

Q2

2019
Interim Report

postnord

CONTINUED FOCUS ON STRENGTHENING E-COMMERCE AND A SUSTAINABLE LETTERS BUSINESS

Second quarter 2019 *

- Net sales totaled SEK 9,514m (9,503), an organic decrease of 1%
- Operating income totaled SEK -70m (-901)
- Adjusted operating income was SEK 95m (68)
- Net income for the period was -171m (-901)
- Earnings per share were SEK -0.09 (-0.45)
- Cash flow from operating activities totaled SEK 492m (1,862)

SEKm	April-June		Jan.-June	
	2019	2018	2019	2018
Net sales	9,514	9,503	18,985	18,605
Operating income (EBIT)	-70	-901	92	-975
Adjusted operating income (adjusted EBIT)	95	68	257	-6
Income before tax	-144	-912	-55	-987
Net income for the period	-171	-901	-115	-1,068
Earnings per share, SEK	-0.09	-0.45	-0.06	-0.53
Cash flow from operating activities	492	1,862	927	1,837
Net debt ratio (2019, excl. IFRS 16)	103%	-3%	103%	-3%
Return on operating capital (ROCE) (2019, excl. IFRS 16)	2.2%	-12.4%	2.2%	-12.4%

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

We deliver! PostNord is the leading supplier of communication and logistics solutions to, from, and within the Nordic region. We ensure postal service to households and businesses in Sweden and Denmark. With our expertise and strong distribution network, we develop the conditions for tomorrow's communication, e-commerce, distribution and logistics in the Nordic region. In 2018, the Group had around 30,000 employees and sales of SEK 37,7 billion. The Parent Company is a Swedish public limited company with Group headquarters in Solna, Sweden. Visit us at www.postnord.com

Continued focus on strengthening e-commerce and a sustainable letters business

The second quarter shows an improved performance compared with the same period the previous year. The ongoing transition toward a clearer focus on e-commerce and a sustainable letters business is yielding results. The pressure to change continues to be high and the efficiency program is successfully proceeding according to plan in all businesses. We continue to grow in e-commerce logistics and also see mail customers streaming back from competitors.

Market growth in e-commerce continues, resulting in robust growth in our third-party logistics and e-commerce-related business. To address the growth in volume in Norway we are investing in modern technology and a larger space at the Langhus terminal in the Oslo region. The investment will help to expand our capacity and provide opportunities for continued efficiency enhancements. All in all, these factors create favorable conditions for further strengthening our position in the Norwegian market.

Delivery is an important part of the e-commerce experience. It is therefore rewarding to see that the pilot project that we carried out in Denmark during the first half of the year with parcel boxes, Nærboksar, i collaboration with the company SwipBox, has been favorably received by parcel recipients. In Sweden, the new value letter, which is traceable and delivered to the door, has had a promising start. With the option for delivery to the door or to a parcel box, recipients enjoy the freedom of not needing to adapt their daily lives to the time of delivery.

Sustainability considerations are a recurrent theme in our sustainability efforts. In May we released the E-barometer, which summarizes e-commerce by Swedes during the first quarter. One of the conclusions is that three of four consumers are willing to pay more for sustainable deliveries. It is therefore rewarding that according to Swedish consumers, PostNord is the most sustainable logistics brand according to the Sustainable Brand Index, Europe's largest brand survey with a focus on sustainability, which was made public in April. This award provides confirmation that we are on the right track with our sustainability work.

Our mail quality continued to be high and stable in both Denmark and Sweden during the period. In Sweden we see an ongoing trend in which previously lost mail customers are returning to PostNord. During the period Sweden signed a new framework agreement for municipalities and county councils concerning letter



and parcel services with SALAR/Kommentus Inköpscentral.

Efforts to adapt the business to the shrinking demand for mail continue and productivity improvements have been implemented in both Sweden and Denmark. Nevertheless, the continued decline in volume has a major impact on the financial performance and it will be a challenge moving forward to offset the decline with internal activities alone. Current postal regulations in Sweden and Denmark need to be updated and broad political motivation will be required to ensure a financially sustainable letter service over time. Constructive discussions are underway with both the Swedish and Danish governments.

During the quarter we restructured the organization and beginning on July 1, the Group has a new simplified and more cost-effective organization. The change, which is part of PostNord's development strategy, delegates product and service ownership to the country organizations, which are thus closer to the customers and daily operations.

PostNord is in the middle of the digitalization paradigm shift, which has resulted in changed communication and consumption patterns. I want to thank all employees for their efforts during the second quarter. I am pleased that we have traveled a good distance in the right direction and that our chosen path has produced results.

Annemarie Gardshol
Acting President and CEO

Net sales and income

Unless otherwise stated, the report comments on developments in April-June 2019 compared with the same period in 2018. The Group applies IFRS 16 Leases as of January 1, 2019. In accordance with IFRS 16, the comparative figures have not been restated.

Figures presented for comparison have not been restated in accordance with IFRS 16 Leases. The concept *like-for-like* entails change, excluding acquisitions/disposals and currency.

FINANCIAL OVERVIEW

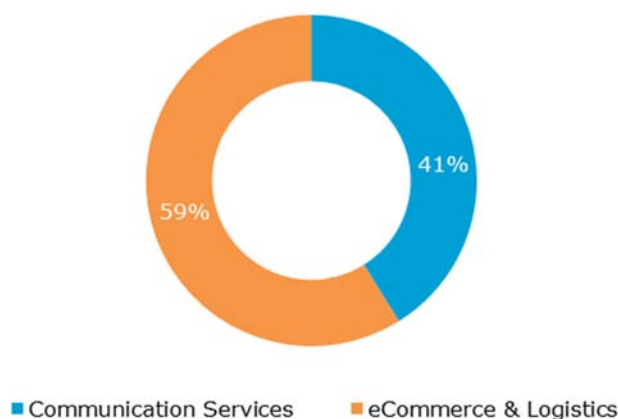
Group SEKm	April-June		Jan.-June	
	2019	2018	2019	2018
Net sales	9,514	9,503	18,985	18,605
Δ (like-for-like)	-1%	3%	1%	0%
– Communication Services (external)	-3,913	-4,238	8,005	8,501
Δ (like-for-like)	-8%	-4%	-7%	-7%
– eCommerce & Logistics (external)	5,601	5,264	10,980	10,104
Δ (like-for-like)	5%	8%	7%	6%
Operating income (EBIT)	-70	-901	92	-975
Operating margin	-0.7%	-9.5%	0.5%	-5.2%
Items affecting comparability	-165	-968	-165	-968
Adjusted operating income (adjusted EBIT)	95	68	257	-6
Adjusted operating margin	1.0%	0.7%	1.4%	0.0%
Net financial items	-74	-12	-147	-12
Income before tax	-144	-912	-55	-987
Tax	-27	11	-60	-81
Net income for the period	-171	-901	-115	-1,068

Net sales for the Group totaled SEK 9,514m (9,503), an organic decrease of 1%, after elimination of currency effects. The explanation is primarily continued digitalization which affects the businesses in Sweden, Denmark and Strålfors, as well as fewer working days in the second quarter than the previous year.

The Group's mail volumes declined by 10%; 11% in Sweden and 8% in Denmark.

Sales for digital services at Strålfors continue to record robust growth of 47%.

Parcel volumes rose by 1% as a result of growth in e-commerce, where B2C parcel volumes increased by 7%. Accumulated growth for parcels was 5%, of which B2C parcels accounted for 13%. Income for third-party logistics increased overall by 18%.



INCOME ITEMS

Group operating income SEKm	April-June		Jan.-June	
	2019	2018	2019	2018
PostNord Sweden	245	222	528	360
PostNord Denmark	-10	-96	-64	-295
PostNord Norway	15	17	37	18
PostNord Finland	3	4	5	5
PostNord Strålfors	34	46	65	93
Other business activities	-20	2	-20	6
Other & eliminations	-172	-127	-294	-193
Adjusted operating income (adjusted EBIT)	95	68	257	-6
<u>Reversal of items affecting comparability:</u>				
Other income, State subsidy	-	1,533	-	1,533
Impairment losses, non-current intangible assets	-41	-	-41	-
Provisions/reversals of restructuring measures	-124	-2,562	-124	-2,562
Capital gain, sale of property	-	73	-	73
Exchange rate differences, items affecting comparability	-	-12	-	-12
Operating income (EBIT)	-70	-901	92	-975

Operating income for the second quarter was SEK -70m (-901). Restructuring costs attributable to a simplified and more cost-effective organization had a negative impact on the quarter. One consequence is the transfer of product and service ownership to the country organization. Restructuring costs mainly consisted of provisions for redundant personnel.

Results in the business continue to show a favorable trend, which can mainly be attributed to growth in e-commerce as well as the ongoing efficiency program in the countries. Operating income in the period was positively affected by adoption of IFRS 16 Leases, increasing by SEK 40m (-).

Adjusted operating income totaled SEK 95m (68). Provisions for unused premises and bad debts had a

negative impact on income of SEK 40m. The timing of the Easter holiday between the years also resulted in fewer working days, which had a negative impact on income.

Net financial items totaled SEK -74m (-12), which was mainly attributable to interest expense of SEK 31m (0) from leases recognized in accordance with IFRS 16, higher interest charges relating to pensions and provisions of SEK 28m (5) and exchange rate losses of SEK 8m (1).

Income taxes in the period totaled SEK -27m (-11).

Net income totaled SEK -171m (-901).

Cash flow and financial position

CASH FLOWS

Group SEKm	April-June		Jan.-June	
	2019	2018	2019	2018
Cash flow from operating activities	492	1,862	927	1,837
Cash flows from investing activities	-314	-253	-577	-310
Cash flows from financing activities	-841	723	-69	723
Cash flows for the period	-663	2,332	281	2,250
Cash and cash equivalents, closing balance	3,374	4,157	3,374	4,157

Cash flow from operating activities totaled SEK 492m (1,862). The change is mainly attributable to a state subsidy of SEK 1,533m received the previous year, income for the period, recognition of leases in accordance with IFRS 16 (see note 5 for more information) and settlement of the Group's provisions for restructuring in Denmark. The cash flow increased via a credit of SEK 220m (766) from Postens Pensionsstiftelse (the Posten Pension Fund). Capitalization into the fund affected the cash flow in the amount of SEK -m (-203). Operating capital increased by SEK 221m (-255) during the quarter, mainly in connection with increased trade payables.

Cash flow from investing activities totaled SEK -314m (-253). Investments in property, plant and equipment

and in non-current intangible assets during the period totaled SEK 322m (406). The investments focused mainly on vehicles, sorting machines, equipment for the third-party logistics business, the build-up of distribution hubs and IT development.

Cash flow from financing activities totaled SEK -841m (723). The change is mainly attributable to amortization of loans of SEK 1,550m (-154) and amortization of the lease liability SEK 285m (-).

Investments in commercial paper totaled SEK - (135).

During the quarter, the Group issued MTN bonds in the capital market and bilateral loans totaling SEK 1,000m. In the corresponding quarter the previous year SEK 875m was borrowed in commercial paper loans.

NET DEBT

Group SEKm	June 30	Mar. 31	Dec. 31	June 30
	2019	2019	2018	2018
Interest-bearing liabilities	9,499	9,658	3,389	4,525
Pensions and disability pension plans	3,485	2,123	1,612	-389
Long- and short-term investments	-196	-200	-299	-204
Cash and cash equivalents	-3,374	-4,036	-3,088	-4,157
Net debt incl. pensions and lease liabilities*	9,414	7,545	1,614	-225
Net debt ratio incl. pensions and lease liabilities	257%	156%	31%	-3%
Net debt incl. pensions but excl. lease liabilities	3,787	2,309	1,614	-225
Net debt ratio incl. pensions but excl. lease liabilities	103%	48%	31%	-3%
Net debt excl. pensions and leases	301	186	2	164
Net debt ratio excl. pensions and lease liabilities	8%	4%	0%	3%

For information on the impact of IFRS 16 Leases on the Group's financial position, see Notes 1, 5 and 9.

The Group's net debt including pensions but excluding lease liabilities increased by SEK 1,477m (-470) during the second quarter, mainly as a result of revaluation of PostNord's pension commitments of SEK 1,362m (1,006). The previous year the change was attributable to an increase in cash and cash equivalents as a result of a state subsidy received SEK -m (1,533).

The net debt ratio excluding lease and pension liabilities totaled 8% (3). The Group's net debt ratio excluding lease liabilities totaled 103% (-3), which was within the Group's target range of 10-50%. Interest-bearing debt excluding lease liabilities

consists of a long-term portion of SEK 3,870m (1,594) and a current portion of SEK 0m (2,931).

Adjusted return on capital employed (ROCE) was 1.9% (-12.4) and excluding items affecting comparability 4.4% (2.0).

At the end of the quarter, the Group's financial preparedness totaled SEK 5,374m (6,161), represented by cash and cash equivalents of SEK 3,374m (4,157), short-term investments of SEK 0m (4) and unutilized long-term confirmed credit facilities of SEK 2,000m (2,000).

EQUITY

The Group's equity decreased to SEK 3,665 from SEK 4,835m on March 31, 2019. The change was mainly

attributable to revaluation of pension commitments in the amount of SEK -1,069 net after tax, income for the period and translation differences.

Sustainability

The average number of employees (FTEs) totaled 28,117 (29,998). The change was largely attributable to the transformation at PostNord Denmark. Sick leave totaled 5.4% (5.6). Over a multi-year perspective, sick leave is gradually falling. To reduce sick leave, preventive initiatives and rehabilitation measures are being implemented. The proportion of women in levels 1–3 management positions was 35%. At levels 4–6, the figure was 31%. No major changes occurred during the second quarter of 2019 compared with previous quarters.

Delivery quality in Sweden is maintaining a stable level above the legal requirement for stamped letters, which is that 95% must be delivered to the intended recipient within two working days. The result over the 12 months to the end of the period was 98.2%. In Denmark, quality was also higher than both target and the legal requirement. Delivery quality for the Brevet service over the 12 months to the end of the period was 96.0%, which exceeds the legal requirement that 93% of letters must be delivered to the intended recipient within five working days. With the growth in e-commerce, the volume of parcels is increasing. Total

delivery quality for parcels for the PostNord Group for the 12 months up to the end of the period was 95.4%, slightly below the target of 97%.

Emissions for the quarter amounted to 79,900 tonnes of carbon dioxide, 1% higher than in the second quarter of 2018. The background is increased transports because of the growth in parcel volumes. However, Sweden has reduced its CO₂-emissions by 2% since the percentage of renewable energy in Sweden has been higher. In addition, efficiency measures are being implemented to adapt to the falling mail volumes, including streamlined transport planning in Sweden, which has resulted in fewer transports.

The sustainable supply chain target was adjusted for the second quarter. The long-term target is that all major suppliers will accept and comply with the Code of Conduct for Suppliers. At the end of the quarter, 69% of total purchase volumes originated from suppliers who had been approved via PostNord's process to verify compliance with the Code of Conduct for Suppliers. During the quarter, work continued on to assess suppliers for risk through self-assessment and, where relevant, site audit.

Parent Company

The Parent Company conducted very limited operations, in the form of intra-Group services. No net sales were recognized during the quarter or in the

corresponding quarter last year. Net income totaled SEK -79m (-17). Expenses attributable to restructuring have had a negative impact on the period.

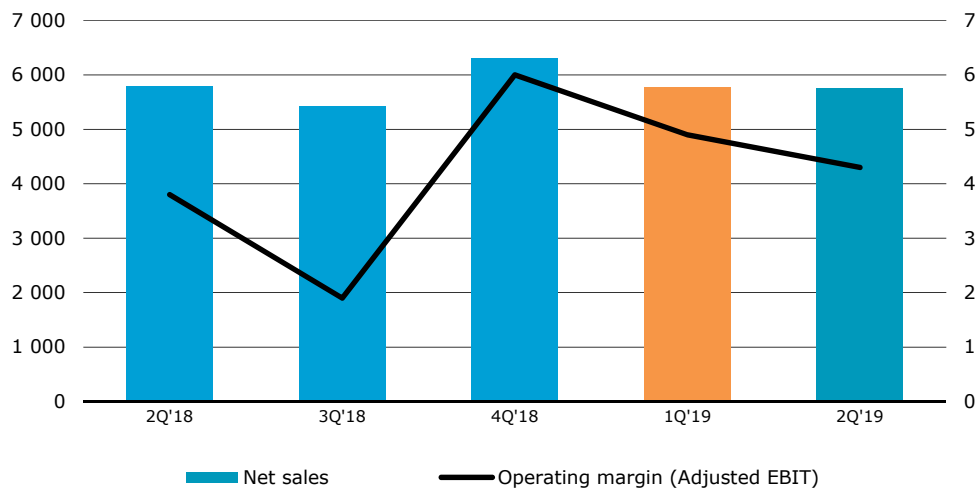
POSTNORD SWEDEN

SEKm	April-June		Jan.-June	
	2019	2018	2019	2018
Net sales	5,757	5,791	11,540	11,485
Δ (like-for-like)	-1%	4%	0%	3%
- Communication Services (external)	2,484	2,742	5,140	5,566
Δ (like-for-like)	-9%	-1%	-8%	-2%
- eCommerce & Logistics (external)	2,944	2,794	5,781	5,395
Δ (like-for-like)	5%	10%	7%	8%
- internal	329	254	619	524
Operating income (EBIT)	245	222	528	360
Operating margin	4.3%	3.8%	4.6%	3.1%

Net sales in Sweden decreased by a total of 1%. In Communication Services, sales decreased by 9% as a result of continued digitization, with mail volumes declining 11%. Sales for eCommerce & Logistics increased by 5% mainly through continued growth in e-commerce, where B2C parcel volumes rose 6%. Other logistics services also show growth, especially third-party logistics, which increased sales by 20%

The improvement in income can mainly be attributed to growth in e-commerce and third-party logistics, the flow of mail customers returning from competitors, savings in air transports and other efficiency measures that have resulted in reduced staffing.

Sales and adjusted operating margin



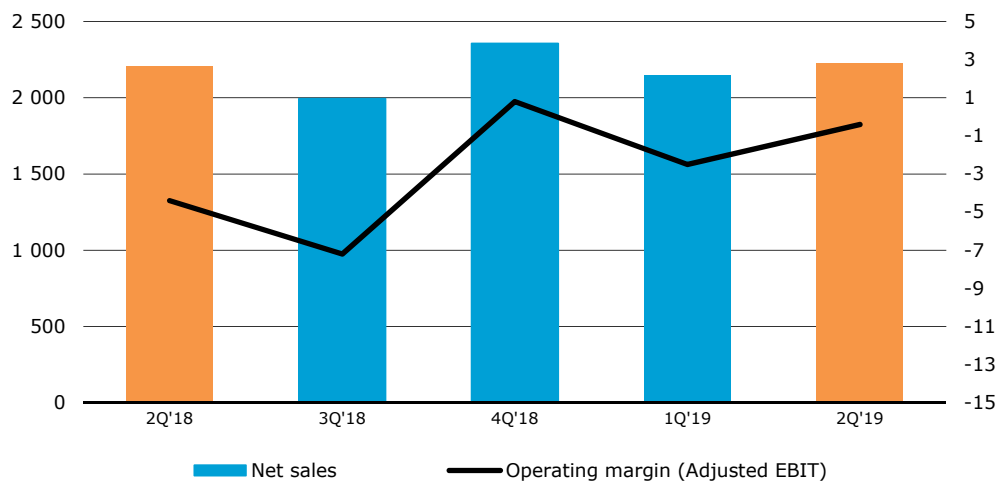
POSTNORD DENMARK

SEKm	April-June		Jan.-June	
	2019	2018	2019	2018
Net sales	2,228	2,204	4,375	4,210
Δ (like-for-like)	-1%	-2%	0%	-8%
- Communication Services (external)	877	918	1,759	1,808
Δ (like-for-like)	-7%	-14%	-6%	-20%
- eCommerce & Logistics (external)	1,196	1,159	2,331	2,156
Δ (like-for-like)	0%	9%	4%	4%
- internal	155	126	286	246
Operating income (EBIT)	-10	-1,065	-64	-1,264
Operating margin	-0.4	-48.3%	-1.5%	-30.0%
Items affecting comparability	-	-968	-	-968
Adjusted operating income (EBIT)	-10	-96	-64	-295
Adjusted operating margin	-0.4	-4.4%	-1.5%	-7%

In Communication Services sales declined as a result of a 8% fall in mail volumes. Growth in eCommerce & Logistics was generated above all by continued growth in e-commerce via Germany. The improvement is the result of growth in e-commerce, increased productivity

within the context of a new production model, lower costs for administrative staff and improvements in heavy goods and third-party logistics.

Sales and adjusted operating margin



POSTNORD NORWAY

SEKm	April-June		Jan.-June	
	2019	2018	2019	2018
Net sales	1,116	1,065	2,215	2,030
Δ (like-for-like)	4%	10%	7%	6%
- Communication Services (external)	15	12	32	23
Δ (like-for-like)	28%	1%	36%	-4%
- eCommerce & Logistics (external)	909	860	1,820	1,657
Δ (like-for-like)	5%	7%	8%	3%
- internal	192	194	364	351
Operating income (EBIT)	15	17	37	18
Operating margin	1.3%	1.6%	1.7%	0.9%

Net sales increased as a result of growth in e-commerce, groupage and part-load goods, despite two fewer working days than the previous year.

Income improved through growth and efficiency measures in terminal and distribution handling.

POSTNORD FINLAND

SEKm	April-June		Jan.-June	
	2019	2018	2019	2018
Net sales	324	294	633	562
Δ (like-for-like)	7%	10%	9%	6%
– <i>Communication Services (external)</i>	2	3	5	5
Δ (like-for-like)	-20%	-8%	-11%	-25%
– <i>eCommerce & Logistics (external)</i>	199	197	398	379
Δ (like-for-like)	-1%	8%	1%	4%
– <i>internal</i>	123	94	230	177
Operating income (EBIT)	3	4	5	5
Operating margin	0.9%	1.4%	0.8%	0.9%

The increase in net sales is attributable to growth in B2C parcels and higher pallet income.

third-party logistics in Vantaa and fewer working days, which entail lower revenue.

The decline in income can be attributed to startup costs for establishment of a new production location for

POSTNORD STRÅLFORS

SEKm	April-June		Jan.-June	
	2019	2018	2019	2018
Net sales	511	531	1,031	1,050
Δ (like-for-like)	-5%	-1%	-3%	-4%
– <i>Communication Services (external)</i>	472	494	958	979
Δ (like-for-like)	-6%	-1%	-4%	-5%
– <i>internal</i>	39	37	73	71
Operating income (EBIT)	34	46	65	93
Operating margin	6.6%	8.6%	6.3%	8.9%

Sales fell as a result of the continued decline in volume of physical products that was not fully offset by growth in digital and hybrid services such as WeMail, SMS and e-invoices. The lower sales can also be attributed to an

extra mailing from customers in conjunction with the implementation of GDPR.

The weaker operating income was for the most part attributable to a change in the product mix.

OTHER BUSINESS ACTIVITIES

SEKm	April-June		Jan.-June	
	2019	2018	2019	2018
Net sales	417	322	765	639
Δ (like-for-like)	24%	-1%	13%	0%
– <i>Communication Services (external)</i>	62	66	112	119
Δ (like-for-like)	-6%	2%	-6%	4%
– <i>eCommerce & Logistics (external)</i>	353	254	649	517
Δ (like-for-like)	32%	-2%	17%	-1%
– <i>internal</i>	2	1	4	3
Operating income (EBIT)	-20	2	-20	6
Operating margin	-4.8%	0.6%	-2.6%	0.9%

The increase in like-for-like sales can mainly be attributed to increased revenue from customers in all Direct Links markets - Europe, Asia-Pacific and the US.

The lower income was attributable in the main to changes in the mix between markets and customers, as well as provisions for bad debts of SEK 20m.

MAJOR EVENTS AFTER THE REPORTING PERIOD

New organizational structure from July 1, 2019

PostNord's new organization, which places emphasis on decentralized responsibility and new Group-wide functions, became effective as of July 1. The new Group Leadership Team took over on the same date. For additional details, please see the press release from May 28, 2019 at www.postnord.com.

Solna, July 17, 2019

PostNord AB (publ), CIN 556771-2640

The Board of Directors and the President and Chief Executive Officer hereby declare that the quarterly report provides a true and fair view of the Group's and the Parent Company's operations, position and results, and also describes the material risks and uncertainties faced by the Parent Company and companies making up the Group.

Christian Jansson
Chairman

Christian Frigast
Vice Chair

Charlotte Strand
Director

Christian Ellegaard
Director

Måns Carlson
Director

Peder Lundquist
Director

Sonat Burman Olsson
Director

Ulrica Messing
Director

Bo Fröström
Employee representative

Johan Lindholm
Employee representative

Sandra Svensk
Employee representative

Annemarie Gardshol

Acting President and CEO

This report has not been the subject of auditors' review.

This information is such that PostNord AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out below, at 11:00 a.m. CET on July 17, 2019. .

Financial calendar

Interim report January September 2019
Year-end report 2019
Annual and Sustainability Report 2019

October 25, 2019
January 30, 2020
March 2020

Contact details

Acting CFO

Lena Larsson, Tel. +46 (0)10 436 00 00

Head of Communications

Malin Norden, +46 (0)10 436 00 00
Contact: ir@postnord.com

Sweden

Mailing address: SE-105 00 Stockholm
Visiting address: Terminalvägen 24, Solna
Tel.: +46 (0)10 436 00 00
www.postnord.com

Denmark

Mailing and visiting address:
Hedegaardsvej 88
DK-2300 Copenhagen S
Tel.: +45 (0)70 70 70 30

FINANCIAL STATEMENTS

Income statement

SEKm	Note	April- June 2019	April- June 2018	Jan.- June 2019	Jan.- June 2018	Jan.- Dec. 2018
Net sales	1, 5	9,514	9,503	18,985	18,605	37,669
Other operating income		84	1,693	140	1,837	2,053
Operating revenue	3	9,598	11,196	19,125	20,442	39,722
Personnel expenses		-4,153	-6,693	-8,193	-10,779	-18,789
Transportation expenses		-2,773	-2,815	-5,558	-5,503	-11,224
Other operating expenses		-2,108	-2,267	-4,064	-4,509	-9,315
Depreciation and impairments		-635	-321	-1,219	-626	-1,250
Operating expenses		-9,668	-12,096	-19,033	-21,417	-40,578
TOTAL OPERATING INCOME	3	-70	-901	92	-975	-855
Financial income		6	6	12	18	39
Financial expenses		-80	-18	-159	-30	-74
Net financial items		-74	-12	-147	-12	-35
Income before tax		-144	-912	-55	-987	-890
Tax		-27	11	-60	-81	-176
NET INCOME		-171	-901	-115	-1,068	-1,067
Attributable to						
Parent company shareholders		-171	-901	-116	-1,069	-1,068
Non-controlling interests		0	0	1	1	1
Earnings per share, SEK		-0.09	-0.45	-0.06	-0.53	-0.53

Statement of comprehensive income

SEKm	April-June 2019	April- June 2018	Jan.-June 2019	Jan.-June 2018	Jan.-Dec. 2018
NET INCOME	-171	-901	-115	-1,068	-1,067
OTHER COMPREHENSIVE INCOME					
Items that cannot be transferred to net income					
Revaluation of pension liabilities	-1,346	-476	-1,977	-421	-2,504
Change in deferred tax	277	105	407	93	547
Total	-1,069	-371	-1,570	-328	-1,957
Items that have been or may be transferred to net income					
Cash flow hedges after tax	-2	0	-2	1	-2
Translation differences	73	110	211	298	138
Total	71	110	209	299	136
TOTAL OTHER COMPREHENSIVE INCOME	-998	-261	-1,361	-29	-1,821
COMPREHENSIVE INCOME	-1,169	-1,162	-1,476	-1,097	-2,888
Attributable to					
Parent company shareholders	-1,169	-1,162	-1,477	-1,098	-2,889
Non-controlling interests	0	0	1	1	1

Statement of financial position

SEKm	Note	June 30, 2019	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018
	1, 5					
ASSETS						
Goodwill		2,682	2,656	2,594	2,653	2,668
Other non-current intangible assets		767	761	747	744	762
Property, plant and equipment		8,078	8,088	7,961	7,902	8,028
Right-of-use assets		5,783	5,387	-	-	-
Participations in associated companies		95	89	87	81	81
Financial investments	7	195	198	198	204	200
Non-current receivables		1,031	1,077	1,108	1,179	1,078
Deferred tax assets		481	203	78	75	101
Total non-current assets		19,114	18,459	12,773	12,838	12,918
Inventories		108	110	100	108	103
Tax assets		264	404	322	218	229
Trade receivables	7	4,732	4,719	5,009	4,776	4,734
Prepaid expenses and accrued income		1,212	1,066	1,113	1,080	1,441
Other receivables		137	138	190	158	217
Short-term investments	7	-	2	101	151	4
Cash and cash equivalents	7	3,374	4,036	3,088	2,648	4,157
Assets held for sale		124	123	125	100	108
Total current assets		9,952	10,597	10,048	9,239	10,993
TOTAL ASSETS		29,066	29,056	22,821	22,077	23,911
EQUITY AND LIABILITIES						
EQUITY		3,665	4,835	5,142	6,564	6,266
LIABILITIES						
Non-current interest-bearing liabilities	7	3,870	2,871	1,770	1,887	1,594
Long-term lease liabilities		4,418	4,048	-	-	-
Other non-current liabilities		46	46	46	54	53
Pensions		4,363	3,054	2,576	144	660
Other provisions	6	3,046	3,345	3,392	3,329	3,332
Deferred tax liabilities		157	149	157	679	579
Total non-current liabilities		15,901	13,513	7,941	6,093	6,218
Current interest-bearing liabilities	7	0	1,550	1,619	1,855	2,931
Current lease liabilities		1,210	1,189	-	-	-
Trade payables	7	2,621	2,441	2,584	2,374	2,687
Tax liabilities		48	122	49	-	58
Other current liabilities	7	1,180	1,136	1,167	1,246	1,192
Accrued liabilities and deferred income		3,412	3,417	3,339	2,962	3,448
Other provisions	6	1,027	852	980	983	1,111
Total current liabilities		9,500	10,707	9,738	9,420	11,427
TOTAL LIABILITIES		25,400	24,221	17,678	15,513	17,645
TOTAL EQUITY AND LIABILITIES		29,066	29,056	22,821	22,077	23,911

Statement of cash flows

SEKm	Note	April- June 2019	April- June 2018	Jan.- June 2019	Jan.- June 2018	Jan.-Dec. 2018
OPERATING ACTIVITIES	5					
Income before tax		-144	-912	-55	-987	-890
Adjustments for non-cash items ¹⁾		490	3,110	735	3,016	3,468
Income tax paid		-75	-81	-105	-169	-175
Cash flows from operating activities before change in working capital		271	2,117	575	1,860	2,403
Cash flow from changes in working capital						
Increase(-)/decrease(+) in inventories		2	-13	-8	-16	-12
Increase(-)/decrease(+) in other operating receivables		25	-141	231	219	-125
Increase(+)/decrease(-) in other operating liabilities		201	-98	136	-194	-202
Other changes in working capital		-7	-3	-7	-32	19
Changes in working capital		221	-255	352	-23	-320
Cash flow from operating activities		492	1,862	927	1,837	2,083
INVESTING ACTIVITIES						
Purchase of property, plant and equipment		-251	-372	-549	-540	-1,187
Sale of property, plant and equipment		4	11	8	16	30
Acquisitions of non-current intangible assets		-71	-34	-135	-77	-186
Acquisition of financial assets		2	7	-3	-4	-156
Sale of financial assets		2	135	102	295	344
Cash flows from investing activities		-314	-253	-577	-310	-1,155
FINANCING ACTIVITIES						
Amortized loans		-1,550	-154	-1,615	-154	-2,578
New loans		1,000	875	2,100	875	2,171
Amortized lease liabilities		-285	-	-539	-	-
Shareholder contribution		-	-	-	-	667
Dividend paid		-2	-2	-2	-2	-2
Increase(+)/decrease(-) in other interest-bearing liabilities		-4	4	-13	4	-6
Cash flows from financing activities		-841	723	-69	723	252
CASH FLOWS FOR THE PERIOD		-663	2,332	281	2,250	-1,180
Cash and cash equivalents, at beginning of period		4,036	1,823	3,088	1,901	1,901
Translation difference in cash and cash equivalents		1	2	5	6	7
Cash and cash equivalents, closing balance		3,374	4,157	3,374	4,157	3,088
¹ Adjustments for non-cash items:						
Depreciation and impairments, property, plant and equipment		354	321	666	626	1,250
Amortization and impairments, right-of-use assets		280	-	552	-	-
Change in pension liability		92	529	42	335	561
Other provisions		-235	2,345	-527	2,127	1,748
Miscellaneous		-1	-85	2	-72	-91
Total		490	3,110	735	3,016	3,468

Statement of changes in equity

Equity attributable to the Parent Company's shareholders

SEKm	Share capital ¹⁾	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance Jan. 1, 2018	2,000	9,954	-1,749	2	-2,845	3	7,365
Comprehensive income for the period							
Net income for the period	-	-	-	-	-1,069	1	-1,068
Other comprehensive income for the period	-	-	298	1	-328	-	-29
Total comprehensive income for the period	-	-	298	1	-1,397	1	-1,097
Dividend	-	-	-	-	-	-2	-2
Shareholders' equity, closing balance June 30, 2018	2,000	9,954	-1,451	3	-4,242	2	6,266

Equity attributable to the Parent Company's shareholders

SEKm	Share capital ¹⁾	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance July 1, 2018	2,000	9,954	-1,451	3	-4,242	2	6,266
Comprehensive income for the period							
Net income for the period	-	-	-	-	1	0	1
Other comprehensive income for the period	-	-	-160	-3	-1,629	-	-1,792
Total comprehensive income for the period	2,000	9,954	-1,611	0	-5,870	2	4,475
Contribution from owner	-	667	-	-	-	-	667
Dividend	-	-	-	-	-	-	-
Shareholders' equity, closing balance Dec. 31, 2018	2,000	10,621	-1,611	0	-5,870	2	5,142

Equity attributable to the Parent Company's shareholders

SEKm	Share capital ¹⁾	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
Opening balance Jan. 1, 2019	2,000	10,621	-1,611	0	-5,870	2	5,142
Comprehensive income for the period							
Net income for the period	-	-	-	-	-116	1	-115
Other comprehensive income for the period	-	-	211	-2	-1,570	-	-1,361
Total comprehensive income for the period	-	-	211	-2	-1,686	1	-1,476
Dividend	-	-	-	-	-	-2	-2
Shareholders' equity, closing balance June 30, 2019	2,000	10,621	-1,400	-2	-7,556	2	3,665

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

Parent Company financial statements in brief

Income statement

SEKm	Note	April-June 2019	April-June 2018	Jan.-June 2019	Jan.-June 2018	Jan.-Dec. 2018
	1					
Other operating income		3	3	7	7	14
Operating revenue		3	3	7	7	14
Personnel expenses		-34	-7	-40	-13	-24
Other expenses		-33	-2	-43	-3	-6
Operating expenses		-67	-9	-83	-16	-30
TOTAL OPERATING INCOME		-64	-6	-76	-9	-16
Impairment of shares in subsidiaries						-815
Interest income and similar income items		0	1	0	2	2
Interest expenses and similar items		-15	-13	-24	-22	-38
Financial items		-15	-12	-24	-20	-851
Income after financial items		-79	-17	-100	-28	-868
Appropriations		-	-	-	-	51
Income after tax		-79	-17	-100	-28	-817
Tax		-	-	-	-	-
NET INCOME		-79	-17	-100	-28	-817

Statement of comprehensive income

SEKm	April-June 2019	April-June 2018	Jan.-June 2019	Jan.-June 2018	Jan.-Dec. 2018
Net income for the period	-79	-17	-100	-28	-817
Other comprehensive income for the period	-	-	-	-	-
COMPREHENSIVE INCOME	-79	-17	-100	-28	-817

Balance sheet

SEKm	Note	June 30, 2019	Jun. 30, 2018	Dec. 31, 2018
	1			
ASSETS				
Financial assets		10,890	11,701	10,888
Total non-current assets		10,890	11,701	10,888
Current receivables		8,130	8,003	7,612
Total current assets		8,130	8,003	7,612
TOTAL ASSETS		19,020	19,704	18,500
EQUITY AND LIABILITIES				
Equity		15,513	15,736	15,613
Non-current liabilities		3,435	1,032	1,330
Current liabilities		72	2,937	1,557
TOTAL EQUITY AND LIABILITIES		19,020	19,704	18,500

Notes to financial statements

Note 1 – Accounting principles

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

New and amended accounting principles

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

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

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

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

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

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

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

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

Note 2 – Risks

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

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

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

Note 3 – Operating segments

The Group's organization into segments is principally based on the companies' registered geographical domicile. The PostNord Strålfors segment is coordinated on the basis of the nature of the business. Market pricing is applied to legal transactions between PostNord's segments. There is no latitude for purchasing externally where the service is available internally. The operating segments reflect the operational structure.

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

PostNord Denmark operates in mail, logistics and e-commerce in the Danish market and is responsible for the e-commerce and logistics part of PostNord's operations in Germany.

PostNord Norway and **PostNord Finland** operate in mail, logistics and e-commerce in the Norwegian and Finnish markets, respectively. **PostNord Strålfors** operates in the area of information logistics. The company develops and offers communications solutions for companies with large customer bases.

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

The **Other** and **eliminations** segment consists of shared services and corporate functions including the Parent Company and Group adjustments. Group adjustments consist of IFRS measurement for pensions under IAS 19 Employee Benefits and IAS 16 Leases. An operational adjustment between Other and eliminations and PostNord Sweden is made to enable PostNord Sweden to report an accurate cost for pensions, which legally may vary, above all, depending on when credit is received from Postens Pensionsstiftelse. Eliminations consists of the elimination of internal transactions.

Net sales per segment	Q1	Q2	Q3	Q4	Q1	Q2
SEKm	2018	2018	2018	2018	2019	2019
PostNord Sweden	5,694	5,791	5,425	6,315	5,783	5,757
- of which internal	269	254	255	306	290	329
PostNord Denmark	2,006	2,204	1,994	2,355	2,147	2,228
- of which internal	119	126	110	130	130	155
PostNord Norway	965	1,065	1,019	1,143	1,099	1,116
- of which internal	157	194	175	214	171	192
PostNord Finland	268	294	291	323	309	324
- of which internal	83	94	102	119	107	123
PostNord Strålfors	519	531	474	528	520	511
- of which internal	34	37	34	39	34	39
Other business activities	317	322	317	365	348	417
- of which internal	2	1	1	2	2	2
Other and eliminations	-667	-705	-680	-805	-735	-839
Group	9,102	9,502	8,840	10,225	9,471	9,514
Operating income per segment	Q1	Q2	Q3	Q4	Q1	Q2
SEKm, unless otherwise indicated	2018	2018	2018	2018	2019	2019
PostNord Sweden	138	222	105	342	283	245
- as % of net sales, EBIT	2.4	3.8	1.9	5.4	4.9	4.3
PostNord Denmark	-199	-1,065	-152	50	-54	-10
- as % of net sales, EBIT	-9.9	-48.3	-7.6	2.1	-2.5	-0.4
PostNord Norway	1	17	-18	41	22	15
- as % of net sales, EBIT	0.1	1.6	-1.8	3.6	2.0	1.3
PostNord Finland	1	4	6	8	2	3
- as % of net sales, EBIT	0.3	1.4	2.1	2.5	0.5	0.9
PostNord Strålfors	47	46	42	34	31	34
- as % of net sales, EBIT	9.0	8.6	8.9	6.4	6.0	6.7
Other business activities	4	2	8	6	0	-20
- as % of net sales, EBIT	1.2	0.6	2.5	1.6	0.0	-4.8
Other and eliminations	-66	-127	-64	-288	-122	-337
Operating income	-74	-901	-73	193	162	-70
- as % of net sales, EBIT	-0.8	-9.5	-0.8	1.9	1.7	-0.7

Note 3 – Operating segments (cont.)

Adjusted operating income per segment SEKm, unless otherwise indicated	Q1	Q2	Q3	Q4	Q1	Q2
	2018	2018	2018	2018	2019	2019
PostNord Sweden	138	222	105	380	283	245
- as % of net sales, Adjusted EBIT	2.4	3.8	1.9	6.0	4.9	4.3
PostNord Denmark	-199	-96	-143	19	-54	-10
- as % of net sales, Adjusted EBIT	-9.9	-4.4	-7.2	0.8	-2,5	-0.4
PostNord Norway	1	17	-18	41	22	15
- as % of net sales, Adjusted EBIT	0.1	1.6	-1.8	3.6	2.0	1.3
PostNord Finland	1	4	6	8	2	3
- as % of net sales, Adjusted EBIT	0.3	1.4	2.1	2.5	0.6	0.9
PostNord Strålfors	47	46	42	34	31	34
- as % of net sales, Adjusted EBIT	9.0	8.6	8.9	6.4	6.0	6,7
Other business activities	4	2	8	5	0	-20
- as % of net sales, Adjusted EBIT	1.2	0.6	2.5	1.4	0.0	-4.8
Other and eliminations	-66	-127	-64	-287	-122	-172
Adjusted operating income	-74	68	-64	200	162	95
- as % of net sales, Adjusted EBIT	-0.8	0.7	-0.7	2.0	1.7	1.0

Net sales	Business areas			
	Communication Services		eCommerce & Logistics	
	Jan.-June 2019	Jan.-June 2018	Jan.-June 2019	Jan.-June 2018
SEKm				
Operating segments				
PostNord Sweden	5,140	5,566	5,781	5,395
PostNord Denmark	1,759	1,808	2,331	2,156
PostNord Norway	32	23	1,820	1,657
PostNord Finland	5	5	398	379
PostNord Strålfors	958	979	-	-
Other business activities	112	119	649	517
Total	8,005	8,501	10,980	10,104

The above table shows PostNord's external net sales per service category (business area) and operating segment. PostNord's revenue is mostly recognized at one point in time. The main items in revenue recognition over time are third-party logistics, subscription services and mail services. The relative shares of income recognized at one point in time 95% (95) and over time 5% (5) are unchanged. Business area eCommerce & Logistics offers logistics services for deliveries to, from and within the Nordic region. The focus is on distribution of parcels, groupage, pallet goods and bulk logistics (part loads), as well as third-party logistics. The services in Communication Services consist of services in business and market communications, newspaper distribution and a postal service for individual customers. For a more detailed description of PostNord's services, see the Annual Report.

Note 4 – Acquisitions and disposals

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

Note 5 – Leases

Impact of adoption of IFRS 16 Leases

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

Impact on Consolidated financial statements

Income statement

Recognition of amortization of right-of-use assets instead of lease charges made a positive impact on operating income. The Group's aggregate operating income was SEK 40m higher than if previous accounting principles had been applied. Estimated interest on the lease liability has a negative impact on net financial items. Deferred tax is recognized as the difference between leasing cost booked by legal entities and the amount of amortization and interest calculated in accordance with IFRS 16. The Group's aggregate operating income was SEK 18 million lower than if previous accounting principles had been applied. New contracts and terms were registered during the quarter. The updates mainly relate to costs of premises.

Statement of financial position

The Consolidated statement of financial position on June 30, 2019 included right-of-use assets of SEK 5,783 million and lease liabilities of SEK 5,628 million, where the difference for the most part consists of advance payments. Deferred tax assets consisting of temporary differences are recognized in the amount of SEK 5m.

Statement of cash flows

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

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

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

Summary statement of financial position	Carrying amounts, IFRS 16 not applied	Effect of IFRS 16	Statement of financial position
SEKm	June 30, 2019	June 30, 2019	June 30, 2019
Right-of-use assets	-	5,783	5,783
Deferred tax assets	476	5	481
Prepaid expenses and accrued income	1,394	-182	1,212
Equity	3,683	-18	3,665
Long-term lease liabilities	-	4,418	4,418
Current lease liabilities	-	1,210	1,210

Summary income statement	Carrying amounts, IFRS 16 not applied	Effect of IFRS 16	Income statement
SEKm	Jan.-June 2019	Jan.-June 2019	Jan.-June 2019
Operating revenue	19,125	-	19,125
Personnel expenses	-8,202	9	-8,193
Transportation expenses	-5,609	51	-5,558
Other operating expenses	-4,596	532	-4,064
Depreciation and impairments	-667	-552	-1,219
Operating expenses	-19,074	40	-19,034
TOTAL OPERATING INCOME	52	40	92
Financial income	12	-	12
Financial expenses	-97	-62	-159
Net financial items	-85	-62	-147
Income before tax	-33	-22	-55
Tax	-65	5	-60
NET INCOME	-97	-18	-115

Note 5 – Leases (cont.)

Summary statement of cash flows SEKm	Carrying amounts, IFRS 16 not applied	Effect of IFRS 16	Statement of cash flows
	Jan.-June 2019	Jan.-June 2019	Jan.-June 2019
Cash flow from operating activities	385	542	927
Cash flows from investing activities	-577	-	-577
Cash flows from financing activities	473	-542	-69
CASH FLOWS FOR THE PERIOD	281	-	281

Note 6 – Other provisions

Jan.-June 2019, SEKm	Opening balance	Provisions	Reversals	Utiliz- ation	Impact of translation/ reclassification	Closing balance
Restructuring measures	3,147	124	-	-560	117	2,828
Non-vested pension commitments	1,156	24	-	-135	126	1,169
Miscellaneous	70	0	-	-	6	76
Total	4,372	148	-	-695	249	4,073
<i>Of which, current</i>	<i>980</i>					<i>1,027</i>
<i>Of which, Non-current</i>	<i>3,392</i>					<i>3,046</i>

Jan.-June 2018, SEKm	Opening balance	Provisions	Reversals	Utiliz- ation	Impact of translation/ reclassification	Closing balance
Restructuring measures	1,127	2,457	-3	-339	119	3,361
Non-vested pension commitments	1,098	26	-	-161	29	992
Miscellaneous	90	-	-	-4	4	90
Total	2,316	2,483	-3	-504	152	4,443
<i>Of which, current</i>	<i>592</i>					<i>1,111</i>
<i>Of which, Non-current</i>	<i>1,724</i>					<i>3,332</i>

Not 7 – Financial instruments

June 30, 2019

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income	Financial assets measured at amortized cost	Financial liabilities at fair value via income	Financial liabilities measured at fair value via other comprehensive income	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	20	-	-	-	20	20
Currency derivatives	1	-	-	-	-	1	1
Trade receivables	-	4,732	-	-	-	4,732	4,732
Terminal fees ¹	-	749	-	-	-	749	749
Short-term investments	-	0	-	-	-	0	0
Cash and cash equivalents	-	3,374	-	-	-	3,374	3,374
Long-term interest-bearing liabilities	-	-	-	-	-3,870	-3,870	-3,888
Current interest-bearing liabilities	-	-	-	-	0	0	0
Trade payables	-	-	-	-	-2,621	-2,621	-2,621
Other current liabilities	-	-	-	-	-1,180	-1,180	-1,180
Currency derivatives	-	-	-36	-	-	-36	-36
Interest rate derivatives, hedge accounting	-	-	-	-3	-	-3	-3
Terminal fees ¹	-	-	-	-	-311	-311	-311
Total financial assets and liabilities, by category	1	8,875	-36	-3	-7,982	855	837

December 31, 2018

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

Note 7 – Financial instruments (cont.)

June 30, 2018

Carrying amount and fair value of financial assets and liabilities, SEKm	Financial assets reported at fair value via income	Financial assets measured at amortized cost	Financial liabilities at fair value via income	Financial liabilities measured at fair value via other comprehensive income	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Financial investments	-	21	-	-	-	21	21
Currency derivatives	14	-	-	-	-	14	14
Trade receivables	-	4,734	-	-	-	4,734	4,734
Terminal fees ¹	-	717	-	-	-	717	717
Short-term investments	-	4	-	-	-	4	4
Cash and cash equivalents	-	4,157	-	-	-	4,157	4,157
Long-term interest-bearing liabilities	-	-	0	-	-1,417	-1,417	-1,421
Current interest-bearing liabilities	-	-	-	-	-2,931	-2,931	-2,936
Trade payables	-	-	-	-	2,687	2,687	2,687
Other current liabilities	-	-	-	-	-1,509	-1,509	-1,509
Currency derivatives	-	-	-1	-	-	-1	-1
Interest rate derivatives, hedge accounting	-	-	-	0	-	0	0
Terminal fees ¹	-	-	-	-	-271	-271	-271
Total financial assets and liabilities, by category	14	9,633	-1	0	-8,815	831	822

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

Recognition and fair value measurement of financial instruments

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

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

Note 8 – Related parties

Beginning on July 1, the Group has a new, simplified and cost-effective organization with expanded responsibility in the country organizations. The Group Leadership Team, which changed in conjunction with the reorganization as was previously announced in a press release, worked at a rapid pace with the Board of Directors to formulate a plan to implement necessary changes. During the quarter, Board member Charlotte Strand worked as a consultant on PostNord's strategic and financial plan, for which reason she received remuneration in addition to the directors' fee.

Note 9 – Definitions and alternative key performance indicators

Alternative key performance indicators:

Return on operating capital (ROCE)	References are made in the interim report to a number of alternative financial measures that are not defined in IFRS. These key performance indicators provide additional information and are used as guidance to external stakeholders and management in their analysis of the Company's operations. Because not all companies calculate financial measures in the same way, these indicators are not always comparable with measures used by other companies. As a result, these financial indicators should not be regarded as a direct equivalent of indicators as defined in IFRS.
Adjusted return on operating capital	Operating profit for the 12 months to the end of the period, divided by average capital employed for the 12 months to the end of the period.
Financial preparedness	Adjusted operating profit for the 12 months to the end of the period, divided by average capital employed for the 12 months to the end of the period.
EBITDAI	Cash and cash equivalents, short-term investments and unutilized committed credit line.
Adjusted operating income	Operating income excluding depreciation and impairments.
Adjusted operating margin	Operating income excluding items affecting comparability.
Items affecting comparability	Adjusted operating income in relation to net sales.
Net debt	Items affecting comparability are substantial, nonrecurring or directly attributable to operating activities. Examples of items affecting comparability include capital gains on the sale of assets, impairment of assets and provision for personnel redundancies employed under special employment conditions in Denmark. Ongoing restructuring costs are not regarded as items affecting comparability.
	Interest-bearing liabilities, provision for pensions and 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

	June 30	Mar. 31	Dec. 31	Sep. 30	June 30
SEKm	2019	2019	2018	2018	2018
Interest-bearing liabilities, current	0	1,550	1,619	1,855	2,931
Current lease liabilities	1,210	1,410	-	-	-
Interest-bearing liabilities, long-term	3,870	2,872	1,770	1,887	1,594
Long-term lease liabilities	4,418	3,826	-	-	-
Pensions ¹	4,363	3,054	2,576	144	660
Financial investments	-195	-198	-198	-204	-200
Non-current receivables ²⁾	-878	-930	-964	-1,047	-1,049
Short-term investments	0	-2	-101	-151	-4
Cash and cash equivalents	-3,374	-4,036	-3,088	-2,648	-4,157
Net debt	9,414	7,545	1,615	-163	-225

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

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

Net debt ratio	Net liabilities in relation to equity.
Operating capital	Non-interest-bearing assets, less non-interest-bearing liabilities.
Operating margin	Operating income in relation to net sales.

Other key performance indicators:

Basic staff	Refers to all full- and part-time regular employees.
Average number of employees (FTE)	The total number of paid employee hours divided by the standard number of hours for a full-time employee during the cumulative period from the beginning of the year.
Earnings per share	Share of net earnings attributable to Parent Company shareholders divided by the average number of shares outstanding.

Quarterly data

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEK ^m , if not otherwise stated	2017	2017	2017	2018	2018	2018	2018	2019	2019
Group									
Net sales	9,067	8,547	10,065	9,102	9,503	8,840	10,225	9,471	9,514
Other operating income	62	76	116	144	1,693	112	104	56	84
Expenses	-9,420	-8,822	-9,909	-9,321	-12,096	-9,025	-10,136	-9,365	-9,669
<i>of which, personnel expenses</i>	-4,512	-3,828	-4,215	-4,086	-6,693	-3,730	-4,280	-4,040	-4,153
<i>of which, transport expenses</i>	-2,514	-2,588	-2,888	-2,688	-2,815	-2,783	-2,938	-2,785	-2,773
<i>of which, other expenses</i>	-2,052	-2,085	-2,476	-2,242	-2,267	-2,204	-2,602	-1,956	-2,108
<i>p impairments</i>	-342	-321	-330	-305	-321	-309	-315	-584	-635
Total operating income (EBITDAI)	51	122	602	231	-580	236	508	746	565
Operating margin (EBITDAI)	0.6%	1.4%	6.0%	2.5%	-6.1%	2.7%	4.9%	7.9%	5.9%
Operating income (EBIT)	-291	-199	272	-74	-901	-73	193	162	-70
Operating margin (EBIT)	-3.2%	-2.3%	2.7%	-0.8%	-9.5%	-0.8%	1.9%	1.7%	-0.7%
Cash flow from operating activities	922	-370	-181	-25	1,862	-371	617	435	492
Net debt	32	926	238	245	-225	-164	1,614	7,545	9,414
Return on operating capital (ROCE)	-15.9%	-17.5%	-1.6%	-3.9%	-12.4%	-10.9%	-12.4%	-7.9%	1.9%
Average number of employees (FTE)	31,210	32,096	31,134	29,469	29,998	30,790	29,596	28,461	28,117
Number of staffing (basic) at end of period	31,910	30,905	30,797	30,355	30,500	29,623	29,886	29,959	28,324
Volumes, millions of mails produced:									
Sweden, priority mail	176	160	191	174	168	150	171	163	149
Sweden, non-priority mail	217	207	238	226	199	173	203	205	179
Denmark, priority mail/Quickbrev	10	9	10	9	9	8	9	7	6
Denmark, non-priority and business mail	64	56	72	62	60	50	58	58	58
Volumes, millions of parcels produced (net):									
<i>(eliminated for volumes between countries)</i>									
Parcels, group total	37	37	45	39	43	40	49	43	43