

PostNL reports normalised EBIT of €10 million for Q2 2022

Financial highlights Q2 2022

in € million	Q2 2021	Q2 2022	% Change	HY 2021	HY 2022	% Change
Revenue	838	746	-11%	1,800	1,552	-14%
Normalised EBIT	63	10	-84%	193	43	-78%
<i>assumed to be non-recurring and related to Covid-19</i>						
Free cash flow	26	(0)		69	0	
	54	(43)		213	10	
Normalised comprehensive income	57	19	-67%	169	53	-69%

Key takeaways Q2 2022

- High inflation and pressure on consumer spending impacted costs and development e-commerce volumes
- Domestic volume growth at Parcels ~3%, excluding non-recurring impact related to Covid-19; overall, volumes -12.6% reflecting no further Covid-19 impact and development in cross-border activities
- Volumes at Mail in the Netherlands -7.4%, slightly better than expected
- Free cash flow performance reflects step-down in normalised EBIT and working capital phasing
- 20% improvement in carbon efficiency
- Interim dividend 2022 set at €0.14 per share
- Outlook FY 2022:
 - normalised EBIT revised to €145 million - €175 million
 - free cash flow of €110 million - €140 million, at lower end of initial range

CEO statement

Herna Verhagen, CEO of PostNL, said: “The current macroeconomic and geopolitical environment is challenging and causes headwinds, especially for the logistics industry. This is causing prolonged uncertainty and limits visibility on the development of consumer behaviour.

“An unprecedented high level of inflation resulted in rising fuel and labour costs and impacted our performance. We stepped up our actions on tight cost control and are taking adaptive measures to mitigate the ongoing headwinds. Clearly, these higher costs cannot only be absorbed through improved efficiency and productivity gains, but will also need to result in price adjustments going forward. At the same time we are maintaining our efforts to align our operations with anticipated volumes, while holding on to the necessary flexibility and desired quality level for peak season within the limits of the current tight labour market.

“Furthermore, inflation puts pressure on consumer spending, which has meanwhile rebalanced towards services since society reopened. This impacts parcel volumes and reduces predictability. Our market share remained stable. In this difficult environment, Mail in the Netherlands continues to deliver its solid performance.

“Taking into account the uncertain economic outlook and limited visibility, we are revising our FY 2022 outlook for normalised EBIT. Adjusting capex to align with volume projections and applying strict working capital management should allow for a delivery of a strong free cash flow at the lower end of our initial outlook range.

“Meanwhile, we are committed to executing our strategy by focusing on providing our customers with an excellent experience, and working with highly satisfied people in a compliant and sustainable way.”

Executing on our strategy

While PostNL is taking adaptive measures and focuses on strict cost control in the shorter term as a result of the uncertainties posed by the current macroeconomic environment, its strategic focus remains unchanged.

This focus is to capture e-commerce growth at Parcels by balancing volume, value and capacity. At Mail in the Netherlands, PostNL is achieving stable results by successfully mitigating volume decline through a moderate pricing policy and cost savings initiatives. The company aims to further strengthen its competitive position by building on its platform, integrating customers, consumers and solutions through simple and smart digital

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The Hague, the Netherlands, 8 August 2022

journeys. The impact of its business activities on the environment and society at large are important for PostNL. Clear and ambitious ESG objectives are fully embedded in its strategy.

Further ESG progress

As a result of its ESG efforts, PostNL is proud to have received the Platinum EcoVadis certification for the second year in a row. PostNL's sustainability performance is rated in the top 1% of companies in the postal, courier and multi-modal freight industry. In addition, PostNL was included in the Dutch stock market index of 25 highest-performing AEX and midcap companies on ESG which launched mid-May 2022.

While further stepping up its investments in sustainability, PostNL improved the carbon efficiency of its own fleet by 20% in the first half of 2022 by increasing usage of renewable fuels and further electrification through expanding the number of electric vehicles. For 2022, PostNL will offset any remaining carbon emissions from own transport and that of delivery partners, cutting its footprint to net zero.

In May, an agreement was reached on a new CLA for mail deliverers that will run until 31 December 2023. The agreement applies to nearly 16,500 employees and includes, among others, a pay rise of 4% in 2022 plus another 4% in 2023. In addition, over 1,000 mail deliverers on temporary contracts will be offered an employment contract for an indefinite period. Negotiations on the CLAs for PostNL and Saturday deliverers will start by late August 2022.

Accelerating digital transformation

The acceleration of PostNL's digital transformation is progressing according to plan. Consumers and customers are increasingly digitally connected to the company's platform. PostNL now has 7.2 million consumer accounts (Q2 2021: 6.4 million), of which 55% are actively used. Significant upgrades in the app were released to deliver a distinctive consumer experience. PostNL is speeding up the roll-out of automated parcel lockers (APLs) and has recently signed agreements to install around 200 APLs at DIY stores and parking facilities in 2022-23.

PostNL intends to spend around €20 million on the acceleration of its digital transformation in 2022, of which €5 million was visible in the second quarter of 2022 (€8 million year-to-date). The programme is expected to become accretive to ROIC in 2023.

Business performance Q2 2022

in € million, volume in million items	Volume		Revenue		Normalised EBIT	
	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022
Parcels	95	83	589	519	56	14
Mail in the Netherlands	486	450	389	350	23	13
PostNL Other			50	54	(16)	(17)
Intercompany			(191)	(177)		
PostNL			838	746	63	10

Note: Normalised figures exclude one-offs in Q2 2022 (€1 million); no one-offs in Q2 2021

- No impact on normalised EBIT related to Covid-19 in Q2 2022 (Q2 2021: €26 million; €14 million at Parcels and €12 million at Mail in the Netherlands)
- As expected, around €(8) million impact on normalised EBIT from cross-border activities, resulting mainly from the change in VAT regulation for small non-EU goods and other regulation in China in July 2021 together with global supply chain disruptions
- €25 million organic cost increases

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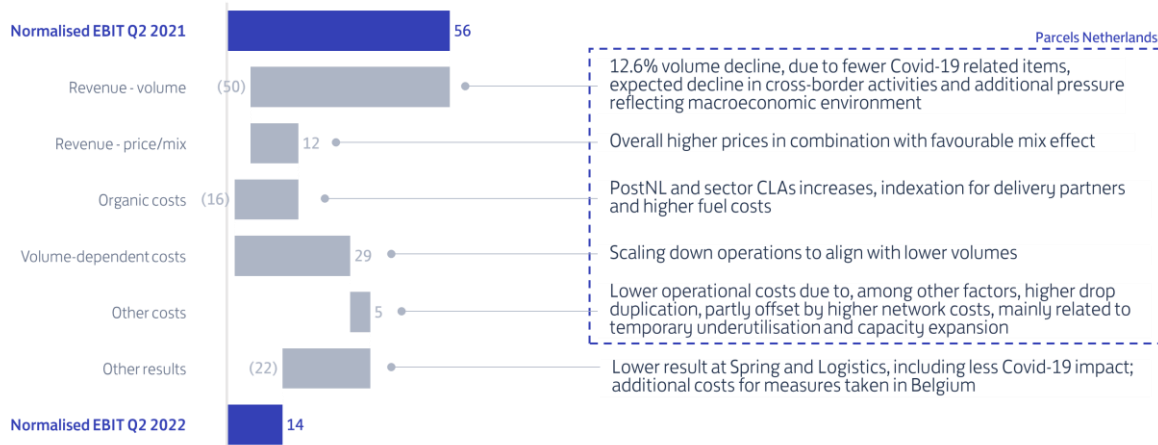
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Segment information

Parcels: Lower volumes and additional costs impact result

Normalised EBIT at Parcels came in at €14 million (Q2 2021: €56 million). In Q2 2022, there was no Covid-19 related impact (Q2 2021: €14 million). Excluding the non-recurring Covid-19 impact, normalised EBIT decreased by €28 million.

(in € million)

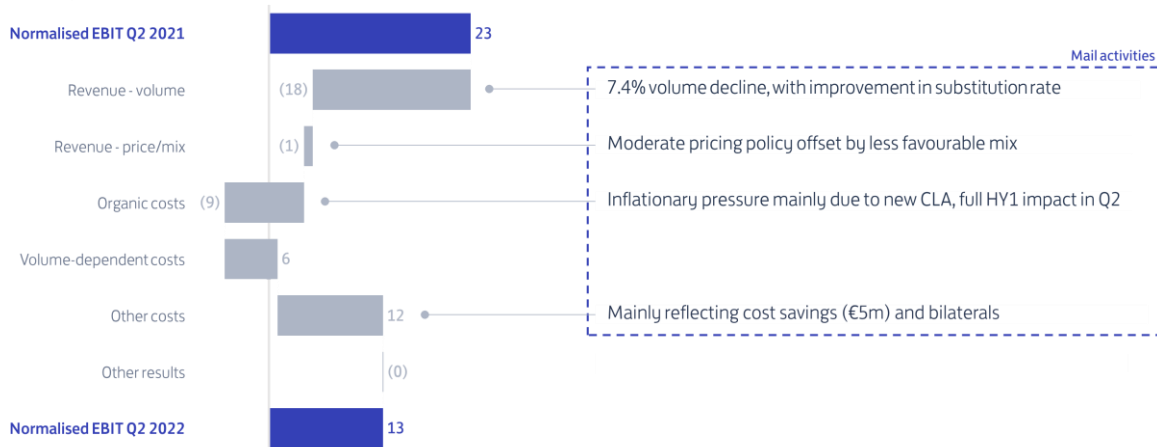


Revenue was down to €519 million (Q2 2021: €589 million), driven by a total volume decline of 12.6%. Domestic parcel volumes, excluding the non-recurring impact related to Covid-19, rose by around 3% and reflect the upward trend in e-commerce. Total volume decline in the quarter includes fewer non-recurring items and cross-border activities. Excluding non-recurring parcels assumed to be related to Covid-19, the decline amounted to -1.2%. Revenue at Spring decreased, with more or less stable revenue at Logistics.

Mail in the Netherlands: Solid performance with volume decline in line with expectations

Normalised EBIT at Mail in the Netherlands came in at €13 million (Q2 2021: €23 million). In Q2 2022, there was no Covid-19 related impact (Q2 2021: €12 million). Excluding this non-recurring Covid-19 impact, normalised EBIT increased by €2 million.

(in € million)



Revenue was down to €350 million (Q2 2021: €389 million), mainly explained by the volume decline and less international mail. Mail volumes decreased by 7.4% in the quarter, as a result of ongoing substitution and Covid-19 related items in Q2 2021. The price/mix effect was negative, reflecting fewer Covid-19 related items.

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PostNL Other

Revenue at PostNL Other amounted to €54 million (Q2 2021: €50 million). Normalised EBIT came in at €(17) million (Q2 2021: €(16) million). Pension expense amounted to €44 million (Q2 2021: €41 million) and total regular pension cash contributions to €25 million (Q2 2021: €24 million).

Cash flow development

Free cash flow was €(43) million (Q2 2021: €54 million), reflecting the lower reported normalised EBIT and investments in working capital, the latter partly resulting from phasing within the year, including settlement of terminal dues. Cash-out related to the final 2021 dividend was €114 million. On 25 May 2022, PostNL completed the first tranche of its share buyback programme to neutralise the assumed dilutive impact of shares issued in relation to dividends over the 2021-23 period. The company has repurchased the maximum number of 51 million ordinary shares for a total consideration of €164 million of which €147 million was paid in the second quarter.

Key figures

in € million	Q2 2021	Q2 2022	HY 2021	HY 2022
Revenue	838	746	1,800	1,552
Operating income	63	9	211	38
Profit for the period	41	(11)	177	5
Profit from continuing operations	42	2	155	18
Total comprehensive income	56	5	205	36
			31 December 2021	2 July 2022
Adjusted net debt			203	494
Consolidated equity			426	185

FY 2022 Outlook

PostNL as yet sees no clear signs of recovery of important macroeconomic indicators resulting in ongoing uncertainty. Taking into account the increased costs level and limited visibility on volume development, specifically for the fourth quarter, PostNL is revising its FY 2022 outlook for normalised EBIT to €145 million - €175 million. Adjusting capex to align with volume projections and applying strict working capital management should allow for a delivery of a strong free cash flow at the lower end of the initial outlook range of between €110 million and €140 million.

For FY 2022, PostNL is currently assuming:

- Low single digit volume decline at Parcels based on reported volumes
- Around €100 million increase in organic costs, including additional inflationary pressure, mainly on labour and fuel

Other assumptions remain unchanged:

- Volume decline at Mail in the Netherlands of 8% - 10% based on reported volumes (at the lower end of the range)
- ~€(20) million for expansion of capacity, digital NEXT and increase in non-cash IFRS pension expenses
- Impact from cross-border activities, mainly due to the step-down in volumes since the change in VAT regulation, global supply chain disruptions and zero Covid-19 policy in China

in € million	2021	Adjusted for assumed non-recurring impact Covid-19	2022 revised outlook (9 May 2022)	2022 revised outlook (8 August 2022)
Outlook				
Normalised EBIT	308	226	170 - 210	145 - 175
Free cash flow*	288		110 - 140	110 - 140 at lower end of range
Other main financial indicators			2022 indicative	
Normalised comprehensive income	285		to develop in line with normalised EBIT	

* Cash flow before dividend/share buybacks, acquisitions, redemption of bonds/other financing activities; after payment of leases

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Interim dividend 2022

The 2022 interim dividend has been set at €0.14 per ordinary share, equalling one-third of the dividend for 2021. The dividend will be paid, at the choice of the shareholder, either in ordinary PostNL shares or in cash (default option). In view of the completed first tranche of the share buyback programme, PostNL will assign part of the repurchased shares for settlement of the dividend in shares. The conversion rate will be based on the volume-weighted average share price (VWAP) for all PostNL shares traded on Euronext Amsterdam over the period of three trading days from 25 August 2022 up to and including 29 August 2022. The value of the stock dividend, based on this VWAP, will, subject to rounding, be targeted at but not be lower than the cash dividend. There will be no trading in stock dividend rights.

Working days by quarter

	Q1	Q2	Q3	Q4	Total
2021	65	61	65	65	256
2022	65	61	65	64	255

Financial calendar 2022

7 November 2022	Publication of Q3 2022 results
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Dividend calendar

Interim dividend 2022

10 August 2022	Ex-dividend date
11 August 2022	Record date
12 August 2022	Start of election period
29 August 2022	End of election period and determination of conversion rate
31 August 2022	Payment date

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Audio webcast and conference call on Q2 2022 results

On 8 August 2022, at 11.00 am CET, a conference call for analysts and investors will start. It can be followed live via an audio webcast at <https://www.postnl.nl/en/about-postnl/investors/results-reports-trading-updates/>.

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Additional information

Additional information is available at www.postnl.nl. Elements of this press release contain or may contain inside information within the meaning of article 7(1) of the EU Market Abuse Regulation.

Note that the numbers presented in this press release (tables and explanations of results) may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to rounding.

Caution on forward-looking statements

Some statements in this press release are “forward-looking statements”. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict, and that may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management’s beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which only apply as of the date of this press release and are neither predictions nor guarantees of possible future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities law.

Use of non-GAAP information

In presenting and discussing the PostNL Group operating results, management uses certain non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and should be used in conjunction with the most directly comparable IFRS measures. Non-GAAP financial measures do not have a standardised meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The main non-GAAP key financial performance indicator is normalised EBIT. Normalised EBIT is derived from the IFRS-based performance measure operating income adjusted for the impact of project costs and incidentals.

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The Hague, the Netherlands, 8 August 2022

Consolidated interim financial statements

PostNL Consolidated statement of profit or loss in € million

	notes	Q2 2021	Q2 2022	HY 2021	HY 2022
Revenue from contracts with customers		833	743	1,790	1,544
Other operating revenue		5	3	10	8
Total operating revenue		838	746	1,800	1,552
Other income		2	1	23	6
Cost of materials		(16)	(20)	(32)	(41)
Work contracted out and other external expenses		(417)	(370)	(883)	(773)
Salaries, pensions and social security contributions		(283)	(281)	(572)	(568)
Depreciation, amortisation and impairments		(36)	(39)	(71)	(78)
Other operating expenses		(25)	(29)	(54)	(59)
Total operating expenses		(776)	(738)	(1,612)	(1,519)
Operating income		63	9	211	38
Interest and similar income		0	0	1	1
Interest and similar expenses		(5)	(6)	(10)	(12)
Net financial expenses		(4)	(5)	(10)	(11)
Results from investments in JVs/associates		(1)	0	(1)	0
Profit/(loss) before income taxes		58	3	201	27
Income taxes	(9)	(15)	(2)	(46)	(9)
Profit/(loss) from continuing operations		42	2	155	18
Profit/(loss) from discontinued operations	(4)	(1)	(13)	23	(13)
Profit for the period		41	(11)	177	5
Attributable to:					
Non-controlling interests		(0)	0	0	0
Equity holders of the parent		41	(11)	177	5
Earnings per ordinary share (in € cents) ¹		8.0	(2.2)	35.5	1.0
Earnings from continuing operations per ordinary share (in € cents) ¹		8.3	0.4	31.0	3.6
Earnings from discontinued operations per ordinary share (in € cents) ¹		(0.3)	(2.6)	4.5	(2.7)

¹ Based on an average of 500,018,514 outstanding ordinary shares (2021: 498,721,148).

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PostNL Consolidated statement of comprehensive income in €million

	note	Q2 2021	Q2 2022	HY 2021	HY 2022
Profit for the period		41	(11)	177	5
Impact pensions, net of tax	(5)	13	15	27	30
Change in value of financial assets at fair value through OCI	(12)	1	(1)	1	(1)
Other comprehensive income that will not be reclassified to the income statement		14	13	28	28
Currency translation adjustment, net of tax	(0)	(0)	0	0	1
Gains/(losses) on cashflow hedges, net of tax		1	2	(1)	2
Other comprehensive income that may be reclassified to the income statement		1	3	(0)	3
Total other comprehensive income for the period		15	16	28	31
Total comprehensive income for the period		56	5	205	36
Attributable to:					
Non-controlling interests		(0)	0	0	0
Equity holders of the parent		56	5	205	36
Total comprehensive income attributable to the equity holders of the parent arising from:					
Continuing operations		57	18	183	50
Discontinued operations		(1)	(13)	23	(13)

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PostNL Consolidated statement of cash flows in € million

	notes	Q2 2021	Q2 2022	HY 2021	HY 2022
Profit/(loss) before income taxes		58	3	201	27
Adjustments for:					
Depreciation, amortisation and impairments		36	39	71	78
Share-based payments		1	1	1	1
(Profit)/loss on disposal of assets		(1)	(0)	(3)	(5)
(Profit)/loss on sale of Group companies				(16)	
Interest and similar income		(0)	(0)	(1)	(1)
Interest and similar expenses		5	6	10	12
Results from investments in JVs/associates		1	(0)	1	(0)
Investment income		4	5	(8)	6
Pension liabilities		2	19	20	39
Other provisions		1	0	(0)	(6)
Changes in provisions		3	19	20	33
Inventory		0	(1)	0	(2)
Trade accounts receivable		52	(10)	(7)	35
Other accounts receivable		3	(3)	5	(3)
Other current assets excluding taxes		9	(4)	30	9
Trade accounts payable		(32)	1	(35)	(29)
Other current liabilities excluding short-term financing and taxes		(37)	(47)	(6)	(34)
Changes in working capital		(5)	(64)	(12)	(24)
Cash generated from operations		96	3	273	122
Interest paid		(4)	(4)	(7)	(7)
Income taxes received/(paid)	(9)	(0)	2	(21)	(22)
Net cash (used in)/from operating activities	(10)	92	1	246	93
Interest received		0	0	1	1
Disposal of subsidiaries				44	
Investments in JVs/associates		0	(1)	(1)	(1)
Capital expenditure on intangible assets		(12)	(20)	(24)	(39)
Capital expenditure on property, plant and equipment		(14)	(8)	(25)	(25)
Proceeds from sale of property, plant and equipment		4	0	7	11
Changes in other loans receivable		(0)	0	0	2
Other changes in (financial) fixed assets		(0)	1	0	1
Net cash (used in)/from investing activities	(10)	(22)	(28)	2	(51)
Dividends paid		(84)	(114)	(84)	(114)
Share buyback		0	(147)	0	(164)
Proceeds from short-term borrowings		(4)	(0)	0	(0)
Repayments of short-term borrowings		(0)	0	(1)	0
Repayments of lease liabilities/incentives		(16)	(17)	(34)	(35)
Net cash (used in)/from financing activities	(10)	(104)	(278)	(118)	(313)
Total change in cash from continuing operations		(34)	(305)	129	(270)
Cash at the beginning of the period		843	882	651	848
Cash transfers related to discontinued operations		(3)	(0)	26	(1)
Total change in cash from continuing operations		(34)	(305)	129	(270)
Cash at the end of the period		806	577	806	577

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The Hague, the Netherlands, 8 August 2022

PostNL Consolidated statement of financial position in €million

	notes	31 December 2021	2 July 2022
Assets			
Goodwill		207	207
Other intangible assets		147	164
Intangible fixed assets	(1)	354	371
Land and buildings		254	251
Plant and equipment		141	143
Other equipment		13	14
Construction in progress		25	25
Property, plant and equipment	(2)	433	433
Right-of-use assets	(3)	289	281
Investments in joint ventures/associates		6	7
Loans receivable		20	18
Deferred tax assets		11	12
Financial assets at fair value through OCI		28	26
Financial fixed assets		65	64
Total non-current assets		1,141	1,149
Inventory		5	7
Trade accounts receivable		353	318
Accounts receivable		11	13
Income tax receivable		25	31
Prepayments and accrued income		90	102
Cash and cash equivalents	(7)	848	577
Total current assets		1,332	1,049
Assets classified as held for sale		11	5
Total assets		2,484	2,203
Equity and liabilities			
Equity attributable to the equity holders of the parent	(6)	426	185
Non-controlling interests		3	3
Total equity		429	188
Deferred tax liabilities		37	38
Provisions for pension liabilities	(5)	67	67
Other provisions	(8)	29	31
Long-term debt	(7)	697	697
Long-term lease liabilities	(7)	269	260
Other long-term liabilities	(7)	31	31
Total non-current liabilities		1,129	1,124
Trade accounts payable		168	134
Other provisions	(8)	21	13
Short-term debt	(7)	4	9
Short-term lease liabilities	(7)	65	64
Other current liabilities		111	146
Income tax payable		1	0
Contract liabilities		70	50
Accrued current liabilities		487	476
Total current liabilities		927	892
Total equity and liabilities		2,484	2,203

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PostNL Consolidated statement of changes in equity in €million

	Issued share capital	Additional paid in capital	Currency translation reserve	Hedge reserve	Financial assets at fair value OCI	Other reserves	Retained earnings	Attributable to equity holders of the parent	Non-controlling interests	Total equity
Balance at 1 January 2021	40	161	0	(2)	7	(526)	531	211	2	213
Total comprehensive income			0	(1)	1	27	177	205	0	205
Appropriation of net income						305	(305)	0		0
Final dividend previous year	1	(1)					(84)	(84)		(84)
Share-based compensation	0	3				(2)		1		1
Balance at 3 July 2021	41	164	1	(2)	8	(196)	319	334	2	336
Balance at 1 January 2022	41	163	1	(2)	20	(167)	370	426	3	429
Total comprehensive income			1	2	(1)	30	5	36	0	36
Appropriation of net income						518	(518)	0		0
Final dividend previous year							(114)	(114)		(114)
Share buyback						(164)		(164)		(164)
Share-based compensation						1		1		1
Balance at 2 July 2022	41	163	2	1	18	218	(258)	185	3	188

Press release

The Hague, the Netherlands, 8 August 2022

General information and description of our business

The consolidated interim financial statements have been prepared in accordance with IAS 34 'Interim financial reporting'.

PostNL N.V. ('PostNL' or the 'company') is a public limited liability company with its registered seat and head office in The Hague, the Netherlands.

PostNL provides businesses and consumers in the Benelux region with an extensive range of services for their mail and parcels needs. Through our international sales network Spring, we connect local businesses around the world to consumers globally. PostNL's services involve collecting, sorting, transporting and delivering letters and parcels for the company's customers within specific timeframes. The company also provides services in the area of data management, direct marketing and fulfilment.

Auditor's involvement

The content of this interim financial report has not been audited or reviewed by an external auditor.

Basis of preparation

The interim financial statements are reported on a year-to-date basis ending 2 July 2022. The information should be read in conjunction with PostNL's 2021 Annual Report as published on 28 February 2022.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2021 Annual Report for the year ended 31 December 2021. There are no IFRS standards, amended standards or IFRIC interpretations taking effect for the first time for the financial year beginning 1 January 2022 that would be expected to have a material impact on the Group's 2022 accounts.

Note that the numbers presented in the financial statements and disclosures thereto may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to rounding.

Acquisition of Sandd

On 27 September 2019, the State Secretary of Economic Affairs cleared the merger between PostNL and Sandd. Legal appeals have been filed by a number of parties against the approval. On 11 June 2020 the courts (Rechtbank Rotterdam) annulled the approval for consolidation in the Dutch postal market. The government appealed against the court decision. PostNL also decided to appeal. On 9 April 2021, the earlier approval of the merger was confirmed by a new decision taken by the State Secretary. This new decision, which has retroactive effect, has been included in the appeal procedure. On 2 July 2022, the Dutch Trade and Industry Appeals Tribunal ruled that the Minister for Economic Affairs and Climate Policy had been wrong to approve the merger of PostNL and Sandd. Although the approval and corresponding conditions are no longer valid, PostNL will continue to adhere to the conditions imposed in relation to the acquisition. The legality of the transaction is not at stake. As we obtained control as of the acquisition date of 22 October 2019, we have fully consolidated Sandd in our financial statements from that date going forward.

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The Hague, the Netherlands, 8 August 2022

Segment information

PostNL operates its businesses through the reportable segments Parcels, Mail in the Netherlands and PostNL Other.

The following table presents the segment information relating to the income statement and total assets and total liabilities of the reportable segments for the first six months of 2022 and 2021. In HY 2022, 88% of revenue from contracts with customers was generated in the Netherlands, 8% in the rest of Europe and 4% in the rest of the world (HY 2021: 85%, 7% and 8% respectively).

PostNL Segmentation in €million

HY 2022 ended at 2 July 2022	Parcels	Mail in NL	PostNL Other	Eliminations	Total
Revenue from contracts with customers	949	593	2		1,544
Intercompany sales	120	140	107	(367)	
Other operating revenue	3	4	0		8
Total operating revenue	1,073	737	109	(367)	1,552
Other income	0	6			6
Depreciation/impairment property, plant and equipment	(16)	(7)	(2)		(25)
Amortisation/impairment intangibles	(1)	(1)	(19)		(21)
Depreciation/impairment right-of-use assets	(21)	(6)	(5)		(32)
Total operating income	33	49	(43)		38
Normalised EBIT	33	49	(39)		43
Total assets	823	537	842		2,203
Total liabilities	456	673	885		2,015

HY 2021 ended at 3 July 2021	Parcels	Mail in NL	PostNL Other	Eliminations	Total
Revenue from contracts with customers	1,117	671	2		1,790
Intercompany sales	128	181	96	(405)	
Other operating revenue	6	3	0		10
Total operating revenue	1,251	855	99	(405)	1,800
Other income	0	23	(0)		23
Depreciation/impairment property, plant and equipment	(13)	(6)	(2)		(21)
Amortisation/impairment intangibles	(4)	(6)	(9)		(19)
Depreciation/impairment right-of-use assets	(19)	(6)	(7)		(31)
Total operating income	148	100	(37)		211
Normalised EBIT	148	82	(37)		193
Total assets at 31 December 2021	840	617	1,027		2,484
Total liabilities at 31 December 2021	519	758	778		2,055

The key financial performance indicator for management of the reportable segments is normalised EBIT. Normalised EBIT is derived from the IFRS-based performance measure operating income adjusted for the impact of project costs and incidentals. Normalised EBIT is reported on a monthly basis to the chief operating decision-makers.

Press release

The Hague, the Netherlands, 8 August 2022

Notes to the consolidated interim financial statements

1. Intangible assets

in € million	HY 2021	HY 2022
Balance at 1 January	339	354
Additions	24	38
Amortisation and impairments	(19)	(21)
Other	(1)	(0)
Balance at end of period	344	371

At HY 2022, the intangible assets of €371 million consist of goodwill for an amount of €207 million and other intangible assets for an amount of €164 million. Goodwill resulted from acquisitions in the past in the segments Mail in the Netherlands (€174 million) and Parcels (€33 million).

The additions to the intangible assets of €38 million mainly relate to software, including prepayments for software.

2. Property, plant and equipment

in € million	HY 2021	HY 2022
Balance at 1 January	370	433
Transfers from right-of-use assets at 1 January	19	
Additions	29	25
Depreciation and impairments	(21)	(25)
Balance at end of period	397	433

Of the additions of €25 million in HY 2022 €8 million relates to investments in new sorting and delivery centres within Parcels. The remainder relates to various other investments.

In HY 2021, the transfers from right-of-use assets (refer to note 3) relate to the revision of one Parcels sorting centre and sorting machine lease as property, plant and equipment, as the related sale-and-leaseback transaction did not represent a true sale according to IFRS 15.

3. Leases

Right-of-use assets

in € million	HY 2021	HY 2022
Balance at 1 January	243	289
Transfers to property, plant and equipment	(19)	
New leases	61	17
Lease modifications/reassessments	0	7
Depreciation and impairments	(31)	(32)
Disposals	(3)	(0)
Balance at end of period	252	281

The new leases of €17 million in HY 2022 mainly relate to replacement/expansion of vans and trucks. The lease modifications/reassessments of €7 million mainly reflect changes to the lease payments and lease terms of buildings.

In HY 2021, the new leases included an amount of €40 million relating to the new head office.

Lease liabilities

in € million	31 Dec 2021	2 Jul 2022
Long-term lease liabilities	269	260
Short-term lease liabilities	65	64
Total	333	324

In HY 2022, repayments of lease liabilities amounted to €35 million (HY 2021: €34 million).

Press release

The Hague, the Netherlands, 8 August 2022

4. Profit/(loss) from discontinued operations

The following table presents the financial performance for the discontinued operations of Nexive for the first half of 2021 and 2022.

Financial performance		
in € million	HY 2021	HY 2022
Revenues		
Expenses	(2)	(18)
Operating income	(2)	(18)
Income taxes		4
Profit/(loss) after taxes	(2)	(13)
Net result related to the sales transaction with Poste Italiane	24	
Profit/(loss) from discontinued operations	23	(13)

In HY 2022, the net result of €(13) million mainly reflected the financial impact related to a settlement reached between PostNL and the Italian tax authorities. The settlement resolved an ongoing tax dispute, previously reported as a specific contingent tax liability. The financial impact includes a payment due to the Italian tax authorities of €34 million partially offset by management's best estimate of the collectability of the related imputed VAT receivables from former customers of €17 million and a positive income tax effect of €4 million. No cash impact was yet visible in HY 2022.

In HY 2021, the net result of €24 million related to the sales transaction with Poste Italiane on 29 January 2021 and included a negative income tax effect of €6 million. The related cash proceeds amounted to €27 million in HY 2021.

5. Pensions

In HY 2022, the provision for pension liabilities remained unchanged at €67 million.

in € million	HY 2021	HY 2022
Balance at 1 January	86	67
Operating expenses	75	80
Interest expenses	0	1
Employer contributions and early retirement payments	(55)	(41)
Actuarial losses/(gains)	(36)	(40)
Balance at end of period	70	67

The increase in operating expenses from €75 million in HY 2021 to €80 million in HY 2022 is mainly explained by a slight increase in the pensionable salary base.

Excluding the first instalment of €16 million related to the deferred payment obligation paid in HY 2021, the regular employer contributions increased only slightly from €39 million in HY 2021 to €41 million in HY 2022.

Under IAS 19, the pension provision is updated quarterly for changes in the discount rate, expected long-term benefit increases and actual return on plan assets. Compared to year-end 2021, the IAS 19 discount rate rose from 1.0% to 3.0% and the expected long-term benefit increases assumption increased from 1.5% to 1.7%. The changed financial assumptions resulted in an actuarial gain on the defined benefit obligation. The return on plan assets was lower than assumed. Taking into account the effect of limiting a net defined benefit asset to the asset ceiling, the total effect on the net pension position in HY 2022 was a gain of €40 million (HY 2021: €36 million). Within OCI, the pension impact net of tax in HY 2022 amounted to €30 million (HY 2021: €27 million).

During the first half of 2022 the 12-month average coverage ratio of the main fund increased to 127.3% from 121.4% as at 31 December 2021. The month-end coverage ratio increased to 135.7% from 126.2% as at 31 December 2021.

Expenses for defined contribution plans in HY 2022 were €6 million (HY 2021: €6 million).

Press release

The Hague, the Netherlands, 8 August 2022

6. Equity

During HY 2022, consolidated equity attributable to the equity holders of the parent decreased from €426 million at 31 December 2021 to €185 million at 2 July 2022. The decrease of €241 million in HY 2022 is primarily explained by the repurchase of shares of €164 million and the 2021 final dividend payment of €114 million, partly offset by the profit for the period of €5 million and the positive impact of pensions within OCI of €30 million.

in million	HY 2021	FY 2021	HY 2022
Number of issued and outstanding shares	508.4	513.3	513.3
of which held by the company	0.0	0.0	33.6
Year-to-date average number of ordinary shares	498.7	505.2	500.0
Year-to-date diluted number of ordinary shares		0.8	
Year-to-date average number of ordinary shares on a fully diluted basis	498.7	506.0	500.0

On 1 March 2022, PostNL started a share buyback programme in which it will repurchase ordinary shares to a maximum value of €250 million, spread over 2022 and 2023. In HY 2022, PostNL repurchased the maximum number of 51 million ordinary shares from the first tranche of the share buyback programme and used 16,358,973 shares for the 2021 final dividend and 1,051,073 shares for the settlement of its incentive schemes. As a result, 33,589,954 ordinary shares were held by the company on 2 July 2022.

7. Adjusted net debt

in € million	31 Dec 2021	2 Jul 2022
Short- and long-term debt	732	737
Long-term interest-bearing assets	(20)	(18)
Cash and cash equivalents	(848)	(577)
Net debt	(136)	142
Pension liabilities	67	67
Lease liabilities (on balance)	333	324
Lease liabilities (off balance)	17	45
Deferred tax assets on operational lease liabilities	(79)	(84)
Adjusted net debt	203	494

On 2 July 2022, the adjusted net debt position amounted to €494 million. Compared to 31 December 2021, the €291 million increase was mainly explained by the negative cash flow during HY 2022 (see note 10), including a cash out of €164 million related to the first tranche of the share buyback programme, decreasing the cash and cash equivalents position by €271 million in the first half of 2022.

8. Other provisions

The other provisions consist of long-term and short-term provisions for restructuring, claims and indemnities and other employee benefits. In HY 2022, the related provisions decreased by €7 million.

in € million	HY 2021	HY 2022
Balance at 1 January	51	50
Additions	7	6
Withdrawals	(3)	(9)
Releases	(3)	(3)
Balance at end of period	52	43

The additions of €6 million in HY 2022 mainly related to restructuring programmes (€1 million), expected disability costs following the decision to become self-insured (“eigenrisicodrager”) for the WGA benefits as from 1 January 2021 (€2 million) and other employee benefit obligations (€1 million).

Press release

The Hague, the Netherlands, 8 August 2022

The withdrawals of €9 million in HY 2022 related mainly to the settlement of a Sandd dispute (€5 million), payment of the ACM fine related to Mail in the Netherlands' regulated delivery quality of 2019 (€2 million), settlements for restructuring programmes (€1 million) and payment of other employee benefit obligations (€1 million).

The releases of €3 million in HY 2022 mainly related to changes in restructuring programmes (€1 million) and various other provisions.

9. Taxes

Effective tax rate	HY 2021	HY 2022
Dutch statutory tax rate	25.0%	25.8%
Other statutory tax rates	-0.1%	0.5%
Average statutory tax rate	24.9%	26.3%
Non/partly deductible costs	0.5%	3.2%
Exempt income	-2.3%	0.2%
Other	-0.1%	2.7%
Effective tax rate	23.0%	32.4%

The tax expense in PostNL's statement of income in HY 2022 amounted to €9 million (HY 2021: €46 million), or 32.4% (HY 2021: 23.0%) of the profit/(loss) before income taxes of €27 million (HY 2021: €201 million).

In HY 2022, the line Non/partly deductible costs (3.2%) mainly related to mixed expenses and non-deductible costs of share based payments. The line Other (2.7%) mainly related to an uncertain tax position regarding environmental investment allowance. In HY 2021, the line item Exempt income (-2.3%) consisted mainly of the book profit on the sale of Cendris.

Income taxes paid in HY 2022 amounted to €22 million (HY 2021: €21 million) and included predominantly Dutch payments for the full year of 2022.

Per HY 2022, the deferred tax asset related to the Dutch tax credit potential upon realising (liquidation) losses in connection with the sale of the Nexive businesses amounted to €37 million (FY 2021: €33 million).

10. Cash flow statement

Net cash from operating activities decreased by €153 million from €246 million in HY 2021 to €93 million in HY 2022 mainly due to lower operational (cash) results and a negative change in working capital (€12 million), partly offset by lower cash out from pensions (€14 million).

Net cash used in investing activities of €2 million in HY 2021 was positively impacted by the net cash proceeds from the sale of Cendris of €44 million. Excluding this impact, net cash used in investing activities increased from €(42) million in HY 2021 to €(51) million in HY 2022, with higher capital expenditure of €15 million partly offset by higher proceeds from sale of property, plant and equipment of €4 million.

Net cash used in financing activities amounted to €(313) million in HY 2022 (HY 2021: €(118) million) and related to the repurchase of shares of €164 million, the payment of the 2021 final dividend of €114 million (HY 2021: €84 million) and repayments of lease liabilities of €35 million (HY 2021: €34 million).

11. Labour force

Headcount	31 Dec 2021	2 Jul 2022
Parcels	8,246	8,251
Mail in the Netherlands	27,611	26,722
PostNL Other	1,508	1,589
Total	37,365	36,562

The number of employees working at PostNL at 2 July 2022 was 36,562. The decrease of 803 compared to 31 December 2021 is mainly the result of the extra temporary employees hired in December 2021 to handle Christmas mail within Mail in the Netherlands. Additionally, labour market tightness impacted PostNL's ability to maintain adequate staffing levels during HY 2022.

Press release

The Hague, the Netherlands, 8 August 2022

Average FTEs	HY 2021	HY 2022
Parcels	6,697	7,088
Mail in the Netherlands	14,093	13,505
PostNL Other	1,354	1,498
Total	22,144	22,091

The average number of full-time equivalents (FTEs) working at PostNL during the first six months of 2022 was 22,091. The decrease of 53 compared to the same period last year is mainly related to reductions within operations in Mail in the Netherlands, partly offset by business growth within Parcels.

12. Financial instruments

The fair value of financial instruments is based on foreign exchange and interest rate market prices, if applicable. PostNL uses derivative financial instruments solely for the purpose of hedging currency and interest exposure. PostNL uses commonly practised fair value valuation methods for its derivatives. The valuations represent a best approximation of the trading value of these derivatives at their valuation moment. The derivatives within the financial instruments are grouped within level 2 of the fair value measurement hierarchy.

The carrying value of PostNL's outstanding Eurobonds is measured at amortised cost and amounted to €697 million at 2 July 2022 (31 December 2021: €697 million). The fair value of the outstanding Eurobonds amounted to €662 million at 2 July 2022 (31 December 2021: €716 million). The outstanding Eurobonds are all at fixed interest rates.

The investments in financial assets at fair value through OCI of €26 million at 2 July 2022 (31 December 2021: €28 million) relate to investments in equity shares of non-listed companies.

The fair value of the other financial instruments approximates the carrying amount of these assets and liabilities.

Press release

The Hague, the Netherlands, 8 August 2022

Reporting responsibilities and risks

Board of Management compliance statement

In conjunction with the EU Transparency Directive as incorporated in the Dutch Financial Markets Supervision Act (Wet op het Financieel Toezicht) the Board of Management confirms to the best of its knowledge that:

- The consolidated interim financial statements for the six months ended 2 July 2022 give a true and fair view of the assets, liabilities, financial position and profit or loss of PostNL N.V. and its consolidated companies, and
- The interim report of the Board of Management gives a true and fair view of the information required pursuant to section 5:25d(8)/(9) of the Dutch Financial Markets Supervision Act (Wet op het Financieel Toezicht).

Herna Verhagen – Chief Executive Officer

The Hague, 8 August 2022

Pim Berendsen – Chief Financial Officer

Risks

Understanding strategic, operational, legal and regulatory, and financial risks, including risks relating to corporate responsibility, is a vital element of our management's decision-making process. Management reviewed the risks regularly throughout the first half year of 2022 and will continue to do so during 2022. PostNL's risk management and control programme is to be considered as a process to further support management. No matter how comprehensive a risk management and control system may be, it cannot be assumed to be exhaustive, nor can it provide certainty that it will prevent negative developments from occurring in a company's business and business environment or that risk responses will be fully effective.

It is important to note that new, unknown and/or unforeseen risks may be identified and/or occur. PostNL will react to changes in our risk profile and/or risk responses with due care and we will continuously analyse possible alternatives that may be included in our risk management and control framework.

Notwithstanding the above, any of the disclosed risks both individually and/or in aggregate, could have a material adverse effect on PostNL's financial position, results of operations, liquidity, solvency and the actual outcome of matters referred to in the forward-looking statements contained in this half year report.

The Board of Management has reviewed PostNL's risk profile and confirms that the key risks originally disclosed in Chapter 10 of the 2021 PostNL N.V. Annual Report (pages 67-78) have been updated and will continue to require focused and decisive management attention in the second half of 2022. With reference to the disclosure in the Annual Report 2021, the risks which have the highest risk level are: competition, substitution, climate change, employee attraction, development and retention, regulatory compliance, execution of cost savings initiatives and total cost of labour.

Additionally, the Board of Management is of the view that, considering the annually updated strategic plan and forecasts, in the current situation, it is justified that PostNL's financial reporting has been prepared on a going concern basis and that the Annual Report 2021 states those material risks and uncertainties that are relevant for the expectation of PostNL's continuity for the period of twelve months after the preparation of the Annual Report. This, however, does not imply that PostNL can provide certainty as to the realisation of strategic business and financial objectives.

More details on how PostNL deals with risk management can be found in our Annual Report 2021, Chapter 10 Risk and opportunity management.