



Quarterly Report

2nd quarter 2022
Posten Norge

Message from the CEO



Posten delivered a good adjusted operating result as per the first half-year 2022, although lower than last year due to slow market growth and record-high transport and energy prices.

In the first half-year, the geopolitical situation have continued to create unbalance and high volatility in the raw material and finance markets, and the inflation in Europe is high, mainly driven by energy prices. We therefore expect the market situation to be challenging also in the second half-year.

Adjusted operating profit in the first half-year 2022 was MNOK 288, compared with MNOK 809 last year. A good result, in a historical perspective, as the 2020 and 2021 results were record-high for Posten due to high parcel volumes during the Corona pandemic. The results so far in 2022 have been affected by a declining e-commerce market and record-high transport and energy prices.

In the first half-year, we carried out a number of measures in order to realise the Group's three main strategic goals:

The customers' first choice

We have further strengthened the accessibility to our customers and reached 3 000 delivery points in Norway. As for parcel boxes, we are making good progress in realising the target of 1 000 new delivery points during 2022.

In order to help the Ukrainian population, we have since April offered free freight of relief consignments to Ukraine. At the end of June, 85 tons of humanitarian aid packages and gifts from Norwegian contributors have been sent to Ukraine.

The customers are satisfied and loyal, and we acknowledge that good delivery quality is important. This is demonstrated by NPS (Net Promotor Score) with a customer loyalty of 53,3 as per the first half-year compared with 51,8 for the first half-year 2021.

Posten's Christmas movie "When Harry met Santa" continues to win awards, and received Gold Lion as the world's best advertising film of the year at the international festival of creativity in Cannes in June.

Leading in technology and innovation

We are investing in a modern logistics network with increased capacity and effectiveness, enabling future-oriented services. A new logistics centre in Tromsø was officially opened on 2 June. The logistic center will be the largest in Northern Norway for distribution of mail, parcels and goods to Troms, Finnmark and Svalbard. A new logistics centre in Kristiansand has become operative, and in Bergen, Posten has received political support for the plans to build a new logistics centre at Kokstad.

We are making new venture investments, and in June, Bring Venture signed an agreement to become one of the owners of the Nordic market place Tise, promoting recycling and circular economy. In addition, investments have been made in the Swedish Kavall, the Nordics' first pure actor within express deliveries of everyday commodities.

Best in sustainable value creation

The change to electric vehicles continues, and in the second quarter, Posten put the world's most northern electric lorry into use on Svalbard. In Rogaland, Posten introduced the first electric lorry in the supply logistics for the Norwegian shelf.

For the first time, Posten Norge was included in Financial Times' and the analytics bureau Statista's annual report "Europe's Climate Leaders". Posten Norge was beaten only by Dutch PostNL of all the mail and logistics companies in the report. As last year, Posten was ranked as one of the "climate winners of the year" in PwC's climate index.

The Group's main goals are **made possible by competent and engaged employees**. In the first half-year, we have adjusted the organisational structure to secure increased innovation, shorter "time to market" and stronger strategic target areas. The objective of the changes, becoming effective on 1 September, is to maintain a flexible, cost-effective and attractive Nordic organisation.

Absence as a 12 months' trend increased to 6,6 percent in June due to high Corona-related absence due to sickness. The number of injuries declined, and the injury frequency as a 12 months' trend continued the positive development to 7,4 in June.

I wish to thank to all employees for their great efforts, and for contributing to adjust and develop the organisation.

Tone Wille / Group CEO

Main features

The Group's revenue in the second quarter 2022 was MNOK 5 814, a reduction of 3,5 percent compared with the second quarter 2021. Frigoscandia Sverige, sold at the end of 2021, had a turnover of MNOK 613 in the second quarter 2021. Organic growth in the quarter was 5,4 percent. Adjusted operating profit in the second quarter 2022 was MNOK 144, a decline of MNOK 238 compared with the second quarter 2021.

The Group's revenue in the first half-year 2022 was MNOK 11 451, a reduction of 4,8 percent compared with the first half-year 2021. Frigoscandia Sverige had a turnover of MNOK 1 180 in the first half-year 2021. Organic growth in the half-year was 4,5 percent. Adjusted operating profit in first half-year 2022 was MNOK 288, a decline of MNOK 521 compared with last year.

The Logistics segment's result in the first half-year 2022 declined compared with last year's record result. The result has been affected by a declining e-commerce market, record-high transport and energy prices and high Corona-related absence due to sickness. In Denmark and Sweden lower volumes have challenged the capacity utilisation.

As expected, the Mail segment's volume for addressed mail declined in the first half-year 2022. The negative volume fall was partly offset by improved profitability from the restructuring of the mail network and growth in the service "Norgespakken".

The operating result (EBIT) in the first half-year 2022 was a loss of MNOK 55, a reduction of MNOK 875 compared with the first half-year 2021. Other income/expenses in the first half-year 2022 were negative by MNOK 345, mainly related to the recognition of a new pension obligation ("Sliterordningen") of MNOK 307 and a provision of MNOK 36 for moving the mail production from Bodø and Tromsø to Østlandsterminalen. Note 5 has more information.

The financial result in the first half-year 2022 was impacted by the volatile market situation, and was reduced by MNOK 119 compared with the first half-year 2021. The reduction was mainly due to unrealised losses on fund investments as a consequence of the fall in the finance markets and the change in value on financial instruments.

The Group's result before tax was a loss MNOK 198 in the first half-year 2022, a reduction of MNOK 993 compared with the same period in 2021. The result after tax was a loss of MNOK 147, a reduction of MNOK 768 compared with the first half-year 2021.

Return on equity (ROE) in the first half-year 2022 was 4,6 percent, a reduction of 17,0 percentage points compared with the same period in 2021. Return on invested capital (ROIC) in the first half-year 2022 was 10,0 percent, a reduction of 9,4 percentage points compared with the first half-year 2021.

Profit development (unaudited)

Q2 2022	Q2 2021		YTD 2022	YTD 2021	Year 2021
5 814	6 027	Revenue	11 451	12 026	24 716
479	686	EBITDA	952	1 414	2 765
144	382	Adjusted operating profit/(loss)	288	809	1 525
(161)	393	Operating profit/(loss) (EBIT)	(55)	820	1 462
(110)	(32)	Net financial items	(144)	(25)	(109)
(271)	361	Profit/(loss) before tax	(198)	795	1 352
(203)	269	Profit/(loss) after tax	(147)	621	1 058

Alternative performance measures applied in the quarterly report are described in the appendix to the report

See condensed financial statements

Key financial figures (unaudited)

		YTD 2022	YTD 2021	Year 2021
Adjusted profit margin	%	2,5	6,7	6,2
Operating result (EBIT) margin	%	(0,5)	6,8	5,9
Equity ratio	%	30,4	34,7	39,7
Return on invested capital/ROIC*	%	10,0	19,4	16,4
Return on equity (after tax)*	%	4,6	21,6	14,5
Net interest-bearing debt (receivable)		4 718	1 033	2 376
Investments, excluding acquisitions		562	430	1 062

Alternative performance measures applied in the quarterly report are described in the appendix to the report

*Last twelve months

Balance sheet (unaudited)

	30.06 2022	31.12 2021
ASSETS		
Non-current assets	11 694	11 266
Current assets	7 357	7 077
Assets	19 051	18 342
EQUITY AND LIABILITIES		
Equity	5 782	7 273
Provisions for liabilities	1 078	725
Non-current liabilities	3 864	4 195
Current liabilities	8 327	6 149
Equity and liabilities	19 051	18 342

The increase in non-current assets was mainly due to the period's investments in terminals, machinery and IT related projects. This was partly offset by a reclassification to current assets of financial instruments due in one year.

The change in current assets was affected by an increase in other current receivables and the reclassification of financial instruments.

The reduced equity is mainly a consequence of a dividends payment of MNOK 1 315.

The reduction in non-current liabilities was primarily due to the reclassification of a loan in Japanese yen and financial instruments due within one year to current liabilities and repayment of long-term debt. This was partly offset by an increase in long-term lease obligations.

Current liabilities increased mainly as a consequence of new certificate loans, increased overdrafts and the reclassification of loans and associated financial instruments to current liabilities. This was partly offset by reduced tax payable, public duties and other liabilities related to operations.

Cash flows (unaudited)

Q2 2022	Q2 2021		YTD 2022	YTD 2021	Year 2021
109	565	Cash flows from operating activities	123	746	1 837
(366)	(227)	Cash flows used in investing activities	(656)	(388)	(1 189)
172	34	Cash flows from/used in financing activities	463	(372)	(1 823)
(85)	373	Change in liquid assets	(70)	(14)	(1 175)
3 426	4 225	Liquid assets at the beginning of the period	3 448	4 680	4 680
38	52	Currency differences	2	(16)	(57)
3 380	4 650	Liquid assets at the end of the period incl. held for sale	3 380	4 650	3 448
	(3)	Liquid assets classified as held for sale		(3)	
3 380	4 646	Liquid assets at the end of the period	3 380	4 646	3 448

Cash flows from operating activities were MNOK 123 in the first half-year 2022, mainly due to the positive operating result before depreciation. Paid taxes, increased current receivables, reduced public duties payable and other liabilities relating to operations reduced the cash flows from operating activities.

The net negative cash flows from investing activities of MNOK 656 in the first half-year 2022 were primarily a result of net investments in operating equipment. Posten also acquired property companies, associated companies and other shares the first half-year 2022.

Cash flows from financing activities amounting to MNOK 463 in the first half-year 2022 were mainly due to new certificate loans and increased overdrafts, partly offset by paid dividends and ordinary instalments on leasing obligations and loans.

Market and development per segment (unaudited)

LOGISTICS

The segment comprises the divisions E-Commerce and Logistics in addition to International Logistics. Holdings & Ventures also reports as part of the segment. Division E-Commerce and Logistics is responsible for all standardised parcel products for e-commerce customers, in addition to groupage and part loads, warehouses in Norway and the service area home deliveries in the Nordics. Division International Logistics is responsible for industrial direct freight and industry solutions for manufacturing and offshore customers. Holdings & Ventures shall maximise the value of portfolio companies and venture investments in the Nordics.

Q2 2022	Q2 2021		YTD 2022	YTD 2021	Year 2021
4 675	4 833	Revenue	9 147	9 548	19 952
407	568	Operating profit before depreciation (EBITDA)	854	1 130	2 308
179	363	Adjusted operating profit	407	724	1 477
53	375	Segment operating profit (EBIT)	281	736	1 415

The Logistics segment's revenue increased by MNOK 401 (4,2 percent) in the first half-year 2022 compared with the first half-year 2021. Frigoscandia Sverige, sold at the end of 2021, had a turnover of MNOK 1 180 in the first half-year 2021. Organic growth for the Logistics segment in the first half-year was 9,1 percent, to some extent caused by increased prices.

The market growth for e-commerce declined in the first half-year 2022, with practically no growth in the period. Posten nevertheless increased parcel volumes by 2,4 percent compared with the first half-year 2021. The market growth in the corporate market is closely tied to the general economic activities, and substantial geopolitical turbulence in the market contributed to the negative growth of 1,8 percent in the first half-year 2022 for this market.

Adjusted operating profit for the Logistics segment was MNOK 407 in the first half-year 2022, a reduction of MNOK 317 compared with the first half-year 2021. The result development from the first half-year 2021 to the first half-year 2022 was affected by a declining e-commerce market and the resulting low capacity utilisation, record-high transport and energy prices and high Corona-related absence due to sickness.

Operating profit (EBIT) was MNOK 281 in the first half-year 2022, a reduction of MNOK 455 compared with the same period last year. Other income/expenses in the first half-year 2022 were negative by MNOK 127, mainly related to recognition of a new pension obligation ("Sliterordningen") of MNOK 133 in the Logistics segment.

MAIL

The segment comprises the division Mail. Division Mail is responsible for the traditional postal services in Norway (including those requiring a licence) such as flexible services to private customers and addressed and unaddressed mail distribution to the corporate market in Norway.

Q2 2022	Q2 2021		YTD 2022	YTD 2021	Year 2021
1 343	1 375	Revenue	2 709	2 843	5 620
112	134	Operating profit before depreciation (EBITDA)	190	304	667
11	45	Adjusted operating profit/(loss)	(13)	123	287
(141)	45	Segment operating profit/(loss) (EBIT)	(203)	122	286

The Mail segment's revenue fell by MNOK 134 (4,7 percent) in the first half-year 2022 compared with the first half-year 2021, mainly caused by the continued volume fall in addressed mail, where the volume declined by 11,1 percent in the first half-year 2022. New customer relationships contributed to an increase in the volume for unaddressed mail by 16,8 percent compared with the same period in 2021. Norgespakken had a positive volume growth of 33,4 percent in the first half-year 2022 compared with the first half-year 2021.

Adjusted operating result for the Mail segment was a loss of MNOK 13 in the first half-year 2022, a reduction of MNOK 136 compared with the first half-year 2021. The decline in the result was mainly due to volume reductions, in the first half-year 2022 also concerning import and stamps due to changed purchase patterns and customer behaviour. Reduced costs compensated for some of the volume decline, and the product Norgespakken contributed positively due to volume growth and lower costs for the service.

The operating result (EBIT) in the first half-year 2022 was a loss of MNOK 203, a reduction of MNOK 325 compared with the same period in 2021. Other income/expenses in the first half-year 2022 were negative by MNOK 190, of which the recognition of a new pension obligation ("Sliterordningen") amounted to MNOK 145 and provision for moving the mail production and route clearance from Bodø and Tromsø to Østlandsterminalen in 2023 amounted to MNOK 36.

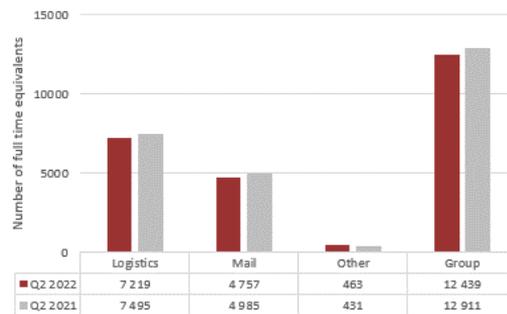
In the second quarter 2022, 91,7 percent of addressed mail, and 91,2 percent in the first half-year, was delivered within 3 days, well above the licence requirement of 85 percent.

Other matters

HSE

Workforce

The Group's workforce as at 30 June 2022 was 12 439 full-time equivalents, a reduction of 472 full-time equivalents compared with the same period in 2021. The reduction in the Logistics segment was mainly due to the sale of Frigoscandia Sverige, to some degree offset by increased activity and acquisition of businesses. The reduction in the Mail segment concerned the transition to post in shop and reduced workforce due to volume fall.



Absence due to sickness and injuries

Posten's ambition is to maintain a working environment focusing on health where nobody gets injured or sick as a consequence of their work. Posten and Bring are, and shall also in the future, an attractive workplace. The Group's focus on systematic HSE initiatives has had positive results in the last years and will be continued with unabated strength.

In the second quarter 2022, absence due to sickness in the Posten Group was 5.9 percent, 0.4 percentage points higher than in the same period in 2021. The pandemic has continued to affect the absence due to sickness, and in total, the absence in the last 12 months was 6.6 percent, 0.5 percentage points higher than at year-end.

The total number of injuries per million worked hours (H2) was 5.7 percent in the second quarter 2022, a reduction of 3.4 compared with the same period in 2021. The number of injuries in this quarter declined from 47 in 2021 to 27 in 2022. The 12 months' trend was 7.4, a reduction of 1.9 from year-end. The improvement is a result of long-term measures in the organisation.

The external environment

The Group's goal is to be best in sustainable value creation in the logistics industry. The Group has accelerated the transition of fossil-fuel vehicles considerably and started the transition of heavier vehicles in and between cities. The loading infrastructure is an important condition for the transition to fossil-free vehicles, and the Group has during the first half-year mapped and analysed the energy capacity at terminals to consider needs - both presently and in the future.

Financial Times has selected Posten as one of "Europe's Climate Leaders". In the analysis, they have listed 400 companies considered to be European climate leaders. Posten Norge was included in the selection for the first time in 2022, and of the five mail and logistics companies participating, Posten was beaten only by the Dutch PostNL.

Regulatory issues

In the government budget for 2022, MNOK 755 was granted for government procurements of commercially non-viable postal services. The amount was in accordance with Posten's pre-calculations. In addition, MNOK 127,6 were allocated to Posten for newspaper distribution in the rural districts.

Future prospects

The Norwegian economy has recovered after the pandemic, but an expansive finance and monetary policy combined with the war in Ukraine, increased energy prices and global supply chain problems have contributed to very high inflation in Norway and large parts of the world. The consequence of high inflation is higher interest and lower growth prospects, nationally as well as internationally. The GNP growth estimate for mainland Norway for 2022 was 3,7 percent at the end of June¹. In Sweden the estimate for growth is 1,9 percent for 2022, adjusted down from 3,3 percent².

The extent and duration of the war in Ukraine, the challenges in global supply chains and lockdowns in China will play an important part for the economic development in the time to come. In addition, there is still uncertainty on whether new variants of the Corona virus could break out. For this reason, there is still considerable uncertainty concerning the general economic prospects.

For the Logistics segment, the Corona pandemic and the following lockdowns contributed to high parcel volumes both within and outside the traditional high season. Throughout the first half-year 2022, the private consumption has declined. A shift towards the purchase of services and travels as a consequence of the reopening of society, weakened purchasing power due to increased prices on food, energy and fuel in addition to the expectation of frequent interest increases in 2022 and 2023, have directly reflected the demand for logistics services. Lower demand combined with higher energy costs is straining the Group's margins. As a consequence, Posten must carry on with initiatives securing cost-effective operations.

As a large transport and logistics actor, Posten will continue to be leading in sustainability. Increased environmental awareness and expectation from society that the business community must change to enable a quicker transition to sustainable solutions can affect the demand for logistics as a service. Sustainability and environment is an integrated part of the Group's strategy, and Posten shall also in the future work systematically towards concrete goals and measures within the three dimensions for sustainability: Climate and environment, finance and social matters.

In the last years, the Mail segment has maintained good result margins despite the continued fall in mail volumes. This has been possible due to structural measures, ongoing improvements and the introduction of new services adjusted to the private market. The present regulatory framework offers limited opportunities for additional adjustments to mail services. In combination with expected continued volume decline, further adjustments of the mail business will be needed in future years.

A substantial part of Posten's and Bring's value creation depends on digital solutions. Digital solutions also brings considerable vulnerability, and a global threat level of significant complexity. The risk for cyber attacks is increasing, and such attacks can have large operational, financial and reputation-wise consequences. In addition, our customers and society are subject to large-scale online fraud, where trusted brands like Posten and Bring are misused in fake e-mails and SMS. In order to meet various digital risks, Posten's works purposefully with information security. Together with IT suppliers, security measures and preparedness arrangements have been established, which continuously are adjusted to the threat level to reduce risk.

In spite of a normalisation of the growth rate, the Group's turnover is above the levels in the years before the Corona pandemic, and the demand for foreseeable and sustainable mail and logistics services is expected to continue in future years. In order to secure increased innovation rate and to strengthen target areas, the organisational structure is being adjusted to maintain a flexible, cost-effective and attractive Nordic organisation. In 2022 and the coming years, Posten will continue to focus on new, sustainable business and service areas. The range of services shall be improved by measures such as increasing the number of locations with parcel boxes, investments in technology and increased capacity in the logistics network in addition to developing new services and concepts.

1 Ssb.no, Kunjunkturtendensene 2022/06:

<https://www.ssb.no/nasjonaltregnskap-og-konjunkturer/konjunkturer/statistikk/konjunkturtendensene>

2 Konj.se, Konjunkturläget juni 2022:

<https://www.konj.se/publikationer/konjunkturlaget/konjunkturlaget/2022-06-21-den-skyhoga-inflationen-for-svensk-ekonomi-in-i-en-lagkonjunktur.html>

A smiling woman with long blonde hair, wearing a red and grey cap and a red jacket, stands next to a red mailbox. The background is a blurred outdoor setting with trees and a bright sky. The text 'Financial Report' is overlaid on a white rectangular area to the right of the woman.

Financial Report

2nd quarter 2022
Posten Norge

Condensed income statement

Q2 2022	Q2 2021		Note	YTD 2022	YTD 2021	Year 2021
5 814	6 027	Revenue	1	11 451	12 026	24 716
2 453	2 455	Costs of goods and services		4 811	4 893	10 369
2 183	2 200	Payroll expenses		4 290	4 348	8 600
335	304	Depreciation and amortisation	2,3	664	606	1 240
	3	Write-downs	2,3		3	68
700	686	Other operating expenses		1 398	1 370	2 983
5 671	5 647	Operating expenses		11 163	11 120	23 260
(306)	14	Other income/expenses	5	(345)	14	3
2		Share of result from associated companies		2	1	3
(161)	393	Operating profit/(loss)	1	(55)	820	1 462
(110)	(32)	Net financial items		(144)	(25)	(109)
(271)	361	Profit/(loss) before tax		(198)	795	1 352
(68)	93	Tax expense		(51)	174	294
(203)	269	Profit/(loss) after tax		(147)	621	1 058
(202)	267	Controlling interests		(147)	618	1 051
(1)	2	Non-controlling interests			3	7

Condensed statement of comprehensive income

Q2 2022	Q2 2021		YTD 2022	YTD 2021	Year 2021
(203)	269	Profit/(loss) after tax	(147)	621	1 058
		Pension remeasurement			12
		Items that will not be reclassified to the income statement			12
60	51	Translation differences	(5)	(57)	(160)
(14)	(13)	Hedging of net investment		18	26
46	38	Total translation differences	(5)	(39)	(134)
(5)	1	Cash flow hedging	(19)	2	1
41	38	Items that will be reclassified to the income statement	(25)	(37)	(133)
41	38	Other comprehensive profit/(loss)	(25)	(37)	(121)
(162)	307	Total comprehensive profit/(loss)	(172)	584	937
		Total comprehensive profit/(loss) is distributed as follows:			
(161)	305	Controlling interests	(172)	581	930
(1)	1	Non-controlling interests		3	7

Condensed balance sheet

	Note	30.06 2022	31.12 2021
ASSETS			
Intangible assets	2	2 134	2 079
Deferred tax assets		231	179
Tangible fixed assets	2	5 996	5 743
Right-of-use assets	3	3 051	2 981
Other financial assets	6	283	283
Non-current assets		11 694	11 266
Interest-free current receivables	6	3 853	3 530
Interest-bearing current receivables	6	124	99
Liquid assets	6	3 380	3 448
Current assets		7 357	7 077
Assets		19 051	18 342
EQUITY AND LIABILITIES			
Share capital		3 120	3 120
Other equity		2 617	4 104
Non-controlling interests		46	49
Equity		5 782	7 273
Provisions for liabilities		1 078	725
Non-current lease liabilities	3, 6	2 656	2 570
Interest-bearing non-current liabilities	4, 6	1 176	1 618
Interest-free non-current liabilities	6	31	7
Non-current liabilities		3 864	4 195
Current lease liabilities	3, 6	691	667
Interest-bearing current liabilities	4, 6	3 573	969
Interest-free current liabilities	6	4 033	4 294
Tax payable		30	218
Current liabilities		8 327	6 149
Equity and liabilities		19 051	18 342

Condensed statement of changes in equity

	Controlling interests							Non-contr. interests	Total equity
	Share capital	Share premium reserves	Hedging reserve	Transl. diff.	Retained earnings	Other equity			
Equity 01.01.2022	3 120	992	(6)	149	2 969	4 104	49	7 273	
Result for the period					(147)	(147)		(147)	
Other comprehensive result			(19)	(5)		(25)		(25)	
Total comprehensive result			(19)	(5)	(147)	(172)		(10)	
Dividend					(1 315)	(1 315)	(1)	(1 316)	
Changes in non-contr. interests							(3)	(3)	
Equity 30.06.2022	3 120	992	(25)	144	1 506	2 167	46	5 782	

	Controlling interests							Non-contr. interests	Total equity
	Share capital	Share premium reserves	Hedging reserve	Transl. diff.	Retained earnings	Other equity			
Equity 01.01.2021	3 120	992	(7)	283	2 969	4 237	9	7 367	
Profit for the period					1 051	1 051	7	1 058	
Other comprehensive result			1	(134)	12	(121)		(121)	
Total comprehensive result			1	(134)	1 063	930	7	937	
Dividend					(1 060)	(1 060)	(7)	(1 067)	
Changes in non-contr. interests							38	38	
Other changes in equity					(3)	(3)	1	(2)	
Equity 31.12.2021	3 120	992	(6)	149	2 969	4 104	49	7 273	

As at 30 June 2022, the share capital consisted of 3 120 000 shares at a nominal value of NOK 1 000. All the company's shares are owned by the Norwegian State, represented by the Ministry of Trade, Industry and Fisheries.

At the Annual Shareholders Meeting in May 2022, it was decided to distribute a dividend of MNOK 1 315, as proposed by the Board. The dividend was paid in June 2022.

Condensed statement of cash flows

Q2 2022	Q2 2021		YTD 2022	YTD 2021	Year 2021
(271)	362	Profit/(loss) before tax	(198)	795	1 352
(40)	(93)	Tax paid in period	(192)	(187)	(189)
(2)	(2)	(Gain)/loss from sales of tangible fixed assets and subsidiary	(7)	(7)	(22)
338	306	Ordinary depreciation and write-downs	667	609	1 308
(2)		Share of result from associated companies	(2)	(1)	(3)
95	48	Financial items without cash flow effect	146	43	135
(31)	(16)	Changes in receivables and payables	(6)	(127)	(280)
104	(16)	Changes in other working capital	(140)	(281)	(258)
(2)	13	Changes in other accruals	(10)	(39)	(80)
1	13	Interest received	2	35	51
(82)	(49)	Interest paid	(136)	(95)	(177)
109	565	Cash flows from operating activities	123	746	1 837
(336)	(239)	Investments in non-current assets	(562)	(430)	(1 062)
	(2)	Cash-effect from purchase of businesses	(51)	(28)	(187)
(7)		Cash-effect from purchase of associated companies	(22)		
(22)		Cash-effect from purchases and sales of other shares	(28)		(44)
7	29	Proceeds from sale of tangible fixed assets	10	68	88
		Cash-effect from sale of businesses	6		30
(8)	(15)	Changes in other financial non-current assets	(11)	2	(14)
(366)	(227)	Cash flows used in investing activities	(656)	(388)	(1 189)
(184)	(210)	Payment of lease liabilities	(364)	(416)	(857)
1 650	100	Proceeds from debt raised	1 900	100	1 200
(56)		Repayment of borrowings	(56)	(56)	(1 111)
77	144	(Decrease)/increase in bank overdraft	297		5
(1 315)		Dividend paid	(1 315)		(1 060)
172	34	Cash flows from/(used) in financing activities	463	(372)	(1 823)
(85)	333	Change in liquid assets	(70)	(14)	(1 175)
3 426	4 225	Liquid assets at the beginning of the period	3 448	4 680	4 680
38	52	Currency differences	2	(16)	(57)
3 380	4 650	Liquid assets at the end of the period incl. held for sale	3 380	4 650	3 448
	(3)	Liquid assets classified as held for sale		(3)	
3 380	4 646	Liquid assets at the end of the period	3 380	4 646	3 448

SELECTED ADDITIONAL INFORMATION

General

Posten Norge AS was established as a company on 1 December 1996 and is a Norwegian-registered limited liability company with the Norwegian State, represented by the Ministry of Trade, Industry and Fisheries, as its sole shareholder. Posten Norge AS' address is Biskop Gunnerus gate 14, 0001 Oslo, Norway.

This condensed interim report has been prepared in accordance with the IFRSs (International Financial Reporting Standards) as approved by the EU and complies with the prevailing accounting standard IAS 34 for interim financial reporting. The condensed interim financial accounts do not provide complete note disclosures as required for annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements.

Accounting principles

The interim financial statements have been prepared in accordance with IFRS, with the same accounting principles as stated in the 2021 Integrated report.

Standards issued, but not yet effective:

There are no issued standards not yet effective with significant effect on the consolidated financial statements.

Estimates and assessments

In the preparation of the interim financial statements, management has used estimates and assumptions affecting revenues, expenses, assets and liabilities. Areas in which such estimates and assessments can have an impact include goodwill, other intangible assets, tangible fixed assets, right-of-use assets, lease obligations, pensions, provisions and tax.

The sources of uncertainty concerning estimates are the same as for the 2021 financial statements. Future events may result in changes in the estimates, and these changes will be recognised in the accounts once any new estimate has been determined.

The Integrated report for 2021 is available at www.postennorge.no

NOTES TO THE ACCOUNTS

Note 1 Segments

Posten Norge's operations are divided into two segments, Logistics and Mail. Owner function and shared functions are allocated to Other.

The Group's segments are reported by areas whose operating results are regularly reviewed by Posten's Board. The objectives are to enable the Board to decide which resources should be allocated to the segment and to assess its earnings. Internal revenues are revenue between segments in the Group. The pricing of transactions between segments is based on normal commercial terms and conditions as if the segments were independent parties.

The segments are described in more detail in the 2021 Integrated report.

Revenue per segment

Q2 2022	Q2 2021	Revenue	YTD 2022	YTD 2021	Year 2021
4 577	4 766	External revenue	8 952	9 414	19 562
98	66	Internal revenue	194	133	390
4 675	4 833	Logistics	9 147	9 548	19 952
1 237	1 261	External revenue	2 499	2 612	5 154
105	114	Internal revenue	211	231	467
1 343	1 375	Mail	2 709	2 843	5 620
372	376	Internal revenue	749	746	1 439
371	376	Other	748	746	1 439
(574)	(557)	Eliminations	(1 153)	(1 112)	(2 295)
5 814	6 027	Group	11 451	12 026	24 716

Revenue categories

Q2 2022	Q2 2021	Deliveries over time*	YTD 2022	YTD 2021	Year 2021
2 003	1 910	Parcel services	3 950	3 851	7 943
2 580	2 299	Freight and forwarding	4 967	4 472	9 189
92	620	Other logistics business	230	1 221	2 819
4 675	4 833	Logistics	9 147	9 548	19 952
825	939	Addressed/Unaddressed mail	1 700	1 923	3 715
202	122	Government procurements	376	263	536
81	86	Norgespakke	172	188	393
235	228	Other mail business	462	469	976
1 343	1 375	Mail	2 709	2 843	5 620
371	376	Other	748	746	1 439
(574)	(557)	Eliminations	(1 153)	(1 112)	(2 295)
5 814	6 027	External revenue	11 451	12 026	24 716

*Some of the Group's services are delivered at a certain time. These services are not separated from revenue delivered over time as they are considered to be immaterial.

Operating result (EBIT) per segment

Q2 2022	Q2 2021		YTD 2022	YTD 2021	Year 2021
		Operating result before depreciation (EBITDA)			
407	568	Logistics	854	1 130	2 308
112	134	Mail	190	304	667
(39)	(17)	Other	(91)	(20)	(210)
479	686	Group	952	1 414	2 765

Q2 2022	Q2 2021		YTD 2022	YTD 2021	Year 2021
		Adjusted operating result			
179	363	Logistics	407	724	1 477
11	45	Mail	(13)	123	287
(46)	(27)	Other	(106)	(38)	(238)
144	382	Group	288	809	1 525

Q2 2022	Q2 2021		YTD 2022	YTD 2021	Year 2021
		Operating result (EBIT)			
53	375	Logistics	281	736	1 415
(141)	45	Mail	(203)	122	286
(73)	(27)	Other	(133)	(38)	(239)
(161)	393	Group	(55)	820	1 462

Investments per segment

	YTD 2022	YTD 2021	Year 2021
Investments			
Logistics	416	369	895
Mail	146	61	167
Other		1	
Group	562	430	1 062

Note 2 Intangible assets and tangible fixed assets

	Intangible assets	Tangible assets
Carrying amount 01.01.2022	2 079	5 743
Additions	127	435
Additions from acquisitions of companies		59
Disposals	(10)	(6)
Depreciation	(58)	(241)
Translation differences	(3)	6
Carrying amount 30.06.2022	2 134	5 996

Investments in owned assets in the first half-year 2022 amounted to MNOK 562, of which investments in IT-related solutions constituted MNOK 125. Approximately MNOK 134 of the MNOK 435 invested in tangible fixed assets related to buildings and property, and the rest mainly comprised terminal equipment, vehicles and other operating equipment. MNOK 416 of total investments concerned the Logistics segment.

Note 3 Leases

The following amounts related to lease agreements are included in the balance sheet:

	30.06 2022	31.12 2021
Right-of-use assets	3 051	2 981
Non-current lease liabilities	2 656	2 570
Current lease liabilities	691	667
Lease liabilities	3 347	3 237

The following amounts related to lease agreements are included in the income statement:

Q2 2022	Q2 2021		YTD 2022	YTD 2021	Year 2021
183	169	Depreciation	365	336	695
		Write-downs			64
27	30	Interest expense on lease liabilities	54	60	120

Note 4 Interest-bearing non-current and current liabilities

The Group's interest-bearing liabilities include:

	30.06 2022	31.12 2021
Bond loans	1 000	1 000
Liabilities to credit institutions	167	611
Other non-current liabilities	10	7
Interest-bearing non-current liabilities	1 176	1 618
Bond loans due within one year	350	350
Long-term debt to credit institutions due within one year	477	111
Certificate loans	2 400	500
Other current liabilities	364	8
Interest-bearing current liabilities	3 573	969

The Group's loan in Japanese yen and related financial instruments totaling MNOK 361 are due in March 2023. In the first half-year 2022 it has been classified as interest-bearing current liabilities.

Certificate loans increased by net MNOK 1 900 in the first half-year 2022, mainly to finance the payment of dividend.

As at 30 June 2022, MNOK 302 was utilised of the Group's bank overdraft. None of the Group's other overdraft facilities had been utilised. The weighted average interest rate on Posten's outstanding interest-bearing liabilities was 1,88 percent as at 30 June 2022.

Note 5 Other income and expenses

Other income and expenses comprise significant non-recurring income and costs and include restructuring costs, significant gain and loss from ordinary sales of non-current assets and subsidiaries.

Q2 2022	Q2 2021		YTD 2022	YTD 2021	Year 2021
12		Other income	12		
		Restructuring costs(-)	(36)		
	14	Reversed restructuring costs		14	14
(318)		Other expenses(-)	(320)		(11)
(306)	14	Other income and (expenses)	(345)	14	3

Other expenses amounted to MNOK 320 in the first half-year 2022, mainly related to the recognition of a new pension obligation (“Sliterordningen”) of MNOK 307. Note 3 in the Integrated report 2021 has additional information on early retirement pension supplement (“Sliterordningen”). At the Annual Shareholders Meeting in Spekter on 16 June 2022, it was decided that the employer must finance the payments of early retirement pension supplement for their own employees. The payment shall be made from annual expected payments from the scheme. Posten has calculated and recognised the Group’s obligation for this. The pension obligation is recognised in the same way as the Group’s other pension obligations and assumptions as of 31 December 2021 have been used on the basis that this is the Group’s best available estimates.

Restructuring costs in the first half-year 2022 mainly concerned the move of the mail production and route clearance from Bodø and Tromsø to Østlandsterminalen, effective from 1 April 2023. The workforce will be reduced by approximately 80 FTEs, and employees will be offered restructuring measures like gift pensions and severance packages.

Note 6 Fair value measurement

The fair value of financial assets and liabilities is calculated in line with the methods and assumptions, as well as the fair value hierarchy, used in previous years. This is described in more detail in the 2021 Integrated report.

The Group had the following financial assets and liabilities measured at fair value as at 30 June 2022:

	At fair value (FV)			At amortised cost		30.06.2022
	Level	Fair value over profit or loss*	Derivatives at fair value over profit or loss	Derivatives at fair value over OCI	Receivables	
Assets						
Interest-bearing non-current receivables					80	80
Other financial non-current assets	1, 2	123	1	1	22	148
Interest-free current receivables	2		68	10	3 775	3 853
Interest-bearing current receivables					124	124
Liquid assets					3 380	3 380
Total financial assets						7 854
Liabilities						
Non-current lease liabilities						2 656
Interest-bearing non-current liabilities						1 176
Interest-free non-current liabilities	2			31		31
Current lease liabilities						691
Interest-bearing current liabilities	2	366				3 207
Interest-free current liabilities, incl. tax payable	2			1		4 062
Total financial liabilities						12 191
Total value hierarchy level 1 (net)		2				2
Total value hierarchy level 2 (net)		(245)	68	(20)		(197)
Total value hierarchy level 3 (net)						

* Includes fair value option for interest-bearing non-current liabilities

The Group had the following financial assets and liabilities measured at fair value as at 31 December 2021:

	At fair value (FV)			At amortised cost		31.12.2021
	Level	Fair value over profit or loss*	Derivatives at fair value over profit or loss	Derivatives at fair value over OCI	Receivables	
Assets						
Interest-bearing non-current receivables					51	51
Other financial non-current assets	1, 2	90	90		21	201
Interest-free current receivables	2			12	3 518	3 530
Interest-bearing current receivables					99	99
Liquid assets					3 448	3 448
Total financial assets						7 328
Liabilities						
Non-current lease liabilities						2 570
Interest-bearing non-current liabilities	2	389				1 229
Interest-free non-current liabilities	2			6		2
Current lease liabilities						667
Interest-bearing current liabilities						969
Interest-free current liabilities, incl. tax payable	2			1		4 512
Financial liabilities						10 344
Total value hierarchy level 1 (net)		1				1
Total value hierarchy level 2 (net)		(300)	90	6		(204)
Total value hierarchy level 3 (net)						

* Includes fair value option for interest-bearing non-current liabilities

Level 1: Listed prices

Level 2: Other observable input, directly or indirectly

Level 3: Non-observable input

There have been no transfers between the levels in the fair value hierarchy since last year.

Note 7 Changes in the Group's structure

There were no significant acquisitions/sales of companies or changes to the Group's structure as per the first half-year 2022.

Note 8 Other matters

The war in Ukraine has intensified and prolonged the challenges in the global logistics and supply chains that arose in connection with the pandemic. Together with new infection waves in China and the resulting lockdowns and delayed deliveries, there are few indications of improvement in the short term concerning challenges with deficiencies and delayed deliveries of operating equipment, goods to customers, or the under-capacity in the European drivers' market. The challenging geopolitical situation has also resulted in lower Group margins. These matters are affecting Posten's future forecasts and economic growth estimates.

A review of results and forecasts as per the first half-year 2022 has not identified indicators of any fall in value on assets.

Posten had no significant transactions with Russian or Ukrainian companies in the first half-year. No significant transaction risk with partners, customers and/or suppliers has been identified as a consequence of sanctions, disruption of production and/or volatility in market prices for raw materials and currency.

Half-year declaration

We confirm that, to the best of our knowledge, the condensed half-year financial statements for the period 1 January to 30 June 2022 have been prepared in accordance with IAS 34 Interim Reporting, that the information provides a true and fair view of the Group's assets, liabilities, financial position, and results as a whole, and that the half-year report gives a fair view of the information in section 5-6 (4) of the Norwegian Securities Trading Act.

Oslo, 25 August 2022

The Board of Posten Norge

Anne Carine Tanum

Chair

Liv Fiksdahl

Board member

Patrik Olstad Berglund

Board member

Finn Kinserdal

Board member

Lars Nilsen

Board member

Tove Gravdal Rundtom

Board member

Tina Vibeke Stiegler

Board member

Ann Elisabeth Wirgeness

Board member

Gerd Øiahals

Board member

Tone Wille

Group CEO



Alternative Performance Measures

Quarterly Report

2nd quarter 2022
Posten Norge

Alternative Performance Measures

2nd quarter 2022 Posten Norge

Alternative Performance Measures

The Group's financial information has been prepared in accordance with international accounting standards (IFRSs). In addition, information is given about alternative performance measures that are regularly reviewed by management to improve the understanding of the results. The alternative performance measures presented may be defined differently by other companies.

The Group's performance measures, and other target figures applied in the annual and quarterly reports are described below.

Organic growth

Organic growth provides the Group's management, Board and other users of the financial information the opportunity to analyse the underlying operational growth.

	YTD 2022	YTD 2021	Year 2021
+ Revenue (current year)	11 451	12 026	24 716
- Revenue (last year)	12 026	11 793	23 996
= Nominal change in revenue	(575)	233	721

	YTD 2022	YTD 2021	Year 2021
+ Nominal change in revenue	(575)	233	721
+/- Impact of exchange rates	126	95	307
+/- Acquisition of companies	(163)		(81)
+/- Sale of companies*	1 219	195	329
+/- Change in government procurements	(113)	86	(13)
= Organic change in revenue	494	610	1 262

*Adjustment of revenue for sold business

	YTD 2022	YTD 2021	Year 2021
+ Organic change in revenue	494	610	1 262
/ Adjusted revenue*	10 970	11 597	23 666
= Organic growth	4,5%	5,3%	5,3%

*Adjustment of revenue for currency effects, acquisitions and government procurement

Alternative Performance Measures

2nd quarter 2022 Posten Norge

Operating profit before depreciation (EBITDA), adjusted operating profit, operating profit (EBIT)

Group management follows the Group's financial situation by using common target figures (KPIs) and target figures showing income and expenses related to the Group's ordinary operations. The alternative target figures applied in the reports to Group management comprise earnings excluding items of limited predictive value.

Profit before depreciation, financial items and tax (EBITDA) is an important financial parameter for the Group and the basis for the term 'Adjusted operating profit'. The adjusted operating profit is EBITDA before write-downs and other income and expenses but includes depreciation. Operating profit (EBIT) includes the Group's write-downs, other income and expenses, and income from associated companies and joint ventures.

The target figures are valuable for the users of Posten's financial information, including management, the Board and external parties. They give the users of the financial information the opportunity to assess the operating result on the basis of variable current items, as restructuring costs, significant gain and loss from sales of non-current assets and other income and costs outside the Group's normal business considered to have limited predictive value are excluded. It is also assumed that the target figures contribute to a more comparable evaluation of the operating results of the Group's competitors.

	YTD 2022	YTD 2021	Year 2021
+ Revenue	11 451	12 026	24 716
- Costs of goods and services	4 811	4 893	10 369
- Payroll expenses	4 290	4 348	8 600
- Other operating expenses	1 398	1 370	2 983
= EBITDA	952	1 414	2 765

	YTD 2022	YTD 2021	Year 2021
+ EBITDA	952	1 414	2 765
- Depreciation	664	606	1 240
= Adjusted operating profit	288	809	1 525

	YTD 2022	YTD 2021	Year 2021
+ Adjusted operating profit	288	809	1 525
/ Revenue	11 451	12 026	24 716
= Adjusted profit margin	2,5 %	6,7 %	6,2 %

	YTD 2022	YTD 2021	Year 2021
+ Adjusted operating profit	288	809	1 525
- Write-downs		3	68
+/- Other income and (expenses)	(345)	14	3
+ Share of profit or loss from associated companies	2	1	3
= EBIT	(55)	820	1 462

	YTD 2022	YTD 2021	Year 2021
+ EBIT	(55)	820	1 462
/ Revenue	11 451	12 026	24 716
= EBIT margin	(0,5 %)	6,8 %	5,9 %

Alternative Performance Measures

2nd quarter 2022 Posten Norge

Net interest-bearing debt (NIBD) and liquidity reserve

A primary objective of the Group's financial guidelines is to secure financial freedom of action for the Group. Such freedom makes it possible for the enterprise to operationalise strategies and reach its goals. The Group shall at all times have adequate access to capital to cover normal fluctuations in the Group's liquidity needs, refinancing risk and normal expansion rate without the need for special financing measures triggered by individual projects, i.e., adequate resources to realise the Group's approved strategies.

Net interest-bearing debt and the liquidity reserve are indicators of the Group's liquidity and are closely followed up by the Group's centralised finance function. The liquidity reserve is also an individual target that can be applied to assess the Group's liquidity requirements.

Net interest-bearing debt comprises both current and non-current interest-bearing debt, less commercial financial investments and cash and cash equivalents. The Group has covenants in connection with external financing. Compliance with the covenants is calculated on the basis of the Group's accounting figures. Net liabilities/EBITDA is one such covenant. The debt/equity ratio shows the share of equity related to both current and non-current debt.

The Group's liquidity reserve includes all assets available to finance operations and investments. It is split between amounts available according to current or non-current agreements and is a useful target figure in considering whether the Group has adequate liquidity to achieve the Group's approved strategy.

	30.06 2022	30.06 2021	31.12 2021
+ Interest-bearing non-current liabilities	3 833	3 523	4 187
+ Interest-bearing current liabilities	4 265	2 156	1 636
- Commercial financial investments	3 285	3 500	3 338
- Cash	3	11	4
- Bank deposits corporate cash-pool account		1 056	
- Bank deposits	92	80	106
= Net interest-bearing debt/(receivables)	4 718	1 033	2 376

	30.06 2022	30.06 2021	31.12 2021
+ Net interest-bearing debt/(receivables)	4 718	1 033	2 376
/ Equity on the balance sheet date	5 782	6 930	7 273
= Debt/equity ratio	0,8	0,1	0,3

	30.06 2022	30.06 2021	31.12 2021
+ Net interest-bearing debt/(receivables)	4 718	1 033	2 376
/ EBITDA last twelve months	2 302	3 201	2 765
= Net interest-bearing debt/(receivables)/EBITDA	2,0	0,3	0,9

	30.06 2022	30.06 2021	31.12 2021
+ Commercial financial investments	3 285	3 500	3 338
+ Syndicate facility	2 070	2 848	1 998
- Certificate loans	2 400	400	500
= Non-current liquidity reserve	2 955	5 948	4 836

	30.06 2022	30.06 2021	31.12 2021
+ Non-current liquidity reserve	2 955	5 948	4 836
+/- Deposits on group account		1 057	
+/- Deposits outside group account	92	79	106
+ Bank overdraft not utilised	198	500	495
= Current liquidity reserve	3 245	7 583	5 437

Invested capital and return on invested capital (ROIC)

The Group creates value for the owners by investing cash today that contributes to increased cash flows in the future. Value is generated as long as the business is growing and achieves a higher return on its invested capital (ROIC) than the cost of capital (WACC). It is a useful tool to measure whether the investments generate adequate return.

Items included in the calculation of invested capital are shown below:

	30.06 2022	30.06 2021	31.12 2021
+ Intangible assets	1 998	1 879	1 870
+ Tangible fixed assets	8 653	8 597	8 329
+ Current assets	7 206	7 779	7 429
- Total liquid assets	3 680	4 318	4 116
- Interest-bearing current assets	106	90	99
- Interest-free current liabilities	4 409	4 581	4 406
+ Tax payable	168	167	218
+ Dividends and group contributions	183	79	80
= Invested capital	10 014	9 513	9 305

*Last twelve months

	30.06 2022	30.06 2021	31.12 2021
+ Last 12 months' accumulated adjusted operating profit	1 004	1 845	1 525
/ Invested capital	10 014	9 513	9 305
= Return on invested capital (ROIC)	10,0 %	19,4 %	16,4 %

Other alternative performance measures

The Group uses and presents other individual performance measures considered to be useful for the market and the users of the Group's financial information. These measures are shown in the table below:

	YTD 2022	YTD 2021	Year 2021
+ Total investments in owned tangible fixed assets	620	430	1 278
- Investments due to acquisitions	59		215
= Investments before acquisitions	562	430	1 062

	30.06 2022	30.06 2021	31.12 2021
+ Profit after tax last 12 months	290	1 470	1 058
/ Average equity on balance sheet date*	6 336	6 815	7 320
= Return on equity after tax (ROE)	4,6 %	21,6 %	14,5 %

*(OB+CB)/2

	30.06 2022	30.06 2021	31.12 2021
+ Equity on balance sheet date	5 782	6 890	7 273
/ Equity and liabilities (total capital)	19 051	19 871	18 342
= Equity ratio	30,4 %	34,7 %	39,7 %