2021 HALF-YEAR REPORT

Selected key figures

		H1 2020	H1 2021	+/– %	Q2 2020	Q2 2021	+/– %
Revenue[1]	€m	31,401	38,333	22.1	15,937	19,473	22.2
Profit from operating activities (EBIT)	€m	1,504	3,994	>100	912	2,083	>100
Return on sales[2]	%	4.8	10.4	–	5.7	10.7	–
EBIT after asset charge (EAC)	€m	163	2,630	>100	243	1,394	>100
Consolidated net profit for the period[3]	€m	826	2,482	>100	525	1,292	>100
Free cash flow	€m	196	2,102	>100	605	919	51.9
Net debt[4]	€m	12,928	13,343	3.2	–	–	–
Earnings per share[5]	€	0.67	2.01	>100	0.43	1.05	>100
Number of employees[6]		540,184	568,537	5.2	–	–	–

[1] Prior-year figures adjusted, note 4 to the consolidated financial statements. [2] EBIT/revenue. [3] After deduction of non-controlling interests. [4] Prior-year figure as at 31 December. [5] Basic earnings per share. [6] Headcount at the end of the reporting period, including trainees.

GENERAL INFORMATION

Organisational changes

No material changes were made to the Group's organisational structure during the reporting period.

In March 2021, John Pearson's mandate as a member of the Board of Management and his contract were renewed until December 2026. In June 2021, the Board of Management terms of Dr Tobias Meyer and Melanie Kreis were extended to March 2027 and May 2027, respectively.

Research and development

As a service provider, Deutsche Post DHL Group does not engage in research and development activities in the narrower sense and therefore has no significant expenses to report in this connection.

REPORT ON ECONOMIC POSITION

Economic parameters

In the second quarter of 2021, most advanced economies experienced an economic upswing enabled by the gradual easing of pandemic-related restrictions. The recovery began at different times depending on the pandemic situation and vaccination progress in each country.

Services benefited most from the lifting of restrictions. In contrast, manufacturing slowed in part due to supply chain bottlenecks, including for semiconductors and construction materials.

Countries in Asia, spearheaded by China, led the economic recovery, although supply chain problems adversely affected growth there.

In the United States, annualised growth in the first half of 2021 exceeded the 7% mark, driven by rapid progress on vaccinations, strong fiscal stimulus and persistently loose monetary policy.

Economic activity picked up in the eurozone thanks to the gradual easing of pandemic-related restrictions. This provided impetus particularly for private consumption for reasons, including the savings previously accumulated by consumers and now directly available. In early July, the European Central Bank additionally announced that it would aim for a symmetrical inflation target of 2% as well as incorporate climate issues into its monetary policy considerations.

The third wave of the pandemic only allowed Germany to relax restrictions starting in mid-May. However, the industrial sector had already benefited more than average in the initial months of the year from the ramp-up of global trading. As a result, the renewed recession in the first quarter was weaker than had been expected on account of the lockdown from December to April. In June, the ifo German Business Climate Index reached its highest level since November 2018.

Significant events

Our business performance continued to be significantly impacted by the COVID-19 pandemic in the first half of 2021. After the initial easing of restrictions, worldwide B2B shipment volumes recovered appreciably, whereas volumes of B2C shipments exceeded the prior-year level, which resulted in high capacity utilisation of our networks. Our employees continue to be subject to difficult conditions in fulfilling these shipment volumes. In order to acknowledge their great dedication, the Board of Management resolved in early July to pay a second special pandemic-related bonus of €300 to each employee, which will be expensed in the third quarter and disbursed in the fourth quarter.

The Board of Management also decided to implement a €1 billion share buy-back programme with a maximum duration of one year in line with our financial strategy. Shares totalling around €200 million were reacquired in the reporting period. A contractual obligation to repurchase exists up to around €300 million.

Results of operations

Portfolio unchanged

There were no material changes in our portfolio in the reporting period.

Selected indicators for results of operations

		H1 2020	H1 2021	Q2 2020	Q2 2021
Revenue[1]	€m	31,401	38,333	15,937	19,473
Profit from operating activities (EBIT)	€m	1,504	3,994	912	2,083
Return on sales[2]	%	4.8	10.4	5.7	10.7
EBIT after asset charge (EAC)	€m	163	2,630	243	1,394
Consolidated net profit for the period[3]	€m	826	2,482	525	1,292
Earnings per share[4]	€	0.67	2.01	0.43	1.05

[1] Prior-year figures adjusted, note 4 to the consolidated financial statements. [2] EBIT / revenue. [3] Net of non-controlling interests. [4] Basic earnings per share.

Consolidated revenue up 22%

Consolidated revenue rose sharply from €31,401 million to €38,333 million in the first half of 2021, although currency effects reduced it by €976 million. 72.3% was generated abroad (previous year: 69.7%). Revenue for the second quarter increased from €15,937 million to €19,473 million. It was also reduced by foreign currency losses of €389 million.

At €942 million, other operating income was slightly below the prior-year level (€971 million).

Materials expense markedly higher

Materials expense rose markedly by €3,932 million to €19,799 million, mainly due to higher transport costs as a result of increased shipment volumes in all divisions and higher freight rates in the Global Forwarding, Freight division. Staff costs amounted to €11,678 million, up €726 million from the prior year, largely on account of the higher headcount. At €1,883 million, depreciation, amortisation and impairment losses were down by €80 million from the previous year, which had seen one-off effects from the reorganisation of the StreetScooter activities and impairment losses in the Supply Chain division resulting from lockdown measures. Other operating expenses totalled €2,153 million, around the level of the previous year (€2,191 million). Net income / loss from investments accounted for using the equity method improved considerably from €–32 million in the previous year to €44 million in the reporting period. The prior-year figure included a write-off of our equity investment in the France-based Relais Colis SAS, whereas the figure for the reporting period chiefly reflects income related to the initial public offering of an investment accounted for using the equity method, note 10 to the consolidated financial statements.

Consolidated EBIT improves by some 166%

Profit from operating activities (EBIT) improved by €2,490 million in the first half of 2021 to €3,994 million. At €–319 million, net finance costs were slightly less favourable than in the prior year (€–306 million). Profit before income taxes climbed substantially by €2,477 million to €3,675 million. Income taxes rose by €741 million to €1,029 million also on account of a higher tax rate.

Consolidated net profit for the period almost triples

Consolidated net profit was up considerably on the prior-year figure (€910million), climbing by €1,736 million to €2,646 million in the first half of 2021. Of this amount, €2,482 million is attributable to Deutsche Post AG shareholders and €164 million to non-controlling interest shareholders. Basic earnings per share improved from €0.67 to €2.01 and diluted earnings per share from €0.66 to €1.96.

EBIT after asset charge (EAC) improves substantially

In the first half of 2021, EAC increased substantially from €163 million to €2,630 million, mainly as a result of the company's increased profitability. The imputed asset charge increased only moderately over the prior-year period, in particular due to investments in property, plant and equipment in the Express and Post & Parcel Germany divisions.

EBIT after asset charge (EAC)

€m	H1 2020	H1 2021	+/– %
EBIT	1,504	3,994	>100
– Asset charge	–1,341	–1,364	–1.7
= **EAC**	**163**	**2,630**	**>100**

Financial position

Selected cash flow indicators

€m

	H1 2020	H1 2021	Q2 2020	Q2 2021
Cash and cash equivalents as at 30 June	4,569	3,887	4,569	3,887
Change in cash and cash equivalents	1,766	–630	2,012	–1,208
Net cash from operating activities	2,396	4,728	1,646	2,238
Net cash used in investing activities	–1,655	–1,490	–1,114	–684
Net cash from / used in financing activities	1,025	–3,868	1,480	–2,762

Solid liquidity

We continue to pursue the principles and aims of our financial management as presented in the 2020 Annual Report beginning on page 32 as part of our finance strategy.

The FFO to debt performance metric increased considerably in the first half of 2021 compared with 31 December 2020. The substantial increase in funds from operations was largely the result of higher operating cash flow before changes in working capital. The adjustment for pensions decreased significantly, mainly on account of the sharp reduction in pension obligations resulting from changes in discount rates. Cash and cash equivalents are at a good level and reflect the very good development in operating cash flow.

FFO to debt

€m

	1 Jan. to 31 Dec. 2020	1 July 2020 to 30 June 2021
Operating cash flow before changes in working capital	8,103	10,000
+ Interest received	67	63
– Interest paid	556	548
+ Adjustment for pensions	97	48
= Funds from operations, FFO	**7,711**	**9,563**
Reported financial liabilities[1]	19,098	19,197
– Financial liabilities at fair value through profit or loss[1]	54	13
+ Adjustment for pensions[1]	5,826	4,019
– Surplus cash and near-cash investments[1,2]	4,350	3,569
= Debt	**20,520**	**19,634**
FFO to debt (%)	**37.6**	**48.7**

[1] As at 31 December 2020 and 30 June 2021, respectively.
[2] Reported cash and cash equivalents and investment funds callable at sight, less cash needed for operations.

Our credit quality as rated by Fitch Ratings and Moody's Investors Service has not changed from the ratings described and projected in the 2020 Annual Report on page 34. In view of our solid liquidity, the five-year syndicated credit facility with a total volume of €2 billion was not drawn upon during the reporting period. On 30 June 2021, the Group had cash and cash equivalents of €3.9 billion.

Capital expenditure for assets acquired above prior-year level

Investments in property, plant and equipment, and intangible assets (not including goodwill) acquired amounted to €1,377 million in the first half of 2021 (previous year: €935 million). As planned, we made additional investments in renewing the Express division's intercontinental aircraft fleet. Three Boeing 777 cargo aircraft were delivered in this context in the first half-year and advance payments were made for another eight Boeing 777 cargo aircraft. Some of these investments were attributable to rights of use, note 12 to the consolidated financial statements. For a breakdown of capital expenditure (capex) into asset classes and by division and region see notes 12 and 16 to the consolidated financial statements.

Operating cash flow nearly doubles

Net cash from operating activities increased by €2,332 million compared with the prior-year period, to €4,728 million in the first half of 2021, mainly due to a sharp rise in EBIT. The change in provisions was from €87 million to €–78 million. The prior-year figure included provisions recognised in connection with the realignment of the StreetScooter fleet. Income taxes paid rose from €325 million to €544 million. In contrast, the cash outflow from changes in working capital was down by €435 million to €480 million.

At €1,490 million, net cash used in investing activities was lower than in the previous year (€1,655 million). The further expansion of our networks drove an increase in cash paid to acquire property, plant and equipment and intangible assets from €1,056 million to €1,429 million. In the previous year, cash paid for current financial assets was higher at €682 million, because we had invested more heavily in money market funds (reporting period: €145 million).

Free cash flow improved significantly from €196 million to €2,102 million, due primarily to a sharp rise in net cash from operating activities.

Financing activities resulted in a net outflow of cash totalling €3,868 million, whereas in the previous year, we saw a net inflow of €1,025 million after the issue of three bonds totalling €2.2 billion. In the reporting period, we repaid a bond in the amount of €750 million. In addition, the dividend for financial year 2019 was not paid out until the third quarter of 2020 following postponement of the Annual General Meeting to 27 August 2020. The higher dividend for financial year 2020 amounting to €1,673 million was again paid out as usual in the second quarter of 2021. Cash used to purchase treasury shares rose from €45 million to €313 million mainly on account of our share buy-back programme. Cash and cash equivalents fell from €4,482 million as at 31 December 2020 to €3,887 million.

Calculation of free cash flow

€m	H1 2020	H1 2021	Q2 2020	Q2 2021
Net cash from operating activities	**2,396**	**4,728**	**1,646**	**2,238**
Sale of property, plant and equipment and intangible assets	42	56	16	19
Acquisition of property, plant and equipment and intangible assets	−1,056	−1,429	−459	−725
Cash outflow from change in property, plant and equipment and intangible assets	**−1,014**	**−1,373**	**−443**	**−706**
Disposals of subsidiaries and other business units	4	3	4	3
Acquisition of investments accounted for using the equity method and other investments	−13	−2	−8	0
Cash outflow/inflow from acquisitions/divestitures	**−9**	**1**	**−4**	**3**
Proceeds from lease receivables	12	14	6	7
Repayment of lease liabilities	−950	−1,033	−468	−491
Interest on lease liabilities	−202	−186	−100	−92
Cash outflow from leases	**−1,140**	**−1,205**	**−562**	**−576**
Interest received	37	33	19	18
Interest paid	−74	−82	−51	−58
Net interest paid	**−37**	**−49**	**−32**	**−40**
Free cash flow	**196**	**2,102**	**605**	**919**

Net assets

Selected indicators for net assets

		31 Dec. 2020	30 June 2021
Equity ratio	%	25.5	28.5
Net debt	€m	12,928	13,343
Net interest cover[1]		6.3	17.0
Net gearing	%	47.9	44.8

[1] In the first half-year.

Consolidated total assets up

The Group's total assets amounted to €57,691 million as at 30 June 2021, €2,384 million higher than at 31 December 2020 (€55,307 million).

Non-current assets rose from €37,046 million to €38,281 million. Intangible assets were up by €171 million to €11,829 million, mainly because of positive currency effects relating to goodwill. Property, plant and equipment increased by €847 million to €22,854 million as capital expenditure and positive currency effects exceeded depreciation, impairment losses and disposals. Other non-current assets rose markedly by €566 million to €726 million because actuarial gains increased pension assets. At €19,410 million, current assets were up by €1,149 million. Current financial assets climbed from €1,315 million to €1,519 million on account of investments in money market funds. Trade receivables increased sharply from €8,985 million to €10,089 million. Other current assets were €298 million higher at €3,113 million. This figure includes the deferred expense of €173 million at the reporting date that was recognised for the prepaid annual contribution to civil servant pensions to *Bundesanstalt für Post und Telekommunikation*. In contrast, cash and cash equivalents declined by €595 million to €3,887 million.

At €16,008 million, equity attributable to Deutsche Post AG shareholders was higher than at 31 December 2020 (€13,777 million). Positive factors here were consolidated net profit, the remeasurement of pension provisions and currency effects, while the dividend paid and the share buy-back programme reduced this figure. Higher interest rates were the main reason for a decrease in provisions for pensions and similar obligations by €1,252 million to €4,583 million. At €19,197 million, financial liabilities were slightly above the figure as at 31 December 2020 (€19,098 million). Trade payables increased from €7,309 million to €7,663 million. Other current liabilities increased significantly by €551 million to €5,686 million, due primarily to an increase in employee-related liabilities.

Net debt increases to €13,343 million

Our net debt rose from €12,928 million as at 31 December 2020 to €13,343 million as at 30 June 2021. At 28.5%, the equity ratio exceeded the figure as at 31 December 2020 (25.5%). Net interest cover jumped from 6.3 to 17.0. Net gearing was 44.8% as at 30 June 2021.

Net debt

€m

	31 Dec. 2020	30 June 2021
Non-current financial liabilities	15,833	15,697
+ Current financial liabilities	2,893	3,053
= **Financial liabilities**[1]	**18,726**	**18,750**
– Cash and cash equivalents	4,482	3,887
– Current financial assets	1,315	1,519
– Positive fair value of non-current financial derivatives[2]	1	1
= **Financial assets**	**5,798**	**5,407**
Net debt	**12,928**	**13,343**

[1] Less operating financial liabilities.
[2] Recognised in non-current financial assets in the balance sheet.

Divisions

EXPRESS

Key figures, Express

€m	H1 2020	H1 2021	+/–%	Q2 2020	Q2 2021	+/–%
Revenue	8,667	11,451	32.1	4,517	5,952	31.8
of which Europe	3,674	4,887	33.0	1,799	2,504	39.2
Americas	1,814	2,379	31.1	905	1,244	37.5
Asia Pacific	3,270	4,157	27.1	1,808	2,170	20.0
MEA (Middle East and Africa)	587	669	14.0	273	336	23.1
Consolidation/Other	–678	–641	5.5	–268	–302	–12.7
Profit from operating activities (EBIT)	958	2,138	>100	565	1,177	>100
Return on sales (%)[1]	11.1	18.7	–	12.5	19.8	–
Operating cash flow	1,735	2,884	66.2	1,052	1,443	37.2

[1] EBIT/revenue.

Express: revenue by product

€m per day[1]	H1 2020	H1 2021	+/–%	Q2 2020	Q2 2021	+/–%
Time Definite International (TDI)	51.4	71.0	38.1	53.5	73.9	38.1
Time Definite Domestic (TDD)	4.7	5.9	25.5	4.8	5.8	20.8

[1] To improve comparability, product revenues were translated at uniform exchange rates. These revenues are also the basis for the weighted calculation of working days.

Express: volume by product

Items per day (thousands)	H1 2020	H1 2021	+/–%	Q2 2020	Q2 2021	+/–%
Time Definite International (TDI)	989	1,218	23.2	1,024	1,231	20.2
Time Definite Domestic (TDD)	578	669	15.7	624	644	3.2

Continued robust growth in international revenues

Revenue in the division increased by 32.1% to €11,451 million in the first half of 2021. This includes foreign currency losses of €406 million; growth excluding these effects was 36.8%. The revenue figure also reflects the fact that fuel surcharges were higher than in the previous year in all regions. Excluding currency effects and fuel surcharges, first-half revenue was up by 33.6%. Per-day revenues and shipment volumes continued to increase substantially in both product lines during the reporting period.

TDI shipments in Europe up significantly

Revenue in the Europe region increased by 33.0% to €4,887 million in the first half of the year. That figure includes foreign currency losses of €43 million; growth excluding currency effects was 34.2%. In the TDI product line, per-day revenue increased by 40.1% and per-day shipment volumes by 25.0%. In the second quarter, international per-day revenues were up by 46.5% and shipment volumes by 23.6%.

Operating business in the Americas region continues to expand

In the Americas region, revenue increased by 31.1% to €2,379 million in the first half of 2021. That figure includes foreign currency losses of €141 million; growth excluding currency effects was 38.9%. Per-day TDI volumes were up 34.9% over the previous year. Per-day revenues grew by 50.0%. In the second quarter, shipment volumes rose by 36.7% and international per-day revenues by 58.4%.

Asia Pacific region also registers revenue growth

In the Asia Pacific region, half-year revenue improved by 27.1% to €4,157 million. Excluding foreign currency losses of €118 million, revenue rose by 30.7%. In the TDI product line, per-day revenues rose by 32.5% and volumes were up 16.8%. Growth in the second quarter amounted to 24.4% for revenues per day and 9.8% for per-day shipment volumes.

Double-digit growth rates in the MEA region

Revenue in the MEA region (Middle East and Africa) increased by 14.0% to €669 million in the first half of the year. Excluding foreign currency losses of €46 million, growth was 21.8%. Per-day TDI revenues improved by 32.3% and per-day volumes rose 20.7%. In the second quarter, international per-day revenues grew by 41.7% and shipment volumes by 19.0%.

EBIT more than doubles

Division EBIT surged 123.2% in the first half of 2021 to reach €2,138 million. Return on sales increased from 11.1% to 18.7% in the reporting period. EBIT for the second quarter improved by 108.3% to €1,177 million.

GLOBAL FORWARDING, FREIGHT

Key figures, Global Forwarding, Freight

€m	H1 2020 adjusted[1]	H1 2021	+/– %	Q2 2020 adjusted[1]	Q2 2021	+/– %
Revenue	7,721	9,987	29.3	4,139	5,235	26.5
of which Global Forwarding	5,664	7,616	34.5	3,164	4,026	27.2
Freight	2,114	2,433	15.1	1,003	1,240	23.6
Consolidation/Other	–57	–62	–8.8	–28	–31	–10.7
Profit from operating activities (EBIT)	264	528	100.0	190	312	64.2
Return on sales (%)[2]	3.4	5.3	–	4.6	6.0	–
Operating cash flow	–40	291	>100	52	179	>100

[1] Prior-year figures adjusted due to reclassifications, note 4 to the consolidated financial statements.
[2] EBIT/revenue.

Revenue growth spurred by continuing global trade recovery

Revenue in the division increased by 29.3% to €9,987 million in the first half of 2021. Excluding foreign currency losses of €277 million, revenue was up by 32.9% year-on-year. Revenue for the second quarter of 2021 rose by 26.5% compared with the prior-year figure. In the Global Forwarding business unit, revenue was up 34.5% to €7,616 million in the first half of 2021. Excluding foreign currency losses of €280 million, the increase was 39.4%. At €1,496 million, gross profit in the Global Forwarding business unit was likewise up on the prior-year figure of €1,263 million.

Global Forwarding: revenue

€m	H1 2020 adjusted[1]	H1 2021	+/– %	Q2 2020 adjusted[1]	Q2 2021	+/– %
Air freight	2,975	3,824	28.5	1,820	1,984	9.0
Ocean freight	1,703	2,749	61.4	862	1,494	73.3
Other	986	1,043	5.8	482	548	13.7
Total	**5,664**	**7,616**	**34.5**	**3,164**	**4,026**	**27.2**

[1] Prior-year figures adjusted due to reclassifications, note 4 to the consolidated financial statements.

Global Forwarding: volumes

Thousands		H1 2020 adjusted[1]	H1 2021	+/– %	Q2 2020 adjusted[1]	Q2 2021	+/– %
Air freight exports	tonnes	799	1,011	26.5	381	517	35.7
Ocean freight	TEU[2]	1,355	1,551	14.5	653	787	20.5

[1] Prior-year figures adjusted due to reclassifications, note 4 to the consolidated financial statements.
[2] Twenty-foot equivalent units.

Higher gross profit in air and ocean freight

We registered growth of 26.5% in air freight volumes in the first half of 2021, due mainly to the resumption of trade in some regions. The highest growth was in Asia and the United States. At the same time, available market capacity remained at a low level on account of the limitations on passenger flights, which led to significantly increased freight rates. Our revenue from air freight therefore exceeded the prior-year level by 28.5% in the first six months. Gross profit improved by 8.3%. In the second quarter of 2021, air freight revenue rose by 9.0%. Gross profit remained 4.1% below the very high level of the previous year.

In the first half of 2021, ocean freight volumes were up 14.5% on the prior-year level. This was also due to the resumption of global trade, particularly from Asia to North America and Europe. The capacity situation again tightened compared with the prior year. Ocean freight revenues increased substantially, by 61.4% in the first half of the year; gross profit improved by 60.7%. The corresponding growth for the second quarter of 2021 amounted to 73.3% and 76.8%, respectively.

Revenue up in European overland transport business

In the Freight business unit, revenue increased by 15.1% to €2,433 million in the first half of 2021 with foreign currency gains of €3 million. The primary reason for the volume growth of 13.7% is the economic recovery in large swaths of Europe and the resulting increase in transport demand. The business unit's gross profit rose by 14.1% to €630 million. Revenue for the second quarter was up 23.6% year-on-year and volumes rose by 16.7%.

Earnings continue to improve

EBIT in the division rose from €264 million to €528 million in the first half of 2021. With the EBIT margin at 5.3%, EBIT amounts to 24.8% of gross profit. EBIT increased from €190 million to €312 million in the second quarter.

SUPPLY CHAIN

Key figures, Supply Chain

€m	H1 2020 adjusted[1]	H1 2021	+/– %	Q2 2020 adjusted[1]	Q2 2021	+/– %
Revenue	5,965	6,556	9.9	2,733	3,315	21.3
of which EMEA (Europe, Middle East and Africa)	2,915	3,142	7.8	1,272	1,609	26.5
Americas	2,186	2,443	11.8	1,042	1,217	16.8
Asia Pacific	868	986	13.6	420	497	18.3
Consolidation/Other	–4	–15	<–100	–1	–8	<–100
Profit from operating activities (EBIT)	138	365	>100	33	198	>100
Return on sales (%)[2]	2.3	5.6	–	1.2	6.0	–
Operating cash flow	88	384	>100	117	143	22.2

[1] Prior-year figures adjusted due to reclassifications, note 4 to the consolidated financial statements.
[2] EBIT/revenue.

Pace of revenue growth exceeds normalisation of business activities

In the first half of 2021, revenue in the division increased by 9.9% to €6,556 million. Excluding foreign currency losses of €202 million, revenue was up by 13.3% year-on-year. All regions saw revenue grow at a pace that exceeded the normalisation of business activities.

This was due to factors including bourgeoning e-commerce business and accelerated new business gains. The Life Sciences & Healthcare, Auto-mobility and Retail sectors delivered the highest growth. In the second quarter of 2021, revenue increased by 21.3% to €3,315 million.

Supply Chain: revenue by sector and region, H1 2021

Total revenue: €6,556 million

of which Retail	28%
Consumer	22%
Auto-mobility	14%
Technology	13%
Life Sciences & Healthcare	12%
Engineering & Manufacturing	6%
Others	5%
of which Europe/Middle East/Africa/Consolidation	48%
Americas	37%
Asia Pacific	15%

New business worth €559 million secured

In the first half of 2021, the division concluded additional contracts worth €559 million in annualised revenue with both new and existing customers. The Life Sciences & Healthcare, Consumer and Retail sectors accounted for the majority of the new business, with a significant portion attributable to e-commerce. The annualised contract renewal rate remained at a consistently high level.

Earnings up substantially

EBIT in the division increased to €365 million in the first half of 2021 (previous year: €138 million). The previous year included extraordinary expenses of €62 million resulting from lockdown measures. In the reporting period, revenue growth, productivity improvements and continual digital transformation all contributed to earnings growth. Division EBIT for the second quarter of 2021 amounted to €198 million (previous year: €33 million). The EBIT margin for the first six months was 5.6%, which is significantly above adjusted pre-COVID-19 levels.

ECOMMERCE SOLUTIONS

Key figures, eCommerce Solutions

€m

	H1 2020	H1 2021	+/–%	Q2 2020	Q2 2021	+/–%
Revenue	2,158	2,888	33.8	1,162	1,434	23.4
of which Americas	702	984	40.2	405	499	23.2
Europe	1,208	1,573	30.2	638	779	22.1
Asia	251	336	33.9	120	159	32.5
Other/Consolidation	–3	–5	–66.7	–1	–3	<–100
Profit from operating activities (EBIT)	7	233	>100	1	116	>100
Return on sales (%)[1]	0.3	8.1	–	0.1	8.1	–
Operating cash flow	173	405	>100	88	175	98.9

[1] EBIT/revenue.

Revenue growth in all regions

The division generated revenue of €2,888 million in the first half of 2021, up 33.8% on the prior-year figure. The robust increase in revenue in the regions is attributable to higher volumes in the B2C business. Excluding foreign currency losses of €101 million, revenue was up by a total of 38.5% year-on-year. Division revenue for the second quarter of 2021 increased by 23.4% to €1,434 million.

Significant year-on-year increase in EBIT

EBIT in the division improved significantly in the first half of 2021, rising to €233 million (previous year: €7 million). This was mainly due to higher revenues in the B2C business and strict cost management. The previous year included a non-recurring impairment loss of €30 million in the second quarter resulting from lockdown measures. EBIT came to €116 million in the second quarter of 2021 (previous year: €1 million). The EBIT margin for the first half of 2021 was 8.1%.

POST & PARCEL GERMANY

Key figures, Post & Parcel Germany

€m

	H1 2020	H1 2021	+/–%	Q2 2020	Q2 2021	+/–%
Revenue	7,837	8,719	11.3	3,878	4,164	7.4
of which Post Germany	3,925	3,872	–1.4	1,800	1,838	2.1
Parcel Germany	2,738	3,506	28.0	1,480	1,686	13.9
International	1,111	1,292	16.3	571	617	8.1
Other/Consolidation	63	49	–22.2	27	23	–14.8
Profit from operating activities (EBIT)	598	871	45.7	264	315	19.3
Return on sales (%)[1]	7.6	10.0	–	6.8	7.6	–
Operating cash flow	685	1,105	61.3	456	494	8.3

[1] EBIT/revenue.

Revenue surpasses prior-year level

At €8,719 million, division revenue exceeded the prior-year figure by 11.3% in the first half of 2021. The increase was driven in particular by continued strong growth in the German parcel business. Revenue for the second quarter was up 7.4% year-on-year.

Varying business unit performance

As expected, revenue and volumes in the Mail Communication business remained in decline on the whole, due mainly to electronic substitution.

Although Dialogue Marketing saw declines at the start of the year due to the pandemic, revenues generated by direct mail rose in the second quarter compared with the prior year along with the lifting of restrictions. However, the second-quarter growth did not fully offset the pandemic-driven downturn in the first quarter.

Robust growth was maintained in the German parcel business. Restrictions on brick-and-mortar retail ordered by the federal government over months in the first half of 2021 and the resulting shift to online shopping were major contributors to that trend. Even after the gradual reopening of retail shops in the course of the second quarter, the growth continued, although it did not match the pace of the preceding months. Revenue in the first half of 2021 exceeded that of the previous year by a total of 28.0%.

In the reporting period, the import business saw a year-on-year increase in revenues mainly due to changes in shipment profiles. The share of document shipments decreased further, while the importance of shipments of goods increased. Trends varied as regards exports of goods and documents to the rest of Europe and the world. The number of shipments containing merchandise increased, especially in our European destination countries, while the volume of document shipments declined further.

Post & Parcel Germany: revenue

€m	H1 2020	H1 2021	+/–%	Q2 2020	Q2 2021	+/–%
Post Germany	3,925	3,872	–1.4	1,800	1,838	2.1
of which Mail Communication	2,721	2,694	–1.0	1,258	1,252	–0.5
Dialogue Marketing	853	824	–3.4	370	411	11.1
Other/Consolidation Post Germany	351	354	0.9	172	175	1.7
Parcel Germany	2,738	3,506	28.0	1,480	1,686	13.9

Post & Parcel Germany: volumes

Mail items (millions)	H1 2020	H1 2021	+/–%	Q2 2020	Q2 2021	+/–%
Post Germany[1]	6,923	6,748	–2.5	3,077	3,267	6.2
of which Mail Communication	3,177	3,130	–1.5	1,411	1,410	–0.1
Dialogue Marketing	3,242	3,135	–3.3	1,408	1,597	13.4
Parcel Germany[2]	749	946	26.3	403	457	13.4

[1] Q1 2021 adjusted to 3,481 million items from 3,399 million items.
[2] Without international shipments.

EBIT improves considerably in the first half of the year

Division EBIT was up substantially by 45.7% to reach €871 million in the first half of 2021. This was mainly due to higher volumes and revenues in the parcel business and strict cost management. By contrast, we registered revenue losses due to volumes in Mail Communication and Dialogue Marketing. Division EBIT climbed 19.3% to €315 million in the second quarter of 2021.

Non-financial targets

On 22 March 2021, we presented the key data for our updated Sustainability Roadmap aimed at accelerating our ESG initiatives. A major element is a new climate protection objective striving for an absolute reduction in greenhouse gas emissions by 2030. This will require additional expenditure on green technologies of around €7 billion by 2030. Moreover, ESG criteria will be incorporated into variable Board of Management remuneration from 2022 onward.

We are working steadily on implementing our Sustainability Roadmap. However, we currently expect a noticeable year-on-year increase in greenhouse gas emissions for the reporting year on account of the positive business performance in all divisions and the partly significant increase in transport volumes. This jump in emissions at the start of our mid-term horizon – prior to a reduction – is included in our planning. We hereby confirm our target of reducing our greenhouse gas emissions to under 29 million tonnes by 2030 while continuing to grow our business.

EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

Future economic parameters

Notwithstanding the risks posed by COVID-19 mutations, the progress on vaccination made in most advanced economies to date is expected to enable the global economic upswing to continue in the second half of 2021. IHS Markit anticipates global economic growth of 5.8% and the IMF projects an increase in global trading volumes by 8.4%, which more or less offsets the downturn in the previous year. The greatest risk to the current outlook is the virus mutations that could result in renewed lockdowns. Otherwise, the discovery of drugs effective against the virus could provide additional momentum for the economic recovery.

No growth in intercontinental transport capacity is expected for the rest of the year.

The Chinese gross domestic product could see particularly strong growth (IHS: 8.5%; IMF: 8.4%), whereas Japan may very well trail the global average (IHS: 2.4%; IMF: 3.3%).

In the United States, economic growth is forecast to be above average (IHS: 6.6%; IMF: 6.4%). The upswing will likely be less fast-paced in the eurozone (IHS: 5.0%; IMF: 4.4%) due to the comparatively much less robust fiscal stimulus there.

In Germany, the economic upturn is anticipated to pick up speed in the third quarter, driven by private consumption and particularly services. Industrial production and exports are also expected to grow. Because the upturn began later in Germany, the country's GDP growth for 2021 is projected to come in somewhat below average (IHS: 3.8%; IMF: 3.6%; German Council of Economic Experts: 3.1%).

Expected developments

In expectation of unchanged high shipment volumes and improved efficiency, the Board of Management raised its short- and mid-term earnings guidance at its meeting on 7 July 2021.

Consolidated EBIT for the current financial year is now expected to be more than €7.0 billion in view of strong earnings growth. This figure includes additional staff costs totalling around €200 million for a pandemic-related one-time bonus.

For the DHL divisions, we expect total EBIT to come to between €5.7 billion and €5.8 billion. All four DHL divisions contributed to the raised guidance at DHL. The Post & Parcel Germany division's EBIT is projected to be between €1.7 billion and €1.8 billion. Group Functions is anticipated to contribute approximately €–0.4 billion to earnings as before.

For the full year 2021, the Group now forecasts a free cash flow of more than €3.2 billion. Capital expenditure (excluding leases) for 2021 is forecast at around €3.9 billion.

The mid-term consolidated EBIT figure for 2023 was lifted to more than €7.4 billion. Expected cumulative free cash flow for the period 2021 to 2023 remained unchanged at around €9 billion. For the same time frame, cumulative capital expenditure (excluding leases) is anticipated to amount to around €11 billion.

Opportunities and risks

Overall, the impact of COVID-19 now presents an opportunity with high significance.

Lawmakers eliminated the formal lack of a legal basis for pricing approvals for the period from 2016 to 2018 by way of an amendment to *Postgesetz* (German Postal Act) entering into force in March 2021. As a result, previous regulatory practice can continue by and large. Nonetheless, possible negative effects for Deutsche Post of the courts' decisions and actions currently pending still cannot be ruled out and therefore represent a medium risk.

Also determined to be a medium risk is the Union Customs Code amendment to levy import VAT on goods from non-EU countries valued at under €22 starting on 1 July 2021.

The aggregate effect of all foreign currency gains and losses is currently deemed to result in an opportunity of medium relevance for the Group.

The Group's overall opportunity and risk situation did not otherwise change significantly during the first half of 2021 as compared with the situation described in the @ **2020 Annual Report beginning on page 60.** Based upon the Group's early warning system and in the estimation of its Board of Management, there were no identifiable risks for the Group in the current year which, individually or collectively, cast doubt upon the Group's ability to continue as a going concern. Nor are any such risks apparent in the foreseeable future.

No internet sites that may be referred to in the Interim Group Management Report form part of the report.

INCOME STATEMENT

1 January to 30 June

€m	Note	H1 2020	H1 2021	Q2 2020	Q2 2021
Revenue[1]	5	31,401	38,333	15,937	19,473
Other operating income	6	971	942	549	528
Changes in inventories and work performed and capitalised	7	137	188	117	151
Materials expense[1]		−15,867	−19,799	−8,180	−10,216
Staff costs		−10,952	−11,678	−5,424	−5,840
Depreciation, amortisation and impairment losses	8	−1,963	−1,883	−942	−953
Other operating expenses	9	−2,191	−2,153	−1,114	−1,104
Net income/loss from investments accounted for using the equity method	10	−32	44	−31	44
Profit from operating activities (EBIT)		**1,504**	**3,994**	**912**	**2,083**
Financial income		141	75	56	45
Finance costs		−416	−373	−209	−195
Foreign currency losses		−31	−21	−2	−15
Net finance costs		**−306**	**−319**	**−155**	**−165**
Profit before income taxes		**1,198**	**3,675**	**757**	**1,918**
Income taxes		−288	−1,029	−182	−537
Consolidated net profit for the period		**910**	**2,646**	**575**	**1,381**
attributable to Deutsche Post AG shareholders		826	2,482	525	1,292
attributable to non-controlling interests		84	164	50	89
Basic earnings per share (€)	11	0.67	2.01	0.43	1.05
Diluted earnings per share (€)	11	0.66	1.96	0.42	1.02

[1] Prior-year figures adjusted, note 4.

STATEMENT OF COMPREHENSIVE INCOME

1 January to 30 June

€m	H1 2020	H1 2021	Q2 2020	Q2 2021
Consolidated net profit for the period	**910**	**2,646**	**575**	**1,381**
Items that will not be reclassified to profit or loss				
Change due to remeasurements of net pension provisions	−387	1,731	−488	286
Reserve for equity instruments without recycling	−11	12	−1	9
Other changes in retained earnings	0	0	0	0
Income taxes relating to components of other comprehensive income	71	−173	58	−104
Share of other comprehensive income of investments accounted for using the equity method, net of tax	0	0	0	0
Total, net of tax	**−327**	**1,570**	**−431**	**191**
Items that may be subsequently reclassified to profit or loss				
Hedging reserves				
Changes from unrealised gains and losses	19	22	20	11
Changes from realised gains and losses	−10	1	−5	−3
Currency translation reserve				
Changes from unrealised gains and losses	−369	375	−221	−105
Changes from realised gains and losses	0	0	0	0
Income taxes relating to components of other comprehensive income	−2	−6	−4	−2
Share of other comprehensive income of investments accounted for using the equity method, net of tax	−1	1	−2	−2
Total, net of tax	**−363**	**393**	**−212**	**−101**
Other comprehensive income, net of tax	**−690**	**1,963**	**−643**	**90**
Total comprehensive income	**220**	**4,609**	**−68**	**1,471**
attributable to Deutsche Post AG shareholders	141	4,434	−114	1,382
attributable to non-controlling interests	79	175	46	89

BALANCE SHEET

€m	Note	31 Dec. 2020	30 June 2021
ASSETS			
Intangible assets	12	11,658	11,829
Property, plant and equipment	12	22,007	22,854
Investment property		12	10
Investments accounted for using the equity method		73	120
Non-current financial assets	13	746	834
Other non-current assets		160	726
Deferred tax assets		2,390	1,908
Non-current assets		**37,046**	**38,281**
Inventories		439	573
Current financial assets	13	1,315	1,519
Trade receivables		8,985	10,089
Other current assets		2,815	3,113
Income tax assets		209	216
Cash and cash equivalents		4,482	3,887
Assets held for sale		16	13
Current assets		**18,261**	**19,410**
TOTAL ASSETS		**55,307**	**57,691**

	Note	31 Dec. 2020	30 June 2021
EQUITY AND LIABILITIES			
Issued capital	14	1,239	1,235
Capital reserves	15	3,519	3,510
Other reserves		−1,666	−1,271
Retained earnings	15	10,685	12,534
Equity attributable to Deutsche Post AG shareholders		**13,777**	**16,008**
Non-controlling interests		301	449
Equity		**14,078**	**16,457**
Provisions for pensions and similar obligations		5,835	4,583
Deferred tax liabilities		36	85
Other non-current provisions		1,790	1,863
Non-current financial liabilities		15,851	15,720
Other non-current liabilities		328	317
Non-current provisions and liabilities		**23,840**	**22,568**
Current provisions		1,080	1,126
Current financial liabilities		3,247	3,477
Trade payables		7,309	7,663
Other current liabilities		5,135	5,686
Income tax liabilities		611	714
Liabilities associated with assets held for sale		7	0
Current provisions and liabilities		**17,389**	**18,666**
TOTAL EQUITY AND LIABILITIES		**55,307**	**57,691**

CASH FLOW STATEMENT

1 January to 30 June

€m	H1 2020	H1 2021	Q2 2020	Q2 2021
Consolidated net profit for the period	910	2,646	575	1,381
Income taxes	288	1,029	182	537
Net finance costs	306	319	155	165
Profit from operating activities (EBIT)	**1,504**	**3,994**	**912**	**2,083**
Depreciation, amortisation and impairment losses	1,963	1,883	942	953
Net costs/net income from disposal of non-current assets	37	8	11	6
Non-cash income and expense	78	−35	8	−56
Change in provisions	87	−78	113	−87
Change in other non-current assets and liabilities	−34	−20	−27	−4
Dividend received	1	0	1	0
Income taxes paid	−325	−544	−157	−271
Net cash from operating activities before changes in working capital	**3,311**	**5,208**	**1,803**	**2,624**
Changes in working capital				
Inventories	−13	−129	−97	−101
Receivables and other current assets	−600	−1,312	27	−273
Liabilities and other items	−302	961	−87	−12
Net cash from operating activities	**2,396**	**4,728**	**1,646**	**2,238**
Subsidiaries and other business units	4	3	4	3
Property, plant and equipment and intangible assets	42	56	16	19
Other non-current financial assets	20	20	7	8
Proceeds from disposal of non-current assets	66	79	27	30
Subsidiaries and other business units	0	0	0	0
Property, plant and equipment and intangible assets	−1,056	−1,429	−459	−725
Investments accounted for using the equity method and other investments	−13	−2	−8	0
Other non-current financial assets	−7	−26	−2	−24
Cash paid to acquire non-current assets	−1,076	−1,457	−469	−749
Interest received	37	33	19	18
Current financial assets	−682	−145	−691	17
Net cash used in investing activities	**−1,655**	**−1,490**	**−1,114**	**−684**

	H1 2020	H1 2021	Q2 2020	Q2 2021
Proceeds from issuance of non-current financial liabilities	2,440	130	2,284	130
Repayments of non-current financial liabilities	−959	−1,808	−471	−507
Change in current financial liabilities	−92	55	−134	−373
Other financing activities	−21	36	−22	32
Cash paid for transactions with non-controlling interests	−6	0	−2	0
Dividend paid to Deutsche Post AG shareholders	0	−1,673	0	−1,673
Dividend paid to non-controlling interest shareholders	−16	−27	−9	−15
Purchase of treasury shares	−45	−313	−15	−206
Interest paid	−276	−268	−151	−150
Net cash from/used in financing activities	**1,025**	**−3,868**	**1,480**	**−2,762**
Net change in cash and cash equivalents	**1,766**	**−630**	**2,012**	**−1,208**
Effect of changes in exchange rates on cash and cash equivalents	−59	35	−21	−18
Changes in cash and cash equivalents due to changes in consolidated group	0	0	0	0
Cash and cash equivalents at beginning of reporting period	2,862	4,482	2,578	5,113
Cash and cash equivalents at end of reporting period	**4,569**	**3,887**	**4,569**	**3,887**

STATEMENT OF CHANGES IN EQUITY

1 January to 30 June

€m			Other reserves						
	Issued capital	Capital reserves	Hedging reserves	Reserve for equity instruments without recycling	Currency translation reserve	Retained earnings	Equity attributable to Deutsche Post AG shareholders	Non-controlling interests	Total equity
Balance at 1 January 2020	1,236	3,482	–5	–22	–673	10,099	14,117	275	**14,392**
Dividend						0	0	–22	**–22**
Transactions with non-controlling interests			0	0	–3	4	1	–7	**–6**
Changes in non-controlling interests due to changes in consolidated group							0	0	**0**
Capital increase/reduction	1	–5				31	27	0	**27**
							28	**–29**	**–1**
Total comprehensive income									
Consolidated net profit for the period						826	826	84	**910**
Currency translation differences					–365		–365	–5	**–370**
Change due to remeasurements of net pension provisions						–316	–316	0	**–316**
Other changes			7	–11		0	–4	0	**–4**
							141	**79**	**220**
Balance at 30 June 2020	**1,237**	**3,477**	**2**	**–33**	**–1,041**	**10,644**	**14,286**	**325**	**14,611**
Balance at 1 January 2021	1,239	3,519	–17	–27	–1,622	10,685	13,777	301	**14,078**
Dividend						–1,673	–1,673	–27	**–1,700**
Transactions with non-controlling interests			0	0	0	0	0	0	**0**
Changes in non-controlling interests due to changes in consolidated group							0	0	**0**
Capital increase/reduction	–4	–9				–517	–530	0	**–530**
							–2,203	**–27**	**–2,230**
Total comprehensive income									
Consolidated net profit for the period						2,482	2,482	164	**2,646**
Currency translation differences					366		366	11	**377**
Change due to remeasurements of net pension provisions						1,557	1,557	0	**1,557**
Other changes			17	12		0	29	0	**29**
							4,434	**175**	**4,609**
Balance at 30 June 2021	**1,235**	**3,510**	**0**	**–15**	**–1,256**	**12,534**	**16,008**	**449**	**16,457**

SELECTED EXPLANATORY NOTES

Company information

Deutsche Post AG is a listed corporation domiciled in Bonn, Germany. The condensed consolidated interim financial statements of Deutsche Post AG and its subsidiaries cover the period from 1 January to 30 June 2021 and have been reviewed.

Basis of preparation

1 Basis of accounting

The condensed consolidated interim financial statements as at 30 June 2021 were prepared in accordance with the International Financial Reporting Standards (IFRSs) and related interpretations issued by the International Accounting Standards Board (IASB) for interim financial reporting, as adopted by the European Union. These interim financial statements thus include all information and disclosures required by IFRSs to be presented in condensed interim financial statements.

Preparation of the condensed consolidated interim financial statements in accordance with IAS 34 requires the Board of Management to exercise judgement and make estimates and assumptions that affect the application of accounting policies in the Group and the presentation of assets, liabilities, income and expenses. Actual amounts may differ from these estimates. The results obtained thus far in financial year 2021 are not necessarily an indication of how business will develop in the future.

The accounting policies applied to the condensed consolidated interim financial statements are generally based upon the same accounting policies used in the consolidated financial statements for financial year 2020. Exceptions are the new or revised International Financial Reporting Standards (IFRSs) required to be applied for the first time in financial year 2021 that, however, have not had a material influence on the consolidated interim financial statements. Detailed explanations of these can be found in the **2020 Annual Report in notes 4 and 6 to the consolidated financial statements.**

The income tax expense for the reporting period was deferred on the basis of the tax rate expected to apply to the full financial year. The tax rate for 2021 increased primarily because the recognition of additional deferred taxes on tax loss carryforwards is expected to be smaller due to the use of tax losses compared with the previous year.

No separate reporting is provided in cases where effects cannot be unequivocally attributed to the COVID-19 pandemic.

2 Consolidated group

The number of companies consolidated with Deutsche Post AG is shown in the following table:

Consolidated group

	31 Dec. 2020	30 June 2021
Number of fully consolidated companies (subsidiaries)		
German	81	82
Foreign	633	631
Number of joint operations		
German	1	1
Foreign	0	0
Number of investments accounted for using the equity method		
German	1	1
Foreign	17	16

No significant changes in the group of companies consolidated arose in the first half of 2021.

3 Significant transactions

The following significant transaction took place in the first half of 2021:

Share buy-back of up to €1 billion

In March 2021, the Board of Management of Deutsche Post AG resolved a share buy-back programme for up to 30 million shares at a total purchase price of up to €1 billion. The repurchased shares will either be retired or used to service long-term executive remuneration plans. The repurchase via the stock exchange started on 10 May 2021 and will end in March 2022 at the latest. The buy-back programme is based on the authorisation resolved by the company's Annual General Meeting on 6 May 2021, **notes 14 and 15.**

4 Adjustment of prior-period amounts

The Lead Logistics Provider (LLP) business which had, to date, been partially reported in the Global Forwarding, Freight segment has been included in the Supply Chain division since January 2021. The presentation of revenue and materials expense was standardised based on a review of certain customer contracts as part of this transition. The prior-period amounts were adjusted accordingly.

Income statement

€m	Amount	Adjustment	Adjusted amount
H1 2020			
Revenue	31,446	−45	**31,401**
Materials expense	−15,912	45	**−15,867**
Q2 2020			
Revenue	15,959	−22	**15,937**
Materials expense	−8,202	22	**−8,180**

Income statement disclosures

5 Revenue by business unit

€m	H1 2020	H1 2021
Express	**8,483**	**11,204**
Global Forwarding, Freight[1]	**7,235**	**9,358**
Global Forwarding	5,554	7,473
Freight	1,681	1,885
Supply Chain[1]	**5,926**	**6,501**
eCommerce Solutions	**2,094**	**2,824**
Post & Parcel Germany	**7,624**	**8,424**
Post Germany	3,912	3,851
Parcel Germany	2,725	3,491
International	909	1,007
Other	78	75
Group Functions	**39**	**22**
Total revenue	**31,401**	**38,333**

[1] Prior-year figures adjusted, note 4.

6 Other operating income

€m	H1 2020	H1 2021
Income from currency translation	131	156
Insurance income	133	142
Income from the remeasurement of liabilities	94	74
Income from the reversal of provisions	73	72
Operating lease income	52	58
Subsidies	113	55
Income from fees and reimbursements	52	52
Income from prior-period billings	35	42
Sublease income	32	36
Income from the disposal of assets	20	21
Income from loss compensation	16	13
Commission income	28	11
Recoveries on receivables previously written off	8	10
Reversals of impairment losses on receivables and other assets	2	10
Income from the derecognition of liabilities	8	9
Income from derivatives	18	2
Miscellaneous	156	179
Total	**971**	**942**

Income from the disposal of assets includes a gain of €4 million on the disposal of the fuel business of DHL Supply Chain Limited, UK. The company's assets and liabilities had been reported as held for sale as at 31 December 2020.

In the previous year, greater use was made of government subsidies for labour costs in the course of lockdown measures in the United Kingdom.

Miscellaneous other operating income includes a large number of smaller individual items.

7 Changes in inventories and work performed and capitalised

€m	H1 2020	H1 2021
Changes in inventories income (+) / expense (–)	51	67
Work performed and capitalised	86	121
Total	**137**	**188**

The increase in work performed and capitalised is largely attributable to the production of StreetScooter electric vehicles for Group companies.

8 Depreciation, amortisation and impairment losses

€m	H1 2020	H1 2021
Amortisation of and impairment losses on intangible assets, of which impairment loss: 0 (previous year: 3)	109	95
Depreciation of and impairment losses on property, plant and equipment acquired, of which impairment loss: 0 (previous year: 19)	770	786
Depreciation of and impairment losses on right-of-use assets, of which impairment loss: 0 (previous year: 50)	1,071	1,002
Impairment of goodwill	13	0
Depreciation, amortisation and impairment losses	**1,963**	**1,883**

The previous year's impairment losses relate chiefly to negative impacts stemming from lockdown measures resulting from the pandemic. Goodwill impairment is attributable to the realignment of StreetScooter GmbH, see also note 12.

9 Other operating expenses

€m	H1 2020	H1 2021
Cost of purchased cleaning and security services	232	273
Warranty expenses, refunds and compensation payments	264	226
Expenses for advertising and public relations	152	151
Currency translation expenses	136	144
Other business taxes	135	138
Telecommunication costs	106	107
Office supplies	91	101
Insurance costs	94	100
Travel and training costs	109	96
Customs clearance-related charges	76	91
Services provided by *Bundesanstalt für Post und Telekommunikation* (German federal post and telecommunications agency)	91	83
Write-downs of current assets	121	75
Consulting costs (including tax advice)	41	55
Monetary transaction costs	37	50
Entertainment and corporate hospitality expenses	52	38
Losses on disposal of assets	52	37
Contributions and fees	29	37
Voluntary social benefits	40	36
Commissions paid	31	35
Legal costs	24	31
Audit costs	14	14
Donations	14	12
Miscellaneous	250	223
Total	**2,191**	**2,153**

Miscellaneous other operating expenses include a large number of smaller individual items.

10 Net income/loss from investments accounted for using the equity method

Impairment losses of €30 million were recognised in the previous year due to lockdown measures. These related exclusively to the France-based Relais Colis SAS, which was assigned to the eCommerce Solutions segment. The net income of €44 million generated in the financial year was attributable primarily to Global-e Online Ltd., Israel. The dilution of shares due to this company's initial public offering led to income from remeasurement totalling €39 million.

11 Earnings per share

Basic earnings per share in the reporting period were €2.01 (previous year: €0.67).

Basic earnings per share

		H1 2020	H1 2021
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	826	2,482
Weighted average number of shares outstanding	number	1,235,591,845	1,237,575,838
Basic earnings per share	**€**	**0.67**	**2.01**

Diluted earnings per share in the reporting period were €1.96 (previous year: €0.66).

Diluted earnings per share

		H1 2020	H1 2021
Consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	826	2,482
Plus interest expense on the convertible bond	€m	4	4
Less income taxes[1]	€m	0	0
Adjusted consolidated net profit for the period attributable to Deutsche Post AG shareholders	€m	830	2,486
Weighted average number of shares outstanding	number	1,235,591,845	1,237,575,838
Potentially dilutive shares	number	21,050,277	32,314,787
Weighted average number of shares for diluted earnings	number	1,256,642,122	1,269,890,625
Diluted earnings per share	**€**	**0.66**	**1.96**

[1] Rounded below €1 million.

Balance sheet disclosures

12 Intangible assets and property, plant and equipment

Investments in intangible assets (not including goodwill), property, plant and equipment acquired and right-of-use assets amounted to €2,750 million in the first half of 2021 (previous year: €2,321 million).

Investments

€m	30 June 2020	30 June 2021
Intangible assets (not including goodwill)	110	106
Acquired property, plant and equipment		
Land and buildings	49	76
Technical equipment and machinery	63	66
Transport equipment	120	193
Aircraft	67	47
IT equipment	25	22
Operating and office equipment	26	21
Advance payments and assets under development	475	846
	825	**1,271**
Right-of-use assets		
Land and buildings	866	1,033
Technical equipment and machinery	44	17
Transport equipment	138	112
Aircraft	337	138
IT equipment	1	0
Advance payments	0	73
	1,386	**1,373**
Total	**2,321**	**2,750**

In the first half of 2021, three Boeing 777 aircraft were added as planned, thereof two as right-of-use assets, in the course of the renewal of the intercontinental Express Boeing 777 aircraft fleet. Advance payments were additionally made for eight aircraft ordered in the previous year and reported under advance payments and assets under development, and advance payments on right-of-use assets.

Goodwill changed as follows:

Change in goodwill

€m	2020	2021
Cost		
Balance at 1 January	12,398	12,040
Disposals	0	−13
Currency translation differences	−358	172
Balance at 31 December / 30 June	**12,040**	**12,199**
Amortisation and impairment losses		
Balance at 1 January	1,062	1,042
Disposals	0	−13
Impairment losses	13	0
Currency translation differences	−33	22
Balance at 31 December / 30 June	**1,042**	**1,051**
Carrying amount at 31 December / 30 June	**10,998**	**11,148**

The disposals as well as the previous year's impairment losses are both attributable to Corporate Incubations. When this board department was dissolved as at 1 January 2021, the goodwill attributable to this department, which was written off in full, was derecognised.

13 Financial assets

€m	Non-current		Current		Total	
	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021	31 Dec. 2020	30 June 2021
Assets measured at cost	466	507	81	161	**547**	**668**
Assets at fair value through other comprehensive income	29	41	0	0	**29**	**41**
Assets at fair value through profit or loss	251	286	1,234	1,358	**1,485**	**1,644**
Financial assets	**746**	**834**	**1,315**	**1,519**	**2,061**	**2,353**

Current financial assets increased due to money market fund purchases. Net impairment losses amounted to €–49 million in the first half of 2021 (previous year: €–102 million).

14 Issued capital and purchase of treasury shares

KfW Bankengruppe (KfW) held a 20.5% interest in the share capital of Deutsche Post AG as at 30 June 2021. Free float accounted for 79.2% of the shares and the remaining 0.3% of shares are owned by Deutsche Post AG.

The issued capital is composed of 1,239,059,409 no-par value registered shares (ordinary shares) with a notional interest in the share capital of €1 per share, and is fully paid up.

Changes in issued capital and treasury shares

€m

	2020	2021
Issued capital		
Balance at 1 January	1,237	1,239
Addition due to contingent capital increase (Performance Share Plan)	2	0
Balance at 31 December/30 June	**1,239**	**1,239**
Treasury shares		
Balance at 1 January	–1	0
Purchase of treasury shares	–2	–6
Issue/sale of treasury shares	3	2
Balance at 31 December/30 June	**0**	**–4**
Total at 31 December/30 June	**1,239**	**1,235**

Under the share buy-back programme, 3,613,272 shares were purchased in the period to 30 June 2021 for a total amount of €197 million at an average price of €54.39 per share. The repurchased shares may either be used to service long-term executive remuneration plans or for a capital reduction.

In the first half of 2021, treasury shares were also acquired and issued to executives to settle the 2020 tranche and claims to matching shares under the 2016 tranche. The shares were acquired at an average price per share of €44.96 for a total of €118 million.

Deutsche Post AG held 3,684,527 treasury shares as at 30 June 2021.

15 Reserves

Capital reserves

€m

	2020	2021
Balance at 1 January	3,482	3,519
Share Matching Scheme		
Addition	87	74
Exercise	–77	–99
Total for Share Matching Scheme	**10**	**–25**
Performance Share Plan		
Addition	26	12
Exercise	–26	0
Total for Performance Share Plan	**0**	**12**
Issue of treasury shares	24	0
Differences between purchase and issue prices of treasury shares	3	4
Balance at 31 December/30 June	**3,519**	**3,510**

Retained earnings

Retained earnings mainly include changes due to capital increases or reductions:

Capital increase/reduction

€m

	30 June 2020	30 June 2021
Share buy-back under tranche I	0	–193
Obligation to repurchase shares under tranche I	0	–303
Purchase/issue of treasury shares – Share Matching Scheme	26	–1
Exercise of treasury shares – Share Matching Scheme	5	–18
Other	0	–2
Total	**31**	**–517**

The first tranche of the share buy-back programme, with a total volume of up to €500 million, is being implemented by an independent financial services provider between 10 May 2021 and 17 September 2021 on the basis of an irrevocable agreement. At the time the contract was concluded, the resulting obligation was charged in full to retained earnings and recognised as a financial liability. It was reduced by the buy-back transactions carried out by 30 June 2021. The obligation to repurchase shares after 30 June 2021 is included in the amount of €303 million.

Segment reporting

16 Segment reporting

Segments by division

€m	Express		Global Forwarding, Freight[1]		Supply Chain[1]		eCommerce Solutions		Post & Parcel Germany		Group Functions		Consolidation[1,2]		Group[1]	
H1	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
External revenue	8,483	11,204	7,235	9,358	5,926	6,501	2,094	2,824	7,624	8,424	39	22	0	0	**31,401**	**38,333**
Internal revenue	184	247	486	629	39	55	64	64	213	295	753	872	–1,739	–2,162	**0**	**0**
Total revenue	8,667	11,451	7,721	9,987	5,965	6,556	2,158	2,888	7,837	8,719	792	894	–1,739	–2,162	**31,401**	**38,333**
Profit/loss from operating activities (EBIT)	958	2,138	264	528	138	365	7	233	598	871	–461	–139	0	–2	**1,504**	**3,994**
of which net income/loss from investments accounted for using the equity method	1	0	0	0	2	1	–35	0	0	0	0	42	0	1	**–32**	**44**
Segment assets[3]	16,263	17,009	8,901	9,953	7,889	8,380	1,878	1,886	6,188	6,301	5,267	5,517	–80	–81	**46,306**	**48,965**
of which investments accounted for using the equity method	24	8	19	19	14	16	0	0	0	0	17	77	–1	0	**73**	**120**
Segment liabilities[3]	4,224	4,462	3,296	3,872	2,912	2,859	717	769	2,716	2,842	1,567	1,655	–62	–68	**15,370**	**16,391**
Net segment assets/liabilities[3]	12,039	12,547	5,605	6,081	4,977	5,521	1,161	1,117	3,472	3,459	3,700	3,862	–18	–13	**30,936**	**32,574**
Capex (assets acquired)	403	626	40	50	169	203	26	61	163	266	134	171	0	0	**935**	**1,377**
Capex (right-of-use assets)	507	488	89	86	498	311	86	61	2	6	204	421	0	0	**1,386**	**1,373**
Total capex	910	1,114	129	136	667	514	112	122	165	272	338	592	0	0	**2,321**	**2,750**
Depreciation and amortisation	693	736	125	119	429	416	80	84	153	164	398	364	0	0	**1,878**	**1,883**
Impairment losses	0	0	0	0	60	0	5	0	0	0	20	0	0	0	**85**	**0**
Total depreciation, amortisation and impairment losses	693	736	125	119	489	416	85	84	153	164	418	364	0	0	**1,963**	**1,883**
Other non-cash income (–) and expenses (+)	208	253	47	83	102	80	50	1	183	140	113	–17	0	0	**703**	**540**
Employees[4]	97,757	106,120	42,713	41,677	157,368	165,596	29,401	31,469	155,663	163,075	12,724	12,419	–1	0	**495,625**	**520,356**

[1] Prior-year figures adjusted, note 4. [2] Including rounding. [3] As at 31 December 2020 and 30 June 2021. [4] Average FTEs.

Segments by division

€m	Express		Global Forwarding, Freight[1]		Supply Chain[1]		eCommerce Solutions		Post & Parcel Germany		Group Functions		Consolidation[1,2]		Group[1]	
Q2	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
External revenue	4,424	5,824	3,887	4,928	2,718	3,287	1,129	1,403	3,765	4,022	14	9	0	0	**15,937**	**19,473**
Internal revenue	93	128	252	307	15	28	33	31	113	142	409	450	–915	–1,086	**0**	**0**
Total revenue	4,517	5,952	4,139	5,235	2,733	3,315	1,162	1,434	3,878	4,164	423	459	–915	–1,086	**15,937**	**19,473**
Profit/loss from operating activities (EBIT)	565	1,177	190	312	33	198	1	116	264	315	–141	–34	0	–1	**912**	**2,083**
of which net income/loss from investments accounted for using the equity method	0	0	0	0	1	1	–33	0	0	0	1	42	0	1	**–31**	**44**
Capex (assets acquired)	230	338	19	29	73	117	15	42	91	147	53	120	1	1	**482**	**794**
Capex (right-of-use assets)	130	279	36	32	190	153	51	40	0	0	141	340	0	–1	**548**	**843**
Total capex	360	617	55	61	263	270	66	82	91	147	194	460	1	0	**1,030**	**1,637**
Depreciation and amortisation	348	373	63	59	198	210	38	42	80	83	146	185	0	1	**873**	**953**
Impairment losses	0	0	0	0	60	0	2	0	0	0	7	0	0	0	**69**	**0**
Total depreciation, amortisation and impairment losses	348	373	63	59	258	210	40	42	80	83	153	185	0	1	**942**	**953**
Other non-cash income (–) and expenses (+)	101	115	19	45	50	35	44	4	100	61	55	–46	0	–1	**369**	**213**

[1] Prior-year figures adjusted, note 4. [2] Including rounding.

Information about geographical regions

€m	Germany		Europe (excluding Germany)[1]		Americas		Asia Pacific[1]		Other regions		Group[1]	
H1	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
External revenue	9,509	10,627	8,903	11,133	5,993	7,801	5,681	7,254	1,315	1,518	**31,401**	**38,333**
Non-current assets[2]	10,093	10,340	10,526	10,760	7,782	8,103	4,817	5,023	599	619	**33,817**	**34,845**
Capex	622	966	536	656	815	786	297	274	51	68	**2,321**	**2,750**
Q2												
External revenue	4,672	5,155	4,379	5,741	3,159	4,011	3,084	3,781	643	785	**15,937**	**19,473**
Total capex	366	671	191	341	323	446	125	144	25	35	**1,030**	**1,637**

[1] Prior-year figures adjusted, note 4. [2] As at 31 December 2020 and 30 June 2021.

Reconciliation

€m

	H1 2020	H1 2021
Total income of reported segments[1]	1,965	4,135
Group Functions	–461	–139
Reconciliation to Group/Consolidation[1]	0	–2
Profit from operating activities (EBIT)	**1,504**	**3,994**
Net finance costs	–306	–319
Profit before income taxes	**1,198**	**3,675**
Income taxes	–288	–1,029
Consolidated net profit for the period	**910**	**2,646**

[1] Prior-year figures adjusted, note 4.

17 Disclosures on financial instruments

Financial assets and liabilities

€m

Class	Carrying amount	Fair value	Level 1[1]	Level 2[2]	Level 3[3]
30 June 2021					
Non-current financial assets	**834**	**762**	**305**	**457**	**0**
Assets measured at amortised cost[4]	507	435	0	435	0
Financial assets measured at fair value	327	327	305	22	0
Current financial assets	**1,519**	**1,358**	**1,320**	**38**	**0**
Assets measured at amortised cost[5]	161	n.a.	n.a.	n.a.	n.a.
Financial assets measured at fair value	1,358	1,358	1,320	38	0
Non-current financial liabilities	**15,720**	**7,428**	**6,792**	**636**	**0**
Liabilities measured at amortised cost[4]	15,720	7,428	6,792	636	0
Financial liabilities measured at fair value	0	0	0	0	0
Current financial liabilities	**3,477**	**13**	**0**	**13**	**0**
Liabilities measured at amortised cost[5]	3,464	n.a.	n.a.	n.a.	n.a.
Financial liabilities measured at fair value	13	13	0	13	0
31 December 2020					
Non-current financial assets	**746**	**672**	**279**	**393**	**0**
Assets measured at amortised cost[4]	466	392	0	392	0
Financial assets measured at fair value	280	280	279	1	0
Current financial assets	**1,315**	**1,234**	**1,211**	**23**	**0**
Assets measured at amortised cost[5]	81	n.a.	n.a.	n.a.	n.a.
Financial assets measured at fair value	1,234	1,234	1,211	23	0
Non-current financial liabilities	**15,851**	**7,823**	**7,268**	**555**	**0**
Liabilities measured at amortised cost[4]	15,850	7,822	7,268	554	0
Financial liabilities measured at fair value	1	1	0	1	0
Current financial liabilities	**3,247**	**53**	**0**	**53**	**0**
Liabilities measured at amortised cost[5]	3,194	n.a.	n.a.	n.a.	n.a.
Financial liabilities measured at fair value	53	53	0	53	0

[1] Quoted market prices. [2] Inputs other than quoted prices that are directly or indirectly observable for instruments. [3] Inputs not based upon observable market data. [4] The carrying amount also includes lease receivables of €87 million (31 December 2020: €81 million) and lease liabilities of €8,926 million (31 December 2020: €8,638 million) under IFRS 16. The fair values of the lease liabilities are not listed because they do not fall within the scope of IFRS 9. [5] No disclosure of market value is required because the carrying amount of the financial instrument is a reasonable approximation of fair value (IFRS 7.29a).

The above table presents selected financial assets and liabilities measured at fair value or amortised cost. Financial assets and liabilities measured at amortised cost are reported if the carrying amount of an asset or liability differs from its fair value. As permitted under IFRS 7.29a, the disclosures do not include trade receivables, cash and cash equivalents or other current assets and liabilities because their carrying amounts are a reasonable approximation of their fair values. Other non-current assets and liabilities have also been omitted from the presentation as their fair values do not differ from their carrying amounts.

Fair values are assigned to Levels 1 to 3 of the fair value hierarchy.

Level 1 comprises equity and debt instruments measured at fair value and debt instruments measured at amortised cost whose fair values can be determined based on quoted market prices.

The fair values of the financial assets measured at amortised cost and commodity, interest rate and currency derivatives assigned to Level 2 are determined using the multiplied method or upon the basis of discounted expected future cash flows, taking into account forward rates for currencies, interest rates and commodities (market approach). For this purpose, price quotations observable in the market (exchange rates, interest rates and commodity prices) are imported into the treasury management system from standard market information platforms. The price quotations reflect actual transactions involving similar instruments on an active market.

Level 3 comprises mainly the fair values of equity investments and derivatives associated with M&A transactions. They are measured using recognised valuation models and plausible assumptions. The fair values of derivatives as well as of assets and liabilities depend, to a large extent, upon financial ratios. Increasing financial ratios lead to higher fair values, whilst decreasing financial ratios result in lower fair values.

18 Contingent liabilities and other financial obligations

The Group's contingent liabilities and other financial obligations, such as purchase obligations, have not changed significantly compared with 31 December 2020, after adjustment for the investments in the aircraft fleet, note 12.

19 Related party disclosures

There were no significant changes in related party disclosures as against 31 December 2020.

20 Events after the reporting date / other disclosures

In July 2021, the Board of Management resolved that the Deutsche Post DHL Group would pay a special bonus of €300 per employee (FTE) to its workforce of approximately 550,000 in the fourth quarter of 2021 as an acknowledgement of their achievements during the pandemic.

Beyond that, there were no reportable events after the reporting date.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bonn, 4 August 2021

Deutsche Post AG
The Board of Management

Dr Frank Appel
Ken Allen

Oscar de Bok
Melanie Kreis

Dr Tobias Meyer
Dr Thomas Ogilvie

John Pearson
Tim Scharwath

REVIEW REPORT

To Deutsche Post AG, Bonn

We have reviewed the condensed consolidated interim financial statements – comprising income statement and statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of Deutsche Post AG, Bonn, for the period from 1 January to 30 June 2021 which are part of the half-year financial report pursuant to § (Article) 115 WpHG (*"Wertpapierhandelsgesetz"*: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, 4 August 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dietmar Prümm	Verena Heineke
Wirtschaftsprüfer	*Wirtschaftsprüferin*
(German Public Auditor)	(German Public Auditor)

FINANCIAL CALENDAR

2021

4 November **Results of the first nine months of 2021**

2022

9 March **Results of financial year 2021**

3 May **Results of the first quarter of 2022**

6 May **2022 Annual General Meeting**

11 May **Dividend payment**

5 August **Results of the first half of 2022**

8 November **Results of the first nine months of 2022**

Revised dates and information regarding live webcasts can be found on our **Reporting hub.**

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PUBLICATION

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The English version of the 2021 Half-year Report of Deutsche Post DHL Group constitutes a translation of the original German version. Only the German version is legally binding, insofar as this does not conflict with legal provisions in other countries.

This Interim Report contains forward-looking statements. Forward-looking statements are not historical facts. They also include statements concerning assumptions and expectations. These statements are based upon current plans, estimates and projections, and the information available to Deutsche Post AG at the time this Interim Report was completed. They should not be considered to be assurances of the future performance and results contained therein. Instead, they depend on a number of factors and are subject to various risks and uncertainties (particularly those described in the "Expected developments, opportunities and risks" section) and are based on assumptions that may prove to be inaccurate. It is possible that actual performance and results may differ from the forward-looking statements made in this Interim Report. Deutsche Post AG undertakes no obligation to update the forward-looking statements contained in this Interim Report except as required by applicable law. If Deutsche Post AG updates one or more forward-looking statements, no assumption can be made that the statement(s) in question or other forward-looking statements will be updated regularly.