
Interim Report 2021

January to June

■ Presentation of figures

The amounts shown in the report are rounded. 0 is a rounded amount, indicating that the original figure was less than half of the unit used. A dash (-) in place of a figure indicates that the value is zero.

■ True-to-scale representation of figures in diagrams

Diagrams are shown to scale to present a true and fair view: 20 mm is equivalent to one billion francs. Exceptions to this scale are noted in each case. Percentages in charts are standardized as follows: Horizontal: 75 mm is equivalent to 100 percent. Vertical: 40 mm is equivalent to 100 percent.

■ Key for diagrams

- Current year
- Previous year
- Difference with positive effect on result
- Difference with negative effect on result

If the figures shown (e.g. due to a change in method or change in the scope of consolidation) are not comparable with the more recent figures, this is shown as follows:

- Non-comparable prior-year figure
- Non-comparable difference with positive effect on result
- Non-comparable difference with negative effect on result

■ Languages

The report is available in English, German, French and Italian. The German version is authoritative.

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Foreword

by **Alex Glanzmann**, Head of Finance

” —

Our encouraging interim results show that with our Swiss Post of tomorrow strategy we have taken the right course and can achieve our goals in the long term.

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Dear Reader

At the beginning of this year, Swiss Post embarked on a new strategy period with its new Swiss Post of tomorrow strategy. Six months in, we can draw an initial positive conclusion: our expectations of the new strategy have so far been met.

Swiss Post is an essential component of Swiss infrastructure, providing relevant services for businesses and the public, across linguistic and national borders. We see ourselves as a public service company that makes a key contribution to a modern, sustainable and competitive Switzerland – and one that finances itself from its own resources without government support.

We are achieving this goal with our new strategy, with which we are pursuing four strategic thrusts. On the one hand we are improving our efficiency, and on the other investing in modern infrastructure, services and products. Then there is a focus on growth from within, and where appropriate also through acquisitions. And finally, moderate price adjustments are necessary to secure the future of Swiss Post.

What have we achieved so far? We started the year with the big step of merging parcel and letter logistics in the Logistics Services unit. This has already increased our efficiency and flexibility. We are making the most of the shift in volumes from letters to parcels, as this trend is set to continue.

In the first six months of the year, the volume of addressed letters fell by around one percent year-on-year. For parcel volumes, by contrast, we are seeing a sustained and continuing boom in online retail. Here, we again saw an increase of almost 16 percent compared to last year. The expansion of both logistics infrastructure and international goods logistics is therefore key. For this reason, we bought selected foreign logistics

companies in the first half of the year. Swiss Post makes acquisitions when they support our growth in the long term and are of benefit to our customers. Because Swiss Post is changing to meet the needs of its customers.

In addition to logistics infrastructure, Swiss Post is focusing on the digitization of its services. To achieve this, we created the Communication Services unit at the start of the year. This unit is applying the principle of mail secrecy to the digital world by creating new solutions for the secure and trustworthy exchange of information. Communication Services is still in the process of being established and, as was expected, did not contribute to the positive interim results to the same extent as the other Swiss Post units.

In the first six months of the current year, Swiss Post generated operating profit of 249 million francs, 188 million francs more than in the previous year. Group profit stood at 247 million francs, up 217 million francs year-on-year. Given the major impact of the coronavirus pandemic on the previous year's result, any direct comparison with the previous year should be treated with caution. Looking back to 2019, the result appears to be stabilizing.

Our encouraging interim results show that with our Swiss Post of tomorrow strategy we have taken the right course and can achieve our goals in the long term.

I would like to thank all of our staff for their great commitment and our customers for their trust.



Alex Glanzmann
Head of Finance

Management report

Swiss Post operates in the Logistics Services, Communication Services, PostalNetwork, Mobility Services, Swiss Post Solutions and PostFinance segments. It generates the vast majority of its revenue in competition and ensures the public service by fulfilling its universal service obligation to provide both postal services and payment transaction services.

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Swiss Post of tomorrow strategy

The Swiss Post of tomorrow strategy is based on Swiss Post's traditional strengths. It came into force on 1 January 2021. Its horizon is more long-term and extends over the next ten years. The focus is on Swiss Post's core competency: the transport of goods, information and people, as well as financial services. Swiss Post wants to strengthen and expand its range of services through significant, targeted investments in infrastructure and new services, acquisitions and partnerships in logistics and communication. This will enable it to generate new revenue streams. The growth that is essential to generating future profits requires substantial investments – including in neighbouring countries. This is the only way in which Swiss Post can continue to guarantee a self-financed universal service in Switzerland.

To ensure optimum implementation of the strategy, Swiss Post has adapted its Group structure to the new strategic focus. PostMail and PostLogistics were merged on 1 January 2021 and logistics competencies were pooled in the Logistics Services segment, while digital communication competencies were pooled in the Communication Services segment. Mobility Services, PostalNetwork, PostFinance and Swiss Post Solutions remain largely unchanged in organizational terms. As a result of these structural adjustments and to enable a comparison with the previous year, the following figures relating to 2020 have been restated.

Organization chart

30.6.2021

Swiss Post Ltd

Board of Directors
Urs Schwaller

Group Audit
Esther Brändli

General Secretariat
Roger Schoch

Executive Management
Roberto Cirillo*

PostFinance

Board of Directors
Rolf Watter

Executive Board
Hansruedi Köng

	Logistics Services	Communication Services	PostalNetwork	Mobility Services	Swiss Post Solutions	
Finance & Real Estate Alex Glanzmann*	Johannes Cramer*	Nicole Burth*	Thomas Baur*	Christian Plüss*	Jörg Vollmer*	PostFinance Board of Directors Rolf Watter Executive Board Hansruedi Köng
Informatics/Technology Wolfgang Eger						
Communication Alexander Fleischer						
Human Resources Valérie Schelker*						
Corporate Services Katrin Nussbaumer, Matthias Dietrich						
	Post CH Ltd	Post CH Communication Ltd**	Post CH Network Ltd**	PostBus Ltd	SPS Holding Ltd	PostFinance Ltd

* Member of Executive Management

** Until 22 June 2021: Post CH Ltd

Logistics Services

Comprehensive one-stop logistics services.

Domestic and international business with mail, parcel, courier and express items have made up Swiss Post's core business for many years. Swiss Post will therefore develop new services and offers and systematically expand "last mile" services. It is also developing one-stop industry and customer solutions, helping to give Switzerland a competitive edge. In the goods transport sector, Swiss Post is consolidating its position as a market leader, while expanding the goods logistics service beyond

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national borders, ensuring that Swiss companies are connected to international markets. In the advertising market, Swiss Post intends to expand its strong service portfolio of physical consignments with digital components. Swiss Post is taking advantage of the shift in volumes from letters to parcels with a view to using its existing resources across products in the future.

Communication Services

Transporting information securely and confidentially.

Swiss Post guarantees the established principle of mail secrecy in the digital world, too. It is building on its many years of experience as a trustworthy carrier of sensitive information – with new digital solutions for companies, public authorities and the Swiss people, allowing them to exchange confidential data securely via a trusted Swiss provider. As a public service company owned by the Confederation, Swiss Post supports Switzerland, and SMEs in particular, with their digital transformation and with the secure exchange of information with customers and the general public.

PostalNetwork

Expanding access points and opening the network to partners.

The branches and other access points remain a central pillar of the services offered by Swiss Post. Swiss Post continues to develop and expand its numerous and diverse access points. It is opening up its network to service companies and public authorities and stabilizing the number of self-operated branches. This means that partners with access to the network benefit from Swiss Post's service provision and the opportunity to offer their customers a physical point of contact in this digital age through Swiss Post's branch network.

Mobility Services

Networked and sustainable road-based mobility solutions.

PostBus remains an important part of Swiss Post, retaining its leading role in regional road passenger transport and sharpening its focus on sustainable mobility solutions. Together with our customers, partners and purchasers, we are looking for new solutions to enable high-quality, affordable and environmentally friendly mobility in Switzerland. Post Company Cars continues to evolve as a partner for efficient and sustainable fleet management for its internal and external customers. As the leading Swiss company in the bike sharing sector, PubliBike is pursuing the goal of a national network for self-hire bicycles that is uniformly accessible in all cities.

PostFinance

Assuring the universal service for payment transactions and expanding digital solutions.

PostFinance is the only bank in Switzerland with a universal service obligation for payment transactions. It hopes to be able to issue loans and mortgages independently in future. This decision lies with the Swiss Parliament. Swiss Post expects the financial services business to continue to make a sustainable and forward-looking contribution to the overall result in the coming years.

Swiss Post Solutions

Outsourcing partner for business process solutions and innovative digital services.

Swiss Post Solutions (SPS) has evolved into a leading global outsourcing partner for business process solutions and innovative services in digital document management. Swiss Post is committed to ensuring that SPS can continue to develop along its chosen path.

Swiss Post is and will remain a public service company owned by the Confederation that makes a significant contribution to the economic, social and environmental development of Switzerland. And with jobs that are viable for the future, Swiss Post remains an attractive employer for its staff.

Business performance in brief

In the first half of 2021, Swiss Post generated operating profit of 249 million francs in its core markets. The increase compared to the previous year was 188 million francs, mainly due to the lockdown resulting from the coronavirus pandemic in 2020. In the Logistics Services segment, operating profit was up year-on-year, primarily due to higher parcel volumes, the international letter segment and the media and advertising market. The trend towards substitution of physical addressed letters in the Logistics Services segment continues, irrespective of the exceptional, one-off sharp decline in the previous year as a result of the lockdown. The Communication Services segment generated a lower operating profit. This is due to the new focus of the strategy and the investment phase that will stretch over the new few years. In the PostalNetwork, Mobility Services, PostFinance and Swiss Post Solutions segments, by contrast, operating profit was up. At PostalNetwork, efficiency measures proved successful in reducing its negative operating result, while operating profit at Mobility Services improved due to compensation for revenue losses resulting from coronavirus. Operating profit at PostFinance was up, in particular due to a lower need for impairment, a higher result from commission business and services and increased net trading income. Meanwhile, Swiss Post Solutions benefited from growing new customer business. In the period ending 30 June 2021, Swiss Post generated a Group profit of 247 million francs, up 217 million francs year-on-year. In addition to the absence of negative effects from the previous year in operating business, the significant increase in Group profit is also due to higher net income from associates and foreign currency gains.

In the first six months of the year, operating income amounted to 3,630 million francs. This represents an increase of 7.2 percent, or 243 million francs, year-on-year. The most significant increase in revenue was in the Logistics Services segment, due to higher parcel volumes. The Communication Services, Mobility Services, Swiss Post Solutions and PostFinance segments also increased their revenue year-on-year. PostalNetwork was the only unit to record a very slight reduction in operating income, as a result of falling letter volumes and the continuing decline in payment transactions.

The financial services business has a significant impact on cash flow from operating activities. In the second quarter of 2021, repo transactions in particular led to a significant inflow of funds. Investments in non-financial fixed assets was up year-on-year. In the second quarter of 2021, Swiss Post made investments in strategic projects as part of the new Swiss Post of tomorrow strategy. These investments were mainly in property, plant and equipment, predominantly in Switzerland.

For the indicator net debt / EBITDA (operating profit before depreciation and amortization), Swiss Post has set a maximum figure of 1 as its target. The target was met as at 30 June 2021.

In the first half of 2021, Swiss Post generated economic value added of 2 million francs, which represents an increase of 123 million francs compared to the prior-year period and is due to the higher operating profit.

As at 30 June 2021, Swiss Post Group's reported equity stood at 8,583 million francs. The distribution of 50 million francs to the owner took place in the second quarter of 2021.

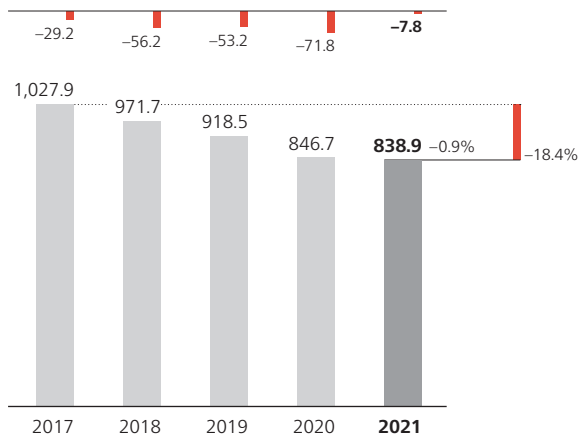
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Development of value drivers

The number of addressed letters was down 0.9 percent and the number of payments processed declined by 11.4 percent year-on-year. These developments are a consequence of the long-standing trends towards substitution of physical products by digital products, which have to some extent been reinforced by the coronavirus pandemic.

Structural decline in volumes continues

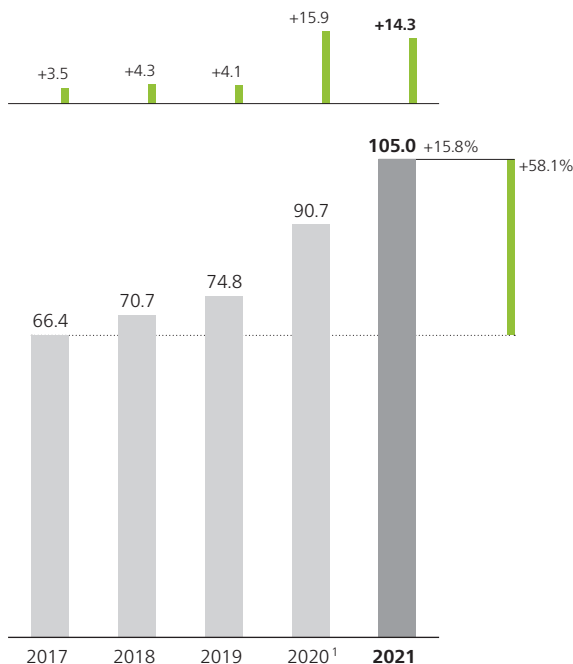
Logistics Services | Addressed letters in millions as at 30.6.
2017 to 2021
2017 = 100%



The trend towards online retail led to a significant increase in volumes year-on-year. Parcel volumes, already high in the previous year, increased by a further 15.8 percent.

Changed customer behaviour leads to growing parcel volumes

Logistics Services | Parcels in millions as at 30.6.
2017 to 2021
2017 = 100%

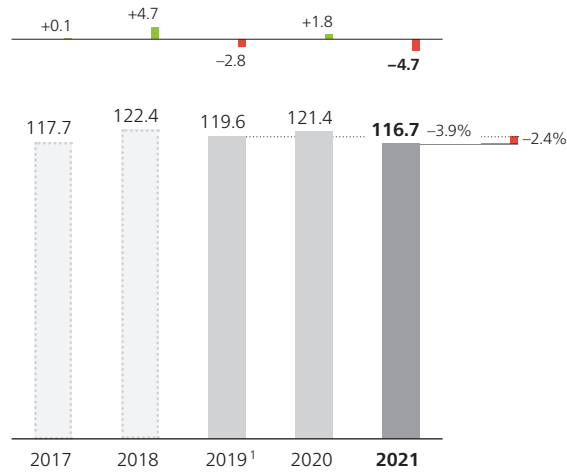


¹ The definition of parcel volumes was modified in 2020 due to regulatory requirements. It covers the number of domestic/international parcels and now also includes express volumes and other logistics services. The figures for 2017 to 2020 have been adjusted.

PostFinance continues to enjoy a high level of trust among customers. As expected, customer deposits decreased as a result of the reduction of the exemption thresholds for customer asset fees. In some cases, this led to a shift towards investment products such as funds and securities investments.

Lower exemption limits for customer asset fees lead to shift to fund and securities investments

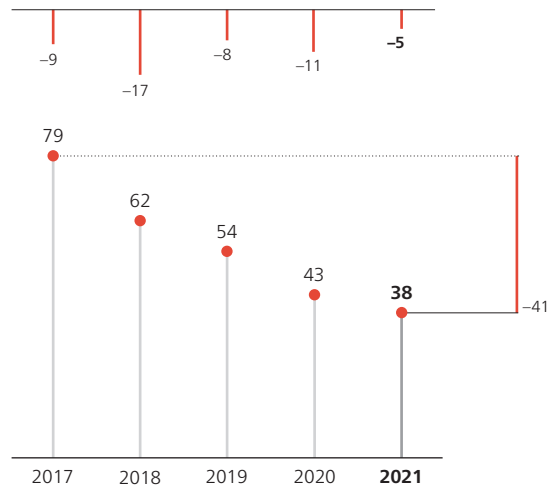
PostFinance | Customer assets in CHF billion avg. per month as at 30.6.
2017 to 2021
2019 = 100%



Interest margins fell by 5 basis points to 38 basis points year-on-year.

Continuing decline in interest margins due to negative interest rate situation

PostFinance | Interest margin in basis points as at 30.6.
2017 to 2021
2017 = 100%

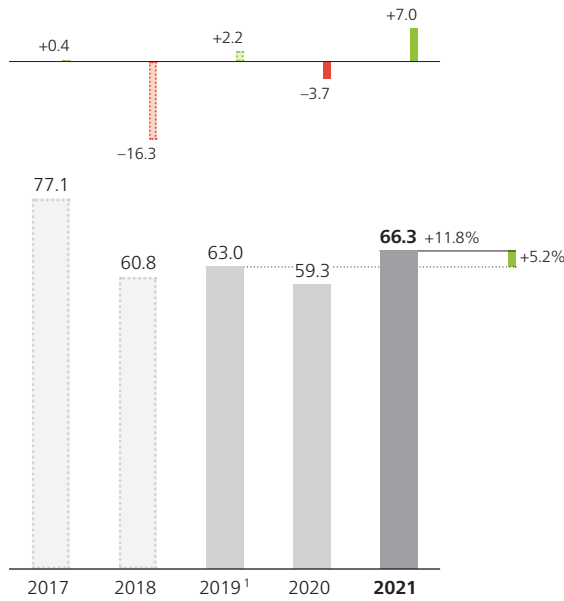


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PostBus transport services increased in the first half of 2021 following the gradual easing of the lockdown in response to the coronavirus crisis. In the first six months of 2021, this resulted in an 11.8 percent year-on-year increase in the number of kilometres covered.

Vehicle kilometres rising after gradual lifting of coronavirus measures

PostBus | Vehicle kilometres in million km as at 30.6.
 2017 to 2021
 2019 = 100%



¹ In the second quarter of 2018, the CarPostal France Group was reclassified as a disposal group held for sale and a discontinued operation and was subsequently sold. From 2019, vehicle kilometres are reported without the CarPostal France Group. The years 2017 and 2018 are not comparable.

Segment results

The Logistics Services, Mobility Services, Swiss Post Solutions and PostFinance segments underpin the positive operating profit reported in the 2021 interim financial statements.

Group Segment results	Operating income ¹		Operating result ^{1,2}		Margin ³		Headcount ⁴	
	CHF million		CHF million		Percent		Full-time equivalents	
	2020 ⁵	2021	2020 ⁵	2021	2020 ⁵	2021	2020 ⁵	2021
Logistics Services	1,940	2,086	207	265	10.7	12.7	19,527	20,127
PostalNetwork	305	303	-69	-41			4,024	3,554
Communication Services	10	16	-26	-31			81	162
Mobility Services ⁶	475	537	-25	9			2,551	2,771
Swiss Post Solutions	271	292	8	19	3.0	6.5	6,660	6,673
PostFinance ⁷	748	751	60	79			3,238	3,233
Functions & Management ⁸	451	474	-94	-50			3,090	3,142
Consolidation	-813	-829	0	-1				
Group	3,387	3,630	61	249	1.8	6.9	39,171	39,662

1 Operating income and operating result by segment are reported before management, licence fees and net cost compensation.

2 Operating result corresponds to earnings before net non-operating financial income / expenses and taxes (EBIT).

3 PostFinance uses the indicator return on equity; no EBIT margin is reported for Mobility Services with regard to its business model; no margin is calculated for "Functions & Management"; negative margins are not reported.

4 Average expressed in terms of full-time equivalents (excluding trainees).

5 Figures have been adjusted (see Notes to the 2021 Group interim financial statements, Group structure changes and Accounting changes).

6 Within the field of regional public transport, PostBus Ltd is subject to the DETEC ordinance on the accounting of licensed businesses (ALEO). There are differences between the ALEO and the IFRS results.

7 PostFinance Ltd also applies the FINMA Accounting Ordinance and FINMA Circular 2020/1 "Accounting – banks". There are differences between the results in accordance with Accounting – banks and those as per IFRS.

8 Includes function units (e.g. Real Estate, Informatics, Human Resources, Finance and Communication).

Logistics Services

Logistics Services:
increase in operating
income due to high
parcel volumes.

In the first half of 2021, Logistics Services generated an operating profit of 265 million francs, up 58 million francs year-on-year.

Operating profit continues to benefit from sustained high parcel volumes in both the domestic and international parcel segments. Parcel volumes in the first two quarters were up 15.8 percent year-on-year. In addition to the change in customer behaviour, the further lockdown at the beginning of 2021 also had a positive impact on volume trends in the parcel segment. The increase in volumes in the international letter segment and in the media and advertising market additionally contributed to the unit's improved result. In the previous year, volumes in these segments were unusually low due to the coronavirus crisis. In the domestic letter segment, the decline in volumes for structural reasons continued, irrespective of the exceptionally low volumes as a result of the coronavirus crisis in the first half of the previous year. Overall, the volume of domestic addressed letters fell by 0.9 percent. However, the fall in income was offset on the cost side by the absence of one-off expenses from the previous year.

In addition, the trend in operating profit at Logistics Services has been influenced by two different specific factors in 2020 and 2021. On the one hand, provisions for staff were increased in the previous year due to the conclusion of CEC negotiations, improving the interim results for 2021 by 21 million francs year-on-year. On the other, the effects seen in connection with the sale of subsidiary SecurePost Ltd in 2021 and from the resolution of insurance claims and provisions from the attack on a SecurePost van transporting cash in 2020. These effects in value logistics led to a 12 million franc decline in the result year-on-year.

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Operating income totalled 2,086 million francs, exceeding the previous year's total by 146 million francs, or 7.5 percent. The increase is mainly due to the continued high volumes in the domestic and international parcel segment, which led to a revenue increase of around 98 million francs. Revenue also rose in the international letter segment and in the media and advertising market, up by 41 million francs. The positive development of goods logistics contributed 9 million francs to the increase. In the domestic letter segment, the decline in volumes continued, with revenue down 14 million francs year-on-year. The newly acquired subsidiaries contributed 10 million francs to overall growth.

Operating expenses rose by 88 million francs year-on-year to 1,821 million francs. The two main reasons for the increase were the higher expenses associated with higher volumes, particularly for temporary staff and transport, totalling 48 million francs, and the costs incurred for capacity expansion in production.

Average headcount increased by 600 to 20,127 full-time equivalents due to the growth in volumes.

PostalNetwork

PostalNetwork:
 increased efficiency
 leads to a lower
 deficit.

Thanks to network development and the consistent adaptation of resources to meet volume trends, combined with efficiency increases, losses in the core business of letters and inpayments were offset. Operating profit therefore improved by 28 million francs in the first half of the year. In the first half of 2021, PostalNetwork generated a negative operating result of –41 million francs.

PostalNetwork generated operating income of 303 million francs in the first half of 2021, down 2 million francs year-on-year. The impact of the coronavirus crisis remained tangible. Income from logistics products fell by 2 million francs. This was primarily due to declining letter volumes, which were not fully offset by a rise of over 6 percent in parcel volumes at PostalNetwork. The decline in payment transactions as a result of substitution by e-banking, which has been evident for quite some time, has been further reinforced by the coronavirus pandemic (–11.4 percent). Despite declining volumes in payment transactions, revenue remained stable thanks to higher transfer prices for financial products. Net revenue from resale merchandise remained stable due to adjustments to the product range and despite a reduction in the branch network.

At 344 million francs, operating expenses were cut by 30 million francs year-on-year. Personnel expenses were 31 million francs below the previous year's level, due largely to a drop in headcount attributable to network development and efficiency increases. Resale merchandise and service expenses remained stable, while other operating expenses and depreciation rose only slightly by one million francs.

Headcount of 3,554 employees fell by 470 full-time equivalents year-on-year due to network development and efficiency increases.

Communication
 Services: acquisition
 leads to initial ex-
 penses and higher
 income in the long
 term.

Communication Services

In the first half of 2021, operating profit at Communication Services fell by 5 million francs year-on-year to –31 million francs.

Operating income, by contrast, was up 6 million francs to 16 million francs. In addition to the acquisition of KLARA Business Ltd in the fourth quarter of 2020, this increase was due to the capitalization of own work.

Operating expenses amounted to 47 million francs, up 11 million francs on the first half of 2020. The additional expenditure is due to the new strategic focus. The acquisition of KLARA Business Ltd

led to higher expenses of 9 million francs. The acquisition of the ScytI source code and the increased capitalization of own work also led to higher depreciation.

Average headcount increased by 81 full-time equivalents to 162 full-time equivalents due to the acquisition of KLARA Business Ltd and the new strategic focus.

Mobility Services

Mobility Services: coverage of coronavirus-related revenue losses reduces deficit.

The improvement of operating profit by 34 million francs is primarily due to accruals of additional compensation payments as part of the announced deficit coverage by the purchasers of franchised transport businesses. PostBus will be able to claim revenue losses resulting from the coronavirus crisis from the Confederation and the cantons. The remaining reserves subject to a special statutory regime will be taken into account.

Operating income increased by 62 million francs compared to the prior-year period. The largest factors were the deficit coverage contributions and an increase in rail replacement services. Other drivers were the expansion of public transport services and higher operating income in fleet management at Post Company Cars.

The number of full-time equivalents rose by 220 year-on-year. In addition to the transfer of PostBus operators to municipal operations, this development is due to the expansion of services. The increase in headcount as a result of the increased number of bus services in Ticino following the opening of the Ceneri base tunnel is particularly significant.

Swiss Post Solutions

Swiss Post Solutions: new customer acquisition abroad leads to earnings growth.

Swiss Post Solutions achieved an operating profit of 19 million francs. Operating profit was 11 million francs higher than the prior-year figure, more than doubling. The operating profit generated also exceeds that of the last year before the 2019 coronavirus pandemic by 2 million francs.

At 292 million francs, operating income was up 21 million francs year-on-year. This growth was due to a significant rise in new customer business, particularly abroad. Additionally, business acquired in Asia contributed 3 million francs to this increase.

With higher revenue, operating expenses totalled 273 million francs, up 10 million francs on the previous year. Despite the increase in operating expenses associated with higher revenue, efficiency was further increased as a result of consistent cost management.

The average number of full-time equivalents rose by 13 year-on-year, remaining virtually unchanged.

PostFinance

PostFinance: result from commission business and services and net trading income increase operating profit.

As at 30 June 2021, PostFinance recorded an operating profit of 79 million francs, representing an increase of 19 million francs year-on-year. In the first half of 2021, there was a negative impact of 21 million francs on operating profit as a result of less travel and fewer foreign currency transactions among customers due to the coronavirus pandemic.

Operating income was up 3 million francs to 751 million francs. Interest income continued to develop negatively, falling by 36 million francs due to market conditions. Income from financial investments also fell by 7 million francs, because of the positive impact in the previous year of early repayments of financial investments and the associated one-off gains. Income from commission and services rose by 21 million francs. The main reason for the increase, at 16 million francs, is the price adjustment for over-the-counter inpayments with effect from 1 July 2020. There was a decrease of 3 million francs in account management fees. Non interest-sensitive business increased

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as a result of the expansion of the range of investment products and revenue from e-trading and life insurance. While income from the use of credit cards again increased slightly year-on-year, it remains below expectations due to the limitations on travel caused by the coronavirus crisis. Net trading income also developed positively. Higher foreign exchange earnings led to an increase of 26 million francs, due among other things to early repayments of hedge financial investments in 2020, changes in the fair value of funds held for trading and growing revenues in e-trading, fund and giro transactions abroad.

Operating expenses fell by 16 million francs year-on-year to 672 million francs. Expenses for financial services were down 14 million francs year-on-year due to lower impairments and interest expenses. General and administrative expenses fell by 5 million francs as a result of both lower marketing and communication expenses and lower capital tax. Personnel expenses, by contrast, rose by 2 million francs year-on-year due to higher employee benefit expenses and social security benefits.

Average headcount stood at 3,233 full-time equivalents, down by five full-time equivalents year-on-year. As part of its strategic focus, PostFinance is placing an emphasis on the simplification and digitization of its processes. Vacant positions were therefore only partly filled, while PostFinance is focusing its investments on new business areas and the skills and resources they require.

Functions and Management

Functions and Management: lower financial burden in connection with the coronavirus pandemic.

The operating result for the function units increased by 44 million francs year-on-year to –50 million francs.

In addition to positive earnings performance, the function units also recorded lower operating expenses. In the real estate segment, provisions amounting to 9 million francs were released. In addition, the previous year was negatively impacted by a thank-you bonus in connection with coronavirus and higher expenses for crisis management compared to the first half of 2021. Consultancy fees were also lower.

Average headcount rose by 1.7 percent to 3,142 full-time equivalents. This was driven in particular by the increase in staff in Informatics. In Real Estate, the headcount was reduced by 7.9 percent.

Outlook

Coronavirus continues to shape the global economy more than a year after the outbreak of the pandemic. Gross domestic product (GDP) shrank again in many countries in the first quarter and remained below pre-crisis levels. The Swiss National Bank's (SNB) baseline scenario anticipates that the major advanced economies will further ease containment measures. Against this backdrop, the SNB expects strong growth in the second and third quarters. Global production capacities are likely to recover only gradually for some time to come, and inflation is likely to remain modest in most countries.

In Switzerland, the same development can be seen with regard to measures against the coronavirus. For 2021, the SNB anticipates GDP growth of 3.5 percent. From the second half of the year, economic activity is expected to return to pre-crisis levels. Production capacities will however remain underutilized for some time.

In these challenging times for society as a whole, it has become clear that Swiss Post's services are central to the economy and the public. To ensure that Swiss Post can continue to play its important role in Switzerland in the future, the company is taking a very close look at its fundamental and still challenging operating framework with a view to the current 2021–2024 strategy period and to future strategy periods. Its aspiration, to be able to continue to provide an economically viable universal service, remains unchanged.

Group interim financial statements

The consolidated interim financial statements include all of Swiss Post's subsidiaries. They were prepared in accordance with IAS 34 Interim Financial Reporting, are reviewed, and meet the requirements of the Postal Services Organization Act.

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Consolidated income statement

Group Income statement	2020 1.1 to 30.6 reviewed ¹	2021 1.1 to 30.6 reviewed
CHF million		
Revenue	3,292	3,525
of which interest income as per effective interest method	200	157
Other operating income	95	105
Total operating income	3,387	3,630
Personnel expenses	-1,932	-1,898
Resale merchandise and service expenses	-670	-753
Expenses for financial services	-83	-65
Depreciation and impairment	-210	-227
Other operating expenses	-431	-438
Total operating expenses	-3,326	-3,381
Operating profit	61	249
Financial income	11	30
Financial expenses	-32	-19
Net income from associates and joint ventures	8	16
Group profit before tax	48	276
Income taxes	-18	-29
Group profit	30	247
Group profit attributable to		
Swiss Confederation (owner)	32	251
Non-controlling interests	-2	-4

¹ Figures have been adjusted (see Notes, Accounting changes).

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Consolidated statement of comprehensive income

Group Statement of comprehensive income	2020 1.1 to 30.6 reviewed	2021 1.1 to 30.6 reviewed
CHF million		
Group profit	30	247
Other comprehensive income		
Revaluation of employee benefit obligations	-217	1,744
Change in unrealized gains / losses from fair value reserves in equity instruments FVTOCI	21	50
Change in share of other comprehensive income from associates and joint ventures	0	0
Change in deferred income taxes	32	-295
Items not reclassifiable in the consolidated income statement, after tax	-164	1,499
Change in currency translation reserves	-5	6
Change in share of other comprehensive income from associates and joint ventures	-1	-1
Change in unrealized gains / losses from fair value reserves in debt instruments FVTOCI	-38	-54
Unrealized gains / losses from cash flow hedges	101	-121
Realized gains / losses from cash flow hedges reclassified to the income statement	-111	146
Change in deferred income taxes	9	5
Reclassifiable items in consolidated income statement, after tax	-45	-19
Total other comprehensive income	-209	1,480
Total comprehensive income	-179	1,727
Total comprehensive income attributable to		
Swiss Confederation (owner)	-177	1,731
Non-controlling interests	-2	-4

Consolidated balance sheet

Group Balance sheet	31.12.2020 audited	30.6.2021 reviewed
CHF million		
Assets		
Cash	1,510	1,302
Amounts due from banks	38,574	47,630
Interest-bearing amounts due from customers	878	912
Trade accounts receivable	707	701
Contract assets	208	228
Other receivables	839	931
Inventories	57	29
Assets held for sale	6	1
Current income tax assets	0	0
Financial assets	76,563	75,987
Investments in associates and joint ventures	149	186
Property, plant and equipment	2,238	2,205
Investment property	342	374
Intangible assets and goodwill	483	492
Right-of-use assets	692	699
Deferred income tax assets	1,028	747
Total assets	124,274	132,424
Liabilities		
Customer deposits (PostFinance)	109,337	99,736
Other financial liabilities	2,868	20,708
Trade accounts payable	312	262
Contract liabilities	283	277
Other liabilities	761	814
Current income tax liabilities	3	2
Provisions	492	457
Employee benefit obligations	2,971	1,240
Deferred income tax liabilities	341	345
Total liabilities	117,368	123,841
Share capital	1,300	1,300
Capital reserves	2,279	2,229
Retained earnings	3,959	4,210
Gains and losses recorded directly in other comprehensive income	-626	854
Equity attributable to the owner	6,912	8,593
Non-controlling interests	-6	-10
Total equity	6,906	8,583
Total equity and liabilities	124,274	132,424

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Consolidated statement of changes in equity

Group | Statement of changes in equity

CHF million	Share capital	Capital reserves	Retained earnings	Gains and losses recorded directly in other comprehensive income	Equity attributable to the owner	Non-controlling interests	Total
Balance as at 1.1.2020	1,300	2,279	3,834	-580	6,833	1	6,834
Group profit			32		32	-2	30
Other comprehensive income				-209	-209	-	-209
Total comprehensive income			32	-209	-177	-2	-179
Appropriation of profit			-50		-50	-	-50
Total transactions with the owner			-50		-50	-	-50
Balance as at 30.6.2020	1,300	2,279	3,816	-789	6,606	-1	6,605
Balance as at 1.1.2021	1,300	2,279	3,959	-626	6,912	-6	6,906
Group profit			251		251	-4	247
Other comprehensive income				1,480	1,480	0	1,480
Total comprehensive income			251	1,480	1,731	-4	1,727
Distributions		-50			-50	-	-50
Changes from non-controlling interests				0	0	0	0
Total transactions with the owner		-50		0	-50	0	-50
Balance as at 30.6.2021	1,300	2,229	4,210	854	8,593	-10	8,583

Consolidated cash flow statement

Group Cash flow statement	2020 1.1 to 30.6 reviewed ¹	2021 1.1 to 30.6 reviewed
CHF million		
Group profit before tax	48	276
Interest expense / (income) and dividends	-272	-247
Depreciation and impairment	223	225
Net income from associates and joint ventures	-8	-16
Net gains on disposal of property, plant and equipment, and interests	-11	-12
(Gains) / losses from the sale of financial assets	-9	4
Net increase / (decrease) in provisions	20	-22
Other non-cash expenses / (income)	121	-216
Change in net current assets:		
(Increase) / decrease in receivables, inventories and other assets	51	-112
Increase in accounts payable and other liabilities	2	53
Items from financial services:		
Change in customer deposits (PostFinance) / interest-bearing amounts due from customers	1,252	-9,635
Change in other financial liabilities, derivatives	9,381	17,837
Change in financial assets FVTPL including derivatives	117	-29
Acquisition of financial assets at amortized cost	-17,059	-5,250
Disposal and reimbursement of financial assets at amortized cost	15,864	6,457
Acquisition of financial assets FVTOCI	-819	-423
Disposal and reimbursement of financial assets FVTOCI	384	247
Interest and dividends received	355	289
Interest paid	-9	-7
Income taxes paid	-45	-26
Cash flow from operating activities	9,586	9,393
Purchases of property, plant and equipment	-111	-144
Acquisition of investment property	-10	-31
Purchases of intangible assets (excl. goodwill)	-21	-23
Purchases of subsidiaries, net of cash and cash equivalents acquired	-1	-9
Purchases of associates and joint ventures	-3	-21
Purchases of other financial assets	-212 ²	-319
Proceeds from disposal of property, plant and equipment	18	24
Proceeds from disposal of subsidiaries, net of cash proceeds	0	-
Proceeds from disposal of parts of companies, net of cash proceeds	-	-4
Proceeds from disposal of other financial assets	107 ²	55
Dividends received (excl. financial services)	0	5
Interest received (excl. financial services)	4	5
Cash flow from investing activities	-229	-462

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Continued	2020 1.1 to 30.6 reviewed ¹	2021 1.1 to 30.6 reviewed
CHF million		
Increase in other financial liabilities	90	55
(Decrease) in other financial liabilities	-207	-131
Interest paid (excl. financial services)	-8	-8
Distributions paid to the owner	-50	-50
Cash flow from financing activities	-175	-134
Foreign exchange gains / (losses) on cash and cash equivalents	-2	1
Change in cash and cash equivalents	9,180	8,798
Cash and cash equivalents as at 1 January	47,886	38,964
Cash and cash equivalents at the end of the reporting period	57,066	47,762
Cash and cash equivalents include:		
Cash	1,554	1,302
Amounts due from banks with an original term of less than 3 months	55,512	46,460
Cash and cash equivalents do not include:		
Amounts due from banks with an original term of more than 3 months	840	1,170

¹ Figures have been adjusted (see Notes, Accounting changes).

² As part of a short-term financing plan, Swiss Post transferred 100 million francs to the Swiss Post pension fund in the second quarter of 2020. The sum was paid back in the same period. Reporting in the cash flow statement did not reflect this item; the figures from the previous year have been adjusted.

Notes to the interim financial statements

Business activities

Swiss Post Ltd is a company limited by shares subject to a special statutory regime with its head office in Bern and is wholly owned by the Swiss Confederation. Swiss Post Ltd and its subsidiaries (hereinafter referred to as Swiss Post) provide logistics and financial services both in Switzerland and abroad.

Basis of accounting

The condensed consolidated interim financial statements of Swiss Post Group as at 30 June 2021 were prepared in accordance with IAS 34 Interim Financial Reporting and are reviewed.

As a rule, the accounting principles applied are based on the same principles used in the consolidated financial statements for the 2020 financial year (see Financial Report, pages 88–90), with the exception of the IFRS standards listed in the following section, which have been applied throughout the Group since 1 January 2021.

Revised and new International Financial Reporting Standards (IFRS)

PostFinance Ltd has applied the changes to IFRS 9, IAS 39 and IFRS 7 in relation to the effects of the IBOR reform (phase 2) since 1 January 2021. PostFinance Ltd has identified all contracts, systems and models affected by the replacement of LIBOR with alternative reference interest rates. The work required for contract amendment, system and model adjustments and the conversion of business transactions to alternative reference rates is proceeding according to plan. Based on the current commitments and business model, PostFinance Ltd is less severely affected by the replacement of LIBOR than other institutions. The expected impact of the changeover of the financial instruments that have not yet been converted from LIBOR to SARON is less than one million Swiss francs at PostFinance.

Group structure changes

The new Swiss Post of tomorrow strategy is based on Swiss Post's core competencies – the transport of goods, information and people, as well as financial services. It came into force on 1 January 2021. To ensure optimum implementation of the strategy, Swiss Post has adapted its Group structure to the new strategic focus. The former PostMail and PostLogistics segments were merged with effect from 1 January 2021 and logistics competencies were pooled in the Logistics Services segment. Communication competencies from the former PostMail and Other segments have been transferred to the Communication Services segment. The Mobility Services (formerly PostBus), PostalNetwork, PostFinance, Swiss Post Solutions and Functions & Management (formerly Others) segments remain largely unchanged in organizational terms. As a result of these structural adjustments and to enable comparison with the previous year, the segment information and revenue for 2020 have been restated.

Plan amendment at Swiss Post pension fund

At its meeting on 9 June 2021, the Foundation Board of the Swiss Post pension fund decided on sustainable measures to ensure the stability of the pension scheme, in particular a reduction of the technical interest rate from 1.75 percent to 1.5 percent, a reduction of the conversion rates from 5.1 percent to 5 percent from 1 January 2024 and an increase of 1 percent in employer risk contributions and 0.5 percent in employee risk contributions to 1.5 percent in each case from 1 January 2024. As a compensation measure for the reduction in conversion rates, Swiss Post Ltd has decided to contribute a deposit of 200 million francs from the existing employer contribution reserve. In addition, a temporary higher voluntary interest rate on savings capital as compared to the current model was also defined, provided that an excess return is achieved.

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The new technical basis of OPA 2020 for pension funds was published in December 2020. The new basis shows that people insured in Swiss employee benefits schemes are living longer, although the increase is less pronounced than in the past. At the same time, the trend towards fewer and fewer cases of disability is confirmed. To take account of more recent observations in employee benefits, the Foundation Board of the Swiss Post pension fund has approved a switch to the new technical basis.

At the time of the Foundation Board's decision, a recalculation of employee benefit obligations is therefore required in accordance with IAS 19.99, taking into account the switch of the technical basis to OPA 2020. The resulting effect, amounting to 640 million francs, is recognized under other comprehensive income (OCI) and reduces pension benefit obligations. The risk-sharing assumptions applied, taking into account the assumption adjustment, lead to a reduction of pension benefit obligations of 1,001 million francs. Without an assumption adjustment, the reduction amounts to 1,148 million francs.

The decision to amend the regulations to reduce the conversion rates from 1 January 2024 and to increase the risk contributions from employer and employees from 1 January 2024 leads to a plan amendment in accordance with IAS 19.8 and IAS 19.103 respectively. The resulting recalculation of employee benefit expenses (service cost including past service cost) impacts the income statement positively by 11 million francs. Given the date of the Foundation Board's decision on 9 June 2021, the current service costs, which were recalculated following the plan amendment, will have a positive impact on the income statement primarily in the second half of 2021.

Accounting changes

Disclosure of hired vehicles

In the third quarter of 2020, Swiss Post made an adjustment to the disclosure of cash flow from operating activities without affecting profit or loss (sale of hired vehicles). As part of a review of the range of services offered and the associated analysis of the recognition of cash flows, Swiss Post reached the conclusion that the reporting of proceeds from the sale of hired vehicles in cash flow from investing activities is inappropriate and that reporting in cash flow from operating activities is correct. These adjustments have no effect on the result.

The effects of the retroactive changes on the consolidated income statement and cash flow statement for the period from January to June 2020 are shown below.

Group | Income statement

1.1. to 30.6.2020

CHF million	Reported		Adjustment	Adjusted
Revenue	3,290	./. hired vehicles	+2	3,292
Other operating income	95	./. hired vehicles	0	95
Total operating income	3,385		+2	3,387
Resale merchandise and service expenses	-668	./. hired vehicles	-2	-670
Total operating expenses	-3,324		-2	-3,326

Group | Cash flow statement

1.1. to 30.6.2020

CHF million	Reported		Adjustment	Adjusted
Decrease in receivables, inventories and other assets	65	./. hired vehicles	-14	51
Cash flow from operating activities	9,600		-14	9,586
Acquisition of property, plant and equipment	-125	./. hired vehicles	+14	-111
Cash flow from investing activities	-243		+14	-229

Consolidation methods and accounting policies

For the consolidation methods and accounting policies applied in the preparation of the consolidated financial statements, see Financial Report 2020, pages 90–102.

Recognition of revenue from contracts with customers

In connection with the adjustment of the Group structure (see previous section), the recognition of revenue for the new or changed segments is described below. For the general principles of revenue recognition and revenue recognition for the segments that have not changed, see Financial Report 2020, pages 91–92.

Logistics Services

Addressed letters and national parcels generate the largest proportion of revenue at Logistics Services. Addressed letters include priority items, non time-critical individual items and bulk mailings as well as letters with barcode. National parcels include all the services in the national parcel and express business, particularly PostPac Priority and PostPac Economy. Customers pay for services when posting letters or parcels on the basis of the published list prices. For business customers, parcel prices are agreed contractually. For customers who post letters and parcels regularly, Swiss Post invoices these services collectively on a monthly basis, or every two weeks at the customer's request. The standard payment term is 30 days. The performance obligation is met when letters or parcels are delivered or, if they are undeliverable, when they are returned to the sender. Letters or parcels are regarded as delivered if Swiss Post has notified the recipient, handed them to the recipient or deposited them in the letter box or in another place specified for this purpose. The production time – between the acceptance and the delivery of letters or parcels – is taken into account on the balance sheet date via accruals/deferrals.

Communication Services

Services provided as part of the digital healthcare range such as the "electronic patient record (EPR)" and "Medbase", trust-based information services such as "IncaMail" and digital assistant services such as "KLARA" are responsible for the largest share of revenue at Communication Services.

The EPR is a collection of personal documents containing health-related information that can also be accessed by health professionals. Swiss Post provides the core communities with a secure and EPR-compliant platform and ensures its ongoing operation. Medbase is a healthcare provider offering medical, therapeutic, pharmaceutical and dental services. Swiss Post provides IT managed services for the physicians, pharmacists, specialists, therapists, dentists and other health professionals affiliated with Medbase. For the EPR and Medbase, the price is contractually agreed and is fixed. The service is invoiced monthly or annually as agreed. The standard payment term is 30 days. The performance obligation is fulfilled over the period of the contract. Revenue is recognized on the basis of the progress of service provision.

IncaMail is the Swiss Post e-mail encryption service ensuring simple and secure e-mailing of sensitive messages and documents. Customers pay a price per message sent or a flat rate for unlimited use of the service. Partners who connect the IncaMail solution to their system receive commissions for the e-mails sent. Invoicing is on a quarterly basis after provision of the service. The standard payment term is 30 days. The performance obligation is fulfilled either at the time the message is sent or over the period during which the service is available.

KLARA automates administrative processes of small and medium-sized enterprises (SMEs) and links all areas of companies on a uniform data basis, generally offering various modules as monthly or annual subscriptions at a fixed price for unlimited use. The payment term is 30 days. The performance obligation is fulfilled uniformly over the period of the subscription, which is why revenue is recognized on a straight-line basis.

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Mobility Services

PostBus passenger transport services generate the largest share of revenue at Mobility Services. PostBus is a franchised transport business and provides passenger transport services for the Swiss Confederation, cantons and municipalities. Each concession is issued for ten years and entitles PostBus to offer regular journeys for the commercial transport of passengers. Services are ordered by the public sector every two years and annual tender agreements are drawn up with the company that is awarded the tender for the advertised routes. PostBus undertakes to operate the routes in accordance with the agreement and is allowed to use public sector stops. In exchange for the services provided, PostBus receives a proportion of passenger revenue each month, as well as quarterly compensatory payments from the public sector for uncovered costs in accordance with the agreement. The performance obligation is met on a linear basis over the performance period. The concession is treated in accordance with IFRIC 12 Service Concession Arrangements, and the resulting revenue including compensatory payments is recorded in accordance with IFRS 15 Revenue from Contracts with Customers.

Estimation uncertainty

When drawing up the condensed interim financial statements in accordance with IAS 34 Interim Financial Reporting, management must make judgements, estimates and assumptions that affect the application of policies in the Group and reported amounts of assets and liabilities, income and expenses. The actual amounts may differ from these estimates. The results achieved so far in the 2021 financial year are not necessarily indicative of future business performance. For more information on estimation uncertainty and management's judgement during the preparation of the consolidated financial statements, please refer to the Financial Report 2020, pages 102–104.

The coronavirus crisis is having a direct impact on Swiss Post's business operations. The existing estimations were reviewed on 30 June 2021 in light of the coronavirus crisis. With regard to the assets, there are no indications of impairment at present, despite the aforementioned crisis. The assessment of the medium to long-term effects of the coronavirus crisis remains challenging. Swiss Post will also carry out a new assessment if indications of impairment occur.

Segment information

Swiss Post has adjusted the segment information to the new Group structure as of 1 January 2021, see "Group structure changes" on page 24. The segmentation is as follows:

Segmentation	Description
Logistics Services	Services relating to addressed letters (domestic, import and export), newspapers, unaddressed items, digital commerce, national/international parcels, freight and warehousing, customs clearance, Innight/Express/Courier/SameDay in Switzerland and cross-border
PostalNetwork	Sales channel for postal products/services and additionally for third-party products for private customers and small and medium-sized enterprises.
Communication Services	Full range of digital services in the healthcare sector, electronic services for secure and verifiable data transmission and digital assistant services
Mobility Services	Regional, municipal and urban transport as well as system services in Switzerland and in selected countries abroad
Swiss Post Solutions	Document management and postal-related business process outsourcing solutions in Switzerland and internationally
PostFinance	Payments, savings, investments, retirement planning and financing in Switzerland as well as international payment transactions
Functions & Management	Units that cannot be assigned to the segments such as function units (e.g. Real Estate, Informatics, Human Resources, Finance and Communication).
Consolidation	Effects of intra-Group elimination

Result by business segment

Up to or as at 30.6.2020 CHF million	Logistics Services	Postal- Network	Communi- cation Services	Mobility Services ¹	Swiss Post Solutions	PostFinance ²	Functions & Manage- ment ³	Consolidation	Group
Revenue									
from customers ^{4,5}	1,894	29	9	387	252	709	12		3,292
from other segments ⁴	40	275	0	36	16	3	237	-607	-
Other operating income ^{4,5}	6	1	1	52	3	36	202	-206	95
Total operating income^{4,5,6}	1,940	305	10	475	271	748	451	-813	3,387
Operating profit⁶	207	-69	-26	-25	8	60	-94	0	61
Net financial income									-21
Net income from associates and joint ventures ⁴	10	-	-	0	-	-2	-		8
Income taxes									-18
Group profit									30
Headcount ^{4,7}	19,527	4,024	81	2,551	6,660	3,238	3,090		39,171
Up to or as at 30.6.2021 CHF million									
Revenue									
from customers	2,046	30	11	447	271	709	11		3,525
from other segments	34	272	2	40	15	3	262	-628	-
Other operating income	6	1	3	50	6	39	201	-201	105
Total operating income⁶	2,086	303	16	537	292	751	474	-829	3,630
Operating profit⁶	265	-41	-31	9	19	79	-50	-1	249
Net financial income									11
Net income from associates and joint ventures	17	-	-	0	-	-1	-		16
Income taxes									-29
Group profit									247
Headcount ⁷	20,127	3,554	162	2,771	6,673	3,233	3,142		39,662

1 Within regional public transport, PostBus Ltd is subject to the DETEC ordinance on the accounting of licensed businesses (ALEO). There are differences between the ALEO and the IFRS results.

2 PostFinance Ltd also applies the FINMA Accounting Ordinance and FINMA Circular 2020/1 "Accounting – banks". There are differences between the results in accordance with "Accounting – banks" and those as per IFRS.

3 Includes function units (e.g. Real Estate, Informatics, Human Resources, Finance and Communication).

4 Figures have been adjusted (see Notes, Group structure changes).

5 Figures have been adjusted (see Notes, Accounting changes).

6 Operating income and operating result by segment are reported before management, licence fees and net cost compensation.

7 The average is expressed in terms of full-time equivalents (excluding trainees).

Significant changes in segment assets and liabilities

In comparison with 31 December 2020, the segment assets of PostFinance rose by 8,261 million francs to 125,407 million francs, particularly with regard to amounts due from banks, reduced by a decrease in financial assets. PostFinance's segment liabilities increased by 8,200 million francs compared with 31 December 2020 to 119,513 million francs – primarily in other financial liabilities, reduced by a decline in customer deposits. In comparison with 31 December 2020, the segment liabilities of Logistics Services fell by 1,225 million francs to CHF 1,443 million francs, primarily in the area of employee benefit obligations and trade accounts payable.

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Revenue

Breakdown of net revenue from contracts with customers									
Up to or as at 30.6.2020 CHF million	Logistics Services	Postal-Network	Communication Services	Mobility Services	Swiss Post Solutions	PostFinance	Functions & Management	Consolidation	Group
Net revenue from contracts with customers									
of which logistics services	1,933	275	9	413	268	–	259	–613	2,544
of which resale merchandise ^{1,2}	1	29	–	10	–	–	–	–1	39
of which financial services and commission business	–	–	–	–	–	341	–	–3	338
Total net revenue from contracts with customers^{1,2}	1,934	304	9	423	268	341	259	–617	2,921
Other revenue from financial services ³									371
Total revenue²									3,292
Other operating income ²									95
Total operating income²									3,387
Up to or as at 30.6.2021 CHF million									
Net revenue from contracts with customers									
of which logistics services	2,079	272	13	475	286	–	273	–624	2,774
of which resale merchandise	1	30	0	12	–	–	–	–1	42
of which financial services and commission business	–	–	–	–	–	362	–	–3	359
Total net revenue from contracts with customers	2,080	302	13	487	286	362	273	–628	3,175
Other revenue from financial services ³									350
Total revenue									3,525
Other operating income									105
Total operating income									3,630

1 Figures have been adjusted (see Notes, Group structure changes).

2 Figures have been adjusted (see Notes, Accounting changes).

3 Other revenue from financial services mainly comprises income from financial assets, interest income and net income from foreign exchange trading at PostFinance.

Additions and disposals of subsidiaries, associates and joint ventures

On 1 January 2021, Swiss Post Solutions Holding Pte. Ltd., based in Singapore (SG), and Swiss Post Solutions Ltd., based in Richmond (GB), acquired operations of Kodak Services for Business, Asia Pacific Region in China and Hong Kong from the Eastman Kodak Company. The associated expansion of document management services strengthens the market positioning and growth of Swiss Post Solutions in Asia. Elements of the takeover include customer contracts and the operating resources required to fulfil them, as well as around 350 employees.

On 18 January 2021, Post CH Ltd, based in Bern, acquired 100 percent of the shares in Asendia Press EDS AG (from 30 March 2021, EDS Media AG), based in Meilen. The company offers logistics solutions for the national and international mailing of publications and employs nine people.

On 1 April 2021, Post CH Ltd, based in Bern, acquired 100 per cent of the shares in Ost-West Cargo Europe GmbH Internationale Spedition, based in Stuttgart (DE). In addition, 75 per cent of the shares in Ost-West Cargo Baltic UAB and Ost-West Cargo Transport UAB, both based in Panevezys (LT), were also acquired. With this acquisition, Swiss Post is responding to the rapidly growing cross-border

transport market in Europe by expanding its links to the German market and building up its presence in Eastern and Western Europe. The companies operate in the goods logistics sector and employ around 45 people.

On 30 April 2021, Post CH Ltd, based in Bern, acquired 100 percent of the shares in Lemoli Trasporti S.r.l., based in Cadorago (IT), and Lemoli Trasporti SA, based in Balerna. The services offered by Lemoli include intermodal and cross-border transport. The number of people employed is around 50. With the acquisition of the Lemoli Group, Swiss Post is further expanding its range of services in goods logistics and strengthening its coverage of the north-south axis with its enhanced presence in southern Switzerland and northern Italy.

On 3 May 2021, PostFinance Ltd, based in Bern, acquired 50 percent of the shares in Yuh SA, based in Gland.

Overall, the effects of these changes on the consolidated financial statements are not material in nature.

Disposal group sold

In March 2021, the Swiss Post Board of Directors decided for strategic reasons to sell the business operations of SecurePost Ltd, based in Oensingen (Logistics Services segment). As a result, the assets and liabilities concerned were classified as "held for sale" from the end of March 2021. Due to the classification as "held for sale", an impairment loss of less than one million Swiss francs was recognized as at 31 March 2021, and the carrying amount of the assets held for sale was reduced to fair value less costs to sell. The sale took place on 3 May 2021. The profit from the sale is not material in nature.

Disposal group – SecurePost | Balance sheet

CHF million	3.5.2021
Assets	
Cash	41
Other receivables	3
Property, plant and equipment and intangible assets	21
Total disposed assets of disposal group	65
Liabilities	
Other liabilities	29
Total liabilities associated with disposed assets of disposal group	29
Net assets from the disposal group	36

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Financial instruments

Carrying amounts and fair values of financial instruments

The carrying amounts and the corresponding fair values of financial assets and liabilities are as follows on 31 December 2020 and 30 June 2021:

CHF million	31.12.2020		30.6.2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Fair values and carrying amounts of financial instruments and other assets				
Financial assets measured at fair value				
Financial assets				
FVTOCI				
Shares	212	212	265	265
Bonds	8,187	8,187	8,457	8,457
FVTPL mandatory				
Shares	20	20	22	22
Bonds	2	2	2	2
Funds	126	126	135	135
Positive replacement values	232	232	141	141
Financial assets not measured at fair value				
Financial assets				
Amortized cost				
Bonds	52,626	53,800	52,371	53,272
Loans	15,158	15,524	14,594	14,887
Financial liabilities measured at fair value				
Other financial liabilities				
Negative replacement values	334	334	347	347
Deferred purchase price payments (earn out)	2	2	7	7
Financial liabilities not measured at fair value				
Other financial liabilities				
Private placements	710	789	710	788

The carrying amounts of cash holdings, amounts due from banks, interest-bearing amounts due from customers, trade accounts receivable and payable, contract assets, other receivables and liabilities, customer deposits (PostFinance) and other financial liabilities (excl. private placements) represent a reasonable estimate of fair value. These financial instruments are therefore not reported above.

Fair value hierarchy

The above financial instruments disclosed at fair value are assigned to one of three levels in the fair value hierarchy on the reference date. Detailed notes on classification within the fair value hierarchy and on the valuation policies can be found in the Financial Report 2020 from page 134.

The fair values as at 31 December 2020 and 30 June 2021 were determined as follows:

Fair value of financial instruments	31.12.2020				30.6.2021			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
CHF million								
FVTOCI								
Shares	212	117	–	95	265	163	–	102
Bonds	8,187	7,692	495	–	8,457	7,951	506	–
FVTPL mandatory								
Shares	20	0	–	20	22	0	–	22
Bonds	2	–	–	2	2	–	–	2
Funds	126	–	126	–	135	–	135	–
Positive replacement values	232	0	232	–	141	5	136	–
Amortized cost								
Bonds	53,800	46,720	7,080	–	53,272	46,566	6,706	–
Loans ¹	15,524	–	15,493	31	14,887	–	14,857	30
Negative replacement values	334	4	330	–	347	1	346	–
Deferred purchase price payments (earn out)	2	–	–	2	7	–	–	7
Private placements	789	–	789	–	788	–	788	–

¹ For the loans of 7 million francs to PostBus companies that are included in level 2 (31 December 2020: 9 million francs) and the loans totalling 30 million francs included in level 3 (31 December 2020: 31 million francs), the fair values considered above on the balance sheet date correspond approximately to the carrying amounts given in the balance sheet.

The level 3 financial assets FVTOCI, FVTPL mandatory and amortized cost underwent the following changes during the period from 1 January to 30 June 2020 and 2021 respectively:

Fair value hierarchy: changes in level 3

CHF million	FVTOCI	FVTPL mandatory	Amortized cost
Balance as at 1.1.2020	101	25	44
Gains / losses recorded in the income statement	–	–2	0
Gains / losses recorded in other comprehensive income	–4	–	–
Additions	–	3	1
Disposals	0	–1	–3
Balance as at 30.6.2020	97	25	42
Balance as at 1.1.2021	95	22	31
Gains / losses recorded in the income statement	–	2	–1
Gains / losses recorded in other comprehensive income	7	–	–
Additions	0	3	0
Disposals	–	–3	0
Balance as at 30.6.2021	102	24	30

No reclassifications were carried out within the levels as at 30 June 2020 and 30 June 2021.

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Amounts due from banks

In comparison with 31 December 2020, amounts due from banks increased by 9,056 million francs. The increase is due to the use of the increased exemption limit on interest-free deposits at the Swiss National Bank.

Interest-bearing amounts due from customers

Up to 30 June 2021, the Confederation provided guaranteed limits for emergency loans amounting to 757 million francs, of which 369 million francs had been used by the reference date.

Credit risk

Impairments on amounts due from banks, interest-bearing amounts due from customers and financial assets can be broken down as follows between levels 1 to 3 as at 31 December 2020 and 30 June 2021:

Impairment losses on financial instruments CHF million	31.12.2020				30.6.2021			
	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3
ECL on amounts due from banks	-46	-	0	-46	-46	-	0	-46
ECL on interest-bearing amounts due from customers	-10	-4	-1	-5	-10	-4	-2	-4
ECL on financial assets at amortized cost	-40	-25	0	-15	-38	-24	0	-14
The following impairments were calculated based on the simplified approach								
ECL on trade accounts receivable ¹	-7				-7			
ECL on other receivables ¹	-2				-2			

¹ In each case, the figure matches the expected loss over the remaining term to maturity.

To combat the coronavirus crisis, the Federal Council adopted extensive and drastic measures, which resulted in the interruption of business activities in many units. These measures may also have an impact on the credit quality of bonds and receivables. In the current situation, the assessment of the impact remains subject to a great deal of uncertainty.

Breakdown of major country exposures

Country risks are controlled by establishing country portfolio limits, which encourages a broad diversification of international financial assets. An overview of major country exposures as at 31 December 2020 and 30 June 2021 is given below:

Summary of main country exposures ¹		
CHF million	31.12.2020	30.6.2021
Switzerland	45,835	44,731
USA	5,910	6,304
Canada	3,428	3,424

¹ Includes amounts due from banks (excluding secured loans) and financial assets; based on nominal values.

Further information on risk management and assessment can be found in the Financial Report 2020 from page 105.

Investment commitments

As at 30 June 2021, investment commitments totalled 220 million francs (31 December 2020: 233 million francs).

Seasonal nature

Swiss Post's business activity is affected by several seasonal influences. These primarily include customer deposits in the PostFinance segment, which stand at a high level at year-end. For various reasons (13th monthly salary payment, invoice receipts credited at year-end, etc.), both private and business customers hold a large amount of liquidity. To a lesser extent, this also applies to this Interim Report. The Christmas season has a positive impact on the logistics units, whereas the summer months are weaker. The coronavirus crisis is leading to increased demand in parcel delivery in the year under review.

Distributions paid to the owner

The General Meeting of Swiss Post Ltd held on 27 April 2021 decided to distribute a total of 50 million francs from capital reserves (previous year: 50 million francs from retained earnings). The payment was made on 10 May 2021.

Related companies and parties

At the beginning of March, Swiss Post Ltd granted a loan of 198.4 million euros to Asendia Holding Ltd. (associated company). The loan was granted in connection with the complete acquisition of eShop World by Asendia Holding Ltd. The financial instrument is recognized as a loan at amortized cost. The transactions between Swiss Post and related companies and parties carried out in the first six months of 2021 are otherwise comparable with the transactions mentioned in the 2020 consolidated annual financial statements (see Financial Report 2020, page 176).

Events after the reporting period

On 1 July 2021, Post CH Ltd, based in Bern, acquired 100 per cent of the shares in Livesystems Group AG, based in Köniz. Livesystems Group AG owns 100 percent of the shares in Livesystems AG and Livesystems dooh AG, both based in Köniz. The Livesystems Group offers digital advertising spaces on public transport and the display of digital outdoor advertising in real time in Switzerland. The number of people employed is around 89. At the time of approval of this Interim Report, the purchase price and the fair value of the net assets acquired cannot be determined.

On 6 July 2021, Post CH Communication Ltd, based in Bern, acquired 89.78 percent of the shares in Tresorit S.A., based in Luxembourg (LU). Tresorit S.A. owns 100 percent of the shares in Tresorit Kft., based in Budapest (HU), Tresorit AG, based in Zurich, Tresorit GmbH, based in Munich (DE) and Tresorit Inc., based in Newark (US). The Tresorit Group specializes in a highly secure yet easy-to-use service for the storage and sharing of data. With the acquisition of these companies, Swiss Post is developing its position in the communication market as the leading provider of secure, efficient and confidential transport of sensitive information. The number of people employed is around 120.

Otherwise, prior to the approval of this Interim Report by the Board of Directors of Swiss Post Ltd on 17 August 2021, no further events came to light which either would have resulted in changes to the carrying amounts of the Group's assets and liabilities or would have to be disclosed in this section of the Report.

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To the Board of Directors of
Swiss Post Ltd, Berne

Berne, 17 August 2021

Report on the review of interim consolidated financial statements



Introduction

We have reviewed the interim consolidated financial statements (consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of cash flows, consolidated statement of changes in equity and notes on pages 18 to 34) of Swiss Post Ltd for the period from 1 January 2021 to 30 June 2021.

The Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.



Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting".

Ernst & Young AG

Olivier Mange
Licensed audit expert
(Auditor in charge)

Michel Wälchli
Licensed audit expert

PostFinance interim financial statements

PostFinance Ltd issues financial statements in accordance with Group International Financial Reporting Standards (IFRS) guidelines and the FINMA Accounting Ordinance together with FINMA Circular 2020/1 “Accounting – banks”.

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Reconciliation of profit

PostFinance Ltd reports to the Group in accordance with Group IFRS guidelines and issues financial statements in accordance with the FINMA Accounting Ordinance and FINMA Circular 2020/1 "Accounting – banks".

The valuation policies in accordance with the FINMA Accounting Ordinance and the FINMA Circular 2020/1 "Accounting – banks" differ from the IFRS rules. The table below reconciles the PostFinance segment results as per IFRS with profit pursuant to Accounting – banks.

PostFinance Ltd Reconciliation of profit		
CHF million	2020 1.1 to 30.6	2021 1.1 to 30.6
PostFinance segment operating profit (EBIT) as per IFRS before fees and net cost compensation	60	79
Management / licence fees / net cost compensation	-2	-10
PostFinance segment operating profit (EBIT) as per IFRS after fees and net cost compensation	58	69
Net income from associates	-2	-1
Net financial income	-18	-18
PostFinance segment earnings before tax (EBT)	38	50
Income tax	16	-1
PostFinance segment profit	54	49
Consolidation effects from associates	1	1
PostFinance Ltd profit before reconciliation	55	50
Valuation differences for financial assets	14	2
Reversal of impairment / impairment on financial assets and receivables, incl. taxes	0	0
Realized gains from (earlier than scheduled) repayments	-6	4
Valuation differences between IAS 19 and Swiss GAAP ARR 16	45	-8
Valuation differences, IFRS 16 Leases	0	0
Depreciation of revalued real estate	-2	-2
Valuation differences for investments	-1	0
Realized gains from investments	-	-2
Adjustment of deferred tax effects as per IFRS	-16	2
PostFinance Ltd profit as per Accounting – banks	89	46



PostFinance Ltd statutory interim financial statements

The following pages show the PostFinance Ltd statutory financial statements in accordance with the FINMA Accounting Ordinance and FINMA Circular 2020/1 "Accounting – banks".

Balance sheet

PostFinance Ltd | Balance sheet as per Accounting – banks

CHF million	31.12.2020	30.6.2021
Assets		
Liquid assets	38,308	47,274
Amounts due from banks	3,655	3,651
Amounts due from securities financing transactions	–	–
Amounts due from customers	12,527	11,900
Mortgage loans	0	0
Trading portfolio assets	–	–
Positive replacement values of derivative financial instruments	232	137
Other financial instruments at fair value	–	–
Financial investments	60,477	60,620
Accrued income and prepaid expenses	315	324
Participations	106	128
Tangible fixed assets	1,121	1,101
Intangible assets	–	8
Other assets	448	298
Total assets	117,189	125,441
Total subordinated claims	12	9
of which subject to mandatory conversion and / or debt waiver	–	–
Liabilities		
Amounts due to banks	1,026	1,721
Liabilities from securities financing transactions	22	16,652
Amounts due in respect of customer deposits	109,340	100,325
Trading portfolio liabilities	–	–
Negative replacement values of derivative financial instruments	330	346
Liabilities from other financial instruments at fair value	–	–
Cash bonds	12	10
Bond issues and central mortgage institution loans	–	–
Accrued expenses and deferred income	108	144
Other liabilities	71	52
Provisions	51	44
Reserves for general banking risks	–	–
Bank's capital	2,000	2,000
Statutory capital reserve	4,682	4,553
of which tax-exempt capital contribution reserve	4,682	4,553
Statutory retained earnings reserve	–	–
Voluntary retained earnings reserves	–	–
Loss carried forward	–582	–452
Profit	129	46
Total liabilities	117,189	125,441
Total subordinated liabilities	203	203
of which subject to mandatory conversion and / or debt waiver	203	203
Off-balance-sheet transactions		
Contingent liabilities	75	90
Irrevocable commitments	1,109	1,066

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Income statement

PostFinance Ltd | Income statement as per Accounting – banks

CHF million	2020 1.1 to 30.6	2021 1.1 to 30.6
Interest and discount income	65	58
Interest and dividend income from financial investments	148	116
Interest expense	66	76
Gross result from interest operations	279	250
Changes in value adjustments for default risks and losses from interest operations	-15	2
Net result from interest operations	264	252
Commission income from securities trading and investment activities	41	47
Commission income from lending activities	11	10
Commission income from other services	288	304
Commission expenses	-174	-182
Result from commission business and services	166	179
Result from trading activities and the fair value option	89	96
Result from the disposal of financial investments	3	-
Income from participations	3	3
Result from real estate	32	32
Other ordinary income	31	32
Other ordinary expenses	-	-
Other result from ordinary activities	69	67
Operating income	588	594
Personnel costs	-193	-249
General and administrative expenses	-257	-255
Operating expenses	-450	-504
Value adjustments on participations and depreciation and amortization of tangible fixed assets and intangible assets	-38	-40
Changes to provisions and other value adjustments, and losses	-6	-5
Operating result	94	45
Extraordinary income	-	3
Extraordinary expenses	0	-
Changes in reserves for general banking risks	-	-
Taxes	-5	-2
Profit	89	46

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