputy 2015–2017.
- Born in 1977.
- Employed by PostNord since 1995.
- Own and closely related parties' holdings of PostNord's bonds: 0.

Employee representatives, deputies

Jess Sloth Hansen

Employee representative

- Appointed by SEKO, represents 3F Post.
- Deputy employee representative since 2020.
- Born in 1963.
- Employed by PostNord since 1988.
- Own and closely related parties' holdings of PostNord's bonds: 0.

Per-Arne Lundberg

Employee representative

- Appointed by ST, represents SACO.
- Deputy employee representative since 2019.
- Born in 1956.
- Employed by PostNord since 2008.
- Own and closely related parties' holdings of PostNord's bonds: 0.

Dzevad Ramic

Employee representative

- Appointed by SEKO, represents 3F Post.
- Deputy employee representative since 2019.
- Born in 1975.
- Employed by PostNord since 2000.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Group Leadership Team



Annemarie Gardshol

President and Group CEO of PostNord since 2019.

- Member of Group Leadership Team since 2012.
- Born in 1967.
- Master of Science in Engineering.
- Previous positions: Head of PostNord Sweden, President of PostNord Strålfors Group and Head of e-Commerce & Corporate Clients in PostNord, Chief Strategy Officer (CSO) and executive positions at Gambro, Management Consultant at McKinsey & Company.
- Board member of SCA AB and Essity AB.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Peter Kjaer Jensen

Vice President of PostNord since 2019 and Head of PostNord Denmark since 2016.

- Member of Group Leadership Team since 2014.
- Born in 1969.
- MBA.
- Previous positions: Head of Business area eCommerce & Logistics at PostNord. Managerial positions at Maersk Line, Maersk Logistics and Damco International A/S. Most recently as COO/CTO of Damco International.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Viktor Davidsson

Chief Financial Officer (CFO) since 2020.

- Member of Group Leadership Team since 2020.
- Born in 1977.
- M.Eng. and MBA.
- Previous positions: CFO at MediaMarkt Iberia and CFO MediaMarkt Sweden; senior positions at Scandinavian Airlines and Management Consultant at BearingPoint.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Ylva Ekborn

Head of PostNord Strålfors Group since 2018.

- Member of Group Leadership Team since 2018.
- Born in 1975.
- B.Sc. Economics.
- Previous positions: CEO of PostNord Strålfors Sweden; leading positions at Eniro and Tradera Ebay and management consultant at McKinsey & Company.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Jörgen Hellberg

Chief Information Officer (CIO) since 2020.

- Member of Group Leadership Team since 2020.
- Born in 1969.
- Economics and Leadership.
- Previous positions: CIO and PMO Director Ellos Group, Solution Area Manager IKEA; several senior positions at Getinge, CIO NetOnNet, CIO Finnveden AB.
- Own and closely related parties' holdings of PostNord's bonds: 0.

Group Leadership Team



Kristina Lilja

General Counsel since 2015 and Head of Staff Functions since 2019.

- Member of Group Leadership Team since 2015.
- Born in 1967.
- Master of Laws.
- Previous positions: VP and Legal Counsel at Husqvarna, corporate lawyer/general counsel roles at Hi3G Access (3), IFS and Cybercom.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Robin Olsen

Head of PostNord Norway since 2014.

- Member of Group Leadership Team since 2014.
- Born in 1970.
- Master of Engineering; Master of Management.
- Previous positions: Head of PostNord Logistics in Norway and CEO of Tollpost Globe AS.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Anna van Bunningen

Head of Nordic Strategy & Solutions since 2021.

- Member of Group Leadership Team since 2021.
- Born in 1967.
- Master of Engineering Physics, MBA, Ph.D. studies in the field of strategy.
- Previous positions: Director Corporate Transformation, VP Business Development & Governance, Head of Strategy Development, Strategy Advisor and Senior Project Manager at Vattenfall, CFO at Remeo AB, Project Manager at Boston Consulting Group and Financial Analyst at Carnegie Investment Bank.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Mathias Krümmel

Head of PostNord Sweden since 2021.

- Member of Group Leadership Team since 2021.
- Born in 1970.
- Education: Swedish Defence University.
- Previous positions: Head of Production, Solutions and Sales at PostNord Sweden, senior positions at Postnet AB, Posten IT and Posten Logistik AB and Captain in the Swedish Armed Forces.
- Board member of Almega.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Financial statements



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Group

Income statement

SEKm	Note	2022	2021
	1, 2, 4		
Net sales		40,212	40,693
Other operating income		843	953
Operating revenue	3	41,055	41,646
Personnel expenses	5	-16,093	-15,802
Transportation expenses		-12,465	-11,083
Other expenses	6, 7	-9,447	-9,683
Depreciation and impairments	10, 11, 12	-2,694	-2,596
Operating expenses		-40,699	-39,165
OPERATING INCOME		357	2,481
Financial income	8	58	49
Financial expenses	8	-256	-202
Net financial items		-198	-153
Income before tax		158	2,328
Tax	9	-181	-339
NET INCOME FOR THE YEAR		-23	1,989
Attributable to			
Parent Company's shareholders		-25	1,987
Non-controlling interests		2	2
Earnings per share, basic and diluted, SEK	20	-0.01	0.99

Statement of comprehensive income

SEKm	2022	2021
Net income for the year	-23	1,989
OTHER COMPREHENSIVE INCOME		
Items that cannot be transferred to net income		
Revaluation of pension liabilities	5,378	3,426
Change in deferred tax	-1,108	-723
Total	4,270	2,703
Items that have been or may be transferred to net income for the year		
Cash flow hedging after tax	0	1
Translation differences	366	223
Total	366	224
TOTAL OTHER COMPREHENSIVE INCOME	4,636	2,927
COMPREHENSIVE INCOME FOR THE YEAR	4,613	4,916
Comprehensive income for the year attributable to		
Parent Company's shareholders	4,611	4,914
Non-controlling interests	2	2



Statement of financial position

SEKm	Note	Dec. 31, 2022	Dec. 31, 2021	SEKm	Note	Dec. 31, 2022	Dec. 31, 2021
	1, 2						
ASSETS				EQUITY AND LIABILITIES			
Goodwill	10	2,639	2,582	Equity			
Other non-current intangible assets	10	438	475	Capital stock		2,000	2,000
Property, plant and equipment	11	8,400	7,422	Other contributed equity		9,954	9,954
Right-of-use assets	12	6,329	5,694	Reserves		-1,231	-1,597
Participations in associated companies	13	154	159	Retained earnings		3,019	-1,226
Financial investments	14, 27	264	276	Total equity attributable to Parent Company's shareholders		13,742	9,131
Non-current receivables	15, 22	4,160	352	Non-controlling interests		2	2
Deferred tax assets	16	261	23	TOTAL EQUITY		13,744	9,133
Total non-current assets		22,645	16,983	LIABILITIES			
Inventories	17	93	83	Non-current interest-bearing liabilities	21, 27, 29	1,892	2,752
Tax assets		356	415	Non-current lease liabilities	12	5,001	4,499
Trade receivables	27	5,481	5,331	Other non-current liabilities		71	70
Prepaid expenses and accrued income	18, 27	1,287	1,263	Pensions	22	-	1,386
Other receivables		133	260	Other provisions	23	686	955
Short-term investments	14	11	11	Deferred tax liabilities	16	1,317	200
Cash and cash equivalents	19, 27	3,886	6,242	Total non-current liabilities		8,968	9,861
Total current assets		11,247	13,606	Current interest-bearing liabilities	21, 27, 29	874	513
TOTAL ASSETS		33,892	30,590	Current lease liabilities	12	1,449	1,371
				Trade payables		3,383	3,381
				Tax liabilities		476	202
				Other current liabilities		1,026	1,227
				Accrued expenses and deferred income	24, 27	3,529	4,340
				Other provisions	23	444	562
				Total current liabilities		11,180	11,595
				TOTAL LIABILITIES		20,148	21,457
				TOTAL EQUITY AND LIABILITIES		33,892	30,590



Statement of cash flows

SEKm	Note	2022	2021	SEKm	Note	2022	2021
OPERATING ACTIVITIES				FINANCING ACTIVITIES			
Income before tax		158	2,328	Amortized loans		-513	-541
Adjustments for non-cash items	29	2,302	1,631	Amortized lease liabilities		-1,466	-1,375
Income tax paid		-75	-490	Repayment of unconditional capital injection ¹⁾		-	-686
Cash flows from operating activities before change in working capital		2,384	3,469	Dividend paid		-2	-2
Change in working capital				Increase (+)/Decrease(-) in other interest-bearing liabilities		-	0
Increase (-)/Decrease (+) in inventories		-9	7	Cash flows from financing activities		-1,981	-2,604
Increase (-)/Decrease (+) other current receivables		275	-5	CASH FLOW FOR THE YEAR		-2,372	1
Increase (+)/decrease (-) in other current liabilities		-1,004	540	Cash and cash equivalents at start of year		6,242	6,229
Total change in working capital		-738	542	Translation difference in cash and cash equivalents		15	12
Cash flow from operating activities		1,646	4,011	Cash and cash equivalents at year-end	19	3,886	6,242
INVESTING ACTIVITIES							
Purchase of property, plant and equipment	11	-1,701	-1,252				
Divestment of property, plant and equipment		50	23				
Acquisitions of non-current intangible assets	10	-167	-156				
Acquisition of subsidiary, effect on cash and cash equivalents	30	-226	-129				
Sale of subsidiary, effect on cash and cash equivalents	30	-	104				
Acquisitions of financial non-current assets		0	-1				
Disposals of financial non-current assets		7	5				
Cash flows from investing activities		-2,037	-1,406				

¹⁾ Repayment of unconditional capital injection of SEK – million (667) plus interest of SEK – million (19).

Statement of changes in equity

2021, SEKm	Equity attributable to the Parent Company's shareholders						Total equity
	Share capital	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	
Equity, opening balance	2,000	10,621	-1,820	-1	-5,896	2	4,906
Comprehensive income for the year							
Net income for the year	-	-	-	-	1,987	2	1,989
Total other comprehensive income	-	-	223	1	2,703	-	2,927
Total comprehensive income for the year	-	-	223	1	4,690	2	4,916
Repayment of unconditional capital injection ¹⁾	-	-667	-	-	-19	-	-686
Dividend	-	-	-	-	-	-2	-2
Equity, closing balance	2,000	9,954	-1,597	0	-1,226	2	9,133

¹⁾ Repayment of unconditional capital injection of SEK 667 million plus interest of SEK 19 million.

2022, SEKm	Equity attributable to the Parent Company's shareholders						Total equity
	Share capital	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	
Equity, opening balance	2,000	9,954	-1,597	0	-1,226	2	9,133
Comprehensive income for the year							
Net income for the year	-	-	-	-	-25	2	-23
Total other comprehensive income	-	-	366	0	4,270	-	4,636
Total comprehensive income for the year	2,000	9,954	-1,231	0	3,019	2	4,613
Dividend	-	-	-	-	-	-2	-2
Equity, closing balance	2,000	9,954	-1,231	0	3,019	2	13,744

Notes to the consolidated financial statements

Note 1 Significant accounting principles

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1. Introduction

The consolidated accounts comprise PostNord AB and its subsidiaries, together with holdings in associated companies. The Parent Company is a Swedish public limited company with its registered office in Solna, Sweden.

2. Basis of preparation of the annual accounts

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and approved by the EU. In addition, the Swedish Financial Reporting Board's RFR 1, Supplementary Accounting Rules for Groups, was applied.

The Parent Company applies the same accounting principles as the Group, except in the cases indicated in the section Notes to Parent Company's financial statements, Note 1 Accounting principles. The differences between the Parent Company's and the Group's accounting principles result from limits on the Parent Company's implementation of IFRS under the Swedish Annual Accounts Act and the Swedish Act on

Safeguarding of Pension Commitments, and in some cases with regard to tax considerations.

The accounting principles described below have been applied consistently to all periods presented in the consolidated financial statements. Assets and liabilities are recognized at historical cost, except for derivatives and certain financial assets, which are measured at fair value on an ongoing basis. A defined-benefit pension liability is recognized net at fair value of assets under management and the present value of the defined-benefit liability, adjusted to reflect the asset value limitation.

The reporting currency of the Parent Company and the Group is Swedish kronor, SEK. The financial statements are therefore presented in Swedish kronor. Unless otherwise stated, all amounts are rounded off to the nearest million Swedish kronor.

3. Revised accounting principles

3.1 Changes in accounting principles arising from new or amended IFRS

Changes in accounting policies, IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment and IAS 37 Provisions, Contingent Liabilities and Contingent Assets are applied by the Group from January 1, 2022. Neither these amendments, nor any other, amendments to IFRS applicable from January 1, 2022 have had any material effect on the Group's accounting.

3.2 Voluntary change in accounting principle

No voluntary changes in the Group's accounting principles have been applied.

3.3 New IFRS not yet implemented

New and amended IFRS for early adoption in 2023 or later are not expected to have any material impact on the Group's accounting.

4. Classification

Non-current assets consist of amounts that are expected to be recovered or paid more than 12 months after the end of the reporting period.

Non-current liabilities consist of amounts falling due more than 12 months from the end of the period, or where the Company has an unconditional right to defer the payment until a point in time more than 12 months from the end of the period. Other assets and liabilities are recognized as a current asset or a current liability.

Assets are classified as being held for sale when their carrying amount will be recovered from sale rather than through continued use. This condition is regarded as being met when the management and board of directors have approved a decision to dispose of the asset, an active selling process has been started, the assets are available for immediate sale in their current condition, and that it is highly probable

that the sale will take place within a year. Non-current assets and related non-current liabilities classified as being held for sale are transferred to current assets or current liabilities, as appropriate. Assets held for sale are measured at carrying amount or fair value, whichever is the lower, following a deduction for costs of selling.

5. Operating segment reporting

An operating segment is part of a group that conducts business activity from which it can generate revenue and incur costs about which independent financial information is available and is subject to regular scrutiny by the Group's senior management.

6. Principles of consolidation and business combinations

The consolidated financial statements comprise the Parent Company and the subsidiaries over which the Parent Company, directly or indirectly, exercises a controlling interest. A controlling interest is defined as exercising control over the entity, having rights to variable returns from the entity and having the ability to affect those returns through power over the entity.

Acquisitions of subsidiaries are reported using the purchase method. In this method, the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition method establishes the fair value on the acquisition date of identifiable assets acquired and liabilities assumed, and any holding without a controlling interest. In the case of a business combination where the consideration transferred exceeds the fair value of assets acquired and liabilities assumed, the difference is recognized as goodwill. Transaction costs attributable to acquisitions are recognized as an expense.

Income from subsidiaries acquired during the year is included in the Group's income as of the day on which the subsidiary came under the Group's control. Income from subsidiaries disposed of during the financial year is included in the Group's income up until when the Group no longer exercises a controlling influence over the subsidiary. All intra-Group transactions, items in the statement of financial position, income and expenses are eliminated on consolidation.

7. Associated companies

Holdings in associated companies are recognized in the consolidated financial statements using the equity method. According to this method, the carrying amount for shares in the associated company corresponds to the Group's share in the Company's equity, goodwill and any other remaining fair value adjustments. The Group's ownership share in the earnings from the holding, after tax and after adjustment for any depreciation, impairment losses and reversals of goodwill or negative goodwill, is recognized in income.

8. Foreign currency

Transactions in foreign currency in the Group's Swedish companies are translated into SEK at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currency are translated to SEK using the exchange rate at the end of the reporting period. Exchange rate differences arising in translation are recognized in income for the year. Non-monetary assets and liabilities recognized at historical cost are translated at the exchange rate at the time of the transaction. Assets and liabilities of foreign operations, including goodwill and other fair value adjustments, are translated to SEK using the exchange rate at the end of the reporting period.

Revenue and expenses of foreign operations are translated to SEK using an average rate approximating to the rates on each transaction date. Translation differences arising when the financial statements of foreign operations are translated are recognized in other comprehensive income and aggregated as a separate item in the translation reserve in equity, termed the translation reserve.

9. Revenue

Revenue is recognized in the income statement when control over a good or service is transferred to the customer.

Services PostNord's services consist of receiving/collecting, sorting and distributing/delivering mail and parcels that our customers wish to send to recipients physically, and in the case of letters also digitally. In the case of concept services, PostNord warehouses, picks, packs and distributes/delivers the customer's products to those who have ordered them from the customer. For certain services, PostNord provides insurance in association with insurance companies. The Group's customers also fall within the scope of other countries' postal administrations, where there is collaboration under contracts on sorting and delivery of each other's international mail.

Typical obligation A high proportion of PostNord's agreements consist of multi-year agreements on services; however, such agreements do not represent any obligation on the part of the customer to use the agreement. Instead, every individual order is recognized as revenue when the physical delivery takes place. PostNord has elected to classify its services into various portfolios, based on similarities in the services and the timing of revenue recognition. In concept services, revenue is recognized when production orders initiated by the customer have been completed. A minor proportion of concept services are fulfilled over time. Revenue for services performed over time is recognized by determining the degree of completion. This is done mainly via reporting of the service performed and revenue is recognized as the work progresses.

Classification of revenue Revenue is classified according to whether it is received "at one point in time" or "over time". In the Group, the revenue received at a point in time accounts for the overwhelming share, 97 percent, and is generated from mail items and production orders for data processing. Service-derived revenue that is received over time represents around 3 percent of the Group's net sales. The revenue is measured at fair value, excluding value added tax and price

and volume discounts, and with a reduction for refunds to customers in connection with freight guarantees, complaints and standardized charges for cases of damage/loss.

Main terms and conditions of payment Payment is made in three ways, credit, cash or prepayment (stamps, freight including packaging or preloaded amounts in franking machines). Credit and cash are recognized in the period in which the service is performed (item posted/handed in). Prepayments are recognized as income at sale and a prepaid income item (liability) is recognized for as-yet-unused stamps. See also section 18, Stamp liability. Discounts are provided at invoicing.

Revenue in Communication Services is generated from services in business and market communications, newspaper distribution, postal services for individual customers and terminal fees. Terminal fees are payment for production services performed in the receiving country, for mail posted in another country, under international agreements between countries.

Revenue in eCommerce & Logistics is generated from logistics services for deliveries to, from and inside the Nordic region, with the focus on distribution of parcels, groupage cargo, pallet goods and bulk logistics (mixed-cargo groupage), as well as third-party logistics.

At Strålfors, revenue is generated from communication services for businesses, in the form of digital business and market communications, printing and enveloping.

Revenue at Direct Link is generated through global distribution of market communications and lightweight goods, mainly on behalf of e-retailers.

PostNord applies IFRS 15, p. 63 – revenue is not adjusted for the effects arising from significant financing components, since these represent an insignificant element in the Group; p. 94 – additional expenses in order to secure a contract are recognized as expense when incurred (within one year); and p. 121b – work performed and service provided, where the Group has a right to payment, are recognized as income. External revenue has been adjusted to take account of anticipated payment that refers to customer repayments in connection with freight guarantees and complaints, together with standardized charges for damage/loss.

Revenue from sale of property

Revenue from sale of property is normally recognized on the date when possession is taken, unless control has passed to the buyer on an earlier occasion.

State subsidies

In accordance with IAS 20, State subsidies are recognized in the statement of financial position and in the statement of comprehensive income when there is reasonable certainty that the company will satisfy the conditions associated with the subsidies and that the subsidies will be received. State subsidies are recognized as other operating income in the same periods as the costs that the subsidies are intended to compensate for.

10. Operating expenses and financial income and expenses

Operating expenses

Operating expenses are recognized in the period in which the good or service is delivered or used.

Financial income and expenses

Financial income and expenses consist of interest income on bank deposits, receivables and fixed-income securities, interest expenses on loans, dividend income, exchange rate differences, unrealized and realized gains on financial investments and derivative instruments used within the Group's financing activities. Interest on pension liabilities and return on assets under management for pensions, together with actuarial revaluations and experience adjustments for sickness insurance, calculated in accordance with IAS 19, are recognized under the heading Net financial items. Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. The effective interest rate method is the rate at which the present value of all future incoming and outgoing payments in the fixed-interest period equals the carrying amount for the receivable or liability. Interest income and interest expense includes accrued amounts for transaction costs and any discounts, premiums and other differences between the original carrying amount for the receivable or liability, and the amount settled when due.

Dividend income is recognized when the right to receive payment is confirmed.

11. Financial instruments

Financial instruments recognized in the statement of financial position on the assets side mostly consist of cash and cash equivalents, trade receivables, loan receivables and derivatives. Liabilities consist primarily of trade payables, debt instruments issued, loan liabilities and derivatives.

Recognition in and derecognition from statement of financial position

Trade receivables and debt instruments issued are recognized at the time of issue. Other financial assets and financial liabilities are recognized in the statement of financial position when the company becomes party to the contractual provisions of the instrument.

A financial asset is derecognized from the statement of financial position when the rights in the agreement are realized or expire or the company loses control over them. A financial liability is derecognized from the statement of financial position when the obligation in the agreement is discharged or otherwise expires. Acquisitions and disposals of financial assets are recognized at the trade date, that is, the date on which the transaction is completed.

Classification and measurement of financial assets and liabilities

At initial recognition, a financial asset is classified on the basis of the contractual cash flows of the instruments and the company's business model. It is classified either as being measured at amortized cost, fair

value via other comprehensive income – debt instrument investment, fair value via other comprehensive income – equity investment or fair value via income.

Apart from trade receivables without a material financing component, a financial asset is measured at initial recognition at fair value plus, in the case of financial instruments not measured at fair value via income, transaction costs that are directly attributable to the acquisition or issue. Trade receivables without a material financing component are measured at the transaction cost.

Subsequent measurement of financial assets:

The principal business model of the Group is to hold the asset as described in a), and for the asset to be measured at amortized cost.

- a) A financial asset is to be measured at amortized cost if the objective of the business model is to hold the financial asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b) A financial asset is to be measured at fair value via other comprehensive income if the financial asset is to be held in order to both collect contractual cash flows and to sell financial assets, where the cash flows are solely payments of principal and interest on the principal amount outstanding.
- c) All financial assets that are not classified as being measured at amortized cost or fair value via other comprehensive income are measured at fair value via income.
- d) A financial asset that otherwise satisfies the conditions for being measured at amortized cost or fair value via other comprehensive income may be measured at fair value via income if doing so eliminates or reduces consequences in measurement or recognition. This is done irrevocably at initial recognition.

If the term or anticipated period of holding for the investment is longer than a year, the assets are regarded as non-current assets; if the term is shorter than a year but longer than three months, the asset is a short-term investment.

Financial liabilities

A financial liability is classified at amortized cost or fair value via income if it is classified as being held for trading or as a derivative or if it has been identified as such at initial recognition.

Non-current liabilities consist essentially of amounts that at the end of the accounting period PostNord has an unconditional right to opt to pay at a point more than twelve months after the end of the accounting period. In the absence of such a right at the end of the accounting period – or should a liability be held for trading, or should a liability be expected to be settled within the normal business cycle – the liability amount is recognized as a current liability.

The Group's financial liabilities are for the most part measured at amortized cost.

Model for expected credit losses

According to IFRS 9, an impairment model for expected credit losses (ECL) is to be applied to financial assets that are measured at amortized cost, contractual assets and debt instruments that are measured at fair value via other comprehensive income. The impairment model is based on the likelihood of credit loss via the counterparty's external creditworthiness. In the case of trade receivables, the calculation is based on factors including historical data; the longer the period, the greater the likelihood of credit loss.

Financial risk management

Cash flow hedging

Forward contracts are used to hedge assets and liabilities against foreign exchange risk. Any changes in value attributable to exchange rates are recognized via the income statement. To achieve income matching, hedge accounting is not necessary since the hedged item is translated at the exchange rate at the end of the reporting period and the hedging instrument is measured at fair value, with any changes in value recognized via the income statement.

In order to secure interest flows related to certain borrowing at variable interest, interest rate swaps, in which the Company receives variable interest and pays fixed interest, are used. These interest rate swaps are measured at fair value. The interest coupon component is recognized as part of interest expense on an ongoing basis in income for the year. Unrealized changes in fair value of the interest rate swaps are recognized in other comprehensive income and form part of the hedging reserve until the hedged item affects the income for the year and for as long as the criteria for hedge accounting and efficiency are fulfilled.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits immediately available at banks and similar institutions, together with short-term liquid investments with a term of less than three months from the acquisition date that are exposed to an insignificant risk for changes in value. Funds held on behalf of others within treasury operations are not treated as cash and cash equivalents. Such funds consist of escrow funds held on behalf of external customers for the sole purpose of onward transmission and as such are not available for payments relating to PostNord's own operations.

Offsetting

Financial assets and liabilities are to be offset and recognized in a net amount in the statement of financial position only when the Group has a legal right to offset the amounts recognized and has the intention of settling the amounts at the same time.

12. Property, plant and equipment

Property, plant and equipment at PostNord consists of buildings, machinery, equipment, construction in progress and advance payments. The PostNord Group recognizes these assets at historical cost less deductions for accumulated depreciation and any impairment losses. Historical cost includes the purchase price and costs directly

attributable to the asset in order to bring the asset to a place and to a condition that it may be used as intended.

The result from sale or scrapping of property, plant and equipment is calculated as the difference between the value at sale and the carrying amount. Any profit or loss arising is recognized via income. Subsequent costs are added to the historical cost of an asset only if it is probable that the future economic benefits associated with the asset will accrue to the company and the historical cost can be measured reliably.

All other subsequent costs are recognized as an expense in the period when they occur.

Depreciation principles

Assets are depreciated on a straight-line basis over the estimated useful life of the asset. Land is not depreciated.

The Group applies component depreciation, which means that the estimated useful life for the separate components is the basis for depreciation.

The following rates of amortization are applied:

Buildings, land improvements and improvements to leased properties	10–50 years
Interiors and installations in leased premises	5–10 years
Sorting equipment	5–10 years
Fleet	3–10 years
Computer equipment	3–7 years
Other machinery and equipment	5 years

Owner-occupied properties comprise a number of components with differing useful lives. The main classification is into buildings and land. The buildings consist of several components whose useful lives vary.

The following main categories of components have been identified and serve as a basis for depreciation of buildings:

Structure/roof	40–60 years
External cladding	30–40 years
Internal cladding	10–25 years
Electrical installations	40 years
Ventilation/cooling	15–25 years
Sewerage/water	40 years

Depreciation methods, residual values and useful lives are reviewed at every year-end.

Impairments

The carrying amounts for the Group's property, plant and equipment are tested at the end of each reporting period to determine whether any need for impairment is indicated. Any impairment is recognized as an expense in income for the year.

Impairment of assets is reversed if there is both an indication that impairment no longer exists and if there has been a change in the assumptions on which the calculation of impairment was based.

13. Leased assets

When a contract is entered into, PostNord assesses whether the agreement consists of or includes a lease. A contract is a lease contract if the contract conveys the right to decide over the use of an identified asset for a specific period of time in exchange for payment. Modification for indexation adjustments is recognized as an increased asset and liability at the time the new charge becomes effective. As lessee, the Group 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 from the date of commencement of the lease. The lease term was determined as the non-cancellable lease term. Account has been taken of leases of material importance that include options for extension or cancellation, where it is reasonably certain that the options will be exercised. The right-of-use asset is amortized on a straight-line basis over the term of the lease.

The lease liability is divided into a current and non-current portion and is measured initially at the present value of the remaining lease charges, discounted using the marginal borrowing rate for the Group. A differentiated marginal borrowing interest rate has been calculated, taking into account geographical location, length of lease term, credit volumes and financial environment. The value of the lease liability is increased by the addition of the interest cost for the period concerned and is reduced by the lease payments. The interest cost is calculated as the value of the lease liability, multiplied by the discount rate.

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.

The standard is not applied to leases relating to intangible assets and non-lease components have been recognized separately.

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.

Sale and leaseback

To determine whether a sale and leaseback transaction is to be recognized as a sale, the provisions of IFRS 15 are applied in order to decide whether a performance undertaking has been fulfilled. Where the transaction fulfills the requirements for a sale, the right-of-use arising from the leaseback transaction is measured as the proportion of the previously recognized value of the right-of-use that is retained by the Group. Only the result from the proportion arising from the rights transferred to the purchaser is recognized.

Leases where the Group is lessor

When the Group is lessor, it is established at the time the lease is entered into whether it is to be classified as a finance or operating lease. If, in all material respects, the lease conveys the financial risks and the benefits, and the lease term represents a major portion of the useful life of the asset, the lease is recognized as a finance lease. A financial asset is recognized and the financial income is recognized in equal amounts over the lease term.

14. Non-current intangible assets

Non-current intangible assets at PostNord consist of goodwill, capitalized development expenditures and other intangible non-current assets. The Group recognizes these at historical cost less deductions for any accumulated amortization and impairment losses. Intangible assets are recognized in the statement of financial position when:

- An identifiable non-monetary asset exists
- It is probable that the future economic benefits that may be attributed to the asset will flow to the Group
- The historical cost of the asset may be measured reliably.

Goodwill

Goodwill represents the difference between the consideration transferred for the business combination and the fair value of identifiable assets acquired, liabilities assumed and contingent liabilities.

Goodwill is measured at historical cost less any accumulated impairment. Goodwill is allocated to cash-generating units, which are tested annually for impairment. Goodwill arising upon the acquisition of associated companies is included in the carrying amount for participations in associated companies.

Capitalized development expenditures

Internally generated non-current intangible assets are recognized as capitalized development expenditures and consist in the main of system development.

The carrying amount includes directly attributable expenditure in connection with, for example, services and equipment. Other development costs are expensed in the income statement as they arise. Capitalized development expenditure is recognized in the statement of financial position at historical cost less accumulated depreciation and impairments.

Other intangible assets

Other intangible assets comprise acquired brands, customer relationships, licenses and similar assets. Other intangible assets are recognized at historical cost less accumulated amortization depreciation and impairments.

Depreciation principles

Amortization is recognized in the income statement on a straight-line basis through the estimated useful life of an intangible asset, unless this period is indeterminable. Goodwill and capitalized development processes that have not been completed are tested for impairment

annually or as soon as there is an indication that the value of the asset has decreased.

Depreciable intangible assets are amortized from the date when they become available for use.

The estimated useful lives are as follows:

Capitalized expenditures for development processes completed	3–10 years
Brands, customer relationships, licenses and other rights	3–10 years

Impairments

The Group's recognized assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication is found, the recoverable amount for the asset is calculated.

For goodwill and intangible assets not yet ready for use, the recoverable amount is assessed annually, and otherwise as indicated. An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Any impairment loss is charged to the income statement. An impairment loss on an asset attributable to a cash-generating unit is charged first to goodwill.

The recoverable amount is calculated as either fair value less selling costs or value in use, whichever is the higher. Calculation of the value in use is based on PostNord's estimates of future cash flows. When calculating the value in use, future cash flows are discounted using a discount factor that takes into account, for example, risk-free interest and the risk associated with the specific asset. Such estimates are based on the Group's business plan, supplemented by other relevant information.

Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed if there is both an indication that impairment no longer exists and there has been a change in the assumptions on which the calculation of recoverable value was based. An impairment loss is reversed only to the extent that, following the reversal, the carrying amount for the asset does not exceed the carrying amount that would have been recognized, less any depreciation, if no impairment had been recognized.

15. Inventories

Goods in inventory are measured at either cost or net realizable value, whichever is the lower. The historical cost is calculated using the first-in, first-out (FIFO) principle.

16. Equity

The translation reserve includes all exchange rate differences arising in translation of financial statements from foreign businesses that have prepared their financial statements in a currency other than the one in which the Group's financial statements are presented. The Parent Company and the Group present their financial statements in Swedish kronor.

The **hedging reserve** includes the effective portion of the accumulated net change in the fair value of a cash flow hedging instrument related to hedging transactions that have not yet been conducted.

Dividend paid is recognized as a liability after it has been approved by the AGM.

17. Employee benefits
Short-term benefits

Personnel expenses are recognized in the period in which the work is performed. Changes in holiday and salary liabilities are recognized on an ongoing basis in pace with the employee's earning of right to benefit.

Post-termination benefits

The Group's pension commitments consist partly of defined-benefit plans with an agreed promise of a future pension level based primarily on the person's final salary, and partly of defined-contribution plans in which insurance premiums are paid and the employee bears the risk regarding the future pension level. The Group's commitments as to defined-contribution pension plans are recognized as a personnel expense in the income statement as and when earned through the employee performing his or her duties on behalf of the Company. The defined-benefit plans consist for the most part of an ITP (occupational pension) plan adapted for PostNord in Sweden, and a smaller plan in Norway. Calculations are performed for all defined-benefit plans using the projected unit credit method, in order to establish the present value of commitments regarding benefits for present and previous employees. Actuarial calculations are conducted annually on the basis of actuarial assumptions, which are determined annually at the closing of the year-end accounts. Assumptions are made for inflation, changes in income base amounts, personnel turnover, discount rate, return on investments and life expectancy.

The Group's net commitment consists of the present value of the estimated pension commitments, less the fair value of the assets under management. Changes in the present value of the net commitments as a result of changes in actuarial assumptions and experience-based adjustments are treated as revaluation effects and recognized in other comprehensive income, other than in the case of sickness insurance, which is recognized in entirety in net financial items in net income for the period. The carrying amount for pensions and similar commitments is calculated as the present value of the commitments at the end of the period, less the fair value of assets under management, including special payroll tax.

If the value of the commitment exceeds the value of the assets under management, a liability is recognized. When the assets under management exceed the commitments, an asset is recognized on the Group's statement of financial position. In the case of family pension and sickness insurance contracted with SPP, recognition of an asset is limited in view of certain restrictions (the "asset ceiling") as to the scope for using the surplus in the form of premium discounts and/or refunds. The pension expense and pension provision established for Swedish plans deviate from amounts calculated in accordance with IFRS,

compared to what is recognized within the legal entity concerned. As regards pensions and similar benefits financed via defined-contribution plans or via insurance, expenses equal to PostNord's annual contributions in respect of the plans are recognized.

Termination benefits

A cost for benefits in connection with termination of employment is recognized at the earliest point in time when the company can no longer withdraw its offer to the employees or when the company recognizes costs of transformation. In cases where PostNord gives notice of termination of employment, a detailed plan is drawn up specifying at least workplace, positions and estimated number of employees affected, as well as type of benefits and amounts for each personnel category or position, and the time at which the plan is intended to be carried out.

18. Postage stamp liability

PostNord's postage stamp liability is calculated for stamps sold but not used. Measurement of the liability for companies and service points is based on average monthly sales for the January–November period. For November, sales of Christmas stamps are eliminated and recognized separately on an accruals basis.

19. Provisions

A provision differs from other liabilities in that it is subject to uncertainty as to the time of payment and the size of the amount required to settle the provision. A provision is recognized in the statement of financial position when there is a present legal or constructive obligation as a result of an event that has occurred, and it is likely that an outflow of funds will be required to settle the commitment and the amount can be reliably calculated.

A provision for transformation is recognized when there is an agreed detailed and formal transformation plan and the transformation has either already begun or has been officially announced. No provision is made for future operating costs.

A provision for onerous contracts is recognized when the anticipated benefits that the Group is expected to receive from a contract are lower than the unavoidable costs of fulfilling the obligations under the contract.

20. Taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognized in the income statement except when the underlying transaction is recognized in Other comprehensive income or directly in equity, whereupon the associated tax effect is also recognized in Other comprehensive income or in equity. Current tax is tax that is calculated on the basis of the current year's taxable income and that is to be paid or received for the current year, on the basis of the tax rates enacted or in practice enacted at the end of the reporting period. This also includes adjustments to current tax for previous periods.

Deferred tax is calculated using the balance sheet method on the basis of temporary differences between the recognized and taxable

values of assets and liabilities. The amounts are calculated on the basis of how the temporary differences are expected to be evened out using the tax rates and regulations enacted or announced at the end of the reporting period. Temporary differences are not included in goodwill on consolidation. In the consolidated accounts, untaxed reserves are divided into deferred tax liability and equity. Deferred tax assets relating to deductible temporary differences and loss carry-forwards are recognized only to the extent it is probable that these will result in lower tax payments in the future.

Such probability is judged on the basis of PostNord's business plan and operational plans.

21. Pledged assets and contingent liabilities

Disclosure of a contingent liability is made whenever there is a possible obligation arising from past events and its existence is confirmed only by one or more uncertain future events beyond the control of the Group.

Contingent liabilities also exist whenever there is an obligation that is not recognized as a liability or provision because it is not probable that resources will be required to settle the obligation, or it cannot be calculated reliably.

Disclosure of pledged assets is made for guarantees provided and assets pledged.

22. Related party transactions

Information from the Company on transactions with Swedish state and the Danish state has been restricted to relationships that are not of a commercial nature, as a result of which related party transactions consist of special assignments from the state and licenses from public authorities.

23. Statement of cash flows

The statement of cash flows is prepared in accordance with the indirect method and shown by operating activities, investing activities and financing activities. Acquisitions and sales of subsidiaries are included, net of cash and cash equivalents, under the heading of investing activities. Cash and cash equivalents are made up of cash, bank deposits and short-term investments. See also Note 19 Cash and cash equivalents.

Note 2 Significant assessments and estimates

When preparing the financial statements, management has made assessments and estimates that affect the Group's reporting. These assessments and estimates are based on what was known at the time the accounts were presented, as well as on historic experience and the assumptions that management considers reasonable in the given circumstances. The conclusions that management has drawn from the basis of the carrying amounts, assessments and estimates in future financial statements over the year ahead may deviate from those contained in this report as a result of changes in external circumstances and recently gained experience. The assessments and estimates that are most significant to PostNord were made in the following areas:

State compensation

The December 2020 agreement with the Danish State 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 December 31, 2022, approval has not been obtained and thus the compensation has not been received. Compensation for the universal service obligation from the Danish State has been recognized in the amount of SEK 187 million (252). The assessment has been made in accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance.

Intangible assets and property, plant and equipment

Assumptions are made about future conditions in order to calculate future cash flows that will determine the recoverable value of goodwill, other intangible assets and property, plant and equipment. See also Notes 10 and 11.

Deferred tax assets

Tax assets consisting of loss carry-forwards have been measured on the basis of business plans and estimates of future taxable income for which tax loss carry-forwards may be used. See also Note 16.

Pension obligations

In making the actuarial calculation for PostNord's pension obligations, a number of assessments are made in order to arrive at reasonable assumptions. The most significant of these are assumptions about discount rate, future rate of return on assets under management, pay trends and inflation. Changes in assumptions due to altered external factors affect PostNord's operating income, net financial items and other comprehensive income, as well as financial receivables and pension liability recognized in the statement of financial position. Changes in assumptions also affect the forecast cost for the year ahead. See also Notes 15 and 22.

Provisions for transitional regulations

As a consequence of the Company's corporatization in Sweden in 1994, PostNord assumed an obligation (under special transitional regulations) such that personnel in certain categories of the workforce may choose to retire early at the age of 60 or 63 years. Provision in the statement of financial position is calculated on the basis of previous experience of the proportion of persons who have elected to exercise their right to early retirement under these provisions. Take-up of rights under the transitional regulations has been stable in recent years and PostNord has assumed that take-up will remain at an average of 60 percent (sixty). See also Notes 22 and 23.

Note 3 Revenue

Revenue

SEKm	2022	2021
External net sales	40,212	40,693
Other operating income	843	953
Total revenue	41,055	41,646

Revenue from contracts with customers

External net sales, SEKm	Communication Services		eCommerce & Logistics	
	2022	2021	2022	2021
Operating segments				
PostNord Sweden	8,582	9,351	13,407	12,686
PostNord Denmark	2,519	2,548	4,555	4,464
PostNord Norway	79	85	4,297	3,906
PostNord Finland	–	–	1,059	988
PostNord Strålfors	1,833	1,804	–	–
Other business activities	187	210	3,713	4,670
Total	13,199	13,998	27,031	26,714
Timing for revenue recognition				
At one point in time	12,486	13,307	26,563	26,325
Over time	713	691	468	389
Total	13,199	13,998	27,031	26,714

The above table shows PostNord's external net sales per service category (business area) and point in time for revenue recognition. 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. Revenue recognized over time is attributable to the Sweden and Denmark segments. The 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 cargo, 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.

Other operating income, SEKm	2022	2021
Rental income	19	37
Contributions received ¹⁾	254	344
Capital gains, subsidiaries	–	100
Capital gains, buildings	17	124
Capital gains, machinery and equipment	15	16
Exchange rate gains	384	199
Share in earnings by associated companies	15	39
Misc.	139	94
Total	843	953

¹⁾ Contributions received comprise compensation of SEK 187 million (252) from the Danish State. See Note 28 Related party transactions.

Contract balances

SEKm	Dec. 31, 2022	Dec. 31, 2021
Trade receivables	5,481	5,331
Contract assets	1,015	1,185
Contract liabilities, reported as Other current liabilities and Accrued expenses and deferred income	707	712

Contract assets consist of partly of terminal fees, reported as accrued income, and partly of contractual future income via contracts with customers. Contract assets on January 1, 2022 were recognized during 2022 as income of SEK 616 million (501). This revenue is reported as revenue received over time. Income related to terminal fees was recognized in the amount of SEK 287 million (366).

Contract liabilities, performance undertakings not yet completed, consist of stamps sold by PostNord but not used, and franking liabilities to customers. Income included in the contract liability balance at the start of the period was recognized at SEK 707 million (682). The item consists of stamps and franking.

Outstanding performance undertakings, contract liabilities, consist of stamp and franking liabilities of SEK 707 million (712) and fall due in their entirety in the financial year ahead.

Note 4 Segment reporting

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.

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 mail, 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 large customer bases.

PostNord's Other business activities segment includes Direct Link, PostNord's e-commerce and logistics business in Germany and 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, China, Hong Kong and Australia. Operations in Australia are being wound down.

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 leasing under IAS 16 Lease Agreements. 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.

2022 Jan.–Dec., SEKm	PostNord Sweden	PostNord Denmark	PostNord Norway	PostNord Finland	PostNord Strålfors	PostNord Other business activities	Other and eliminations	Adjusted total, Group	Items affecting comparability	Group
Net sales, external	21,989	7,074	4,376	1,059	1,833	3,899	–17	40,212	–	40,212
Net sales, internal	1,921	1,114	942	466	244	12	–4,699	–	–	–
Total net sales	23,910	8,188	5,318	1,525	2,076	3,911	–4,716	40,212	–	40,212
Other operating income, external	525	250	8	3	3	31	22	0	–	843
Other operating income, internal	239	6	5	4	5	4	–263	–	–	–
Total operating income	24,675	8,444	5,331	1,533	2,084	3,946	–4,957	40,212	–	41,055
Personnel expenses	–9,028	–3,910	–1,304	–210	–536	–193	–602	–15,783	–309	–16,093
Transportation expenses	–5,460	–1,962	–3,351	–925	–570	–944	747	–12,465	–	–12,465
Other expenses	–8,387	–2,610	–538	–420	–836	–2,701	6,045	–9,447	–	–9,447
Depreciation and impairments ¹⁾	–724	–173	–153	–20	–42	–6	–1,574	–2,694	–	–2,694
Total operating expenses	–23,600	–8,655	–5,347	–1,576	1,984	–3,844	4,616	–40,389	–309	–40,699
Adjusted operating income	1,074	–211	–16	–43	100	103	–341	666	–	–
Items affecting comparability²⁾	–230	–71	–8	–	–	–	–	–309	–	–
OPERATING INCOME	844	–282	–24	–43	100	103	–341	–	–	357
Net financial items	–	–	–	–	–	–	–	–	–	–198
Income before tax	–	–	–	–	–	–	–	–	–	158
Tax	–	–	–	–	–	–	–	–	–	–181
Net income for the period	–	–	–	–	–	–	–	–	–	–23

¹⁾ Includes impairment losses of SEK 6 million at PostNord Strålfors.

²⁾ Items affecting comparability consist of workforce transformation costs.



Note 4 (cont.)

2021 Jan.–Dec., SEKm	PostNord Sweden	PostNord Denmark	PostNord Norway	PostNord Finland	PostNord Strålfors	PostNord Other business activities	Other and eliminations	Adjusted total, Group	Items affecting comparability	Group
Net sales, external	22,036	7,012	3,990	988	1,804	4,880	-17	40,693	-	40,693
Net sales, internal	2,787	1,253	988	445	233	11	-5,716	-	-	-
Total net sales	24,823	8,265	4,978	1,433	2,037	4,891	-5,733	40,693	-	40,693
Other operating income, external	328	338	19	2	5	13	27	732	221	953
Other operating income, internal	237	8	9	4	6	3	-268	-	-	-
Total operating income	25,388	8,612	5,006	1,439	2,047	4,907	-5,975	41,425	221	41,646
Personnel expenses	-9,269	-3,916	-1,172	-194	-511	-176	-565	-15,802	-	-15,802
Transportation expenses	-4,580	-1,747	-3,152	-882	-594	-929	801	-11,083	-	-11,083
Other expenses	-8,973	-2,607	-515	-361	-774	-3,532	7,080	-9,683	-	-9,683
Depreciation and impairments ¹⁾	-712	-156	-129	-11	-32	-6	-1,549	-2,596	-	-2,596
Total operating expenses	-23,534	-8,426	-4,968	-1,448	-1,911	-4,643	5,767	-39,165	-	-39,165
Adjusted operating income	1,854	186	37	-7	135	264	-208	2,260	-	-
Items affecting comparability²⁾	100	121	-	-	-	-	-	221	-	-
OPERATING INCOME	1,954	307	37	-7	135	264	-208	-	-	2,481
Net financial items	-	-	-	-	-	-	-	-	-	-153
Income before tax	-	-	-	-	-	-	-	-	-	2,328
Tax	-	-	-	-	-	-	-	-	-	-339
Net income for the period	-	-	-	-	-	-	-	-	-	1,989

¹⁾ Includes impairments of SEK 5 million in PostNord Sweden and SEK 1 million in PostNord Denmark, recognized on the line Depreciation and impairments.

²⁾ Items affecting comparability consist of capital gains/losses on divestment of properties and property subsidiaries.

Organization into geographical areas based on domicile of companies, SEKm	2022				2021			
	Revenue ¹⁾	Total assets ²⁾	Non-current assets ²⁾	Investments, property, plant and equipment and intangible assets	Revenue ¹⁾	Total assets ²⁾	Non-current assets ²⁾	Investments, property, plant and equipment and intangible assets
Sweden	23,438	16,020	6,276	1,258	23,401	13,250	5,557	786
Denmark	7,730	5,100	1,519	110	7,899	5,689	1,496	275
Norway	4,692	4,462	3,293	389	4,318	3,891	2,767	276
Finland	1,450	820	383	81	1,344	634	298	58
Other countries	3,744	1,354	79	29	4,683	1,583	447	13
Total	41,055	27,755	11,552	1,868	41,646	25,046	10,565	1,408

¹⁾ The classification is based on the company's domicile, i.e. the location from where the invoice is issued.

²⁾ Total assets exclude right-of-use assets as defined in IFRS 16. Non-current assets consist of property, plant and equipment and intangible assets.

Note 5 Employees, personnel expenses and executive remuneration

Average number of employees per country	2022				2021			
	Women	Men	Total	% Men	Women	Men	Total	% Men
Sweden	5,894	12,357	18,251	68	6,239	13,061	19,300	68
Denmark	2,095	4,066	6,161	66	2,277	4,480	6,757	66
Norway	216	1,368	1,584	86	248	1,350	1,598	84
Finland	131	266	397	67	127	256	383	67
Other countries	124	184	308	60	146	174	320	54
Total	8,460	18,241	26,701	68	9,037	19,321	28,358	68

Personnel expenses, SEKm	2022	2021
Salaries and other remuneration	12,308	12,057
Statutory social insurance costs	2,379	2,462
Pension expenses ¹⁾	1,163	1,146
Other personnel expenses	241	137
Total	16,093	15,802

¹⁾ Of the Group's pension expenses, SEK 4 million (4) pertains to current and earlier Presidents and Executive Vice Presidents. Obligations outstanding on behalf of these persons total SEK 151 million (150).

Gender representation among senior executives, %	Dec. 31, 2022		Dec. 31, 2021	
	% Women	% Men	% Women	% Men
Group Board of Directors	50	50	50	50
Group Management	44	56	44	56
Other Boards of Directors	35	65	34	66
Other senior executives	38	62	39	61

Salaries and other remunerations by geographical area based on the domicile of the companies, SEKm ¹⁾	2022			2021		
	Presi-dents ²⁾	Other employees	Total	Presi-dents ²⁾	Other employees	Total
Sweden	24	7,157	7,181	21	7,128	7,149
Denmark	13	3,629	3,642	12	3,557	3,569
Norway	7	1,111	1,118	4	998	1,002
Finland	5	199	204	4	186	190
Other countries	6	157	164	3	145	148
Total	55	12,254	12,309	44	12,013	12,057

¹⁾ No bonus was paid.

²⁾ The CEO column shows the salary and remuneration of all CEOs of the legal entities, by geographical location.

Benefits to senior executives

On behalf of all senior executives in Sweden, pension provisions corresponding to no more than 30 percent of the executive's monthly salary are made. Under the relevant contracts, the pensionable age is 65 years. In the case of senior executives employed in Denmark, the pension cost is included in the salary and the pensionable age complies with legislation in Denmark. In Norway, senior executives are subject to Norwegian labor law and the same pension conditions as for those otherwise employed. The pensionable age is 65 years.

The pension provision for the President is set at 30 percent of the executive's monthly salary. The period of notice for the President and other senior executives is 6 months in the case of employment being terminated either by the employee or the employer.

If the employment is terminated at the employer's initiative, severance compensation corresponding to the value of the person's monthly salary will be paid for a maximum of 12 months. The Company is entitled to deduct, from salary during the period of notice or from severance compensation, any earnings that a senior executive may, or is clearly in a position to, receive from other employment during the period to which the employment period or the severance compensation pertains.

Summary of guidelines on remuneration to senior executives in the Group, adopted at the AGM held on April 26, 2022

The total remuneration for executives shall be balanced, competitive, capped, reasonable and fit-for-purpose, and shall be in keeping with sound ethics and a healthy corporate culture. The remuneration shall not be pay-setting relative to comparable enterprises, but shall be characterized by restraint.

Individual premium-based pension plans are contracted for the President & Group CEO and other senior executives of the Group who are employed in Sweden, with contributions not to exceed 30 percent of the fixed monthly salary. The required insurance policies are contracted within the scope of this premium. In the case of senior executives employed in Norway, fully premium-based pensions are applied. In 2021, the Board approved a deviation from the remuneration guidelines via a decision to pay a pension provision of 14.8 percent per month for Deputy CEO Peter Kjær Jensen. The decision is valid until otherwise decided by the Board. The decision represents a deviation of 4.8 percent from what is stipulated by remuneration guidelines for senior executives employed in Denmark (10 percent per month). Pension expenses for Danish employees are included in, and recognized as, salary. No deviations have been made from the decision-making process required by the guidelines for determining the remuneration. Otherwise, the guidelines for remuneration in 2022 have been applied without deviation for senior executives employed by PostNord or other company in the PostNord Group. The pensionable age shall be in accordance with the guidelines and practices of the countries concerned, Denmark and Norway.

In new employment contracts, the period of notice where the employment is terminated by the employer shall not exceed six months. Where the contract is terminated by the executive, the period of notice shall be no more than six months. Where the employment is terminated by the employer, severance compensation may be paid in an amount cor-

Note 5 (cont.)

responding to no more than 12 months' salary. If the employee takes up new employment or receives income from other business activities, the Company is entitled to reduce salary paid during the notice period and the severance compensation period. Variable salary is not paid and shall not be included as part of the employment contract of executives. See also Corporate Governance Report, pages 42–43.

Salaries and other remuneration to Group Leadership Team, SEKm	2022				2021			
	Salaries	Pension costs	Other benefits	Total	Salaries	Pension costs	Other benefits	Total
Annemarie Gardshol, President	10.8	3.1	0	13.9	10.1	3.0	0.1	13.2
Total, President	10.8	3.1	0	13.9	10.1	3.0	0.1	13.2
Anna van Bunningen (from June 1, 2021)	2.7	0.9	–	3.6	1.4	0.5	0	1.9
Viktor Davidsson	4.7	1.4	0	6.1	4.5	1.3	0.1	5.9
Ylva Ekborn	3.4	1.0	0.1	4.5	3.2	1.0	0	4.2
Jörgen Hellberg	2.9	0.9	0.1	3.8	2.8	0.8	–	3.6
Peter Kjaer Jensen	8.7	1.0	0.3	10.0	9.0	–	0.3	9.3
Mathias Krümmel	4.2	1.2	0.1	5.5	4.1	1.2	0.1	5.4
Kristina Lilja	3.8	1.1	0.1	5.0	3.7	1.1	–	4.8
Robin Olsen	3.8	0.3	0.6	4.7	3.6	0.3	0.3	4.2
Jan Starrsjö (until June 30, 2021)	–	–	–	–	2.1	0.5	0	2.6
Total, others in Group Leadership Team	34.2	7.8	1.3	43.3	34.5	6.6	0.8	42.0
Total, Group Leadership Team	44.9	11.0	1.3	57.2	44.7	9.6	0.9	55.2

Benefits to Board of Directors of Group and PostNord AB, SEK ¹⁾	Audit Committee	Remuneration Committee	2022	2021	Remuneration approved by AGM held on April 26, 2022, SEKt	Remuneration		
						Board of Directors	Audit Committee	Remuneration Committee
Christian Jansson	–	Member	723	705	Chair	705	74	38
Charlotte Strand	Chair	–	385	374	Deputy Chair	526	–	–
Christian Frigast	–	Chair	559	545	Member	314	58	25
Sonat Burman Olsson	Member	–	369	359				
Hillevi Engström (from Feb. 1, 2022)	–	Member	309	–				
Susanne Hundsbæk-Pedersen	–	Member	336	327				
Måns Carlson (to end of AGM April 2021)	Member	–	–	–				
Peder Lundquist	Member	–	369	359				
Ulrica Messing (until Jan. 31, 2022)	–	Member	28	327				
Erik Sandstedt (from start of AGM April 2021)	Member	–	–	–				
Total			3,077	2,996				

¹⁾ Amounts recognized consist of fees for Board and committee work approved at the 2021 and 2022 AGMs for the 2022 financial year.

Note 6 Other expenses

SEKm	2022	2021
Costs of premises	1,087	856
Cost of transformation measures	11	-7
Terminal fees	1,354	2,257
Cost of goods and materials	675	640
Procured IT resources	1,849	1,593
Misc.	4,472	4,345
Total	9,447	9,683

Note 7 Fees and reimbursement of expenses to auditors

SEKm	2022	2021
KPMG		
Auditing assignments	14	12
Other auditing services	1	1
Tax consultancy	0	0
Other services	1	1
Total	16	14

Audit services consist of statutory review of the annual and consolidated accounts and accounting records, as well as of the administration by the Board and the President and review and other auditing procedures performed as per agreement or contract.

This includes other duties that fall to the Company's auditor, and advice or other support occasioned by observations made during audits or the performance of such other duties.

Note 8 Net financial items

SEKm	2022	2021
Financial income		
Interest income	43	19
Other financial income	11	18
Net changes in exchange rates	4	12
Total	58	49
Financial expenses		
Interest expenses, financial liabilities measured at amortized cost	-52	-51
Interest expenses and actuarial impact (sickness insurance) on pensions	-84	-20
Interest expenses, leases	-95	-116
Interest expenses, discounting of provisions	-7	-7
Other financial expenses	-18	-8
Total	-256	-202
Net financial items	-198	153

See also Note 27 Financial risk management and financial instruments. For more information on interest expenses, pensions, see Note 22 Pensions.

Note 9 Tax

SEKm	2022	2021
Current tax	-446	-408
Deferred tax		
Change in deferred tax in temporary differences in statement of financial position	265	69
Change in deferred tax in loss carry-forwards	0	0
Total	265	69
Total tax	-181	-339

Reconciliation of effective tax rate	2022		2021	
	%	SEKm	%	SEKm
Income before tax	20.6	158	20.6	2,328
Tax at current tax rate for Parent Company		-33		-480
Non-deductible expenses		-51		-20
Tax-exempt income		21		63
Impact of unrecognized deferred tax from loss carry-forwards		-148		-81
Impact of unrecognized deferred tax in deductible temporary differences		84		173
Tax attributable to previous year		-16		20
Effect of other tax rates in foreign subsidiaries		-28		-14
Misc.		-10		-1
Total		-181		-339

Unused loss carry-forwards relate to operations outside Sweden, see Note 16.

Note 10 Non-current intangible assets

SEKm	Other non-current intangible assets							
	Goodwill		Licenses and similar assets		Capitalized development expenditures		Total other non-current intangible assets	
	2022	2021	2022	2021	2022	2021	2022	2021
Historical cost, opening balance	3,442	3,354	1,876	1,865	1,397	1,288	3,273	3,153
Investments during the year	–	–	22	11	145	145	167	156
Disposals/scrapping	–	–	–13	–146	–92	–9	–105	–155
Reclassifications	–	–	9	55	–48	–46	–39	9
Acquisition of subsidiaries	–	–	–	46	–	–	–	46
Translation differences	132	89	44	45	51	18	95	63
Accumulated historical costs at year-end	3,574	3,442	1,937	1,876	1,454	1,397	3,390	3,273
Amortization, opening balance	–	–	–1,657	–1,572	–752	–680	–2,408	–2,251
Amortization for the year	–	–	–73	–74	–107	–115	–181	–189
Disposals/scrapping	–	–	13	142	46	9	58	151
Reclassifications	–	–	4	–114	–54	41	–50	–73
Translation differences	–	–	–37	–39	–28	–7	–65	–46
Accumulated depreciation at year-end	–	–	–1,751	–1,657	–896	–752	–2,646	–2,408
Impairments, opening balance	–860	–844	–32	–125	–358	–338	–390	–463
Impairment losses for the year	–	–	–	0	–6	–	–6	–
Disposals/scrapping	–	–	1	4	49	–	50	4
Reclassifications	–	–	6	89	54	–16	59	73
Translation differences	–75	–16	0	–	–19	–4	–19	–4
Accumulated impairments at year-end	–935	–860	–26	–32	–280	–358	–306	–390
Closing balance	2,639	2,582	160	187	277	288	438	475

Cash-generating units	Goodwill Dec. 31, SEKm		Rate of growth after forecast period (%)		Discount rate before tax (%)	
	2022	2021	2022	2021	2022	2021
PostNord Sweden	1,044	1,044	–10 and 2	–10 and 2	11.6	10.1
PostNord Norway	953	924	2.0	2.0	11.4	10.4
PostNord Strålfors	455	444	–2.0	–2.0	11.3	11.9
PostNord Finland	175	160	2.0	2.0	10.4	8.2
Other cash-generating units	12	10	–2.0–2.0	–2.0–2.0	11.3–13.3	9.1–10.6
Total goodwill	2,639	2,582				

Other non-current intangible assets

Internally generated intangible assets are recognized as “Capitalized development expenditures” and consist for the most part of system support. Capitalized development expenditures on December 31, 2022 totaled a carrying amount of SEK 277 million (288).

Other non-current intangible assets consisted primarily of licenses and similar assets. Licenses and similar assets on December 31, 2022 totaled a carrying amount of SEK 160 million (187).

Investments during the year were made above all in system development. No changes to amortization/depreciation periods were made in 2022. For more on amortization/depreciation periods used, see Note 1 Accounting principles.

Other intangible non-current assets were tested for impairment, leading to impairment losses of SEK 6 million (0). Expenditures for research and development were recognized as costs on an ongoing basis during the period.

Goodwill

Goodwill is recognized as a non-current intangible asset with an indeterminable useful life at historical cost less accumulated impairment losses. Goodwill on December 31, 2022 was valued at a carrying amount of SEK 2,639 million (2,582).

Impairment testing

In order to allow for testing of impairment, goodwill in the Group has been allocated to cash-generating units in accordance with PostNord’s operational organization. In view of the fact that the production and sales of acquired businesses have been integrated with other PostNord operations, it is no longer possible to separate out the cash flow and assets of the units as originally acquired. Goodwill values have in certain cases had to be tested at a higher level of groups of cash-generating units, although no higher than per business segment. The allocation of recognized goodwill among cash-generating units is shown in the table Cash-generating units.

The recoverable amount for a particular cash-generating unit/group of cash-generating units is made up of the value in use or fair value, whichever is higher, less the costs of selling. An impairment for a cash-generating unit is recognized if the recoverable amount is lower than the carrying amount. Impairment losses are allocated first to goodwill and second to other assets of the cash-generating unit that are subject to impairment testing in accordance with IAS 36 Impairment of Assets, that is, tangible and intangible non-current assets.

Value in use

The recoverable amounts for the cash-generating units have been calculated from the value in use, by discounting anticipated future cash flows based on management’s three-year business plan, with extrapolation of net cash flows after the said three-year period.

The recoverable amount for the cash-generating unit Sweden and Denmark has been calculated from the value in use by discounting anticipated cash flows based on management’s five-year business plan,

Note 10 (cont.)

with extrapolation of net cash flows after the said five-year period. Given the wide differences between the growth rates in the explicit forecast period and in the terminal year between the logistics and the mail businesses, the forecasts have been separated in the calculation. The intention is to better reflect the negative growth in the mail businesses in Sweden and Denmark.

Management's assumptions and assessments reflect historical experience, analysis of external trends, for example in the logistics and mail businesses, and other available external information. The most important assumptions used in determining future cash flows are estimated growth rate in net sales, changes in costs, and working capital requirements. All assumptions are applied per cash-generating unit or group of cash-generating units. The growth rate in the terminal period, that is, after the three- and five-year forecast periods, respectively, is assumed to be -10 percent (-10) for the mail business and 2 percent (2) for the logistics business. The discount rate before tax was 10.4–13.3 percent (8.2–11.9). In determining the discount rate, the factors taken into account include type of business, where the business is located and risk premium for the specific cash-generating unit. Value in use was calculated with lease payments included in the cash flow for the cash-generating unit. The discount rate is thus not adjusted to reflect any impact from IFRS 16.

Sensitivity analysis for remaining goodwill

The sensitivity in the calculations for the cash-generating unit Norway indicates that the goodwill value could not be sustained if the long-term operating margin declined by 1 percent, if the discount rate after tax rose by 2 percent, or if the long-term rate of growth declined by 1.6 percent relative to the discount rate of 9.4 percent after tax or the 2 percent rate of growth used for calculation of the value in use. The sensitivity in the calculations for the other cash-generating units indicates that the goodwill value could be sustained in the event of reasonably anticipated changes to important assumptions.

Note 11 Property, plant and equipment

SEKm	Buildings and land		Machinery and equipment		Construction in progress		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Historical cost, opening balance	5,776	5,114	14,081	13,620	315	460	20,173	19,194
Acquisitions during the year	51	40	1,320	906	330	305	1,701	1,252
Acquisition of subsidiaries	253	84	–	71	–	–	253	152
Disposals/scraping	-117	-36	-1,301	-557	–	–	-1,418	-593
Reclassifications ¹⁾	220	440	130	-108	-336	-468	15	-136
Translation differences	201	135	358	148	23	18	582	301
Accumulated historical costs at year-end	6,385	5,776	14,589	14,081	332	315	21,306	20,173
Amortization, opening balance	-2,217	-1,836	-10,013	-9,868	–	–	-12,230	-11,704
Amortization for the year	-144	-129	-934	-875	–	–	-1,079	-1,004
Disposals/scraping	84	28	1,231	526	–	–	1,315	554
Reclassifications ¹⁾	5	-230	–	307	–	–	5	78
Translation differences	-98	-51	-270	-103	–	–	-368	-154
Accumulated depreciation at year-end	-2,370	-2,217	-9,987	-10,013	–	–	-12,357	-12,230
Impairments, opening balance	-180	-176	-341	-321	–	–	-521	-497
Impairment losses for the year	0	–	0	-6	–	–	0	-6
Disposals/scraping	–	–	12	0	–	–	13	1
Reclassification ¹⁾	–	–	–	-2	–	–	–	-2
Translation differences	-15	-4	-26	-12	–	–	-41	-17
Accumulated impairments at year-end	-195	-180	-355	-341	–	–	-550	-521
Closing balance	3,820	3,379	4,248	3,728	332	315	8,400	7,422

¹⁾ Reclassification to/from assets held for sale SEK -12 million (-51).

Note 12 Leases

The Group as lessee

Right-of-use assets

The Group's property, plant and equipment comprises both owned and leased assets (right-of-use assets).

The Group leases buildings and land above all for terminals and office premises. The leases normally run for a term of five years. The lease term has been determined as the non-cancellable lease term. In cases where the leases include options for extension or cancellation, this has been taken into account where it is reasonably certain that the options will be exercised and where leases are of material and strategic importance and to the Group. The Group also leases other types of asset, including various types of vehicle, machinery and equipment.

On December 31, 2022, rights-of-use assets totaled SEK 5,842 million (5,265) for buildings and land and SEK 487 million (429) for machinery and equipment. Depreciation for the year totaled SEK 1 231 million (1,221) for buildings and land and SEK 196 million (176) for machinery and equipment.

SEKm	Dec. 31, 2022	Dec. 31, 2021
Right-of-use asset, January 1	5,694	5,954
Newly acquired right-of-use assets	2,004	1,191
Terminated leases	-69	-87
Depreciation, right-of-use assets	-1,428	-1,397
Translation difference	128	33
Right-of-use asset, December 31	6,329	5,694

Newly acquired right-of-use assets in 2022 totaled SEK 2,004 million (1 191), consisting mainly of leased premises. This amount includes the historical cost of right-of-use assets acquired during the year, as well as additional amounts arising from re-evaluation of lease liabilities based on changes in payments resulting from change in lease term and change of date of end of lease term.

In certain cases, the Group guarantees the residual value of the leased asset at the end of the lease term. This applies mainly to leased vehicles and represents only minor amounts.

Lease liability

SEKm	Dec. 31, 2022	Dec. 31, 2021
Lease liability recognized on January 1	5,870	6,167
Newly incurred lease liabilities	1,989	1,201
Terminated leases	-70	-155
Amortized lease liabilities	-1,561	-1,490
Interest	95	115
Translation difference	127	32
Lease liability recognized on December 31	6,450	5,870

In properties leased by the Group, some areas are unused. At year-end, provisions of SEK – million (4) were made regarding these unused premises.

Maturity analysis (undiscounted flows), lease liabilities

SEKm	Dec. 31, 2022	Dec. 31, 2021
Within 1 year	1,535	1,433
1–2 years	1,291	1,193
2–3 years	979	1,022
3–4 years	745	775
4–5 years	606	526
More than five but less than ten years	1,482	1,180
More than ten years	141	242
Total	6,778	6,372

Lease liability as per balance sheet

SEKm	Dec. 31, 2022	Dec. 31, 2021
Current portion	1,449	1,371
Long-term portion	5,001	4,499
Total	6,450	5,870

Other disclosures

PostNord has decided to apply the provisions regarding transitional rules for short-term leases and low-value assets. Under these provisions, leases with a term of less than 12 months and low-value leases are recognized on a linear cost basis over the lease term. Examples of low-value assets include computers, printers and coffee machines. In 2022, expenses in connection with low-value leases totaled SEK 18 million (28). In 2022, expenses in connection with short-term leases totaled SEK 333 million (254).

Certain leases require the Group to pay charges arising from property tax. Payment of property tax has been deemed to represent a variable lease charge and thus is not included in the measurement of the lease liability. In 2022, variable lease charges totaled SEK 3 million (5).

Total cash outflows under leases amounted to SEK 1,820 million (1,661). Cash outflows included amounts for amortization of lease liabilities, interest, variable lease charges, short-term leases and low-value leases.

Future cash flows that the Group will be exposed to but that are not reflected in the measurement of the lease liability consist primarily of contracted but not yet activated leases that the Group is committed to. The value of such leases totals approximately SEK 74 million (429). A change is also possible in the future should a review of the lease term be conducted regarding any of the Group's major property leases.

The Group as lessor

Finance leases

Financial income from leases where the Group is lessor is recognized as equal amounts over the lease term and totals SEK 5 million (6). This income reflects a return on the lessor's net investment in the lease.

Regarding the leases where the Group is lessor, a receivable corresponding to the net investment in the lease is recognized. See also Note 14 Financial investments.

Operating leases

The Group recognizes rental income of SEK 19 million (37). See also Note 3 Revenue. The Group classifies these leases as operating leases, as the leases do not transfer material risks and benefits that are associated with ownership of the underlying asset.

Note 13 Participations in associated companies

Associated companies	Registered office	Country	Number of shares	Participation, %	Carrying amount, SEKm
e-Boks Group A/S	Copenhagen	Denmark	500,000	50	154
Norske Sonenøkler AS	Oslo	Norway	1,500	50	0
eHUBnordic ApS	Ballerup	Denmark	126,851	26.7	–
Closing balance					154

Note 14 Financial investments

SEKm	Dec. 31, 2022	Dec. 31, 2021
Financial investments treated as non-current assets		
Endowment insurance	187	187
Non-current lease receivable	70	81
Other non-current investments	8	8
Closing balance	265	276
Short-term investments treated as current assets		
Current lease receivable	11	11
Closing balance	11	11

Note 15 Non-current receivables

SEKm	Dec. 31, 2022	Dec. 31, 2021
Funded defined-benefit pension plans measured in accordance with IAS 19	3,741	–
Funded family pension and sickness insurance ITP-P sect. 2, measured in accordance with IAS 19 ¹⁾	177	105
Deposits, property leases	41	36
Misc.	201	210
Total	4,160	352

¹⁾ See also Note 22. Pensions

Note 16 Deferred tax

SEKm	2022					2021				
	Opening balance	Recognized via the income statement	Recognized via other comprehensive income	Other	Closing balance	Opening balance	Recognized via the income statement	Recognized via other comprehensive income	Other	Closing balance
Deferred tax assets										
Non-current intangible assets	8	4	–	–	12	–	8	–	–	8
Provision for pensions	94	–94	–	–	–	754	62	–722	–	94
Other provisions	80	30	–2	–	108	64	16	–	–	80
Lease liabilities	1,000	–262	–	411	1,149	1,113	–263	–	150 ¹⁾	1,000
Loss carry-forwards	0	13	–	–	13	0	–	–	–	0
Offset against liabilities	–1,159	–	–	138	–1,021	–1,304	–	–	145	–1,159
Total	23	–309	–2	549	261	627	–177	–722	295	23
<i>Of which, outside Sweden</i>	<i>2</i>				<i>4</i>	<i>6</i>				<i>2</i>
Deferred tax liability										
Non-current intangible assets	–	–	–	–	–	–28	28	–	–	–
Property, plant and equipment	–327	2	–35	–29	–389	–297	–29	–1	–	–327
Right-of-use assets	–1,009	265	31	–411	–1,124	–1,089	260	–30	–150 ¹⁾	–1,009
Current assets	–23	–1	–	–2	–26	–10	–13	–	–	–23
Provision for pensions	–	308	–1,107	–	–799	–	–	–	–	–
Offset against receivables	1,159	–	–	–138	1,021	1,304	–	–	–145	1,159
Total	–200	574	–1,111	–580	–1,317	–120	246	–31	–295	–200
<i>Of which, outside Sweden</i>	<i>–149</i>				<i>–161</i>	<i>–86</i>				<i>–149</i>

¹⁾ Deferred tax attributable to newly established leases.

Deferred tax is recognized gross in the country concerned.

Dates payment due, tax amounts

SEKm	Capitalized loss carry-forwards, taxable amount		Loss carry-forwards where deferred tax assets not recognized, taxable amount	
	2022	2021	2022	2021
Not due	13	0	1,269	1,069

Loss carry-forwards where deferred tax assets were not recognized totaled SEK 1,269 million (1,069) in Denmark. These deferred tax assets have not been recognized since it was judged that the deductions could not be used in the foreseeable future.

In addition to unrecognized loss carry-forwards, deductible temporary differences arising in Denmark and amounting to SEK 435 million (597) have not been recognized.

Note 17 Inventories

SEKm	Dec. 31, 2022	Dec. 31, 2021
Goods for resale etc.	36	42
Raw materials	57	41
Closing balance	93	83

The major share of the raw materials in the inventory are held at Strålfors. The major share of the goods for resale are held at PostNord Group AB. Impairment losses on inventories totaled SEK 1 million (1).

Note 18 Prepaid expenses and accrued income

SEKm	Dec. 31, 2022	Dec. 31, 2021
Prepaid rent	29	31
Prepaid insurance premiums	17	25
Prepaid salaries	53	60
Terminal fees	287	366
Derivatives	39	38
Other items	863	744
Closing balance	1,287	1,263

Note 19 Cash and cash equivalents

SEKm	Dec. 31, 2022	Dec. 31, 2021
Cash and bank balances	3,537	6,025
Short-term investments treated as cash and cash equivalents	349	217
Closing balance	3,886	6,242

Short-term investments have been classified under Cash and cash equivalents if they are readily convertible into cash, have a maturity of no more than 3 months from the date of acquisition and represent a negligible risk of value fluctuations. Bank deposits and investments have been entered into with counterparties with a rating of no lower than Standard & Poor's BBB, or certain State-owned enterprises without a rating.

Note 20 Earnings per share

SEK	2022	2021
Earnings per share	-0.01	0.99

Earnings per share are calculated by dividing the part of the Group's net profit or loss for the period that is attributable to the Parent Company's shareholders, by the average number of shares in issue. No dilutive instruments have been issued.

Note 21 Interest-bearing liabilities

SEKm	Dec. 31, 2022	Dec. 31, 2021
Non-current interest-bearing liabilities		
Liabilities to credit institutions	1,707	2,566
Other non-current liabilities	185	185
Closing balance	1,892	2,752
Current interest-bearing liabilities		
Liabilities to credit institutions	874	513
Other current liabilities	–	–
Closing balance	874	513

See also Note 27 Financial risk management and financial instruments.

Note 22 Pensions

Note 1 Accounting principles provides a description of PostNord's pension plans. The Group operates both defined-benefit and defined-contribution pension plans. There are also a small number of personnel categories with entitlement to a retirement pension at a lower age, under special arrangements made at corporatization. Postens Pensionsstiftelse (Posten Pension Fund) secures pension obligations for PostNord Group AB and PostNord Sverige AB. For more information on internal dealings between the Group and Postens Pensionsstiftelse, see the section Assets under management and Note 28 Related party transactions. Postens Pensionsstiftelse is regulated under the Swedish Pension Obligations Vesting Act (1967:531). Postens Pensionsstiftelse is supervised by the Stockholm County Administrative Board and Finansinspektionen (the Swedish Financial Supervisory Authority).

PostNords Försäkringsförening (PFF) (in liquidation) is regulated under the Swedish Friendly Societies Act (1972:262) and is under the supervision of Finansinspektionen. Until April 30, 2020 family pensions

and sickness insurance under the ITP-P plan, sect. 2, were secured with PFF. On that date, PFF transferred its insurance portfolio to an external insurance company, SPP Pension & Försäkring AB (publ). On completion of the transaction, PFF entered into liquidation and its remaining surpluses are recognized as operating receivables for future distribution.

Family pensions and sickness insurance under the ITP-P Plan sect. 2 continue to be administered at SPP. PostNord's recognition of a net asset under this insurance is limited with regard to the scope for utilization of the surplus (under the "asset ceiling") for future discounts on an ongoing basis during the contract term and in the form of refunds on termination of the insurance agreement. The limitation is determined by agreed levels of asset coverage ratio, that is, the ratio of insured capital to insurance commitments measured according to SPP's actuarial principles, which differ from valuation according to IAS 19. The insured capital at SPP is calculated on behalf of PostNord and in the event of an asset coverage ratio below or above agreed levels, a premium adjustment is made in accordance with the insurance agreement.

The Group's pension obligation is 100 percent (100) attributable to pension benefits earned in its Swedish companies.

Asset ceiling, SEKm	Dec. 31 2022	Dec. 31 2021
Sickness insurance and family pension commitment	470	664
Plan assets, fair value	647	770
Surplus before asset ceiling	177	105
Effect of asset ceiling	–	–
Net asset, sickness insurance and family pensions	177	105

Note 22 (cont.)

Provisions for pensions and similar obligations, SEKm	2022		2021	
	2022	2021	2022	2021
Pension obligations, OB	24,538	25,292		
Costs relating to service during current year ¹⁾	224	262		
Interest expense ²⁾	407	222		
Occupational pensions	15	23		
Payments of benefits	-1,198	-1,175		
Actuarial gains (-) and losses (+) – change in financial assumptions ³⁾	-7,024	-356		
Actuarial gains (-) and losses (+) – change in demographic assumptions ³⁾	-32	-		
Actuarial gains (-) and losses (+) – experience-based ³⁾	1,463	271		
Pension obligations, CB	18,393	24,538		
Assets under management, fair value OB	22,705	20,842		
Interest income	379	183		
Contributions from employer	151	161		
Payments made to employer	-982	-1,200		
Payments of benefits	-29	-32		
Actual return above (+) and below (-) interest income	-1,324	2,750		
Assets under management, fair value CB	20,900	22,705		
Change in net asset or net liability				
Present value of defined-benefit obligations	18,393	24,538		
Assets under management, fair value	-20,900	-22,705		
Effect of asset ceiling	-	-		
Net (asset -, liability +) at year-end excluding special payroll tax⁴⁾	-2,508	1,833		
Work-related injuries	11	15		
Special payroll tax	-919	179		
Net (asset -, liability +) in Statement of changes in financial position, including work-related injuries and effect of special payroll tax	-3,415	2,027		

¹⁾ Costs of earning entitlement consist of SEK 208 million (241) for funded plans and the remaining unfunded plans.

²⁾ Of the interest expense, SEK 373 million (203) is attributable to funded plans and the remainder to unfunded plans.

³⁾ Of actuarial gains and losses, SEK -5,313 million (-92) is attributable to funded plans.

⁴⁾ The Group has no assets under management that consist of the Company's own transferable financial instruments or properties that are used by the Company.

Specification, net, commitment and asset, SEKm	2022				2021			
	Net commitment+ and asset-	Special payroll tax	Work-related injuries	Total	Net commitment+ and asset-	Special payroll tax	Work-related injuries	Total
Funded defined-benefit disability pension plans	-214	37	-	-177	-174	69	-	-105
Total recognized as Non-current receivables	-214	37	-	-177	-174	69	-	-105
Unfunded non-vested pensions	397	96	-	493	589	143	-	732
Work-related injuries	-	-	11	11	-	-	15	15
Total recognized as Other provisions	397	96	11	504	589	143	15	747
Funded pensions	-3,925	-952	-	-4,877	-131	-32	-	-163
Unfunded vested pensions	1,235	-100	-	1,135	1,549	-1	-	1,548
Total recognized as Pensions	-2,690	-1,052	-	-3,742	1,418	-33	-	1,385
	-2,508	-919	11	-3,415	1,833	179	15	2,027

In the course of 2023, the Group anticipates paying benefits totaling SEK 1,329 million (1,214) under defined-benefit plans. The weighted duration of the pension commitment is 12 (15) years.

When the value of the assets under management exceeds the present value of the pension calculation, this creates an asset for the Group (see non-current receivables).

Expenses and income for defined-benefit and defined-contribution pension plans, excluding special payroll tax, SEKm

	2022	2021
Costs relating to service during current year	224	262
Interest expense (plus) and interest income (minus) ¹⁾	28	40
Actuarial losses (plus) and gains (minus) ¹⁾	56	-20
Occupational pensions	37	23
Defined-benefit pension plans	345	305
Defined-contribution pension plans	887	845
Other pension expenses	15	16
Recognized within net financial items	-84	-20
Total pension expenses	1,163	1,146

¹⁾ Interest expenses, interest income and actuarial losses and gains relating to sickness insurance are recognized in net financial items. Other actuarial losses and gains are recognized in other comprehensive income.

Provision for non-vested pensions

PostNord is liable for its Swedish subsidiaries' non-vested pension commitments under the Group's "transitional regulations". These regulations apply to certain personnel who, under the terms of their employment, are entitled to retire at 60 or 63 years of age. A condition is that the employee had to have reached the age of 28 years by no later than

January 1, 1992 and to have remained in the same function thereafter. The total obligation, calculated in accordance with the Swedish Pension Obligations Vesting Act, for pensions under the transitional regulations was SEK 648 million (934) on December 31, 2022. On the basis of historical outcomes and experience, PostNord estimates that on average 60 percent will exercise their rights under the transitional regulations. The provision is set at this proportion of the total obligation. The amount recognized as a liability in the Group totals SEK 455 million (681), including special payroll tax. The obligation is included in the balance of Unfunded pension plans, non-vested pensions.

PostNord bears liability for an obligation, an "ultimate liability", that PostNord Group AB assumed at its corporatization. On the basis of available information, this obligation was calculated at SEK 38 million (51) on December 31, 2022, including special payroll tax. The obligation is included in the balance of Unfunded pension plans, non-vested pensions.

Liability for maintaining value

In 2000, pension commitments previously guaranteed via Postens Pensionsstiftelse were redeemed through the purchase of insurance policies. PostNord retains a liability for maintaining the value and coordinating the gross value of these pension commitments. The capital value of these commitments at the start of the year, was SEK 93 million (51). In 2022, PostNord utilized SEK 22million (-) from the surplus in these insurance plans for occupational pension payments.

Actuarial calculation assumptions

The actuarial valuation of PostNord's defined-benefit pension commitments and pension expenses is based on the assumptions described below. These assumptions are calculated as weighted mean values for the particular pension plan. Any change, above all, in assumptions regarding discount rate, inflation and life expectancy, may have considerable impact on estimated pension commitments, financing requirements and annual pension expenses.

Note 22 (cont.)

Actuarial assumptions, %	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020
Discount rate	4.00	1.70	0.90
Future annual pay rises	2.65	2.85	2.15
Change in income base amount	3.25	3.45	2.75
Inflation	2.00	2.20	1.50
Employee turnover	8.00	6.00	6.00
Lifetime obligation	FFFS 2007:31	FFFS 2007:31	FFFS 2007:31

The expenses for 2022 are based on the actuarial assumptions that were established at the start of the year. At the end of 2022, PostNord established assumptions that were applied to the calculation of the outcome as per December 31, 2022. These actuarial assumptions are also used in the forecast for expenses in 2023. It was also taken into account that all assumptions used in the valuation should in the long term be mutually compatible.

The discount rate is determined in accordance with IAS 19, that is, based on high-grade corporate bonds traded on an active market as defined by IFRS, by reference to the Swedish housing bond market. Against this background, management takes the view that the discount rate applied reflects the time value of money and offers a reasonable present value for the Group's pension obligations. Future annual salary increases reflect anticipated percentage pay rises, as a composite product of inflation, period of service and rank. The income base amount is determined annually by the government and is used, for example, to establish the ceiling for pensionable pay in the national pension system. The Group's inflation assumption was 2.00 percent. This reflects the view of the players in the financial markets regarding inflation in the pricing of securities, that is, implicit inflation. The personnel turnover is the composite expectation for future business growth, real pay rises and the productivity growth required to maintain profitability. It also takes into account the personnel turnover experienced over recent years. The factor of average remaining service life is determined on the basis of the current age breakdown for the Group's employees. The life expectancy assumption is based on the Swedish Financial Supervisory Authority's (Finansinspektionen) directions, published as FFFS 2007:31 (FFFS 2007:31). A later analysis of mortality rates was conducted via the DUS 14 and DUS 21 studies. PostNord is not a service enterprise in that sense, but the demographics accord very closely with FFFS 2007:31.

Alecta

Obligations for retirement and family pensions for salaried employees in Sweden may be secured through an insurance policy with Alecta. In the Group, only a few companies use insurance as a means of securing pension benefits, and the sums are not substantial.

Assets under management

Total assets under management amounted to SEK 20,900 million (22,705). The major share of the Group's assets under management is

administered by Postens Pensionsstiftelse (the Posten Pension Fund), SEK 20,203 million (21,885). Other assets under management consist of assets in SPP Pension & Försäkring AB (publ), SEK 647 million (770), and pension insurance with Skandia, SEK 51 million (51). Real return on assets under management totaled SEK -945 million (2,933), including interest income of SEK 379 million (183).

The activities of Pensionsstiftelsen are governed by an investment policy adopted by the Fund's Board of Directors. The overall objective of Pensionsstiftelsen is to manage its assets with regard to the Group's pension obligations for which Pensionsstiftelsen has received funds. The composition of and return on the assets shall adequately ensure that the Group can meet the pension payments assured by Pensionsstiftelsen.

Pensionsstiftelsen's allocation strategy is based on an asset liability management (ALM) analysis. The forecast pension liability is measured against the anticipated return on the assets, together with risk and historical correlations, in order to determine an appropriate asset allocation and level of risk. The asset allocation and Pensionsstiftelsen's management shall ensure that the long-term target for return on investment is achieved, at a level of risk that is justifiable and reasonable. The return achieved on asset management varies from year to year, depending on a range of separate external factors. This means that the return on investment target is to be regarded as a target for return achieved over a longer term.

Pensionsstiftelsen strives for a well-balanced diversification between and within categories of asset, based on historic risk-adjusted return and correlations, as well as anticipated risk-adjusted return. Diversification reduces the risk represented by the assets. The allocation over various classes of asset is established with ranges providing for flexibility.

39 percent (38) of Pensionsstiftelsen's assets are traded in an active market. The asset allocation at Pensionsstiftelsen on December 31, 2022 was as follows: fixed-income securities SEK 2,392 million (2,273), liquid assets including forward contracts SEK 2,232 million (2,484), unlisted assets SEK 10,188 million (11,025) and equities SEK 5,391 million (6,103).

Summary and sensitivity analysis

At year-end 2022, PostNord had funded pension commitments of SEK 16,761 million (22,400) and assets under management of SEK 20,900 million (22,705). In addition to funded commitments, a pension liability is recognized in the statement of financial position, consisting of vested pension commitments of SEK 1,235 million (1,549) and non-vested pension commitments of SEK 397 million (589). The Group's pension commitments are measured on the basis of the above-mentioned actuarial assumptions and the assets under management are measured at fair value. Special payroll tax of SEK -919 million (179) is also taken into account.

See table below for an analysis of the effects of changes in assumptions.

Sensitivity analysis excl. special payroll tax on pensions, SEKm (+) improved income (+) increased liability (-) decreased income (+) decreased liability	Change	Impact on income		Impact on statement of financial position items and other comprehensive income		
		Forecast cost (service cost)	Net financial items	Impact on pension liability	Impact on market value of assets	Impact after tax on other comprehensive income
Actuarial assumptions						
Change in discount rate and anticipated return on assets under management	+0.1% point	2	11	-211	-	167
	-0.1% point	-2	-11	215	-	-171
Change in actual return on assets under management	+0.1% point	-	1	-	-21	17
	-0.1% point	-	-1	-	21	-17
Change in pay	+0.5% point	-5	-4	98	-	-78
	-0.5% point	4	4	-88	-	70
Change in income base amount	+0.5% point	1	1	-17	-	13
	-0.5% point	-2	-1	20	-	-16
Change in inflation	+0.5% point	-8	-40	1,002	-	-796
	-0.5% point	7	37	-919	-	729
Life expectancy, years	+1 year	-3	-28	694	-	-551
	-1 year	4	27	-683	-	543
Take-up rate, rights under transitional regulations						
Change in take-up rate, rights under transitional regulations	+5% point	-	-1	30	-	-24
	-5% point	-	1	-31	-	24

Note 23 Other provisions

2022 Jan-Dec, SEKm	Opening balance	Provisions	Reversals	Utilization	Other ¹⁾	Closing balance
Transformation measures						
Provision for personnel and other cutbacks	729	372	-1	-556	43	587
Non-vested pension commitments						
Non-vested pension commitments	589	16	-	-204	-5	396
Special payroll tax	143	4	-	-49	-1	97
Misc.						
Work-related injuries	15	0	-	-	-4	11
Provision for anniversary bonus	41	-	-	-6	4	39
Total	1,517	392	-1	-815	37	1,130
<i>of which current</i>	562					444
<i>of which non-current</i>	955					686

¹⁾ Miscellaneous includes translation effect of currency fluctuations, revaluation effect in pensions, discounting effect in provisions and reclassifications.

2021 Jan-Dec, SEKm	Opening balance	Provisions	Reversals	Utilization	Other ¹⁾	Closing balance
Transformation measures						
Provision for personnel and other cutbacks	1,411	38	-37	-710	27	729
Non-vested pension commitments						
Non-vested pension commitments	761	17	-	-210	20	589
Special payroll tax	185	4	-	-51	5	143
Misc.						
Work-related injuries	22	0	-	-	-7	15
Provision for anniversary bonus	43	-	-	-3	1	41
Total	2,422	60	-37	-974	46	1,517
<i>of which current</i>	737					562
<i>of which non-current</i>	1,685					955

¹⁾ Miscellaneous includes translation effect of currency fluctuations, revaluation effect in pensions, discounting effect in provisions and reclassifications.

Provisions for transformation measures

Recognized provisions consist above all of transformation measures affecting personnel. The amounts are calculated on the basis of management's best estimates.

The provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer likely that an outflow of funds will be required to settle the commitment, the provision is reversed.

During 2022, provisions and reversals for transformation with an impact on personnel expenses amounted to SEK 360 million (8). Provisions and reversals for transformation measures with an impact on other expenses amounted to SEK 11 million (-7). The impact of provisions for non-vested pension commitments and provision for anniversary bonus is recognized in personnel expenses.

The amount utilized for transformation costs was SEK 556 million (710). The effect of discounting is recognized among financial items in

the income statement. Translation differences arising from foreign exchange effects are recognized in other comprehensive income.

Provision for estimated future non-vested pensions

PostNord is liable for non-vested pension commitments under its "transitional regulations". These regulations apply to certain personnel who, under the terms of their employment, are entitled to retire at 60 or 63 years of age. Special payroll tax has also been taken into account.

For further information, see Provision for estimated future non-vested pensions and Provision for ultimate liability in Note 22 Pensions.

Other provisions

Provision for work-related injuries consists of payments in the form of accident annuities, as defined in the law on occupational injury insurance, and of occupational injury annuities.

Provisions for anniversary bonus consist of anticipated future anniversary bonuses in the form of extra pay awarded when the employee has completed 25 or 40 years of service at Post Danmark A/S.

Present value

Provisions for which the payment period extends over several years are normally discounted to present value. Effects of discounting included in the changes for the year are presented separately when they reach substantial amounts. Provisions for non-vested pensions have payment periods extending over several years. In the case of this provision, a present value calculation is not presented separately, since it is covered by IAS 19. See also Note 22 Pensions.

Anticipated payments, SEKm

	1 year	2 years	3 years	> 3 years
Transformation measures	438	37	27	85
Non-vested pension commitments ^{1), 2)}	89	95	83	134
Work-related injuries ^{1), 2)}	2	2	2	8
Provision for anniversary bonus	6	14	11	8
Total	535	148	123	235

¹⁾ Anticipated payments for non-vested pensions (excl. special payroll tax) have been calculated in accordance with IAS 19. Non-vested pension commitments and work-related injuries are recognized in their entirety as non-current provisions.

²⁾ Anticipated payments deviate from recognized provisions because the provisions are calculated at present value.

Anticipated payments for provisions

The amounts stated correspond to the anticipated outcome that forms the basis for calculating the amount for the provisions, but cannot be considered in their entirety as real payment flows, as certain costs are not matched by payments. Such costs include, for example, certain expenses relating to personnel cutbacks.

Note 24 Accrued expenses and deferred income

SEKm	Dec. 31, 2022	Dec. 31, 2021
Stamps sold but not used	348	421
Accrued payroll expenses	370	406
Holiday pay liability	921	982
Social insurance costs	285	310
Terminal fees	711	1,405
Derivatives	50	20
Other items	843	795
Closing balance	3,529	4,340

Note 25 Pledged assets and contingent liabilities

SEKm	Dec. 31, 2022	Dec. 31, 2021
Pledged assets for own liabilities		
Real estate mortgages ¹⁾	178	177
Pledged assets ²⁾	235	242
Total	413	419
Contingent liabilities		
Guarantees, PRI	75	78
Total	75	78

¹⁾ Collateral for part of Non-current interest-bearing liabilities.

²⁾ Endowment insurance policies and collateral for portion of rent payments.

Disputes

PostNord conducts national and international operations on a major scale and so becomes involved in disputes and legal proceedings that from time to time arise in the business. Such disputes and legal proceedings are not expected to adversely affect PostNord's earnings, profitability or financial position, either individually or in combination, to any material degree.

Note 26 Investment obligations

On December 31, 2022, the Group had contracted to purchase property, plant and equipment. These investments totaled SEK 488 million (1,041) in value, the main items being SEK 335 million (594) for vehicles, SEK 132 million (324) for transportation and sorting equipment and SEK 21 million (124) for parcel lockers. It is expected that half of the obligations will be settled in mid-2023 and the remainder at year-end 2023 or later.

Note 27 Financial risk management and financial instruments

The Group's management of financial risks is governed by the Group Treasury Policy adopted by PostNord's Board of Directors. The policy consists of guidelines on cash management, financing and financial risk management. The Group's management of financial risk is intended to support realization of the Group's goals and strategies, by sustainably securing financing, liquidity and a balanced financial position that takes all financial risks into account at all times. The Group's financial risks are divided into the categories of refinancing risk, credit risk, interest rate risk, currency risk, electricity price risk, fuel price risk and market risk in asset management.

Credit and market risks (currency, interest rate, electricity price, fuel price) shall be managed on a commercial basis and proactively in order to limit negative impact on the Group's income and cash flow. Collateral and contingent liabilities may be used only in exceptional cases.

The Group's financial risks and cash flow risk

The Group's cash flow and financial position are exposed not only to market conditions and productivity, but also financial risks, such as refinancing risk, credit risk, interest rate risk and foreign currency transaction exposure. Exposures to market risk are mitigated using financial instruments in accordance with the Group Treasury Policy.

Major exposure to financial risk also exists in the Group's pension liabilities. Provisions for pensions are exposed not only to changes in long-term interest rates and inflation expectations, but also to returns on the major assets under management at Postens Pensionsstiftelse. See also Note 22.

Property, liability, and business interruption insurance policies are used to limit the negative effects of low-frequency operational risks with major potential impact on the Group's cash flow, earnings, and asset values. Group-wide insurance policies are used for risks that affect all businesses in the Group. In addition, local insurance is used for specific business risks and compliance with local legislation, for example for adhering to the requirements of laws or collective agreements.

In addition to insurance, the Group maintains financial preparedness in order to safeguard continuity for customers, suppliers and employees by securing a capability for restoring operations in the event of wides-

pread outcomes from uninsured risks, as well as for subsequent normalization of financing and cash flow. The Group's financial preparedness is made up of cash and cash equivalents, short-term liquid investments, and unutilized committed credit lines.

Liquidity management and financing

The Group's policy is to centralize and coordinate management of the Group's cash and cash equivalents via Group accounts for effective deployment within predefined risk limits. Surplus liquidity is invested in approved instruments. Foreign currency investments are also permitted, provided that currency risk is hedged. The Group coordinates financing in the main via the Group's Parent Company.

Risk definitions and policy

Refinancing risk

Refinancing risk is defined as the risk that cash and cash equivalents are not available or that financing either cannot be obtained or can only be obtained at considerably higher cost. The Group's policy on refinancing risk consists of maintaining, at any one time, financial preparedness of a scope that, as a minimum is designed in terms of the financial plan to handle internal and external risks, and to cope with seasonal variations. The Group's financial preparedness is made up of cash and cash equivalents, short-term liquid investments, and unutilized committed credit lines. Unutilized confirmed credit facilities on December 31, 2022 totaled SEK 3,200 million (2,000), of which SEK 2,000 million matures in 2025 and SEK1,200 million in 2033.

Financial preparedness

SEKm	Dec. 31, 2022	Dec. 31, 2021
Cash and cash equivalents	3,886	6,242
Unutilized confirmed loan	1,200	–
Unutilized long-term confirmed credit facilities	2,000	2,000
Financial preparedness	7,086	8,242

Credit risk

Credit risk refers to the risk that a borrower may be unable to meet his obligations. Credit risk also includes the risk that, where an inability to meet a payment obligation exists, collateral or guarantee furnished does not cover the claim. A credit risk arises (i) in sales to customers, in approval of advance payments to suppliers and in acceptance of guarantees, and (ii) within the Group's cash management and the use of derivative contracts.

The Group's policy is that the granting of credit shall be based on commercial considerations and risk assessment in order to ensure that the credit risk is balanced. When cash and cash equivalents are invested, credit risk is managed by investing within predetermined limits for maximum credit risk, and by spreading risk. Credit risk is to be limited via regular credit checks on major credit lines and by monitoring credit and payment information.

Note 27 (cont.)

Credit risk in trade receivables

Credit risk relating to credit sales is managed by the country organization concerned and customers are subject to a credit assessment before the credit is granted for the first time, on the basis of information provided by credit rating companies.

Age breakdown for trade receivables

SEKm	Dec. 31, 2022	Dec. 31, 2021
Trade receivables not due	4,830	4,813
Due but not impaired:		
1–30 days	570	435
31–90 days	75	27
>90 days	28	87
Total	5,503	5,362
Provision for expected credit loss	-22	-30
Total	5,481	5,331

Provision for expected credit loss

SEKm	Jan.–Dec. 2022	Jan.–Dec. 2021
Opening balance	-30	-71
Provisions	4	18
Utilizations/Reversals	4	23
Closing balance	-22	-30

Confirmed credit losses totaled SEK 26 million (48).

Credit risk in financial activities

Credit risk in financial activities is managed by the central financial management function, within predetermined credit limits based on ratings from Moody's, Standard & Poor's or equivalent institution. Trading is governed via decisions on maximum credit risk per borrower. Every counterparty undergoes a credit check before being approved as a receiver of credit. Within the scope of the Group's management of financial risks, derivative contracts have been entered into. Derivative contracts represent a credit risk to the Group if the counterparty cannot meet his obligations. To limit this exposure, ISDA agreements have been entered into. Under the ISDA agreements, receivables and liabilities arising from interest rate and currency derivatives may be offset in the event of suspension of payments by, or insolvency of, the counterparty. Amounts relating to receivables and payables offset under the ISDA agreements were recognized gross; see Notes 18 and 24.

Interest rate risk

Interest rate risk is defined as the risk of the Group's earnings and cash flow being negatively affected by changes in market interest rates. Interest rate risk is calculated on the basis of the Group's outstanding interest-bearing debt, including derivative instruments. Shorter fixed-interest periods mean higher earnings sensitivity. Longer fixed-interest periods mean higher earnings stability but may also be a disadvantage when market interest rates fall.

The Group's policy is to limit earnings sensitivity to changes in market interest rates and to strive for an attractive cost of cost of capital. Interest rate sensitivity is controlled via a fixed-interest target for the Group's outstanding interest-bearing liabilities including derivative instruments. The Group may enter into interest rate swap contracts for risk management purposes.

Sensitivity analysis interest rate risk

Balance sheet item	Change in market interest rates:	2022 Impact on income, SEKm	2021 Impact on income, SEKm
Cash and cash equivalents	+/-1% point	38	+/-62
Interest-bearing liability	+/-1% point	10.4	-/+11

Currency risk

Currency risk is defined as the risk of the value of assets and liabilities in foreign currency changing as a result of changes in exchange rates. The Group operates businesses in several countries and conducts transactions in foreign currencies. This creates risk in connection with exchange rate fluctuations that affect both transaction exposure and translation exposure.

Currency risk is calculated on the assumption that no currency risk exists between EUR and DKK as long as Denmark is a member of ERM 2. Currency exposure to any particular currency is measured as the net position. Total currency exposure is calculated as the sum of absolute values for net exposure in particular currencies.

Transaction exposure

The major share of invoicing, purchasing and wages/salaries is managed in the currency of the Group company concerned. Currency hedging is used primarily in connection with cross-border communication and logistics services, as well as investing activities. Transaction exposure is reduced by matching inward and outward payment flows. In addition to contractual currency flows, forecast currency flows over up to 12 months may also be included in the basis for currency hedging. In the German subsidiary PostNord Logistics GmbH, forecast currency flows have been partially hedged until August 2024. The forecast hedge as at December 31, 2022 is approximately SEK 815 million and the unrealized foreign exchange difference totals SEK -33 million.

The Group's policy is to limit transaction exposure in order to mitigate the impact of exchange rate fluctuations on earnings and cash flow. The table summarizes transaction exposure in the statement of financial position and hedged investment flows.

Group's contractual transaction exposure, exclusive of currency swap agreements

Currency, absolute value, SEKm	2022			2021		
	Position	Hedged	Net position	Position	Hedged	Net position
EUR/DKK	1	16	15	208	243	35
NOK	21	8	13	20	0	20
USD	214	226	12	371	377	6
Other currencies	248	231	17	297	266	31
Total			58			93

Translation exposure

Translation exposure is defined as the value of net assets in foreign Group companies and arises within the Group in translation to the functional currency of the Parent Company. The Group's policy is that translation exposure is an acceptable risk, provided that it does not represent any risk to the Group's financial targets or breach of financial covenants. Consequently, translation exposure is limited only through annual adjustment to the Group companies' capital structure or when the Parent Company is financed in currencies other than its functional currency in order to obtain a natural hedge.

Group translation exposure

Currency	2022			2021		
	SEKm	%	+/-1%	SEKm	%	+/-1%
DKK	2,416	43	24	2,484	43	25
EUR	1,032	18	10	840	15	8
NOK	2,039	36	20	2,203	38	22
Other currencies	181	3	2	245	4	2
Total	5,667	100	57	5,773	100	58

Note 27 (cont.)

Electricity price risk

Electricity price risk consists of the risk that volatility in market prices will increase or decrease the cost of electricity supply. Electricity price risk may be limited via agreements with suppliers or the use of forward contracts. The Group's policy is to strive for an attractive cost of electricity supply. No derivative contracts were used during the year to limit the risk.

Fuel price risk

Fuel price risk consists of the risk that volatility in market prices will increase or decrease the cost of the Group's fuel supply. Fuel price risk is managed mainly via fuel price clauses in customer and supplier contracts, but forward contracts may also be used. The Group's policy is to strive for an attractive cost of fuel consumption. No derivative contracts were used during the year to limit the risk.

Market risk in assets under management

Assets are managed by the Group's related entities Postens Pensionsstiftelse and PostNords Försäkringsförening in liquidation. The Group shall strive to ensure that pension assets are managed prudently. The allocation shall be based on regular ALM analysis to maintain a well-balanced level of risk at any one time.

	Nominal amount	within 0–1 year	within 1–2 years	within 2–3 years	within 3–4 years	within 4–5 years	Later
Contractual maturities of interest-bearing liabilities, Dec. 31, 2022, SEKm							
Bond loans	1,400	800	600	–	–	–	–
Liabilities to credit institutions	1,185	75	212	412	412	12	62
Total interest-bearing liabilities	2,585	875	812	412	412	12	62
Interest payments		69	43	24	12	3	20
Interest swaps							
– Liabilities		–	–	–	–	–	–
– Receivables		–	–	–	–	–	–
Total forecast interest payments		69	43	24	12	3	20
Total, net		944	855	436	424	15	82

	Nominal amount	within 0–1 year	within 1–2 years	within 2–3 years	within 3–4 years	within 4–5 years	Later
Contractual maturities of interest-bearing liabilities, Dec. 31, 2021, SEKm							
Bond loans	1,900	500	800	600	–	–	–
Liabilities to credit institutions	1,179	13	13	212	412	412	117
Total interest-bearing liabilities	3,079	513	813	812	412	412	117
Interest payments		35	33	22	12	6	23
Interest swaps							
– Liabilities		0	–	–	–	–	–
– Receivables		0	–	–	–	–	–
Total forecast interest payments		35	33	22	12	6	23
Total, net		548	846	834	424	418	140

Current liabilities consist mainly of trade payables, other current liabilities and terminal fees falling due for payment essentially within 12 months of the financial year-end.



Note 27 (cont.)

	December 31, 2022						
Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets measured on an accruals basis via income	Financial assets measured at amortized cost	Financial liabilities measured at fair value via income	Derivatives used for hedging purposes	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	-	-	-	-	-	-
Currency derivatives	39	-	-	-	-	39	39
Other non-current receivables	264	-	-	-	-	264	264
Trade receivables	-	5,481	-	-	-	5,481	5,481
Accrued income	-	902	-	-	-	902	902
Terminal fees	-	287	-	-	-	287	287
Cash and cash equivalents	-	3,886	-	-	-	3,886	3,886
Non-current interest-bearing liabilities	-	-	-	-	-1,892	-1,892	-1,885
Current interest-bearing liabilities	-	-	-	-	-874	-874	-869
Trade payables	-	-	-	-	-3,384	-3,384	-3,384
Other current liabilities	-	-	-	-	-1,026	-1,026	-1,026
Accrued expenses	-	-	-	-	-1,263	-1,263	-1,263
Currency derivatives	-	-	-50	-	-	-50	-50
Interest rate derivatives, hedge accounting	-	-	-	-	-	-	-
Terminal fees	-	-	-	-	-711	-711	-711
Total financial assets and liabilities, by category	303	10,556	-50	-	-9,150	1,659	1,671
	December 31, 2021						
Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets measured on an accruals basis via income	Financial assets measured at amortized cost	Financial liabilities measured at fair value via income	Derivatives used for hedging purposes	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	5	-	-	-	5	5
Currency derivatives	38	-	-	-	-	38	38
Other non-current receivables	195	-	-	-	-	195	195
Trade receivables	-	5,331	-	-	-	5,331	5,331
Accrued income	-	603	-	-	-	603	603
Terminal fees	-	366	-	-	-	366	366
Cash and cash equivalents	-	6,242	-	-	-	6,242	6,242
Non-current interest-bearing liabilities	-	-	-	-	-2,752	-2,752	-2,778
Current interest-bearing liabilities	-	-	-	-	-513	-513	-514
Trade payables	-	-	-	-	-3,381	-3,381	-3,381
Other current liabilities	-	-	-	-	-1,227	-1,227	-1,227
Accrued expenses	-	-	-	-	-1,223	-1,223	-1,223
Currency derivatives	-	-	-20	-	-	-20	-20
Interest rate derivatives, hedge accounting	-	-	-	0	-	0	0
Terminal fees	-	-	-	-	-1,409	-1,409	-1,409
Total financial assets and liabilities, by category	233	12,547	-20	0	-10,505	2,255	2,228

Note 27 (cont.)

Recognition and fair value measurement of financial instruments

Fair value for currency derivatives is calculated using current market prices 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 benchmark interest rate in the currency concerned.

The fair value of interest-bearing 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 fair value.

Certain of the Group's financial instruments are recognized at fair value, with measurement being determined in accordance with the three levels defined in IFRS 7. In the PostNord Group, levels 2 and 3 are used. No transfers between the levels took place in 2022 and 2021.

Level 2

The fair value of financial instruments is determined using valuation models based on other observable market data. Examples of observable data at level 2 are market interest rates and yield curves. In cases where a listed price is not available, straight interpolation is used.

Level 3

Fair value for financial instruments is measured with a not-inconsiderable element of non-observable data. The asset consists of PostNord's holding in PostNords Försäkringsförening in liquidation. On December 31, 2022 PostNords Försäkringsförening's holdings consisted of private equity funds and cash and cash equivalents. Measurement of the underlying portfolio companies in the private equity funds is based on comparisons with equivalent listed companies, market transactions in these companies or measurements used in third-party transactions. This resulted in an unrealized change of SEK 9 million (15) in value, which was recognized in net financial items in the income statement.

Financial assets and liabilities by level, SEKm	Level 2, Dec. 31, 2022	Level 2, Dec. 31, 2021	Level 3, Dec. 31, 2022	Level 3, Dec. 31, 2021
Financial assets				
Currency derivatives	39	38	–	–
Other non-current receivables	–	–	112	123
Other receivables	–	–	–	–
Total financial assets	39	38	112	123
Financial liabilities				
Currency derivatives	50	20	–	–
Interest rate derivatives	–	0	–	–
Total financial liabilities	50	20	–	–

The Group has outstanding currency derivatives in above all DKK, NOK and EUR. The nominal amount for interest rate derivatives was SEK – million (200).

Note 28 Related party transactions

Group companies

For deliveries of services and products between Group companies, market prices are applied.

For a detailed list of Parent Company and Group participations in Group companies and associated companies, see Note 6 to the Parent Company's financial statements.

The Swedish State

Under Sweden's Postal Services Act, PostNord is mandated by the Swedish State to provide a universal postal service. Like other postal operators in Sweden, PostNord must hold a license to operate postal services. For this license, PostNord paid SEK 18 million (17) to the Swedish Post and Telecom Authority (PTS). In addition, PostNord paid PTS SEK 8 million (9) for the handling of undeliverable mail.

PostNord received SEK 15 million (19) from PTS in remuneration under agreements on the procurement of postal services for the elderly and those with functional impairments.

The Danish State

Under Denmark's postal legislation, PostNord Danmark A/S is mandated by the Danish state to provide a universal postal service via Post Danmark. Compensation of SEK 187 million (252) was recognized as revenue during 2022. In August 2022, the European Commission approved the compensation for 2020, with the claim of SEK 164 million being settled in October. The claim on the Danish State for compensation for the universal postal service in the period January 2021 to December 2022 amounted to SEK 471 million (408) on December 31, 2022.

In accordance with the agreement between Post Danmark A/S and the Danish Transport and Construction Agency, fees totaling SEK 1 million (1) were recognized.

During the period, Post Danmark A/S paid pension premiums to the Danish State in the amount of SEK 50 million (84) on behalf of the group of salaried employees who were employed before corporatization.

Other organizations in Sweden

PostNords Försäkringsförening (the PostNord Insurance Association) is a friendly society that operates autonomously from the PostNord Group and under the supervision of Finansinspektionen. On April 30, 2020 the Association entered into liquidation. For further information, see Note 22. The Association insured PostNord's obligations in connection with employee disability and family pension insurance under the ITP-P plan until April 30, 2020. During the period, the Group's Swedish companies received a refund of SEK 20 million (125).

Postens Pensionsstiftelse (the Posten Pension Fund) manages pension obligations on behalf of PostNord Group AB and PostNord Sverige AB. These companies capitalize new pension obligations at Pensionsstiftelse and are credited with pensions paid out. A total of SEK 151 million (149) was capitalized to the fund and a credit of SEK 982 million (1,200) was received.

Senior executives

For more information on salaries and other remuneration to senior executives and Board members, see Note 5 Employees, personnel expenses and executive remuneration.

All members of the Group Board of Directors and the Group Leadership Team at PostNord have been requested to notify in writing any business relationships they have with PostNord and whether such were established on a commercial basis. No such relations were reported in 2022 and 2021.

Note 29 Supplementary disclosures, Statement of cash flows

SEKm	2022	2021
Interest paid		
Interest received	43	18
Interest paid	53	58
Adjustments for non-cash items		
Amortization of non-current assets	1,259	1,193
Amortization and impairments, right-of-use assets	1,428	1,397
Impairment losses, property, plant and equipment	–	6
Impairment losses, non-current intangible assets	7	0
Capital gain/loss on assets and subsidiaries	20	–206
Change in pension liability	–85	232
Other provisions	–168	–685
Adjustments for non-cash items	–160	–306
Total	2,302	1,631

Reconciliation of interest-bearing liabilities attributable to financing activities

	Non-cash items							Closing balance
	Opening balance	Net cash flows	Impact of changes in exchange rates	Newly established leases	Other changes	Reclassification		
2022 Jan.-Dec., SEKm								
Non-current interest-bearing liabilities	2,752	–	11	–	3	–874	1,892	
Non-current lease liability, as per IFRS 16	4,499	–	127	1,919	–	–1,544	5,001	
Current interest-bearing liabilities	513	–513	–	–	–	874	874	
Short-term lease liability, as per IFRS 16	1,371	–1,466	–	–	–	1,544	1,449	
Total change in liabilities arising from financing activities	9,135	1,979	138	1,919	3	–	9,216	

	Non-cash items							Closing balance
	Opening balance	Net cash flows	Impact of changes in exchange rates	Newly established leases	Other changes	Reclassification		
2021 Jan.-Dec., SEKm								
Non-current interest-bearing liabilities	3,243	–	4	–	24	–519	2,752	
Non-current lease liability, as per IFRS 16	4,849	–	32	1,046	–	–1,428	4,499	
Current interest-bearing liabilities	857	–541	–	–	–	197	513	
Short-term lease liability, as per IFRS 16	1,318	–1,375	–	–	–	1,428	1,371	
Total change in liabilities arising from financing activities	10,267	–1,916	36	1,046	24	–322	9,135	

Note 30 – Acquisitions and disposals

Effect of acquisitions on assets and liabilities, SEKm	Acquisitions	
	2022	2021
Non-current intangible assets	–	46
Property, plant and equipment	253	152
Total non-current assets	254	198
Current assets	1	15
Total assets	255	213
Other current liabilities	–117	–81
Total liabilities	–117	–81
Net asset	137	132
Purchase price paid	–227	–129
Cash and cash equivalents acquired	1	–
Net effect on cash and cash equivalents	–226	–129

Effect of disposal on assets and liabilities, SEKm	Divestments	
	2022	2021
Current assets	–	4
Total assets	–	4
Net asset	–	4
Purchase consideration received	–	104
Cash and cash equivalents disposed of	–	–
Net effect on cash and cash equivalents	–	104

Acquisition of subsidiaries

In 2022, PostNord AS acquired 100 percent of the shares in PostNord Terminal Bergen AS. The acquisition consisted of a logistics terminal outside Bergen, Norway.

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

Sales of subsidiaries

In 2021, PostNord TPL AB divested 100 per cent of the shares in Stigamo logistikpark AB. The divestment consisted principally of a land allocation in Vaggeryd.

Note 31 Events after the reporting period

No major events have taken place since the reporting period.

Note 32 Definitions and alternative key performance indicators

Alternative key performance indicators

The Group's financial information has been drawn up in accordance with IFRS. Reference is made to a number of 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 Leadership 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 from business model and strategy.

1. Key performance indicator for profitability

Alternative key performance indicators used to measure profitability include EBITDAI, operating margin, adjusted operating income and adjusted operating margin.

EBITDAI is used to illustrate the underlying cash flow of the operating activities, providing an indication of conditions for self-financing of investments and growth.

Adjusted operating income is a useful measure in judging profitability and income of the underlying business.

Operating margin and adjusted operating margin are important key performance indicators for benchmarking.

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 transformation 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.

Note 32 (cont.)

2. Key performance indicators for capital structure and liquidity

The primary goal of the Group's financial policy is to secure the Group's financial flexibility. Financial flexibility underpins operationalization of strategies and achievement of the Group's goals. The Group must secure access to liquidity in order to cover liquidity requirements, normal seasonal variations in cash flow and refinancing and any negative impact of cash flow resulting from risk outcomes.

Net debt ratio and financial preparedness are indicators of the Group's financial flexibility and are closely monitored by Group Leadership Team and Board of Directors. Net debt and the net debt ratio provide important perspectives on the Group's capital structure and leverage. The Group's financial preparedness indicates the Group's resilience to unforeseen negative developments in cash flow.

Definitions:

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, December 31, SEKm	2022	2021
Non-current interest-bearing liabilities	1,892	2,752
Non-current lease liabilities	5,001	4,499
Pensions ¹⁾	–	1,386
Current interest-bearing liabilities	874	513
Current lease liabilities	1,449	1,371
Non-current interest-bearing receivables	–195	–196
Non-current interest-bearing receivables, leases	–70	–81
Other non-current receivables ²⁾	–3,918	–105
Current interest-bearing receivables, leases	–11	–11
Cash and cash equivalents	–3,886	–6,242
Net debt	1,137	3,885

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

²⁾ The 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 effect of IFRS 16 in accordance with IFRS 16.

Reconciliation with financial statements, December 31, SEKm	2022	2021
Equity as per Statement of financial position	13,744	9,133
Accumulated effect of leases in accordance with IFRS 16	313	326
Equity excluding leases in accordance with IFRS 16	14,057	9,459

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.

3. Key performance indicator for return on capital invested

Return on capital employed indicates the ability to generate sufficient returns on capital invested and may be used to compare profitability with other companies.

The Group creates value for its owners by investing with a view to increasing future cash flows. Return on capital employed (ROCE) is an important key performance indicator for benchmarking.

Definitions:

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

Total operating income for four quarters.

Operating capital

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

Reconciliation with financial statements, December 31, SEKm

	2022	2021
ASSETS		
Goodwill	2,639	2,582
Other non-current intangible assets	438	475
Property, plant and equipment	8,400	7,422
Right-of-use assets	6,329	5,694
Participations in associated companies	154	159
Other non-current receivables excluding disability pensions	242	248
Deferred tax assets	261	23
Inventories	93	83
Tax assets	356	415
Trade receivables	5,481	5,331
Prepaid expenses and accrued income	1,287	1,263
Other current receivables	133	260
Other non-current liabilities	–71	–70
Other provisions	–686	–955
Deferred tax liabilities	–1,317	–200
Trade payables	–3,383	–3,381
Tax liabilities	–476	–202
Other current liabilities	–1,025	–1,227
Accrued expenses and deferred income	–3,526	–4,340
Other provisions	–444	–562
Total capital employed	14,881	13,018

Return on capital employed (ROCE)

Operating income on a trailing 12-month basis, in relation to average operating capital.

Other key indicators

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.



Parent Company

Income statement

SEKm	Note	2022	2021
	1, 2		
Other operating income		24	8
Operating revenue		24	8
Personnel expenses	3	-27	-25
Other expenses	4	-9	-15
Operating expenses		-36	-40
OPERATING INCOME		-12	-32
Interest income and similar items	5	121	80
Interest expenses and similar items	5	-51	-50
Financial items		70	30
Income after financial items		58	-2
Group contributions received		20	700
Appropriations		78	700
Income before tax		78	698
Tax		-0	-142
Net income for the year		78	556

Statement of comprehensive income

SEKm	2022	2021
Net income for the year	78	556
Total other comprehensive income	-	-
COMPREHENSIVE INCOME FOR THE YEAR	78	556

Balance sheet

SEKm	Note	Dec. 31, 2022	Dec. 31, 2021
	1, 2		
ASSETS			
Participations in Group companies	6	10,861	10,861
Interest-bearing receivables		40	39
Interest-bearing receivables, Group companies	7	6,000	5,000
Total non-current assets		16,901	15,899
Interest-bearing receivables, Group companies	10	1,234	2,074
Other receivables		14	18
Other receivables from Group companies	10	20	700
Prepaid expenses and accrued income	10	4	4
Total current assets		1,271	2,796
TOTAL ASSETS		18,173	18,695
EQUITY AND LIABILITIES			
Restricted equity			
Capital stock	8	2,000	2,000
Share premium reserve		10,141	10,141
Non-restricted equity			
Retained earnings		3,482	2,926
Net income for the year		78	556
TOTAL EQUITY		15,701	15,623
LIABILITIES			
Interest-bearing liabilities	10	1,639	2,436
Other non-current liabilities		10	10
Total non-current liabilities		1,649	2,446
Current interest-bearing liabilities	10	800	500
Other current liabilities	10	3	112
Accrued expenses and deferred income	10	19	15
Total current liabilities		823	626
TOTAL LIABILITIES		2,472	3,072
TOTAL EQUITY AND LIABILITIES		18,173	18,695

Statement of cash flows

SEKm	Note	2022	2021
	11		
OPERATING ACTIVITIES			
Income before tax		78	698
Appropriations		-20	-700
Adjustments for non-cash items		14	7
Income tax paid		-107	-22
Cash flow from operating activities before changes in working capital		-35	-17
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating receivables		5	-16
Increase (+)/decrease (-) in operating liabilities		-7	-4
Change in working capital		-2	-20
Cash flow from operating activities		-37	-37
INVESTING ACTIVITIES			
Changes in Group receivables		-163	1,073
Cash flows from investing activities		-163	1,073
FINANCING ACTIVITIES			
Amortization of loans		-500	-500
Repayment of unconditional capital injection ¹⁾		-	-686
Group contributions received		700	150
Cash flows from financing activities		200	-1,036
CASH FLOW FOR THE YEAR		-	-
Cash and cash equivalents at start of year		-	-
Cash and cash equivalents at year-end		-	-

¹⁾ Repayment of unconditional capital injection of SEK – million (667) plus interest of SEK – million (19).

Statement of changes in equity

SEKm	Restricted equity		Non-restricted equity		Total
	Capital stock	Share premium reserve	Retained earnings incl. net income for year		
Opening balance Jan. 1, 2021	2,000	10,141	3,612		15,752
Repayment of unconditional capital injection ¹⁾	-	-	-686		-686
Comprehensive income for the year	-	-	556		556
Shareholders' equity, closing balance Dec. 31, 2021	2,000	10,141	3,482		15,623
Opening balance Jan. 1, 2022	2,000	10,141	3,482		15,623
Comprehensive income for the year	-	-	78		78
Shareholders' equity, closing balance Dec. 31, 2022	2,000	10,141	3,560		15,701

¹⁾ Repayment of unconditional capital injection of SEK – million (667) plus interest of SEK – million (19).

Notes to Parent Company financial statements

Note 1 Accounting principles

The Parent Company applies in the main the same accounting principles as the Group, and thus RFR 2, Accounting for Legal Entities. The differences between the Parent Company's and the Group's accounting principles result from limits on the possibilities for applying IFRS in the Parent Company under the Annual Accounts Act, the Act on Safeguarding of Pension Commitments (Tryggandelagen) and, to some extent, for tax reasons. The Parent Company therefore does not apply IFRS 15 and IFRS 16, and a provision for expected customer losses as defined in IFRS 9 has been calculated but deemed to be immaterial.

Changes in accounting principles arising from new or amended IFRS

A number of new or amended IFRS will not come into force until future financial years and have not been adopted early in the preparation of financial statements; for more information see Note 1 to the Consolidated financial statements.

Participations in subsidiaries and associated companies

Participations in subsidiaries and associated companies are recognized in the Parent Company in accordance with the cost method. If the carrying amount for the Parent Company's holding in the subsidiary, associated company or joint venture company exceeds the carrying amount in the financial statements, this is taken as an indication that an impairment loss has arisen and an impairment test is to be performed.

Group contributions are recognized as appropriations.

Dividends

Dividends from subsidiaries and associated companies are recognized as income when the right to distribution has been determined.

Anticipated dividends from subsidiaries are recognized if the Parent Company has the sole right to determine the size of the dividend and has determined the size of the dividend before publishing its financial statements.

Employee benefits

Pension obligations on behalf of salaried employees, which obligations are secured via pension insurance policies, are recognized in the Parent Company under the heading Defined-contribution plan. Pension expenses are charged to operating income.

Financial guarantees

The Parent Company's financial guarantee contracts consist of guarantees on behalf of subsidiaries and joint ventures. Under financial guarantees, the Company has an obligation to compensate holders of debt instruments in respect of losses that the latter may incur by reason

of a specified debtor failing to make payment when due in accordance with the terms of the contract. The Parent Company applies RFR 2 to recognition of financial guarantee contracts. The rules of IFRS 9 concerning financial guarantee contracts are not applied to guarantee contracts on behalf of subsidiaries, associated companies and joint ventures. Instead, the rules on recognition and measurement stated in IAS 37 are applied. The Parent Company recognizes financial guarantee contracts as an appropriation in the balance sheet in cases where PostNord is under an obligation for which payment is likely to be required in order to settle the obligation.

Taxes

In the Parent Company, untaxed reserves are recognized including deferred tax liabilities.

Segment reporting

The Parent Company's business consists solely of one activity, the management of Group functions.

Note 2 Significant assessments and estimates

When preparing the financial statements, management has made assessments and estimates that affect the Group's reporting. These assessments and estimates are based on what was known at the time the accounts were presented, and on historic experience and the assumptions that management considers reasonable in the given circumstances. Management's conclusions form the basis of the carrying amounts. Actual outcomes, assessments and estimates in future financial statements over the year ahead may deviate from those contained in this report as a result of changes in external circumstances and recently gained experience.

Shares in subsidiaries

Assumptions are made about future circumstances in order to calculate future cash flows that will determine the recoverable amount. The recoverable amount is compared with the carrying amount for these assets and is the amount on which any impairments or reversals are based. The assumptions that most affect the recoverable amount are future changes in income, discount rate and useful life of the asset. If future external factors and circumstances change, these assumptions may be affected, so as to change the carrying amounts of the Parent Company's assets.

Note 3 Employees and personnel expenses

Personnel expenses, SEKm	2022	2021
Salaries and other remuneration	16	15
Statutory social insurance costs	6	6
Pension expenses	5	4
Other personnel expenses	1	0
Total	28	25

The Parent Company has 2 employees (2). The President/CEO, Annemarie Gardshol, has a monthly salary of SEK 882 thousand (825), a retirement insurance policy with a monthly premium of SEK 40 thousand (40) and an endowment insurance policy with a monthly premium of SEK 221 thousand (206).

Note 4 Fees and reimbursement of expenses to auditors

SEKm	2022	2021
Auditing assignments		
KPMG	1	1
Total	1	1

Audit assignments refers to the audit of the annual report and accounting records, as well as the Board of Directors' and President/Group CEO's administration of the Company, other tasks incumbent on the Company's auditor, and advice/other assistance resulting from observations made during such audits or the performance of such other tasks. The expense is recognized under the heading Other expenses.

Note 5 Interest income, income expenses and similar income items

SEKm	2022	2021
Interest income from Group companies	121	79
Currency earnings	0	1
Total financial income	121	80
Interest expenses	-44	-42
Other financial expenses	-7	-8
Total financial expenses	-51	-50

See also Note 27 to the Consolidated financial statements, Financial risk management and financial instruments.

Note 6 Holdings of shares and participations in Group companies

SEKm	Dec. 31, 2022	Dec. 31, 2021
Historical cost, opening balance	11,676	11,676
Accumulated historical costs at year-end	11,676	11,676
Impairments, opening balance	-815	-815
Impairment losses for the year	-	-
Accumulated impairments at year-end	-815	-815
Closing balance	10,861	10,861

Note 7 Interest-bearing receivables, Group companies

SEKm	Dec. 31, 2022	Dec. 31, 2021
Historical cost, opening balance	5,000	-
Investments during the year	1,000	5,000
Accumulated historical cost at year-end	6,000	5,000
Closing balance	6,000	5,000

Note 6 (cont.)

Shares held directly and indirectly by Parent Company, PostNord AB, SEKm	Corporate registration number	Registered office	Country	Number of shares	Share of equity, %		Carrying amount in Parent Company Dec. 31, 2022
					Direct	Indirect	
PostNord Group AB	556128-6559	Solna	Sweden	600,000	100		10,861
PostNord Sverige AB	556711-5695	Solna	Sweden	1,000		100	
Tidningstjänst AB	556039-7480	Stockholm	Sweden	7,500		100	
Posten Leasing AB	556341-0009	Stockholm	Sweden	5,000		100	
Fastighets AB Penelope	556517-0544	Stockholm	Sweden	100		100	
Nässjöterminalen Kommanditbolag	916629-7458	Solna	Sweden	-		100	
Rosersberg Brevterminal AB	556819-9862	Stockholm	Sweden	1,000		100	
Hallsberg Brevterminal AB	556848-8133	Stockholm	Sweden	500		100	
Randmärket logistikfastighet AB	559359-8930	Stockholm	Sweden	25,000		100	
Postfastighet Klynnan 12 AB	559393-0851	Stockholm	Sweden	25,000		100	
PostNord Strålfors AB	556102-9843	Ljungby	Sweden	50,000		100	
PostNord Strålfors A/S	10068657	Brøndby	Denmark	200,000		100	
PostNord Strålfors Oy	0115061-7	Vantaa	Finland	2,100		100	
PostNord Strålfors AS	944997431	Oslo	Norway	870		100	
PostNordbolagen AB	556158-7006	Solna	Sweden	1,000		100	
Svensk Adressändring AB	556476-3562	Stockholm	Sweden	850		85	
AddressPoint AB	556587-5597	Stockholm	Sweden	1,700		85	
Direct Link Worldwide Ltd.	2911080	Hayes	UK	110,000		100	
Direct Link Worldwide Distribution Pte Ltd	199700772	Singapore	Singapore	700,000		100	
Direct Link Worldwide Pty Ltd	95493459	Sydney	Australia	1		100	
Direct Link Worldwide Company Ltd	34733122000	Hong Kong	China	1		100	
Direct Link Worldwide (Shanghai) Logistics Service Co. Ltd	010000022021004080000	Shanghai	China	3,000,000		100	
Direct Link Worldwide Inc.	112-797-736/000	New Jersey	USA	100		100	
Direct Link Worldwide GmbH	217864281	Griesheim	Germany	150		100	
Direct Link WorldWide Sp Zoo	5272719788	Zerniki	Poland	100		100	
PostNord Logistics GmbH	HRB88888HL	Lübeck	Germany	1		100	
PostNord AS	984054564	Oslo	Norway	117,570		100	
PostNord Terminal Drammen AS	921 477 147	Oslo	Norway	30		100	
PostNord Terminal Bergen AS	998 372 976	Oslo	Norway	30		100	
PostNord Terminal Trondheim AS	992 079 797	Oslo	Norway	406,220		100	
PostNord Terminal Langhus AS	990427321	Oslo	Norway	200,000		100	
PostNord Oy	1056251-7	Vantaa	Finland	5,817		100	
PostNord Logistics A/S	20148586	Copenhagen	Denmark	500,001		100	
PostNord TPL AB	556161-7191	Solna	Sweden	50,000		100	
PostNord TPL A/S	26115396	Brøndby	Denmark	100		100	
Post Danmark A/S	26663903	Copenhagen	Denmark	25,000,000		100	
Post Fleet Management A/S	79203114	Hvidovre	Denmark	400		100	
Distribution Services A/S	56448810	Copenhagen	Denmark	30		100	
Nordic Infrastructure A/S	40059423	Sønderborg	Denmark	5,300,000		100	
Participations in associated companies							
e-Boks Group A/S	41015918	Copenhagen	Denmark	500,000		50	
eHUBnordic ApS	36959517	Ballerup	Denmark	126,851		26.7	
Norske Sonenøkler AS	828082272	Oslo	Norway	1,500		50	

Note 8 Capital stock and appropriation of Company's net income

Classes of share, number	Dec. 31, 2022	Dec. 31, 2021
Ordinary shares	1,524,905,971	1,524,905,971
Class B shares	475,094,030	475,094,030
Total	2,000,000,001	2,000,000,001

Quotient value per share is SEK 1. Every ordinary share entitles the holder to 1 vote and every Class B share to 1/10th of a vote.

Proposed appropriation of the Company's net income

The Board of Directors proposes that unappropriated earnings of SEK 3,560,256,471 (3,482,613,689) be distributed as follows:

	Dec. 31, 2022	Dec. 31, 2021
To be carried forward, SEK	3,560,256,471	3,482,613,689
Total	3,560,256,471	3,482,613,689

Note 9 Pledged assets and contingent liabilities

SEKm	Dec. 31, 2022	Dec. 31, 2021
Pledged assets for own liabilities		
Pledged assets ¹⁾	40	39
Total		39
Contingent liabilities		
Guarantees on behalf of subsidiaries	640	650
Total	640	650

¹⁾ Endowment insurance.

Note 10 Financial instruments

Carrying amount and fair value of financial assets and liabilities, SEKm	December 31, 2022						
	Financial assets measured at fair value via income	Financial assets measured at amortized cost	Financial liabilities measured at fair value via income	Derivatives used for hedging purposes	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Non-current interest-bearing receivables, Group companies	–	6,000	–	–	–	6,000	6,000
Other receivables, Group companies	–	20	–	–	–	20	20
Accrued income	–	4	–	–	–	4	4
Interest-bearing receivables, Group companies	–	1,234	–	–	–	1,234	1,234
Non-current interest-bearing liabilities, Credit institutions	–	–	–	–	–1,599	–1,599	–1,589
Current interest-bearing liabilities	–	–	–	–	–800	–800	–795
Other current liabilities	–	–	–	–	–	–	–
Accrued expenses	–	–	–	–	–17	–17	–17
Interest rate derivatives, hedge accounting	–	–	–	–	–	–	–
Total financial assets and liabilities by category	–	7,258	–	–	–2,416	4,842	4,857
Carrying amount and fair value of financial assets and liabilities, SEKm	December 31, 2021						
	Financial assets measured at fair value via income	Financial assets measured at amortized cost	Financial liabilities measured at fair value via income	Derivatives used for hedging purposes	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Non-current interest-bearing receivables, Group companies	–	5,000	–	–	–	5,000	5,000
Other receivables, Group companies	–	700	–	–	–	700	700
Accrued income	–	4	–	–	–	4	4
Interest-bearing receivables, Group companies	–	2,074	–	–	–	2,074	2,074
Non-current interest-bearing liabilities, Credit institutions	–	–	–	–	–2,398	–2,398	–2,421
Current interest-bearing liabilities	–	–	–	–	–500	–500	–501
Other current liabilities	–	–	–	0	–	0	0
Accrued expenses	–	–	–	–	–15	–15	–15
Interest rate derivatives, hedge accounting	–	–	–	0	–	0	0
Total financial assets and liabilities by category	–	7,778	–	0	–2,913	4,865	4,841

Note 11 Supplementary disclosures to Statement of cash flows

SEKm	2022	2021
Interest paid		
Interest received	117	72
Interest paid	46	51

Reconciliation of interest-bearing liabilities attributable to financing activities

2022 Jan–Dec, SEKm	Opening balance	Net cash flows	Non-cash items		Closing balance
			Change in accrual-based costs	Reclassification	
Non-current interest-bearing liabilities	2,436	–	3	–800	1,639
Current interest-bearing liabilities	500	–500	–	800	800
Total change in liabilities arising from financing activities	2,936	–500	3	–	2,439

2021 Jan–Dec, SEKm	Opening balance	Net cash flows	Non-cash items		Closing balance
			Change in accrual-based costs	Reclassification	
Non-current interest-bearing liabilities	2,929	–	7	–500	2,436
Current interest-bearing liabilities	500	–500	–	500	500
Total change in liabilities arising from financing activities	3,429	–500	7	–	2,936



The Board of Directors' and President & Group CEO's certification

The Board of Directors and the Chief Executive Officer hereby declare that the annual accounts have been prepared in accordance with generally accepted accounting practice in Sweden and that the consolidated accounts have been prepared in accordance with the International Financial Reporting Standards as referred to in Regulation (EC) No. 1606/2002/EC of the European Parliament and of the Council dated 19 July 2002 on the application of international accounting standards. The annual report and the consolidated accounts give a true and fair view of the financial position and results of the Parent Company and the Group. Nothing of material importance has been omitted that might influence the view of the Company provided by the annual report. The statutory administration report of the Board of Directors for the Parent Company and Group provides a true and fair overview of the Parent Company's and Group's operations, position and results, as well as describing significant risks and factors of uncertainty to which the Parent Company and the companies included in the Group may be exposed. The annual report and the sustainability report, together with the consolidated accounts, were as indicated above approved for issue by the Board of Directors and the Chief Executive Officer on February 22, 2023.

Solna, February 22, 2023

Christian Jansson

Chair

Sonat Burman Olsson

Director

Christian Frigast

Deputy Chair

Susanne Hundsbæk-Pedersen

Director

Erik Sandstedt

Director

Peder Lundquist

Director

Hillevi Engström

Director

Charlotte Strand

Director

Bo Fröström

Employee representative

Daniel Hansen

Employee representative

Sandra Svensk

Employee representative

Annemarie Gardshol

President and Group CEO

Our Auditor's Report was presented on February 23, 2023

KPMG AB

Tomas Gerhardsson

Authorized Public Accountant



Auditor's Report

To the general meeting of the shareholders of PostNord AB, corp. id 556771-2640

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of PostNord AB for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 6–89 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of December 31, 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of December 31, 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the income statement and statement of financial position for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill and parent company shares in subsidiaries

See note 2 and 10 and accounting principles on page 59 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of goodwill in the consolidated accounts at December 31, 2022 amounted to SEK 2,639 million. The carrying value has been subject to impairment tests, which are complex in nature and are based on significant elements of judgment. Impairment tests have been prepared for all cash generating units, or group of units, that have goodwill associated to them, which for the group consists of six units.

The impairment tests require that the group make projections about both internal and external conditions and plans for the operations. Examples of such judgments include future cash flows, which in turn require assumptions to be made of future development and market conditions.

Another important assumption is which discount rate to be used in order to reflect the time value of money as well as the specific risks the operations face.

In the parent company, the carrying value of shares in subsidiaries at December 31, 2022 amounted to SEK 10,861 million. The same type of testing of the carrying value is also performed, using the same technique and judgments, as described above.

Response in the audit

We have assessed whether the impairment tests have been prepared in accordance with the prescribed method.

Moreover, we have considered the reasonableness of the predicted future cash flows as well as the discount rates used through evaluation of the group's written documentation and forecasts. Our work has also included an assessment of the accuracy to previous years' cash flow forecasts in comparison to actual outcome.

An important part of our work has also been to examine the group's own sensitivity analysis to evaluate how reasonable changes in the assumptions may impact the valuation. We have involved our valuation specialists in the audit, in particular related to the assumptions made regarding external markets.

We have also assessed the disclosures relating to the impairment tests included in the annual accounts and the consolidated accounts.

Valuation of defined benefit obligations

See note 2 and 22 and accounting principles on pages 59–60 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The group had defined benefit obligations of SEK 18,393 million at December 31, 2022, that primarily are funded but to a lesser extent also unfunded. The fair value of the plan assets amounted to SEK 20,900 million at same date.

The accounting for pension obligations is based on several assumptions for calculating the size of the obligations, which implies that changed assumptions could result in significant effects on the group's earnings and financial position.

Response in the audit

We have involved our pension specialists in the assessment of the reasonableness in assumptions made and interpretations of the regulations for accounting for pensions. Moreover, we have performed detailed testwork and reconciled information to external actuary.

Specifically, we have evaluated the estimates of the discount rate, inflation rate, salary increases, mortality rates and retirement ages.

We have confirmed the fair value of plan assets to independent financial institutions as well as randomly tested the valuation of the assets.

We have also assessed the disclosures relating to pensions included in the annual accounts and the consolidated accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–5 and 94–118. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor’s report. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Chief Executive Officer are responsible for the assessment of the company’s and the group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Chief Executive Officer

intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director’s responsibilities and tasks in general, among other things oversee the company’s financial reporting process.

Auditor’s responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company’s internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Chief Executive Officer.
- Conclude on the appropriateness of the Board of Directors’ and the Chief Executive Officer’s, use of the going concern basis of accounting in preparing the annual accounts and consolidated

accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company’s and the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor’s report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of PostNord AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of

assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Chief Executive Officer in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such

actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of PostNord AB by the general meeting of the shareholders on April 26, 2022. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2013.

Stockholm, February 23, 2023

KPMG AB

Tomas Gerhardsson

Authorized Public Accountant



Sustainability information

Sustainability information

Materiality analysis as a starting point

PostNord's agenda for sustainable logistics and our sustainability report are based on the materiality analysis conducted in 2021.

The materiality analysis encompasses:

- Driving forces and trends expected to shape society over the next decade
- Analyses connected with PostNord's climate transition
- Human rights due diligence (HRDD)
- Dialog with PostNord's key stakeholders: business partners, the financial market, customers and recipients, employees, community stakeholders and owners.

According to the analysis, PostNord's most significant sustainability issues are: climate impact, sustainable customer solutions, responsible supply chain, digitalization and automation, quality and customer service, work environment, diversity, and financial performance. These issues form the framework for PostNord's sustainability agenda and its three commitments: climate leadership, people, and diversity and inclusion.

In addition to disclosures based on the Group's sustainability agenda, PostNord's sustainability report contains other information requested by external stakeholders. The sustainability report and this sustainability information section is therefore divided into four parts:

1. We manifest climate leadership
2. We care for our people
3. We unleash the power of diversity
4. We meet external requirements

PostNord's sustainability agenda is helping towards the UN's Sustainability Development Goals

PostNord is a participant of the UN Global Compact and our sustainable logistics agenda is clearly linked to the UN's Sustainable Development Goals, in particular goals 4, 5, 8, 9, 11–13 and 17.

1. We manifest climate leadership



If the climate transition is to be achieved, major infrastructure expansion and investment in innovation will be needed. PostNord's climate transition is stimulating progress in, above all, energy and mobility.



Increasing urbanization is creating a demand for climate-smart transport. PostNord is reducing its emissions and developing modern logistics solutions.

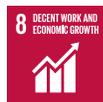


Everyone needs to play their part in sustainable consumption and production. PostNord is adapting our own operations and working with suppliers, customers and other partners.



The climate crisis is one of the greatest challenges of our time. PostNord is engaged in an ambitious climate transition program. This work is based on science-based climate targets.

2. We care for our people



PostNord is contributing to decent working conditions in our own operations and in the supply chain. This includes furthering human rights, with a focus on external truck drivers and the Truck Transport Social Guidelines.

3. We unleash the power of diversity



Skills development for our employees is helping to create meaningful work, better career opportunities and a more successful PostNord.



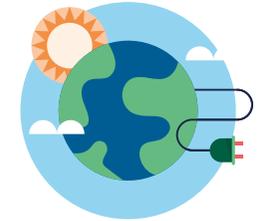
The Nordic countries have come a long way when it comes to gender equality, but we are far from the finish line. PostNord's initiatives promoting gender equality, diversity and inclusion continue.

4. We meet external requirements



Cooperation is crucially important in the journey towards a sustainable economy and society. PostNord is working with a number of stakeholders and partners, for example in the areas of climate and responsible purchasing.

We manifest climate leadership



PostNord's overall climate target is to become fossil-free by 2030. The focus is on optimizing our logistics system, and on the vehicles that PostNord and our transportation providers operate on the roads of the Nordic region.

PostNord's climate impact

Road transportation accounts for around 60 percent of PostNord's total climate footprint. The major share of emissions occur upstream in scope 3 (primarily at our transportation providers) and in scope 1 (own

transportation). Capital goods also stand for a substantial share of emissions (around 21 percent in 2020).

PostNord's climate transition

Transformation of the PostNord vehicle fleet is taking place in three phases: from fossil-based, via bio-based, to fossil-free energy. The three phases are running in parallel, as smaller vehicles on shorter routes are the quickest to convert while heavier vehicles on longer routes need more time.

The benefits of biofuels are in some ways contested, but sustainably produced biofuels are key to PostNord's transition. To bring fossil emissions down quickly enough, we need to switch as many vehicles as possible from diesel to the transition fuels HVO and biogas. The crucial difference in terms of climate impact is that fossil fuels took millions of years to form, while biomass for biofuels is constantly being created. As a result, emissions from biofuels are regarded as carbon-neutral in the longer term.

New science-based climate targets

Over the year, PostNord developed new climate targets and had them approved by the Science Based Targets initiative. These targets complement those already included in PostNord's sustainability agenda (see operational climate targets, below).

Our overriding goal remains firm: fossil-free operations by 2030. The base year for all climate targets is 2020.

The science-based targets are:

- –80% absolute scope 1 and 2 greenhouse gas emissions by 2030
- –50 percent relative scope 3 greenhouse gas emissions by 2030

The scope 1 and 2 target refer to absolute emissions. The scope 3 target is an intensity target, in which greenhouse gas emissions are related to PostNord's parcel volumes (number of parcels sorted per sorting machine per parcel terminal). We use parcels as a starting point because they are a key business for PostNord and because our transportation needs and thus our emissions are strongly linked to changes in parcel volumes. In addition, the key performance indicator facilitates cooperation with customers and other partners.

Operational climate targets

In parallel with the science-based targets, we are continuing to work towards climate targets set previously:

- –40% carbon emissions in operations by 2025
- Zero emissions for last mile transportation by no later than 2027



The Group's operational targets support the science-based targets and are guiding us towards fossil freedom 2030. The overall goal embraces own and purchased transportation, business travel by car and air and energy use in buildings, that is, scope 1 and 2 and parts of scope 3. The baseline – carbon dioxide emissions in 2020 – is 380,957 tonnes and includes scope 1 and 2 and parts of scope 3.

Difference between science-based and operational targets

The SBTi-approved targets differ from our previous targets in the following ways:

- New, higher baseline (based on new inventory of PostNord's emissions across the entire value chain)
- Includes a higher share of total emissions in the PostNord value chain
- More emission sources
- Includes all relevant greenhouse gases (carbon dioxide, CO₂; methane, CH₄; nitrous oxide, N₂O) and is expressed as carbon dioxide equivalents (CO₂e) for closer compliance with the Greenhouse Gas Protocol
- An absolute target and an intensity target

For the sake of comparability, we have adjusted the figures for 2020 and 2021 to reflect the above-mentioned conditions. Due to the wider scope of emissions accounting, the outcome for 2021 is significantly higher than as stated in the previous report. As a result, retrospective comparability is not possible.

As before, the calculations accord with the principles of the Greenhouse Gas Protocol.

Outcomes science-based climate targets

The year's scope 1 and 2 greenhouse gas emissions (59,436 tonnes CO₂e) represent a 42 percent reduction compared to the base year 2020. This is mainly attributable to electrification of smaller vehicles and considerable use of renewable fuels.

As regards PostNord's other science-based targets, Scope 3 emissions intensity rose 9 percent to 3.18 kg CO₂e per parcel, compared to 2020. The rise is due to increased emissions in absolute terms (from



575,610 to 665,046 tonnes between 2020 and 2022), driven primarily by significant capital investments in technical facilities, vehicles and buildings.

Outcomes operational climate targets

Total carbon emissions from operations for the year decreased by 10 per cent to 341,311 tonnes compared to the base year 2020. This resulted mainly from the transition to renewable energy (fuel and electricity use in buildings) and lower energy use. Breakdown of emissions: Sweden 134,371 tonnes, Denmark 65,347 tonnes, Norway 116,929 tonnes, Finland 24,234 tonnes and Strålfors 429 tonnes.

At year-end, 33 percent of PostNord's vehicles used for last-mile transportation were zero-emission (i.e. not powered by an internal combustion engine and running on electricity).

Outcomes climate-impacting emissions

Transportation

PostNord's transportation accounts for the major share of total climate-impacting emissions by the Group. PostNord generally outsources heavy

and long-distance transportation, and so emissions from purchased transportation are significantly higher than from PostNord's vehicle fleet.

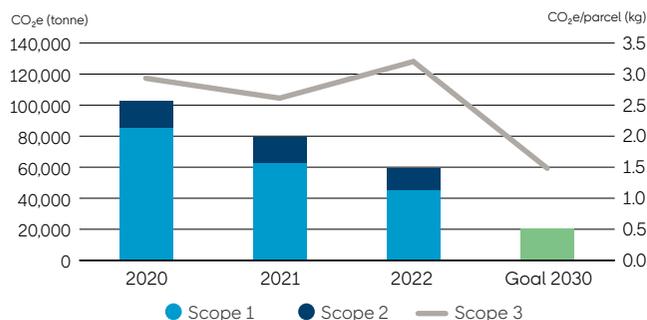
Greenhouse gas emissions from transportation decreased from a total of 487,014 tonnes in 2020 to 457,743 tonnes in 2022, that is, by 6 percent.

Road transportation. Greenhouse gas emissions from road transportation account for around 60 percent of PostNord's total climate footprint. Emissions from road transportation decreased during the year, thanks in part to increased use of HVO100 – PostNord used 21.4 million liters during the year.

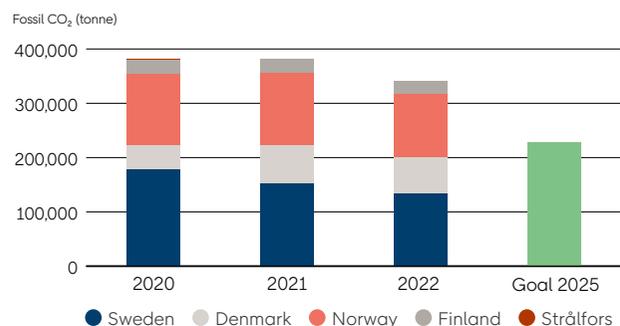
Air. PostNord purchases air transportation for operations in Sweden and these emissions account for approximately 1.7 percent of the total. No air transportation was used in Denmark, Finland or Norway during the year. Foreign air transportation is not included in the calculations.

Rail. PostNord's Swedish and Norwegian operations make considerable use of rail transportation. Rail transportation in Sweden operates entirely on electricity from renewable sources. In Norway, the major share of rail transportation is powered by electricity from renewable sources. Hybrid trains are only used where the infrastructure does not allow full electric operation.

Greenhouse gas emissions in scope 1–3



Carbon emissions in operations, by country



Fossil-based CO ₂ emissions (tonnes)	2022	2021	Base year 2020
Scope 1 (direct CO₂e emissions)			
Own transportation	44,988	61,914	84,771
Direct heating (gas and oil)	303	573	448
Total scope 1	45,291	62,487	85,219
Scope 2 (indirect CO₂e emissions)			
Heating and electricity (market-based emissions)	14,145	16,606	17,401
Heating and electricity (location-based emissions)	21,433	24,325	21,183
Total scope 2	14,145	16,606	17,401
Scope 3 (other indirect CO₂e emissions)			
Purchased goods and services	13,756	14,046	14,290
Capital goods	222,085	112,260	141,044
Fuel- and energy-related emissions	28,437	30,500	30,968
Transportation (upstream)	385,549	407,817	373,691
Employee commuting	13,717	14,355	14,312
Business travel	1,501	896	1,306
Total scope 3	665,046	579,875	575,610
Total fossil-based CO₂e emissions	724,482	658,967	678,230
Out of scope renewable CO ₂ emissions, total	159,799	138,401	108,822

Ferry. Only the businesses in Denmark and Sweden use ferry transportation to any major extent. Emissions from ferry transportation amount to about 0.2 percent.

Purchasing

Purchased goods and services and capital goods account for 33 percent of PostNord's total greenhouse gas emissions. This category represents most of the emissions from technical facilities used in operations and new buildings established during the year. The two items account for 27 percent of total emissions.

Emissions from capital goods increased to 222,085 tonnes from 141,044 tonnes during the base year. The increase was attributable in the main to new buildings, including technical equipment, and the renovation of existing properties.

Buildings

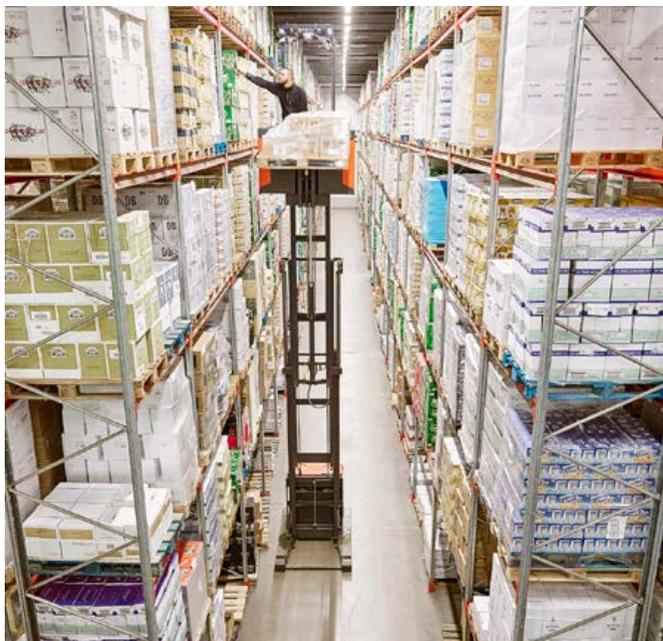
Emissions from heating, cooling and electricity (direct use of heating, plus heating and electricity) at PostNord's facilities account for about 2 percent of total greenhouse gas emissions. During the year, these emissions decreased from 19,820 to 15,425 (–22.7 percent), mainly as a result of reduced use of gas for heating in buildings, as well as energy efficiency improvements and a higher proportion of renewable electricity.

Other emission sources

Other emission sources include business travel and employee commuting, which accounts for about 2 percent of the total. PostNord will review our methodology for producing more representative activity data to better reflect the actual commuting patterns of employees.

Definitions

Fossil-free energy: Defined as 70 percent lower greenhouse gas emissions compared to fossil alternatives. Means of propulsion that currently meet this requirement are electricity, hydrogen, biogas, HVO,



FAME and ED95. The definition is taken from Fossil-Free Sweden and is based on the EU's Renewable Energy Directive RED II. PostNord's additional requirements are that the electricity must be green and that the hydrogen must be emission-free as being produced by electrolysis powered by fossil-free or renewable energy.

Zero emissions: Zero-emission vehicles are those that do not have an internal combustion engine and that use electricity as their means of propulsion.

Last-mile transportation: The last leg of the transportation to the recipient, usually from a terminal.

Accounting principles

All emission sources from fuel and energy use are reported on a well-to-wheel basis, that is, from production to use of the fuel/energy, and are accounted for within the relevant scope and category. Other indirect emission sources, such as vehicles and consumables, are reported on a cradle-to-gate basis, that is, including materials, production and transportation to PostNord's operations.

PostNord's new climate targets cover more than 95 percent of scope 1 and 2 emissions, and more than 67 percent of scope 3 emissions. This accords with the Science Based Target initiative's level of coverage for near-term targets. The targets are evaluated on an ongoing basis to pick up on any changes in the scope of operations.

Emissions for 2020–2022 have been adjusted to reflect sources of error identified, new emission factors, transition from reporting of carbon emissions to greenhouse gas emissions and additional emission categories in the PostNord value chain.

Our climate reporting covers PostNord's activities in the Nordic region, apart from Svensk Adressändring, whose climate impact is negligible. Direct Link is not included in the calculations either.

Own transportation. Operational data for PostNord vehicles is based on each vehicle's individual fuel card. Data on electricity use in electric vehicles is obtained from sub-metering or mileage-based estimates.

Heating and electricity. Information on use of electricity, district and direct heating and cooling is obtained from energy management systems and invoicing records.

Purchased transportation. Data on purchased transportation is based on capacity utilization, distance and vehicle type and cost calculations based on current fuel share data from the Swedish Road Haulage Association and fuel prices from public sources. In the case of rail, information from suppliers was also used.

Regarding purchased transportation, fuel consumption is determined by customer requirements. If the customer does not express specific requirements, fuels subject to a reduction mandate (petrol and diesel) are used and are accounted for on the basis of current information on the mix of renewable fuels in the country of operation concerned.

Purchased goods and services. Includes packaging materials, IT equipment (computers and telephones) and tires for vehicles. Data is obtained from internal systems, suppliers and/or, if necessary, estimates of the number of tires replaced. The climate impact from packaging materials takes into account the proportion of recycled content, the choice of materials and, where possible, the quantities reused. The climate impact from IT equipment is based on publicly available data from suppliers. In the case of tires, whether the product is new or retreaded is taken into account. Where information from suppliers is not available, calculations are based on other appropriate sources or conservative assumptions.

Capital goods. Includes new buildings, vehicles purchased, technical facilities for PostNord's production and parcel lockers. Climate impact from buildings is based on floor area and data on average impact for Swedish buildings from IVL (the Swedish Environmental Research Institute). Calculations for vehicles and parcel lockers are based on the numbers purchased over the year. Data is obtained from suppliers, environmental declarations and/or life cycle databases. In the case of vehicles, energy carriers (combustion, electricity, gas) are taken into account. Technical facilities are monitored via invested capital on the basis *inter alia* of environmental savings analysis from the Swedish Public Procurement Agency. Where information from suppliers is not available, calculations are based on other appropriate sources or conservative assumptions.

Fuel- and energy-related emissions. Based on the volumes used in scope 1 and 2, as well as data from the Swedish Energy Agency and DEFRA. This also includes district cooling based on degree of efficiency and the Nordic average mix.

Business travel and employee commuting. Data on business travel (numbers and distance) is obtained from suppliers and from PostNord's HR system of mileage allowance for private cars used for business purposes. Commuting travel is based on the number of full-time employees, the national average for distance and mode of transport from Miljöbarometern (Environmental Barometer) and the average number of working days from Transport Analysis.

Climate impact The data for climate impact is obtained from the Swedish Energy Agency and DEFRA. The calculation for electricity is based on Vattenfall's environmental declarations for hydropower with guarantees of origin. Where data are not available, the Nordic residual mix for the year concerned is used. In the case of location-based emissions, climate impact is based on the Nordic average mix from IVL.

During the year, PostNord implemented a new reporting system for climate-impacting emissions. As in previous reports, consolidation is based on operational monitoring. To convert other greenhouse gases to carbon dioxide equivalents, the current IPCC values for global warming potential are used.

We care for our people



PostNord focuses systematically on ensuring safe workplaces for our own and contracted employees, as well as on fair conditions for truck drivers at external transportation companies and employees at our suppliers.

Safe workplaces

No-one should have to risk their life and health at work. PostNord's overall goal is to provide safe workplaces. Our preventive and systematic work environment management is based on a risk analysis of the physical, social and organizational work environment. Every manager ensures that his/her own unit and subordinate units comply with the relevant work environment legislation. Alongside regular safety inspections, a systematic audit is conducted at least once a year. Employees have access to e-learning on basic work environment issues and can provide feedback on their work environment in the annual employee survey.

Work environment risks

Most workplace injuries at PostNord occur in production and distribution. The most common injuries relate to vehicles, physical strain and slipping accidents.

Some PostNord employees are at risk of threats and violence. Management works with HR, trade unions and work environment representatives to better deal with incidents of harassment, threats, violence and robbery. Workers who have been subjected to any such incidents are to receive help and support quickly.

PostNord's security work is focused on ensuring a reasonable and appropriate level of security for the employees in the Company's production facilities and vehicles. We apply data analytics to identify and counter criminal activity. The security protection is based on the TAPA FSR and TSR global standards and is described in PostNord's Minimum Security Requirements.

New indicator for work-related injuries

During the year, we introduced an internationally established method of calculating injury rates: LTIFR (lost time injury frequency rate), i.e. injuries at work resulting in lost working time (sick leave of more than 24 hours) or in death or permanent functional impairment. LTI refers to cases where the injured person is unable to perform their usual work duties, is absent from work to recover, or performs modified duties during the recovery period.

The indicator used previously also included incidents that did not result in sick leave. As a result, the outcome in 2022 is not comparable with previous figures.

Targets

- No fatal accidents at work
- LTIFR well below benchmark

It proved difficult to develop an appropriate benchmark. Instead, each country developed its own targets for 2025. Targets were set on the basis of the current situation and realistic ambitions, given the nature of local operations.

Outcome for 2022

The LTIFR varies within PostNord, partly because of the different nature of the Group's operations. During the year, the LTIFR ranged from 0 to 7.27. The Danish business reported the highest number of injuries with absence in relation to time worked. Processes are in place to analyze all injuries, as well as a plan to reduce the future number of injuries. All units are committed to improving the health and safety of their employees.

During the year, sick leave increased in all operations. In some areas, this was due to Covid-19. For example, Denmark reported a significantly higher number of cases of Covid-related sick leave in 2022 than in 2021. Employees were encouraged to stay at home at the slightest symptom, which affected sickness rates. Towards the year-end, sick leave returned to normal levels.

Health and safety at work

Work-related fatalities	2022	2021	Target
Total	0	0	0

Lost time injury frequency rate (LTIFR)	2022	Target 2025
PostNord Sweden	3.80	3.04
PostNord Denmark	7.27	4.84
PostNord Norway	4.09	3.24
PostNord Finland	2.89	4.45
PostNord Strålfors	0.76	2.20
Other units	0	0

The LTIFR is calculated using the formula of number of work-related injuries resulting in lost time/total hours worked x 200,000.

Sickness absence, %	2022			2021
	Total	Women	Men	Total
PostNord Sweden	7.9	9.7	7.1	7.2
PostNord Denmark	5.6	6.6	5.2	5.0
PostNord Norway	9.8	11.7	9.5	7.6
PostNord Finland	4.7	4.5	4.8	2.8
PostNord Strålfors	4.3	6.2	3.2	4.2
Other units	2.9	4.4	1.7	2.6

Sickness absence is calculated as the number of hours of sickness absence in relation to regular, contracted working hours for both regular employees and temporary staff. Regular, contracted working hours include hours worked, sickness absence, vacations, care for sick children, and other paid leave. Parental leave is not included in contracted hours.



On fair conditions

PostNord's commitment to the welfare of employees also includes those who work for transportation providers and other suppliers. Responsible purchasing encompasses both PostNord's actions as a buyer and the monitoring of suppliers.

Responsible Trucking Social Guidelines – better conditions for drivers

Through the Responsible Trucking Collaborative Platform, an initiative of CSR Europe, PostNord is involved in making the transportation and logistics sector more sustainable, and fairer. The primary tool is the Truck Transport Social Guidelines (TTSG) developed by Responsible Trucking.

Target: Truck Transport Social Guidelines to be implemented in operations in 2025

Outcome: During the year, preparations were made for implementation of the Truck Transport Social Guidelines.

Responsible purchasing

Responsible Procurement Index

During the year, we introduced the Responsible Procurement Index (RPI) as an indicator and target for responsible purchasing.

Target: RPI 92 (year 2022), RPI 100 (year 2025)

Outcome: RPI 90

RPI is a proprietary index that takes into account both our own actions and those of our suppliers. Previously, we only monitored whether suppliers had signed the PostNord Code of Conduct.

The index is based on the following three components:

1. Percentage of centrally procured purchases according to PostNord guidelines (target: 90 percent)
2. Percentage of procured road transportation services according to PostNord guidelines (target: 95 percent)
3. Sustainable supply chain: suppliers commit to the PostNord Code of Conduct and conduct their own risk assessment (target: 90 per cent)

Achieving the above targets for the three components is equal to RPI 100, given how the index is weighted.

Process for checking compliance

PostNord has a Group-wide process to monitor compliance with the Group's Supplier Code of Conduct. The process includes self-assessment, risk assessment, and local audits.

Self-assessment: The starting point for PostNord's monitoring process is suppliers' self-assessment against the Code of Conduct. In 2022, a total of 115 suppliers completed a self-assessment, an increase of 37 percent compared to the previous year. Out of 158 new suppliers, 65 (41 percent) completed a self-assessment.

Risk assessment: The supplier's risk level is assessed by reference, for example, to sector, geographical location, purchasing volume, how business-critical the supplier is, the supplier's self-assessment and our knowledge of the supplier. Suppliers that we consider to be associated with high risk are to be subject to on-site audits.

Audit. PostNord's supplier audits are based on SA8000, a global standard for auditing and certification of social accountability. Audits include a review of documentation, for example, of pay and working hours, inspection of the work environment, audit of the supplier's environmental work and interviews with managers and employees.

In the event that an audit reveals deviations, we ask the supplier to carry out an analysis of the root causes and develop an action plan. We are more than willing to support suppliers in developing their operations. Terminating the collaboration is seen as a last resort.

Compliance monitoring during the year

20 audits were carried out during the year. 12 of the deviations identified were classified as material. These consisted in the main of shortcomings in the work environment and safety at work. The deviations considered less material mainly concerned the work environment and environmental work.

Type of check (number)	2022	2021
Self-assessment	115	84
Audit	20	19

We unleash the power of diversity



PostNord's approach to diversity is set out in the Group's diversity policy. Diversity is about recognizing and embracing people's differences. It is also about utilizing each employee's skills and experience, creating satisfaction and motivation and fostering an inclusive work climate. A basic starting point for PostNord's business is people's equal worth and rights.



By focusing on diversity and inclusion, we obtain all the perspectives we may need to be able to meet customers' different needs, develop new business opportunities and create profitability.

An inclusive workplace

PostNord's commitment is to unleash the power of our diversity and to be an inclusive workplace. The Group's targets are based on how every employee perceives PostNord: the Inclusion Index summarizes employees' responses to the statement "In my team we respect and trust one another".

Target: Inclusion Index well above benchmark (>82)

Outcome: 76 (2021: 76)

The benchmark is weighted according to the number of employees per country of operation and is provided by the company that PostNord uses to conduct the FOCUS employee survey.

The result is an average for PostNord as a whole. The target is set based on peer companies both within and outside the logistics industry in the Nordic region, and who carry out dedicated efforts to strengthen employee commitment.

The Inclusion Index will be revised in 2023. The plan is for the index to include more aspects and questions in order to obtain a more detailed picture of employees' perception of inclusion at PostNord.

Other indicators

In addition to the Inclusion Index, which is a component of PostNord's sustainable logistics agenda, we target and monitor satisfaction and motivation (Satisfaction & Motivation Index), perception of immediate manager (Immediate Manager Index) and gender balance. These aspects are monitored via the annual FOCUS employee survey. The lost time injury frequency rate (LTIFR) is also monitored at Group level, see page 12.

Satisfaction & Motivation Index

This index provides an overall picture of employee job satisfaction and engagement.

Outcome: 67 (2021: 67)

The Satisfaction & Motivation Index remains at the same level as in 2021.

Immediate Manager Index

The Immediate Manager Index summarizes employees' perceptions of their immediate manager's leadership in terms of work environment, motivation, and clarity of expectations regarding individual targets. This index is key, since how the immediate manager is perceived has a major impact on engagement.

Outcome: 73 (2021: 72)

Gender balance

We monitor gender balance to prevent discrimination, because it is a clear and measurable indicator and because gender balance among managers says something about PostNord's ability to attract, develop and retain competent colleagues, irrespective of gender. Initiatives to improve gender balance also tend to have an impact on other aspects of diversity.

The gender balance among managers is measured at organizational levels 1–3 and 4–6 (CEO is level 0).

Target: 40/60 for all management categories

Outcome: 36/64 at levels 1–3, 32/68 at levels 4–6 (2021: 33/67), 44/56 in the Group Leadership Team and 50/50 in the Board of Directors.



Membership and representation

Every employee enjoys the right to freedom of association, including the right to join a trade union. Over 99 percent of the Group's employees are covered by collective bargaining agreements. PostNord is a member of industry and employer organizations in each of the countries in which it operates, including Almega and the Swedish Confederation of Transport Enterprises (Sweden), the Confederation of Danish Industry (Denmark), the Confederation of Norwegian Enterprise (NHO) and the Norwegian Logistics and Freight Association (Norway), and Finnish Industries (Finland).

PostNord's workforce

Number of employees (basic staff at year-end)	2022	2021
Administration	3,525	3,451
<i>of whom, women</i>	1,378	1,410
<i>of whom, men</i>	2,147	2,041
Production	21,876	23,131
<i>of whom, women</i>	6,373	6,707
<i>of whom, men</i>	15,503	16,424
Total	25,401	26,582
Number of employees (all staff at year-end)	2022	2021
Core staff	25,401	26,582
<i>of whom, women</i>	7,750	8,121
<i>of whom, men</i>	17,651	18,461
Temporary employees	8,191	9,438
<i>of whom, women</i>	2,903	3,508
<i>of whom, men</i>	5,288	5,930
Total	33,592	36,020

Gender distribution (core staff)	2022	2021
Managers	1,263	1,318
<i>of whom, women (%)</i>	33	33
All employees	25,401	26,582
<i>of whom, women (%)</i>	31	31
Age distribution (core staff) (%)	2022	2021
–29	20	20
30–50	43	43
51–	37	37
Total	100	100

During the year, 2 out of 9 people (22 percent) in the Group Leadership Team were aged 30–50 and 7 out of 9 people (78 percent) were over 50. The corresponding figures for the Board were 4 out of 14 (29 percent) and 10 out of 14 (72 percent).

The data refer to all employees in the PostNord Group. Data on gender affiliation are taken from the payroll system where the particular employee is registered.



We meet external requirements

Stakeholder dialog

Business partners

Suppliers and service points are among PostNord's most important business partners. Each year, PostNord purchases goods and services of significant value.

Our 7,300 distribution points/service points in the Nordic region make our services available to millions of people.

Dialog and follow-up: Meetings with suppliers, procurement, audits, continuous dialog with service point operators.

Customers and recipients

PostNord offers business customers, private individuals and recipients in the Nordic region nationwide, secure and reliable postal and logistics services with the focus on quality, the environment and social responsibility.



Dialog and follow-up: Dialog with customers, feedback via customer service and from drivers, mail carriers and service point operators at delivery, ongoing customer and corporate image surveys.

Employees

With more than 30,000 employees, PostNord is one of the biggest employers in the Nordic region. We thus bear a major responsibility for providing a safe and attractive workplace that promotes personal development.

Dialog and follow-up: Performance appraisals, workplace meetings, employee survey, communication via various internal channels, dialog with trade unions.

Community stakeholders

PostNord plays a key role in the business community and in society. We make it possible for businesses, public authorities and individuals to do business and communicate with each other on a daily basis. By operating a stable and profitable business in the long term, with a focus on the environment and social accountability, we meet the expectations of the world around us and enhance our competitiveness.

Dialog and follow-up: Dialog with public authorities, politicians, decision-makers and opinion-formers. Dialog and collaboration with trade associations, advocacy organizations, organizations for sustainable development and social accountability, and with students.

Financial market

PostNord's operations are financed in the first instance by the cash flow of the business and then, for example, via bond and bilateral loans. The trust of the financial markets is important in order to ensure a stable supply of financing.

Intensive work is under way in the EU to bring about a more sustainable financial market, and here the EU's Taxonomy Regulation is

playing a key role. A "Build Back Better" strategy has been developed to accelerate the post-pandemic recovery. The strategy rests on three foundations: a classification system (taxonomy) for sustainable activities, a disclosure system for sustainability-related information and a sustainability-related investment tool, including benchmarks, standards and labelling.

Dialog and monitoring: Interim reports, annual and sustainability report and direct contact with analysts, lenders and investors.

Owners

PostNord is owned by the Danish and Swedish States. We are tasked by our owners with maintaining a universal postal service in Denmark and Sweden. At the same time, we are required to generate economic value and to act as an exemplar of sustainable business.

Dialog and follow-up: Direct contact with owners' representatives, annual general meeting, annual and sustainability report, interim reports.

Collaboration

Cooperation is a prerequisite for PostNord to achieve our sustainability goals. PostNord maintains ongoing dialog with legislators, owners of infrastructure and opinion-formers. We also run development projects with customers, suppliers and other players in our supply chain. PostNord is represented in several national and international business networks that address sustainability in general and sustainable transportation in particular. These include CSR Sweden, NMC (Swedish Association for Sustainable Business), Pathways Coalition, CSR Europe Responsible Trucking, Green Chain, KNEG (Climate neutral transportation of goods by road), Network for Transport Measures (NTM), Institute of Transport Economics (Norway) and Transportindustriförbundet (Swedish freight industry association). We are also active in sustainability groups in associations for postal operators, such as IPC and PostEurop.



We are involved in a Vinnova-funded development project looking at transportation in the circular economy and the logistics involved in dealing with food waste. We are also working on a project, financed by the Swedish Retail and Wholesale Council, concerned with optimal packaging.

Sustainability governance

Owners' requirements

As well as complying with the law, directives, the precautionary principle and general industry regulations, PostNord must observe the Swedish and Danish states' respective ownership policies and principles for state-owned enterprises. This includes pursuing a carefully considered and well-established policy, strategy and established strategic targets for sustainable value creation. Like other State-owned companies, PostNord's performance is measured against both financial and non-financial targets. Each function within PostNord must take account of sustainability in its strategic and operational activity. Finally, PostNord is required to prepare a sustainability report in accordance with the GRI Standards.

Other external regulations

PostNord's work on sustainability is guided by a number of external regulations: the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the UN Global Compact. The Global Compact is in turn based on the UN Universal Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption. These regulations are reflected in PostNord's Code of Conduct. PostNord also operates and reports according to the EU Taxonomy and the TCFD (Task Force on Climate-related Financial Disclosures).

Internal rules and regulations

PostNord's Code of Conduct ("the Code") has been adopted by the Board of Directors and is the Group's ultimate governing document. The Code covers the areas of business ethics, employees and working conditions, business partners, coordinated purchasing, community engagement and sponsorship programs, and the environment.

It provides guidance to all employees on ethical conduct and compliance with laws, regulations and internal rules. The Code may be supplemented as required by policies, guidelines and instructions laying down more detailed internal rules. The Code is to be regarded as a minimum standard and therefore must be observed, even if local legislation should indicate a lower standard. PostNord also requires business partners to comply with all relevant aspects of the Code, by signing up to our Supplier Code of Conduct.

PostNord's Code of Conduct and related e-learning program were updated in 2020. As part of the review, it was decided that all employees must have read and understood the Code, undergo the e-training every year and act in accordance with the Code.

In 2022, a total of 11,920 (14,703) underwent the training, including 9,282 in Sweden, 1,233 in Denmark, 627 in Norway, 248 in Finland and 530 at PostNord Strålfors.

In addition to the PostNord Code of Conduct, the following policies govern the Group's sustainability work: Tax policy, Disclosure and Insider Trading Policy, Information Security Policy, Diversity Policy, Health and Safety at Work Policy, Anti-corruption Policy, Climate Policy and Procurement Policy. Group Compliance is responsible for the annual review and follow-up of compliance with Group-wide policy documents.

Sustainability organization

PostNord's work on sustainability is overseen by the Group Leadership Team, whose Head of Nordic Strategy & Solutions has overall responsibility for sustainability issues. Work on sustainability is led by the Group Head of Sustainability, who reports to the Head of Nordic Strategy & Solutions.

PostNord's agenda for sustainable logistics

PostNord's agenda for sustainable logistics provides the structure for the Group's sustainability reporting. The agenda is based on three commitments, with related targets and indicators. Each target is assigned a target owner responsible for that target. The Head of Climate Office is responsible for the climate target. The Head of HR and Talent Management is responsible for work environment, safety, and diversity and inclusion. The Head of Sustainable Supply Chain is responsible for sustainable supply chain. The Group Head of Sustainability has overall and coordinating responsibility for the sustainability agenda.





Each country of operation has a sustainability manager and most of the work of operational sustainability takes place in that country. Sustainability controllers oversee and are responsible for monitoring and reporting.

PostNord's strategic sustainability targets are developed and evaluated in the annual strategy process. Quarterly reports on PostNord's strategic sustainability targets are provided to the Group Leadership Team and the Board. A Sustainability Deep Dive is performed twice a year as part of the follow-up of the business plans.

To further strengthen PostNord's ability to take informed decisions and further develop the Group's sustainability agenda and climate transition, the CEO has completed a training course for business leaders at the Stockholm Resilience Centre. The course covered scientific research on planetary boundaries and analysis of how global megatrends affect companies.

Other sustainability disclosures and results

Operations subject to licensing and notification

PostNord conducts operations that are subject to licensing and notification under national environmental legislation in Sweden and Denmark. Strålfors' graphic production facilities are subject to licensing, PostNord TPL has logistics facilities that are subject to licensing or notification and PostNord Sweden has a number of vehicle washing facilities that are subject to notification.

PostNord systematically checks for compliance with legislation relating to the work environment and the general environment. In 2022, PostNord did not deviate in any material way from environmental work environment legislation. Material deviations are those that result in fines of at least SEK 5 million.

Climate compensation

The Group's emissions are not climate compensated, as our focus is on reducing our direct and indirect climate impact. Climate climate

compensation is part of PostNord's customer offering and we offset our climate-efficient services in each country.

Customer environment reports

PostNord assists customers with their reporting and communications. Assistance includes customer-specific environmental reports that customers can use to monitor and streamline their logistics and as a basis for their own environmental or sustainability reporting.

Range and service availability

PostNord offers a wide range of services that are easily accessible to customers and recipients. We build on existing services and develop new ones. For example, PostNord's award-winning app helps to increase accessibility. Range and service availability are regulated, for example, by the terms and conditions of PostNord's postal licenses. Specific requirements also apply to the postal service. For example, postal services must be provided without requiring the recipient to have access to the internet. An extended service is available to households where all members are more than 80 years of age or have functional impairments.

In Denmark, a model is used in which we have up to five business days to deliver regular letters. This means that normal mail items can be delivered within two to five business days. In Denmark, the Quickbrev service is also offered for letters that must be delivered to the recipient from one day to the next. Quickbrev items must be handed in at one of Denmark's 1,200 post offices.

Quality

PostNord must maintain a consistently high quality of service. This applies to both technical quality and the quality of the experience. In Sweden, the primary quality standard for two-day delivery is that no less than 95 percent of regular letters must be delivered within the two following working days.

In Denmark, the standard is that 93 percent of regular letters must be delivered within five business days. The quality target for Quickbrev is 95 percent.

Ensuring robustness and resilience in the face of disturbances in and disruptions of service is critical to the continuity of operations. PostNord works systematically on continuity management in accordance with the ISO 22301 standard. The Group operates a continuity program to ensure our ability and preparedness to deal with any events causing disruptions in critical deliveries. All critical deliveries are analyzed annually and plans for restoring and maintaining resources and deliveries are established and tested.

Quality: mail

Outcome, Sweden:

- Mail 0–2 Sweden (Priority): 94.7 percent (97.9)

Outcome, Denmark:

- Mail 0–5 Denmark (Standard): 96.6 percent (96.5)
- Quickbrev 0–1 Denmark (Priority): 95.6 percent (96.3)

Measurement and calculation method: Quality: mail

Swedish External Monitoring (SWEX) and Danish External Monitoring (DEX) are two independent, external quality surveys that continuously gauge the proportion of mail that is delivered from customer to customer on time. Measurements are performed via a statistically assured test mail operation that meets the requirements set out in the SS-EN 13850 standard: 2012.

Quality: parcels

Result:

- Sweden: 93.6 percent
- Denmark: 93.4 percent
- Norway: 92.2 percent
- Finland: 88.1 percent

Measurement and calculation method: Quality: parcels

The Group's overall measure of quality for parcels is a weighted figure calculated on

the basis of the quality and volumes reported from the countries concerned. The production system measures the proportion of parcels delivered at the right time, from initial production scan to final delivery scan at either the distribution point or the recipient's address.

The products included in the measurements are business-to-business parcels and business-to-consumer parcels, other than in Finland, where only business-to-business parcels are included. In Denmark, consumer-to-consumer parcels are also included.

Image

PostNord's image amongst private individuals is measured using the RepTrak/Pulse index. The Pulse score was 64 (64), indicating that the positive trend in the public's perception of PostNord has stabilized in all markets. Possible reasons include conscious efforts to strengthen the brand and investments in better products, services and consumer experience.

Measurement and calculation method: Image

RepTrak/Pulse comprises four questions posed by the Reputation Institute measured on a scale of 0 to 100. In the survey, 800 people a month, evenly distributed across Sweden, Denmark, Norway and Finland, are asked questions about how they perceive the PostNord brand. The overall result is a weighting of results from each country.

Customer and consumer privacy

Personal data processed by PostNord shall always be kept protected and secure and shall be processed with due care and attention such that the right to protection for personal data is respected.

In 2022, implementation of the General Data Protection Regulation (GDPR) was strengthened with data protection coordinators being assigned to PostNord's business units. The data protection coordinators received training in the framework and procedures to ensure implementation of and compliance with the GDPR in each data protection coordinator's unit in PostNord. Data protection initiatives were also strengthened with the appointment of a full-time staff member to Group Privacy.

Anti-corruption

PostNord operates a zero tolerance policy for bribery and other forms of corruption. A continuous focus on preventing all forms of corruption and lack of business ethics is an important part of PostNord's sustainability work. PostNord's anti-corruption rules are set out in the Code of Conduct and Anti-Corruption Policy. During the year, we also developed clarifying instructions on how employees should deal with external benefits and business entertainment.

Deviations from laws and regulations

In 2022, 37 (6) admissible cases were received via PostNord's whistleblower portal regarding alleged breaches of PostNord's Code of Conduct. The major increase arose through the change introduced to the definition of what constitutes a whistleblowing case. Previously, the only whistleblowing cases to be reported were those concerning senior managers and key employees. Under new legislation, all PostNord employees are now included.

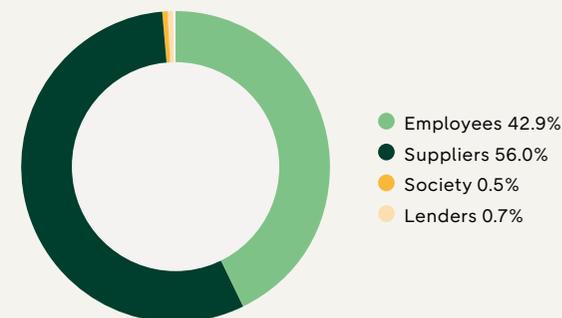
All cases were followed up in line with PostNord's internal procedures. No cases alleged corruption. No reports of suspected corruption were received via internal reporting channels. Furthermore, PostNord was not subject to any external corruption investigation in 2022.

During the year, the PostNord Code of Conduct was revised and conflicts of interest were added as an area that employees are explicitly expected to comply with. No new investigations into substantiated complaints from regulatory bodies about breaches of customer privacy were reported in 2022. In 2021, a new investigation was launched by a local data protection authority. PostNord was also the subject of an investigation launched in 2019 and currently ongoing, as well as two investigations from 2020 that were terminated by the authority without any action against PostNord.

Humanitarian aid

During the year, PostNord supported Ukraine by enabling people to send parcels with supplies free of charge. The Ukrainian postal service approached PostNord and other postal operators for support and

Value generated and distributed, SEKm



we were one of the companies that responded. Given the situation in Ukraine, it was a natural step to lend our transportation and logistics services to help people in need.

PostNord's contribution is to enable private individuals in Sweden, Denmark and Norway to send supplies to Ukraine free of charge. In Finland, we are working with the Ukrainian Association in Finland. PostNord's websites provide information on what the procedures are, including a list of requested products. The list is produced by the Ukrainian postal service and will be updated as soon as we receive new information from them.

We recognize that there are different ways of helping out in times of crisis and war, and that financial support can be more effective. At the same time, the Ukrainian postal service has confirmed that the aid shipments are arriving and that they are doing great good. We also see PostNord's initiative as contributing to awareness of the war and boosting solidarity with the Ukrainian people.

The initiative was in operation up to year-end 2022, and PostNord will evaluate it on an ongoing basis, in close dialog with Ukrainian authorities and aid organizations.

Distribution of economic value

The economic value PostNord generates is distributed to employees in the form of wages, salaries and other remuneration (see Note 5), to suppliers as payment for goods and services (Notes 6 and 7), to lenders as interest payments and other financial expenses (Note 8,), to the communities in which PostNord operates in the form of tax payments and any dividends payable to its owners. In all, SEK 38,419 million (39,099) was distributed in 2022.

The EU Taxonomy

Background: The EU Taxonomy Regulation

The Taxonomy Regulation provides a framework for identifying environmentally sustainable activities. For a particular economic activity to be classified as environmentally sustainable, it must contribute significantly to one or more of the six environmental objectives identified, do no significant harm (DNSH) to any of the other objectives and meet certain minimum sustainability requirements (minimum safeguards). Reporting in accordance with the Taxonomy Regulation is part of the statutory sustainability report.

The taxonomy includes the following environmental objectives:

1. Climate change mitigation
2. Adaptation to climate change
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Prevention and control of environmental pollution
6. Protection and restoration of biodiversity and ecosystems

Reporting for 2022 is limited to environmental objectives 1 and 2. The regulation is expected to be extended in 2023 also to include environmental objectives 3–6.

One of the defined sectors included in the taxonomy is transportation. For each sector, a number of economic activities have been identified.

Accounting principles

The extent to which the activities of the companies are sustainable is to be presented by calculating three key indicators: sales, capital expenditure and operating expenditure. The key indicators are defined in the delegated acts and are described in more detail in the respective table of key indicators. For the financial year 2022, information on the share of environmentally sustainable activities is to be provided via key performance indicators and economic activities. For the financial year 2021, information was provided only on the share of economic activities covered and not covered, respectively, by the taxonomy.

PostNord has identified the following economic activities in the transportation sector that fall within the scope of the Taxonomy Regulation:

- 6.2 Freight rail transport
- 6.4 Operation of personal mobility devices, cycle logistics
- 6.5 Transport by motorbikes, cars and light commercial vehicles
- 6.6 Freight transport services by road
- 6.15 Infrastructure enabling low-carbon road transport and public transport

Compared to the 2021 report, PostNord has excluded infrastructure for bicycle logistics (6.13) and infrastructure for rail transport (6.14). No such activities have been identified within PostNord in 2022.

PostNord activities that do not fall within the scope of the taxonomy (B) include printing, enveloping, change of address service, digital services and Parent Company functions.

One activity can contribute to several environmental objectives. To determine which activities contribute materially to each environmental objective, the European Commission has established technical screening criteria. All the criteria for a specific activity must be met.

In PostNord's view, the first environmental objective, climate change mitigation, is the most apposite, given PostNord's operations. Reporting on only one environmental objective also reduces the risk of double counting of revenues and costs in the indicators.

DNSH

DNSH criteria have been assessed either on an asset-by-asset basis or by legal entity. In the case of vehicles, PostNord has performed the assessment on the basis of existing end-of-life vehicle management policy documents (circular economy) per country, while emission criteria have been implemented per individual asset (pollution prevention). Material contributions involving vehicle-specific criteria (EURO/emission levels) have also been assessed using existing vehicle registers with information from the vehicle suppliers. The requirements regarding tires (pollution prevention) have been assessed based on the existing tire policy per legal entity. Assets meeting the requirements for material contribution do not meet the rigorous requirements for tires (EPREL requirements).

As regards 6.15, PostNord has only analyzed properties established during the period against the criteria of DNSH. This is because PostNord

has a large volume of legacy infrastructure, which makes retroactive traceability difficult. Based on this approach, and a reasonableness assessment, PostNord has considered that national legislation in our countries of operation covers the criteria for legacy infrastructure. Going forward, PostNord will evaluate each individual infrastructure project against the criteria of DNSH.

Enabling and transitional activities

An economic activity in category 6.15 is termed an enabling activity. Such activities include terminal infrastructure for loading, unloading and trans-shipment of goods. PostNord's reporting includes owned and leased terminal infrastructure and related equipment, such as sorting machines, forklifts and electric vehicle charging stations. It also encompasses owned and leased properties for transportation and warehousing services in PostNord's third-party logistics operations, PostNord TPL. Investments in parcel lockers are also included in this activity.

Economic activities in categories 6.2, 6.5 and 6.6 may qualify as transitional activities even if the criteria specified for material contribution are not met. An economic activity that meets all the requirements for transitional activities is regarded as environmentally sustainable until 2025. PostNord does not report any financial activities as transitional activities because PostNord does not own assets with hybrid technology that meet the emission requirements.

Minimum safeguards

Minimum safeguards is to be interpreted such that the Company has processes in place to ensure that operations are conducted in accordance with the OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles for Business and Human Rights throughout the value chain. This means, for example, that companies must have carried out risk mapping, adopted policies, taken risk mitigation measures, monitored outcomes and maintain transparent communication. At PostNord, the guiding principles are the State's ownership policy and PostNord's Code of Conduct. Read more about PostNord's work on sustainability issues on page 105.

The delegated acts of the Taxonomy Regulation introduce concepts related to (see also in the tables concerning the calculation of ratios):

- **Environmentally sustainable economic activities, taxonomy-aligned (A.1)**
- **Economic activities within the scope of the taxonomy but not environmentally sustainable, not taxonomy-aligned (A.2)**
- **Economic activities not falling within the scope of the taxonomy (B)**

Sales

Definition

PostNord performs transportation using its own, owned and leased vehicles, as well as purchased capacity. Only transportation performed with own and leased vehicles, together with purchased rail transportation operations, are included, in accordance with the technical review criteria. This is partly because of a lack of comprehensive information on purchased transportation and partly because of low compliance with EU emission standards for own heavy duty vehicles. Sales related to warehousing services provided by PostNord's third-party logistics (TPL) activities are included in economic activity 6.15.

To determine the numerator (A.1+A.2), the Group has based its calculation on total sales, less sales from activities not included in the taxonomy, services performed with outsourced capacity.

The sum of the above sales is allocated using allocation formulae based on kilometers driven or costs, combined with other information required to obtain the activities within and outside the scope of the taxonomy and the appropriate economic activity.

Outcome

Sales for the PostNord Group amounted to SEK 40,212 million (40,693). 10 percent, SEK 4,117 million, of PostNord's sales in 2022 is classified as environmentally sustainable and taxonomy-aligned (A.1). Sales in the category A.1 are evenly split between logistics and warehousing operations. Sales from the logistics business are attributable exclusively to the use of bicycles and light vehicles that are not subject to the same requirements as those that apply to tires for light and heavy vehicles.

24 percent – SEK 9,742 million – is covered by the taxonomy but is not classified as environmentally sustainable and is therefore not taxonomy-aligned (A.2). Nearly two thirds of the Group's sales for the year do not fall within the scope of the taxonomy (B). A further 20 percent of PostNord's sales would have been classified as taxonomy-aligned (A.1) if all vehicles meeting the emission criteria had the right type of tires.

Turnover ¹⁾	Code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria							DNSH criteria (Does Not Significantly Harm)						Minimum safeguards	Taxonomy-aligned proportion of turnover, year N	Taxonomy-aligned proportion of turnover, year N-1	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems						
Economic activities		Currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Freight rail transport	6.2	209	1	100							YES		YES	YES	YES		1				
Operation of personal mobility devices, cycle logistics	6.4	1,606	4	100							YES		YES		YES		4				
Transport by motorbikes, cars and light vehicles	6.5	243	1	100						YES		YES	YES	YES	YES		1				
Infrastructure enabling low-carbon road transportation and public transportation	6.15	2,059	5	100						YES	YES	YES	YES	YES	YES		5		M		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		4,117	10	100													10				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Freight rail transport	6.2	115	0																		
Transport by motorbikes, cars and light vehicles	6.5	8,911	22																		
Freight transport services by roads	6.6	715	2																		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		9,742	24																		
Total (A.1 + A.2)		13,859	34														10				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy-non-eligible activities (B)		26,354	66																		
Total (A+B)		40,212	100																		

¹⁾ Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – disclosure covering year N

Capital expenditure

Definition

The Group's total capital expenditure amounted to SEK 3,872 million (2,599), of which, property, plant and equipment SEK 1,701 million (1,252), intangible non-current assets SEK 167 million (156) and new lease contracts SEK 2,004 million (1,191).

See also Notes 10, 11 and 12 on the Consolidated financial statements. Goodwill is not included in the definition of intangible assets.

Outcome

Capital expenditure connected with environmentally sustainable activities (taxonomy-aligned activities as shown in Table A.1) accounts for 57 percent. Enabling activities in category 6.15, such as terminal rental, represent 56 percent of this outcome.

Infrastructure in category A.2 is investment that has not been confirmed via one or more criteria so as not to cause significant harm to the other environmental objectives. In addition to infrastructure, light and heavy vehicles are included. 6.5 in category A.2 by 5 percent, SEK 177 million, and in 6.6 by 9 percent, SEK 357 million.

Some assets, such as mopeds in economic activities in 6.5 do not comply with the current emission criteria for internal combustion engines. PostNord's electrified heavy-duty transportation activities satisfy EU emissions criteria but do not meet the requirements for tires. The criteria for EURO standards and emission requirements put most of PostNord's capital expenditure on vehicles in categories A.2 and B. A further 5 percent of PostNord's capital expenditure would have been classified as taxonomy-aligned (A.1) if all vehicles satisfying the emission criteria had been fitted with the right tires.

CapEx ²⁾	Code(s)	Absolute CapEx	Proportion of CapEx	Substantial contribution criteria							DNSH criteria (Does Not Significantly Harm)					Minimum safeguards	Taxonomy-aligned proportion of CapEx, year N	Taxonomy-aligned proportion of CapEx, year N-1	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
Economic activities		Currency	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Operation of personal mobility devices, cycle logistics	6.4	6	0	100								YES		YES		YES	0			
Transport by motorbikes, cars and light vehicles	6.5	36	1	100								YES		YES	YES	YES	1			
Infrastructure enabling low-carbon road transportation and public transportation	6.15	2,164	56	100								YES	YES	YES	YES	YES	56		M	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2,206	57	100													57			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Transport by motorbikes, cars and light vehicles	6.5	177	5																	
Freight transport services by roads	6.6	357	9																	
Infrastructure enabling low-carbon road transportation and public transportation	6.15	457	12																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		991	26																	
Total (A.1 + A.2)		3,197	83														57			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-Non-eligible activities (B)		675	17																	
Total (A+B)		3,872	100																	

²⁾ Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year N

Operating expenditure

Definition

Operating expenditure is included in operating expenses under the headings Other expenses and Transportation costs, see also the Consolidated income statement.

Operating expenditure under the EU Taxonomy consists of direct costs not accounted for as assets and relating to, for example:

- renovation of buildings
- short-term leases (lease contracts of less than 1 year)
- maintenance and repairs
- all other direct expenditure relating to the day-to-day maintenance of property, plant and equipment that is necessary to ensure the continuous and effective functioning of such assets.

Outcome

Of PostNord's operating expenditure, 50 percent – SEK 908 million – is as environmentally sustainable and taxonomy-aligned (A.1). The major share of A.1, SEK 801 million, consists of infrastructure within economic activity 6.15.

Of PostNord's operating expenditure, 13 percent – SEK 232 million – falls within the scope of the taxonomy but is not classified as environmentally sustainable and so is not taxonomy-aligned (A.2). Of this amount, 10 percent of operating expenditure relates to light vehicles within economic activity 6.5. This arises from deviations from the tire requirements and the fact that PostNord's own vehicles do not meet the emission requirements for transition activities.

OpEx ³⁾	Code(s)	Absolute OpEx	Proportion of OpEx	Substantial contribution criteria							DNSH criteria (Does Not Significantly Harm)						Minimum safeguards	Taxonomy-aligned proportion of OpEx, year N	Taxonomy-aligned proportion of OpEx, year N-1	Category (enabling activity)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems						
Economic activities		Currency	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Freight rail transport	6.2	16	1	100									YES	YES	YES	YES	YES	1			
Operation of personal mobility devices, cycle logistics	6.4	46	3	100									YES	YES			YES	3			
Transport by motorbikes, cars and light vehicles	6.5	45	2	100									YES	YES	YES	YES	YES	2			
Infrastructure enabling low-carbon road transportation and public transportation	6.15	801	44	100									YES	YES	YES	YES	YES	44		M	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		908	50	100														50			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Transport by motorbikes, cars and light vehicles	6.5	186	10																		
Freight transport services by roads	6.6	34	2																		
Infrastructure enabling low-carbon road transportation and public transportation	6.15	12	1																		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		232	13																		
Total (A.1 + A.2)		1,140	63															50			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
OpEx of Taxonomy-Non-eligible activities (B)		679	37																		
Total (A+B)		1,818	100																		

³⁾ Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year N



Outlook

Our expectation is that the review criteria will be updated in the future, including to reflect technological developments.

PostNord has not yet set targets for the KPIs in the EU taxonomy, but several areas are close to PostNord's other business objectives. In 2023, measures will be taken within the framework of PostNord's climate transition to align operations more closely to the taxonomy.

To include purchased transport in taxonomy reporting as taxonomy-aligned, better knowledge of suppliers' vehicles is needed.

Another possibility is to develop the activities that do not satisfy the criteria for tires and that are currently bringing down PostNord's environmental performance according to the EU taxonomy.

Expanded environmental objectives

Once all the climate objectives and associated review criteria are released, PostNord will review whether the Group's reporting needs to be adjusted.

PostNord's climate transition is based on the use of renewable fuels over a transitional period. The EU Taxonomy does not distinguish between emissions from different fuels. Only vehicle-specific direct emissions from standardized tests below reference values are considered environmentally sustainable. This means that it will take some time before PostNord's road transportation operations (activity 6.6) will be classified as environmentally sustainable. In the lighter part of the PostNord vehicle fleet (activities 6.4 and 6.5), the transition will be faster. This is because converting heavy transportation to electric power is more demanding.



GRI content index

This Annual and Sustainability Report summarizes PostNord's sustainability initiatives and results during the 2022 financial year in accordance with the GRI Standards. PostNord reports on sustainability annually with the most recent report having been published on March 11, 2022. The publication date for this report is March 10, 2023.

The index indicates the location of each GRI disclosure.

From January 2023, a new format for reporting to the UN Global Compact (UNGC) applies. PostNord is reporting in the new format to the UNGC and our report will also be published at postnord.com.

Adaptation to CSRD

In view of the fact that the Corporate Sustainability Reporting Directive (CSRD) is to replace the Non-Financial Reporting Directive (NFRD), PostNord is accelerating its preparations for reporting under CSRD. PostNord will report according to the new requirements in 2025 for the financial year 2024. Preparations will include a review of the quality of relevant activity data and an internal audit of climate data.

For further information on PostNord's sustainability work and sustainability reporting, contact sustainability@postnord.com.

Statement on use: PostNord AB has reported in accordance with the GRI Standards for the period January 1 to December 31, 2022. Our reporting accords with the principles of the GRI Foundation 2021.

GRI Standard	Disclosure	Location	Comments (including reasons and explanations for omissions)
General disclosures			
	2-1 Organizational details	2, 3	
	2-2 Entities included in the organization's sustainability reporting	2	
	2-3 Reporting period, frequency and contact point	113	
	2-4 Restatements of information	12, 23, 29, 96–99, 102	New methods for calculating climate impact, lost time injury frequency rate and responsible purchasing.
	2-5 External assurance	117	
	2-6 Activities, value chain and other business relationships	3, 6–10, 13	No significant changes occurred during the year.
	2-7 Employees	103	
	2-8 Workers who are not employees	Not reported.	Information not available. No follow-up at Group level.
	2-9 Governance structure and composition	40–49	
GRI 2: General Disclosures 2021	2-10 Nomination and selection of the highest governance body	44	
	2-11 Chair of the highest governance body	46	
	2-12 Role of the highest governance body in overseeing the management of impacts	33, 37, 38, 105	
	2-13 Delegation of responsibility for managing impacts	33, 37–40, 105	
	2-14 Role of the highest governance body in sustainability reporting	105, 117	
	2-15 Conflicts of interest	Not reported.	Not relevant. PostNord is a State-owned enterprise and none of the management team or Board of Directors owns shares; as a result no personal conflicts of interest exist.
	2-16 Communication of critical concerns	Not reported.	The main channel of communication for employees is via safety representatives and trade unions. Customer and consumer feedback is passed through customer service. Information is not compiled and aggregated information is not currently available.
	2-17 Collective knowledge of the highest governance body	105–106	



GRI Standard	Disclosure	Location	Comments (including reasons and explanations for omissions)
General disclosures			
GRI 2: General Disclosures 2021	2-18 Evaluation of the performance of the highest governance body	43	The work of the CEO and the Group Leadership Team is assessed by the Board of Directors. The Board of Directors is assessed annually by an independent consultant. Actions resulting from these evaluations are confidential and disclosure 2–18 c. is not reported externally.
	2-19 Remuneration policies	42, 43, 64–65, postnord.com	Compliance with the remuneration policy is reported in detail in PostNord's remuneration report. Disclosure 2–19 b. is not reported, as specific sustainability criteria are not stated.
	2-20 Process to determine remuneration	42, 43, 64–65, postnord.com	Disclosure 2–20 b. is not applicable (remuneration is not subject to voting).
	2-21 Annual total compensation ratio	Not reported.	Information on median salaries not available. Otherwise: see remuneration report.
	2-22 Statement on sustainable development strategy	4-5	
	2-23 Policy commitments	104–105	Code of Conduct, Supplier Code of Conduct at postnord.com
	2-24 Embedding policy commitments	104–105	
	2-25 Processes to remediate negative impacts	Not reported.	The main channel of communication for employees is via safety representatives and trade unions. Customer and consumer feedback is passed through customer service. Information is not compiled and no aggregated information is currently available.
	2-26 Mechanisms for seeking advice and raising concerns	Not reported.	The main channel of communication for employees is via safety representatives and trade unions. Customer and consumer feedback is passed through customer service. Information is not compiled and no aggregated information is currently available.
	2-27 Compliance with laws and regulations	105–107	
	2-28 Membership associations	104	
	2-29 Approach to stakeholder engagement	104	
	2-30 Collective bargaining agreements	103	
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	95	
	3-2 List of material topics	95	
Economic performance			
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 37–39, 95	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	107	
	201-2 Financial implications and other risks and opportunities due to climate change	37–39	
	201-3 Defined benefit plan obligations and other retirement plans	64–65, 71–74	
	201-4 Financial assistance received from government	57, 61, 79	



GRI Standard	Disclosure	Location	Comments (including reasons and explanations for omissions)
Emissions			
GRI 3: Material Topics 2021	3-3 Management of material topics	22–26, 96–99	New science-based climate targets
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	98–99	
	305-2 Energy indirect (Scope 2) GHG emissions	98–99	
	305-3 Other indirect (Scope 3) GHG emissions	98–99	
	305-4 GHG emissions intensity	97	Emissions intensity (Scopes 1, 2) per employee: 2.34 t CO ₂ (2021: 2.98).
	305-5 Reduction of GHG emissions	23–26, 96–99	
Responsible supply chain			
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 27–29, 98, 103	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	101	
	308-2 Negative environmental impacts in the supply chain and actions taken	27–29, 105	
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	103	
	414-2 Negative social impacts in the supply chain and actions taken	27–29, 35, 105	
Safe workplaces			
GRI 3: Material Topics 2021	3-3 Management of material topics	22, 27–29, 95, 101, 105	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	27–29, 100	
	403-2 Hazard identification, risk assessment, and incident investigation	35, 100	
	403-3 Occupational health services	100	All employees have access to occupational health services.



GRI Standard	Disclosure	Location	Comments (including reasons and explanations for omissions)
Safe workplaces			
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	100	
	403-5 Worker training on occupational health and safety	100	
	403-6 Promotion of worker health	27–29, 100	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	27–29, 100	Focus on the prevention of accidents related to the delivery of mail and parcels.
	403-8 Workers covered by an occupational health and safety management system	27–29, 100	All workers, included contracted workers, are covered by an occupational health and safety management system.
	403-9 Work-related injuries	100	New indicator: LTIFR.
	403-10 Work-related ill health	100	
Diversity			
GRI 3: Material Topics 2021	3-3 Management of material topics	30–32	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Not reported.	Information not available. No follow-up at Group level.
	404-2 Programs for upgrading employee skills and transition assistance programs	30–32	
	404-3 Percentage of employees receiving regular performance and career development reviews	31, 104	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	103	
Quality and customer service			
GRI 3: Material Topics 2021	3-3 Management of material topics	95, 105–106	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	105–106	



Auditor's Limited Assurance Report on PostNord AB:s Sustainability Report and statement regarding the Statutory Sustainability Report

To PostNord AB

Introduction

We have been engaged by the Board of Directors of PostNord AB to undertake a limited assurance engagement of PostNord AB:s Sustainability Report for the year 2022. PostNord AB has defined the scope of its sustainability report and its statutory sustainability report on the inside cover of this document.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on pages 96–111 in the Sustainability Report, and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative), that are applicable to the Sustainability Report, as well as the accounting and calculation principles that PostNord AB has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to express an opinion regarding the Statutory Sustainability Report. Our assignment is limited to the historical information that is presented and does not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (Revised) Assurance engagements other than audits or reviews of financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and

applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR:s accounting standard RevR12. The auditor's opinion regarding the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of PostNord AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The limited assurance procedures performed and the examination according to RevR 12 do not enable us to obtain assurance

that we would become aware of all significant matters that might be identified in an audit. The conclusion based on a limited assurance engagement and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on an audit.

Our procedures are based on the criteria defined by the Board of Directors and the Chief Executive Officer as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusions below.

Conclusions

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the and the Chief Executive Officer.

A Statutory Sustainability Report has been prepared.

Stockholm, February 23, 2023

KPMG AB

Tomas Gerhardsson
Authorized Public Accountant

Torbjörn Westman
Specialist member of FAR



Multi-year review

SEKm, unless otherwise specified¹

	2022	2021	2020	2019	2018
Group					
Net sales	40,212	40,693	38,729	38,278	37,669
Other operating income	843	953	1,427	351	2,053
Operating expenses	-40,699	-39,165	-37,734	-38,446	-40,578
Operating income (EBIT)	357	2,481	2,421	184	-855
Operating margin (EBIT) (%)	0.9	6.1	6.3	0.5	-2.3
Net income for the period	-23	1,989	1,711	-239	-1,067
Cash flow from operating activities	1,646	4,011	4,151	2,132	2,083
Net debt (including pensions and lease liabilities)	1,137	3,885	8,064	9,454	1,614
Net debt ratio (including pensions and lease liabilities), %	8	43	164	259	31
Net debt (including pensions but excluding lease liabilities)	-5,232	-1,892	2,001	3,776	1,614
Net debt ratio (including pensions but excluding lease liabilities.), %	-37	-20	38	102	31
Return on capital employed, %	2.6	19.2	18.6	1.6	-12.4
Investments	1,868	1,408	1,074	1,356	1,374
Dividend, total	0 ²	0	0	0	0
Average number of employees (FTE)	26,701	28,358	28,006	28,627	29,962
Number of employees at end of period	25,401	36,020	36,248	36,362	39,070
of whom, temporary employees	8,191	9,438	9,747	8,645	9,184
Volumes, millions ³ :					
Sweden, mail	964	1,116	1,215	1,368	1,494
Denmark, mail	184	195	220	266	288
Group total, parcels ⁴	245	260	236	205	201

¹ The consolidated accounts have been prepared in accordance with IFRS regulations applicable at any one time. Where applicable, figures for comparison have been restated for the most recent preceding year. In accordance with IFRS 16, figures for comparison have not been restated.

² Proposed dividend 2022.

³ The data on volumes have been modified using a calculation method that better reflects the revenue recognized and the transfer of "Varubrev" from letters to parcels. Figures for comparison have been restated.

⁴ Volumes between countries eliminated.



Nordic eco-certificated.

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PostNord is a leader in parcels and logistics services to, from, and within the Nordics.

We make everyday life easier by providing parcel, mail and logistics services and by distributing mail items.

Our vision

The favorite carrier of the Nordics

Strategic goals

Win in Parcel

Sustainable Mail Business

Our desired culture

We are committed to being an important part of Nordic society.

We make everyday life easier and more sustainable for everyone who lives and works in the Nordic region.

We deliver with care.

postnord

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