

postnord

PostNord Interim Report

Q2/2023



Weak economy forcing further adjustments

Income decreased as a result of lower volumes and higher costs. PostNord continues to adapt its business in order to increase its long-term competitiveness.

Second quarter 2023¹

- Net sales totaled SEK 9,812 million (10,037), a decrease of –4 percent (–5) in fixed currency for like-for-like units.
- Parcel volumes decreased in all by –1 percent (–7).
- Mail volumes decreased by –14 percent (–12).
- Operating income (EBIT) totaled SEK –725 million (214)
- Adjusted operating income (adjusted EBIT) was SEK 135 million (214).



For the second year in a row, PostNord has been named one of Europe's climate leaders by the Financial Times and Statista. In order to reduce emissions and contribute to the climate transition, PostNord and the transport sector are undergoing a radical transformation. We want to show the way by becoming fossil-free by 2030.

SEKm, unless otherwise indicated ²	April–June		Like-for-like change ³	January–June		Like-for-like change ³
	2023	2022		2023	2022	
Net sales	9,812	10,037	–4%	19,710	19,809	–2%
Operating income (EBIT)	–725	214	–439%	–682	312	–319%
Adjusted operating income (adjusted EBIT)	135	214	–37%	177	312	–43%
Income before tax	–737	191		–686	243	
Net income for the period	–755	112		–715	126	
Earnings per share (SEK)	–0.38	0.06		–0.36	0.06	
Cash flow from operating activities	270	536		796	764	
Net debt ratio, % ⁴	–39	–44		–39	–44	
Return on capital employed (ROCE), %	–4.4	10.6		–4.4	10.6	

¹ Unless otherwise stated, the report comments on developments in April–June 2023 compared with the same period in 2022.

² For definitions, see Note 8.

³ "Like-for-like" refers to the change in fixed currency for comparable units.

⁴ Net debt ratio, including pensions but excluding lease liabilities

Comments by the President and Group CEO

Second quarter

The Group's sales totaled SEK 9,812 million (10,037), a decrease of –4 percent in fixed currency for like-for-like units. Operating income totaled SEK –725 million (214). Income was charged with a goodwill impairment of SEK –903 million (–) in Norway. Adjusted operating income was SEK 135 million (214). The decrease in the Group's adjusted operating income was attributable above all to our Swedish business, where weakness in the economy led to lower Business-to-Business volumes. In addition, the Group's profitability was adversely affected by continuing high inflation and our stakings in strategic initiatives.

Mail volumes decreased by –14 percent (–12) while parcel volumes decreased in all by –1 percent (–7). For the first time since the third quarter of 2021, we are recording positive growth in Business-to-Consumer volumes, mainly driven by our popular Varubrev service in Sweden (small parcels to the mailbox).

Our short-term improvement programs are delivering according to plan. The programs combine cost cutbacks in both production and administration with essential adjustments to prices to compensate for higher costs arising from inflation. We also compensated for the major share of the sharp decline in mail volumes over the quarter. Work is continuing to focus on driving flexibility and productivity in all parts of our parcel and logistics network, as well as on continuing to adapt the mail business in pace with the decline in mail volumes. At the end of the quarter, PostNord had approximately 2,000 fewer FTEs (average number of employees) than in the second quarter of 2022.

Large-scale transition to a greener and more digital future

While adapting the organization to the current situation, we are continuing to invest in our customer offering, sustainability and technology. We are taking the lead in the sector's climate transition through our goal of being fossil-free by 2030. During the quarter, 67 percent of the energy used in our own vehicle fleet was renewable, compared to 64 percent at the end of the first quarter 2023. We have also approved decisions on further investments in both biogas-powered trucks and electric vans for delivery. In addition, PostNord Norway entered into an agreement with Einride on electrification of truck transportation on specific routes. In Sweden, we are trialing AI solutions for smarter parcel sorting and

optimal loading at selected terminals. We are engaging in these initiatives in order to reduce our carbon dioxide emissions, to increase efficiency in our logistics chain and production, and to make jobs easier for our employees. In June, I took part in the Swedish government's climate conference. There, I had the opportunity to put the message across that the climate transition is business-critical to PostNord. Sweden needs an ambitious long-term plan that creates predictability and that enables the transition to renewable energy. This is important to PostNord, the transportation sector and for everyone in society.

PostNord has been named one of Europe's climate leaders by the Financial Times and Statista for the second year in a row. We are proud of this award, which recognizes our progress so far – now what we have to do is keep on working and continue to up the pace.

Nordic parcel offering and important changes in the universal service obligation in mail

We are continuing to develop our parcel offering with a view to ensuring a competitive offering for the Nordics that serves to make everyday life easier for consumers. Our focus is centered above all on continuing the high-speed rollout of parcel lockers and boosting our home delivery services. At the end of the quarter, we had just over 13,000 distribution points – parcel lockers and service points – in the Nordics.

In the quarter, the Danish government and five opposition parties announced their intention to abolish the universal service obligation. The proposal instead was to allow the market to decide who should provide the nationwide postal service in Denmark. The proposal included special arrangements for items for delivery to small islands, the visually impaired and international mail. The proposal is now to be circulated for consultation and the definitive agreement is expected to be put to a vote by Folketinget, Denmark's parliament, in October. The agreement is expected to enter into force on January 1, 2024. We will return to the issue during the autumn to report on the consequences that the new parliamentary bill is expected to have on our operations.

In Sweden, work continues on improving mail quality through targeted initiatives at both local and national level. We support conclusion of the report by the Commission of Inquiry into Financing of the Postal Service, that performing the universal service



Annemarie Gardshol, President and Group CEO

obligation comes at a net cost and that compensation should therefore be paid for performing the service. It fulfils an important role in ensuring an efficient and available postal service for everyone who lives and works in the country. We consider that delivering mail and parcels to all parts of Denmark and Sweden is an important service in society, and we are proud to have performed this service for almost 400 years. Our team members in the production do an important job in this regard.

In conclusion, I would like to thank all our team members for their dedicated work in these challenging times. Your efforts make a difference. I would also like to thank our customers, consumers and partners, and hope you all enjoy the rest of the summer!

Annemarie Gardshol
President and Group CEO

Net sales and income

Net sales

Net sales totaled SEK 9,812 million (10,037) in the second quarter, a decrease of –4 percent (–5) in fixed currency for like-for-like units. The change arose in the main through a continued decline in mail volumes as a result of the ongoing trend of digitalization and lower volume on the Business-to-Business side due to weakness in the economy. The negative trend of volume in mail and parcels was offset through price increases to compensate for cost inflation.

Mail volumes decreased by in all –14 percent (–12) as a result of the ongoing process of digitalization.

A total of 61 million (62) parcels were handled. A decrease of –1 (–7) percent. Business-to-Consumer volumes increased by 3 percent (–8), while Business-to-Business volumes decreased by –12 percent (3).

Other operating income totaled SEK 239 million (194), consisting mainly of exchange rate gains totaling SEK 114 million (107) and government compensation of SEK 58 million (46) for the universal service obligation in Denmark.

Income

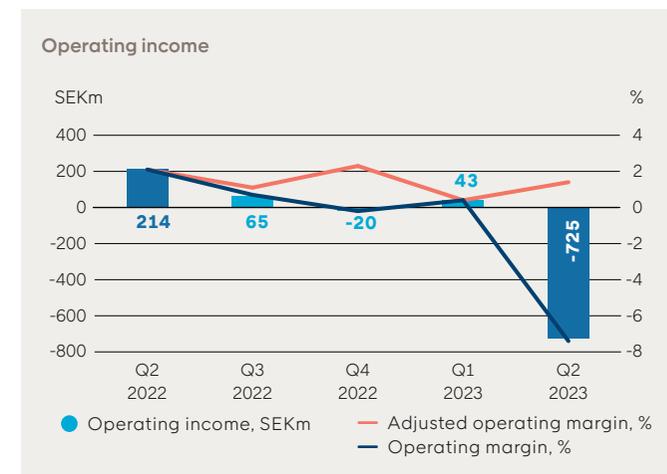
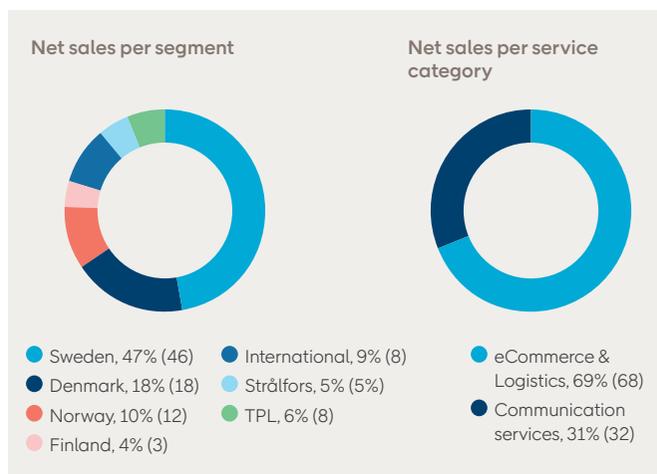
Operating income totaled SEK –725 million (214) in the second quarter, an operating margin of –7.4 percent (2.1). Items affecting comparability totaled SEK –860 million (–). As a result of the decline in the macroeconomic situation in the world and the ensuing higher weighted average cost of capital (WACC) – due to higher market interest rates – a review of carrying amounts has been performed. The business in Norway, above all, was affected, with lower income and volumes. The overall effect was a goodwill impairment of SEK –903 million (–) relating to the Norwegian business. A further SEK 43 million (–) arose through the Swedish business, comprising restructuring costs in production during the second quarter and reversal of a provision for restructuring costs from 2022. Adjusted operating income was SEK 135 million (214).



Profitability of the mail business is being maintained through improvement programs and price adjustments. The e-Commerce and Logistics business was negatively impacted by weakness in the economy, with the Business-to-Business service, notably, reported decreased income.

Net financial items totaled SEK –12 million (–24). The improvement on the preceding year is attributable in the main to interest income on bank balances and short-term investments. Both financial income and financial expense increased as a result of higher interest rates. Tax for the period totaled SEK –18 million (–79) and income for the period SEK –755 million (112). Income was affected above all by a goodwill impairment relating to the Norwegian business.

Return on capital employed (ROCE) decreased to –4.4 percent (10.6), above all as a result of lower income in the past 12 months.



Cash flow and financial position

Cash flow

Cash flow from operating activities totaled SEK 270 million (536) in the second quarter. Cash flow from investing activities totaled SEK –259 million (–463). Investments in property, plant and equipment and in non-current intangible assets during the period totaled SEK 283 million (465). The investments were made above all in vehicles, including loading infrastructure and IT development. The decrease compared with the same period last year is due above all to the fact that the terminals in Norway are now completed, but also to lower investments in vehicles in Sweden.

Cash flow from financing activities totaled SEK –415 million (–360). Amortization of loan liabilities totaled SEK –3 million (–3) and amortization of lease liabilities SEK –410 million (–355).

Net debt

The Group's net debt, including pensions and lease liabilities, decreased by SEK 272 million during the second quarter, mainly due to an increased pension liability and decreased cash and

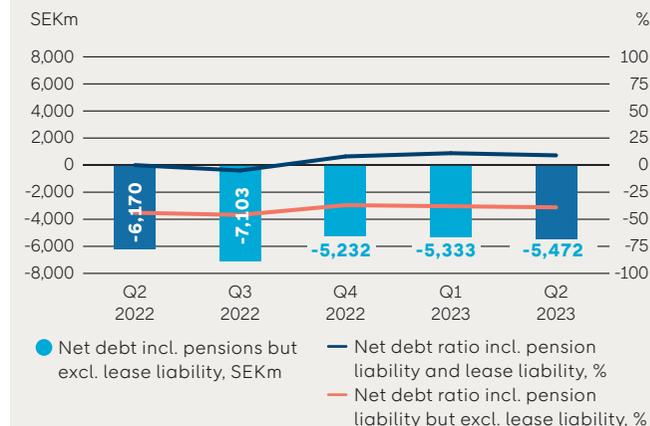
cash equivalents. The Group's pension asset increased by SEK 535 million in the quarter, from SEK 4,144 million to SEK 4,679 million. The increase in the asset was for the most part due to a higher discount rate.

The net debt ratio including pensions and lease liabilities was 9 percent (0). The Group's net debt ratio excluding lease liabilities was –39 percent (–44). Financial preparedness at the end of the quarter totaled SEK 6,561 million (6,704), including cash and cash equivalents of SEK 4,561 million (4,704) and unutilized credit facilities of SEK 2,000 million (2,000).

Equity

The Group's equity decreased to SEK 13,607 million from SEK 13,781 million on March 31, 2023. The change in the quarter consisted of income of SEK –755 million for the period, revaluation of SEK 396 million net after tax in the pension commitment, translation differences of SEK 187 million and dividend of SEK –2 million paid to a minority interest.

Net debt/net debt ratio



Cash flow from operating activities



Net debt

SEKm, unless otherwise indicated¹

	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022
Interest-bearing liabilities	10,738	10,873	9,216	9,146	9,004
Pensions and disability pension plans	-4,679	-4,144	-3,918	-5,866	-4,038
Long- and short-term investments	-270	-271	-276	-277	-278
Cash and cash equivalents	-4,561	-4,959	-3,886	-3,809	-4,704
Net debt incl. pensions and lease liabilities	1,227	1,500	1,137	-806	-15
Net debt ratio incl. pensions and lease liabilities	9%	11%	8%	-5%	0%
Net debt incl. pensions but excl. lease liabilities	-5,472	-5,333	-5,232	-7,103	-6,170
Net debt ratio incl. pensions but excl. lease liabilities	-39%	-38%	-37%	-46%	-44%

¹ See specification in Note 8.

Parent Company

Sustainability information

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 37 million (10). The increased income arose mainly through interest income from bank deposits and short-term investments.

As a major actor in logistics, PostNord takes responsibility for helping to progress sustainable development in the industry. Our sustainability agenda will contribute to positive change for people around us and will radically reduce the climate footprint of road transportation in the Nordic region. One ambition is to lead the mail and logistics sector into the low-carbon economy by becoming fossil-free by no later than 2030. We look after the health and safety of our employees and suppliers and strive for equality and inclusion.

Climate impact

Carbon emissions for the quarter decreased by 20 percent, compared with the second quarter of 2022, to 66,809 tons. PostNord's total energy consumption in the quarter (for both transportation and use of premises) totaled 450,815 MWh. Renewable energy accounted for 47 percent of total energy consumption during the quarter. PostNord's climate transition requires the Company's investments to be steered in a green direction.

[Read more about our ambitious sustainability work at postnord.com.](https://www.postnord.com)

Employees

The average number of employees (FTEs) totaled 24,587 (26,693). Sickness absence averaged 6.0 percent (7.1) on a trailing 12-month basis, where the impact of each individual month is limited. At the end of the quarter, the proportion of women at management levels 1–3 was 35 percent (36). At levels 4–6, the figure was 31 percent (32).

Sustainable supply chain

The Responsible Procurement Index (RPI) illustrates how purchasing processes and sustainability in the supply chain are closely linked. RPI consists of three underlying CPIs – central purchasing, national road transport purchasing and supply chain sustainability. The first two CPIs address supplier loyalty and procurement in accordance with our purchasing policy. The last-mentioned CPI addresses the extent to which purchasing volumes from significant suppliers are procured by those who accept and comply with the PostNord Supplier Code of Conduct. The overall RPI outcome for PostNord in the second quarter 2023 was 92 (91). The target for 2023 is to achieve an index result of 95.

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Climate¹					
Energy consumption, MWh	450,815	510,777	559,277	514,475	516,747
Proportion of renewable energy, %	47	47	45	41	42
CO ₂ emissions, tonnes	66,809	75,888	86,434	85,273	83,408
Employees					
Average number of employees (FTEs)	24,587	24,279	26,322	27,271	26,693
Sickness absence, % ²	6.0	7.2	7.8	7.1	7.1
Women managers, levels 1–3, %	35	37	35	36	37
Women managers, levels 4–6, %	31	32	32	32	32
Sustainable supply chain					
Responsible Procurement Index	92	90	91	91	91

¹ Our emission figures have been adjusted at incorporation into the Group's Annual and Sustainability Report. Figures for comparison have been restated. For more information, see PostNord's Annual and Sustainability Report.

² Rolling 12-month period.

PostNord Sweden

Net sales totaled SEK 5,324 million (5,226), a change of 2 percent (–5) for like-for-like units. The e-Commerce & Logistics business reported growth of 4 percent (8), driven by increased sales on the Business-to-Consumer side. Parcel volumes decreased overall by –2 percent (–4), as a result of lower volumes in imports and Business-to-Business. Mail volumes decreased by –12 percent (–14) driven by the ongoing process of digitalization.

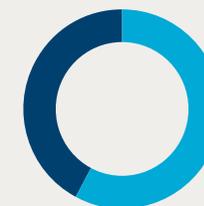
Operating income totaled SEK 223 million (285). Items affecting comparability totaled SEK 43 million net, comprising restructuring costs in production during the second quarter and reversal of a provision for restructuring costs from 2022. Adjusted operating income was SEK 180 million (285). Income was negatively impacted by the weak economy, with declining Business-to-Business volumes and continued high costs, driven by inflation. Falling mail volumes were largely offset through price increases and ongoing adjustments.

Delivery quality in mail for the quarter was measured at 92.0 percent (95.5), reflecting challenging conditions in production planning. In view of the initiatives carried out, quality should be restored to 95 percent in September (measured on a monthly basis). During the quarter, quality was measured at 94.2 percent (91.0).

Net sales and adjusted operating margin



Net sales



e-Commerce & Logistics, 58% (55)
Communication services, 42% (45)

Delivery quality, mail

92.0%

Period
April–June 2023
Legal requirement 95%

SEKm, unless otherwise indicated	April–June		Like-for-like change	January–June		Like-for-like change
	2023	2022		2023	2022	
Net sales	5,324	5,226	2%	10,595	10,390	2%
– Communication Services (external)	1,969	2,135	–8%	4,112	4,376	–6%
– eCommerce & Logistics (external)	2,693	2,588	4%	5,226	4,962	5%
– Intra-Group	662	503	32%	1,257	1,052	20%
Operating income (EBIT)	223	285		375	460	
Operating margin, %	4.2	5.5		3.5	4.4	
Items affecting comparability	43	–		43	–	
Adjusted operating income (adjusted EBIT)	180	285		332	460	
Adjusted operating margin, %	3.4	5.5		3.1	4.4	

PostNord Denmark

Net sales totaled SEK 2,041 million (1,977), a change of –5 percent (–5) in fixed currency for like-for-like units. Mail volumes decreased by –24 percent (0), as a result of the long-term trend of digitalization. The decline was accentuated by the positive outcome from the quarter shown for comparison, which was affected by the referendum on EU collaboration in defense. Parcel volumes decreased by –4 percent (–6) as an effect of lower demand from Business-to-Business customers through the impact of weakening in the economy.

Operating income totaled SEK –35 million (–59). Operations are being adapted and the trend of income is attributable above all to personnel reductions in both production and administration. Compensation for the universal service obligation (USO) was also higher in the quarter, at SEK 58 million (46).

Delivery quality for the “Brevet” service in the quarter was measured at 95.2 percent (95.1). Delivery quality for parcels in the quarter was 94.3 percent (91.9).

Net sales and adjusted operating margin



Net sales



● e-Commerce & Logistics, 67% (62)
● Communication services, 33% (38)

Delivery quality, “Brevet”

95.2%

Period
April–June 2023
Legal requirement 93%

SEKm, unless otherwise indicated	April–June		Like-for-like change	January–June		Like-for-like change
	2023	2022		2023	2022	
Net sales	2,041	1,977	–5%	4,094	3,901	–3%
– Communication Services (external)	556	629	–19%	1,205	1,250	–11%
– eCommerce & Logistics (external)	1,142	1,056	0%	2,264	2,099	0%
– Intra-Group	343	292	6%	625	552	5%
Operating income (EBIT)	–35	–59		–52	–146	
Operating margin, %	–1.7	–3.0		–1.3	–3.7	
Items affecting comparability	–	–		–	–	
Adjusted operating income (adjusted EBIT)	–35	–59		–52	–146	
Adjusted operating margin, %	–1.7	–3.0		–1.3	–3.7	

PostNord Norge

Net sales totaled SEK 1,144 million (1,306), a decrease of –7 percent (–2) in fixed currency for like-for-like units. Subdued demand led to a decrease of –9 percent (–14) in parcel volumes during the quarter. Operating income totaled SEK –923 million (–9). A review of the carrying amount in the light of a deterioration in macroeconomic conditions and an increase in the cost of capital resulted in a goodwill impairment of SEK –903 (–) million. Adjusted operating income totaled SEK –21 million (–9). The lower income was due to factors including high inflation – which affects transportation costs – reduced parcel volumes and challenges in adapting production capacity to counter the sharp decline in volumes. Delivery quality for parcels was recorded at 89.6 percent (91.1) for the quarter.

Net sales and adjusted operating margin



PostNord Finland

Net sales totaled SEK 409 million (391), a decrease of –4 percent (2) in fixed currency for like-for-like units. Parcel volumes decreased by –4 percent (–4), driven by lower import volumes on the Business-to-Consumer side. Operating income totaled SEK –3 million (1). Costs remain high as a result of investments in extended terminal capacity and future growth. Delivery quality for parcels was 80.5 percent (86.2) for the quarter.

Net sales and adjusted operating margin



SEKm, unless otherwise indicated	April–June		Like-for-like change	January–June		Like-for-like change
	2023	2022		2023	2022	
Net sales	1,144	1,306	–7%	2,387	2,602	–4%
– Communication Services (external)	22	18	23%	44	38	23%
– eCommerce & Logistics (external)	922	1,042	–7%	1,948	2,090	–2%
– Intra-Group	200	246	–11%	395	474	–13%
Operating income (EBIT)	–923	–9		–932	2	
Operating margin, %	–80.7	–0.7		–39.0	0.1	
Items affecting comparability	–903	–		–903	–	
Adjusted operating income (adjusted EBIT)	–21	–9		–30	2	
Adjusted operating margin, %	–1.8	–0.7		–1.3	0.1	

SEKm, unless otherwise indicated	April–June		Like-for-like change	January–June		Like-for-like change
	2023	2022		2023	2022	
Net sales	409	391	–4%	800	738	0%
– Communication Services (external)	–	–	–	–	–	–
– eCommerce & Logistics (external)	282	271	–4%	558	519	0%
– Intra-Group	127	120	–4%	241	220	2%
Operating income (EBIT)	–3	1		–13	–21	
Operating margin, %	–0.7	0.3		–1.6	–2.8	
Items affecting comparability	–	–		–	–	
Adjusted operating income (adjusted EBIT)	–3	1		–13	–21	
Adjusted operating margin, %	–0.7	0.3		–1.6	–2.8	

PostNord International

For PostNord International, which consists of Direct Link and the logistics business in Germany, net sales totaled SEK 1,010 million (934), an increase of 0 percent (–33) in fixed currency for like-for-like units. Sales and income for Direct Link increased over those of the second quarter last year, largely driven by growth in Asia and Europe. In Germany, parcel volumes decreased by –14 percent (–7), driven by lower exports to the Business-to-Consumer market in the Nordics. Operating income for the segment totaled SEK 8 million (–8). Operating income includes realized and unrealized gains/losses of SEK –25 million (–62) from forward exchange contracts.

Net sales and adjusted operating margin



SEKm, unless otherwise indicated	April–June		Like-for-like change	January–June		Like-for-like change
	2023	2022		2023	2022	
Net sales	1,010	934	0%	1,887	1,843	–5%
– Communication Services (external)	–	–	–	–	–	–
– eCommerce & Logistics (external)	1,006	933	–1%	1,880	1,837	–5%
– Intra-Group	4	1	344%	7	6	33%
Operating income (EBIT)	8	–8		–18	45	
Operating margin, %	0.8	–0.9		–1.0	2.4	
Items affecting comparability	–	–		–	–	
Adjusted operating income (adjusted EBIT)	8	–8		–18	45	
Adjusted operating margin, %	0.8	–0.9		–1.0	2.4	

PostNord Strålfors

Net sales totaled SEK 571 million (509), an increase of 9 percent (–2) in fixed currency for like-for-like units. The increase in sales is being driven above all by inflation-related price adjustments that are compensating for the decrease of –5 percent in the physical business. The trend towards increased digitalization continues, generating positive underlying volume growth of 3 percent in digital services. Operating income totaled SEK 39 million (27).

Net sales and adjusted operating margin



SEKm, unless otherwise indicated	April–June		Like-for-like change	January–June		Like-for-like change
	2023	2022		2023	2022	
Net sales	571	509	9%	1,164	1,039	10%
– Communication Services (external)	515	450	11%	1,050	915	12%
– eCommerce & Logistics (external)	–	–	–	–	–	–
– Intra-Group	56	59	–5%	114	124	–8%
Operating income (EBIT)	39	27		67	63	
Operating margin, %	6.8	5.3		5.8	6.1	
Items affecting comparability	–	–		–	–	
Adjusted operating income (adjusted EBIT)	39	27		67	63	
Adjusted operating margin, %	6.8	5.3		5.8	6.1	

PostNord TPL

Net sales totaled SEK 716 million (925), a decrease of –23 percent (22). The decrease in sales was attributable in the main to lower demand from the end customer, lower prices for agency sea freight and termination of the business based in Jordbro, south Greater Stockholm. The general trend during the quarter was that demand from customers was lower than in the corresponding period last year. Operating income totaled SEK 22 million (38). Income was adversely affected by the decrease in demand.



SEKm, unless otherwise indicated	April–June		Like-for-like change	January–June		Like-for-like change
	2023	2022		2023	2022	
Net sales	716	925	–23%	1,442	1,742	–18%
– Communication Services (external)	–	–	–	–	–	–
– eCommerce & Logistics (external)	711	920	–23%	1,431	1,731	–18%
– Intra-Group	5	5	–2%	11	11	–4%
Operating income (EBIT)	22	38		41	53	
Operating margin, %	3.1	4.1		2.8	3.0	
Items affecting comparability	–	–		–	–	
Adjusted operating income (adjusted EBIT)	22	38		41	53	
Adjusted operating margin, %	3.1	4.1		2.8	3.0	

Other information

Update regarding the universal service obligation in Denmark

PostNord Denmark delivers in accordance with the agreement on the universal service obligation in Denmark, which runs until December 31, 2023, inclusive.

The Danish government has proposed a change in the Danish Postal Act. The intention is to allow the market to provide a nationwide postal service. The draft agreement contains special arrangements for postal items to small islands and the visually impaired, as well as international mail. Services for such deliveries are to be procured via tender. The Danish state intends to sign a transitional solution with PostNord until these tender procedures have been completed. The proposal is now going through the consultation process and the final agreement is expected to be put to a vote in Folketinget in October. The agreement is expected to enter into force on January 1, 2024.

Delivery quality

Delivery quality for mail in Sweden failed to meet the legal requirement of 95 percent for mail, which must be delivered to the intended recipient within two working days. Quality in Sweden was measured at 92.0 percent (95.5) for the quarter. In Denmark, delivery quality exceeded the legal requirement of 93 percent, with quality for the “Brevet” service in the quarter showing at 95.2 percent (95.1). Overall delivery quality for parcels in the Group was measured at 93.0 percent (91.0) for the quarter.

Key events in April–June 2023

The Annual General Meeting of PostNord AB (publ) was held on April 25, 2023. The meeting passed resolutions, for example, on election of the Board and appointment of auditors, and to the effect that no dividend is to be paid to the owners.

Major events after the reporting period

Erik Sandstedt and Charlotte Strand resigned from the Board of Directors at their own request, with effect from July 1, 2023. PostNord has convened an Extraordinary General Meeting, to be held on August 21, in order to elect two new members to the Board, as proposed by the shareholders in the Company.

Solna, July 20, 2023

PostNord AB (publ), CIN 556771-2640

Annemarie Gardshol
President and Group CEO

Signatures

Solna, July 20, 2023

PostNord AB (publ), CIN 556771-2640

The Board of Directors and the President and Chief Executive Officer hereby declare that the interim 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. This report has not been subject to review by PostNord's auditors.

Christian Jansson

Chairman

Christian Frigast

Vice Chairman

Sonat Burman Olsson

Director

Susanne Hundsbæk-Pedersen

Director

Peder Lundquist

Director

Hillevi Engström

Director

Bo Fröström

Employee representative

Daniel Hansen

Employee representative

Sandra Svensk

Employee representative

Annemarie Gardshol

President and Group CEO

Consolidated financial statements in brief

Income statement

SEKm	Note	April–June		January–June	
		2023	2022	2023	2022
Net sales	1	9,812	10,037	19,710	19,809
Other operating income		239	194	350	479
Operating revenue	3	10,051	10,230	20,061	20,288
Personnel expenses		-3,837	-3,970	-7,761	-8,029
Transportation expenses		-2,727	-3,115	-5,666	-6,067
Other expenses		-2,565	-2,268	-4,935	-4,554
Depreciation and impairments		-1,646	-661	-2,380	-1,325
Operating expenses		-10,775	-10,016	-20,742	-19,976
OPERATING INCOME	3	-725	214	-682	312
Financial income		69	16	143	34
Financial expenses		-82	-40	-147	-103
Net financial items		-12	-24	-4	-69
Income before tax		-737	191	-686	243
Tax		-18	-79	-29	-117
NET INCOME FOR THE PERIOD		-755	112	-715	126
Attributable to					
Parent Company shareholders		-755	111	-715	125
Non-controlling interests		0	1	0	1
Earnings per share, SEK		-0.38	0.06	-0.36	0.06

Statement of comprehensive income

SEKm	April–June		January–June	
	2023	2022	2023	2022
NET INCOME	-755	112	-715	126
OTHER COMPREHENSIVE INCOME				
Items that cannot be transferred to net income				
Revaluation of pension liabilities	499	3,665	603	5,290
Change in deferred tax	-103	-755	-127	-1,090
Total	396	2,910	476	4,200
Items that have been or may be transferred to net income				
Cash flow hedging after tax	-	0	-	0
Translation differences	187	22	104	166
Total	187	22	104	166
TOTAL OTHER COMPREHENSIVE INCOME	583	2,932	580	4,366
COMPREHENSIVE INCOME	-172	3,044	-135	4,492
Attributable to				
Parent Company shareholders	-172	3,043	-135	4,491
Non-controlling interests	0	1	0	1

Consolidated financial statements in brief

Statement of financial position

SEKm	Note	June 30, 2023	Dec. 31, 2022	June 30, 2022
ASSETS	1, 6			
Goodwill		1,707	2,639	2,602
Other non-current intangible assets		429	438	435
Property, plant and equipment		8,225	8,400	7,997
Right-of-use assets		6,666	6,329	6,094
Participations in associated companies		152	154	171
Non-current interest-bearing receivables		259	264	266
Other non-current receivables		4,935	4,160	4,272
Deferred tax assets		277	261	19
Total non-current assets		22,650	22,645	21,856
Inventories		88	93	93
Tax assets		376	356	329
Trade receivables		4,955	5,481	5,034
Prepaid expenses and accrued income		1,726	1,287	1,427
Other current receivables		103	133	99
Current interest-bearing receivables		11	11	11
Cash and cash equivalents		4,561	3,886	4,704
Assets held for sale		–	–	9
Total current assets		11,820	11,247	11,706
TOTAL ASSETS		34,470	33,892	33,562

SEKm	Note	June 30, 2023	Dec. 31, 2022	June 30, 2022
EQUITY AND LIABILITIES				
Equity		13,607	13,744	13,623
Liabilities				
Non-current interest-bearing liabilities		2,284	1,892	2,749
Non-current lease liabilities		5,166	5,001	4,875
Other non-current liabilities		73	71	70
Other provisions	5	662	686	752
Deferred tax liabilities		1,468	1,317	1,331
Total non-current liabilities		9,653	8,968	9,777
Current interest-bearing liabilities		1,678	874	13
Current lease liabilities		1,609	1,449	1,367
Trade payables		2,743	3,383	3,047
Tax liabilities		115	476	148
Other current liabilities		1,015	1,026	1,347
Accrued expenses and deferred income		3,859	3,529	3,946
Other provisions	5	190	444	295
Total current liabilities		11,210	11,180	10,162
TOTAL LIABILITIES		20,863	20,148	19,939
TOTAL EQUITY AND LIABILITIES		34,470	33,892	33,562

Consolidated financial statements in brief

Statement of cash flows

SEKm	Note	April–June		January–June	
		2023	2022	2023	2022
OPERATING ACTIVITIES					
Income before tax		-737	191	-686	243
Adjustments for non-cash items ¹		1,315	561	1,827	706
Income tax paid		-128	-79	-507	2
Cash flows from operating activities before changes in working capital		450	673	634	951
Change in working capital					
Increase(-)/decrease(+) in inventories		-5	-2	5	-9
Increase(-)/decrease(+) in other operating receivables		-431	-407	495	457
Increase(+)/decrease(-) in other operating liabilities		256	272	-338	-635
Total change in working capital		-180	-137	162	-187
Cash flow from operating activities		270	536	796	764
INVESTING ACTIVITIES					
Purchase of property, plant and equipment		-239	-426	-469	-811
Divestment of property, plant and equipment		3	2	7	39
Acquisitions of non-current intangible assets		-44	-39	-73	-85
Acquisition of subsidiary, effect on cash and cash equivalents	4	-	-	-	-226
Divestment of subsidiary, effect on cash and cash equivalents	4	23	-	23	-
Divestment of financial assets		-2	-	6	-
Cash flows from investing activities		-259	-463	-505	-1,083

SEKm	Note	April–June		January–June	
		2023	2022	2023	2022
FINANCING ACTIVITIES					
New loans		-	-	1,200	-
Amortized loans		-3	-3	-6	-506
Amortized lease liabilities		-410	-355	-812	-724
Dividend paid		-2	-2	-2	-2
Cash flows from financing activities		-415	-360	380	-1,232
CASH FLOWS FOR THE PERIOD					
Cash and cash equivalents, at beginning of period		4,959	4,979	3,886	6,242
Translation difference in cash and cash equivalents		6	12	5	13
Cash and cash equivalents, at end of period		4,561	4,704	4,561	4,704
¹ Adjustments for non-cash items:					
Depreciation and impairments		1,646	661	2,380	1,325
Change in pension liability		-53	-43	-174	-189
Other provisions		-228	-38	-277	-336
Capital gain/loss, divestment of assets		3	3	6	-4
Other		-53	-22	-108	-90
Total		1,315	561	1,827	706

Consolidated financial statements in brief

Statement of changes in equity

January–June 2022	Equity attributable to the Parent Company's shareholders						
	Share capital ¹	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
SEKm							
Equity, opening balance, Jan. 01, 2022	2,000	9,954	-1,597	0	-1,226	2	9,133
Comprehensive income for the period							
Net income for the period	–	–	–	–	125	1	126
Other comprehensive income for the period	–	–	166	0	4,200	–	4,366
Total comprehensive income for the period	–	–	166	0	4,325	1	4,492
Dividend	–	–	–	–	–	-2	-2
Shareholders' equity, closing balance June 30, 2022	2,000	9,954	-1,431	0	3,099	1	13,623

July–December 2022	Equity attributable to the Parent Company's shareholders						
	Share capital ¹	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
SEKm							
Equity, opening balance, July 1, 2022	2,000	9,954	-1,431	0	3,099	1	13,623
Comprehensive income for the period							
Net income for the period	–	–	–	–	-150	1	-149
Other comprehensive income for the period	–	–	200	0	70	–	270
Total comprehensive income for the period	–	–	200	–	-80	1	121
Shareholders' equity, closing balance Dec. 31, 2022	2,000	9,954	-1,231	–	3,019	2	13,744

January–June 2023	Equity attributable to the Parent Company's shareholders						
	Share capital ¹	Other contributed equity	Translation reserve	Hedging reserve	Retained earnings	Non-controlling interests	Total equity
SEKm							
Equity, opening balance, Jan. 1, 2023	2,000	9,954	-1,231	–	3,019	2	13,744
Comprehensive income for the period							
Net income for the period	–	–	–	–	-715	0	-715
Other comprehensive income for the period	–	–	104	–	476	–	580
Total comprehensive income for the period	–	–	104	–	-239	–	-135
Dividend	–	–	–	–	–	-2	-2
Shareholders' equity, closing balance June 30, 2023	2,000	9,954	-1,127	–	2,780	0	13,607

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

Parent Company

Income statement

SEKm	Note	April–June		January–June	
		2023	2022	2023	2022
	1				
Other operating income		6	11	11	17
Operating revenue		6	11	11	17
Personnel expenses		–7	–7	–13	–15
Other expenses		–2	–3	–4	–4
Operating expenses		–10	–10	–17	–19
OPERATING INCOME		–3	1	–5	–2
Interest income and similar items		89	22	160	37
Interest expenses and similar items		–36	–12	–65	–22
Financial items		53	10	95	15
Income after financial items		49	11	90	13
Appropriations		–	–	–	–
Income before tax		49	11	90	13
Tax		–12	–1	–22	–1
NET INCOME		37	10	68	12

Statement of comprehensive income

SEKm	April–June		January–June	
	2023	2022	2023	2022
Net income for the period	37	10	68	12
Other comprehensive income for the period	–	–	–	–
COMPREHENSIVE INCOME	37	10	68	12

Condensed balance sheet

SEKm	Note	June 30, 2023	Dec. 31, 2022	June 30, 2022
	1			
ASSETS				
Participations in Group companies		10,861	10,861	10,861
Interest-bearing receivables		42	40	39
Interest-bearing receivables from Group companies		5,000	6,000	5,000
Total non-current assets		15,903	16,901	15,900
Interest-bearing receivables from Group companies		3,483	1,234	1,185
Other receivables from Group companies		3	32	1,000
Other current receivables		79	5	118
Total current assets		3,565	1,272	2,303
TOTAL ASSETS		19,468	18,173	18,203
EQUITY AND LIABILITIES				
Equity		15,766	15,701	15,636
Interest-bearing liabilities		2,041	1,639	2,437
Other non-current liabilities		10	10	10
Total non-current liabilities		2,051	1,649	2,447
Interest-bearing liabilities		1,600	800	–
Other current liabilities		51	23	120
Total current liabilities		1,651	823	120
TOTAL EQUITY AND LIABILITIES		19,468	18,173	18,203

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 in both 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 2023 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. These are not expected to have any material effect on the future consolidated or parent company financial statements, other than in the case of IAS 1 Presentation of Financial Statements, regarding accounting principles. The amendment concerned requires changes to disclosures regarding the Group's accounting principles, but the Group has not yet assessed the effects of the amendment.

Significant assessments and estimates

When preparing the financial statements, management has made assessments and estimates that affect the Group's reporting. These assessments and estimates are based on what was known at the time the accounts were presented, and on historic experience and the assumptions that management considers reasonable in the given circumstances. The deterioration in the macroeconomic situation adversely affected volumes and income in Norway and consequently a review of carrying amounts. Combined with the effect a higher cost of capital (WACC), the review resulted in an impairment loss for goodwill. Otherwise, significant assessments have not changed since the last annual report.

Note 2 Risks

The Parent Company and the Group are exposed to strategic, operational and financial risks. PostNord works continuously to identify, evaluate, manage and monitor risks in the world around us and within the business. Risk management is an integral part of the Group's strategy work and business planning. Agreed risk control activities are followed up continuously and reported back to the Group Leadership Team and Board of Directors. For further information on significant risks, please refer to pages 33–36 of the Annual and Sustainability Report 2022.

The general situation in Europe, with the ongoing war in Ukraine, is uncertain. The energy crisis and high inflation present challenges. The central banks are raising interest rates to bring inflation under control, which is affecting consumers' purchasing power and confidence in the economy. The

Group is continuously monitoring the world situation in order to identify direct risks and macro factors that could adversely affect PostNord.

Note 3 Operating segments

The Group's division into segments is primarily based on the companies' geographical domicile, plus the segments PostNord Strålfors, PostNord TPL and PostNord International, which are controlled and coordinated according to the nature of their operations. Market pricing is applied to legal transactions between PostNord's segments. The operating segments reflect the Group's operational structure.

On April 1, 2023, PostNord changed the way its segments are classified. PostNord's third-party logistics operations in Sweden and Denmark were separated from the PostNord Sweden and PostNord Denmark segments, and from April 1 will form a separate segment, PostNord TPL. The Svensk Adressändring and Adresspoint businesses were transferred from the former Other business activities segment to PostNord Sweden. The former Other business activities segment was discontinued and a new segment, PostNord International, consisting of PostNord's parcel and logistics operations outside the Nordic region, along with Direct Link and PostNord Germany, was formed. All figures presented for comparison have been restated in accordance with the new segment classification.

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

PostNord Denmark operates in mail, logistics and e-commerce in the Danish market.

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

PostNord Strålfors operates in information logistics. The company develops and offers communication solutions for companies with a large customer base. PostNord Strålfors operates in Sweden, Denmark, Norway and Finland.

PostNord TPL operates in third-party logistics in Sweden and Denmark, offering logistics solutions all the way from producer to consumer.

PostNord International consists of Direct Link and PostNord's e-commerce and logistics business in Germany. 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, China and Australia. Operations in Australia are being wound down.

The **Other and eliminations** segment consists of shared services and corporate functions including the Parent Company and Group adjustments. Group adjustments consist of IFRS measurement for pensions under IAS 19 Employee Benefits and 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.

Cont. on next page

Note 3 (cont.)

Net sales per segment¹

SEKm	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
PostNord Sweden	5,324	5,271	5,840	4,948	5,226
– of which, internal	662	595	624	513	502
PostNord Denmark	2,041	2,053	2,257	1,845	1,977
– of which, internal	338	287	302	258	292
PostNord Norway	1,144	1,243	1,455	1,261	1,306
– of which, internal	208	187	261	207	246
PostNord Finland	409	391	407	380	391
– of which, internal	126	116	131	115	120
PostNord Strålfors	571	594	553	484	509
– of which, internal	56	58	68	51	59
PostNord TPL	716	726	805	849	925
– of which, internal	5	6	11	5	5
PostNord International	1,010	877	1,036	845	934
– of which, internal	3	4	3	3	3
Other and eliminations	–1,402	–1,256	–1,405	–1,155	–1,232
The Group	9,812	9,899	10,947	9,456	10,037

¹ Net sales and income for all periods in this report have been restated in accordance with the new segment classification of PostNord Sweden, PostNord Denmark, PostNord International and PostNord TPL.

Operating income per segment¹

SEKm, unless otherwise indicated	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
PostNord Sweden	223	151	91	201	285
– Operating margin, %	4.2	2.9	1.6	4.1	5.4
PostNord Denmark	–35	–18	–70	–70	–59
– Operating margin, %	–1.7	–0.9	–3.1	–3.8	–3.0
PostNord Norway	–923	–9	27	–53	–9
– Operating margin, %	–80.7	–0.7	1.9	–4.2	–0.7
PostNord Finland	–3	–10	–18	–5	1
– Operating margin, %	–0.7	–2.6	–4.3	–1.2	0.3
PostNord Strålfors	39	28	16	21	27
– Operating margin, %	6.8	4.7	2.9	4.4	5.4
PostNord TPL	22	19	18	39	38
– Operating margin, %	3.0	2.7	2.2	4.6	4.1
PostNord International	8	–26	53	–9	–8
– Operating margin, %	0.7	–3.0	5.1	–1.1	–0.9
Other and eliminations	–55	–94	–138	–59	–60
Operating income	–725	43	–20	65	214
– Operating margin, %	–7.4	0.4	–0.2	0.7	2.1

¹ Net sales and income for all periods in this report have been restated in accordance with the new segment classification of PostNord Sweden, PostNord Denmark, PostNord International and PostNord TPL.

Note 3 (cont.)

Adjusted operating income per segment¹

SEKm, unless otherwise indicated	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
PostNord Sweden	180	151	278	244	285
– Adjusted operating margin, %	3.3	2.9	4.8	4.9	5.4
PostNord Denmark	–35	–18	1	–70	–59
– Adjusted operating margin, %	–1.7	–0.9	0	–3.8	–3.0
PostNord Norway	–21	–9	35	–53	–9
– Adjusted operating margin, %	–1.8	–0.7	2.4	–4.2	–0.7
PostNord Finland	–3	–10	–18	–5	1
– Adjusted operating margin, %	–0.7	–2.6	–4.3	–1.2	0.3
PostNord Strålfors	39	28	16	21	27
– Adjusted operating margin, %	6.8	4.7	2.9	4.4	5.4
PostNord TPL	22	19	18	39	38
– Adjusted operating margin, %	3.0	2.7	2.2	4.6	4.1
PostNord International	8	–26	53	–9	–8
– Adjusted operating margin, %	0.7	–3.0	5.1	–1.1	–0.9
Other and eliminations	–55	–94	–138	–59	–60
Adjusted operating income	135	43	247	108	214
– Adjusted operating margin, %	1.4	0.4	2.3	1.1	2.1

¹ Net sales and income for all periods in this report have been restated in accordance with the new segment classification of PostNord Sweden, PostNord Denmark, PostNord International and PostNord TPL.

Net sales per operating segment and service category¹

SEKm	Service category			
	Communication Services April–June		eCommerce & Logistics April–June	
	2023	2022	2023	2022
PostNord Sweden	1,969	2,135	2,963	2,588
PostNord Denmark	556	629	1,142	1,056
PostNord Norway	22	18	922	1,042
PostNord Finland	–	–	282	271
PostNord Strålfors	515	450	–	–
PostNord TPL	–	–	711	920
PostNord International	–	–	1,006	931
Other and eliminations	–	–	–4	–4
Total	3,062	3,232	6,751	6,804

¹ Net sales and income for all periods in this report have been restated in accordance with the new segment classification of PostNord Sweden, PostNord Denmark, PostNord International and PostNord TPL.

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 97 percent (97) and over time 3 percent (3). Services in e-Commerce & Logistics consist of logistics services for deliveries to, from and within the Nordic region. The focus is on distribution of parcels, groupage cargo, pallet goods and bulk logistics (part loads), as well as third-party logistics. The services in Communication Services consist of services in business and market communications, newspaper distribution and a postal service for individual customers. For a more detailed description of PostNord's services, see the Annual Report.

Note 4 Acquisitions and divestments

Effect of acquisitions and divestments on assets and liabilities, SEKm	January–June 2023		January–June 2022	
	Acquisitions	Divestments	Acquisitions	Divestments
Property, plant and equipment	–	–22	243	–
Current assets	–	0	1	–
Total assets	–	–22	244	–
Other current liabilities	–	–	–129	–
Total liabilities	–	21	–129	–
Net asset	–	–1	116	–
Purchase consideration paid/received	–	23	–227	–
Cash and cash equivalents acquired/disposed of	–	–	1	–
Net effect on cash and cash equivalents	–	23	–226	–

Acquisitions and divestments of subsidiaries

In the second quarter of 2023, 100 percent of the shares in Randmärket logistikfastighet AB were sold. No acquisitions took place during the quarter. No acquisitions or disposals took place in the second quarter of 2022. In the quarter of 2022, 100 percent of the shares in PostNord Terminal Bergen AS were acquired.

Note 5 Other provisions

January–June 2023, SEKm	Opening balance	Provisions	Reversals	Utilization	Other ¹	Closing balance
Transformation measures	587	39	–115	–213	14	312
Non-vested pension commitments	493	11	–	–	–15	488
Other	50	0	–	–	2	52
Total	1,130	50	–115	–213	1	852
<i>of which current</i>	444					190
<i>of which non-current</i>	686					662

January–June 2022, SEKm	Opening balance	Provisions	Reversals	Utilization	Other ¹	Closing balance
Transformation measures	729	27	–1	–366	25	414
Non-vested pension commitments	732	10	–	–	–157	585
Other	56	0	–	–4	–4	48
Total	1,517	37	–1	–370	–136	1,047
<i>of which current</i>	562					295
<i>of which non-current</i>	955					752

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

Note 6 Financial instruments

Carrying amount and fair value of financial assets and liabilities, SEKm	June 30, 2023					
	Financial assets measured at fair value via income	Financial assets measured at amortized cost	Financial liabilities measured at fair value via income	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Assets	272	11,481	–	–	11,753	11,753
<i>of which, derivatives</i>	13	–	–	–	13	13
Liabilities	–	–	–95	–8,923	–9,018	–9,013
<i>of which, loan liabilities</i>	–	–	–	–3,778	–3,778	–3,773
<i>of which, derivatives</i>	–	–	–95	–	–95	–95
Total financial assets and liabilities, by category	272	11,481	–95	–8,923	2,735	2,740

Carrying amount and fair value of financial assets and liabilities, SEKm	June 30, 2022					
	Financial assets measured at fair value via income	Financial assets measured at amortized cost	Financial liabilities measured at fair value via income	Financial liabilities measured at amortized cost	Carrying amount	Fair value
Assets	286	11,010	–	–	11,296	11,296
<i>of which, derivatives</i>	20	–	–	–	20	20
Liabilities	–	–	–53	–7,999	–8,052	–8,044
<i>of which, loan liabilities</i>	–	–	–	–2,568	–2,568	–2,560
<i>of which, derivatives</i>	–	–	–53	–	–53	–53
Total financial assets and liabilities, by category	286	11,010	–53	–7,999	3,244	3,252

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

The Group's financial instruments (liabilities) largely consist of non-current and current 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.

Note 7 Related parties

Compensation for the universal service obligation from the Danish State has been recognized in the amount of SEK 58 million (46) in Post Danmark A/S in the quarter. The amount has been recognized in accordance with IAS 20, Accounting for Government Grants and Disclosure of Government Assistance.

The December 2020 agreement with the Danish State for the January–August 2021 period, the August 2021 agreement for the September 2021–December 2022 period and the December 2022 agreement for the January 2022–December 2023 period are subject to approval by the European Commission. The claim on the Danish State for compensation for the universal service obligation in the period January 2021 to June 2023 amounted to SEK 617 million (519) on June 30, 2023.

Note 8 Definitions and alternative key performance indicators

The Group's financial information has been prepared in accordance with IFRS. References are made to a number of alternative financial key performance indicators that are not defined in IFRS. These key performance indicators provide additional information and are used as guidance for the Group Leadership Team, Board of Directors and external stakeholders in their analysis of the Company's operations. Because not all companies calculate financial measures in the same way, these indicators are not always comparable with indicators used by other companies.

The alternative key performance indicators used by PostNord are important in underpinning focus areas and linking from business model and strategy.

Definitions:

Operating margin

Operating income in relation to net sales.

Items affecting comparability

Items that are not recurring, or that do not relate directly to operating activities. The items must be of a material nature. For example, capital gains/losses on the sales of assets and impairment of assets.

Ongoing restructuring costs are not regarded as items affecting comparability.

Adjusted operating income

Operating income excluding items affecting comparability.

Adjusted operating margin

Adjusted operating income in relation to net sales.

Net debt

Interest-bearing liabilities, provision for pensions, lease liabilities less 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.

SEKm	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022
Non-current interest-bearing liabilities	2,284	2,887	1,892	1,953	2,749
Non-current lease liabilities	5,166	5,332	5,001	4,985	4,875
Current interest-bearing liabilities	1,678	1,075	874	813	13
Current lease liabilities	1,609	1,579	1,449	1,396	1,367
Non-current interest-bearing receivables	-195	-193	-195	-193	-191
Non-current interest-bearing receivables, leases	-64	-67	-70	-73	-75
Other non-current receivables ¹	-4,679	-4,144	-3,918	-5,866	-4,038
Current interest-bearing receivables	-	-	-	-	0
Current interest-bearing receivables, leases	-11	-11	-11	-11	-11
Cash and cash equivalents	-4,561	-4,959	-3,886	-3,809	-4,704
Net debt	1,227	1,500	1,137	-806	-15

¹ The amount is the portion of non-current receivables that is attributable to funded defined-benefit disability pension plans and defined-benefit pension plans measured in accordance with IAS 19.

Net debt ratio

Net liability in relation to equity.

Net debt excluding leases in accordance with IFRS 16

Interest-bearing liabilities, provision for pensions less cash and cash equivalents, financial investments, financial receivables as described in IAS 19 that are recognized as other non-current receivables and short-term investments.

Equity excluding leases in accordance with IFRS 16

Equity excluding effect of leasing in accordance with IFRS 16.

Cont. on next page

Note 8 (cont.)

Reconciliation with financial statements

SEKm	June 30, 2023	Dec. 31, 2022	June 30, 2022
Equity as per Statement of financial position	13,607	13,744	13,623
Accumulated effect of leases in accordance with IFRS	314	313	318
Equity excluding leases in accordance with IFRS 16	13,921	14,057	13,941

Net debt ratio excluding leases in accordance with IFRS 16

Net debt excluding leases in accordance with IFRS 16 in relation to equity excluding leases in accordance with IFRS 16.

Financial preparedness

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

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

Total operating income for four quarters.

Operating capital

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

SEKm	June 30 2023	Dec. 31, 2022	June 30, 2022
ASSETS			
Goodwill	1,707	2,639	2,602
Other non-current intangible assets	429	438	435
Property, plant and equipment	8,225	8,340	7,997
Right-of-use assets	6,666	6,329	6,094
Participations in associated companies	152	154	171
Other non-current receivables excl. funded disability pensions	256	242	234
Deferred tax assets	277	261	19
Inventories	88	93	93
Tax assets	376	356	329
Trade receivables	4,955	5,481	5,034
Prepaid expenses and accrued income	1,726	1,287	1,427
Other current receivables	103	133	99
Assets held for sale	–	–	9
Other non-current liabilities	–73	–71	–70
Other provisions, long-term	–662	–686	–752
Deferred tax liabilities	–1,468	–1,317	–1,331
Trade payables	–2,743	–3,383	–3,047
Tax liabilities	–115	–476	–148
Other current liabilities	–1,015	–1,025	–1,347
Accrued expenses and deferred income	–3,859	–3,529	–3,946
Other provisions, short-term	–190	–444	–295
Total capital employed	14,835	14,881	13,608

Return on capital employed (ROCE)

Operating income for a rolling 12-month period, in relation to average operating capital.

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. The quarterly figure is calculated by weighting aggregated values such that the most recent quarter is the one most heavily weighted.

Quarterly data

SEKm, if not otherwise stated	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
The Group									
Net sales	9,812	9,899	10,947	9,456	10,037	9,772	10,843	9,340	10,323
Other operating income	239	111	143	221	194	285	294	214	85
Operating expenses	-10,775	-9,967	-11,110	-9,613	-10,016	-9,960	-10,374	-9,231	-9,891
<i>of which, personnel expenses</i>	-3,837	-3,924	-4,469	-3,595	-3,970	-4,059	-4,132	-3,535	-4,049
<i>of which, transportation expenses</i>	-2,727	-2,939	-3,306	-3,092	-3,115	-2,952	-2,960	-2,683	-2,757
<i>of which, other expenses</i>	-2,565	-2,370	-2,634	-2,259	-2,268	-2,286	-2,615	-2,366	-2,442
<i>of which, depreciation and impairments</i>	-1,646	-734	-702	-667	-661	-664	-666	-647	-643
Operating income (EBIT)	-725	43	-20	65	214	98	762	323	518
Operating margin, %	-7.4	0.4	-0.2	0.7	2.1	1.0	7.0	3.4	5.0
Adjusted operating income (Adjusted EBIT)	135	43	247	108	214	98	653	284	518
Cash flow from operating activities	270	526	1,113	-228	536	225	1,524	518	835
Net debt	1,227	1,500	1,137	-806	-15	2,987	3,885	3,408	4,140
Return on capital employed (ROCE), %	-4.4	2.1	2.6	8.5	10.6	13.0	19.2	19.9	23.0
Operating capital	14,835	15,281	14,881	14,420	13,608	13,568	13,018	12,807	12,794
Average number of employees (FTE)	24,587	24,279	26,322	27,271	26,693	27,015	29,498	28,821	28,258
Staffing numbers (basic) at end of period	24,275	24,828	25,401	25,413	25,690	26,316	26,582	26,596	26,904
Volumes, millions:									
Sweden, mail ¹	209	228	248	216	238	258	288	245	278
Denmark, mail	36	43	49	41	47	47	53	43	47
Group, parcels (volumes between countries eliminated) ¹	61	58	70	57	62	60	73	59	66

¹ During the second quarter 2023, a small letter service (Skicka lätt) was reclassified as a parcel service. The amounts recognized have been restated for the reporting periods.

Financial calendar

Interim report January–September 2023
Year-end report 2023
Annual and sustainability report 2023
Interim report January–March 2024
Annual General Meeting 2023
Interim report January–June 2024

October 27, 2023
February 1, 2024
March, 2024
April 23, 2024
April 23, 2024
July 19, 2024

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