



A historically strong year

Annual and Sustainability Report 2021

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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 2021 financial year. The Annual and Sustainability Report encompasses the whole PostNord Group unless otherwise specified. The Board of Directors' Report, which has been audited as described in pages 85–88 of the Auditor's Report, comprises pages 6–44. The statutory Sustainability Report comprises descriptions of PostNord's external environment, business model, strategy and employees on pages 6–30, risk management on pages 31–34, and in-depth information on sustainability on pages 90–100. PostNord's Sustainability Report has been produced in accordance with the GRI Standards (Core level). Information on sustainability is provided mainly on pages 6–12, 21–30, 31–34 and 90–100. Detailed information regarding the scope of the Sustainability Report is provided in the GRI Index on pages 99–100. The auditor's statement on the statutory Sustainability Report is on page 101. This Annual and Sustainability Report also constitutes PostNord's Communication on Progress towards the UN Global Compact.

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



PostNord in brief

PostNord connects businesses, public authorities and households, and makes business, trading and communication possible across the Nordic region. The trends of declining mail volumes and high parcel volumes continued during the year, although growth in the parcel business slowed in the second half of the year as communities opened up to some degree as a result of changes in restrictions. PostNord delivered 226 million parcels plus 1.2 billion letters and other mail items during the year.

The COVID-19 pandemic has been a factor in accelerating growth in e-commerce volumes and establishing them at significantly higher levels than before the pandemic. However, in the second half of the year, growth slowed as communities gradually opened up. Black Week remains popular with consumers, but the record volumes reached in recent years tapered off in 2021.

PostNord aims to be fossil-free by 2030 and, with its ambitions and initiatives, aims to lead the entire industry in a low-carbon direction. During the year, we reduced our carbon footprint by 7 percent while investing in climate-smart solutions and updating our sustainability agenda with new targets. PostNord has also become the first logistics operator to be elected as a member of The Pathways Coalition, a partnership devoted to accelerating the transition to sustainable transport solutions.

Efforts continued during the year to ensure a sustainable mail business in the long-term with maintained quality performance. In Sweden, implementation started for a new delivery model in which mail is delivered on alternate days (roll-out will continue in 2022). In Denmark, our contract with the Danish state to provide the universal postal service was extended until the end of 2022.

During the year, PostNord invested in its service offering and IT infrastructure. For example, investments to improve the customer experience have been made in the home delivery offering, the PostNord app, the network of parcel lockers and distribution points and our terminals.

40.7 Net sales, SEK billion	-44% Carbon dioxide emissions since 2009	28,500 Employees, FTE
2,481 Operating income, EBIT, SEK million	8,000 Distribution points/service points, and Collect-in-Store outlets in the Nordic region	226 Parcels, millions
4,011 Cash flow from operating activities, SEK million	94.5% Weighted parcel delivery quality	1.2 Letters and other mail items, billions

PostNord was formed as a result of the merger of Post Danmark A/S and Posten AB in 2009. It is 40 percent owned by the Danish state and 60 percent owned by the Swedish state. The voting rights are split 50/50. The Parent Company is a Swedish public limited company with its Group headquarters in Solna, Sweden.

Net sales by segment 2021, percent

● Sweden, 54% (56%)	● Finland, 2% (2%)
● Denmark, 17% (17%)	● Strålfors, 4% (5%)
● Norway, 10% (9%)	● Other business activities, 12% (10%)

Our successful transformation continues

We continue to adapt our business to make everyday life easier for our consumers and business customers. With the ambition to be the favorite carrier of the Nordics, we want to lead the industry into a sustainable future.

The COVID-19 pandemic has clearly illustrated that PostNord plays a key role in maintaining functions and accessibility in society. I am very proud that we have lived up to our customers' expectations despite the advance of the pandemic. Our successes are reflected in a strong brand. Our strength lies in our strong presence in the Nordic region and a competitive physical and digital offering.

We started 2021 in exceptionally strong fashion. We handled the pandemic's high parcel volumes well, while our long-term improvement program focusing on customer and profitability paid off. The second half of the year was not as strong, mainly due to lower mail volumes and challenging conditions for planning in the parcels business. Group operating income for 2021 was the strongest since PostNord was established in 2009, totaling SEK 2,481 million (2,421) and representing an operating margin of 6.1 percent (6.3).

As with other sectors, we are affected by the battle between the virus and the vaccine. Our business has benefited from the fact that, in the situation created by the pandemic, many people have chosen to shop from home and have voluntarily avoided, or been prevented by restrictions from, visiting physical stores and public places. As people ventured out again into society at times in 2021, the huge volume increase we saw on the parcel side in 2020 and early 2021 slowed down. The need for physical messaging, which increased during the early phases of the pandemic, also declined in the latter part of the year. However, habits and needs have changed and the demand for convenient, sustainable e-commerce deliveries is here to stay. The return of society to more normal conditions is of course something we had planned for, but

the spread of the pandemic in the Nordic region in the last months of the year clearly showed the difficulty of predicting when it would happen.

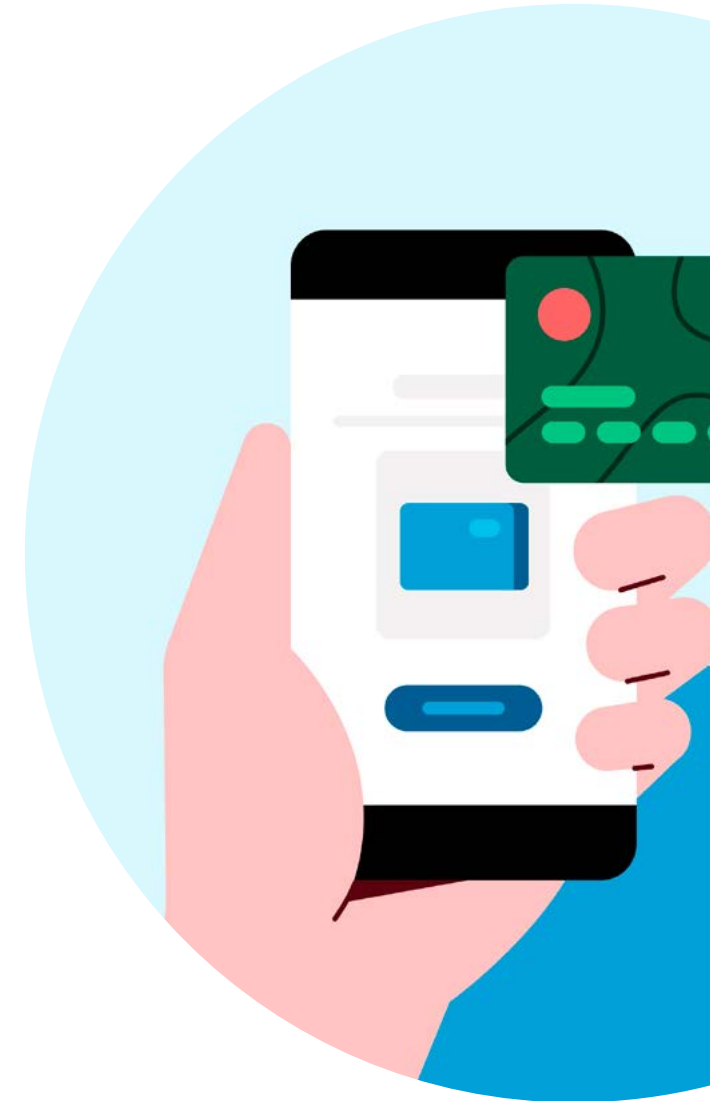
The pandemic has accelerated progress and cleared the way ahead. The higher level of sales, established in 2020 and consolidated in 2021, has created opportunities for us for the future. We now expect the same growth rate in the parcels business as before the pandemic, but from higher levels and with increased price pressure. Against that background, we intensified our efforts in the latter part of the year to realign costs and adjust processes. At the same time, we continue to invest in PostNord's ongoing improvement programs, in line with our strategy and with the future in focus.

The journey of change continues – focus on the parcels business and sustainability

Our strategy is based on two key priorities, Win in Parcel and Sustainable Mail Business. In 2021, we further honed our parcel strategy. Our aim is to be the market and cost leader in the parcels business by 2025.

Maximum efficiency, cost-awareness and delivery within our transformation programs, as well as the right level of investment, are key to our success. During the year, we worked diligently on our IT infrastructure and service offering and invested in our parcel infrastructure for more efficient, sustainable and flexible delivery.

In the fourth quarter, we adopted new targets in PostNord's sustainable logistics agenda, which extends to the middle of the decade. This will make a clear contribution to positive change for



“The Group's operating income in 2021 was the strongest since PostNord was established in 2009.”



the people around us and will radically reduce the carbon footprint of transport in the Nordic market, making fossil-free logistics possible by 2030. Via our Green by PostNord initiative, we are taking the lead in securing a Nordic infrastructure for fossil-free transport by 2030 for the more than 13,000 vehicles that we and our partners operate on roads in the Nordic region. By no later than 2027, all our last-mile transport will be emission-free throughout the Nordic region. PostNord has signed up to the UN's Global Compact and our strategic sustainability agenda is linked to the UN's Sustainable Development Goals. Our ambition is to be the leading operator when the mail and logistics industry steps into the low-carbon economy. It therefore gives me great pleasure to note that PostNord is the first logistics provider to be elected as a

member of The Pathways Coalition, a partnership that is devoted to powering the transition to sustainable transport. In order to be fossil-free by 2030, we are investing in climate-smart solutions, such as fossil-free transport and solar power at our terminals. We are also working to reduce the volume of unnecessary air in parcels. In 2022, we plan to invest in new electric, HVO100- and gas-powered vehicles.

We also promote a good work environment and working conditions, and take responsibility for all links in the logistics chain. For example, we are participating in the Responsible Trucking Initiative, in which we work with transport buyers and providers to improve the social conditions of truck drivers in Europe.

The e-commerce of tomorrow – focusing on recipient's convenience

Today's consumers want simplicity and flexibility. During the year, we developed our customer offering and invested heavily in convenience in deliveries. In Denmark, we now distribute parcels every day of the week, across the entire country, and in Sweden we launched Saturday deliveries of parcels in the last quarter.

The roll-out of parcel lockers across the Nordic region is also enabling more and more of our recipients to receive deliveries when it suits them. In May, we acquired the remaining stake in the Danish nationwide parcel locker network Nordic Infrastructure A/S. During the year, we rolled out an additional 3,000 parcel lockers in the Nordics and by year-end 2022, our goal is to have 12,500 parcel lockers in place.

We have also continued to develop our app, improved our home delivery offering, launched live tracking, established new distribution points and continued to work to minimize the volume of unnecessary air in deliveries.

A modern mail business in the wake of digitalization

In line with its universal service obligations, PostNord continued to deliver mail at a good level of quality during the year to Swedish and Danish households and businesses. At the same time, we continued to focus on assuring the long-term sustainability of the mail business. As the need to send physical messages diminishes, service requirements need to be relaxed and the mail service adjusted.

In Sweden, we are implementing a delivery model where recipients receive parcels and express deliveries just as before, but where letters, newspapers and advertising are delivered on alternate days. At the end of the year, alternate-day delivery was established across half the country. The delivery model is to be fully implemented by summer 2022. The Swedish Post and Telecom Authority (PTS) has confirmed that the model meets the requirements of the law and, thanks to great care in the work of preparation, quality has been high and customer complaints few.

In Denmark, we extended our contract with the Danish state to provide the universal postal service until December 31, 2022 on a compensated basis, and negotiations on a new long-term agreement are expected to begin in early 2022.

In conclusion, I would like to extend my sincere thanks to our customers and partners for their trust during the past year, and similarly my thanks to all our committed employees, who are playing a part in the positive progress on the Group!

Annemarie Gardshol
Group CEO and President

The external environment and the market

PostNord conducts operations via two businesses: eCommerce & Logistics, which provides parcel and logistics services in the Nordic markets, and Communication Services, which ensures the distribution of mail items as part of the universal service obligation in Sweden and Denmark.

Two megatrends – digitalization and sustainability – are having a major impact on the market environment. Digitalization has driven a significant increase in e-commerce, while mail volumes have declined steadily for many years.

For some time now, market expectations of sustainable deliveries have been increasing. Many major customers are demanding fossil-free or zero-emission deliveries, and against that background business benefits are also to be gained by the market participants that succeed best in their sustainability work. The transport and logistics sector generally is a fiercely competitive market, with strong pressure on prices. As a result, business models are evolving not only to meet market expectations but also to

reduce costs. In recent years, market conditions have in addition been severely affected by the COVID-19 pandemic, with lockdowns in societies playing a part in driving up parcel volumes.

The logistics market in 2021

The parcels and logistics market has been characterized by a trend of growing e-commerce volumes, which accelerated during the COVID-19 pandemic when societies were to varying degrees locked down. However, the pace of growth slowed over the second half of 2021, albeit from a fairly high level. In addition, component shortages and reduced transport capacity affected global supply

chains, impacting us and our competitors both directly and indirectly.

Market trend, the competition and consumers

Growing international trade and consumer expectations are driving up the need for logistics and transport services. The market for parcel distribution is characterized by growth and increasingly tough competition, bringing pressure to bear on prices.

Historically, the competition has been represented by more traditional logistics operators such as DHL, DB Schenker, Bring and GLS. In recent times, the competitive landscape has become more complex with partnerships and alliances, as well as new

19.7

Number of consumers shopping online in the Nordics, millions

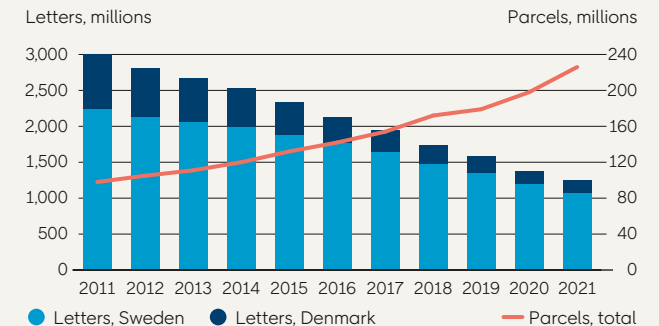
>30%

Proportion of respondents in the Nordics who did more online shopping during the pandemic

Source: E-commerce in Europe, PostNord.



PostNord Group performance in mail and parcels



market participants. Several of today's competitors have established themselves with business models based on selected parts or the whole of the delivery chain and on using and selling information shared between sender, carrier and recipient.

The choice available to today's consumers has expanded markedly as market players have continued to develop their offerings. Nowadays, when buying from e-retailers, consumers can themselves often choose from several distributors, delivery options and payment models at the checkout stage. The trend of providing consumers with information on the exact time of deliveries and distribution to parcel lockers has strengthened, as has the demand for home deliveries. Home deliveries have increased significantly as a result of the pandemic, and this preference is expected to continue. To gain market shares, the logistics providers of today need to offer the best consumer experience and highest level of convenience, combined with a strong brand position.



PostNord's position in the logistics market

PostNord has a leading position in the Nordic logistics market, thanks to an extensive network of both geographic and collaborative partnerships. Our size allows us to benefit from economies of scale and with about 8,000 distribution points, we have the potential for continued future growth. PostNord continuously focuses on retooling and optimizing its operations to get more out of existing terminals and networks, while investing in new infrastructure. We are committed to meeting customer and consumer demand, expanding our position and growing with the market. One area of investment is the growing parcel locker segment. At year-end, PostNord had more than 6,000 parcel lockers in the Nordic region, and in 2022 the number of new parcel lockers will increase significantly.

Digital and physical communications market

Digitalization has led to a steady decline in letter volumes over a long period of time. The pandemic resulted in a certain rise in physical communications, in the form of both public information and communication between citizens, for example in the form of Christmas greetings.

Market trend, the competition and consumers

There is competition in mail delivery, especially in densely populated areas. PostNord's main competitors are CityMail and Svensk Direktreklam in Sweden, along with Bladekompaniet and DAO in Denmark. In many sparsely-populated areas, PostNord is the only postal operator available – a clear sign of how difficult it is to achieve profitability outside the urban areas.

Our most important customers are still major public institutions, energy companies and financial institutions. With the fast pace of digitalization, mail volumes are continuing to fall. Private individuals sending letters, Christmas cards and postcards make up a minor share of the volumes. However, although direct mail represents a significant part of the business, physical advertising is also expected to decline in an increasingly digitalized world. PostNord continues to adapt to declining mail volumes. In parallel with this trend, new services – based on both physical and digital communications and combinations of the two – are being developed.

PostNord's position in the communications market

PostNord distributes communication services to consumers and businesses and is the sole provider of the universal postal services in Sweden and Denmark. Our communication services consist mainly of administrative communications including invoicing, newspaper and periodical distribution and advertising material such as brochures and promotional offerings. PostNord Strålfors operates in the digital communication market, enabling businesses to automate handling of information and communications via digital platforms. PostNord Strålfors also offers printing and enveloping solutions for physical communication.

Postal regulation

The postal markets in Sweden and Denmark are governed by laws and other regulations to ensure that communication services meet a certain level of service and quality. This requirement will set the dimensions of the infrastructure, in terms of transport network, employees and vehicles, irrespective of the number of consignments to be delivered. Fewer items sent via a fixed infrastructure mean higher costs per item. The steep decline in the number of letters since the turn of the millennium therefore places strong pressure on the economic sustainability of the universal service obligation. If the business is to be financially sustainable, the conditions must be adapted to the pace at which mail volumes decline. Current laws and regulations trace their origin to the first EU Directive in 1997.

Regulation of the postal markets has changed in recent years, but the trend continues and further adjustments will be needed to ensure economic sustainability. Against that background, PostNord has restructured and rationalized operations in recent years to reduce costs as mail volumes have fallen. We have emphasized the seriousness of the situation in our continuing dialogue with elected representatives, owners, regulatory authorities and society at large. This has led to several regulatory changes.

Up to 2020, Sweden was the only country in the Nordic region to deliver mail to every mailbox every day. In 2021, the transition to a new mail delivery model began, with regular letters delivered on alternate days, and parcels, Varubrev and express letters still delivered daily. At year-end, mail was delivered to half of all recipients in Sweden via the new delivery model. The process began in Malmö, continued in Gothenburg and by the end of the year the model was also implemented in Stockholm. Despite a major

adjustment, we have been able to maintain high delivery quality and the quality requirements have been satisfied. During 2022, implementation will continue in all other remaining parts of the country.

The new delivery model in Sweden represents a major cost saving. However, further changes to Sweden's system of postal regulation will be needed in the near future to limit the risk of losses in the postal service. Steadily declining mail volumes reduce revenue and pressurize profitability when the cost per mail item rises. As mail volumes and postal income continue to fall, it is important that postal regulation should continuously adapt to the needs of society and that the mechanism for how any future financial support should be clearly defined in the system of regulation.

In Sweden, the government appointed a Commission of Inquiry into Financing of the Postal Service in autumn 2020. The Commission is tasked with assessing the future scope of the universal service obligation and determining the most appropriate model for future financing. The inquiry should be completed no later than early 2023 and PostNord looks forward to being acquainted with its findings.

In Denmark, PostNord has agreed financial compensation for the additional costs arising from the universal service obligation and political negotiations are in progress to determine the future shape of and financing for the universal service obligation. Pending the outcome of that process, the current temporary agreement with the Danish state on financial compensation was extended until the end of 2022.

Trade-offs between service level and allocation of costs

In Sweden, 95 percent of letters sent within the country must be delivered to the recipient within two days. A change to three days would mean that both costs and carbon dioxide emissions could be reduced, while the postal service could still be in line with the expectations of society at large, where digital solutions are becoming an increasingly important part of communication. In Denmark, the requirement is that 93 percent of mail sent within the country must arrive at the recipient within five working days.

Since 2019, PostNord has been allowed to compensate for the decline in volume in Sweden through greater flexibility in pricing. This was a reasonable change, given that the cost of postage for most households is negligible. On that basis, the rate for single letters in Sweden was raised from SEK 12 to 13 on January 1, 2022.



The rate in Denmark was increased by DKK 1 to DKK 12 from January 1, 2022. The increases were balanced to address falling revenue in the wake of the declining volume of mail, without further accelerating the decline.

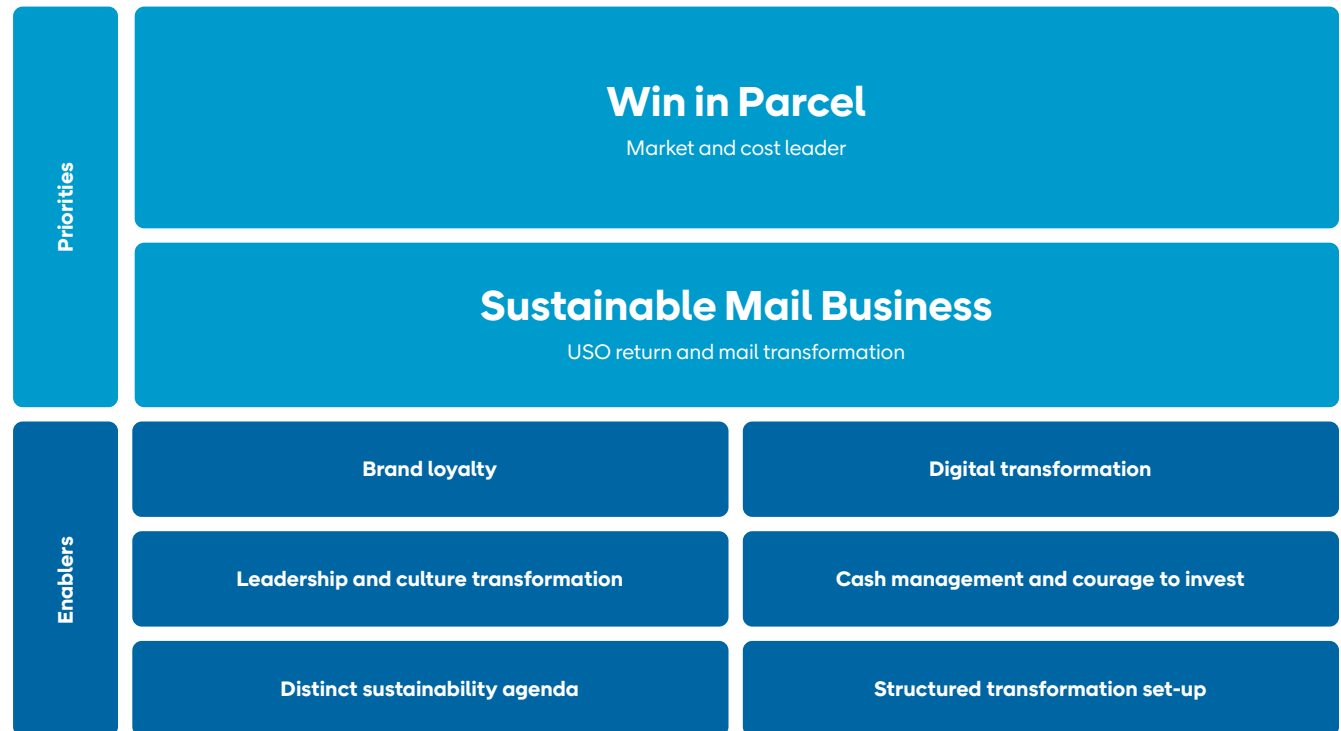
In Denmark, we conduct operations with compensation from the state, and we will need the support in the future. In Sweden, too, financial support will be necessary long term to secure the universal postal service in Sweden. However, further regulatory relief may delay the timing and minimize the extent of any such future financial support.

Strategy to Win in Parcel and ensure a Sustainable Mail Business

The e-commerce, parcels and communication markets are changing dramatically. This is bringing both opportunities and challenges. PostNord’s strategy focuses clearly on our core business – parcels and mail.

As our customers’ needs change and competition gets tougher, an attractive offering, higher productivity, better cost-efficiency and a stronger brand will be needed to assure success. At PostNord, a major transformation to realign the Company with changes in customer needs in e-commerce, parcel distribution and falling mail volumes has been under way for several years. Against this background, our focused strategy aims to create the conditions for continuously improving our e-commerce and logistics offering through digital initiatives. At the same time, the mail business needs to be adjusted in line with the need for postal services and the level of service that is reasonable given the costs involved. Our updated Sustainability Agenda is a key enabler for us to execute on the strategy and thereby achieve our business objectives and make a significant difference for people and the environment.

Our strategy is built on two strategic priorities and six enablers that form the framework for the work of our transformation programs. The goals in each area determines how the Company operates. In addition to the two strategic priorities, our other businesses, third party logistics (TPL), groupage cargo and PostNord Strålfors, are important in complementing and supporting the Group’s core activities.



Priorities

Win in Parcel

Market and cost leader

PostNord currently holds a leading position in e-commerce and parcels, which we are working to strengthen by leveraging our unique network and by further developing our offerings and customer relationships. To meet the growing competition and be the largest or second largest presence in all the markets we operate in, we need to be constantly ready to improve our offering and customer experience.

We also need to take an even more structured approach to our work to become the cost leader. The target of becoming cost leader involves us having the lowest cost per parcel in our core business in all delivery channels – to the home, to parcel lockers and at distribution points.

Sustainable Mail Business

USO return and mail transformation

PostNord's goal for the mail business is to operate a financially sustainable business that is adapted to our customers' needs. We perform our universal service obligation with pride in order to create value for our customers and recipients of letters, but we face a challenge in dealing with the volume decline. We are in several ways addressing the trend of falling mail volumes and challenges in profitability. For some time now, mail covered by the universal service obligation in Denmark has been delivered within five working days and PostNord receives compensation from the Danish state for performing the universal service obligation. In Sweden, PostNord introduced alternate-day deliveries during the year. In 2022, the new delivery model for mail distribution will be extended to cover the entire country. Price increases for mail products have been implemented in both Sweden and Denmark.

Enablers

Brand loyalty

Brand loyalty is crucial to our growing parcels business. E-commerce, where we face strong competition, is no exception. A strong brand also has a positive lever effect on how the general public views us.

Leadership and culture transformation

A rapid pace of change also demands a continued and sharpened focus on leadership at all levels of the organization. To succeed, it is important that we maintain a culture that supports our strategy.

Distinct sustainability agenda

Our ambitious agenda clearly states the most strategic sustainability issues and is linked to the UN's Sustainable Development Goals. One key area here is climate leadership, where our aim is for PostNord to be fossil-free by 2030.

Digital transformation

Optimizing our business demands an increasingly high degree of digitalization, automation and use of advanced analysis. The transformation will create the conditions for a stable production environment, business decisions based on data and insights, and faster development of our services.

Cash management and courage to invest

The ongoing decline in mail volumes demands a clearer focus on cash flow, and means that we have to have the financial wherewithal to invest in our growth areas.

Structured transformation set-up

To deliver on our transformation programs, we have in place a structured process and organization for progress, reporting and monitoring. We update the content of our transformation programs on an ongoing basis in order to deliver optimally on our strategy.

Other operations

Profitability and the implementation of the Group's distinct sustainability agenda are key factors in our work to realize the strategy. Other important but not

defined aspects of PostNord's business are PostNord Strålfors, third party operations, TPL and groupage cargo handling, and international distribution.

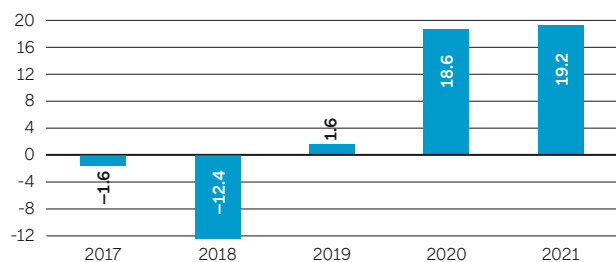
Financial targets

Through the strategic goals we have set, we can consolidate PostNord's financial position and outcomes. The goals 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

Goal: The goal for return on capital employed is 10.5 percent.
Outcome: 19.2 percent (18.6).

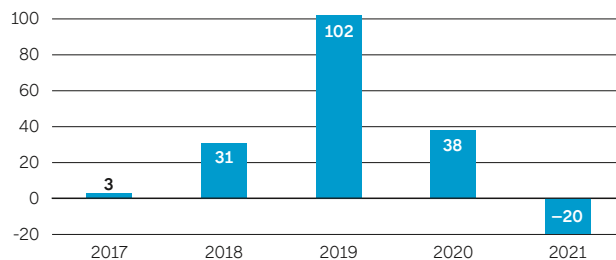
Return on capital employed, percent



Capital structure

Goal: The goal for net debt ratio (including pensions but excluding lease liabilities) is 10–50 percent.
Outcome: –20 percent (38).

Net debt ratio, percent



Dividend policy

Goal: The goal for dividend is 40–60 percent of net income for the year.
Outcome: No dividend (proposed).

Sustainability goals

In PostNord's agenda for sustainable logistics, we have drawn up three commitments with associated sustainability targets to be achieved within this decade or earlier. These sustainability commitments are an integral part of the Group strategy and are essential in order for us to be best in e-commerce and parcel distribution, as well as in operating a sustainable, demand-led mail business. As the goals are newly established, outcomes are not available for all intermediate goals. The following is a summary of targets and outcomes for 2021.

We manifest climate leadership

Goal: The overriding goal is fossil-free transports by 2030.

Two intermediate goals have also been set:

- A 40 percent CO₂ reduction by 2025
- Zero emissions for the last mile by 2027

Outcome: A 21,000 tonne reduction in fossil carbon dioxide emissions compared with 2020, a reduction of 7 percent. Total emissions fell from 299,000 tonnes to 278,000 tonnes.

We care for our people

Goal: Zero vision for safety

- No fatal accidents at work
- Injury frequency rate well below benchmark

Outcome: Zero fatal accidents at work. In 2022, we will begin using loss time injury frequency rate (LTIFR) which is a better indicator of workplace safety. In 2021, the total number of injuries, including minor injuries not leading to sick leave, was 59.5 per million hours worked, up from 51.7 last year.

Goal: On fair conditions

- Responsible Trucking Social Guidelines implemented in all operations in 2025
- Responsible Procurement Index

Outcome: The implementation process for these two objectives will start in 2022. The target for up to the end of 2021 was that at least 83 percent of the purchasing volumes from significant suppliers would comply with PostNord's Code of Conduct. The outcome for 2021 was 84 percent.

PostNord's vision, purpose and strategic goals define what we do and how we do it.

PostNord's vision is to be the favorite carrier of the Nordics

We should be well-liked as a company and we want consumers and customers to choose PostNord because we offer the best solution to them.

PostNord's purpose is to make everyday life easier – for consumers, customers and colleagues

For example, by enabling private individuals to have online-bought goods delivered to the home in a fast, seamless process, to keep track of deliveries via the PostNord app and to send greetings simply via the Riktiga Vykort app. Making everyday life easier also means making internal processes more efficient, thereby reducing costs.

We unleash the power of diversity

Goal: An inclusive workplace

- Inclusion Index well above benchmark

Outcome: The index figure for 2021 was 76 as against the benchmark figure of 82. Both figures are unchanged from 2020.

Business models

PostNord connects businesses, public authorities and private individuals by enabling transport and third-party logistics for parcels and mail. Our network is widely spread, both geographically and in terms of delivery channels. We ensure the delivery of mail in Sweden and Denmark as part of our universal service obligations and enable trade throughout the Nordics. Our network and experience create an efficient distribution system with significant economies of scale. Operations are always conducted with sustainability in mind and with great concern for people and the environment.

PostNord has many operations with different offerings and we are leaders in parcels and logistics services to, from and within the Nordic region. These include:

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

The logistics business

The core of PostNord's logistics business is parcels that can be sorted mechanically at our terminals. These operations are supported by other logistics services that are requested by 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, partners with transport capacity and about 8,000 distribution points and partner outlets. Operations are performed using both in-house and contracted personnel resources and vehicles.

The parcels business is coordinated and controlled to a certain extent at Nordic level, albeit with certain adjustments for specific needs in the particular geographical market. The aim is that this should help simplify matters for customers with operations in several Nordic countries and create internal cost-efficiency.

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. PostNord's offering and actions in the Swedish and Danish postal markets are to a major extent governed by legislation and other regulation. The offering includes administrative communications such as invoices, notices of meetings and marketing communication. We also distribute daily newspapers. Parts of our offering are regulated by the Postal Ordinance, including how long it may take for a letter to reach the recipient. We also offer services with faster delivery than the requirements that we are bound by as performers of the universal service obligation.

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

Third-party logistics (TPL)

PostNord also offers third-party logistics services, which consist mainly of warehousing, transport to and from the warehouse, customs clearance, order picking and distribution on behalf of Nordic companies. The operating model is based on our own and leased warehouse properties. Transport is procured on the basis of the customer's specific needs. In such procurement, both our own logistics operations and external transport resources are taken into account.

PostNord Strålfors

PostNord Strålfors offers a digital infrastructure for scanning, handling and distribution of digital items via different channels, an infrastructure that consists of input and output management in omnichannels, comprising items such as bank invoices, e-mail and digital mailboxes. Core operations also includes printing and enveloping of physical mail items such as invoices. PostNord Strålfors' customers are Nordic businesses. PostNord Strålfors functions as an independent segment within PostNord's operational management.

The Group

Net sales increased to SEK 40,693 million (38,729), mainly driven by high e-commerce volumes. Growth slowed as societies opened up after the COVID-19 pandemic restrictions were relaxed for a period. During the year, mail volumes decreased compared to the previous year. Despite falling mail volumes and slowing growth in the parcels business in the second half of the year, PostNord delivered its strongest result since the Company was established in 2009. In parallel with investments in service offerings and IT infrastructure, cost adjustments are made based on the prevailing situation.

Net sales and income

Net sales increased by 6.9 percent (3.7), excluding acquisitions, disposals and exchange rate effects. In the wake of digitalization of message flows, mail volumes declined by –10 percent overall (–13); –10 percent (–12) in Sweden and –8 percent (–19) in Denmark. The Group's parcel volumes increased by 14 percent (14). Growth in e-commerce continued, but at a slower pace in the second half of the year. E-commerce related business-to-consumer volumes increased by 16 percent (23), while business-to-business customers growth recovered, rising 8 percent (–5). Sales of the Group's other logistics services (third-party logistics, groupage cargo and pallets) increased by 12 percent (6).

Group operating income totaled SEK 2,481 million (2,421). The change arose mainly through sharp growth in the parcels business in the first half-year. Income includes items affecting comparability totaling SEK 221 million (351), consisting primarily of capital gains on the sale of properties.

The Group's adjusted operating income was SEK 2,260 million (2,071). Other operating income totaled SEK 953 million (1,427), mainly comprising compensation for the universal service obligation in Denmark, capital gains on the sale of properties and exchange rate gains. Government compensation in connection with the COVID-19 pandemic amounted to SEK 92 million (142). Net financial items amounted to SEK –153 million (–268), represented by interest income of SEK 49 million (48), interest expense

for leases totaling SEK 116 million (128), interest expense for pensions totaling SEK 20 million (53) and other financial expenses for loans and exchange rate fluctuations totaling SEK 66 million (136). Income taxes for the period totaled SEK –339 million (–442). Net income for the year totaled SEK 1,989 million (1,711).

Financial position and results

Equity totaled SEK 9,133 million, compared with SEK 4,906 million on December 31, 2020. 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 3,885 million (8,064) including the Group's pension liability and lease liabilities in accordance with IFRS 16. Interest-bearing liabilities consist of non-current liabilities of SEK 7,251 million (8,092) and current liabilities of SEK 1,884 million (2,175). The net debt ratio including pensions and lease liabilities (net debt/equity) was 43 percent (164). At the end of the year, the Group's financial preparedness on December 31 totaled SEK 8,242 million (8,229), represented by cash and cash equivalents of SEK 6,242 million (6,229) and unutilized confirmed credit facilities of SEK 2,000 million (2,000).

Cash flow for the year totaled SEK 1 million (2,857). The change compared to the previous year was mainly due to a reduced effect in cash and cash equivalents from divestment of

subsidiaries amounting to SEK 104 million (1,148), amortization of loans SEK –541 million (–86), repayment of an unconditional capital injection SEK –686 million (–) to the owners, the Swedish and Danish states, and increased investments SEK 1,408 million (1,074).

Cash flow from operating activities totaled SEK 4,011 million (4,151). Cash flow was boosted by the improved income and receipt of a credit of SEK 1,200 million (728) from Postens Pensionsstiftelse. The change from the preceding year also reflected an increase in tax paid, and part-settlement in the amount of SEK 125 million (400) from PostNord Försäkringsförening. IT problems at one of the Group's banks affected payments scheduled for December 30, 2021, resulting in the Group having higher-than-normal trade payables at the end of the period. The previous year was affected by increased operating liabilities related to the holiday pay liability under the transitional regulations in Denmark. Working capital showed a change of SEK 540 million (1 457).

Investments in property, plant and equipment and in non-current intangible assets during the period totaled SEK 1,408 million (1,074). These investments consisted mainly of vehicles, sorting machines, parcel lockers, build-up of the distribution facility in Norway and IT development.

Income, SEKm ¹⁾	2021	2020
Net sales	40,693	38,729
of which, Communication Services	13,998	14,673
of which, eCommerce & Logistics	26,714	24,073
Operating income (EBIT)	2,481	2,421
Operating margin, %	6.1	6.3
Items affecting comparability, net	221	351
Adjusted operating income (adjusted EBIT)	2,260	2,071
Adjusted operating margin, %	5.6	5.3
Income before tax	2,328	2,153
Net income for the year	1,989	1,711
Earnings per share (SEK)	0.99	0.85
Cash flow from operating activities	4,011	4,151

¹⁾ For definitions, see Note 32, page 76.

	Dec. 31	
Net debt (SEKm)	2021	2020
Interest-bearing liabilities	9,134	10,267
Pensions and disability pension plans	1,281	4,318
Long and short-term investments	-288	-292
Cash and cash equivalents	-6,242	-6,229
Net debt incl. pensions and lease liabilities	3,885	8,064
Net debt ratio incl. pensions and lease liabilities	43%	164%
Net debt incl. pensions but excl. lease liabilities	-1,892	2,001
Net debt ratio incl. pensions but excl. lease liabilities	-20%	38%

Parent Company

The Parent Company engaged in very limited activity, in the form of intra-Group services. On December 31, 2021, it had 2 employees (1). Other operating income totaled SEK 8 million (16). Operating costs totaled SEK -40 million (-35). Financial items totaled SEK 30 million (-50). In January 2021, the Parent Company's loan to the subsidiary PostNord Group AB was converted from a short-term receivable, a deposit in the subsidiary's Group account, to a fixed-term loan, reflecting the long-term nature of the receivable. Net income for the period totaled SEK 556 million (62).

Proposed appropriation of the Company's net income

The Board of Directors proposes that unappropriated earnings of SEK 3,482,613,689 be distributed as follows:

To be carried forward	SEK 3,482,613,689
Total	SEK 3,482,613,689

Important events

- Anna van Bunningen took up the position of Head of Group Nordic Strategy & Solutions on June 15, 2021.
- On September 10, the European Commission announced that it approved the internal capital injections in 2018 and 2019, totaling DKK 2.3 billion, from PostNord Group AB to Post Denmark A/S. According to the announcement, the capital injection does not constitute state aid, in agreement with PostNord's view.
- The European Commission announced on September 10 that the capital injection of SEK 667 million that PostNord AB received from its owners, the Swedish and Danish states, in 2018 must be recovered. In December 2021, PostNord repaid SEK 667 million and interest of SEK 19 million to its owners, the Swedish and Danish states.
- Alternate-day delivery of letters, newspapers and advertising was introduced in the South, West and Stockholm regions of Sweden during the year. Alternate-day deliveries in the rest of the country are expected to be introduced in 2022.
- On October 6, it was announced that PostNord had become the first logistics operator to be approved as a member of The Pathways Coalition. The coalition is a collaboration of several major industry leaders in the transport value chain, committed to accelerating the drive towards fossil-free heavy transportation. It was established by E.ON, the H&M Group, Scania and Siemens. More recently, Ericsson also joined the coalition. Members of The Pathways Coalition are committed to its vision of achieving zero fossil emissions by no later than 2050.

Major events after the reporting period

- On February 1, PostNord (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. Hillevi Engström replaces Ulrica Messing.

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	2021		2020	
	SEKm	%	SEKm	%
PostNord Sweden	1,954	7.9	2,240	9.5
PostNord Denmark	307	3.7	63	0.8
PostNord Norway	37	0.7	128	2.8
PostNord Finland	-7	-0.4	10	0.7
PostNord Strålfors	135	6.6	142	7.2
Other business activities	264	5.4	167	4.2
Other and eliminations	-208	-	-327	-
The Group	2,481	6.1	2,421	6.3

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 postal service in Sweden. Through the service we provide and because we reach every household and business in Sweden, PostNord Sweden contributes to making it possible to live and work throughout the country.



Market

PostNord Sweden continues to adapt its operations to meet the growing e-commerce market and to maintain its role as the market leader in the Swedish parcels market. At the same time, the transition is taking place to meet the declining mail volumes that have led PostNord Sweden to begin the shift to alternate-day delivery of letters during the year.

The business during the year

During the year, we continued to transform PostNord Sweden to adapt the business to the demands of the growing parcels market and declining mail volumes, while maintaining high levels of quality and service.

During the COVID-19 pandemic, e-commerce expanded rapidly, which meant increased parcel volumes. These high volumes persisted through the year, although the pace of growth slowed as restrictions were eased.

PostNord Sweden continued to improve and develop its e-commerce services during the year to meet the demand from recipients and facilitate continued growth in the sector. For example, 1,300 parcel lockers were rolled out across Sweden. In addition, Saturday deliveries to homes, service points and parcel lockers were extended to now cover two million households. PostNord Sweden has also improved the Varubrev service so that these deliveries are always made to the mailbox or the door. The third-party logistics business expanded during the year with a new warehouse in Ljungby and a new automation facility.

As mail volumes fall, we face an increasing need to adapt the mail business. During the year, alternate day delivery began in the South, West and Stockholm regions. As a result, about half of all Swedish households received alternate-day deliveries in 2021. Work is continuing in 2022 and the roll-out should be completed by mid-year.

During the year, the Commission of Inquiry into Financing of the Postal Service, appointed by the government in 2020, continued its work. PostNord looks forward to being acquainted with the findings of the inquiry, which should be completed in January 2023. We welcome the clarity regarding what the universal postal service should entail, in terms of both what services should be provided and how they should be financed.

To support the transition, major investments are being made in change management and all PostNord Sweden managers have undergone two training courses in leading change. In addition, major investments are being made in a sustainable work environment, with the aim of becoming the most sustainable logistics company in the industry.

In its journey towards a fossil-free future, PostNord Sweden adopted a new vehicle strategy during the year and made a number of important investments in electric vehicles, including five electric trucks. The vehicle strategy is in line with PostNord's sustainability agenda, with the goal of being fossil-free by 2030.

Finance

Net sales totaled SEK 24,823 million (23,694). Like-for-like sales for eCommerce & Logistics increased by 9 percent (6), mainly as a result of growth in e-commerce that was particularly tangible during the first half of the year. Communication Services reported a decrease of -4 percent (-4) in sales as a result of falling mail volumes. Operating income totaled SEK 1,954 million (2,240) and adjusted operating income SEK 1,854 million (2,038). The lower income was attributable mainly to reduced mail volumes in line with the historical trend, as well as to slowing growth in the parcels business in the second half-year. This led to challenging conditions for planning.

Outlook

PostNord Sweden continues on its journey of transformation in order to offer e-commerce services with seamless delivery experiences to recipients and customers. At the same time, the mail business is being adjusted in order to better manage the reduction in demand.

One important aspect of the transition is sustainability work with the goal of becoming fossil-free by 2030. Achieving that goal will demand both systematic work and innovation.

SEKm, unless otherwise indicated	2021	2020
Net sales	24,823	23,694
<i>of which, Communication Services (external)</i>	9,351	9,734
<i>of which, eCommunication & Logistics (external)</i>	12,686	11,968
<i>of which internal</i>	2,787	1,993
Operating income (EBIT)	1,954	2,240
Operating margin, %	7.9	9.5
Items affecting comparability, net	100	202
Adjusted operating income (adjusted EBIT)	1,854	2,038
Adjusted operating margin, %	7.5	8.6
Priority mail, millions	527	577
Non-priority mail, millions	542	609

95.4%
Delivery quality, parcels
(95.4)

97.9%
Delivery quality, mail
(98.1)

PostNord Denmark

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



Market

The year was again affected by the COVID-19 pandemic. In the parcels business, high volumes from e-commerce were maintained despite the re-opening of stores. However, growth in parcel volumes slowed during the year, but settled at a high level compared to the pre-COVID period. At the same time, the decline in mail volumes as a result of increased digitalization continued.

The business during the year

During the year, PostNord Denmark continued to develop and improve its product offering for e-commerce. Earlier during the year, parcel deliveries to post offices and parcel lockers were launched on Sundays, and customers can now receive parcels seven days a week. During the second quarter, PostNord Denmark acquired the remaining share of Denmark's largest parcel locker network, Nærbocks, and is now the sole owner. PostNord Denmark also placed another large TPL warehouse in service. At the facility, PostNord Denmark provides warehouse management services to customers.

PostNord Denmark performs the mission of ensuring that all Danes can send and receive letters and parcels. During the year, the Danish state extended the contract to provide universal postal services until the end of 2022 on a compensated basis. In 2021, PostNord Denmark demonstrated time and again how important it is to have a reliable supplier in order to ensure mail deliveries. PostNord Denmark provided a secure means for dissemination of important information and announcements regarding vaccines and vaccine passes during the COVID-19 pandemic. The end of the year also saw the successful distribution of ballot papers for local and regional elections.

Work continued during the year towards the goal of becoming a fossil-free company by 2030. For example, PostNord Denmark launched a project in which ten biogas vehicles will be part of day-to-day transport from the beginning of 2022, just as work continued on replacing regular diesel with HVO100 biodiesel for the majority of PostNord's trucks. In one year, this saved the climate 10,000 tonnes of CO₂. On Bornholm, all parcel delivery vehicles previously powered by diesel were replaced by new electric vehicles. The extra cars needed towards the end of the year during the busy Christmas period were electric.

Finance

Net sales totaled SEK 8,265 million (7,697). In eCommerce & Logistics, net sales increased by 20 percent (17). In Communication Services, net sales decreased by -7 percent (-16). Operating income totaled SEK 307 million (63), items affecting comparability amounted to SEK 121 million (149). Adjusted operating income totaled SEK 186 million (-86), representing a milestone in the work of transforming the Danish business into a profitable undertaking. Income improved due to actions within the ongoing improvement programs and high growth in parcel volumes early in the year. Compensation from the Danish government for the cost of mail deliveries decreased compared with the preceding year, to SEK 251 million (315).

Outlook

Patterns of consumer behavior changed fundamentally through the effects of the COVID-19 pandemic, with a major share of sales migrating from physical stores to e-commerce. Modes of delivery were also affected, with a considerably higher proportion of home deliveries. These changes are expected to continue.

SEKm, unless otherwise indicated	2021 ¹⁾	2020 ¹⁾
Net sales	8,265	7,697
<i>of which, Communication Services (external)</i>	2,548	2,839
<i>of which, eCommerce & Logistics (external)</i>	4,464	3,849
<i>of which internal</i>	1,253	1,009
Operating income (EBIT)	307	63
Operating margin, %	3.7	0.8
Items affecting comparability, net	121	149
Adjusted operating income (adjusted EBIT)	186	-86
Adjusted operating margin, %	2.3	-1.1
Priority mail, millions	22	23
Non-priority mail, millions	155	170

¹⁾ PostNord's operations in Germany were transferred from the PostNord Denmark segment to the Other Business segment effective January 1, 2021. Figures for comparison have been restated.

94.9%
Delivery quality, parcels
(94.7)

96.5%
Delivery quality, "Brevet"
(95.4)

PostNord Norway

PostNord Norway makes everyday life easier for customers and consumers via its logistics and e-commerce offering.



Market

The market has been characterized by high purchasing power and strong growth in e-commerce, especially during the first half of the year when restrictions were tighter. The COVID-19 pandemic is still affecting society through the behaviors that have been established, benefiting e-commerce, which as a result reached high levels. Home delivery, fast delivery, climate-smart delivery options and parcel lockers continue to be popular options, and operators both large and small are investing to meet demand. New, smaller operators are offering greater convenience to consumers, and PostNord Norway is also positioning itself to provide a similar service. An increased demand has emerged for suppliers with distribution networks, equipment and centrally located terminals that can deliver to both the business and consumer markets – to PostNord Norway’s advantage. Society gradually opened up again in the second half of the year, leading to subdued growth in e-commerce. The end of the year was marked by widespread concern for the private individual economy as society entered the fourth wave of the pandemic. At the same time, the cost of wages, electricity and fuel continued to rise, affecting logistics operators in the domestic market.

The business during the year

PostNord Norway started the year with high levels of e-commerce and the construction of a new 10,000 square meter terminal in Hanekleiva, which will significantly increase capacity in Drammen by 150,000 parcels per day. The new terminal is scheduled to open in 2022. Introduction of a new production model in Oslo in the spring will contribute to increased capacity and productivity at the terminals. Initially, the changeover resulted in lower quality

numbers and higher costs, which stabilized towards year-end, when the model was fully implemented. During the year, 750 parcel lockers were also rolled out and the home delivery product was strengthened. In the second half-year, construction began on a new 6,200 square meter terminal in Bergen, which is to be operational in 2022.

Towards year-end, many employees were affected by the fourth wave of the pandemic, which, in addition to concerns about the health of the employees involved, led to operational challenges in the form of high sickness absenteeism.

Finance

Net sales totaled SEK 4,978 million (4,481). Operating income totaled SEK 37 million (128). Income was negatively impacted by costs mainly in the second and third quarters arising from implementation of the new production model. Personnel costs increased in the fourth quarter as a result of high Covid-related sickness rates in production operations.

Outlook

The target in the parcels market is for PostNord Norway to develop its business through investments in terminals, distribution, networks and services, for both private and business markets.

PostNord Norway is well equipped for international retailing. Depending on the course of the pandemic, as well as restrictions and government policy, it is reasonable to assume that services and travel in the community will increase, going forward. On the other hand, purchasing power may be assumed to be somewhat lower, given high fuel and electricity prices and interest rate hikes.

The journey towards a fossil-free future continues. The transition to more climate smart vehicles is illustrated, for example, by the addition of 120 biogas cars to the fleet in 2022. When procuring new vans, PostNord Norway will require more environmentally-adapted alternatives to reduce transport emissions in the largest cities.

SEKm, unless otherwise indicated	2021	2020
Net sales	4,978	4,481
<i>of which, Communication Services (external)</i>	85	83
<i>of which, eCommunication & Logistics (external)</i>	3,906	3,592
<i>of which internal</i>	988	807
Operating income (EBIT)	37	128
Operating margin, %	0.7	2.8
Items affecting comparability, net	–	–
Adjusted operating income (adjusted EBIT)	37	128
Adjusted operating margin, %	0.7	2.8

91.2%
Delivery quality, parcels
(95.3)

PostNord Finland

PostNord Finland makes everyday life easier for customers and consumers via its logistics and e-commerce offering.



Market

E-commerce in Finland continued to grow and home delivery of parcels maintained a high level in 2021. Competition remained tough, above all in deliveries to the retail sector. PostNord Finland aims to strengthen its position in the market by further developing its infrastructure, operations and offering.

The business during the year

PostNord Finland is striving to develop an attractive offering, a strong distribution network and an infrastructure to support growth. This includes modern terminals with advanced sorting processes in Vantaa, Turku and Tampere. Following modernization of the Turku terminal in 2020, the new terminal in the Tampere area went on stream at the beginning of October. The new Vantaa terminal is under construction and is scheduled to be placed in service in autumn 2022. Once operational, the terminals in Tampere, Turku and Vantaa will form a geographical triangle in southern Finland, where a major share of Finland's logistics transportation takes place. PostNord Finland saw significant growth in its parcels business during the year. This was particularly evident in domestic e-commerce parcels. Our focus on the healthcare sector continued to be successful. PostNord Finland both retained and acquired new customers in the sector during the year and further strengthened its position as the leading player in health-care logistics.

Finance

Net sales totaled SEK 1,433 million (1,371). Operating income totaled SEK -7 million (10). The lower income was due to increased costs in production operations, start-up costs at a new terminal and a change in the demanded product mix.

Outlook

In Finland, PostNord is still to be regarded as a challenger in the logistics market. E-commerce is expected to continue to grow, with a rising demand for efficient transport and logistics solutions. To address this trend and gain market shares, we are focusing on developing our infrastructure and network and on creating a good customer experience with sustainable logistics services.

SEKm, unless otherwise indicated

	2021	2020
Net sales	1,433	1,371
<i>of which, Communication Services (external)</i>	0	0
<i>of which, eCommunication & Logistics (external)</i>	988	922
<i>of which internal</i>	445	449
Operating income (EBIT)	-7	10
Operating margin, %	-0.4	0.7
Items affecting comparability, net	-	-
Adjusted operating income (adjusted EBIT)	-7	10
Adjusted operating margin, %	-0.4	0.7

94.8%

Delivery quality, parcels
(95.7)

PostNord Strålfors

PostNord Strålfors develops and provides communications, invoicing and payment solutions that give companies with a large base of customers and suppliers entirely new opportunities to create stronger, and more personal relationships. PostNord Strålfors operates in Sweden, Denmark, Norway, and Finland.

Market

The long-term trend of a structurally declining market for physical communications in the wake of digitalization continues. As before, the market is characterized by increased consolidation. At the same time, the market for digital services is expanding and the rate of growth further accelerated during the pandemic. PostNord Strålfors holds a strong position in customer communications in the Nordic region, but competition is fierce in all areas of operations and countries.

The business during the year

Against the background of the structural declining market in physical communications and the growing digital market, the transformation program currently under way will be crucial to PostNord Strålfors. Physical production will be streamlined and optimized to exploit synergies across the Nordic network, and investments will be made in both skills and technology to further develop the digital offering. During the year, a number of new solutions were launched, including a new digital offering for the financial sector in Norway and a Digital Mailroom service in Sweden.

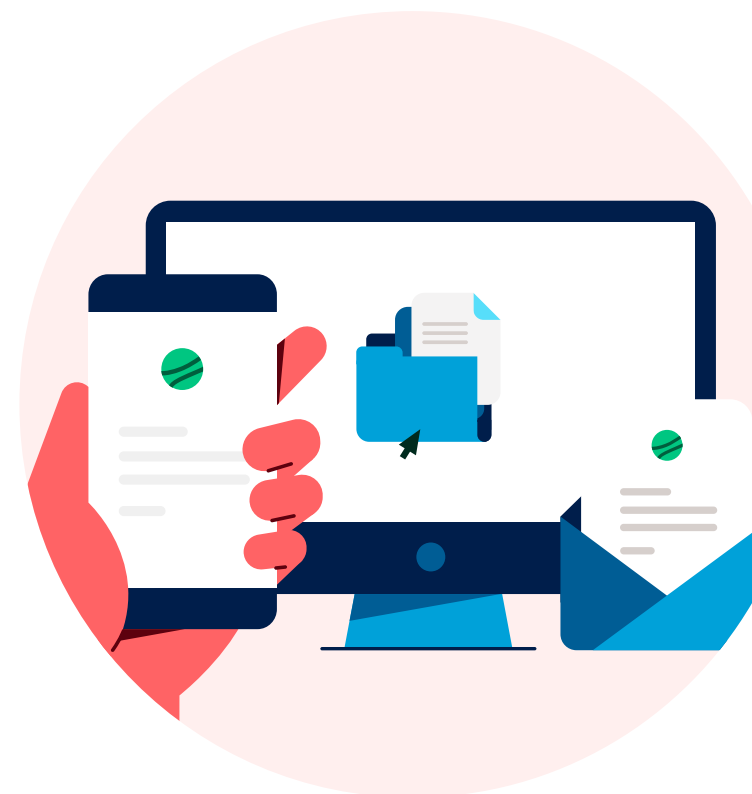
Finance

Net sales totaled SEK 2,037 million (1,981). Operating income totaled SEK 135 million (142). Income was negatively affected by lower volumes in the physical business and higher paper prices for paper and envelopes.

Outlook

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

SEKm, unless otherwise indicated	2021	2020
Net sales	2,037	1,981
of which, Communication Services (external)	1,804	1,795
of which internal	233	187
Operating income (EBIT)	135	142
Operating margin, %	6.6	7.2
Items affecting comparability, net	–	–
Adjusted operating income (adjusted EBIT)	135	142
Adjusted operating margin, %	6.6	7.2



Other business activities

The segment is made up of Direct Link, which offers distribution solutions worldwide, as well as Svensk Adressändring and AddressPoint. The logistics business in Germany has also been included in the segment since 2021.

Other business activities

Other business activities include the Direct Link companies, Svensk Adressändring, AddressPoint and the logistics business in Germany.

Direct Link

Outside the Nordic region, PostNord also has a presence via Direct Link, whose primary offering to international e-commerce companies and marketplaces is distribution of products to consumers worldwide. And the Nordic market is by no means excluded.

Direct Link also helps e-commerce companies establish operations in new markets, by offering for example market analysis, direct marketing and logistics solutions for warehousing. Today, Direct Link has established companies with employees locally in China, Hong Kong, Poland, Singapore, the UK, Germany and the United States.

Direct Link has benefited and expanded from the growth in international trade.

Svensk Adressändring and Addresspoint

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

Germany

PostNord's logistics business in Germany, which manages import and export movements to and from the Nordic region via Europe, recorded a strong performance during the year, thanks to a higher rate of growth in e-commerce and the business-to-business segment.

Finance

Net sales totaled SEK 4,891 million (3,977). Operating income amounted to SEK 264 (167) million. The improvement in income is attributable to both the successful logistics operations in Germany, which showed strong volume growth, and Direct Link, whose business performed well.

SEKm, unless otherwise indicated	2021 ¹⁾	2020 ¹⁾
Net sales	4,891	3,977
of which, Communication Services (external)	210	219
of which, eCommunication & Logistics (external)	4,670	3,740
of which internal	11	18
Operating income (EBIT)	264	167
Operating margin, %	5.4	4.2
Items affecting comparability, net	–	–
Adjusted operating income (adjusted EBIT)	264	167
Adjusted operating margin, %	5.4	4.2

¹⁾ PostNord's operations in Germany were transferred from the PostNord Denmark segment to the Other Business segment effective January 1, 2021. Figures for comparison have been restated.



PostNord's agenda for sustainable logistics

PostNord's stated purpose is: "We make everyday life easier" for consumers, customers and colleagues. It is within this framework that we will meet our sustainability commitments.

PostNord's overarching mission

As a leading provider of parcel and logistics services, PostNord has a key role in Nordic business and society. With our unique network, we enable businesses, public authorities and private individuals to do business, deliver products and communicate with each other, irrespective of geographical distances. This creates many opportunities, including in sparsely populated areas. Our mission is to offer our customers and recipients reliable deliveries that contribute to thriving communities. This includes the universal service obligation (USO) in Sweden and Denmark. It is within this overall framework that we will meet our sustainability commitments in line with our agenda for sustainable logistics.

Three distinct commitments

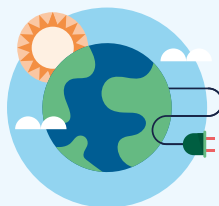
PostNord's agenda for sustainable logistics is a key enabler in PostNord's strategy (see page 9). It is based on PostNord's most significant sustainability impacts and prioritizes the areas where we can make a real difference for people and the environment. In this agenda, we have established three distinct commitments:

1. We manifest climate leadership. The climate crisis is an enormous challenge facing mankind. Since the transport sector accounts for a major share of fossil emissions, PostNord is taking the lead in advancing a rapid climate transition. PostNord is committed to proving that it is possible to switch to fossil-free transport and operations by as early as 2030. Our plan for transition, Green by PostNord, will be executed in line with the Paris Agreement, and we have renewed our commitment to the Science Based Targets initiative. For more information, see pages 22–24 and 91.

2. We care for our people. In this context, people are defined as those who work with or for PostNord. The objectives are thus focused on creating safe workplaces for our own and contracted staff as well as ensuring fair conditions for drivers of external transport providers and employees of other suppliers. As a major employer and a major buyer, PostNord has very good opportunities to improve working conditions in the transport sector and we are continuing to work tirelessly to achieve that objective. For more information, see pages 25–26 and 92.

3. We unleash the power of diversity. PostNord is very much a reflection of society at large, which means that our employees represent a wide diversity of backgrounds, skills and perspectives. We want to unleash the power of this diversity. Whether our employees feel included and respected is an important indicator that we monitor. The diversity dimension is of course part of the process of developing our existing managers as well as the leaders of the future. For more information, see pages 27–30 and 93.

PostNord's sustainable logistics agenda



We manifest climate leadership

Fossil-free 2030
40% CO₂ reduction by 2025
Zero emissions on last mile by no later than 2027



We care for our people

Zero vision for safety
No fatal accidents at work¹⁾
Injury frequency rate well below benchmark¹⁾
On fair conditions
Responsible Trucking Social Guidelines implemented in all operations in 2025
Responsible procurement²⁾



We unleash the power of diversity

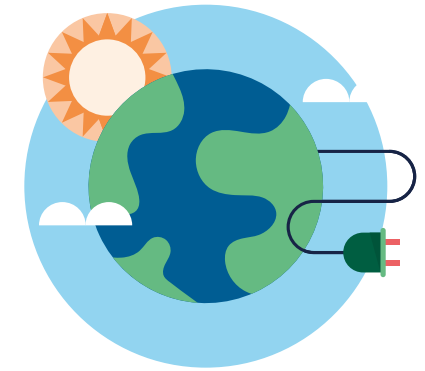
An inclusive workplace
Inclusion Index well above benchmark

¹⁾ Incl. contracted personnel

²⁾ Responsible Procurement Index: Compliance, centrally sourced categories: 90% Compliance, road transport providers: 95% Sustainable supply chain: 90%

We manifest climate leadership

Climate transition is needed across the entire transport sector and PostNord is paving the way. While the challenges are great, the opportunities are just as many. All progress will require partnerships with customers and other actors, both within and outside the transport sector.



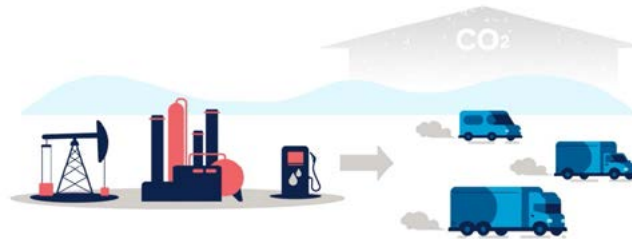
The entire transport sector faces a gigantic transition in order to meet the climate challenges. Through our initiative Green by PostNord, we shoulder the leadership role in securing a Nordic infrastructure for fossil-free transport by 2030 including more than 13,000 vehicles that we and our partners operate on roads in the Nordic region.

In 2021, the Group Leadership Team commissioned a comprehensive analysis of the possibilities for PostNord to convert its vehicle fleet to become fully fossil-free by no later than 2030. The analysis took into account aspects such as development plans among vehicle manufacturers, expansion of renewable electricity generation infrastructure in EU countries and expansion of biofuel capacity on the part of fuel suppliers.

The analysis showed that such a major transformation is both costly and challenging in its complexity, but that it is also feasible. The transport sector is entirely dependent on the speed at which the energy sector can transform itself and these two sectors must develop in tandem.

The illustrations on this page provide an overview of how we see a three-phase transition from a fossil-based model to a fully renewable, zero-emission model. Naturally, these three phases occur in parallel, where smaller vehicles and shorter routes will have the fastest transition while heavy vehicles and longer distances will take the longest time to convert.

1. PostNord has already started the transition from a fossil-based model involving oil extraction, production of petroleum products by refineries and finally fueling of diesel-powered trucks of various sizes. This fossil-based model also includes electric vehicles where the electricity is generated from fossil energy sources (not included in the graph).



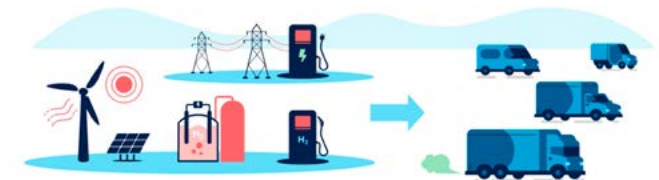
2. The benefits of biofuels are in some ways contested, but from our analysis we conclude that sustainably produced biofuels are crucial to our transition. To bring emissions down quickly enough, we need to switch as many vehicles as possible from diesel to HVO and biogas. The crucial difference in terms of climate impact is that fossil fuels took millions of years to form, while biomass for biofuels is constantly being created. Emissions from biofuels are therefore considered to be climate neutral in the longer term. In addition, for heavy vehicles, biofuels also will be the most financially viable technology over the next few years. In 2021, we used more than 46 million liters of HVO in our vehicles.



3. The ultimate goal is to use electricity and hydrogen generated from fossil-free energy sources. This means, for all practical purposes, zero emissions of carbon dioxide. In line with the ambition declared above, our vehicle fleet will for the most part be emission-free, while our heavy-duty trucks will mainly be bio-fueled. Today, we already have close to 4,500 electric vehicles in our fleet.

We have established two intermediate targets on the road towards fossil-free 2030:

- In 2025, 40 percent lower CO₂ emissions compared to 2020
- Zero emissions for last mile transports by no later than 2027



In 2021, we reduced our emissions by nearly 21,000 tonnes, which is 7 percent lower than in 2020. Besides actions taken in road transport, which accounts for more than 90 percent of PostNord's total climate impact, we are implementing climate adaptation and efficiency measures in our terminal buildings. Air and sea transport will be included at a later stage, when technological developments enable meaningful improvements.

With the new goals and intermediate targets, we have applied to renew our commitment to the Science Based Targets initiative. We expect approval to be given in the first half of 2022.



The Pathways Coalition

In 2021, thanks to our ambitious climate initiative, PostNord was elected as a member of The Pathways Coalition as the first logistics provider. The coalition is a collaboration of industry leaders in our value chain, who – like PostNord – aim to commercialize fossil-free heavy transport on a large scale in line with the goals of the Paris Agreement.

Against this background, The Pathways Coalition was founded by parties representing various links in the value chain: E.ON, the H&M Group, Scania, Siemens and Ericsson. The inclusion of PostNord as a member supplements the coalition's work by incorporating the perspective of logistics providers.

Together, we are creating the conditions to enable the historically rapid transition needed for a fossil-free commercial transport system. For more information on the coalition, visit: www.thepathwayscoalition.com/about-the-coalition

Examples of climate initiatives in 2021

We are constantly developing solutions for planning, controlling and monitoring production and transportation for more efficient and climate-smarter operations.

We make everyday life easier... for the climate

Our network of parcel lockers is being established throughout the Nordics, and the lockers will be placed close enough so that

recipients won't have to drive to collect their parcel, lessening the climate impact. Varubrev deliveries are always made to the recipient's home within the established mail process and in many locations are delivered by electric vehicles.

PostNord was one of the initiators of a Nordic Swan Ecolabel for e-commerce transport. The criteria will apply a holistic approach to e-commerce transport and will include fuel, mode of transport, capacity utilization, coordination, fair working conditions, delivery time and road safety. The Nordic Swan Ecolabel will cover the entire transport chain, from the e-retailer's warehouse to the consumer, i.e. both line-haul and last mile. PostNord and other transport companies will be able to apply for a license and consumers will be able to easily choose the Nordic Swan Ecolabel delivery option at check-out with the e-commerce operator.

Artificial Intelligence in the service of the climate

High capacity utilization for maximum efficiency and optimizing routes are key elements. Capacity utilization is about maximizing use of the load space and thus transporting as little air as possible. Trials of digital visualization and artificial intelligence (AI) have been conducted in order to measure and optimize capacity utilization. Using an AI-enabled image and video analytics solution, existing security cameras at terminals can be used to automatically and dynamically measure the filling rate in vehicles, in real time and without manual intervention. Large volumes of real-time data enable analysis that can both alert on errors and provide insights on how to further optimize capacity utilization, thus avoiding unnecessary transports.

The project "AI for Resource-Smart Logistics Flows", a collaboration between PostNord TPL (third-party logistics) and Skrym, was granted financial support by the Swedish Energy Agency. The project runs until September 2023 and aims to achieve sustainable efficiency for PostNord's TPL customers by reducing the amount of air in their parcels.

Advanced AI route planning is based on historical and real-time data in order to ensure the shortest possible driving distance and at the same time the best possible estimated delivery time.

Climate-smart e-commerce logistics

Double-deck trailers doubling the capacity per trailer have been developed for mail movements, halving emissions per letter. These trailers are used in customer collaborations, as well as in pallet and parcel movements.

All PostNord's major sorting terminals in Sweden, with one exception, have rail connections. In Norway, most parcel and pallet volumes are carried by rail.

It is not only in cargo space that inefficiencies may arise. Even the packages themselves can contain more air than is necessary. During the year, PostNord was involved in several seminars, research projects and development activities in order to drive change in the area in partnership with customers, suppliers, consumers, packaging suppliers and academic institutions. Going forward, optimization of packaging and transport will play a key role. By optimizing packaging, we can transport more goods in fewer vehicles.

In the Swedish market, PostNord is implementing an initiative in cooperation with the Chalmers University of Technology, Gothenburg, to reduce the size of packaging and thus the air in parcels. This initiative has also attracted support among consumers who are annoyed by the amount of air in their parcels and unnecessary packaging that they have to separate and recycle. To encourage e-commerce operators to make their contribution, the PostNord Airfluencers initiative was launched, inviting consumers to nominate examples of air-efficient parcels for "Airfluencer of the Year", as their contribution to more eco-friendly e-commerce.

At its Åbo terminal, PostNord has invested in a new automation line that optimizes and minimizes packaging size. The technology works by placing normally packed cartons in a row in which

the equipment measures the carton's fill level and minimizes its size. No empty space is left in the packaging and there is no need to add space fillers such as plastic or paper. While automation reduces heavy lifting for employees, the size of the box can be reduced by up to 30 percent on average, which also reduces the climate impact of transports.

In northern Sweden, geographical distances are large and there is also an imbalance in the transport flow, with larger volumes going north than south. During the year, logistics specialists at PostNord established a collaboration in which customers are offered customized southbound transports based on their needs. This benefits customers, the climate and profitability.

Climate-smart vehicles and fuels

PostNord is engaged in major electrification of its vehicle fleet. All countries are gradually phasing in electric vehicles according to local production needs. In 2021, the total share of electrically-powered bicycles, mopeds and small delivery vehicles was 95 percent. The share of medium-sized electric vehicles was just 2 percent and as yet we do not have any large electric vehicles in our own fleet. Technology is developing rapidly and PostNord has good relationships and close contacts with vehicle suppliers.

Biofuels are an important part of the transition to a fossil-free PostNord by 2030. We aim to continually increase the share of renewable fuels for vehicles that previously ran on diesel. We avoid palm oil and residual products from palm oil. The share of renewable fuels used in PostNord's own and procured transportation was 37 percent in 2021. The predominant fuel is HVO100, which can be used in existing diesel vehicles. Other renewable fuels, of which the main option is biogas, require modification or dedicated vehicles.

At the end of 2021, Norway took delivery of its first biogas truck, and in 2022 it will be joined by 40 more on the roads.

For more details on PostNord's climate transition, see page 91. On pages 97–98, we explain in more detail how PostNord meets the requirements of the EU Taxonomy Regulation.

Climate-smart terminal buildings

PostNord is introducing efficiency improvements in use of premises, for example by handling mail and parcels in the same location. A smaller area means lower energy consumption and less maintenance, and as a result reduced environmental impact. We are also analyzing and reducing our climate impact with the aid of new technology.

As early as in the design phase of PostNord's new terminal in Pirkkala near Tampere, the focus was on climate-smart, energy-efficient solutions. Example of energy efficiencies include use of geothermal energy, LED lighting and air sealing at loading bays to prevent heat losses. The terminal's geographical location will also enable more efficient transports with a lower carbon footprint.

Fossil-free cities

During the year, PostNord scaled up the transition to fossil-free deliveries in major cities. The first initiatives in 2020 were Fossilfritt Södermalm, Stockholm, and a fossil-free zone in the old town of Malmö. The project was extended during 2021 to Helsingborg, Lund and Gothenburg, including Mölndal. Further expansion will require new vehicles. In 2022, the initiative will be extended to cover the whole of Stockholm City, the whole of Malmö and Uppsala.

Several similar projects are in progress in Denmark. In addition to investing in new electric vehicles, we have also invested heavily in switching diesel in existing vehicles to fossil-free HVO100, which is produced mainly from slaughterhouse waste.

In Norway, the order for 40 new biogas cars, for delivery in the first half of 2022, has demonstrated our commitment to the climate agreement with the Municipality of Oslo that we signed during the year. PostNord thus became one of 22 new members of "Business for Climate". Other cities with fossil-free city center transport are Trondheim, Bergen, Stavanger and Kristiansand.



Climate transition on Bornholm

In Bornholm, a green shift was made in November. An ageing fleet of 16 diesel cars was replaced in one sweep by 16 new electric vehicles. The new electric cars are not only good for the climate but also great for the work environment. As early as in 2011, electric vehicles were being trialed for mail deliveries in a pilot project on Bornholm. At the time, the range of the cars was not sufficient, as they were unable to cover the distances on the island and a switch had to be made to diesel-powered cars. Since then, the technology and range of electric vehicles has advanced significantly, and in the future battery-powered cars will make up an increasing share of the PostNord fleet.

We care for our people

PostNord have a systematic approach to ensure safe workplaces for our own and contracted staff, plus fair conditions for truck drivers at external transport companies and employees at our suppliers.

In 2021, a detailed analysis of our operations from a human rights perspective, a so-called Human Rights Due Diligence, was carried out. The results of the review highlighted three areas with the greatest impact on people involved in the PostNord value chain.

1. Occupational health and safety (OHS) at our terminals and during parcel deliveries
2. Working conditions for drivers of contracted transport providers
3. Working conditions for employees of other suppliers



Based on the analysis, we have developed three target areas, all of which are characterized by care for our own employees and those of others, i.e. all those who work with or for PostNord.

Vision zero – safe workplaces

Ensuring an improved work environment in which all employees – permanent or temporary – feel safe at the workplace, is an important part of the Group’s sustainability agenda. To achieve this aim, a robust and systematic improvement program is required. Some of the biggest health and safety problems in the industry are heavy lifting, poor working postures and accidents during loading and unloading. The increase in e-commerce volumes is also bringing new challenges, including a significant increase in heavy parcel lifting in home deliveries.

Our OHS management is based on establishing a zero vision culture to minimize workplace accidents. This culture is created through a series of improvement initiatives. In 2021, initiatives implemented within the Group include:

- A digital system for safer forklift truck driving
- VR training to minimize heavy lifting and to develop smarter working
- Exoskeleton to help terminal workers with heavy lifting
- Online ergonomics training with mandatory modules for terminals, transport and mail and parcel delivery
- A four-year training module for all managers and OHS representatives in Denmark, focusing on creating a culture of injury prevention
- An employee app for simple, quick communication that is also used to disseminate information on how to act for a better and safer work environment



Threats and violence are unfortunately something that our employees may be exposed to. Here, management works together with HR, trade unions and OHS representatives to better manage incidents of violence, threats, robbery and harassment. Workers who have been subjected to violence or threats should receive help and support quickly. For more on the work environment, see page 92.

Responsible Trucking – better conditions for drivers

PostNord aims to improve working conditions for the approximately 740,000 truck drivers in Europe. Together with manufacturers and users in our value chain, such as Volvo, Scania, H&M and IKEA, we are participating in the Responsible Trucking initiative.

The logistics sector faces many social challenges arising from drivers’ working conditions, including difficulties in finding workers, breaches of human rights, non-compliance with legislation, major fraud issues and road safety violations.

All of these problems are exacerbated by increasing competition, price pressure in the sector and complex cross-border legislation. The initiative has developed several tools to improve working conditions in the sector:

- Root cause analysis describing key social issues in European trucking
- Truck Transport Social Guidelines (TTSG) for the industry
- A Spot-Check review tool to check compliance by providers
- Capacity building through cross-sectoral action and political dialogue



The social guidelines reflect our joint undertaking regarding the working conditions of truck drivers. Issues range from ensuring sufficient rest time and that driving shifts are not too long, to protecting drivers' health and safety and ensuring that they are fairly compensated for their work.

The next step is to put the guidelines into practice. In concrete terms, this means that drivers must be offered access to clean water, toilets and the opportunity to rest at our terminals between journeys.

Responsible procurement

Every year, PostNord purchases goods and services to a value of approximately SEK 20 billion, from around 15,000 suppliers. By setting requirements for the health and safety and working conditions of their employees, PostNord has an impact on the entire industry.

Purchases of overland transport services are made locally in each country and all other purchases are made centrally. PostNord's biggest purchase areas are transportation, fuel, staffing for terminals and warehouses and IT. In some cases, we are part of long, complex supply chains and so collaboration with our business partners is important.

Sustainability in the supply chain focuses on compliance with PostNord's Code of Conduct for Suppliers. This sets out requirements for legal compliance, good working conditions, healthy

and safe workplaces, environmental care and zero tolerance of corruption. PostNord has a Group-wide process to monitor significant suppliers' compliance with the Code of Conduct. The process includes self-assessment, risk assessment and also local audits at selected suppliers.

In 2021, we exceeded the target that 83 percent of purchasing volumes from significant suppliers should meet the requirements of the Code. We achieved 84 percent, thanks in part to the development of our cooperation with Direct Link and our operations in Germany. For more data and details, see page 92.

We are moving away from simply imposing requirements on suppliers to greater collaboration and increased supplier loyalty. If our suppliers are not able to meet these requirements, it is important for us to try to support the suppliers in developing their operations; termination is only an option if improvement is deemed impossible.

In the case of some procurements, we need to go beyond the general Code of Conduct. The procurement of uniforms described in detail on this page may serve as a good example of how we approach this.

We provide training in sustainability in the supply chain, both in-house and for our suppliers. The courses are provided in an effort to develop competence, integrate sustainability into the purchasing process and make it easier for our suppliers to meet the requirements of the Code of Conduct. A course for suppliers has been available for some time at postnord.com.

From 2022 onwards, the targets and measurement method for responsible purchasing will change. In previous years, we have monitored and measured whether PostNord's suppliers accept and comply with the Group's Supplier Code. From 2022 onwards, the target will be extended to also ensure that purchases made within the Group are from suppliers procured in accordance with the Purchasing Policy. The target is measured via a "Responsible Procurement Index".

Sustainable procurement of uniforms

One example of the way that we are constantly striving to improve conditions for suppliers' employees and at the same time to improve the quality of goods and services delivered is the procurement of uniforms that we have carried out. Our employees want good, comfortable and durable garments that they can wear with pride.

With the support of an external textile consultant, we have been able to comprehensively analyze how we can reconcile environmental sustainability with functionality and design. The procurement provided us with valuable insights into the importance of product quality and garment longevity.

The most important aspect to environmental sustainability is the durability of the garment and its ability to withstand many washes and lots of wear and tear. Detailed testing methods according to EN ISO standards guaranteed these aspects. For garments with more than 70 percent cotton, organic cotton was required, in accordance with the Global Organic Textile Standard. As a result, the use of chemicals would meet the requirements of guidelines developed by RISE (the Research Institute of Sweden) on behalf of the Textile Importers of Sweden, as well as the requirement that no high fluorinated chemicals (PFAS) should be used in outerwear finishing.

During the evaluation of suppliers, the suppliers' knowledge of the origin of the cotton raw material was verified, as well as guarantees that the Uyghurs from Xinjiang Province were not being exploited. Requirements were made regarding transparency and traceability throughout the value chain, the location and country of the producing factories and the presentation of environmental certificates for the factories.

We unleash the power of diversity

Diversity in PostNord is an asset whose potential we should use to even greater benefit. Having access to and developing talent is a key competitive factor.

Diversity at PostNord

To us, diversity is about seeing and make good use of people's differences. It is also about making the most of every employee's experience and skills, irrespective of gender, transgender identity or expression, ethnic affiliation, religion or other belief, disability, sexual orientation or age. In this way, we create job satisfaction, motivation and an inclusive working climate. A basic starting point for PostNord's business is people's equal worth and rights. By working with diversity and inclusion, we obtain all the perspectives we need to accommodate the various needs of customers, and to develop and strengthen our business.

At PostNord, we are convinced that diversity helps to:

- bring new angles and perspectives to the fore, thus contributing to increased creativity and higher quality, as well as a more dynamic company with higher development potential
- create value for the business and our customers in an increasingly globalized and mobile market
- ensure a broader skills base and an open and enabling working climate
- contribute to increased well-being and professionalism, and to create security for employees, partners, customers, suppliers and job seekers

Our culture – reliable and sustainable

At PostNord, we strive for a culture in which our employees feel involved in helping to achieve results and strengthen trust in PostNord.

Ensuring that the Company is an attractive employer for everyone is essential to long-term success and development. Gender equality helps to create a competitive company that achieves better results, is perceived as attractive and is more easily able to recruit and develop employees.

Diversity at all levels

Recruitment. It is the needs of the business and the skills of the people that determine who is recruited and promoted. PostNord's long-term focus on equal opportunity and diversity includes mandatory internal and external advertising for all management, supervisory and project management positions, as well as competence-based interviews. In our work to develop diversity in appointing managers, the focus is on always having applicants from both genders represented among the final candidates.

Development and succession. To give everyone the same opportunities to talk about their work situation, to develop and to feel included in the business, all employees are offered an annual employee appraisal with their immediate manager. PostNord operates various development programs in which participants should be representative of the business and of the communities in which we operate.



Benefits. Our salaries and benefits are linked to position, skills, experience and the collective bargaining agreement in the country of employment. Country-specific activities are in place to ensure that we operate a non-discriminatory process for setting salaries that is solely based on skills and experience.

Culture and Leadership. Our internal program ABC Leadership aims for all employees to take ownership and responsibility (Accountable), be proud and courageous (Brave) and be inspirational and motivated (Committed). Diversity is integral to our various talent and development programs for managers and specialists, as well as to the management development programs in the various countries. For example, managers and employees can use the Diversity game to start a conversation in their workplace about how to unlock the power of diversity. We also appoint culture bearers of different elements in ABC Leadership to recognize good employees and inspire others at PostNord to even better self-leadership.



The Diversity game is used by managers and employees to create conversations about how to unlock the power of diversity.



People by PostNord is issued two or three times a year, in Swedish, Danish, Norwegian, Finnish and English. It is delivered to the homes of the majority of the Group's employees.

The magazine is a lavish, well-designed publication that has won many awards.

The ambition is to create a feeling of unity and communicate what is happening in the Group via the stories of our great employees. On the right and on the next page are some examples of how PostNord is unlocking the power of diversity.

Follow-up and reporting. An employee survey, PostNord FOCUS, is conducted annually to assess the organization's strengths and weaknesses in terms of our values that center on PostNord being an equal and inclusive workplace. Based on the findings from the survey, activities and measures are devised to improve the areas affected.

PostNord's employee magazine People by PostNord

The PostNord Group consists of around 30,000 great employees. In the magazine People by PostNord, a number of them speak about their background, why they are passionate about their job and what helps them relax and recharge their batteries when they are not at work.



Meet Agim Mehani

Two days are forever etched in Agim Mehani's memory, days that have been life-changing in his 55-year life. The first one was a mild September day 28 years ago, when he arrived in Sweden as a refugee with his wife and two sons from Kosovo. The second day came seven years later, when he started work as an intern at PostNord, or Nordisk Transport as it was then known. "My first day at work 21 years ago is still my best. I finally felt safe and grounded again. All the managers were helpful and friendly towards me. It felt like a second family right from the start."

Today, Agim is supervisor for display packaging at TPL in Helsingborg, Sweden. "The most fun thing is that I have developed so much. It's such a great combination of challenging problems to solve and working with fun people at this company. I've had some of the biggest laughs of my life during my time at work. I don't think many people can say that!"



The *Jobbsprånget* program

An excellent example of how the power of diversity is being unlocked in the countries where we operate is the *Jobbsprånget* (Job Jumpstart) program.

By focusing on diversity and inclusion – for example by participating in *Jobbsprånget*, which gives newly qualified graduates an introduction to the Swedish labor market – we are contributing to society. The program also gives us the opportunity to learn about different perspectives that can help us to better meet the different needs of customers, develop

new business opportunities and generate even better profitability.

The purpose of the program is to ease the introduction of newly qualified graduates into the Swedish labor market and give them the chance to show their potential. While English is the language used for much of the day-to-day work, there are opportunities to speak Swedish during coffee breaks and at other times.

Jobbsprånget, which is run by the Royal Swedish Academy of Engineering Sciences (IVA), is a four-month work experience program. Newly qualified

graduates are actively matched with various employers and gain an opportunity to show their potential. *Jobbsprånget* offers PostNord employees the opportunity to get to know promising young graduates from different backgrounds.

The target group for the program expanded from 8,500 to around 12,000 new arrivals with graduate degrees in the period 2017–2019. 150 employers are participating in the program at 50 locations throughout Sweden.

<https://jobbspranget.se/>



PostNord Professionals

One of the outstanding examples of how we unlock the power of diversity is the PostNord Professionals program, an annual program where a handful of specialists are selected based on their potential and willingness to reach leadership positions in a few years. Candidates are drawn from different parts of the Group and are developed for positions as senior specialists, project managers or directors, for example. This development program

is intended to enable PostNord to attract, retain and develop talents in the Group and to develop their capacity to execute the major changes that PostNord is undergoing. The program gives ambitious employees in specialist roles the chance to develop their skills and build networks across company boundaries. Selection criteria include a requirement that participants can demonstrate an openness to learning from others who are

different from themselves and that they have the ability to translate theory into practical solutions. They need to be able to communicate in English but there is no requirement for a university degree. The program has been running since 2014 and has helped shape and empower many leaders who are now inspiring their employees to apply for the program.

PostNord's 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.



Reliable
We keep our promises and together, we do our best to make everyday life easier.
We aim to inspire confidence in PostNord as part of society, in customer or partner agreements, or among colleagues.

ABC Leadership
We are Accountable, Brave and Committed, effectively leading change regardless if we lead our self or others.
We emphasize teamwork, sincerity and positive relationships in the workplace.
We build on our success and learn from both colleagues and mistakes.

Sustainable
We challenge the status quo and we challenge ourselves to find innovative solutions.
We always strive for a performance-oriented culture and when problems occur, we are part of the solution.
We aim for sustainability in both the short and long term.

Risk and risk management

Proactive, structured risk management will enable PostNord to achieve its goals. The overarching 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. The most significant risks are postal legislation, USO funding, disruption and leakage of personal data.

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.

According to the State Ownership Policy and principles for state-owned enterprises 2020, such companies are required to report on the organization's climate-related financial risks and opportunities. An international framework for climate-related risks and opportunities, TCFD, serves as a reference standard and PostNord intends to start reporting in accordance with the recommendations of TCFD in 2022. For more information on climate-related opportunities and PostNord's climate change roadmap, see pages 21–24 and 90–91.

As climate risks are integrated into PostNord's overall risk management, we use the existing structure for risk categorization: strategic, operational and financial. However, climate-related risks have not undergone the same rigorous assessment as other risks. In 2022, we intend to extend the depth of this analysis in line with the recommendations of TCFD.

Strategic risks

DESCRIPTION OF RISK	RISK MANAGEMENT
<p>Market conditions</p> <p>PostNord is affected by changing preferences in society created by digital communication and e-commerce. E-commerce volumes have risen sharply as an effect of the COVID-19 pandemic. It is difficult to know what the future holds with new Covid variants or when or to what extent society will return to more normal forms.</p>	<p>PostNord manages the changes in market conditions on an ongoing basis, via market research, dialogue with customers and consumers, developing new services and solutions, ensuring the necessary capacity, and introducing measures for the necessary rationalization and streamlining of the business. Dialogue is also conducted on the forms of the universal service obligations (USO).</p>
<p>Postal legislation</p> <p>PostNord is tasked with providing the universal postal service 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. Increased digitalization and the volume decline in the mail business are creating increased risk, given the excessive slowness of postal legislation to adapt and the lack of scope for flexible adjustment of services and pricing.</p>	<p>PostNord manages regulatory risks through close monitoring and analysis of the external environment and through dialogue with the relevant government agencies in order to ensure reasonable conditions and expectations regarding mail delivery.</p>
<p>Financing of the USO</p> <p>At the current rate of digitalization, the Swedish mail business will be unprofitable in the long term, irrespective of any regulatory changes that are enacted. Existing legislation does not provide any clearly defined mechanism for how PostNord is to be compensated for being obliged to perform a public service task at net cost. If this issue cannot be resolved before the mail business shows a loss, the competitiveness of PostNord as a whole will be affected. In Denmark, the mail business is already unprofitable, and compensation is provided. However, the conditions for compensation in Denmark have not been established in detail beyond 2022, which represents the same risk as for the mail business in Sweden.</p>	<p>PostNord manages regulatory risks related to compensation for net costs via dialogue with the relevant government agencies to ensure reasonable conditions for compensation.</p>

Climate-related strategic risks

DESCRIPTION OF RISK	RISK MANAGEMENT
<p>Availability of vehicles, biofuels and charging infrastructure</p> <p>PostNord's ambition to transition to a fossil-free fleet is challenging and will require new technology and access to biofuels. As a large number of companies globally are facing similar challenges to those of PostNord, competition is increasing, which may make biofuels and vehicles more difficult or more expensive to obtain. If the charging infrastructure issue is not high enough on the agendas of politicians, there is a risk that expansion of the charging infrastructure will be delayed, hampering electrification of the vehicle fleet.</p>	<p>PostNord has a structured approach for the procurement of both biofuels and the supply of vehicles and related equipment. PostNord's well-developed roadmap for climate transition and its well-established relationships with vehicle suppliers assure a secure supply of both vehicles and fuels. PostNord is participating in industry initiatives that are driving an acceleration in the transition to a fossil-free society.</p>
<p>Customer requirements and competition</p> <p>More and more customers and consumers are demanding fossil-free transport, while competition is increasing from niche players with a strong profile in fossil-free, zero-emission transport. Overall, this may result in lost business, a poorer reputation and lower profitability.</p>	<p>The Green by PostNord initiative represents a well-developed roadmap for a climate transition, in which the vehicle fleet will be completely fossil-free by no later than 2030, with zero emissions for last mile transport by no later than 2027. PostNord can also offer end-to-end solutions for climate optimization throughout the transport chain, while accelerating electrification of the vehicle fleet. We provide carbon offsetting to customers who want it.</p>
<p>Innovation</p> <p>Failing to achieve the necessary level and pace of innovation into applying new technologies such as AI and digitalization may undermine PostNord's ability to deliver climate-smart solutions such as route optimization and maximized capacity utilization.</p>	<p>PostNord has developed an innovation radar that provides us with a very good overview of available technologies and enables us to constantly test new climate-smart concepts with pilot projects that are then scaled up.</p>

Operating risks

DESCRIPTION OF RISK	RISK MANAGEMENT
Crime and theft	
As e-commerce expands and increasingly theft-prone property is sent in the parcel movement, so too does the risk of theft and fraud. As a result, PostNord's activities are attracting the interest of organized crime, which in turn is driving the need for constant development and adaptation of security measures and investigative processes.	Security measures are designed in accordance with PostNord's Minimum Security Requirement (MSR), which incorporates the global security standards TAPA-FSR and TSR. All suspected crimes are investigated by the security organization, which also works closely with the police in the country concerned.
Disruptions	
To be able to collect, transport and distribute goods, letters and parcels, an efficient infrastructure of terminals, sorting machinery, vehicles, IT systems and, last but not least, a large number of employees are required. If any of the critical components of this process are unavailable or unusable, the result may be disruptions in deliveries, leading in turn to delays and loss of quality.	PostNord operates a Group-wide continuity program to ensure its ability and preparedness to be able 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.
Data breaches	
Risk of data breaches via phishing of employees, unauthorized access via third party vendor or targeted attack, which may lead to extortion, disruption or data leaks.	PostNord operates an Information Security Framework – to ensure adequate protection against data breaches – that comprises technical protection of applications and the IT infrastructure, training for employees and monitoring of IT suppliers. Training is provided to all employees according to their respective roles, with a specific focus on potentially vulnerable groups and IT staff.
Leakage of personal data	
The risk of infringement of the GDPR and as regards mitigation of threats and operational risks associated with the processing of personal data within the scope of the services provided by the Group.	PostNord has a data privacy framework in place, supplemented by an information security framework. The data privacy framework consists of the mandatory GDPR instructions setting out the rules and procedures for PostNord, a register of processing activities (RoPA) and regular training activities in the area. The information security framework consists of several governance documents, together with training and testing.
Breaches of human rights in the supply chain	
PostNord is dependent on subcontractors for both transport and terminal staffing. The logistics industry has historically been subject to some rogue operators who have not treated their employees according to applicable laws and standards.	PostNord has a Code of Conduct for suppliers and a Group-wide process to monitor suppliers' compliance with the Code of Conduct for Suppliers. The process includes self-assessment, risk assessment and local audits at selected suppliers. PostNord is signed up to the EU's Responsible Trucking initiative, whose social guidelines reflect our joint commitment to the working conditions for truck drivers. This addresses everything from forced labor and reasonable pay to basic health and safety requirements.
Work-related injuries	
The nature of PostNord's business is such that there is a risk that employees may be injured as a result of accidents or stressful work activities.	PostNord pursues an active work environment management program and assumes responsibility both for its own employees and employees working on behalf of PostNord. Our focus is on minimizing the risk of workplace accidents and accidents during transportation and deliveries. We will also take any necessary measures to protect employees against threats and violence.

Climate-related operational risks

DESCRIPTION OF RISK	RISK MANAGEMENT
Extreme weather conditions	
Extreme weather events are expected to become more and more frequent, and also to have more severe consequences. Heavy downpours, storms and flooding are the most likely consequences, affecting road access and potentially also posing risks to operations at our sites. Overall, disruptions in our ability to deliver may become more common.	PostNord's ability to mitigate climate-related disruptions is limited and dependent on national and local measures to adapt infrastructure to climate change. Our climate prevention program to reduce our own and the industry's climate impact is aimed in part at lessening the occurrence and frequency of extreme weather events. PostNord conducts its own studies to determine how our facilities may be affected by extreme weather and what climate adaptation measures are required.

Financial risks

DESCRIPTION OF RISK	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.	Transaction exposure is reduced by matching inward and outward payment flows. Alongside contractual currency flows, forecast currency flows over up to 12 months may also be included in the basis for currency hedging.
Interest	
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 capital. Interest rate sensitivity is controlled via a fixed-interest target for the Group's outstanding interest-bearing liabilities including derivative instruments.
Credit	
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.	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.
Refinancing	
The Group's cash flow and liquidity are affected by a number of factors that are beyond its control, such as developments in the general economy and the market, disaster risks and the functioning of the capital markets.	The Group's policy on refinancing risk consists of maintaining, at any one time, financial preparedness of a scope that is designed 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.
Pension obligations	
In-house pension liabilities are exposed to changes and a number of underlying factors that may have a negative impact on the Group's comprehensive income, equity, net debt ratio and cash flow. The underlying factors relate to pension obligations, including life expectancy assumptions, inflation expectations and changes in long-term interest rate, as well as to risks associated with pension fund asset management, including return, market and regulatory risks.	Asset management risks are ultimately 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, including decisions on investment guidelines and the level of risk in management. The Board's decision-making is supported by, for example, the Foundation's management organization and annual ALM analyses.

Climate-related financial risks

DESCRIPTION OF RISK	RISK MANAGEMENT
Investment and financing	
Failures in PostNord's climate transition may negatively affect PostNord's credit rating and make financing more difficult, while the climate transition for the entire vehicle fleet will require substantial financing. Compliance with the EU Taxonomy Regulation will become increasingly important to the valuation of companies.	Thanks to PostNord's solid work in sustainability and a well-developed climate transition plan, which is enshrined in a Board-approved investment plan, this risk can be turned into increased opportunities to access sustainability-linked financing such as green bonds. For more information on how PostNord work in relation to the EU Taxonomy Regulation, see pages 97–98.

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 Group's external auditor.

1. 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. Voting rights are shared 50/50 between the two governments. The Company is the Parent Company of the Group.

2. Control and organizational structure

The main decision-making bodies at PostNord are the Annual General Meeting (AGM), the Board of Directors and the President and Group CEO, assisted by the Group Leadership Team. The Board has also appointed a Deputy CEO. The owners nominate the Chair of the Board, Vice Chair and other Board members, propose directors' fees and nominate the AGM chair and an external auditor. The AGM 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 Group CEO and President appoints the Group Leadership Team, which, in addition to the President/Group CEO, comprises the Vice President and the Heads of Group Finance/CFO, Legal and Staff Functions, IT/CIO, Nordic Strategy & Solutions, PostNord Sweden, PostNord Denmark and Deputy CEO (incl. PostNord Germany and Direct Link), PostNord Norway and PostNord Strålfors. 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, pro-

ducing 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 relevant managers in country and Group functions must ensure that the Group fully meets all the legislative and regulatory requirements placed upon it.

3. Annual General Meeting

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 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.

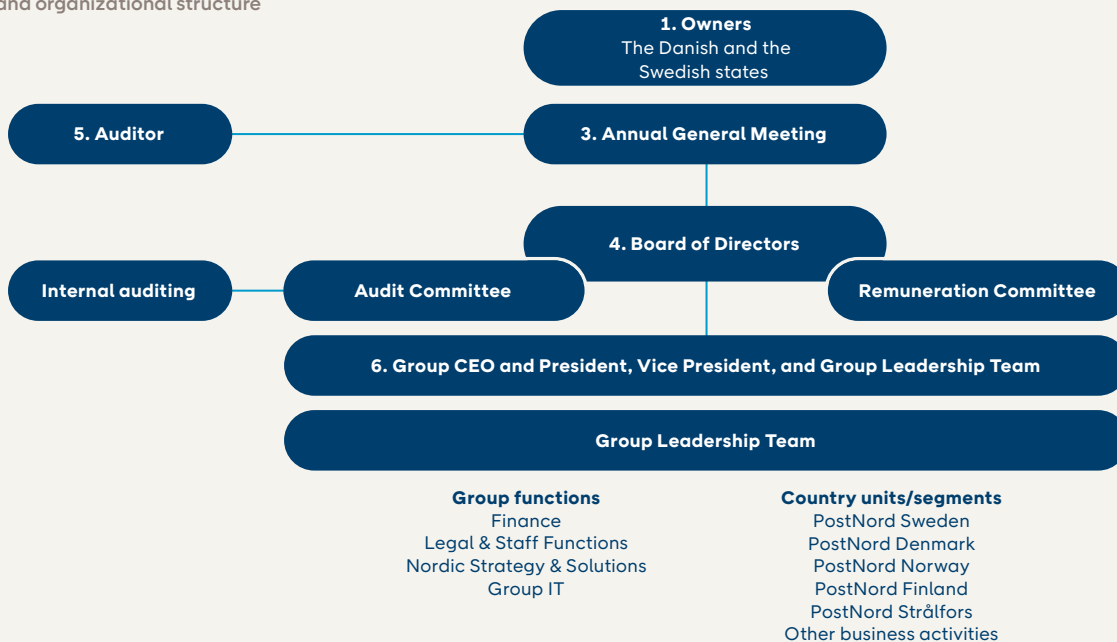
Annual General Meeting

The 2021 AGM was held on April 27, 2021. The owners, the Swedish state and the Danish state, participated through their representatives. In view of the prevailing situation of the COVID-19 pandemic, it was decided that the meeting should 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 AGM adopted the Group's and the Parent Company's income statements and balance sheets and voted to discharge the Board of Directors and the CEO from liability for the 2020 financial year. The AGM also adopted guidelines for remuneration to senior executives and remuneration to Board members and the auditor. Sonat Burman Olsson, Christian Frigast, Christian Jansson, Peder Lundquist, Ulrica Messing, Susanne Hundsbæk-Pedersen and Charlotte Strand were re-elected to the Board. As Måns Carlsson had declined re-election, Erik Sandstedt was elected to the Board for the first time. Christian Jansson was re-elected Chair of the Board and Christian Frigast was re-elected Vice 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 Annual General Meeting are available at www.postnord.com.

Annual General Meeting 2022

PostNord's 2022 AGM will be held on April 26, 2022.

Control and organizational structure



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 dialogue 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 Board's and the CEO's work. The Chair also represents the Company in issues of ownership. For example, the Chair must perform his/her duties in association with the Vice Chair, who is also elected by the AGM, and must engage in dialogue, for example, on management and agenda issues with the Vice Chair prior to Board meetings. The Chair and Vice Chair must also act together to achieve a constructive dialogue with the company's shareholders. The Vice Chair shall act in the Chair's place in the event of the Chair's absence.

Board's proposed guidelines for remuneration to senior executives

For the 2022 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 2021 and is summarized in Note 5.

4. 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 employee organizations 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 2021 (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

Board meetings and issues in 2021

In 2021, the Board met on ten occasions, including one statutory meeting 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 of the strategy and transformation programs, the Group's handling of the COVID-19 pandemic, production of a new sustainability agenda 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 2021, the Committee's members were Charlotte Strand (Chair), Sonat Burman Olsson, Måns Carlsson, 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 Vice 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 apprising the Board of the Committee's activities. In 2021, the Committee comprised of Christian Frigast (Chair), Christian Jansson, Ulrica Messing and Susanne Hundsbæk-Pedersen, met on a total of three 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 2021, 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 2022 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 2021 AGM. Remuneration agreed for the period through the next AGM is payable as follows: Elected Board members: SEK 305,000; Vice Chair of the Board: SEK 512,000; Chair of the Board: SEK 685,000. 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 is payable to Swedish employee representatives who take part in Board meetings and their deputies (SEK 47,600).

5. Auditor

PostNord's 2021 AGM appointed KPMG AB as the Company's auditors, with authorized public accountant Tomas Gerhardsson as senior auditor. The auditor meet with the Board no less than once per year and also take part in all Audit Committee meetings. In 2021, 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.

6. President, Vice President, and Group Leadership Team

The Board of Directors is responsible for appointing and dismissing the President and Group CEO and the Vice President. The Group CEO and President appoints, and is assisted by, the Group Leadership Team. The Group CEO and 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 Group CEO and President is governed by the Board's rules of procedure and the Instructions to the President. The CEO 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 develops in line with the strategy established by the Board of Directors. The President oversees the work of the Group 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 CEO.

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 2022 AGM. Guidelines on remuneration for senior executives adopted by the 2021 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 Initiatives (GRI) Standards and the UN Global Compact.
- EU Taxonomy Regulation

Board of Directors, attendance 2021

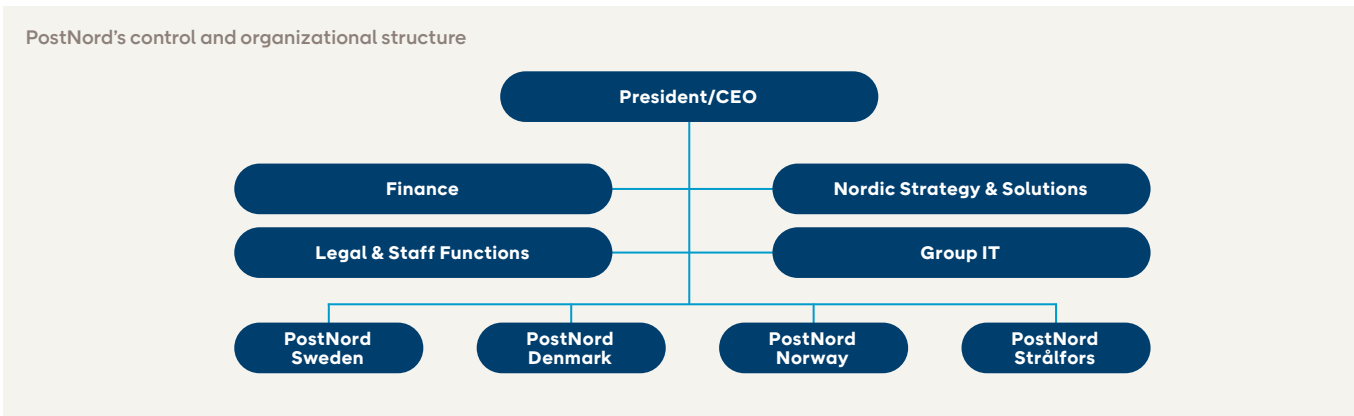
Director	Board meetings	Audit Committee	Remuneration Committee
Christian W Jansson	10/10		3/3
Christian Frigast	9/10		3/3
Susanne Hundsbaek-Pedersen	10/10		3/3
Charlotte Strand	10/10	6/6	
Sonat Burman Olsson	10/10	6/6	
Ulrica Messing	10/10		3/3
Måns Carlson ¹⁾	2/10	2/6	
Erik Sandstedt ²⁾	7/10	3/6	
Peder Lundquist	10/10	6/6	
Johan Lindholm ³⁾ (E)	4/10		
Bo Fröström (A)	10/10		
Daniel Hansen ⁴⁾ (E)	6/10		
Sandra Svensk (A)	10/10		
Deputy			
Per-Arne Lundberg (Dep. E)	10/10		
Dzevad Ramic (Dep. E)	10/10		
Jess Sloth Hansen (Dep. E)	10/10		

¹⁾ Resigned at the AGM in April 2021.

²⁾ Elected at the AGM in April 2021.

³⁾ Resigned in June 2021.

⁴⁾ Elected in June 2021.



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 Group policies (see also pages 94–96).
- 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 does 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 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 as a result of consultation between the owners. As a result, references to the nominating committee in points 1.2, 1.3, 4.6, 8.1 and 10.2 also do not apply.
- 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 it is therefore not relevant 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 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 CEO 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 follow-up of 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 31–34.

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 carry out 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 Chair of the Board of Apoteket, Min Doktor and Svensk Handel.
- Own and closely related parties' holdings of PostNord's bonds: 0.



Christian Frigast

Vice 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.).
- Chair of Axcel Management A/S. Previous positions include Managing Partner of Axcel Management A/S. Chair of the Board of Danmarks Skibskredit Holding and EKF – Danmarks Eksportkredit, DVCA (the Danish Venture Capital and Private Equity Association), the Danish Board Leadership Society and the think tank Axcelfuture; Vice Chair of the Board of Pandora A/S and the Axcel Advisory Board.
- 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 NESTE Corporation, Lindab International AB, the Swedish Lantmännen agricultural cooperative, and Raizen S.A. Previous positions: Group CEO and President of COOP Sverige, Vice President and CFO of ICA Gruppen and Vice President, Global Marketing Strategies, Electrolux Group. Other positions have included Chair of the Board of Svensk Dagligvaruhandel and member of the Boards of Svensk Handel, ICC Sweden, Third Swedish National Pension Fund and iZettle AB.
- 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 Director at the Swedish Ministry of Enterprise and Innovation's Department for State-Owned Enterprises. Board member at Apoteket and Akademiska Hus. Formerly served as an 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.
- CEO, Chief Executive Officer, at EKF, Denmark's Export Credit Agency. Board member of Evida. 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.
- M.Sc. Economics from Aarhus University, management studies at IMD and INSEAD etc.
- Chair of Evida A/S. Board member of Per Aarsleff A/S, Reventus Power Ltd and Aibel ASA. Previous positions: several positions within DONG Energy, CFO for the business units Oil & Gas and Wind Power at DONG Energy (now Ørsted).
- Own and closely related parties' holdings of PostNord's bonds: 0.



Hillevi Engström

Board member since February 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 intelligence.
- CEO of Trygghetsstiftelsen (the 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.

At an EGM held on February 1, 2022, Hillevi Engström was elected as a new member of the Board until the end of the next Annual General Meeting. She replaced Ulrica Messing, who had been a member of the Board for the 2021 financial year.

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 employee representative 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

Group CEO and President PostNord, since 2019.

- Member of Group Leadership Team since 2012.
- Born in 1967.
- Master of Science in Engineering.
- Previous positions: Head of PostNord Sweden and Head of e-Commerce & Corporate Clients in PostNord, Chief Strategy Officer (CSO); executive positions at Gambio, 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 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 B.Sc. Economics.
- 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, positions as corporate lawyer or general counsel 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.



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The Group

Income statement

SEKm	Note	2021	2020
	1, 2, 4		
Net sales		40,693	38,729
Other operating income		953	1,427
Operating revenue	3	41,646	40,156
Personnel expenses	5	-15,802	-15,704
Transportation expenses		-11,083	-10,410
Other expenses	6, 7	-9,683	-8,985
Depreciation and impairments	10, 11, 12	-2,596	-2,636
Operating expenses		-39,165	-37,735
OPERATING INCOME		2,481	2,421
Financial income	8	49	48
Financial expenses	8	-202	-317
Net financial items		-153	-268
Income before tax		2,328	2,153
Tax	9	-339	-442
NET INCOME FOR THE YEAR		1,989	1,711
Attributable to			
Parent Company's shareholders		1,987	1,709
Non-controlling interests		2	2
Earnings per share, basic and diluted, SEK	20	0.99	0.85

Statement of comprehensive income

SEKm	2021	2020
NET INCOME FOR THE YEAR	1,989	1,711
OTHER COMPREHENSIVE INCOME		
Items that cannot be transferred to net income		
Revaluation of pension liabilities	3,426	-182
Change in deferred tax	-723	37
Total	2,703	-145
Items that have been or may be transferred to net income for the year		
Cash flow hedging after tax	1	-1
Translation differences	223	-311
Total	224	-312
TOTAL OTHER COMPREHENSIVE INCOME	2,927	-457
COMPREHENSIVE INCOME FOR THE YEAR	4,916	1,254
Comprehensive income for the year attributable to		
Parent Company's shareholders	4,914	1,252
Non-controlling interests	2	2

Statement of financial position

SEKm	Note	Dec. 31, 2021	Dec. 31, 2020	SEKm	Note	Dec. 31, 2021	Dec. 31, 2020
	1, 2						
ASSETS				EQUITY AND LIABILITIES			
Goodwill	10	2,582	2,510	Equity			
Other non-current intangible assets	10	475	439	Capital stock		2,000	2,000
Property, plant and equipment	11	7,422	6,992	Other contributed equity		9,954	10,621
Right-of-use assets	12	5,694	5,954	Reserves		-1,597	-1,821
Participations in associated companies	13	159	134	Retained earnings		-1,226	-5,896
Financial investments	14, 27	276	280	Total equity attributable to Parent Company's shareholders		9,131	4,904
Non-current receivables	15, 22	352	411	Non-controlling interests		2	2
Deferred tax assets	16	23	627	TOTAL EQUITY		9,133	4,906
Total non-current assets		16,983	17,350	LIABILITIES			
Inventories	17	83	90	Non-current interest-bearing liabilities	21, 27, 29	2,752	3,243
Tax assets		415	299	Non-current lease liabilities	12	4,499	4,849
Trade receivables	27	5,331	4,967	Other non-current liabilities		70	42
Prepaid expenses and accrued income	18, 27	1,263	878	Pensions	22	1,386	4,395
Other receivables		260	600	Other provisions	23	955	1,685
Short-term investments	14	11	11	Deferred tax liabilities	16	200	120
Cash and cash equivalents	19, 27	6,242	6,229	Total non-current liabilities		9,861	14,334
Assets held for sale		-	65	Current interest-bearing liabilities	21, 27, 29	513	857
Total current assets		13,606	13,139	Current lease liabilities	12	1,371	1,318
TOTAL ASSETS		30,590	30,489	Trade payables		3,381	2,877
				Tax liabilities		202	313
				Other current liabilities		1,227	1,503
				Accrued expenses and deferred income	24, 27	4,340	3,643
				Other provisions	23	562	737
				Total current liabilities		11,595	11,249
				TOTAL LIABILITIES		21,457	25,582
				TOTAL EQUITY AND LIABILITIES		30,590	30,489

Statement of cash flows

SEKm	Note	2021	2020	SEKm	Note	2021	2020
OPERATING ACTIVITIES				FINANCING ACTIVITIES			
Income before tax		2,328	2,153	Amortized loans		-541	-86
Adjustments for non-cash items	29	1,631	903	Amortized lease liabilities		-1,375	-1,307
Income tax paid		-490	-362	Repayment of unconditional capital injection ¹⁾		-686	-
Cash flows from operating activities before change in working capital		3,469	2,694	Dividend paid		-2	-2
Change in working capital				Increase (+)/Decrease(-) in other interest-bearing liabilities		0	-2
Increase (-)/Decrease (+) in inventories		7	15	Cash flows from financing activities		-2,604	-1,397
Increase (-)/Decrease (+) other current receivables		-5	553	CASH FLOW FOR THE YEAR		1	2,857
Increase (+)/decrease (-) in other current liabilities		540	889	Cash and cash equivalents at start of year		6,229	3,398
Total change in working capital		542	1,457	Translation difference in cash and cash equivalents		12	-26
Cash flow from operating activities		4,011	4,151	Cash and cash equivalents at year-end	19	6,242	6,229
INVESTING ACTIVITIES							
Purchase of property, plant and equipment	11	-1,252	-999				
Sale of property, plant and equipment		23	28				
Acquisitions of non-current intangible assets	10	-156	-75				
Acquisition of subsidiary, effect on cash and cash equivalents	30	-129	-				
Sale of subsidiary, effect on cash and cash equivalents	30	104	1,148				
Acquisitions of financial non-current assets		-1	-10				
Disposals of financial non-current assets		5	11				
Cash flows from investing activities		-1,406	103				

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

Statement of changes in equity

2020, SEKm	Equity attributable to the Parent Company's shareholders						Total equity
	Share capital	Other contributed equity	Reserves		Retained earnings	Non-controlling interests	
			Translation reserve	Hedging reserve			
Equity, opening balance	2,000	10,621	-1,509	0	-7,460	2	3,654
Comprehensive income for the year							
Net income for the year	-	-	-	-	1,709	2	1,711
Total other comprehensive income	-	-	-311	-1	-145	-	-457
Total comprehensive income for the year	-	-	-311	-1	1,564	2	1,254
Dividend	-	-	-	-	-	-2	-2
Equity, closing balance	2,000	10,621	-1,820	-1	-5,896	2	4,906

2021, SEKm	Equity attributable to the Parent Company's shareholders						Total equity
	Share capital	Other contributed equity	Reserves		Retained earnings	Non-controlling interests	
			Translation reserve	Hedging reserve			
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.

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 also 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

Revised accounting principles that the Group has applied with effect from January 1, 2021 are described in the following. Neither the amendments described, nor any other, amendments to IFRS applicable from January 1, 2021 have had any material effect on the consolidated financial statements.

Changes in IFRS due to the reform of the reference rate (IBOR reform, phase 2). The effect of the reform is that certain interbank interest rates are replaced by interest rates that are practically risk-free. The Phase 2 amendments include, for example, relief in accounting for modifications of financial instruments and leases and in hedge accounting when applying a new alternative benchmark rate. The Group has limited exposure to IBOR in its financial instruments that will be replaced or reformed in the short term, as part of these market-wide initiatives. It is uncertain as to the time and the processes for transition between the jurisdictions in which the Group operates. The Group expects the IBOR reform to affect its risk management and hedge accounting in the long term, see also the section on Cash flow hedging and Note 27.

In 2021, the IFRS Interpretations Committee published an Agenda Decision Paper on the recognition of certain costs in cloud-based solutions. PostNord has carried out an analysis in response to the agenda decision and concluded that no retrospective amendment was applicable.

3.2 Voluntary change in accounting principle

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

3.3 New IFRS not yet implemented

New and amended IFRS for early adoption in 2022 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 or joint venture 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. Income

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 one 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 (from April 30, 2020, inclusive) 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), below, 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, contract assets and debt instruments that are measured at fair value via other comprehensive income. The impairment model is based on the likelihood of loss via the counterparty’s external credit-worthiness. 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 matching, hedge accounting is not necessary since the hedged item is translated at the exchange rate at the end of the period and the hedging instrument is measured at fair value, with any changes in value being 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.

Hedges affected by benchmark interest rate reforms – in measuring instruments it is assumed that the benchmark interest rate is not affected by the benchmark interest rate reforms until the reforms no longer represent uncertainty in the reference interest rate based cash flows.

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. 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. Taken into account are leases of material importance that include options for extension or cancellation, where it is reasonably certain that the options will be exercised. 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 completed. 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.

An intangible asset is amortized from the date when it becomes 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 need for 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 when 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 of other assets is 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 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 remuneration.

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 effective April 30, 2020 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. If 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 compensation 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. In 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 economic 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 flows arising in transactions in foreign currency are recognized in the Group's functional currency by translation of the amount in the foreign currency into SEK using the exchange rate prevailing at the time of the cash flow.

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 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. The assessments and estimates that are most significant to PostNord were made in the following areas:

State compensation

The June 2020 agreement with the Danish state for the July–December 2020 period, the December 2020 agreement for the January–August 2021 period and the August 2021 agreement for the September 2021–December 2022 period are subject to approval by the European Commission. As of December 31, 2021, approval has not been obtained and thus the compensation has not been received. Compensation for the universal service from the Danish state has been recognized in the amount of SEK 252 million (314). 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, expected rate of return on assets under management, future 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 (60). See also Notes 22 and 23.

Note 3 Revenue

Income

SEKm	2021	2020
External net sales	40,693	38,729
Other operating income	953	1,427
Total revenue	41,646	40,156

Revenue from contracts with customers

External net sales, SEKm	Communication Services		eCommerce & Logistics	
	2021	2020	2021	2020
Operating segments				
PostNord Sweden	9,351	9,734	12,686	11,968
PostNord Denmark	2,548	2,842	4,464	3,849
PostNord Norway	85	83	3,906	3,591
PostNord Finland	–	–	988	922
PostNord Strålfors	1,804	1,795	–	–
Other business activities	210	219	4,670	3,743
Total	13,998	14,673	26,714	24,073
Timing for revenue recognition				
At one point in time	13,307	13,995	26,325	23,658
Over time	691	678	389	415
Total	13,998	14,673	26,714	24,073

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	2021	2020
Rental income	37	43
Contributions received ¹⁾	344	456
Capital gains, subsidiaries	100	218
Capital gains, buildings	124	139
Capital gains, machinery and equipment	16	5
Exchange rate gains	199	548
Share in earnings by associated companies	39	18
Misc.	94	0
Total	953	1,427

¹⁾ Contributions received comprise include compensation of SEK 252 million (314) from the Danish state. See Note 28 Related party transactions.

Contract balances

SEKm	Dec. 31, 2021	Dec. 31, 2020
Trade receivables	5,331	4,967
Contract assets	1,185	1,156
Contract liabilities, reported as Other current liabilities and Accrued expenses and deferred income	712	682

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, 2021 were recognized during 2021 as income of SEK 501 million (410). This revenue is reported as revenue received over time. Income related to terminal fees was recognized in the amount of SEK 366 million (323).

Contract liabilities, performance undertakings not yet completed, refer to 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 682 million (731). The item refers to stamps and franking.

Outstanding performance undertakings, contract liabilities consist of stamp and franking liabilities of SEK 712 million (682) 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. PostNord has reviewed the Group's internal pricing for cross-border parcel and pallet services and has adjusted its prices, with effect from January 1, 2020. The pricing structure has been adjusted in response to changes in conditions within the Group and in the business in PostNord's market and product mix in recent years. In the segment reporting, PostNord has transferred its e-commerce and logistics operations in Germany from the Denmark segment to the PostNord Other business activities segment, effective January 1, 2021. 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.

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	The 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.

Note 4 (cont.)

2020 Jan.–Dec., SEKm	PostNord Sweden	PostNord Denmark ¹⁾	PostNord Norway	PostNord Finland	PostNord Strålfors	PostNord Other business activities ¹⁾	Other and eliminations	Adjusted total, Group	Items affecting comparability	The Group
Net sales, external	21,702	6,688	3,674	922	1,795	3,965	-17	38,729	-	38,729
Net sales, internal	1,993	1,009	807	449	187	12	-4,456	-	-	-
Total net sales	23,694	7,697	4,481	1,371	1,981	3,977	-4,473	38,729	-	38,729
Other operating income, external	610	413	27	1	5	4	16	1,076	351	1,427
Other operating income, internal	266	10	0	9	16	0	-304	-	-	-
Total operating income	24,570	8,120	4,509	1,380	2,002	3,981	-4,761	39,805	351	40,156
Personnel expenses	-9,300	-3,959	-952	-174	-520	-161	-639	-15,704	-	-15,704
Transportation expenses	-4,420	-1,522	-2,814	-852	-515	-974	688	-10,410	-	-10,410
Other expenses	-8,097	-2,570	-522	-328	-790	-2,672	5,995	-8,985	-	-8,985
Depreciation and impairments ²⁾	-715	-157	-94	-16	-36	-8	-1,610	-2,636	-	-2,636
Total operating expenses	-22,532	-8,208	-4,382	-1,370	-1,861	-3,815	4,433	-37,735	-	-37,735
Adjusted operating income	2,038	-86	128	10	142	167	-327	2,071	-	-
Items affecting comparability³⁾	202	149	-	-	-	-	-	351	-	-
OPERATING INCOME	2,240	63	128	10	142	167	-327	-	-	2,421
Net financial items	-	-	-	-	-	-	-	-	-	-268
Income before tax	-	-	-	-	-	-	-	-	-	2,153
Tax	-	-	-	-	-	-	-	-	-	-442
Net income for the period	-	-	-	-	-	-	-	-	-	1,711

¹⁾ PostNord's e-commerce and logistics operations in Germany have been transferred from the PostNord Denmark segment to the PostNord Other Business Activities segment. Figures for comparison have been restated.

²⁾ Includes impairments of SEK 5 million in PostNord Sweden, SEK 4 million in PostNord Denmark, SEK 8 million in PostNord Norway and SEK 29 million in Other and eliminations, and is recognized on the line Depreciation and impairments.

³⁾ 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	2021				2020			
	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	23,401	13,250	5,557	786	23,526	12,493	5,571	712
Denmark	7,899	5,689	1,496	275	7,574	6,387	1,308	98
Norway	4,318	3,891	2,767	276	4,014	3,617	2,378	236
Finland	1,344	634	298	58	1,293	535	250	13
Other countries	4,683	1,583	447	13	3,750	1,599	436	14
Total	41,646	25,046	10,565	1,408	40,156	24,631	9,941	1,074

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	2021				2020			
	Women	Men	Total	% Men	Women	Men	Total	% Men
Sweden	6,239	13,061	19,300	68	6,378	12,905	19,283	67
Denmark	2,277	4,480	6,757	66	2,218	4,363	6,581	66
Norway	248	1,350	1,598	84	235	1,252	1,487	84
Finland	127	256	383	67	111	237	348	68
Other countries	146	174	320	54	134	173	307	56
Total	9,037	19,321	28,358	68	9,076	18,930	28,006	68

Personnel expenses, SEKm	2021	2020
Salaries and other remuneration	12,057	11,773
Statutory social insurance costs	2,462	2,586
Pension expenses ¹⁾	1,146	1,239
Other personnel expenses	137	106
Total	15,802	15,704

¹⁾ Of the Group's pension expenses, SEK 4 million (5) pertains to current and earlier Presidents and Executive Vice Presidents. Obligations outstanding on behalf of these persons total SEK 150 million (145).

Gender representation among senior executives, %	Dec. 31, 2021		Dec. 31, 2020	
	% Women	% Men	% Women	% Men
Group Board of Directors	50	50	50	50
Group Management	44	56	38	62
Other Boards of Directors	34	66	35	65
Other senior executives	39	61	36	64

Salaries and other remunerations by geographical area based on the domicile of the companies, SEKm ¹⁾	2021				2020			
	PRESIDENTS ²⁾	Of which, severance payment	Other employees	Total	VD ^{2) 3)}	Of which, severance payment	Other employees	Total
Sweden	21	–	7,128	7,149	13	–	6,959	6,972
Denmark	12	–	3,557	3,569	11	–	3,591	3,603
Norway	4	–	998	1,002	6	–	858	864
Finland	4	–	186	190	3	–	174	177
Other countries	3	–	145	148	3	–	154	157
Total	44	–	12,013	12,057	36	–	11,737	11,773

¹⁾ No bonus was paid.

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

³⁾ Refers to current and former Presidents.

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 management in the Group, adopted at the AGM held on April 27, 2021

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 2021 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.

Note 5 (cont.)

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 corresponding 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 37–38.

Salaries and other remuneration to Group Leadership Team, SEKm	2021				2020			
	Salaries	Pension costs	Other benefits	Total	Salary ¹⁾	Pension costs	Other benefits	Total
Annemarie Gardshol, CEO	10.1	3.0	0.1	13.2	8.5	2.5	0	11.0
Total, President	10.1	3.0	0.1	13.2	8.5	2.5	0	11.0
Anna van Bunningen (from June 1, 2021)	1.4	0.5	0	1.9	–	–	–	–
Viktor Davidsson (from September 1, 2020)	4.5	1.3	0.1	5.9	1.5	0.5	–	2.0
Ylva Ekborn	3.2	1.0	0	4.2	2.6	0.8	0.1	3.5
Björn Ekstedt (to November 30, 2020)	–	–	–	–	6.9	0.9	0.1	7.8
Jörgen Hellberg (from November 1, 2020)	2.8	0.8	–	3.6	0.5	0.1	0	0.6
Peter Kjaer Jensen	9.0	–	0.3	9.3	8.7	–	0.2	8.9
Mathias Krümmel (from January 1, 2021)	4.1	1.2	0.1	5.4	–	–	–	–
Lena Larsson (from April 1, 2019 to August 31, 2020)	–	–	–	–	2.9	0.4	0.1	3.4
Kristina Lilja	3.7	1.1	–	4.8	3.3	0.9	0.1	4.3
Robin Olsen	3.6	0.3	0.3	4.2	3.4	0.3	0.2	3.9
Jan Starrsjö (until June 30, 2021)	2.1	0.5	0	2.6	3.3	1.0	0.1	4.3
Total, other Group Executive Team	34.5	6.6	0.8	42.0	33.1	4.8	0.8	38.6
Total, Group Executive Team	44.7	9.6	0.9	55.2	41.6	7.2	0.8	49.6

¹⁾ Provision for contractual severance payment covering the following financial year is included for – (1) senior executive. Income received in connection with any new employment, or own business, is deducted.

Benefits to Board of Directors of Group and PostNord AB, SEK¹⁾

	Audit Committee	Remuneration Committee	2021	2020
Christian Jansson	–	Member	705	699
Charlotte Strand	Chair of the Board (from start of AGM April 2020)	–	374	342
Christian Frigast	–	Chair	545	533
Christian Ellegaard (to end of AGM April 2020)	–	Member (to end of AGM April 2020)	–	117
Sonat Burman Olsson	–	Chair to end of AGM April 2020, member from start of AGM April 2020	359	355
Susanne Hundsbæk-Pedersen (from start of AGM April 2020)	–	Member	327	213
Måns Carlson (to end of AGM April 2021)	Member	–	–	–
Peder Lundquist	Member	–	359	116
Ulrica Messing	–	Member	327	320
Erik Sandstedt (from start of AGM April 2021)	Member	–	–	–
Total			2,996	2,695

Remuneration approved by AGM held on April 27, 2021, SEKt

	Board of Directors	Audit Committee	Remuneration Committee
Chair	685	74	38
Deputy Chair	512	–	–
Member	305	58	25

¹⁾ Amounts recognized consist of fees for Board and committee work approved at the 2020 and 2021 AGMs for the 2021 financial year.

Note 6 Other expenses

SEKm	2021	2020
Costs of premises	856	936
Cost of transformation measures	-7	52
Terminal fees	2,257	1,557
Cost of goods and materials	640	641
Procured IT resources	1,593	1,555
Misc.	4,345	4,245
Total	9,683	8,985

Note 7 Fees and reimbursement of expenses to auditors

SEKm	2021	2020
KPMG		
Auditing assignments	12	12
Other auditing services	1	2
Tax consultancy	0	0
Other services	1	1
Total	14	15

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	2021	2020
Financial income		
Interest income	19	10
Other financial income	18	38
Net changes in exchange rates	12	-
Total	49	48
Financial expenses		
Interest expenses, financial liabilities measured at amortized cost	-51	-52
Interest expenses and actuarial impact (sickness insurance) on pensions	-20	-22
Revaluation of sickness insurance on portfolio transfer	-	-31
Interest expenses, leases	-116	-128
Interest expenses, discounting of provisions	-7	-13
Other financial expenses	-8	-28
Net changes in exchange rates	-	-43
Total	-202	-317
Net financial items	153	-268

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	2021	2020
Current tax	-408	-551
Deferred tax		
Change in deferred tax in temporary differences in statement of financial position	69	109
Change in deferred tax in loss carry-forwards	0	0
Total	69	109
Total tax	-339	-442

Reconciliation of effective tax rate	2021		2020	
	%	SEKm	%	SEKm
Income before tax	20.6	2,328	21.4	2,153
Tax at current tax rate for Parent Company		-480		-461
Non-deductible expenses		-20		-20
Tax-exempt income		63		52
Impact of unrecognized deferred tax from loss carry-forwards		-81		-197
Impact of unrecognized deferred tax in deductible temporary differences		173		195
Tax attributable to previous year		20		-2
Effect of other tax rates in foreign subsidiaries		-14		-5
Misc.		-1		-4
Total		-339		-442

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	
	2021	2020	2021	2020	2021	2020	2021	2020
Historical cost, opening balance	3,354	3,492	1,865	1,966	1,288	1,897	3,153	3,863
Investments during the year	–	–	11	27	145	49	156	75
Disposals/scraping	–	–	–146	–95	–9	–621	–155	–715
Reclassifications	–	–	55	27	–46	–7	9	20
Acquisition of subsidiaries	–	–	46	–	–	–	46	–
Translation differences	89	–138	45	–60	18	–30	63	–90
Accumulated historical costs at year-end	3,442	3,354	1,876	1,865	1,397	1,288	3,273	3,153
Amortization, opening balance	–	–	–1,572	–1,593	–680	–797	–2,251	–2,390
Amortization for the year	–	–	–74	–95	–115	–110	–189	–205
Disposals/scraping	–	–	142	62	9	256	151	318
Reclassifications	–	–	–114	–	41	–41	–73	–41
Translation differences	–	–	–39	54	–7	12	–46	67
Accumulated amortization at year-end	–	–	–1,657	–1,572	–752	–680	–2,408	–2,251
Impairments, opening balance	–844	–873	–125	–121	–338	–744	–463	–865
Impairment losses for the year	–	–	0	–33	–	–	–	–33
Disposals/scraping	–	–	4	29	–	366	4	395
Reclassifications	–	–	89	–	–16	33	73	33
Translation differences	–16	29	–	–	–4	8	–4	8
Accumulated impairments at year-end	–860	–844	–32	–125	–358	–338	–390	–463
Closing balance	2,582	2,510	187	168	288	271	475	439
			Goodwill Dec. 31, SEKm		Rate of growth after forecast period (%)		Discount rate before tax (%)	
			2021	2020	2021	2020	2021	2020
Cash-generating units								
PostNord Sweden			1,044	1,044	–10 and 2	0.7	10.1	8.8
PostNord Norway			924	859	2.0	1.5	10.4	8.9
PostNord Strålfors			444	441	–2.0	–2.0	11.9	12.5
PostNord Finland			160	157	2.0	1.5	8.2	10.8
Other cash-generating units			10	8	–2.0–2.0	–2.0–1.5	9.1–10.6	10.6–13.1
Total goodwill			2,582	2,510				

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, 2021 totaled a carrying amount of SEK 288 million (271).

Other non-current intangible assets consisted primarily of licenses and similar assets. Licenses and similar assets on December 31, 2021, totaled a carrying amount of SEK 187 million (168).

Investments during the year were made above all in system development. No changes to amortization/depreciation periods were made in 2021. 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 0 million (33). 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, 2021 was valued at a carrying amount of SEK 2,582 million (2,510).

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. From 2021 onwards, Germany is reported as a separate cash-generating unit. In previous years, Germany has been part of the cash-generating unit Denmark. 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 selling costs. 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.

Note 10 (cont.)

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, 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 --2) for the mail business and 2 percent (1.5) for the logistics business. The discount rate before tax was 8.2-11.9 percent (8.8-13.1). 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 0.5 percent, or if the long-term rate of growth declined by 1 percent relative to the discount rate of 8.6 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.

Assets held for sale

At reclassification of assets held for sale, as defined in IFRS 5, the calculation of goodwill has been based on the relative proportion of the recoverable value attributable to the cash-generating unit. Goodwill in the amount of SEK - million (11) has been reclassified to Assets held for sale.

Note 11 Property, plant and equipment

SEKm	Buildings and land		Machinery and equipment		Construction in progress		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Historical cost, opening balance	5,114	6,171	13,620	13,888	460	664	19,194	20,723
Acquisitions during the year	40	3	906	732	305	263	1,252	999
Acquisition of subsidiaries	84	-	71	-	-	-	155	-
Disposals/scraping	-36	-633	-557	-873	-	-181	-593	-1,687
Reclassifications	440	-212	-108	111	-468	-269	-136	-370
Translation differences	135	-215	148	-238	18	-17	301	-471
Accumulated historical costs at year-end	5,776	5,114	14,081	13,620	315	460	20,173	19,194
Amortization, opening balance	-1,836	-2,086	-9,868	-10,013	-	-	-11,704	-12,098
Amortization for the year	-129	-121	-875	-890	-	-	-1,004	-1,011
Disposals/scraping	28	223	526	768	-	-	554	990
Reclassifications	-230	66	307	87	-	-	78	154
Translation differences	-51	82	-103	180	-	-	-154	262
Accumulated amortization at year-end	-2,217	-1,836	-10,013	-9,868	-	-	-12,230	-11,704
Impairments, opening balance	-176	-183	-321	-330	-	-	-497	-512
Impairment losses for the year	-	-	-6	-13	-	-	-6	-13
Disposals/scraping	-	-	0	12	-	-	1	12
Reclassification	-	-	-2	-	-	-	-2	-
Translation differences	-4	6	-12	10	-	-	-17	16
Accumulated impairments at year-end	-180	-176	-341	-321	-	-	-521	-497
Closing balance	3,379	3,102	3,728	3,431	315	460	7,422	6,992

¹⁾ Reclassification to/from assets held for sale SEK -51 million (-106).

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, 2021, rights-of-use assets totaled SEK 5,265 million (5,533) for buildings and land and SEK 429 million (421) for machinery and equipment. Depreciation for the year totaled SEK 1,221 million (1,211) for buildings and land and SEK 176 million (161) for machinery and equipment.

SEKm	Dec. 31, 2021	Dec. 31, 2020
Right-of-use asset, January 1	5,954	5,813
Newly acquired right-of-use assets	1,191	1,703
Terminated leases	-87	-130
Depreciation, right-of-use assets	-1,397	-1,372
Translation difference	33	-60
Right-of-use asset, December 31	5,694	5,954

Newly acquired right-of-use assets in 2021 totaled SEK 1,191 million (1,703), 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, 2021	Dec. 31, 2020
Lease liability recognized on January 1	6,167	5,678
Newly incurred lease liabilities	1,201	1,952
Terminated leases	-155	-96
Amortized lease liabilities	-1,490	-1,435
Interest	115	128
Translation difference	32	-60
Lease liability recognized on December 31	5,870	6,167

In properties leased by the Group, some areas are unused. At year-end, provisions of SEK 4 million (46) were made regarding these unused premises.

Maturity analysis (undiscounted flows), lease liabilities

SEKm	Dec. 31, 2021	Dec. 31, 2020
Within 1 year	1,433	1,447
1-2 years	1,193	1,215
2-3 years	1,022	977
3-4 years	775	823
4-5 years	526	631
More than five but less than ten years	1,180	1,170
More than ten years	242	413
Total	6,372	6,676

Lease liability as per balance sheet

SEKm	Dec. 31, 2021	Dec. 31, 2020
Current portion	1,371	1,318
Long-term portion	4,499	4,849
Total	5,870	6,167

Sale and leaseback

In accordance with IFRS 16, PostNord has recognized income from sale-and-leaseback transactions that corresponds to the rights transferred to the buyer. The income from the portion disposed of in accordance with IFRS 16 is recognized in the amount of SEK - million (228). See also Note 3 Income. The remaining portion of the capital gain, SEK -million (276), is recognized as accrued over the term of the lease.

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 2021, expenses in connection with low-value leases totaled SEK 28 million (21). In 2021, expenses in connection with short-term leases totaled SEK 254 million (222).

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 consequently is not included in the measurement of the lease liability. In 2020, variable lease charges totaled SEK 5 million (5).

Total cash outflows under leases amounted to SEK 1,661 million (1,555). 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 429 million (495). 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 6 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 37 million (43). See also Note 3 Income. 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	159
eHUBnordic ApS	Ballerup	Denmark	126,851	26.7	0
Closing balance					159

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 subsidiary. See also Note 30 Acquisitions and disposals.

Note 14 Financial investments

SEKm	Dec. 31, 2021	Dec. 31, 2020
Financial investments treated as non-current assets		
Endowment insurance	187	172
Non-current lease receivable	81	92
Other non-current investments	8	16
Closing balance	276	280
Short-term investments treated as current assets		
Current lease receivable	11	11
Closing balance	11	11

Note 15 Non-current receivables

SEKm	Dec. 31, 2021	Dec. 31, 2020
Funded family pension and sickness insurance ITP-P sect. 2, measured in accordance with IAS 19 ¹⁾	105	77
Deposits, property leases	36	40
Misc.	210	294
Total	352	411

¹⁾ See also Note 22.

Note 16 Deferred tax

SEKm	2021					2020				
	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	Misc.	Closing balance
Deferred tax assets										
Non-current intangible assets	–	8	–	–	8	–	–	–	–	–
Provision for pensions	754	62	–722	–	94	635	81	38	–	754
Other provisions	64	16	–	–	80	64	–	–	–	64
Lease liabilities	1,113	–263	–	150 ¹⁾	1,000	1,053	–236	–2	298 ¹⁾	1,113
Loss carry-forwards	0	–	–	–	0	3	–3	–	–	0
Offset against liabilities	–1,304	–	–	145	–1,159	–1,264	–	–	–40	–1,304
Total	627	–177	–722	295	23	491	–158	36	258	627
<i>Of which, outside Sweden</i>	6				2	12				6
Deferred tax liability										
Non-current intangible assets	–28	28	–	–	–	–21	–7	–	–	–28
Property, plant and equipment	–297	–29	–1	–	–327	–313	4	11	–	–297
Right-of-use assets	–1,089	260	–30	–150 ¹⁾	–1,009	–1,041	250	–	–298 ¹⁾	–1,089
Current assets	–10	–13	–	–	–23	–31	20	–	–	–10
Offset against receivables	1,304	–	–	–145	1,159	1,264	–	–	40	1,304
Total	–120	246	–31	–295	–200	–142	267	11	–258	–120
<i>Of which, outside Sweden</i>	–86				–149	–106				–86

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		Loss carry-forwards where deferred tax assets not recognized	
	2021	2020	2021	2020
Not due	0	0	1,069	955

Loss carry-forwards where deferred tax assets were not recognized totaled SEK 1,069 million (955) 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 597 million (773) have not been recognized.

Note 17 Inventories

SEKm	Dec. 31, 2021	Dec. 31, 2020
Goods for resale etc.	42	49
Raw materials	41	41
Closing balance	83	90

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 (4).

Note 18 Prepaid expenses and accrued income

SEKm	Dec. 31, 2021	Dec. 31, 2020
Prepaid rent	31	15
Prepaid insurance premiums	25	61
Prepaid salaries	60	64
Terminal fees	366	324
Derivatives	38	3
Other items	744	411
Closing balance	1,263	878

Note 19 Cash and cash equivalents

SEKm	Dec. 31, 2021	Dec. 31, 2020
Cash and bank balances	6,025	6,229
Short-term investments treated as cash and cash equivalents	217	–
Closing balance	6,242	6,229

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	2021	2020
Earnings per share	0.99	0.85

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

Non-current interest-bearing liabilities		
Liabilities to credit institutions	2,566	3,072
Other non-current liabilities	185	171
Closing balance	2,752	3,243
Current interest-bearing liabilities		
Liabilities to credit institutions	513	536
Other current liabilities	–	321
Closing balance	513	857

See also Note 27 Financial risk management and financial instruments.

Note 22 Pensions

Note 1 Accounting principles includes 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 Swedish Friendly Societies Act (1972:262) 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

were reclassified from assets under management to operating receivables for future distribution. Family pensions and sickness insurance under the ITP-P Plan sect. 2 will 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 2021	Dec. 31, 2020
Sickness insurance and family pension commitment	664	706
Plan assets, fair value	770	783
Surplus before asset ceiling	105	77
Effect of asset ceiling	–	–
Net asset, sickness insurance and family pensions	105	77

Note 22 (cont.)

Provisions for pensions and similar obligations, SEKm			2021				2020				
	2021	2020	Net commitment + and asset –	Special payroll tax	Work-related injuries	Total	Net commitment + and asset –	Special payroll tax	Work-related injuries	Total	
Pension obligations, OB	25,292	25,358	Specification, net, commitment and asset, SEKm								
Costs relating to service during current year ¹⁾	262	323	Funded defined-benefit disability pension plans	-174	69	-	-105	-157	81	-	-77
Interest expense ²⁾	222	343	Total recognized as Non-current receivables	-174	69	-	-105	-157	81	-	-77
Occupational pensions	23	26	Unfunded non-vested pensions	589	143	-	732	758	184	-	942
Payments of benefits	-1,175	-1,168	Work-related injuries	-	-	15	15	-	-	22	22
Transfer	-	-88	Total recognized as Other provisions	589	143	15	747	758	184	22	964
Actuarial gains (-) and losses (+) – change in financial assumptions ³⁾	-356	947	Funded pensions	-131	-32	-	-163	2,243	544	-	2,787
Actuarial gains (-) and losses (+) – change in demographic assumptions ³⁾	-	-91	Unfunded vested pensions	1,549	-1	-	1,548	1,606	1	-	1,607
Actuarial gains (-) and losses (+) – experience-based ³⁾	271	-359	Total recognized as Pensions	1,418	-33	-	1,385	3,849	545	-	4,394
Pension obligations, CB	24,538	25,292		1,833	179	15	2,027	4,449	810	22	5,281
Assets under management, fair value OB	20,842	21,411	In the course of 2022, the Group anticipates paying benefits totaling SEK 1,214 million (1,154) under defined-benefit plans. The weighted duration of the pension commitment is 15 (16) years.								
Interest income	183	286	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).								
Contributions from employer	161	204	Expenses and income for defined-benefit and defined-contribution pension plans, excluding special payroll tax, SEKm								
Payments made to employer	-1,200	-728		2021	2020						
Payments of benefits	-32	-40	Costs relating to service during current year	262	323						
Reclassification of assets under management ⁴⁾	-	-689	Interest expense (+) and interest income (-) ¹⁾	40	58						
Actual return above (+) and below (-) interest income	2,750	398	Actuarial losses (+) and gains (-) ¹⁾	-20	-36						
Assets under management, fair value CB	22,705	20,842	Occupational pensions	23	26						
Change in net asset or net liability			Defined-benefit pension plans	305	371						
Present value of defined-benefit obligations	24,538	25,292	Defined-contribution pension plans	845	874						
Assets under management, fair value	-22,705	-20,842	Other pension expenses	16	16						
Effect of asset ceiling	-	-	Recognized within net financial items	-20	-22						
Net (asset –, liability +) at year-end excluding special payroll tax⁵⁾	1,833	4,449	Total pension expenses	1,146	1,239						
Work-related injuries	15	22	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 934 million (1,219) on December 31, 2021. 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 681 million (875), including special payroll tax. The obligation is included in the balance of Unfunded pension plans, non-vested pensions.								
Special payroll tax	179	810	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 51 million (67) on December 31, 2020, including special payroll tax. The obligation is included in the balance of Unfunded pension plans, non-vested pensions.								
Net (asset –, liability +) in Statement of changes in financial position including work-related injuries and effect of special payroll tax	2,027	5,281	Liability for maintaining value								

¹⁾ Costs of earned entitlement consist of SEK 241 million (297) for funded plans and the remainder of unfunded plans.

²⁾ Of the interest expense, SEK 203 million (311) is attributable to funded plans and the remainder to unfunded plans.

³⁾ Of actuarial gains and losses, SEK -92 million (401) is attributable to funded plans.

⁴⁾ Reclassification of assets of PostNords Försäkringsförening after transfer of its insurance portfolio and liquidation to Other non-current and current receivables, respectively.

⁵⁾ 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.

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

Liability for maintaining value

In 2000, pension commitments previously guaranteed via Postens Pensionsstiftelse were redeemed through the purchase of insurance policies. The capital value of these commitments at the start of the year, was SEK 51 million (46). PostNord retains a liability for maintaining the value and coordinating the gross value of these pension commitments.

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, 2021	Dec. 31, 2020	Dec. 31, 2019
Discount rate	1.70	0.90	1.40
Future annual pay rises	2.85	2.15	2.40
Change in income base amount	3.45	2.75	3.00
Inflation	2.20	1.50	1.75
Employee turnover	6.00	6.00	4.50
Lifetime obligation	FFFS 2007:31	FFFS 2007:31	FFFS 2007:31

The expenses for 2021 are based on the actuarial assumptions established at the beginning of the year. At the end of 2021, PostNord established assumptions that were applied to the calculation of the outcome as per December 31, 2021. These actuarial assumptions are also used in the forecast for expenses in 2022. 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 2.20 percent. This reflects the view of the actors 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 22,705 million (20,842). The major share of the Group's assets under management is

administered by Postens Pensionsstiftelse (the Posten Pension Fund), SEK 21,885 million (20,013). Other assets under management have since April 30, 2020 consisted of assets in SPP Pension & Försäkring AB (publ), SEK 770 million (783), and pension insurance with Skandia, SEK 51 million (46). Real return on assets under management totaled SEK 2,933 million (684), including interest income of SEK 183 million (286).

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 that Pensionsstiftelsen assures.

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.

38 percent (41) of Pensionsstiftelsen's assets are traded in an active market. The asset allocation at Pensionsstiftelsen on December 31, 2021 was as follows: fixed-income and high yield SEK 2,273 million (2,885), liquid assets including forward contracts SEK 2,484 million (2,379), unlisted assets SEK 11,025 million (9,474) and shares SEK 6,103 million (5,275).

Summary and sensitivity analysis

At year-end 2021, PostNord had funded pension commitments of SEK 22,400 million (22,928) and assets under management of SEK 22,705 million (20,842). In addition to funded commitments, a pension liability is recognized on the statement of financial position, consisting of vested pension commitments of SEK 1,549 million (1,606) and non-vested pension commitments of SEK 589 million (758). 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 179 million (810) 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	5	5	-360	-	286
	-0.1% point	-5	-4	367	-	-291
Change in actual return on assets under management	+0.1% point	-	-	-	-23	-18
	-0.1% point	-	-	-	23	18
Change in pay	+0.5% point	-11	-4	244	-	-193
	-0.5% point	9	4	-215	-	171
Change in income base amount	+0.5% point	3	1	-48	-	38
	-0.5% point	-3	-1	57	-	-45
Change in inflation	+0.5% point	-16	-30	1,741	-	-1,382
	-0.5% point	14	27	-1,574	-	1,250
Life expectancy, years	+1 year	-9	-18	1,089	-	-865
	-1 year	8	18	-1,072	-	851
Take-up rate, rights under transitional regulations						
Change in take-up rate, rights under transitional regulations	+0.5% point	-1	-1	46	-	-36
	-0.5% point	1	1	-46	-	36

Note 23 Other provisions

2021 Jan-Dec, SEKm	Opening balance	Provisions	Reversals	Utilization	Other ¹⁾	Closing balance
Transformation measures						
Provision for personnel redundancies 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>	<i>737</i>					<i>562</i>
<i>of which non-current</i>	<i>1,685</i>					<i>955</i>

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

2020 Jan.-Dec., SEKm	Opening balance	Provisions	Reversals	Utilization	Other ¹⁾	Closing balance
Transformation measures						
Provision for personnel redundancies and other cutbacks	2,371	100	-22	-1,008	-30	1,411
Non-vested pension commitments						
Non-vested pension commitments	957	31	-	-219	-9	761
Special payroll tax	233	7	-	-53	-2	185
Misc.						
Work-related injuries	26	0	-	-4	-1	22
Provision for anniversary bonus	43	1	-	-	-1	43
Total	3,631	139	-22	-1,284	-43	2,422
<i>of which current</i>	<i>1,083</i>					<i>737</i>
<i>of which non-current</i>	<i>2,548</i>					<i>1,685</i>

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 2021, provisions and reversals for restructuring with an impact on personnel expenses amounted to SEK 8 million (26). Provisions and

reversals for transformation measures with an impact on other expenses amounted to SEK -7 million (52). 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 710 million (1,008). 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	557	79	25	68
Non-vested pension commitments ^{1), 2)}	91	116	118	251
Work-related injuries ^{1), 2)}	3	3	2	15
Provision for anniversary bonus	5	15	12	9
Total	656	213	157	343

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 entirely as real payment flows since 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, 2021	Dec. 31, 2020
Stamps sold but not used	421	416
Accrued payroll expenses	406	465
Holiday pay liability	982	913
Social insurance costs	310	321
Terminal fees	1,405	678
Derivatives	20	43
Other items	795	807
Closing balance	4,340	3,643

Note 25 Pledged assets and contingent liabilities

SEKm	Dec. 31, 2021	Dec. 31, 2020
Pledged assets for own liabilities		
Real estate mortgages ¹⁾	177	214
Pledged assets ²⁾	242	225
Total	419	439
Contingent liabilities		
Guarantees, PRI	78	88
Total	78	88

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, 2021, the Group had contracted to purchase property, plant and equipment. These investments totaled SEK 1,041 million (253) in value, the main items being SEK 594 million (116) for vehicles, SEK 324 million (96) for transportation and sorting equipment and SEK 124 million (25) for parcel lockers. It is expected that half of the obligations will be settled in mid-2022 and the remainder at year-end 2022 or later.

Note 27 Financial risk management and financial instruments

The Group's management of financial risks is governed by the financial 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. Pledged assets and contingent liabilities are to be provided on a restrictive basis, in accordance with the Group's delegated authority procedure.

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's Finance 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 that could have a major 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.

Over and above 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 widespread 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 policy consists of maintaining, at any one time, financial preparedness of a scope that is designed 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, 2021 totaled SEK 2,000 million (2,000) and mature in 2025.

Financial preparedness

SEKm	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents	6,242	6,229
Unutilized long-term confirmed credit facilities	2,000	2,000
Net financial preparedness	8,242	8,229

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 in sales to customers, in approval of advance payments to suppliers and in acceptance of guarantees, and 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 the framework of 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, 2021	Dec. 31, 2020
Trade receivables not due	4,813	4,487
Due but not impaired:		
1–30 days	435	379
31–90 days	27	36
>90 days	87	135
Total	5,362	5,037
Provision for expected credit loss	-30	-71
Total	5,331	4,967

Provision for expected credit loss

SEKm	Jan.–Dec. 2021	Jan.–Dec. 2020
Opening balance	-71	-33
Provisions	18	-48
Utilizations/Reversals	23	10
Closing balance	-30	-71

Confirmed credit losses totaled SEK 48 million (23).

Credit risk in financial activities

Credit risk in financial activities is managed by the central financial management function, with a credit limit based on ratings from Moody's, Standard & Poor's or the equivalent. 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 with three banks. 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 with all three banks. 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 Note 18 and Note 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 uses interest swaps for risk management purposes.

Sensitivity analysis interest rate risk

Balance sheet item	Change in market interest rates:	2021 Impact on income, SEKm	2020 Impact on income, SEKm
Cash and cash equivalents	+/-1% point	+/-62	+/-62
Interest-bearing liability	+/-1% point	-/+11	-/+15

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, which 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. Transaction exposure is reduced by matching inward and outward payment flows. In addition to contractual currency flows, forecast currency flows over up to normally 12 months may also be taken into account in the basis for currency hedging. In the German subsidiary PostNord Logistics GmbH, forecast currency flows until August 2024 have been partially hedged. The forecast hedge as at December 31, 2021 is approximately SEK 1,500 million and the unrealized foreign exchange difference totals SEK 7 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	2021			2020		
	Position	Hedged	Net position	Position	Hedged	Net position
EUR/DKK	208	243	35	191	255	64
NOK	20	0	20	18	0	18
USD	371	377	6	136	141	5
Other currencies	297	266	31	91	59	32
Total			93			119

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	2021			2020		
	SEKm	%	+/-1%	SEKm	%	+/-1%
DKK	2,484	43	25	2,061	42	21
EUR	840	15	8	704	14	7
NOK	2,203	38	22	2,052	41	21
Other currencies	245	4	2	147	3	1
Total	5,773	100	58	4,964	100	50

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.

Contractual maturities of interest-bearing liabilities, Dec. 31, 2021, SEKm	Nominal amount	within 0–1 year	within 1–2 years	within 2–3 years	within 3–4 years	within 4–5 years	Later
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	–
Interest swaps							
– Liabilities		0	–	–	–	–	–
– Receivables		0	–	–	–	–	–
Total forecast interest payments		35	33	22	12	6	–
Total, net		548	846	834	424	418	117

Contractual maturities of interest-bearing liabilities, Dec. 31, 2020, SEKm	Nominal amount	within 0–1 year	within 1–2 years	within 2–3 years	within 3–4 years	within 4–5 years	Later
Bond loans	2,400	500	500	800	600	–	–
Liabilities to credit institutions	1,208	36	11	11	211	410	529
Other interest-bearing liabilities	321	321	–	–	–	–	–
Total interest-bearing liabilities	3,929	857	511	811	811	410	529
Interest payments		42	36	34	23	12	6
Interest swaps							
– Liabilities		1	0	–	–	–	–
– Receivables		0	0	0	–	–	–
Total forecast interest payments		43	36	34	23	12	6
Total, net		900	547	845	834	422	535

Current liabilities consist mainly of trade payables, other current liabilities and terminal fees fall due for payment in all essential respects within 12 months of the financial year-end.

Note 27 (cont.)

Carrying amount and fair value of financial assets and liabilities, SEKm	December 31, 2021						
	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 ¹⁾	–	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⁾	–	–	–	–	–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

Carrying amount and fair value of financial assets and liabilities, SEKm	December 31, 2020						
	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	–	13	–	–	–	13	13
Currency derivatives	3	–	–	–	–	3	3
Other non-current receivables	230	–	–	–	–	230	230
Trade receivables	–	4,967	–	–	–	4,967	4,967
Accrued income ¹⁾	–	227	–	–	–	227	227
Terminal fees	–	323	–	–	–	323	323
Cash and cash equivalents	–	6,229	–	–	–	6,229	6,229
Non-current interest-bearing liabilities	–	–	–	–	–3,072	–3,072	–3,098
Current interest-bearing liabilities	–	–	–	–	–857	–857	–858
Trade payables	–	–	–	–	–2,877	–2,877	–2,877
Other current liabilities	–	–	–	–	–1,503	–1,503	–1,503
Accrued expenses ¹⁾	–	–	–	–	–1,315	–1,315	–1,315
Currency derivatives	–	–	–43	–	–	–43	–43
Interest rate derivatives, hedge accounting	–	–	–	–1	–	–1	–1
Terminal fees	–	–	–	–	–671	–671	–671
Total financial assets and liabilities, by category	233	11,759	–43	–1	–10,295	1,653	1,626

¹⁾ Financial assets and liabilities measured at amortized cost have as of 2021 been aggregated with accrued items in addition to Terminal dues. Figures for comparison have been restated. Terminal fees are recognized under Prepaid expenses and accrued income and in Accrued expenses and deferred income in the Statement of financial position.

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 2021 and 2020.

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, 2021 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 negative change of SEK 15 million (-12) in value, which was recognized in net financial items in the income statement.

Financial assets and liabilities by level, SEKm	Level 2, Dec. 31, 2021	Level 2, Dec. 31, 2020	Level 3, Dec. 31, 2021	Level 3, Dec. 31, 2020
Financial assets				
Currency derivatives	38	3	–	–
Other non-current receivables	–	–	123	150
Other receivables	–	–	–	80
Total financial assets	38	3	123	230
Financial liabilities				
Currency derivatives	20	43	–	–
Interest rate derivatives	0	1	–	–
Total financial liabilities	20	44	–	–

The Group has outstanding currency derivatives in above all DKK, NOK and EUR. The nominal amount for interest rate derivatives was SEK 200 million (600).

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 obtain a license to operate postal services. For this license, PostNord paid SEK 17 million (19) to the Swedish Post and Telecom Authority (PTS). In addition, PostNord paid PTS SEK 9 million (9) for the handling of undeliverable mail.

PostNord received SEK 19 million (19) from PTS in remuneration under agreements on the procurement of postal services for the disabled.

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 252 million (314) was recognized as income during the year. In accordance with the agreement between Post Danmark A/S and the Danish Transport and Construction Agency, fees totaling SEK 1 million (2) were recognized.

During the period, Post Danmark A/S paid pension premiums to the Danish state in the amount of SEK 84 million (109) on behalf of the group of salaried employees who were employed before corporatization.

In 2018, the Danish state paid an amount of SEK 1,533 million to PostNord to cover the costs of terminating the employment of personnel in Denmark with special employment conditions, a process that Post Danmark A/S has carried out in order to transform its operations. The compensation was approved by the EU Commission. In the event that it emerges that Post Danmark has been overcompensated with regard to the intended purpose, Post Danmark A/S is required to repay the excess amount to the Danish state. PostNord's view is that no such repayment obligation will arise.

Other organizations in Sweden

PostNords Försäkringsförening (the PostNord Insurance Association) is a 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 benefits totaling SEK – million (5), paid premiums of SEK – million (0) million and received a refund of SEK 125 million (400).

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 149 million (162) was capitalized to the fund and a credit of SEK 1,200 million (728) 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 Executive 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 2021 and 2020.

Note 29 Supplementary disclosures, Statement of cash flows

SEKm	2021	2020
Interest paid		
Interest received	18	33
Interest paid	58	65
Adjustments for non-cash items		
Amortization of non-current assets	1,193	1,216
Amortization and impairments, right-of-use assets	1,397	1,373
Impairment losses, property, plant and equipment	6	13
Impairment losses, non-current intangible assets	0	33
Capital gain/loss on assets and subsidiaries	-206	-381
Change in pension liability	232	-294
Other provisions	-685	-879
Adjustments for non-cash items	-306	-179
Total	1,631	903

Reconciliation of interest-bearing liabilities attributable to financing activities

2021 Jan-Dec, SEKm	Opening balance	Net cash flows	Non-cash items				Closing balance
			Impact of changes in exchange rates	Newly established leases	Other changes	Reclassification	
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

2020 Jan-Dec, SEKm	Opening balance	Net cash flows	Non-cash items				Closing balance
			Impact of changes in exchange rates	Newly established leases and interest-bearing liabilities	Other changes	Reclassification	
Non-current interest-bearing liabilities	3,872	-	-7	-	-	-622	3,243
Non-current lease liability, as per IFRS 16	4,476	-	-60	1,856	-	-1,423	4,849
Current interest-bearing liabilities	-	-86	-	321	-	622	857
Short-term lease liability, as per IFRS 16	1,202	-1,307	-	-	-	1,423	1,318
Total change in liabilities arising from financing activities	9,550	-1,393	-67	2,177	-	-	10,267

Note 30 Acquisitions and disposals

Effect of acquisitions on assets and liabilities, SEKm	Acquisitions	
	2021	2020
Non-current intangible assets	46	–
Property, plant and equipment	152	–
Total non-current assets	198	–
Current assets	15	–
Total assets	213	–
Other current liabilities	–81	–
Total liabilities	–81	–
Net asset	132	–
Purchase price paid	–129	–
Cash and cash equivalents acquired	–	–
Net effect on cash and cash equivalents	–129	–

Effect of disposal on assets and liabilities, SEKm	Disposals	
	2021	2020
Property, plant and equipment	–	655
Total non-current assets	–	655
Current assets	4	108
Total assets	4	763
Other current liabilities	–	105
Total liabilities	–	105
Net asset	4	658
Purchase consideration received	104	1,157
Less deposit	–	9
Cash and cash equivalents disposed of	–	–
Net effect on cash and cash equivalents	104	1,148

Acquisition of subsidiaries

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. Nordic Infrastructure A/S has a nationwide network of parcel lockers in Denmark.

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

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.

In 2020, PostNord Group AB divested all shares and interests in PostNord Termo AB, as well as in the property companies Kardinalmörket 1 AB, KB Sveterm, Lokesvej 18 ApS, Kometvej 15 ApS and M.P Allrupsvej 61 ApS. Agreements have been entered into to lease back the properties, as a result of which an additional right-of-use asset and lease liability have been recognized. In accordance with IFRS 16, PostNord has recognized income from the transaction that corresponds to the rights transferred to the buyer.

Note 31 Events after the reporting period

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. Hillevi Engström replaces Ulrica Messing.

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	2021	2020
Interest-bearing liabilities, current	513	857
Current lease liabilities	1,371	1,318
Interest-bearing liabilities, non-current	2,752	3,243
Non-current lease liabilities	4,499	4,849
Pensions ¹⁾	1,386	4,395
Non-current interest-bearing receivables	-195	-188
Non-current interest-bearing receivables, leases	-81	-93
Other non-current receivables ²⁾	-105	-77
Current interest-bearing receivables, leases	-11	-11
Cash and cash equivalents	-6,242	-6,229
Net debt	3,885	8,064

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	2021	2020
Equity as per Statement of financial position	9,133	4,906
Accumulated effect of leases in accordance with IFRS 16	326	366
Equity excluding leases in accordance with IFRS 16	9,459	5,272

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 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

	2021	2020
ASSETS		
Goodwill	2,582	2,510
Other non-current intangible assets	475	439
Property, plant and equipment	7,422	6,992
Right-of-use assets	5,694	5,954
Participations in associated companies	159	134
Other non-current receivables excluding disability pensions	248	334
Deferred tax assets	23	627
Inventories	83	90
Tax assets	415	299
Trade receivables	5,331	4,967
Prepaid expenses and accrued income	1,263	878
Other current receivables	260	600
Assets held for sale	-	65
Other non-current liabilities	-70	-42
Other provisions	-955	-1,685
Deferred tax liabilities	-200	-120
Trade payables	-3,381	-2,877
Tax liabilities	-202	-313
Other current liabilities	-1,227	-1,503
Accrued expenses and deferred income	-4,340	-3,643
Other provisions	-562	-737
Total capital employed	13,018	12,969

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	2021	2020
Other operating income	1, 2	8	16
Operating revenue		8	16
Personnel expenses	3	-25	-14
Other expenses	4	-15	-21
Operating expenses		-40	-35
OPERATING INCOME		-32	-20
Interest income and similar items	5	80	12
Interest expenses and similar items	5	-50	-62
Financial items		30	-50
Income after financial items		-2	-70
Group contributions received		700	150
Appropriations		700	150
Income before tax		698	80
Tax		-142	-18
Net income for the year		556	62

Statement of comprehensive income

SEKm	2021	2020
Net income for the year	556	62
Total other comprehensive income	-	-
COMPREHENSIVE INCOME FOR THE YEAR	556	62

Balance sheet

SEKm	Note	Dec. 31, 2021	Dec. 31, 2020
ASSETS			
Participations in Group companies	6	10,861	10,861
Interest-bearing receivables		39	33
Interest-bearing receivables, Group companies	7	5,000	-
Total non-current assets		15,899	10,893
Interest-bearing receivables, Group companies	10	2,074	8,152
Other receivables		18	33
Other receivables from Group companies	10	700	150
Prepaid expenses and accrued income	10	4	4
Total current assets		2,796	8,339
TOTAL ASSETS		18,695	19,233
EQUITY AND LIABILITIES			
Restricted equity			
Capital stock	8	2,000	2,000
Share premium reserve		10,141	10,141
Non-restricted equity			
Retained earnings		2,926	3,550
Net income for the year		556	62
TOTAL EQUITY		15,623	15,752
LIABILITIES			
Interest-bearing liabilities	10	2,436	2,929
Other non-current liabilities		10	8
Total non-current liabilities		2,446	2,937
Current interest-bearing liabilities	10	500	500
Other current liabilities	10	112	27
Accrued expenses and deferred income	10	15	16
Total current liabilities		626	543
TOTAL LIABILITIES		3,072	3,481
TOTAL EQUITY AND LIABILITIES		18,695	19,233

Statement of cash flows

SEKm	Note	2021	2020
	11		
OPERATING ACTIVITIES			
Income before tax		698	80
Appropriations		-700	-150
Adjustments for non-cash items		7	-12
Income tax paid		-22	-25
Cash flow from operating activities before changes in working capital		-17	-107
Cash flow from changes in working capital			
Increase (-)/decrease (+) in operating receivables		-16	-15
Increase (+)/decrease (-) in operating liabilities		-4	6
Change in working capital		-20	-9
Cash flow from operating activities		-37	-116
INVESTING ACTIVITIES			
Changes in Group receivables		1,073	-114
Cash flows from investing activities		1,073	-114
FINANCING ACTIVITIES			
Amortization of loans		-500	-
Repayment of unconditional capital injection ¹⁾		-686	-
Group contributions received		150	230
Cash flows from financing activities		-1,036	230
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 667 million plus interest of SEK 19 million.

Statement of changes in equity

SEKm	Restricted equity		Non-restricted equity	
	Capital stock	Share premium reserve	Retained earnings incl. net income for year	Total
Opening balance Jan. 1, 2020	2,000	10,141	3,550	15,690
Comprehensive income for the year	-	-	62	62
Shareholders' equity, closing balance Dec. 31, 2020	2,000	10,141	3,612	15,752
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

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

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, associated companies and joint ventures

Participations in subsidiaries, associated companies and joint ventures 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, associated companies and joint ventures 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. The conclusions that management has drawn 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 amount on which possible impairment 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 environmental factors and circumstances change, these assumptions may be affected so that the carrying amounts of the Parent Company's assets change.

Note 3 Employees and personnel expenses

Personnel expenses, SEKm	2021	2020
Salaries and other remuneration	15	8
Statutory social insurance costs	6	3
Pension expenses	4	2
Other personnel expenses	0	–
Total	25	13

The Parent Company has 2 employees (1). The President/CEO, Annemarie Gardshol, has a monthly salary of SEK 825 thousand (695), a retirement insurance policy with a monthly premium of SEK 40 thousand (39) and an endowment insurance policy with a monthly premium of SEK 206 thousand (166).

Note 4 Fees and reimbursement of expenses to auditors

SEKm	2021	2020
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	2021	2020
Interest income from Group companies	79	12
Currency earnings	1	–
Total financial income	80	12
Interest expenses	–42	–46
Currency earnings	–	–1
Other financial expenses	–8	–15
Total financial expenses	–50	–62

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, 2021	Dec. 31, 2020
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, 2021	Dec. 31, 2020
Historical cost, opening balance	-	-
Investments during the year	5,000	-
Accumulated historical cost at year-end	5,000	-
Closing balance	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, 2021
					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	
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	HRB8888HL	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 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 OY Eesti filiaal	11472268	Harju	Estonia	-		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	

Note 8 Capital stock and appropriation of Company's net income

Classes of share, number	Dec. 31, 2021	Dec. 31, 2020
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 3,482,613,689 (3,611,747,656) be distributed as follows:

	Dec. 31, 2021	Dec. 31, 2020
To be carried forward, SEK	3,482,613,689	3,611,747,656
Total	3,482,613,689	3,611,747,656

Note 9 Pledged assets and contingent liabilities

SEKm	Dec. 31, 2021	Dec. 31, 2020
Pledged assets for own liabilities		
Pledged assets ¹⁾	39	33
Total	39	33
Contingent liabilities		
Guarantees on behalf of subsidiaries	650	747
Total	650	747

¹⁾ Endowment insurance.

Note 10 Financial instruments

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

Carrying amount and fair value of financial assets and liabilities, SEKm	December 31, 2020						
	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
Interest-bearing receivables, Group companies	–	8,152	–	–	–	8,152	8,152
Other receivables, Group companies	–	150	–	–	–	150	150
Accrued income	–	4	–	–	–	4	4
Non-current interest-bearing liabilities, Credit institutions	–	–	–	–	–2,896	–2,896	–2,920
Current interest-bearing liabilities	–	–	–	–	–500	–500	–500
Other current liabilities	–	–	–	–	–2	–2	–2
Accrued expenses	–	–	–	–	–16	–16	–16
Interest rate derivatives	–	–	–	–1	–	0	0
Total financial assets and liabilities by category	–	8,306	–	–1	–3,414	4,892	4,868

Note 11 Supplementary disclosures to Statement of cash flows

SEKm	2021	2020
Interest paid		
Interest received	72	12
Interest paid	51	60

Reconciliation of interest-bearing liabilities attributable to financing activities

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

2020 Jan.–Dec., SEKm	Opening balance	Net cash flows	Non-cash items		Closing balance
			Change in accrual-based costs	Reclassification	
Non-current interest-bearing liabilities	3,426	–	3	–500	2,929
Current interest-bearing liabilities	–	–	–	500	500
Total change in liabilities arising from financing activities	3,426	–	3	–	3,429

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 annual 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 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 accounts and 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, 2022.

Solna, February 22, 2022

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, 2022

KPMG AB

Tomas Gerhardsson

*Authorized Public
Accountant*

Auditor's Report

To the Annual General Meeting of Shareholders in PostNord AB, corp. reg. no. 556771-2640

Report on the Annual Report and Consolidated Accounts

Opinions

We have audited the annual accounts and consolidated accounts of PostNord AB for the year 2021. The company's annual report and consolidated accounts are included on pages 6–84 of this document.

In our view, the annual report has been prepared in accordance with the Swedish Annual Accounts Act and provides in all material respects a true and fair view of the parent company's financial position on December 31, 2021 and of its financial performance and its cash flows 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 provide, in all material respects, a true and fair view of the financial position of the group as of December 31, 2021 and of its financial performance and cash flows for the year, 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 report are consistent with the other parts of the annual report and the consolidated accounts, and the corporate governance report complies with the Annual Accounts Act.

We therefore recommend to the annual general meeting of shareholders that the income statements and balance sheets of the parent company and the consolidated income statement and statement of financial position for the group be adopted.

Our statement in this report on the annual accounts and consolidated accounts accords with the contents of the supplementary report presented to the parent company's audit committee in accordance with the Article 11 of the EU Auditing Regulation (537/2014).

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing practice in Sweden. Our responsibility in this respect is described more fully in the section "Auditor's responsibilities". In accordance with generally accepted accounting practice in Sweden, we are independent of the parent company and the group and have otherwise fulfilled our professional ethical responsibilities in line with the requirements stated therein. This includes establishing, to the best of our knowledge and conviction, that no prohibited services within the meaning of Article 5.1 of the Auditing Regulation (537/2014) have been provided to the audited company or, as appropriate, its parent company or companies with a controlling interest in the EU.

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

Key Audit Matters

Areas of particular importance to our audit are those that, in our professional opinion, were the most important to our audit of the annual report and consolidated accounts for the period concerned. These areas were addressed within the scope of the audit of, and in our statement of opinion on, the annual report and consolidated accounts, but we make no separate comment on the areas concerned.

Measurement of goodwill parent company and group participations in group companies

For detailed information and a description of the area, see Notes 2 and 10, as well as accounting principles on page 54 of the annual report and the consolidated accounts.

Description of the area

As per December 31, 2021, the group recognizes goodwill of SEK 2,582 million. The carrying amount has been subject to an impairment test, examining both the complexity and major elements of judgement. Impairment testing has been performed for all of the cash-generating units, or group of units, for which goodwill is recognized, which in the case of the group comprises six separate units.

The testing requires the group to make forward-looking assessments as to the internal and external conditions and plans for the areas of operation. Examples of such assessments include future cash flows, which require for example assumptions as to future developments and market conditions.

One other important assumption is the discount rate that is to be used to reflect market judgements as to the time value of money and the particular risks to which the units are exposed.

As per December 31, 2021, the parent company recognized participations totaling SEK 10,861 million in group companies. The same type of testing is also performed on the value of the participations, using the same technique and initial values as described above.

How the area has been addressed in the audit

We have acquainted ourselves with the impairment tests performed in order to determine whether they have been established in accordance with the technique prescribed.

We have also assessed the reasonableness of the assumptions as to future cash flows and the discount rate used, by acquainting ourselves with and evaluating the group's written documentation and plans. We have also evaluated assessments of future cash flows from earlier years against actual outcomes.

Another important aspect of our work has been to acquaint ourselves with the group's sensitivity analysis of the evaluation, to be able to assess how reasonable changes in assumptions may affect the valuation. We have involved our valuation specialists in the audit, above all with regard to assumptions concerning return on capital requirements with regard to external markets.

We have also assessed the content of the information on impairment testing that is provided in the annual report and the consolidated accounts.

Measurement of pension obligations

For detailed information and a description of the area, see Notes 2 and 22, together with the accounting principles on page 55 of the annual report and the consolidated accounts.

Description of area

On December 31, 2021, the group had defined-benefit pension commitments totaling SEK 24,538 million, mostly funded but a minor portion unfunded. The fair value of the assets under management on the same date was SEK 22,705 million.

Recognition of the pension commitments is based on a number of assumptions for calculation of the amount for the commitments, indicating that any changes in assumptions may have considerable impact on the group's results and financial position.

How the area has been addressed in the audit

We have involved our pension specialists in the evaluation of the reasonableness of assumptions made and interpretation of the regulations concerning recognition of pension commitments. We have also conducted detailed tests and checked findings with an external actuary.

Specifically, we have evaluated estimates of discount rate, rate of inflation, pay increases, life expectancy and retirement age.

We have verified the fair value of the assets under management by requesting confirmation by independent fund managers, and we have random-checked the values of the assets.

We have also assessed the content of the information presented in the disclosures regarding pensions in the annual report and the consolidated accounts.

Information other than disclosed in the annual report and consolidated accounts

This document also contains information other than contained in the annual report and consolidated accounts. That information appears on pages 1–5 and 89–102. The other information also includes the remuneration report that we obtained before the date of this audit report. The Board of Directors and the Chief Executive Officer are responsible for such other information.

Our statement of opinion regarding the annual report and consolidated accounts does not include this information, and we state no opinion in assurance of this other information.

As part of our audit of the annual report and consolidated accounts, it is our responsibility to read the information identified above and to consider whether that information is materially incompatible with the annual report and consolidated accounts. During this review, we also take into account the knowledge we have otherwise acquired during the audit and make a judgement as to whether the information otherwise contains material misstatements.

If, on the basis of the work performed regarding this information, we conclude that the other information contains any material misstatement, we are under a duty to report it. We have nothing to report in this respect.

Responsibilities of the Board of Directors and Chief Executive Officer

The Board of Directors and the CEO are responsible for preparing the annual report and consolidated accounts and for ensuring that they provide a true and fair view in accordance with the Swedish Annual Accounts Act, and, regarding the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for the internal controls that they deem to be necessary to prepare an annual report and consolidated accounts that are free of material misstatements, whether caused by irregularity or error.

In preparation of the annual report and the consolidated accounts, the Board of Directors and the CEO are responsible for assessing the company's ability to continue in business. Where appropriate, they are required to disclose information as to conditions that may affect the company's ability to continue in business and to proceed on the going concern assumption. However, the going concern assumption is not applied if the Board of Directors and the CEO intend to wind up the company or discontinue its business, or do not have any realistic prospect of doing either.

The tasks of the Board of Directors' audit committee include overseeing the company's financial reporting, without affecting the responsibilities and tasks of the Board of Directors in other respects.

Auditor's responsibility

Our objective is to achieve a reasonable degree of assurance as to whether the annual report and consolidated financial statements as a whole do not contain any material misstatements, whether caused by irregularity or error, and to present an auditor's report including our statement of opinion. Reasonable assurance is a high degree of assurance, but is no guarantee that an audit conducted in accordance with ISA standards and generally accepted accounting practice in Sweden will always reveal a material misstatement if such exists. Misstatements may arise through irregularity or error and are regarded as material if, individually or together, they may reasonably be expected to affect the financial decisions taken by users on the basis of the annual report and consolidated accounts.

As part of an audit in accordance with ISA standards, we use professional judgement and exercise a professionally skeptical approach throughout the audit process. We also:

- identify and assess the risks of material misstatements in the annual report and consolidated accounts, whether caused by irregularity or error; structure and perform audit processes based partly on such risks; and obtain accounting evidence that is adequate and appropriate to serve as grounds for our opinion. The risk of not detecting a material misstatement arising from irregularity is higher than for one arising from error, since irregularities may include collusion, forgery, deliberate omission, false information or disregard of internal controls.
- obtain an understanding of the part of the company's internal controls that is relevant to our audit, in order to structure audit processes appropriate to the circumstances, but not in order to state an opinion as to the effectiveness of the internal controls.
- assess the suitability of the accounting policies applied and of the reasonableness of the estimates by the Board of Directors and the President in the accounts and related disclosures.
- arrive at a conclusion as to the suitability of the Board of Directors and the Chief Executive Officer applying the going concern assumption in the preparation of the annual report and consolidated accounts. We also arrive at a conclusion, based on the accounting evidence obtained, as to the existence of any material factor of uncertainty relating to events or conditions that may

cause substantial doubt as to the company's and the group's ability to continue in business. If we arrive at the conclusion that a material factor of uncertainty exists, we must in our auditor's report draw attention to the disclosures in the annual report and consolidated accounts regarding the material factor of uncertainty or, if such disclosures are insufficient, we must modify our statement of opinion regarding the annual report and consolidated accounts. Our conclusions are based on the accounting evidence obtained up to the date of the auditor's report. However, future events or circumstances may prevent a company and group from continuing in business.

- assess the overall presentation, the structure and the content of the annual report and consolidated accounts, including the disclosures, and whether the annual report and the consolidated accounts reflect the underlying transactions and events in a way that presents a true and fair view.
- obtain adequate and appropriate accounting evidence regarding the financial information on the entities or business activities within the group in order to state an opinion on the consolidated accounts. We are responsible for management, supervision and performance of the audit of the consolidated accounts. We are solely responsible for our opinions.

We must inform the Board of Directors of the planned scope and focus of the audit, for example, and the time at which it is to take place. We must also provide information as to significant observations during the audit, including any inadequacies that we have identified in internal controls.

We must further provide the Board of Directors with a statement that we have observed relevant requirements of professional ethics regarding independence, and must make mention of all relationships and other conditions that may reasonably be expected to affect our independence, and, as appropriate, measures that have been taken to eliminate the threats, or countermeasures that have been taken.

Of the areas of communication with the Board of Directors, we determine which have been the most significant in terms of the audit of the annual report and consolidated accounts, including the most important risks established regarding material misstatements, and which therefore constitute the areas of particular importance to the audit. We describe these areas in the auditor's report, unless laws or other regulations preclude the disclosure of information on the issue.

Report on other requirements under legislation and other regulations

Opinions

In addition to our audit of the annual report and the consolidated accounts, we have also conducted a review of the administration of the affairs of PostNord AB (publ) by the board of directors and the CEO in the 2021 financial year, and of the proposed appropriation of the company's profit or loss.

We recommend to the annual general meeting that the profit be appropriated in accordance with the proposal in the Directors' 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 our audit in accordance with generally accepted auditing practice in Sweden. Our responsibilities in this respect are described in more detail in the section "Responsibilities of the auditor". In accordance with generally accepted accounting practice in Sweden, we are independent of the parent company and the group and have otherwise fulfilled our professional ethical responsibilities in line with the requirements stated therein.

We believe that the accounting evidence we have obtained provides an adequate and appropriate basis for our opinions.

Responsibilities of the Board of Directors and Chief Executive Officer

The Board of Directors is responsible for the proposal for the appropriation of the company's profit or loss. Our dividend proposal takes into account a judgement as to whether the dividend is defensible in view of the requirements imposed by the nature, scope and risks of the company's and the group's business, with regard to the shareholders' equity, balance sheet strength, liquidity and general financial condition of the parent company and the group.

The Board of Directors has overall responsibility for the organization and administration of the company's affairs. This involves, for example, continuously assessing the financial situation of the company and the group, and ensuring that the company's organization is structured such that the accounting records, management of assets and the company's financial affairs are controlled in a satisfactory fashion.

The chief executive officer is required to manage day-to-day administration in accordance with the board of directors' guidelines and instructions and to take such measures as are necessary to ensure that the company's record-keeping is conducted in accordance with the law and that resources are managed in a satisfactory fashion.

Auditor's responsibility

Our objective in terms of our audit of the administration, and therefore our statement of opinion regarding discharge from liability, is to obtain accounting evidence to be able to judge with a reasonable degree of assurance whether any Board member or the Chief Executive Officer has in any respect:

- taken any action or committed any omission that may result in the company becoming liable for compensation; or
- in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective in terms of our audit of the proposal regarding appropriation of the company's profit or loss, and therefore our statement in this respect, is to judge with a reasonable degree of assurance, whether the proposal is compatible with the Swedish Companies Act.

Reasonable assurance is a high degree of assurance, but no guarantee that an audit conducted in accordance with generally accepted accounting practice in Sweden will always detect actions or omissions that may result in the company becoming liable for compensation, or that a proposal for appropriation of the company's profit or loss is compatible with the Swedish Companies Act.

As part of an audit in accordance with generally accepted accounting practice in Sweden, we use professional judgement and exercise a professionally skeptical approach throughout the audit process. Our examination of the administration and the proposal for appropriation of the company's profit or loss is based primarily on our audit of the accounts. Any additional examinations carried out are based on our professional judgement, with an assessment

of risk and materiality. This means that we focus our examination of such actions, areas and conditions that are significant to the business and where deviations and violations would have particular importance in terms of the company's situation. We examine and test decisions taken, supporting documentation, actions taken and other conditions that are relevant to our statement of opinion as to discharge from liability. As a basis for our opinion on the board of directors' proposed arrangements for the company's profit or loss, we have examined whether the proposed arrangements are consistent with the Swedish Annual Accounts Act.

KPMG AB, Box 382, SE-101 27, STOCKHOLM, Sweden, was appointed PostNord AB's auditor at the company's annual general meeting, held on April 27, 2021. KPMG AB or auditors working at KPMG AB have been the company's auditor since 2013.

Stockholm, February 23, 2022

KPMG AB

Tomas Gerhardsson
Authorized Public Accountant



Sustainability information

Sustainability information

Material sustainability issues

PostNord's agenda for sustainable logistics provides the structure for our sustainability reporting. The agenda is in turn based on an updated materiality analysis that was conducted in 2021. The materiality analysis is based partly on the drivers that will shape the society of the future in the next decade and partly on climate change and human rights analyses and dialogues with PostNord's key stakeholders (business partners, financial markets, customers and recipients, employees, community stakeholders and owners). The agenda states three commitments:

1. We manifest climate leadership
2. We care for our people
3. We unleash the power of diversity

The findings from the materiality analysis show clearly that the three commitments in the sustainability agenda connect to areas where PostNord has the greatest impact on people and the environment. It is also in these areas, that we can make the biggest difference in our own operations as well as for the transport sector and for society. This way we help to make everyday life both easier and more sustainable for everyone who uses PostNord's services and products.

The area of sustainability is both wide-ranging and complex, with many different topics needing to be addressed. Topics that do not have the same major impact on people and the environment – but that still need to be managed if PostNord is to meet the demands and expectations of its stakeholders – have been grouped together in a fourth area:

4. We ensure compliance with external requirements

The agenda and the UN Global Goals

PostNord is a participant of the UN Global Compact and our sustainable logistics agenda has a clear link to several of the UN's Sustainable Development Goals. In the following, we summarize how our sustainability efforts are linked to relevant global goals.

1. We manifest climate leadership



If the climate transition is to be achieved, major infrastructure expansion and investment in innovation will be needed.



Increased urbanization calls for climate-smarter transports and logistic solutions.

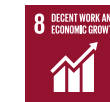


The growth in e-commerce means that both consumers and e-commerce operators need to pay greater attention to their sustainability impact.



The climate crisis is the greatest challenge facing humanity and the whole of the transport sector.

2. We care for our people.



Decent working conditions are highly relevant to our health and safety management, implementation of social guidelines for truck drivers and work on responsible purchasing.

3. We unleash the power of diversity.



Skills development for our employees contributes to meaningful work and better career opportunities.

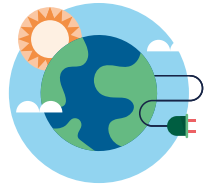


Although gender equality has come a long way in the Nordic countries, the job is far from finished. This applies in equal measure to PostNord, which is why the work must continue.

4. We ensure compliance with external requirements.



Partnership is important in all areas of sustainability. To achieve results, we need to work together with many stakeholders.



We manifest climate leadership

PostNord has been working on climate change for many years. In 2020, we achieved our climate target of reducing carbon dioxide emissions by 40 percent from base year 2009, the year that Posten AB and Post Danmark A/S merged. In 2021, the reduction continued, resulting in a 44 percent reduction in emissions compared with 2009 and a 7 percent reduction compared with 2020. Despite increased emissions from external transport providers, total emissions fell from 298,754 tonnes to 277,846 tonnes. The percentage emission reductions of the respective countries were as follows:

- Norway:** 8.3 percent thanks to an expanded fleet of electric cars.
- Sweden:** 7.6 percent thanks to increased use of HVO100.
- Finland:** 4.9 percent thanks to increased use of HVO100.
- Denmark:** 3.4 percent thanks to increased use of HVO100.

Renewed commitment to Science Based Targets

In 2021, a very comprehensive study was carried out on how to continue the transition to achieve our new climate goal of a fossil-free PostNord in 2030. The target has been clearly defined via quantified targets for our total carbon footprint; direct emissions (Scope 1), indirect emissions from energy production (Scope 2) and indirect emissions from other parts of the value chain (Scope 3). The targets, which include all greenhouse gases, have been submitted to Science Based Targets for review and approval is expected in the first half of 2022.

For 2021, we therefore report the emission figures in the same way as in the previous year. The calculations are made in accordance with the principles of the Greenhouse Gas Protocol. Our climate reporting covers PostNord's activities in the Nordic region, other than for Svensk Adressändring, whose climate impact is negligible. Direct Link is not included in the calculations.

Road transportation

Emissions from road transport account for more than 90 percent of our total carbon footprint. We succeeded in reducing these emissions in 2021 by fueling more diesel vehicles with biofuel, to a total amount now of 46 million liters. Calculation is based on volumes of fuel purchased or distance driven, the type of vehicle and, where required, subcontractor costs. All emission factors relate to the usage phase, known as Tank-to-Wheel. From 2022 onwards, fleet emissions will include all greenhouse gases and will be reported using Well-to-Wheel figures instead, to provide a more accurate indication of our total carbon footprint.

Emission factors, road transportation

- | | |
|--|--|
| Nordic region combined: | Sweden: |
| • FAME, HVO100, ethanol:
Swedish Energy Agency | • Diesel: SPBI (Swedish Petroleum & Biofuel Institute) |
| • Petrol: SPBI (Swedish Petroleum & Biofuel Institute) | Rest of Nordic region: |
| | • EU EN 590 diesel |

Air transportation

PostNord buys air transportation capacity for its operations in Sweden. No air transportation was used in Denmark, Finland or Norway during the year. In the Swedish business, the supplier provides data on amounts of fuel and distances. Foreign air transportation is not included in the calculations. Emissions represent around 2.5 percent of the total.

Emission factors, air transportation

- Nordic region combined:**
- Swedish Energy Agency

Rail and ferry transportation

PostNord's Swedish and Norwegian operations make considerable use of rail transportation. 100 percent of Sweden's and 83 percent of Norway's rail transport is powered by electricity from renewable sources. Only the Danish business uses ferry transportation to any major extent. Transport operations performed are recorded via a transportation management system and emissions are calculated as tonnes/kilometer. The share of emissions is about 1 percent.

Emission factors, rail and ferry transportation

- Nordic region combined:**
- Swedish Energy Agency

Energy consumption on premises and for other purposes

Emissions from heating, cooling and electricity for our facilities account for about 4 percent. The reduction in net emissions was due to increased purchases of renewable energy with guarantees of origin.

Emission factors, premises and other energy consumption

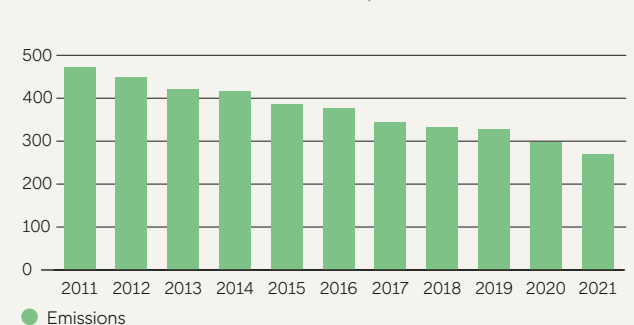
- | | |
|---|---|
| Nordic region combined: | Finland: |
| • Electricity: Swedish Energy Market Inspectorate (Nordic residual electricity mix) | • District heating: Finnish Energy |
| • Gas: Swedish Energy Agency | Denmark: |
| • Fuel oil: Swedish Energy Agency | • District heating:
Danish Energy Agency |
| Sweden: | Norway: |
| • District heating:
SCB (Statistics Sweden) | • District heating:
Supplier data |

Climate leadership

Emissions (tonnes)	2021	2020	2019
Direct CO₂ emissions (Scope 1)	64,563	99,058	85,500
Own transportation			
Fossil fuels	64,052	98,659	84,987
Renewable fuels	44,797	41,438	27,943
Direct heating (gas and oil)	511	399	513
Indirect CO₂ emissions (Scope 2)	11,699	12,867	13,054
Heating and electricity	62,498	47,362	62,227
Reduction through purchase of renewable electricity	-51,249	-34,496	-49,172
Other indirect CO₂ emissions (Scope 3)	201,584	186,830	228,661
Sub-contract transport operations (road, rail, air and sea)			
Fossil fuels	201,424	186,540	225,480
Renewable fuels	73,503	59,221	68,649
Business travel	160	289	3,181
Fossil-fuel based CO₂ emissions, total	277,846	298,754	327,215

The 2020 figures have been adjusted with the correct emissions data for own transport operations. The adjustment represented a marginal increase of about 3,000 tonnes compared to previously reported figures.

Carbon dioxide emissions 2011–2021, thousands of tonnes





We care for our people

PostNord's second commitment in our sustainable logistics agenda is to ensure safe workplaces and fair conditions for both our own employees and those of our suppliers.

Zero vision for safety

Our occupational health and safety (OHS) management is based on the principle of minimizing risks of serious accidents and ill health. We have two clear intermediate goals

- No fatal accidents at work
- Injury frequency rate well below benchmark

During 2021, the occupational injury rate per million hours worked increased from 51.7 to 59.7. The statistics cover everything from minor injuries that do not lead to any sick leave, to severe injuries and serious accidents. No fatal accidents were reported during the year. The largest number of occupational injuries occur in production and distribution, where injuries involving vehicles, physical strain and slip and fall accidents are most common. The increase is due to a number of factors. Regulatory requirements to report cases of COVID-19 in the workplace as an occupational injury and the increased spread of the disease in society was one reason. More snow and ice in November and December compared to 2020 contributed to an increase in the number of slip and fall accidents. A greater willingness to report less serious events and incidents has also contributed to the increase in reported injuries. Measures have been put in place where training in systematic OHS management and safety thinking is central to reducing the injury rate.

Work-related injuries, per million hours worked	2021	2020
PostNord Sweden	55.6	43.9
PostNord Denmark	82.4	76.3
PostNord Norway	52.9	75.2
PostNord Finland	28.6	35.3
PostNord Strålfors	17.9	12.1
Other units	0.7	2.8
Total	59.9	51.7

Measurement and calculation method: Recorded work-related injuries

Recorded work-related injuries in relation to hours worked (does not include injuries sustained during travel). Work-related injuries with or without sickness absence are included in reporting. The injury ratio is calculated as the total number of injuries per million hours worked. Calculations are based on the total number of hours worked, irrespective of type of employment.

Absenteeism due to illness increased by almost five percent, which is largely explained by the increased spread of COVID-19 during the year.

Sickness absence, %	Total 2021	of whom, women	of whom, men	Total 2020
PostNord Sweden	7.2	8.8	6.5	7.4
PostNord Denmark	5.0	4.7	5.7	4.0
PostNord Norway	7.6	8.5	7.4	6.9
PostNord Finland	2.8	2.8	2.8	2.9
PostNord Strålfors	4.2	6.0	3.1	4.0
Other units	2.6	3.0	2.3	3.2
Total	6.5	6.8	6.3	6.2

Measurement and calculation method: Sickness absence

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.

Threats, violence and criminal acts are unfortunately something that our employees may be exposed to. PostNord's work in security is focused on ensuring a reasonable and appropriate level of security for the employees in the Company's production facilities and vehicles. Using data analysis (security analytics), we identify and combat criminal activity. The security protection is based on the TAPA FSR and TSR global standards and is described in PostNord's Minimum Security Requirements.

Responsible purchasing

The goal for 2021 was that 83 percent of purchase volumes from significant suppliers were to come from suppliers who accept and adhere to PostNord's Code of Conduct for Suppliers. Thanks to advanced cooperation with Direct Link and the organization in Germany, we achieved 84 percent of approved suppliers.

During the year, we advanced our work on setting clearer sustainability requirements in our procurement activities. Progress was made, for example, in the procurement of new uniforms (for more, see page 26) and the procurement of solar panels where we used the CFP label that guarantees lower climate impact and less social risks.

PostNord's biggest purchase areas are transportation, fuel, staffing for terminals and warehouses and IT. In some cases, we are part of long, complex supply chains, and collaboration with our business partners

is important. Our work on a sustainable supply chain focuses partly on compliance with the Code of Conduct and partly on training and support for suppliers to make it easier for them to adhere to the Code and aid the organization itself to set appropriate sustainability requirements for PostNord's procurement activities.

Process for checking compliance

PostNord has a Group-wide process to monitor suppliers' compliance with the Code of Conduct. The process includes self-assessment, risk assessment and local audits at selected suppliers.

Self-assessment: PostNord has around 1,000 major suppliers that fall within the scope of sustainability assessment. These suppliers must complete a self-assessment that forms the basis of the risk assessment. During the year, we received 84 self-assessments, slightly less than in 2020 when we received 102 self-assessments.

Risk assessment: The supplier's risk level is assessed by reference to, for example, sector, geographical location, purchase volume and how business-critical the supplier is, as well as their responses in the self-assessment, combined with existing knowledge about the supplier. Suppliers that we consider to pose a medium or high risk are considered significant and high-risk suppliers must undergo a local audit. Examples of high-risk suppliers include suppliers of road transportation services across national borders, and providers of staffing services.

Supplier audit: PostNord's supplier audit is based on SA 8000, a global standard for auditing and certification of social accountability. Audits include reviewing documentation, for example, of pay and working hours, inspection of the work environment, the supplier's environmental work and interviews with managers and employees. The pandemic has made on-site audits difficult, but we have developed hybrid audits where a representative of PostNord, for example a local manager, is on-site at the supplier while the auditors perform their task remotely. During the year, 19 audits were carried out, an increase from last year's eight that was made possible by the new way of working. The audits may reveal non-conformities and when any such are identified, we request the supplier to analyze the root cause and put forward an action plan. To us, the key point is to try to support the supplier in developing their organization. Termination of dealings with a supplier is a last resort.

During the audits, a number of non-conformities were found, 8 of which were classified as major non-conformities. Such non-conformities mainly consisted of various errors in pay and compensation to truck drivers, while some were shortcomings in the health and safety management. The minor non-conformities mainly concerned health and safety issues, but also environmental issues arising from lack of plans and structured work to continuously improve operations.



We unleash the power of diversity

ABC Leadership

Good leadership is important to the commitment of employees, the work environment and the customer experience. PostNord's ABC leadership is based on the concepts of Accountable, Brave and Committed and refers to both the leadership of the manager and the self-management of the employees. The ability of managers to lead change and the commitment of employees are essential for the success of the ongoing transformation into a clear service-oriented organization.

PostNord monitors the work satisfaction of employees and the results for the immediate manager via regular surveys. The employee survey FOCUS provides a work satisfaction index, which in 2021 indicated 67 (67). We regard this as a satisfactory result. The survey also includes an index showing employees' perceptions of their immediate manager's leadership in terms of work climate, motivation and clarity of expectations regarding individual targets. The immediate manager index for 2021 rose to 72 (71).

The employee survey also included the statement: "In my team, we respect and rely on each other". The result shows a higher degree of respect and trust, which we regard as an important condition for inclusion and commitment in the workplace. We therefore call this index the "Inclusion Index". The overall result for the year was 76, as against an external benchmark of 82. Both figures were unchanged from 2020.

In the survey, employees show great enthusiasm for their work and the Company. Employee loyalty towards PostNord has increased over the past five years. The biggest challenges are confidence in senior management and management communication of strategies and targets. There is a constant focus on creating the right conditions for employees in the organization.

During the Covid-19 pandemic in 2021, communication with employees and digitalization of the workplace were decisive factors in enabling employees to perform their work. With the scope for physical meetings remaining restricted, digital tools played an important part in this communication.

Inclusion and diversity

Employees (basic staff at end of year)	2021	2020
Administration	3,451	3,407
of whom, women	1,410	1,351
of whom, men	2,041	2,056
Production	23,131	23,094
of whom, women	6,707	6,828
of whom, men	16,424	16,266
Total	26,582	26,501

Employees (all staff at end of year)	2021	2020
Core staff	26,582	26,501
of whom, women	8,121	8,178
of whom, men	18,461	18,323
Temporary employees	9,438	9,747
of whom, women	3,508	3,525
of whom, men	5,930	6,222
Total	36,020	36,248

Measurement and calculation method: Number of employees
Core staff refers to regular full or part-time employees, and should cover staffing needs for normal operations. Temporary staff meet increased operational needs, for example at Christmas and during vacation periods.

Gender distribution (core staff)	2021	2020
Managers	1,318	1,246
of whom, women (%)	33	33
All employees	26,582	26,501
of whom, women (%)	31	30

Age distribution (core staff) (%)	2021	2020
-29	20	19
30-50	43	43
51-	37	38
Total	100	100

Measurement and calculation method: Gender and age distribution
Data regarding employees refers to all those employed in the Group. Data on gender affiliation are taken from the payroll system where the particular employee is registered.

Skills provision and development

A skills assessment is carried out as part of the annual People Planning process, which includes succession and talent planning. An important part of the process is to identify critical skills to ensure that unforeseen events can be managed safely. PostNord has a major need for employees with the right skills and where a skills shortage exists, for example for drivers. PostNord operates projects to train and recruit newly-arrived individuals, as well as trainee programs for bringing in new skills in IT.

To strengthen the PostNord brand, and also attract newly qualified staff, the Company offered internships and trainee programs during the year, including in IT. As part of the Driver Academy initiative, PostNord Sweden worked with the Swedish Public Employment Service to offer internships during the program, with the aim of encouraging drivers to consider working at PostNord. PostNord Sweden developed this concept for van drivers with the In Car Coach initiative, which aims to use coaching to develop the driver's work environment while identifying ways of working that help increase customer satisfaction.

Membership and representation

Every employee enjoys the right to freedom of association, including the right to join a trade union. More than 99 percent of PostNord 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).

We ensure compliance with external requirements

Dialogue with our stakeholders

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 8,000 distribution points/service points in the Nordic region bring our services to millions of people.

Dialogue and follow-up: Meetings with suppliers, procurement, audits, continuous dialogue with service partners.

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. In order to enjoy stable access to financing, it is important to have the trust of the financial market. Intensive work is in progress to bring about a more sustainable financial market in the EU, of which the Taxonomy Regulation is a central part. A "build back better" strategy has been developed to accelerate the post-pandemic transition. Three building blocks make up the foundations of the strategy.

1. a classification system, a taxonomy, for sustainable activities,
2. a disclosure system for sustainability-related information, and
3. investment tools linked to sustainability, such as benchmarks, standards and labelling.

Dialogue and monitoring: Interim reports, annual and sustainability report and direct contact with analysts, lenders and investors.



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.

Dialogue and follow-up: Dialogue with customers, feedback via customer service and from drivers, mail carriers and service points at delivery, ongoing customer and corporate image surveys.

Employees

With around 30,000 employees, PostNord is one of the biggest employers in the Nordic region. It thus bears a great responsibility for providing a safe and attractive workplace that promotes personal development.

Dialogue and follow-up: Performance appraisals, workplace meetings, employee survey, communication via various internal channels, dialogue 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.

Dialogue and follow-up: Dialogue with public authorities, politicians, decision-makers and opinion-formers. Dialogue and collaboration with trade associations, advocacy organizations (for example, on rural issues), organizations for sustainable development and social accountability, and students.

Owner(s)

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. We are required at the same time to generate economic value and act as an exemplar of sustainable business.

Dialogue and follow-up: Annual general meeting, annual and sustainability report, interim reports and direct contact with owners' representatives.

How we ensure compliance with external 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 and strategy, together with 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.

Regulatory guidelines

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. A recent addition to these frameworks is the EU Taxonomy Regulation, which we describe on page 97–98.

PostNord's Code of Conduct

PostNord's Code of Conduct ("the Code") has been adopted by the Board of Directors and is PostNord's ultimate governing document. The Code encompasses areas such as business ethics, employees and working conditions, the environment and business partners. It sets out guidance to all employees, irrespective of employment conditions, regarding ethical behavior and compliance with laws, regulations and internal rules. The Code may be supplemented as required by policies, instructions and guidelines laying down more detailed internal rules. The Code represents a minimum standard and therefore must be observed, even if local legislation indicates a lower standard. PostNord also requires our business partners to comply with all relevant aspects of the Code, by signing up to our Code of Conduct for Suppliers.

In 2020, PostNord's Code of Conduct ("the Code") and associated online training course were updated. As part of the review, a new standard was established, requiring all employees to undergo the mandatory online training course every year, to have read and understood the Code and to act in accordance with the Code.

In 2021, a total of 14,703 employees underwent the training, as shown in the table below:

Sweden	10,419
Denmark	2,930
Norway	623
Finland	145
Strålfors	586

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’s Head of Sustainability, who reports to the Head of Nordic Strategy & Solutions. The Framework for Sustainable Transformation described below explains PostNord’s commitments to its primary stakeholders.

The framework is based on nine areas of expertise. The Group functions of Compliance, Group Sourcing, HR, Quality, Real Estate, Strategy and Safety are responsible for development in the different areas. Each target owner is responsible for producing relevant policy documents, formulating goals and associated key performance indicators, securing responsibilities and resources for performing commitments, activities and initiatives, and for following-up and reporting. Group Compliance is responsible for the process for annual review and follow-up of compliance with Group-wide policy documents.

PostNord’s strategic goals for sustainable business are evaluated in the annual strategy process and strategic KPIs are followed up quarterly via reporting to the Group Leadership Team and the Group Board of Directors. Twice a year, a Sustainability Deep Dive is carried out as part of the follow-up of the business plans.

In 2020, the compliance framework was strengthened through the establishment of a Governance Document Instruction (GDI), a Group-wide instruction describing the document hierarchy, requirements for governance documents and how roles and responsibilities should be defined. An annual planning wheel was also established in 2020 to ensure structured, regular reporting on compliance with the obligations laid down in GDI.

2021 was therefore the first year in which the full planning wheel could be applied. As a result, all owners of governance documents performed risk analyses during the first half of the year to assess whether (i) the necessary governance documents were in place and (ii) existing governance documents were fit for purpose.

These analyses led to the updating of several policy documents, as well as decisions on the introduction of new policy documents, including the Occupational Health & Safety Policy. The climate policy adopted in 2020 was implemented in 2021. During the second half of the year, the compliance reports were delivered, evaluated and presented to the Audit Committee. The purpose of these reports is to monitor the status of compliance with the policy documents. The reports concluded that awareness of, and compliance with, the governance documents had improved during the year.

In 2021, six reports meeting the whistleblower criteria were received through PostNord’s dedicated whistleblower portal for breaches of the Code of Conduct. Every case was followed up, as appropriate and necessary, in accordance with PostNord’s internal procedures.

Other sustainability outcomes

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. PostNord systematically checks for compliance with legislation relating to the work environment and the general environment. In 2021, no major breaches of this legislation took place. Major breaches are defined as infringements resulting in fines of no less than SEK 5 million.

Carbon offsetting

The Group’s emissions are not carbon offset, as our focus is on reducing our direct and indirect climate impact. Carbon offsetting is provided in respect of PostNord’s climate-friendly services in the country concerned.

Customer reports on environmental conservation

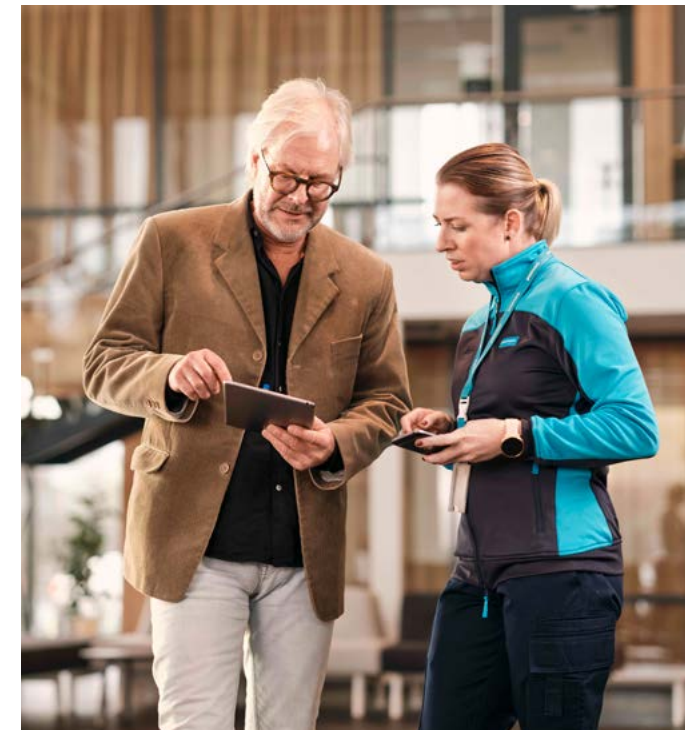
PostNord assists customers with their reporting and communications. Assistance includes customer-specific environmental reports that customers can use to monitor and streamline their logistics and as a basis for their own environmental or sustainability reporting.

Cooperation in sustainability

Cooperation is essential if we are to be able to achieve our sustainability targets. PostNord maintains ongoing dialogue with legislators, infrastructure owners and opinion-formers, and engages in development projects with customers, suppliers and other players in our supply chain. PostNord is represented in several national and international

business networks that address general sustainability issues and sustainable transportation, including CSR Europe Responsible Trucking, CSR Sweden, Green Chain, Klimatneutrala godstransporter på väg (KNEG) (Climate-Neutral Goods Transportation by Road), the Network for Transport Measures (NTM), the Swedish Association for Sustainable Business (NMC), the Norwegian Institute of Transport Economics and the Swedish Confederation of Transport Enterprises. 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.

During the year, we also joined The Pathways Coalition, which you can read about on page 23.



Service offering and 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, our award-winning app helps to increase availability. Range and service availability are regulated, for example, by the terms and conditions of PostNord’s postal licenses. As part of the requirements of the universal service obligation, PostNord is required to collect and deliver post every day from Monday to Friday (except public holidays). The postal service is also subject to particular requirements, such as for example a postal service that is independent of access to the Internet. An extended service may be provided 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.

We operate a Group-wide continuity program to ensure our ability and preparedness to be able 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): 97.9%

Outcome – Denmark:

- Mail 0–5 Denmark (Standard): 96.5%
- Quickbrev 0–1 Denmark (Priority): 96.3%

Measurement and calculation method: Quality: mail

Swedish External Monitoring (SWEX) and Danish External Monitoring (DEX) are two independent, external quality measurements that continuously gauge the proportion of mail that is delivered from customer to customer on time. Measurements are carried out by means of a statistically assured test mail operation that meets the requirements set out in the SS-EN 13850 standard: 2012.

Quality: parcels

Outcome – Group:

- 94.5 percent (95.2)

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 collection 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 customers is measured using the RepTrak/Pulse index. The Pulse figure was 64 (51), indicating a very positive development in how we are perceived in all countries. This positive development is due to the fact that we have worked hard to develop our brand image in all markets, which is also strengthened by, for example, an improved product and service offering with an enhanced 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.

Protection of personal data

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 2021, implementation of the General Data Protection Regulation (GDPR) was strengthened by the appointment of data protection coordinators in PostNord’s business units. The data protection coordinators received training in the framework and procedures to ensure that the GDPR governance framework is applied and adhered to throughout the organization.

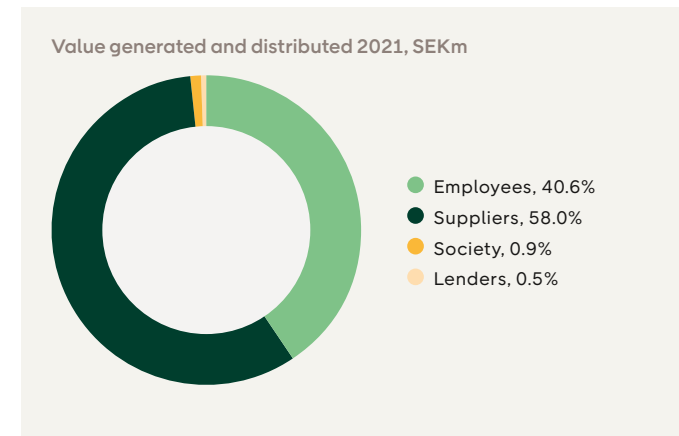
In 2021, there were four cases of complaints from external parties regarding breaches of customers’ privacy. One complaint was received from supervisory bodies regarding intrusion into customers’ privacy: In 2021, a new investigation was launched by a local data protection authority. In 2021, PostNord was also the subject of an ongoing investigation from 2019 that is still proceeding and two investigations from 2020 that have been closed by the authority without any action against PostNord.

Anti-corruption and conflicts of interest

PostNord was not subject to any official investigation regarding corruption in 2021, and we did not receive any reports of suspected corruption via our internal reporting channels. During the review of our Code of Conduct, “conflicts of interest” were added as a specific area in which compliance by employees is expected.

Distribution of economic value

The economic value PostNord generates is distributed to employees in the form of wages, salaries and other remuneration Note 5 Employee expenses, p. 59), to suppliers as payment for goods and services (Notes 6 and 7), to lenders as interest payments and other financial expenses (Note 8, p. 61), to the communities in which PostNord operates in the form of tax payments and any dividends payable to its owners. A total of SEK 39,099 million (37,568) million was allocated in 2021 and was distributed as follows.



EU Taxonomy Regulation

The EU Taxonomy Regulation – background

The Taxonomy Regulation was adopted by the EU in June 2020. It will be implemented in stages and applied in full from January 1, 2023. The Taxonomy Regulation provides a framework for identifying environmentally sustainable activities. The Taxonomy Regulation forms part of the statutory sustainability report.

The aim of the EU taxonomy is to help investors identify and compare environmentally sustainable investments through a common classification system for environmentally sustainable economic activities. The taxonomy is an important tool for achieving the EU's climate goals and the objectives of the EU's green growth strategy, the Green Deal.

For a particular economic activity to be classified as environmentally sustainable, it must contribute significantly to one or more of the six identified environmental objectives, not cause significant damage to any of the other objectives and meet certain minimum sustainability requirements. It must also comply with more detailed conditions, known as technical screening criteria, which have been laid down by the Commission in delegated acts to the Regulation.

The taxonomy comprises the following environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

On June 4, 2021, the Commission adopted a first delegated act setting out screening criteria for the two climate-related objectives in the taxonomy (p. 1–2 above). The Commission is expected to present a draft delegated act in 2022, which will set out screening criteria for the four other environmental objectives of the taxonomy (p. 3–6 above). The taxonomy is based on a binary approach, which means that an economic activity is either environmentally sustainable or not.

Starting from the above environmental objectives, the EU has identified a number of sectors that have been included in the taxonomy, using the NACE classification methodology. For each sector, a number of economic activities have been identified. PostNord falls within the scope of the taxonomy as the transport sector is one of the defined activities.

For the 2021 financial year, non-financial corporations need only disclose the share of economic activities that fall within the scope of the taxonomy (taxonomy-eligible), and those that do not fall within the scope of the taxonomy (taxonomy non-eligible), in their total sales and total capital and operating expenditure.

Activities falling within the scope of the taxonomy are those that meet the technical screening criteria.

Implementing the taxonomy within PostNord

PostNord has implemented this first stage of the taxonomy as a project involving several internal experts, but also with external consultancy support and in dialogue with other postal corporations in Europe. The Group Finance and Group Sustainability functions have been responsible for interpretation and systematization, as well as templates for reporting. Reporting by the companies has been consolidated and quality assured by Group Finance.

PostNord will continue the implementation in project form to establish an optimal structure and process for reporting and cooperation during 2022.

Accounting principles for application of the EU Taxonomy Regulation at PostNord

PostNord has identified the following economic activities that fall within the scope of the Taxonomy Regulation in the transport sector:

- 6.2 Rail transport, freight
- 6.4 Cycle logistics
- 6.5 Transport by motorcycles, cars and light vehicles
- 6.6 Road freight transport services
- 6.13 Infrastructure for cycle logistics
- 6.14 Infrastructure for rail transport
- 6.15 Infrastructure enabling low-carbon road transport and public transport

The PostNord Group provides transport services using both its own and outsourced capacity. Only transportation performed with own and leased vehicles are included in accordance with the technical audit criteria specified in the economic activities above.

The terminal infrastructure owned and leased by PostNord, which enables the loading, unloading and transshipment of goods between modes of transport, is included in economic activity 6.15. This activity also includes sites for charging electric vehicles, forklifts, sorting machines and other equipment within the terminal infrastructure. The activity also includes transportation and warehousing services in third-party logistics.

Examples of PostNord activities that do not fall within the scope of the taxonomy are printing, envelopes, change of address, digital services and Parent Company functions. These activities are not defined in the Taxonomy Regulation.

Reporting requirements

The Taxonomy Regulation defines three KPIs to be reported by non-financial corporations for the 2021 financial year. The KPIs indicate the share of economic activities that fall within the scope of the taxonomy, and those that do not fall within the scope of the taxonomy in terms of sales, operating expenditure and capital expenditure. The KPIs are defined in Article 8(2) of the Taxonomy Regulation.

Sales – Share of sales derived from products or services associated with economic activities that are considered to be environmentally sustainable.

In compiling the numerator, the Group's total net sales have been reduced by

- sales from entities not operating in the transport sector
- sales from outsourced transport services
- sales from transport operations performed by vehicles not falling within the scope of the taxonomy.

Capital expenditure – The share of capital expenditure related to assets or processes associated with economic activities that are regarded as environmentally sustainable.

PostNord applies IFRS and calculates capital expenditure as the sum of the year's investment in assets recognized in accordance with IAS 16 Property, Plant and Equipment, IAS 38 Intangible Assets, and additional rights-of-use assets in accordance with IFRS 16, Leases.

Operating expenditure – The share of operating expenditure related to assets or processes associated with economic activities that are regarded as environmentally sustainable. Some uncertainty still exists as to which costs should be included in operating expenditure as defined in the Taxonomy Regulation.

Among the operating expenditures that PostNord includes are direct costs relating to building renovation, short-term leasing, maintenance and repairs, together with all other direct expenses relating to the day-to-day maintenance of property, plant and equipment that is

performed by the Company or a third party engaged for this purpose and required to ensure the continued and proper functioning of these assets.

Outcome for 2021

The Group expects that the framework will evolve and become more clearly defined, and with the uncertainties that exist at this early stage of implementation of the taxonomy it is too early to draw far-reaching conclusions from the reporting of the outcome for 2021. The proportion falling within the scope of the taxonomy differs relatively widely among the indicators. The principal reason for the differences lies in the interpretation of the regulatory framework, such that outsourced transport is not included and this affects, above all, the outcome of the share of sales falling within the scope of the taxonomy.

Sales – Total net sales in 2021 according to the consolidated income statement were SEK 40,693 million. PostNord's net sales falling within the scope of the taxonomy are calculated at 26 percent (taxonomy-eligible).

Capital expenditure – The Group's total capital expenditure in 2021 amounted to SEK 2,599 million (of which, property, plant and equipment SEK 1,252 million, intangible fixed assets SEK 156 million and new contracts and lease modifications SEK 1,191 million). See also Notes 10, 11 and 12 on the Consolidated financial statements.

Of this total capital expenditure, 70 percent is anticipated to be included in economic activities that fall within the scope of the taxonomy and comply with the technical screening criteria (taxonomy-eligible). This year's investments falling within the scope of the taxonomy relate mainly to vehicles, the construction of a terminal in Norway and sorting machines.

Investments in IT development, parcel lockers and vehicles that do not meet the technical screening criteria are examples of investments that do not fall within the scope of the taxonomy (taxonomy-non eligible).

Operating expenses – The Group's total operating expenses in accordance with the taxonomy's definition totaled SEK 1,237 million in 2021. Of this operating expenditure, 81 percent is anticipated to be included in economic activities that fall within the scope of the taxonomy and comply with the technical screening criteria (taxonomy-eligible). Operating expenditure is included in operating expenses under the headings Other expenses and Transport costs, see also the consolidated income statement.

Outcome, key performance indicators 2021

	Total (SEKm)	Share of economic activities falling within the scope of the taxonomy (%)	Share of economic activities not falling within the scope of the taxonomy (%)
Sales	40,693	26	74
Capital expenditure	2,599	70	30
Operating expenditure	1,237	81	19

GRI Index

This Annual and Sustainability Report summarizes PostNord’s sustainability initiatives and results during the 2021 financial year in accordance with the GRI Standards (Core). PostNord reports on sustainability annually with the most recent report having been published on March 11, 2020.

The index shows where information on GRI disclosures and information relating to the principles of the Global Compact can be found.

Further information on PostNord’s sustainability work and sustainability reporting is available at sustainability@postnord.com.

“We share the values of the UN’s Global Compact (UNGC) and wish to express our continued support for its ten principles on human rights, labor law, the environment and anti-corruption. Our Annual and Sustainability Report constitutes PostNord’s Communication on Progress towards UNGC.”

Annemarie Gardshol
President and Group CEO



GRI Standard	Disclosure	General disclosures Description	Page/Comments	The UN Global Compact
GRI 102: General Disclosures 2016				
Organizational profile				
	102-1	Name of the organization	35	
	102-2	Activities, brands, products, and services	3, 12, 15–20	
	102-3	Location of headquarters	3	
	102-4	Location of operations	57	
	102-5	Ownership and legal form	35	
	102-6	Markets served	6–8, 15–20	
	102-7	Scale of the organization, including total number of employees, operations, net sales, and capitalization	3, 6–8, 13–14	
	102-8	Information on employees and other workers	3, 25–29, 59, 92–94	
	102-9	Supply chain	25–26, 92	
	102-10	Changes during the reporting period in the organization's size, structure, ownership, and supply chain	76	6
	102-11	Handling of the precautionary principle	94	7
	102-12	External sustainability principles and initiatives that the organization supports	23, 25, 90, 91, 95	
	102-13	Membership of associations	93, 95	8
Strategy and analysis				
	102-14	Statement from senior decision-maker (CEO), Strategy	4–5, 9–11	
Ethics and integrity				
	102-16	Organization's values and ethical guidelines	39, 94–95	10
Governance				
	102-18	Governance structure	35–40, 94–95	
Stakeholder engagement				
	102-40	Stakeholder groups	94	
	102-41	Number of employees covered by collective negotiations	93	3
	102-42	Basis for identification and selection of stakeholders with whom to engage	94	
	102-43	Organization's methods for stakeholder dialogue	94	
	102-44	Issues raised by stakeholders	94	

GRI Standard	Disclosure	GENERAL DISCLOSURES Description	Page/Comments	The UN Global Compact
		Reporting methodology		
	102-45	Business units included in the reporting	91-96	
	102-46	Process for defining the report content and boundaries	90	
	102-47	Material sustainability issues identified	90	
	102-48	Explanations of adjustments from previous reports	91–96	
	102-49	Material changes in reporting	No material changes have been made.	
	102-50	Reporting period	99	
	102-51	Date of most recent report	99	
	102-52	Reporting cycle	99	
	102-53	Contact for reporting	99	
	102-54	Statement confirming that the report complies with GRI Standards	99	
	102-55	GRI Index	99–100	
	102-56	External assurance	101	

GRI Standard	Disclosure	GENERAL DISCLOSURES Description	Page/Comments	The UN Global Compact
GRI: 103: Sustainability governance 2016	103-1/2/3	Sustainability governance	31–34, 35–40, 90–96	
GRI 201: Economic performance 2016	201-1	Economic value generated and distributed	96	
	305-1	Direct greenhouse gas emissions (Scope 1)	91	7, 8
GRI 305: Emissions 2016	305-2	Indirect greenhouse gas emissions (Scope 2)	91	7, 8
	305-3	Other indirect greenhouse gas emissions (Scope 3)	91	7, 8
GRI 308: Supplier review 2016	308-2	Material current and possible negative impact on the environment in the supply chain, and actions taken	91–92	8
GRI 403: Working environment, and health and safety 2016	403-2	Injuries, work-related illness, working days lost, absence and total number of work-related fatalities	92	
GRI 414: Supplier review 2016	414-2	Material current and possible negative impact on labor law in the supply chain, and actions taken	92	2, 3
GRI 418: Customer privacy 2016	418-1	Number of complaints regarding breaches of customer privacy	96	
GRI 404: Skills development & training 2016	404-2	Training and education	25, 27, 95	6
GRI 405: Gender equality & diversity 2016	405-1	Gender and age distribution for all employees and managers	93	6

Auditor's Report on General Review of PostNord AB's Sustainability Report and Statement regarding Statutory Sustainability Report

To PostNord AB

Introduction

We have been asked by the Board of Directors of PostNord AB to undertake a general review of PostNord AB's Sustainability Report for 2021. The company 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 company management

The board of directors and management are responsible for the preparation of the sustainability report, including the statutory sustainability report, in accordance with applicable criteria and the Swedish Annual Accounts Act. The criteria given on pages 91–96 of the sustainability report consist of those parts of the sustainability reporting framework published by the Global Reporting Initiative that are relevant to sustainability reporting and the company's own reporting and calculation principles. This responsibility also includes responsibility for the internal controls that are deemed necessary to prepare a sustainability report that is free of material misstatements, whether caused by irregularity or error.

Auditor's responsibility

Our responsibility is to state our conclusion on the sustainability report based on our limited review and to present an opinion on the statutory sustainability report. Our task is limited to the historical information that is presented and thus does not cover information relating to the future.

We conducted our review in accordance ISAE 3000, the International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (revised). A review consists of making inquiries, primarily of persons responsible for drawing up the sustainability report, and applying analytical and other review procedures. We conducted our review of the statutory sustainability report in accordance with FAR's Recommendation

RevR 12, Auditor's Report on the Statutory Sustainability Report. A review and a review in accordance with RevR 12 have a different approach and are substantially lesser in scope than an audit conducted in accordance with the International Standards on Auditing and other generally accepted auditing practices.

The auditor applies ISQC 1 (the International Standard on Quality Control) and therefore uses a comprehensive system of quality control including documented guidelines and procedures regarding compliance with the requirements of professional ethics, standards as to the exercise of professions and relevant requirements of laws and other statutes. In accordance with generally accepted accounting practice in Sweden, we are independent of PostNord AB and have otherwise fulfilled our professional ethical responsibilities in line with the requirements stated therein.

The procedures performed in the course of a review and a review in accordance with 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. Therefore, the conclusion

expressed on the basis of a review and a review in accordance with RevR 12 do not give the same level of assurance as a conclusion expressed on the basis of an audit.

Our review of the sustainability report is based on the criteria stated by the board of directors and management, as defined above. In our view, these criteria are appropriate for preparation of the sustainability report.

We believe that the evidence we have obtained during our view is sufficient and appropriate in order to provide a basis for our opinions.

Opinions

Based on our review, nothing has come to our attention that causes us to believe that the sustainability report was not, in all material respects, prepared in accordance with the criteria stated by the board of directors and management, above.

A Statutory Sustainability Report has been prepared.

Stockholm, February 23, 2022

KPMG AB

Tomas Gerhardsson
Authorized Public Accountant

Torbjörn Westman
Specialist member of FAR
(Swedish Institute of Authorized Accountants)

Multi-year review

SEKm, unless otherwise specified ¹⁾	2021	2020	2019	2018	2017
The Group					
Net sales	40,693	38,729	38,278	37,669	37,007
Other operating income	953	1,427	351	2,053	324
Operating expenses	-39,165	-37,734	-38,446	-40,578	-37,455
Operating income (EBIT)	2,481	2,421	184	-855	-124
Operating margin (EBIT) (%)	6.1	6.3	0.5	-2.3	-0.3
Net income for the period	1,989	1,711	-239	-1,067	-337
Cash flow from operating activities	4,011	4,151	2,132	2,083	1,361
Net debt (including pensions and lease liabilities)	3,885	8,064	9,454	1,614	238
Net debt ratio (including pensions and lease liabilities), %	43	164	259	31	3
Net debt (including pensions but excluding lease liabilities)	-1,892	2,001	3,776	1,614	N/A
Net debt ratio (including pensions but excluding lease liabilities), %	-20	38	102	31	N/A
Return on capital employed, %	19.2	18.6	1.6	-12.4	-1.6
Investments	1,408	1,074	1,356	1,374	1,196
Dividend, total	0 ²⁾	0	0	0	0
Average number of employees (FTE)	28,358	28,006	28,627	29,962	31,350
Number of employees at end of period	36,020	36,248	36,362	39,070	39,789
<i>of whom, temporary employees</i>	9,438	9,747	8,645	9,184	8,992
Volumes, millions					
Group total, parcels ³⁾	226	198	174	171	154
Denmark, priority mail/Quickbrev	22	23	25	35	40
Denmark, non-priority and business mail	155	170	213	230	265
Sweden, priority mail	527	577	608	663	712
Sweden, non-priority mail	542	609	738	801	925

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 2021.

³⁾ 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 Nordic region.

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

With a clear focus, we strive to
remain at all times an important
part of the Nordic community.

We make everyday life easier
and more sustainable for every-
one who lives and works in the
Nordic region.

We deliver with care.

postnord

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