

postnord



PostNord

Year-end report 2020

Overview

Operating income in the fourth quarter was the strongest for a single quarter since Post-Nord was formed in 2009. The transformation program continued to perform well and combined with high parcel volumes to produce an improvement in income. E-commerce rose to new record levels as a result of the Corona pandemic, while letter volumes continued to decline as a result of the ongoing trend of digitalization. Overall, net sales rose by 11 percent like-for-like. Delivery quality in the mail business remained high, whereas delivery quality in the parcels business was under pressure from very high volumes.

Fourth quarter 2020*

- Strong demand, especially for parcels
- Record-breaking income
- Good progress in the transformation program

Effects of the Corona pandemic*

- Robust growth in e-commerce
- Home deliveries of parcels without physical contact becomes new standard
- Increased number of Christmas cards sent

SEKm	October-December		January-December	
	2020	2019	2020	2019
Net sales	10,978	10,267	38,729	38,278
Operating income (EBIT)	843	35	2,421	184
Adjusted operating income (EBIT)	833	181	2,071	541
Income before tax	794	-34	2,153	-111
Net income for the period	606	-73	1,711	-239
Earnings per share (SEK)	0.30	-0.04	0.85	-0.12
Cash flow from operating activities	877	1,205	4,151	2,132
Net debt ratio (net debt/equity)**	38%	102%	38%	102%
Return on operating capital (ROCE)	18.6%	1.6%	18.6%	1.6%

*The report comments on developments in October-December 2020 compared to the same period in 2019 unless otherwise indicated. The term like-for-like refers to the change in fixed currency for comparable units.

**Net debt ratio, including pensions but excluding lease liabilities.

Comments by the President and Group CEO

The Corona pandemic continued to affect us all during the last quarter of the year. At PostNord, we have focused strongly on reducing the risk of infection for both employees and customers, who these days are extra dependent on safe and secure deliveries. Our ability to quickly make adjustments to respond to new patterns of behavior in society, combined with a continued focus on our improvement programs, has paid off. I am pleased to be able to confirm, that we are reporting both the best interim result and the best annual result since PostNord was founded in 2009.

Like-for-like sales totaled SEK 10,978m, an increase of 11 percent. The relative shares of our various businesses continued to shift. Parcel volumes rose by as much as 27 percent, while mail volumes fell by 11 percent over the quarter overall.

Operating income improved considerably, to SEK 843m (35). The improvement was driven by several factors; strong demand for packages was one, of course, but at the same time we maintained very high productivity and made good progress in our internal improvement

“We are reporting both the best interim result and the best annual result since PostNord was founded in 2009.”

programs. The extra costs incurred through the pandemic were offset by government compensation to mitigate the effects of the pandemic.

Despite the many challenges that ensued from the Corona pandemic, we maintained high delivery quality. In both Sweden and Denmark, we are at a level above the legal requirements for letters. As the spread of infection in society increased – leading to more and more stringent restrictions – e-commerce rose to new record levels. There were more of us than ever before staying at home, buying Christmas presents digitally instead of in physical stores. Due to very high parcel volumes, delivery quality in parcels decreased, but still amounted to 93.5 percent for the Group overall in the quarter. We have our meticulous preparations for Black Friday in November and for Christmas shopping in December to thank for that.



At a time when people have been unable to meet physically, Christmas cards became extra important and for the first time in a very long time, the volume of Christmas cards increased in Sweden.

Our trial of alternate-day mail deliveries in the Swedish market was carried out in the autumn, with good results. On 1 February this year, we introduced the new distribution model in the South region and will subsequently roll it out in the rest of the country in 2021 and 2022.

Dialogue with politicians concerning a long-term financially sustainable mail business continues. In Denmark, the temporary agreement with the Danish State on compensation for our extra costs incurred in provision of the universal postal service was extended. In Sweden, the government appointed an inquiry to examine the conditions for newspaper distribution. The government also produced a proposal for easing of service requirements. These are welcome measures.

In the fourth quarter and for the full year of 2020, we also achieved our target to reduce Group's total emissions by 40 percent relative to the 2009 level. Work has already begun to achieve the ambition to be fossil-free by 2030.

In a time of global struggle against the pandemic, and with the changed behaviors it carries, PostNord has fulfilled an important role in the society. Much worked out well for PostNord and our financial results are evidence thereof. This makes us equipped to continue our journey to become the favorite supplier in the Nordic region, with our customers, our partners and our highly professional employees.

Annemarie Gardshol
President & Group CEO

Net sales and income

Net sales

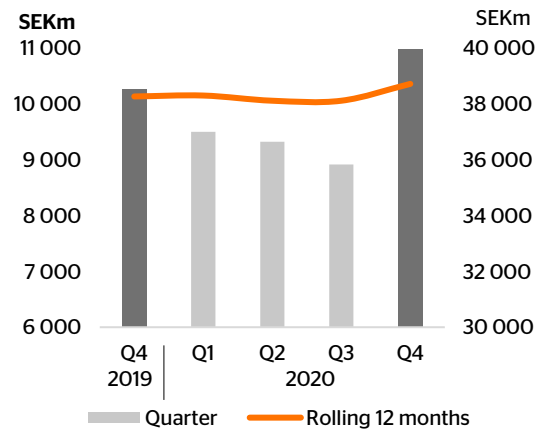
Net sales totaled SEK 10,978m (10,267) in the year's last quarter, +11.1 percent in fixed currency for like-for-like units.

During the quarter, mail volumes decreased by the equivalent of 11 percent (7) as a result of increased digitalization. However, the decrease was limited by the fact that in December an increase in volume was recorded as a result of increased demand for Christmas cards, for example.

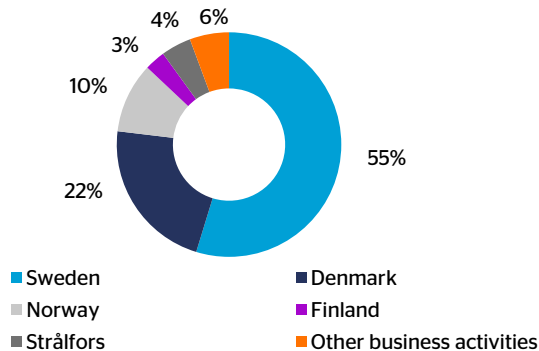
Parcel volumes rose very sharply, above all as a result of changing consumption behaviors in the wake of the Corona pandemic. A total of 62 million parcels were handled during the seasonally strongest quarter of the year, an increase of 27 percent (2). Volumes to B2C customers showed particularly robust growth of 37 percent (5), while volumes to B2B customers rose 4 percent (-6).

Other operating income increased to SEK 243m (79), mainly due to compensation for the universal postal service in Denmark, and exchange rate gains.

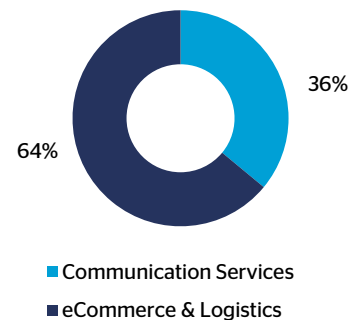
Net sales



Net sales per segment



Net sales per service category

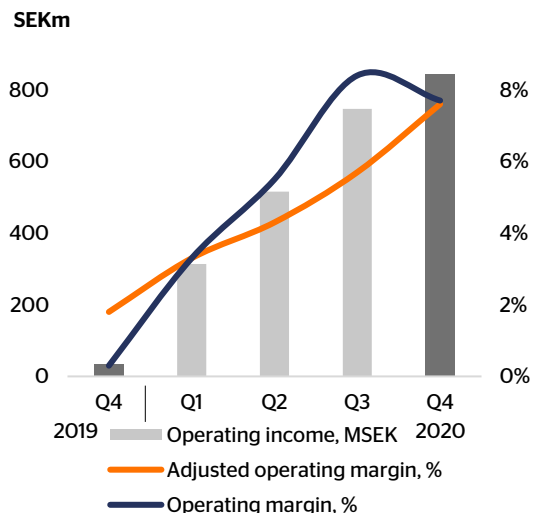


Income

Operating income totaled SEK 843m (35) in the fourth quarter, an operating margin of 7.7 percent (0.3). Income benefited from very buoyant demand in the parcels business, high productivity and measures in accordance with the ongoing efficiency program. Government compensation in connection with the Corona pandemic amounted to around SEK 38m in relation to sick leave costs. Capital gains from property sales in Denmark contributed SEK 11m. Adjusted operating income therefore totaled SEK 833m (181). Net financial items amounted to SEK -50m (-68), mainly consisting of interest expense in connection with leases, pensions and loans. Tax for the period totaled SEK -188m (-39) and income for the period SEK 606m (-73).

Return on capital employed (ROCE) improved sharply to 18.6 percent (1.6), above all as a result of the significant improvement in income over the year.

Operating income



Cash flow and financial position

Cash flow

Cash flows from operating activities before changes in working capital totaled SEK 762m (599). The change is mainly attributable to the income earned, revaluation of pension liabilities in accordance with IAS 19 and an increase in paid tax. Working capital rose SEK 115m (606) during the quarter, mainly in the form of increased trade payables and interim liabilities, offset by decreased trade receivables. Cash flow from operating activities totaled SEK 877m (1,205).

Cash flow from investing activities totaled SEK -332m (-485). Investments in property, plant and equipment and in non-current intangible assets during the period totaled SEK 392m (506). The investments focused mainly on vehicles, sorting machines, equipment for third-party logistics, land and build-up of distribution hubs and IT development.

Cash flow from financing activities totaled SEK -349m (-230). The change is mainly attributable to amortization totaling SEK -345 (-240) million of lease liabilities.

Net debt

The Group's net debt, including pensions and lease liabilities, decreased by SEK 1,415 million during the fourth quarter, mainly due to lower pension liabilities, lower lease liabilities, higher cash and cash equivalents,

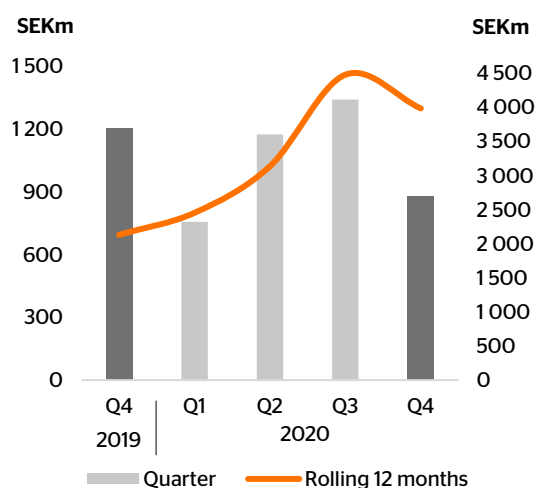
offset by higher short-term interest-bearing debt. The pension liability decreased during the quarter by SEK 1,330 million, mainly due to a positive return in Postens Pensionsstiftelse and positive revaluation effects. The net debt ratio including pensions and lease liabilities was 164 percent (259). The Group's net debt/equity ratio excluding leasing liabilities was 38 percent (102). The interest-bearing net debt excluding lease liabilities amounted to SEK 4,100m (3,872).

Financial preparedness at the end of the quarter amounted to SEK 8,229m (5,398), of which cash and cash equivalents totaled SEK 6,229m (3,398) and unutilized credit facilities SEK 2,000m (2,000). During the quarter, the credit facility was reduced by SEK 1,000 million, on the basis of good financial preparedness.

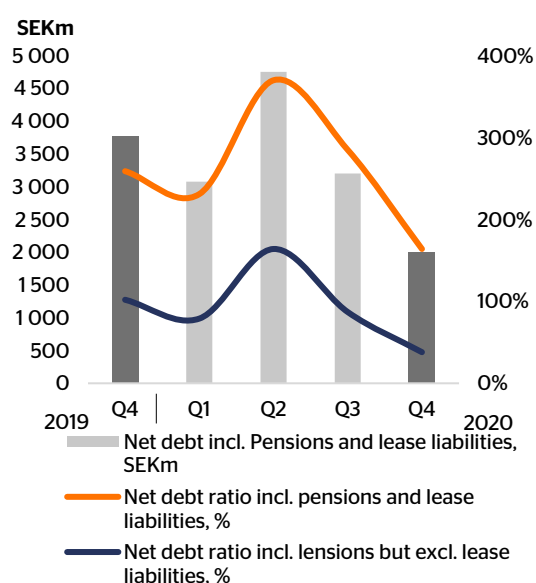
Equity

The Group's equity increased to SEK 4,906m from SEK 3,331m on September 30, 2020. The change in the quarter was attributable to the income of SEK 606m for the period, a change of SEK 1,103m net after tax in the pension commitment and translation differences of SEK -134m.

Cash flow from operating activities



Net debt and net debt ratio



Net debt	Dec. 31	Sep. 30	June 30	Mar. 31	Dec. 31
SEKm	2020	2020	2020	2020	2019
Interest-bearing liabilities	10,267	10,169	9,524	9,830	9,550
Pensions and disability pension plans	4,318	5,656	5,532	3,346	3,500
Long- and short-term investments	-292	-293	-297	-309	-198
Cash and cash equivalents	-6,229	-6,053	-4,377	-3,764	-3,398
Net debt incl. pensions and lease liabilities	8,064	9,479	10,382	9,103	9,454
Net debt ratio incl. pensions and lease liabilities	164%	285%	370%	231%	259%
Net debt incl. pensions but excl. lease liabilities	2,001	3,201	4,753	3,187	3,776
Net debt ratio incl. pensions but excl. lease liabilities	38%	87%	164%	79%	102%
Net debt excl. pensions and leases	-2,318	-2,455	-779	-159	276
Net debt ratio excl. pensions and lease liabilities	-44%	-67%	-27%	-4%	7%

Sustainability information

Delivery quality

Delivery quality in Sweden is still above the legal requirement of 95 percent for stamped letters that must be delivered to the intended recipient within two working days and has maintained a level of 98.1 percent (97.7) over the past 12 months. In Denmark, quality also exceeded the legal requirement. Over the past 12-month period, delivery quality for the Brevet service was 95.4 percent (95.4), compared with the legal requirement that 93 percent of letters must be delivered to the intended recipient within five working days.

Overall delivery quality for parcels in the PostNord Group was 95.2 percent (95.9) over the past 12-month period.

Personnel

The average number of employees (FTE) was 28,597, an increase compared with the corresponding period last year (28,156), but a marginal decrease compared with the previous quarter (28,655).

Sick leave averaged 6.2 percent (5.3) on a trailing 12-month basis, where the impact in each individual month is limited.

At the end of the quarter, the proportion of women at management levels 1-3 was 38 percent (35). At levels 4-6, the figure was 32 percent (31).

Sustainable supply chain

The target for a sustainable supply chain in 2020 was that 80 percent of purchase volumes from significant suppliers should be from those who accept and comply with PostNord's Supplier Code of Conduct. The result for the fourth quarter was 80 percent (76), and so the target was achieved. During the quarter, 21 suppliers were requested to carry out a self-assessment and two audits were performed. The ongoing Corona pandemic meant that most audits that would have been carried out in the fourth quarter have been deferred until 2021.

Climate impact

Emissions for the fourth quarter amounted to 73,935 tonnes of carbon dioxide, -5 percent compared with the fourth quarter of 2019 and -40 percent compared with the base year 2009, in like-for-like units. The goal of -40 percent by the end of 2020 compared to the base year 2009 was therefore also met in the fourth quarter.

Parent Company

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

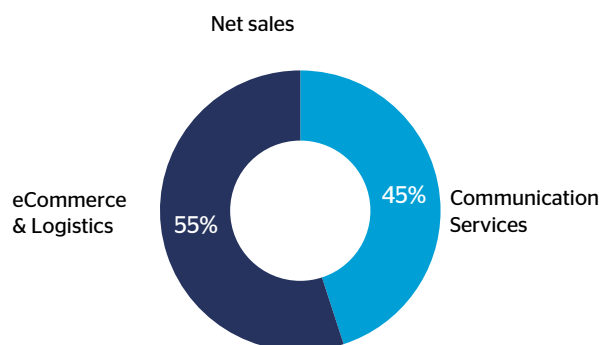
Net income for the period totaled SEK 117m (192).

PostNord Sweden

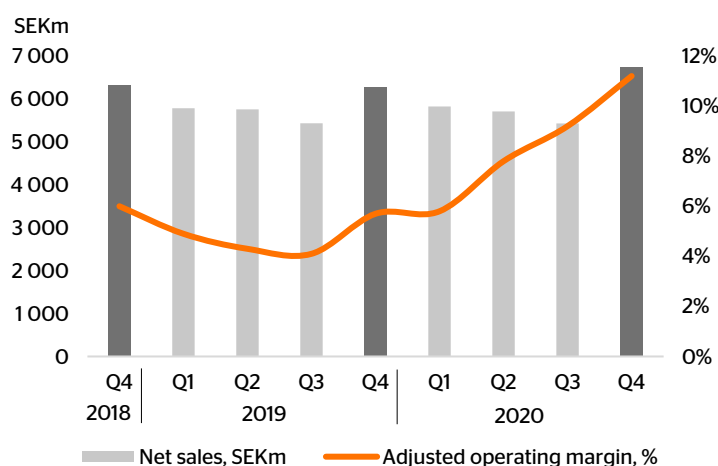
Net sales totaled SEK 6,735m (6,281), an increase of 10 percent (-1) for like-for-like units. Parcel volumes increased by 23 percent (-5), partly due to the sharp increase in e-commerce. Mail volumes fell by 11 percent (5).

Operating income totaled SEK 756m (341). The ongoing efficiency programs, the increase in postal rates on January 1 and the growth in demand for parcel deliveries all contributed to the strongest quarterly result since the segment was established in 2015.

Delivery quality for letters was 98.1 percent (97.7). Delivery quality for parcels was recorded at 94.2 percent (96.3) for the quarter. The sharp increase in the number of parcels and higher short-term absences brought challenges for production.



Net sales and adjusted operating margin



98.1%

Delivery quality, mail. Legal requirement 95%
Refers to period January–December 2020

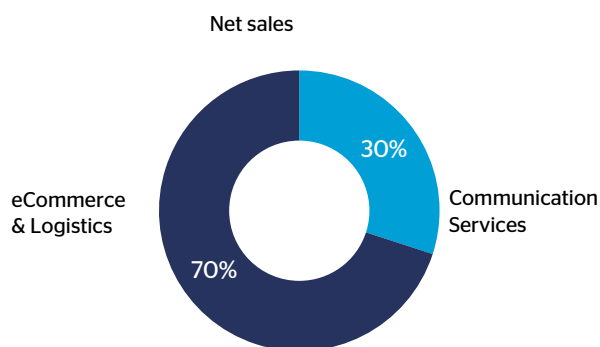
SEKm	October-December 2020	October-December 2019	Like-for-like Change	January-December 2020	January-December 2019	Like-for-like Change
Net sales	6,735	6,281	10%	23,694	23,253	4%
– Communication Services (external)	2,702	2,699	0%	9,734	10,116	-4%
– eCommerce & Logistics (external)	3,361	3,142	13%	11,968	11,723	6%
– Internal	672	440	53%	1,992	1,414	41%
Operating income (EBIT)	756	341	122%	2,240	1,092	105%
Operating margin	11.2%	5.4%	107%	9.5%	4.7%	101%
Items affecting comparability	-	-20		202	-20	
Adjusted operating income (adjusted EBIT)	756	361	109%	2,038	1,112	83%
Adjusted operating margin	11.2%	5.7%	96%	8.6%	4.8%	79%

PostNord Denmark

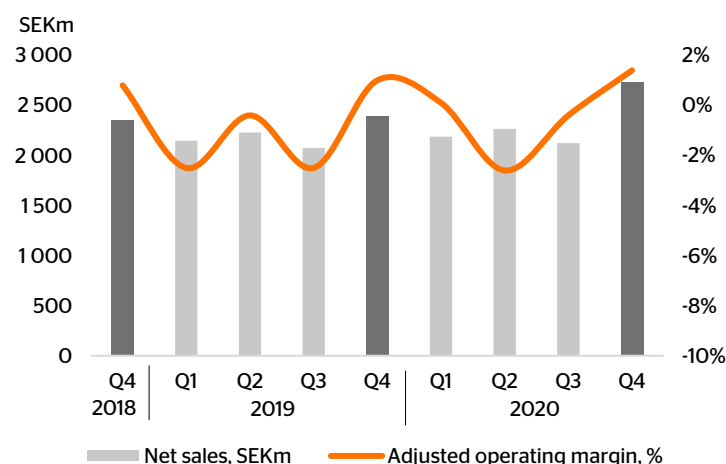
Net sales totaled SEK 2,729m (2,389), an increase of 18 percent (-2) in fixed currency for like-for-like units. Mail volumes fell by 12 percent (13). Parcel volumes increased by 37 (20) percent, primarily driven by strong demand from B2C customers.

Operating income totaled SEK 48m (-39). The ongoing transformation program was one factor in the improvement in income. Income was also positively impacted by compensation from the Danish government for the cost of mail deliveries, as well as by a capital gain of SEK 11 million on a property sale.

Delivery quality for the Brevet service surpassed the legal requirement at 95.4 (95.4) percent. Delivery quality for parcels was under pressure from very high parcel volumes, ending the quarter at 91.6 (96.5) percent. However, customer satisfaction was good thanks to extensive preparations and proactive communication. Overall delivery quality for parcels was 94.7 percent (96.6) over the past 12-month period.



Net sales and adjusted operating margin



95.4%

Delivery quality, Brevet. Legal requirement 93%
Refers to period January-December 2020

SEKm	October-December 2020	October-December 2019	Like-for-like Change	January-December 2020	January-December 2019	Like-for-like Change
Net sales	2,729	2,389	18%	9,305	8,839	6%
– Communication Services (external)	758	896	-14%	2,841	3,439	-16%
– eCommerce & Logistics (external)	1,753	1,319	35%	5,757	4,823	21%
– Internal	218	174	25%	707	577	23%
Operating income (EBIT)	48	-39		120	-155	-
Operating margin	1.8%	-1.6%		1.3%	-1.8%	
Items affecting comparability	11	-64		149	-64	
Adjusted operating income (adjusted EBIT)	37	25	48%	-29	-91	-
Adjusted operating margin	1.4%	1.0%	30%	-0.3%	-1.0%	

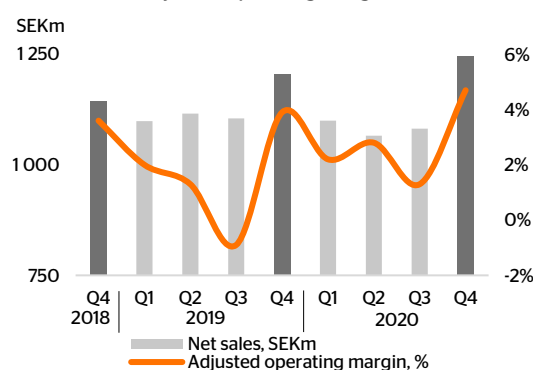
PostNord Norway

Net sales increased by 14 percent (7) in fixed currency for like-for-like units, to SEK 1,246m (1,206). Volumes to B2B customers were unchanged with 0 percent (-5) growth during the quarter. Volumes to B2C customers rose 39 percent (16).

Operating income totaled SEK 59m (35). The extra costs incurred as a result of the changes in the demand situation were offset by price increases.

Delivery quality declined to 93.4 percent (96.4) during the quarter and to 95.3 percent (95.9) over the past 12-month period.

Net sales and adjusted operating margin



SEKm	October-December		Like-for-like	January-December		Like-for-like
	2020	2019	Change	2020	2019	Change
Net sales	1,246	1,206	14%	4,481	4,526	9%
– Communication Services (external)	24	17	39%	83	66	33%
– eCommerce & Logistics (external)	969	958	13%	3,592	3,683	7%
– Internal	253	231	13%	807	777	12%
Operating income (EBIT)	59	35	69%	128	62	106%
Operating margin	4.7%	2.9%	63%	2.8%	1.4%	108%
Items affecting comparability	-	-12		-	-12	
Adjusted operating income (adjusted EBIT)	59	47	26%	128	74	73%
Adjusted operating margin	4.7%	3.9%	22%	2.8%	1.6%	74%

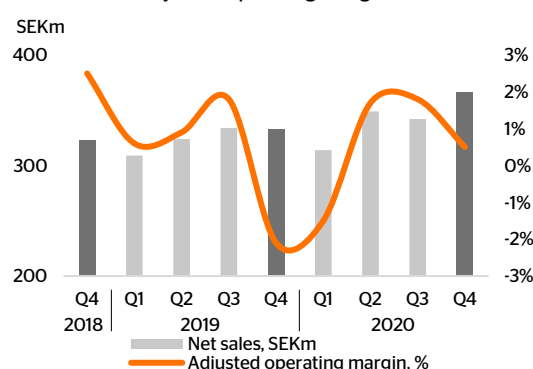
PostNord Finland

Net sales totaled SEK 366m (334), an increase of 14 percent (0) in fixed currency for like-for-like units. Sales in logistics operations rose sharply, mainly as a result of deliveries to the healthcare sector. Parcel volumes to B2B customers decreased overall by 4 percent (6), while volumes to B2C customers increased by 7 percent (2).

Operating income totaled SEK 2m (-9). The improvement is mainly due to a weak result last year in connection with costs for adjustment and effects of a strike.

Delivery quality increased to 96.1 percent (94.5) during the quarter and 95.6 percent (95.7) over the past 12-month period.

Net sales and adjusted operating margin



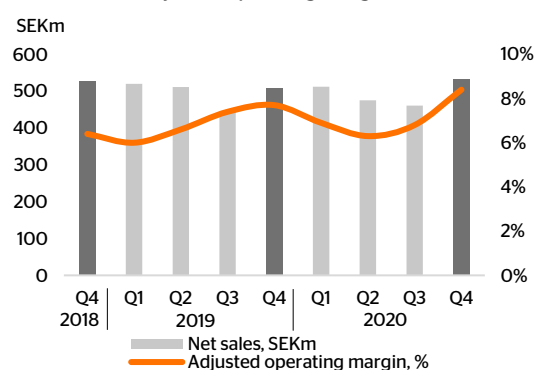
SEKm	October-December		Like-for-like	January-December		Like-for-like
	2020	2019	Change	2020	2019	Change
Net sales	366	334	14%	1,371	1,301	6%
– Communication Services (external)	0	0		0	8	
– eCommerce & Logistics (external)	247	207	19%	922	808	14%
– Internal	119	126	-4%	449	484	-7%
Operating income (EBIT)	2	-9		10	2	400%
Operating margin	0.5%	-2.7%		0.7%	0.2%	374%
Items affecting comparability	-	-2		-	-2	
Adjusted operating income (adjusted EBIT)	2	-7		10	4	150%
Adjusted operating margin	0.5%	-2.1%		0.7%	0.3%	137%

PostNord Strålfors

Net sales totaled SEK 534m (508), an increase of 8 percent (-4). The long-term trend of a structurally declining market for printed matter in the wake of digitalization remains. At the same time, the market for printed matter has only marginally been affected by the Corona pandemic.

Operating income totaled SEK 45m (39). Against the background of the structural declining market, the transformation program currently under way will be crucial to PostNord Strålfors. The initiative of streamlining physical distribution, securing consistently low administration costs and increasing the share of digital services progressed well during the quarter. The closure of operations in Tandsbyn in Jämtland, Sweden was completed during the quarter.

Net sales and adjusted operating margin



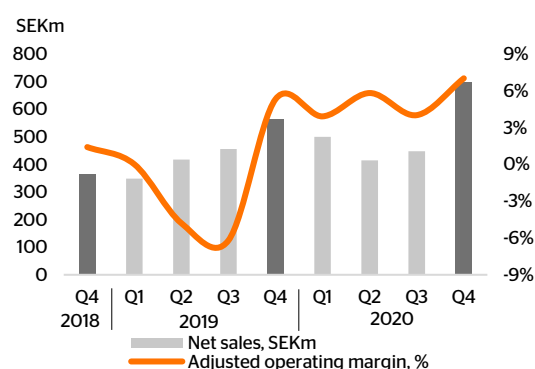
SEKm	October-December		Like-for-like	January-December		Like-for-like
	2020	2019	Change	2020	2019	Change
Net sales	534	508	8%	1,981	1,984	2%
– Communication Services (external)	471	469	1%	1,795	1,835	-2%
– Internal	63	39	38%	186	149	20%
Operating income (EBIT)	45	39	15%	142	137	4%
Operating margin	8.4%	7.7%	10%	7.2%	6.9%	4%
Items affecting comparability	-	-	-	-	-	-
Adjusted operating income (adjusted EBIT)	45	39	15%	142	137	4%
Adjusted operating margin	8.4%	7.7%	10%	7.2%	6.9%	4%

Other business activities

Net sales totaled SEK 697m (561), an increase of 32 percent (46) in fixed currency for like-for-like units. The Corona pandemic affected the business conditions for Direct Link, as it did for the rest of the industry, with very sharp falls globally in transportation capacity in the aviation sector. As a result, customers either rearranged mode of transport for their postal products or warehoused them. Both income and cost per delivery increased sharply, as the alternative modes of transport available are more expensive.

Operating income improved despite difficult market conditions, totaling SEK 49 (30) million. The cost structure and an ability to adapt customer offerings were the principal factors driving the improvement in profit compared with the corresponding period last year.

Net sales and adjusted operating margin



SEKm	October-December		Like-for-like	January-December		Like-for-like
	2020	2019	Change	2020	2019	Change
Net sales	697	561	32%	2,057	1,781	18%
– Communication Services (external)	51	49	4%	219	216	1%
– eCommerce & Logistics (external)	646	512	28%	1,836	1,560	18%
– Internal	-	-	-	2	5	-64%
Operating income (EBIT)	49	30	63%	110	-18	-
Operating margin	7.0%	5.3%	31%	5.3%	-1.0%	-
Items affecting comparability	-	-	-	-	-	-
Adjusted operating income (adjusted EBIT)	49	30	63%	110	-18	-
Adjusted operating margin	7.0%	5.3%	31%	5.3%	-1.0%	-

Major events in October–December 2020

PostNord Denmark's Universal Service Obligation (USO)

In December, the agreement between Post Danmark A/S and the Danish government regarding the universal service obligation was extended. The agreement runs until August 31, 2021 and is subject to approval by the European Commission. Compensation for the second half of the year had not been received at year-end. However, the judgement is that the compensation does not offset PostNord's costs in Denmark for its universal service obligation. In Denmark, dialogue with politicians concerning a long-term financially sustainable mail business continues with a view to bringing about a long-term agreement.

Mathias Krümmel new head of PostNord Sweden

In December, Mathias Krümmel was appointed head of PostNord Sweden. He stepped into his new role on January 1, 2021, when he took over the position Annemarie Gardshol had held since February 2018, in parallel with her responsibilities as President and CEO of the PostNord Group.

Mathias Krümmel has been employed by the Group since 2000 and has held a number of executive positions at PostNord Sweden over the years. These included Head of the Solutions business area in 2018, and VP Sales in the period 2014–2017. Most recently, he worked as Head of Production, a role he held since June 2018.

Mathias Krümmel was born in 1970. He was trained in the Swedish Armed Forces. He will be a part of the Group Leadership Team, GLT, and will report to President and CEO Annemarie Gardshol.

For information regarding major events in the period January–September 2020, see the interim reports for the first, second and third quarters.

Major events after the reporting period

Alternate-day distribution of letters introduced in the South region of Sweden

Digitalization continues to influence the behaviors of Swedes. The volume of letters has been going down for many years and the need to receive physical documents has been falling every day. Against that background, PostNord intends to introduce a new delivery model where parcels and Varubrev continue to be delivered every day and letters on alternate days.

The new model has been tested, evaluated and adjusted during the autumn of 2020. As of February 1 this year, all recipients with postal codes starting at 2 receive their letters, newspapers and direct mail every other day. Parcel and Varubrev deliveries are not affected by the change. The new delivery model is an adaptation to a reality that already exists, and many recipients will not notice any major difference. Mail carriers will continue to hand out letters every weekday, but will go on different rounds depending on what day it is. The service will be the same throughout the country when the model is fully implemented, and the rural mail carrier will of course continue to deliver. For those needing to send something quickly, express services will continue to be available. Parcel deliveries will not be affected by the change in mail deliveries, but will be delivered to the recipient's mailbox, as a home delivery or to an agent, just as before. Deliveries to companies with mailboxes will also continue as before.

The introduction of alternate-day delivery is planned for the West region and the Stockholm regions in 2021, and for the rest of the country in 2022.

Annual General Meeting 2021

The Annual General Meeting will take place at 2.00 p.m. on April 27, 2021. Information about the AGM will be published on the website www.postnord.com.

Dividend proposal

In view of the Company's continued restructuring requirements, the Board of Directors proposes that no dividend be paid in respect of the 2020 financial year.

Full year 2020

Net sales totaled SEK 38,729m (38,278) during the year, an increase of 3.7 percent (-0.4) percent in fixed currency for like-for-like units.

Mail volumes fell by 13 percent (8) as a result of digitalization. A total of 1,379 million (1,584) letters were delivered during the year. Parcel volumes increased by 14 percent (2) and a total of 198 million (174) parcels were handled during the year. The number of parcels shipped online has increased significantly because of the Corona pandemic. It had a great impact on our parcel business and resulted in volumes at levels we had anticipated in a couple of years from now. Net sales for Strålfors were adversely impacted by the long-term trend of a structurally declining market for printed matter. Direct Link recorded a strong sales growth.

Operating income totaled SEK 2,421m (184) for the year, with an operating margin of 6.3 percent (0.5). The improvement in earnings was mainly attributable to improved internal efficiency, price increases in the ongoing improvement programs and strong growth in the parcel business. The ever-lower mail volumes impacted income through lower revenues while the business has a high proportion of fixed costs. An increase in postal rates in Sweden on January 1, 2020 and government compensation for the universal service obligation in Denmark made a positive contribution. Income for Strålfors was negatively impacted by lower sales levels for printed material, which was offset by good productivity and a higher proportion of digital services. Direct Link recorded significantly improved results.

Cash flow from operating activities totaled SEK 4,151m (2,132). The significantly improved income and the sale of properties in Norrköping, Sweden were the single largest factors behind the more robust cash flow.

Financial preparedness was strengthened during the second and third quarters via the signing of an increased credit facility. The good financial preparedness built up during the year justified resetting the facility to SEK 2,000 million, which was unutilized at year-end.

Impact of the Corona pandemic

Like society at large, PostNord is impacted by the Corona pandemic. Suppliers and customers risk getting into difficulties. Neither customer losses nor bad debts have changed significantly since the pandemic broke out in March, but the judgement remains that this may become a risk at the point in time in the future when the State aid measures are scaled down. In addition, PostNord's own capacity to delivery is being examined. It is therefore particularly important:

- *To take responsibility.* The universal postal service something that we care about. Many people depend on us being able to deliver our services and in an extraordinary situation, this dependence becomes especially acute. Against that background, it is important to maintain good delivery capacity and quality, even under difficult conditions. We are working hard to ensure secure deliveries for our customers and recipients, while looking after our employees at all times.
- *To maintain financial preparedness.* We are reviewing costs, investment plans and financing options in order to meet the increased uncertainty that the pandemic is causing.
- *To see beyond the pandemic.* Sound judgements will be needed to equip ourselves properly for life after the pandemic. Customer behaviors that have changed during the pandemic will not necessarily return to what they were before the outbreak.

In March, sick leave in all segments increased as a result of the Corona pandemic, to 8.7 (5.8) percent. Sick leave gradually returned to more normal levels in the succeeding months. Short-term absence, for child care and illness, at times had major impact locally, above all at small workplaces where the effect of a sudden fall in employee numbers is noticeable, as it affects a higher proportion of capacity.

PostNord has received SEK 142m in government compensation directly related to the Corona pandemic. Of the total, SEK 38m was received in the fourth quarter. The major share of the compensation related to sick leave.

A review of future investment needs has been carried out and a number of investments have been postponed to the future. Investments for full-year 2020 totaled SEK 1,074m, SEK 282m lower than in 2019.

Solna, February 2, 2021

PostNord AB (publ), CIN 556771-2640

Annemarie Gardshol
President & Group CEO

Group Income statement

SEKm	Note	October-December		January-December	
		2020	2019	2020	2019
	1				
Net sales		10,978	10,267	38,729	38,278
Other operating income		243	79	1,427	351
Operating revenue	3	11,221	10,346	40,156	38,629
Personnel expenses		-4,181	-4,176	-15,704	-16,018
Transportation expenses		-2,725	-2,924	-10,410	-11,300
Other operating expenses		-2,772	-2,495	-8,985	-8,537
Depreciation and impairments		-700	-718	-2,636	-2,591
Operating expenses		-10,378	-10,313	-37,735	-38,446
OPERATING INCOME	3	843	35	2,421	184
Financial income		11	7	48	23
Financial expenses		-62	-75	-317	-318
Net financial items		-50	-68	-268	-295
Income before tax		794	-34	2,153	-111
Tax		-188	-39	-442	-128
NET INCOME		606	-73	1,711	-239
Attributable to					
Parent Company shareholders		607	-73	1,709	-241
Non-controlling interests		-1	0	2	2
Earnings per share, SEK		0.30	-0.04	0.85	-0.12

Group Statement of comprehensive income

SEKm	October-December		January-December	
	2020	2019	2020	2019
NET INCOME	606	-73	1,711	-239
OTHER COMPREHENSIVE INCOME				
Items that cannot be transferred to net income				
Revaluation of pension liabilities	1,390	1,433	-182	-1,716
Change in deferred tax	-287	-281	37	367
Total	1,103	1,152	-145	-1,349
Items that have been or may be transferred to net income				
Cash flow hedges after tax	0	2	-1	0
Translation differences	-134	-155	-311	102
Total	-134	-153	-312	102
TOTAL OTHER COMPREHENSIVE INCOME	969	999	-457	-1,247
COMPREHENSIVE INCOME	1,575	926	1,254	-1,486
Attributable to				
Parent Company shareholders	1,576	926	1,252	-1,488
Non-controlling interests	-1	0	2	2

Group Statement of financial position

SEKm	Note	Dec. 31 2020	Dec. 31 2019
	1		
ASSETS			
Goodwill		2,510	2,619
Other non-current intangible assets		439	608
Property, plant and equipment		6,992	8,113
Right-of-use assets		5,954	5,813
Participations in associated companies		134	111
Non-current interest-bearing receivables	6	280	198
Other non-current receivables	6	411	874
Deferred tax assets		627	491
Total non-current assets		17,350	18,826
Inventories		90	105
Tax assets		299	222
Trade receivables	6	4,967	4,928
Prepaid expenses and accrued income		878	823
Other current receivables	6	600	464
Current interest-bearing receivables	6	11	0
Cash and cash equivalents	6	6,229	3,398
Assets held for sale		65	126
Total current assets		13,139	10,064
TOTAL ASSETS		30,489	28,891
EQUITY AND LIABILITIES			
EQUITY		4,906	3,654
LIABILITIES			
Non-current interest-bearing liabilities	6	3,243	3,872
Long-term lease liabilities		4,849	4,476
Other non-current liabilities		42	180
Pensions		4,395	4,211
Other provisions	5	1,685	2,548
Deferred tax liabilities		120	142
Total non-current liabilities		14,334	15,428
Current interest-bearing liabilities	6	857	-
Current lease liabilities		1,318	1,202
Trade payables	6	2,877	2,811
Tax liabilities		313	80
Other current liabilities	6	1,503	1,099
Accrued expenses and deferred income		3,643	3,439
Other provisions	5	737	1,083
Liabilities categorized as assets held for sale		-	95
Total current liabilities		11,249	9,809
TOTAL LIABILITIES		25,582	25,237
TOTAL EQUITY AND LIABILITIES		30,489	28,891

Group Statement of cash flows

SEKm	Note	October-December 2020	October-December 2019	January-December 2020	January-December 2019
OPERATING ACTIVITIES					
Income before tax		794	-34	2,153	-111
Adjustments for non-cash items ¹		196	696	903	1,958
Income tax paid		-228	-63	-362	-188
Cash flows from operating activities before changes in working capital		762	599	2,694	1,659
Cash flow from changes in working capital					
Increase(-)/decrease(+) in inventories		6	6	15	-5
Increase(-)/decrease(+) in other operating receivables		-1,038	-576	553	8
Increase(+)/decrease(-) in other operating liabilities		1,147	1,176	889	470
Changes in working capital		115	606	1,457	473
Cash flow from operating activities		877	1,205	4,151	2,132
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		-349	-488	-999	-1,178
Sale of property, plant and equipment		3	43	28	55
Acquisitions of non-current intangible assets		-43	-18	-75	-178
Sale of subsidiary, effect on cash and cash equivalents	4	60	-	1,148	-
Acquisition of financial assets		-3	-20	-10	-24
Sale of financial assets		0	-2	11	101
Cash flows from investing activities		-332	-485	103	-1,224
FINANCING ACTIVITIES					
Amortized loans		-2	-	-86	-1,615
New loans		-	-	-	2,095
Amortized lease liabilities		-345	-240	-1,307	-1,086
Dividend paid		-	-	-2	-2
Increase(+)/decrease(-) in other interest-bearing liabilities		-2	10	-2	6
Cash flows from financing activities		-349	-230	-1,397	-602
CASH FLOWS FOR THE PERIOD					
Cash and cash equivalents, at beginning of period		6,053	2,914	3,398	3,088
Translation difference in cash and cash equivalents		-20	-6	-26	4
Cash and cash equivalents, closing balance		6,229	3,398	6,229	3,398
¹ Adjustments for non-cash items:					
Depreciation and impairments		700	717	2,636	2,591
Change in pension liability		-273	308	-294	462
Other provisions		-139	-327	-879	-1,111
Capital gain, property, plant and equipment sold		-9	-	-153	-
Capital gain, sale of subsidiaries		-6	-	-228	-
Other		-77	-2	-179	16
Total		196	696	903	1,958

Group Statement of changes in equity

January–December 2019	Equity attributable to the Parent Company's shareholders						Non-control- ling interests	Total equity
	Capital stock ¹	Other con- tributed capital	Translation reserve	Hedging re- serve	Retained earnings			
SEKm								
Opening balance Jan. 1, 2019	2,000	10,621	-1,611	0	-5,870	2	5,142	
Comprehensive income for the pe- riod								
Net income for the period	-	-	-	-	-241	2	-239	
Other comprehensive income for the period	-	-	102	0	-1,349	-	-1,247	
Total comprehensive income for the period	-	-	102	0	-1,590	2	-1,486	
Dividend	-	-	-	-	-	-2	-2	
Shareholders' equity, closing bal- ance Dec. 31, 2019	2,000	10,621	-1,509	0	-7,460	2	3,654	

January–December 2020	Equity attributable to the Parent Company's shareholders						Non-control- ling interests	Total equity
	Capital stock ¹	Other con- tributed capital	Translation reserve	Hedging re- serve	Retained earnings			
SEKm								
Opening balance Jan. 1, 2020	2,000	10,621	-1,509	0	-7,460	2	3,654	
Comprehensive income for the pe- riod								
Net income for the period	-	-	-	-	1,709	2	1,711	
Other comprehensive income for the period	-	-	-311	-1	-145	-	-457	
Total comprehensive income for the period	-	-	-311	-1	1,564	2	1,254	
Dividend	-	-	-	-	-	-2	-2	
Shareholders' equity, closing bal- ance Dec. 31, 2020	2,000	10,621	-1,820	-1	-5,896	2	4,906	

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

Income statement Parent Company

SEKm	Note	October-December 2020	October-December 2019	January-December 2020	January-December 2019
	1				
Other operating income		5	4	16	27
Operating revenue		5	4	16	27
Personnel expenses		-3	-2	-14	-43
Other expenses		-7	-16	-21	-76
Operating expenses		-10	-18	-35	-119
OPERATING INCOME		-6	-14	-20	-92
Interest income and similar income items		6	-	12	-
Interest expenses and similar items		-15	-2	-62	-39
Financial items		-9	-2	-50	-39
Income after financial items		-15	-16	-70	-131
Appropriations		150	230	150	230
Income before tax		135	214	80	99
Tax		-18	-22	-18	-22
NET INCOME		117	192	62	77

Statement of comprehensive income Parent Company

SEKm	October-December 2020	October-December 2019	January-December 2020	January-December 2019
Net income for the period	117	192	62	77
Other comprehensive income for the period	-	-	-	-
COMPREHENSIVE INCOME	117	192	62	77

Summary Parent Company balance sheet

SEKm	Note	Dec. 31 2020	Dec. 31 2019
	1		
ASSETS			
Financial assets		10,894	10,893
Total non-current assets		10,894	10,893
Current receivables		8,339	8,288
Total current assets		8,339	8,288
TOTAL ASSETS		19,233	19,181
EQUITY AND LIABILITIES			
Equity		15,752	15,690
Non-current liabilities		2,938	3,434
Current liabilities		543	57
TOTAL EQUITY AND LIABILITIES		19,233	19,181

Notes to the financial statements

Note 1 - Accounting principles

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

New and revised accounting principles

The new or revised IFRS that entered into force in 2020 have not had any impact on the consolidated financial statements. A number of new or revised IFRS that will come into effect in the financial years ahead have not been adopted early in the preparation of these financial statements. They are not expected to have a material impact on the Group's or the Parent Company's forthcoming financial reports.

Significant assessments and estimates

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

Note 2 - Risks

The Parent Company and the Group are exposed to strategic, operational and financial risks. In common with society at large, PostNord has been affected by the Corona pandemic. Thanks to continuity planning, PostNord has been able to maintain our delivery capacity at an acceptable level and PostNord continues to plan on an ongoing basis to enable deliveries to continue. In addition to increased sick leave among its own personnel, PostNord is also sensitive to a lack of available transportation capacity as a result of increased sick leave at sub-contractors. The current pandemic is also affecting activities throughout the sector and the markets in which PostNord operates, which is affecting sales and the product mix. The long-term impact will be determined by the duration of the pandemic and the restrictions ordered by the government concerned, which is affecting trade and industry as a whole. PostNord is actively using the means at its disposal to adapt its operations to the prevailing situation.

Note 3 - Operating segments

The Group's division into segments is primarily based on the companies' geographical domicile, plus the segments PostNord Strålfors and Other business activities, which are coordinated according to the nature of the operations. 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 the changes in PostNord's market and product mix in recent years. The operating segments reflect the operational structure.

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

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

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

PostNord Strålfors operates in information logistics. The company develops and offers communications solutions for companies with a large customer base. **Other business activities** incorporates other business activities and Direct Link. Direct Link operates in global distribution of marketing communications and lightweight goods, mainly for e-retailers. The business is conducted in the USA, the UK, 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 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.

Notes to the financial statements

Net sales per segment

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEKm	2019	2019	2019	2019	2020	2020	2020	2020
PostNord Sweden	5,783	5,757	5,433	6,281	5,824	5,708	5,428	6,735
- of which internal	290	329	355	441	458	418	443	672
PostNord Denmark	2,147	2,228	2,075	2,389	2,187	2,265	2,123	2,729
- of which internal	130	155	118	174	161	171	157	218
PostNord Norway	1,099	1,116	1,105	1,206	1,100	1,066	1,082	1,246
- of which internal	171	192	182	231	174	196	198	253
PostNord Finland	309	324	334	333	314	349	342	366
- of which internal	107	123	128	126	101	116	113	118
PostNord Strålfors	520	511	445	508	512	475	461	534
- of which internal	34	39	37	39	34	44	46	62
Other business activities	348	417	455	561	499	414	447	697
- of which internal	2	2	1	0	1	0	0	0
Other and eliminations	-735	-839	-822	-1,011	-932	-949	-964	-1,328
Group	9,471	9,514	9,026	10,267	9,504	9,328	8,919	10,978

Operating income per segment

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEKm, unless otherwise indicated	2019	2019	2019	2019	2020	2020	2020	2020
PostNord Sweden	283	245	223	341	338	446	701	756
- Operating margin, %	4.9	4.3	4.1	5.4	6.0	7.8	12.9	11.2
PostNord Denmark	-54	-10	-51	-39	2	53	17	48
- Operating margin, %	-2.5	-0.4	-2.5	-1.6	0.0	2.3	0.8	1.8
PostNord Norway	22	15	-10	35	24	30	14	59
- Operating margin, %	2.0	1.3	-0.9	2.9	2.0	2.8	1.3	4.8
PostNord Finland	2	3	6	-9	-5	6	6	2
- Operating margin, %	0.6	0.9	1.8	-2.7	-1.6	1.7	1.8	0.6
PostNord Strålfors	31	34	33	39	35	30	31	45
- Operating margin, %	6.0	6.6	7.4	7.7	6.8	6.3	6.7	8.4
Other business activities	0	-20	-28	30	19	24	18	49
- Operating margin, %	0.0	-4.8	-6.2	5.3	3.8	5.8	4.0	7.0
Other and eliminations	-122	-337	-116	-362	-99	-72	-40	-115
Operating income	162	-70	57	35	314	517	747	843
- Operating margin, %	1.7	-0.7	0.6	0.3	3.3	5.5	8.4	7.7

Notes to the financial statements

Adjusted operating income per segment

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEKm, unless otherwise indicated	2019	2019	2019	2019	2020	2020	2020	2020
PostNord Sweden SEKm	283	245	223	361	338	446	499	756
Adjusted operating margin, %	4.9	4.3	4.1	5.7	6	7.8	9.2	11.2
PostNord Denmark SEKm	-54	-10	-51	25	2	-59	-8	37
Adjusted operating margin, %	-2.5	0	-2.5	1.0	0	-2.6	-0.4	1.4
PostNord Norway SEKm	22	15	-10	47	24	30	14	59
Adjusted operating margin, %	2.0	1.3	-0.9	3.9	2	2.8	1.3	4.8
PostNord Finland SEKm	2	3	6	-7	-5	6	6	2
Adjusted operating margin, %	0.6	0.9	1.8	-2.1	-1.6	1.7	1.8	0.6
PostNord Strålfors SEKm	31	34	33	39	35	30	31	45
Adjusted operating margin, %	6.0	6.6	7.4	7.7	6.8	6.3	6.7	8.4
Other business activities SEKm	0	-20	-28	30	19	24	18	49
Adjusted operating margin, %	0.0	-4.8	-6.2	5.3	4	5.8	4.0	7.0
Other and eliminations SEKm	-122	-172	-70	-314	-99	-72	-40	-115
Adjusted operating income SEKm	162	95	103	181	314	404	520	833
Adjusted operating margin, %	1.7	1.0	1.1	1.8	3.3	4.3	5.8	7.6

Net sales per operating segment and service category

Operating segments SEKm	Service category			
	Communication Services		eCommerce & Logistics	
	Oct.-Dec. 2020	Oct.-Dec. 2019	Oct.-Dec. 2020	Oct.-Dec. 2019
PostNord Sweden	2,702	2,699	3,361	3,142
PostNord Denmark	758	896	1,753	1,319
PostNord Norway	24	17	969	958
PostNord Finland	-	-	247	207
PostNord Strålfors	471	469	-	-
Other business activities	51	49	646	512
Total	4,006	4,130	6,976	6,138

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

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

Notes to the financial statements

Note 4 - Acquisitions and disposals

No acquisitions were made in 2020 and 2019.

Effects of disposals on assets and liabilities, SEKm	Jan.-Dec. 2020	Jan.-Dec. 2019
Property, plant and equipment	655	-
Current assets	108	-
Total assets	763	-
Other current liabilities	-105	-
Total liabilities	-105	-
Net asset	658	-
Purchase consideration received	1,157	-
Less deposit	-9	-
Net effect on cash and cash equivalents	1,148	-

Sales of subsidiaries

In the first quarter of 2020, PostNord Group AB sold all shares in property companies Lokesvej 18 ApS and Kometvej 15 ApS in Denmark.

In the second quarter of 2020, PostNord Group AB sold all shares in PostNord Termo AB.

In the third quarter of 2020, PostNord Group AB sold all shares and participations in property companies Kardinalmärket 1 AB och KB Sveterm.

In the fourth quarter of 2020, PostNord Group AB sold all shares in property company M. P. Allerupsvej 61 ApS. The consideration received was SEK 60m. An agreement has been entered into to lease back the property, as a result of which an additional right-of-use asset and lease liability have been recognized. The sale-and-leaseback transactions have provided the Group with increased cash and cash equivalents while enabling the Group to continue using the premises. In accordance with IFRS 16, PostNord has recognized income from the transaction that corresponds to the rights transferred to the buyer. The income from the asset sold is, in accordance with IFRS 16, recognized in the amount of SEK 7m. The remaining portion of the capital gain is recognized as accrued over the term of the lease.

Note 5 - Other provisions

January-December 2020, SEKm	Opening balance	Provisions	Reversals	Utilization	Other¹	Closing balance
Transformation measures	2,371	100	-22	-1,008	-30	1,411
Non-vested pension commitments	1,191	38	-	-272	-11	946
Other	69	1	-	-4	-2	65
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>

January-December 2019, SEKm	Opening balance	Provisions	Reversals	Utilization	Other¹	Closing balance
Transformation measures	3,147	252	-5	-1,133	110	2,371
Non-vested pension commitments	1,157	47	-	-277	264	1,191
Other	68	1	-	-3	3	69
Total	4,372	300	-5	-1,413	377	3,631
<i>Of which, current</i>	<i>980</i>					<i>1,083</i>
<i>Of which, Non-current</i>	<i>3,392</i>					<i>2,548</i>

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

Notes to the financial statements

Note 6 - Financial instruments

Carrying amount and fair value of financial assets and liabilities, SEKm	December 31, 2020						
	Financial assets reported at fair value via income	Financial assets measured at amortized cost	Financial liabilities at fair value via income	Derivatives used for hedging purposes	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Assets	233	11,532	-	-	-	11,765	11,765
<i>of which, derivatives</i>	3	-	-	-	-	3	3
Liabilities	-	-	-43	-1	-8,980	-9,024	-9,051
<i>of which, loan liabilities</i>	-	-	-	-	-3,608	-3,608	-3,635
<i>of which, derivatives</i>	-	-	-43	-1	-	-44	-44
Total financial assets and liabilities, by category	233	11,532	-43	-1	-8,980	2,741	2,714

Carrying amount and fair value of financial assets and liabilities, SEKm	December 31, 2019						
	Financial assets reported at fair value via income	Financial assets measured at amortized cost	Financial liabilities at fair value via income	Derivatives used for hedging purposes	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Assets	2	8,830	-	-	-	8,832	8,832
<i>of which, derivatives</i>	2	-	-	-	-	2	2
Liabilities	-	-	-71	0	-8,260	-8,331	-8,353
<i>of which, loan liabilities</i>	-	-	-	-	-3,872	-3,872	-3,894
<i>of which, derivatives</i>	-	-	-71	0	-	-71	-71
Total financial assets and liabilities, by category	2	8,830	-71	0	-8,260	501	479

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

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

Notes to the financial statements

Note 7 - Related parties

In the first quarter 2020, Post Danmark A/S received compensation of DKK 112m from the Danish government for maintaining the universal postal service in Denmark in the period January-June 2020.

At the end of June, the agreement with the Danish government was extended until December 31. The agreement requires approval from the EU Commission, and the compensation had not yet been received on December 31. Compensation pertaining to the second half-year is recognized, since the judgement in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance is that the conditions of the agreement will be fulfilled and that Post Danmark A/S will receive the compensation.

Note 8 - Definitions and alternative key performance indicators

Alternative key performance indicators

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.

Return on operating capital (ROCE)

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

Adjusted return on operating capital

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

Financial preparedness

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.

Items affecting comparability are substantial, nonrecurring or not directly attributable to operating activities.

Examples of items affecting comparability include capital gains on the sale of assets, impairment of assets and provision for personnel redundancies employed under special employment conditions in Denmark. Ongoing restructuring costs are not regarded as items affecting comparability.

Net debt

Interest-bearing liabilities, provision for pensions 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.

Net debt ratio

Net liabilities in relation to equity.

Net debt ratio (IFRS 16 not applied)

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

Operating capital

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

Operating margin

Operating income in relation to net sales.

Other key performance indicators:

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.

Earnings per share

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

Notes to the financial statements

Note 8 - Definitions and alternative key performance indicators (cont.)

Reconciliation with financial statements					
SEKm	Dec. 31 2020	Sep. 30 2020	June 30 2020	Mar. 31 2020	Dec. 31 2019
Current interest-bearing liabilities	857	506	5	0	0
Current lease liabilities	1,318	1,342	1,265	1,246	1,202
Non-current interest-bearing liabilities	3,243	3,281	3,784	3,804	3,872
Long-term lease liabilities	4,849	5,040	4,470	4,780	4,476
Pensions ¹	4,395	5,725	5,601	4,111	4,211
Non-current interest-bearing receivables	-188	-189	-190	-199	-198
Non-current interest-bearing receivables, leases	-93	-92	-95	-98	-
Other non-current receivables ²	-77	-69	-69	-765	-711
Current interest-bearing receivables	-	-	-	-	0
Current interest-bearing receivables, leases	-11	-11	-11	-11	-
Cash and cash equivalents	-6,229	-6,053	-4,377	-3,764	-3,398
Net debt	8,064	9,479	10,382	9,103	9,454

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

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

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Quarterly data

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEKm, if not otherwise stated	2018	2019	2019	2019	2019	2020	2020	2020	2020
Group									
Net sales	10,225	9,471	9,514	9,026	10,267	9,504	9,328	8,919	10,978
Other operating income	104	56	84	132	79	311	418	455	243
Operating expenses	-10,136	-9,365	-9,668	-9,099	-10,313	-9,501	-9,230	-8,625	-10,378
<i>of which, personnel expenses</i>	-4,280	-4,040	-4,153	-3,649	-4,176	-3,953	-3,976	-3,594	-4,181
<i>of which, transport expenses</i>	-2,938	-2,785	-2,773	-2,818	-2,924	-2,713	-2,514	-2,458	-2,725
<i>of which, other expenses</i>	-2,602	-1,956	-2,108	-1,978	-2,495	-2,202	-2,090	-1,921	-2,772
<i>of which, depreciation and impairments</i>	-315	-584	-635	-654	-718	-632	-651	-653	-700
Operating income (EBITDAI)	508	746	565	711	753	947	1,168	1,400	1,543
Operating margin (EBITDAI) (%)	5.0%	7.9%	5.9%	7.9%	7.3%	10.0%	12.5%	15.7%	14.0%
Operating income (EBIT)	193	162	-70	57	35	314	517	747	843
Operating margin (EBIT) (%)	1.9%	1.7%	-0.7%	0.6%	0.3%	3.3%	5.5%	8.4%	7.7%
Adjusted operating income (Adjusted EBIT)	200	162	95	103	181	314	404	520	833
Cash flow from operating activities	617	435	492	0	1,205	757	1,175	1,342	877
Net debt	1,614	7,545	9,414	11,112	9,454	9,103	10,382	9,479	8,064
Return on operating capital (ROCE), %	-12.4%	-7.9%	2.4% ¹	3.3% ¹	1.6% ¹	2.6%	7.0%	12.2%	18.6%
Adjusted return on operating capital, %	1.9%	4.6%	4.4%	5.3%	4.6% ¹	5.3%	7.6%	10.8%	15.9%
Average number of employees (FTE)	29,596	28,461	28,117	29,774	28,156	27,077	27,695	28,655	28,597
Staffing numbers (basic) at end of period	29,886	29,959	28,324	27,871	27,679	27,228	26,882	26,506	26,501
Volumes, millions of mails produced:									
Sweden, priority mail	171	163	149	140	156	149	139	132	157
Sweden, non-priority mail	203	205	179	156	198	178	138	134	159
Denmark, priority mail/Quickbrev	9	7	6	6	6	6	5	5	6
Denmark, non-priority and business mail	58	58	58	45	52	48	37	40	45
Group total, Mail	441	433	392	347	412	381	319	311	368
Volumes, millions of parcels produced (net)²:									
<i>(volumes between countries eliminated)</i>									
Business-to-business	16	15	14	14	15	14	12	14	16
Business-to-consumer	32	26	28	28	33	28	36	32	46
Parcels, Group total	48	41	42	42	49	42	48	46	62

¹ In the Interim Reports for Quarters 2, 3 and 4 of 2019 and the Annual and Sustainability Report for 2019, Return on operating capital (ROCE) was wrongly stated. The correct figures are shown above in the table Quarterly Data.

In the Annual and Sustainability Report for 2019, Adjusted return on operating capital was also stated wrongly; the correct figure is 4.6 percent.

² The figures for volumes of parcels produced have been adjusted for the period Quarter 4 2018 to Quarter 2 2020.

Financial calendar

- Annual and Sustainability Report 2020 March 2021
- Annual General Meeting April 27, 2021
- Interim report January- March 2021 April 27, 2021
- Interim report January-June 2021 July 16, 2021
- Interim report January-September 2021 October 28, 2021

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This report has not been reviewed by the auditors.

This information is such that PostNord AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person indicated above, at 8.00 a.m. CET on February 2.

The logo for PostNord, featuring the word "postnord" in a bold, blue, lowercase sans-serif font.