Quarterly Report 2023

2nd quarter 2023
Posten Bring

Message from the CEO

Posten Bring's first half-year brought higher growth in parcels from e-commerce than the rest of the market, and this has been further strengthened by increased second-hand and online shopping. The first half-year of 2023 has been characterised by uncertainty in the markets and thereby increased costs. The Group has succeeded in increasing productivity and cost effectiveness, particularly in the Norwegian network. We believe in the future and prepare for growth. We will continue to invest in new technology, new services, parcel boxes and terminal capacity in a sustainable manner.

Adjusted operating profit in the first half-year 2023 was MNOK 229, a decline of MNOK 59 compared with the first half-year 2022. Parcels from e-commerce (B2C) as a 12 months trend increased by 10 percent compared with last year. Addressed mail declined by 11,2 percent and unaddressed mail by 4,7 percent compared with last year, measured as a 12 months trend.

The inflation is still high, and we expect the cost level to be high in the time to come. The uncertainty this is causing for the private purchase power affects the market and the Group's income. The largest uncertainty is related to the development in volume for e-commerce parcels and the development in corporate market demand.

Customer loyalty is high, even though the Net Promotor Score (NPS) has been somewhat weakened from the first to the second quarter. NPS was 53,9 as per the second quarter against 53,3 at the same time last year.

Delivery quality is good. For the first half-year, 91,9 percent of addressed mail was delivered within 3 days – well above the national requirement of 85 percent.

Effective from 6 June, Posten Norge AS changed its company name to Posten Bring AS. The change was made to show the Group's operations and emphasise the important role of the logistics operations. The brands Posten and Bring remain unchanged.

In Sweden, it has been decided to build a new terminal in Jönköping to increase the capacity and prepare for growth. The terminal will be ready in 2025, and it will be twice as big as today's and become the hub in Swedish operations.

Parcel boxes are becoming an increasingly important delivery channel. The world's northernmost parcel box was placed in Svalbard in July. A newly developed solution makes parcel boxes available for even more customers all over Norway, as people with functional limitations themselves can choose from which hatch they wish to collect the delivery. In Sweden, Bring has started a cooperation with the charity organisation Stadsmissionen in Stockholm, which is engaged in second-hand trade in shops and online to stimulate to second-hand shopping and sustainable shopping habits. One of Bring's activities is to place parcel boxes in or outside Stadsmissionen's shops.

In order to explore solutions meeting the future's requirements in a digital society, Posten Bring and the Norwegian Association of Local and Regional Authorities (KS) cooperate in testing personal deliveries of mail at the doorstep, combined with the distribution of information letters from the municipality. Tests carried out in Ringsaker, Sogndal and Asker have had positive feedback such as strengthened dialogue between inhabitants, increased inclusion, and engagement in local activities.

Absence due to sickness as a 12 months trend was 6,6, the same level as the same time last year. The number of injuries declined, and the injury frequency as a 12 months trend ended on 6,3 compared with 7,4 at the same time in 2022.

I wish to thank our customers for good cooperation and our employees for their efforts.

Tone Wille
Group CEO

Highlights

The Group's revenue in the second quarter 2023 was MNOK 5 995, an increase of MNOK 181 compared with the second quarter 2022. Adjusted operating profit in the second quarter 2023 was MNOK 112, a decline of MNOK 22 compared with the second quarter 2022.

The Group's revenue in the first half-year 2023 was MNOK 11 922, an increase of MNOK 471 compared with the first half-year 2022. Organic growth in the half-year was 1,0. Adjusted operating profit in the first half-year 2023 was MNOK 229, a decline of MNOK 59 against the first half-year 2022.

Results in the Logistics segment in the first half-year 2023 declined compared with the first half-year last year, mainly due to a weak market development and a higher cost level caused by factors like high inflation in the period.

The result development in the Mail segment in the first half-year 2023 was positively affected by high import volumes and increased volumes of Norgespakken.

Operating profit (EBIT) in the first half-year 2023 was MNOK 227, an increase of MNOK 282 compared with the first half-year 2022. Other income/costs in the first half-year last year had a negative balance of MNOK 345, mainly related to the recognition of a pension obligation of MNOK 307 (the "Sliter scheme" decided in the 2018 wage agreement).

The financial result in the first half-year 2023 was negative by MNOK 133, an improvement of MNOK 11 compared with 2022. Interest costs increased in the first half-year 2023 compared with the same period last year, but this was set-off by higher unrealised gains on fund investments and value changes in financial instruments.

The Group's result before tax was MNOK 94 in the first half-year 2023, an increase of MNOK 293 compared with 2022. The result after tax was MNOK 70, an increase of MNOK 217 compared with 2022.

Return on equity (ROE) in the last 12 months was negative by 1,0 percent as at 30 June 2023, a reduction of 5,6 percentage points compared with the same period in 2022. Return on invested capital (ROIC) as at 30 June 2023 was 3,1 percent, a reduction of 7,0 percentage points compared with 2022.

Profit development (unaudited)

Q2 2023	Q2 2022		YTD 2023	YTD 2022	Year 2022
5 995	5 814	Revenue	11 922	11 451	23 429
519	479	EBITDA	991	952	1 790
122	144	Adjusted operating profit/(loss)	229	288	406
121	(161)	Operating profit/(loss) (EBIT)	227	(55)	(143)
(65)	(110)	Net financial items	(133)	(144)	(200)
55	(271)	Profit/(loss) before tax	94	(198)	(343)
43	**(203)**	**Profit/(loss) after tax**	**70**	**(147)**	**(277)**

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

See condensed financial statement

Key financial figures (unaudited)

		YTD 2023	YTD 2022	Year 2022
Adjusted profit margin	%	1,9	2,5	1,7
Operating profit (EBIT) margin	%	1,9	(0,5)	(0,6)
Equity ratio	%	30,8	30,4	29,9
Return on invested capital/ROIC*	%	3,1	10,0	3,8
Return on equity (after tax)*	%	(1,0)	4,6	(4,3)
Net interest-bearing debt		5 901	4 718	5 195
Investments, excluding acquisitions		704	562	1 276

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

*Last twelve months

Balance sheet (unaudited)

	30.06 2023	31.12 2022
ASSETS		
Non-current assets	13 037	12 449
Current assets	5 918	6 694
Assets	**18 955**	**19 143**
EQUITY AND LIABILITIES		
Equity	5 830	5 715
Provisions for liabilities	1 018	979
Non-current liabilities	5 563	3 976
Current liabilities	6 544	8 473
Equity and liabilities	**18 955**	**19 143**

The increase in non-current assets was mainly due to investments in terminals, machinery and IT related projects, increased right-of-use assets and positive translation differences, reduced by the period's depreciation.

Current assets were reduced, mainly related to a reduction in liquid assets due to investments and down payment of debt.

The increased equity is mainly a consequence of the period's result and positive translation differences.

The increase in non-current liabilities included two new bond loans and increased lease liabilities.

The reduction in current liabilities was primarily a result of down payment of credit facilities and net down payment of certificate loans and loan in Japanese yen, in addition to a reduction in interest-free current liabilities.

Cash flows (unaudited)

Q2 2023	Q2 2022		YTD 2023	YTD 2022	Year 2022
308	109	Cash flows from operating activities	435	123	1 197
(396)	(366)	Cash flows used in investing activities	(697)	(656)	(1 584)
(264)	172	Cash flows used in financing activities	(651)	463	(374)
(352)	**(85)**	**Change in liquid assets**	**(914)**	**(70)**	**(761)**
2 169	3 426	Liquid assets at the beginning of the period	2 683	3 448	3 448
(6)	38	Currency differences	43	2	(4)
1 811	**3 380**	**Liquid assets at the end of the period**	**1 811**	**3 380**	**2 683**

Cash flows from operating activities amounted to MNOK 435 in the first half-year 2023, mainly due to the positive operating result before depreciation. Reduced trade receivables contributed positively, whereas the reduction in trade and public taxes payables and a provision for accrued costs reduced cash flows.

Cash flows of MNOK 697 used in investing activities in the first half-year 2023 primarily comprised investments in operating assets.

Cash flows of MNOK 651 used in financing activities in the first half-year 2023 mainly concerned reduced lease obligations, down payment of loan in Japanese yen and credit facility, offset by a new bond loan and increased bank overdraft.

Market and development per segment (unaudited)

LOGISTICS

The segment comprises the divisions E-Commerce and Logistics, International Logistics and Next. Shelfless 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 and the service area home deliveries in the Nordics. Division International Logistics is responsible for customer-specific solutions for the offshore segment, large manufacturing customers and international freight forwarding in the Nordics. Next shall innovate and develop new business models and markets and maximise the value of portfolio companies and venture investments in the Nordics. Shelfless is an overall solution for effective and green warehouse services for companies with web shops.

Q2 2023	Q2 2022		YTD 2023	YTD 2022	Year 2022
4 772	4 675	Revenue	9 477	9 147	18 890
427	407	Operating profit before depreciation (EBITDA)	805	854	1 670
161	179	Adjusted operating profit/(loss)	296	407	740
164	**53**	**Segment operating profit/(loss) (EBIT)**	**297**	**281**	**383**

The Logistics segment's revenue was MNOK 9 477 in the first half-year 2023, an increase of MNOK 330 compared with the same period in 2022. Organic growth in the first half-year 2023 for the Logistics segment was 2,2 percent.

Despite weak market growth within e-commerce so far in 2023, the Group increased the parcel volume by 8,6 percent in the first half-year 2023 compared with the first half-year 2022. The Group also achieved a growth of 5,8 percent in the corporate market for parcels in the first half-year 2023 compared with the same period last year.

Adjusted operating profit for the Logistics segment was MNOK 296 in the first half-year 2023, a reduction of MNOK 111 compared with the same period in 2022. The result development was affected by a weak market development and a higher cost level in the period. Ongoing cost adjustments and measures carried out have contributed to keep costs down.

Operating profit (EBIT) was MNOK 297 in the first half-year 2023, an increase of MNOK 16 compared with the same period last year. Other income/costs in the first half-year last year had a negative balance of MNOK 127, mainly as a consequence of a pension obligation ("the Sliter scheme") that was recognised by 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. The service "Norgespakken" is also part of the division.

Q2 2023	Q2 2022		YTD 2023	YTD 2022	Year 2022
1 408	1 343	Revenue	2 814	2 709	5 398
155	112	Operating profit before depreciation (EBITDA)	273	190	392
33	11	Adjusted operating profit/(loss)	34	(13)	(32)
33	**(141)**	**Segment operating profit/(loss) (EBIT)**	**34**	**(203)**	**(196)**

The Mail segment's revenue increased by MNOK 105 in the first half-year 2023 compared with the first half-year 2022. The grants for government procurements of commercially non-viable postal services for 2023 have contributed to the increase in revenue, and in the revised national budget for 2023, an additional grant was made of which MNOK 53 have been taken to income in the first half-year 2023. The additional grant was given to compensate for the unexpected high price and cost growth in Norway and the corresponding increased expenses in the mail distribution network. Addressed mail fell by 11,5 percent and unaddressed mail by 11,2 percent in the first half-year 2023 compared with the first half-year 2022. Norgespakken had a positive volume growth of 20,2 percent in the first half-year 2023 compared with the same period last year.

Adjusted operating profit for the Mail segment was MNOK 34 in the first half-year 2023, an increase of MNOK 47 compared with the first half-year 2022. The positive profit development was mainly caused by profitable import volumes within addressed mail as well as a positive development of Norgespakken.

The operating profit (EBIT) in the first half-year 2023 was MNOK 34, an increase of MNOK 237 against the same period in 2022. Other income/costs in the first half-year last year had a negative balance of MNOK 190 of which MNOK 145 concerned the recognition of a pension obligation (the "Sliter scheme") in the Mail segment in addition to costs of MNOK 36 related to the restructuring of mail sorting from Bodø and Tromsø to Østlandsterminalen.

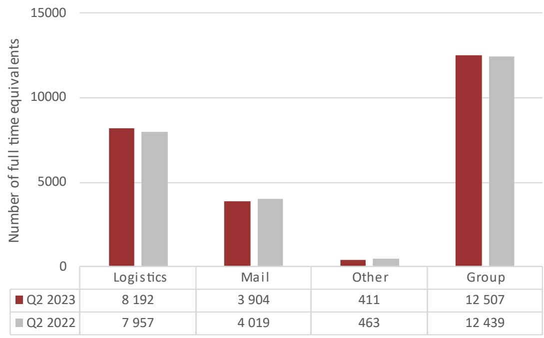
92,3 percent of addressed mail in the second quarter 2023 was delivered within 3 days, and 91,9 percent in the first half-year 2023 was delivered within 3 days. This was well above the licence requirement of 85 percent.

Other matters

HSE

Workforce[1]

The Group's workforce as at 30 June 2023 was 12 507 full-time equivalents, an increase of 68 full-time equivalents compared with the same period in 2022. The increase in the Logistics segment was mainly due to the employment of own drivers and increased parcel volumes. Employees have also been moved from Other to the Logistics segment. The reduction in the Mail segment primarily concerned declining mail volumes.



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. The Group's focus on systematic HSE initiatives has had good results.

In the second quarter 2023, absence due to sickness was 5,9 percent, the same level as the same period in 2022. The development has been particularly positive since the turn of the year 2022/2023 and reflects that the spreading of Covid-19 no longer dominates the absence development, even though cases still occur.

The total number of injuries per million worked hours (H2) was 3,5 in the second quarter 2023, a reduction of 2,1 from the same period last year. The number of injuries for this quarter declined from 27 in 2022 to 19 in 2023 - a reduction of 30 percent. The development in the injury frequency has been continuously positive since the autumn of 2021, with only a short increase towards the end of the first quarter this year. The 12 months trend is now 1,1 lower than a year ago. Focus on each employee's risk awareness and risk management has been the key to achieve a lower injury frequency and will continue to be a prioritised measure for improvement.

The external environment

Posten Bring has adopted a new climate and environment ambition where the Group shall be "A driving force in the transition to a low emission society". The ambition requires Posten Bring to be leading in the transition across industries in the Nordics. The Group shall work actively to reduce the impact on the environment, i.e., reduce the carbon dioxide emissions to counteract the damaging effects of the global heating as described in the Paris agreement.

In 2020, Posten Bring was the first company in the the industry in Norway to set climate targets in line with SBT (Science based targets). Work has now started to update targets to correspond with SBT's new Net Zero standard.

Regulatory issues

In the revised national budget, the Norwegian Parliament (Stortinget) decided to increase government procurements of commercially non-viable postal services from Posten Bring in 2023 by MNOK 106 to MNOK 1 176. The additional grant must be seen in connection with the high price and cost growth in Norway and the corresponding increased costs in the mail distribution network. Half of this amount was recognised as income in the first half-year 2023.

In June 2023, Stortinget passed amendments to the Postal Act - Prop. 81 LS (2022-2023) and White Paper 417 L (2022-2023). The changes concerned the implementation of the EU's parcel post regulation (about cross-country parcels), repeal of the requirement to establish a consumer complaints board and the introduction of shared responsibilities between Posten Bring and Nkom in the management of the public postal code system. It also included a change from "shall" to "may" in the postal tenderers' right to obtain certificates of good conduct at new appointments. In the White Paper, it was emphasised that the implementation of the parcel post regulation does not imply any extension of the Postal Act's scope in other respects. The amendments in general were effective from 1 July 2023, whereas the regulations on the public postal code system will take effect on 1 January 2024.

[1] Division Network Norway is divided between Segment Logistics and Segment Mail based on the type of services delivered to the two segments. The method for distributing number of full-time equivalents was changed in the 4th quarter of 2022, to better reflect the services provided, and comparative figures for previous quarters in 2022 have been updated accordingly.

As a result of several media stories about the mail delivery, particularly in Northern Norway, Nkom (the Norwegian Communications Authority) in a letter of 9 June 2023 directed Posten Bring to report on delivery times for mail subject to delivery on a regional level quarterly for 2023 and 2024.

Future outlook

The financial outlook for 2023 continue to be characterised by uncertainty. It seems that inflation has passed the top, although it remains high. The high price increase prove to be more persistent than previously assumed, and this will probably imply that the Bank of Norway will increase the policy rate further from the present level. High inflation and increasing interests weaken most people's purchasing power, and it is expected that 2023 will be another year with net wage decline for Norwegian households.

A recession or weak economic growth in the Nordics seems probable in 2023, with a more moderate recession in the following years. The National Bureau of Statistics (SSB) estimates that the GDP growth in mainland Norway will be 1,3 percent in 2023 and 1,6 in 2024[2]. In Sweden, a negative GDP growth of 0,4 percent is expected in 2023 before turning to a growth of 1,4 percent in 2024. [3] The economic market prospects are more uncertain than normal.

The logistics market is sensitive to the macroeconomic development, and this is quickly reflected in the volume development. The reduced purchasing power is expected to affect the demand for logistics services from the private consumers as well as the corporate market in the time to come. According to SSB[4], a measurement of turnover within e-commerce in Norway showed a decline in the first half-year 2023, and it is uncertain how e-commerce will develop in the future in Norway as well as in Sweden. Margins in the segment are exposed to pressure because of declining activities and price pressure from customers in combination with a higher cost level. For the Group, this requires focus on cost effectiveness balanced with measures to strengthen the Group's competitiveness. In the longer run, an underlying growth is nevertheless expected in e-commerce as a consequence of changed shopping habits.

The Group is making efforts to restructure the postal business in Norway and adjust the services to the digital society and new customer needs. Volumes within addressed mail are expected to continue to decline by approximately 10-15 percent each year, but the present regulatory framework provides limited opportunities for additional adjustments of postal services. Without changes in the delivery obligation, the levels of government procurements of commercial non-viable postal services will grow rapidly. The volumes within unaddressed mail are also sensitive to the macroeconomic development and can reduce the total market for unaddressed advertising in the time to come. There is, however, also an increase in parcels from second-hand trade and parcels sent between private individuals. It seems that the growth is driven by increased environmental awareness and a tighter private economy. The service Norgespakken is well adjusted to increased interest for second-hand trade and a circular economy and is expected to contribute positively to the result development in the Mail segment in the time to come.

A substantial part of Posten Bring's value creation depends on digital solutions. Digital solutions also entail vulnerability, and a global threat level. The risk for cyber attacks is increasing, and such attacks can have large operational, financial and reputation-wise consequences. The Group therefore works continuously with information security. Together with Posten Bring's partners, security measures and preparedness arrangements have been established to reduce risk.

Posten Bring will continue to be a driving force in the green shift and reduce emissions in line with the Paris agreement. The goal is that all vans and 80 percent of our own trucks shall be fossil-free in 2030, net zero emissions from transport by road in 2040 – and net zero emissions from the entire business in 2050. The Group must change rapidly to remain to be leading in the industry's development. We work systematically to develop more green services, invest in new technology and restructure the network to fossil-free transport, enter into new partnerships and have an influence on regulatory issues.

Despite a lower activity level in the market in 2023, Posten Bring is still increasing its market shares within several of the most important service areas. The efforts are concentrated on the Nordic market with the ambition to strengthen the positions, especially in Sweden, and we will continue to invest in new technology, new services, parcel boxes and terminal capacity in a sustainable manner. Focus will also be on reducing the growth in costs and pursue prioritised areas.

The extreme weather "Hans" hit large areas in Southern Norway in the beginning of August 2023. The extreme weather brought flood, landslides and overflowing and has caused much damage on the infrastructure and property. So far, Posten Bring has registered neither injuries, nor significant damage on properties as a consequence of the extreme weather. Closed roads and train connections have resulted in delays in the Group's deliveries, and we have worked with alternative delivery routes. The financial consequences of the the extreme weather are closely followed up by the Group, but so far not considered significant.

[2] Konjunkturtendensene (ssb.no)
[3] Konjunkturläget - Konjunkturinstitutet
[4] Omsetning i varehandel (ssb.no)

Financial Report

2nd quarter 2023
Posten Bring

Condensed income statement

Q2 2023	Q2 2022		Note	YTD 2023	YTD 2022	Year 2022
5 995	**5 814**	**Revenue**	**1,2**	**11 922**	**11 451**	**23 429**
2 434	2 453	Costs of goods and services		4 898	4 811	10 072
2 316	2 183	Payroll expenses		4 535	4 290	8 518
397	335	Depreciation and amortisation	3,4	763	664	1 384
5		Write-downs	3,4	5		185
726	700	Other operating expenses		1 498	1 398	3 050
5 878	**5 671**	**Operating expenses**		**11 699**	**11 163**	**23 208**
	(306)	Other income and (expenses)	6		(345)	(371)
4	2	Share of profit from associated companies		4	2	7
121	**(161)**	**Operating profit/(loss)**	**1**	**227**	**(55)**	**(143)**
(65)	(110)	Net financial items		(133)	(144)	(200)
55	**(271)**	**Profit/(loss) before tax**		**94**	**(198)**	**(343)**
13	(68)	Tax expense		25	(51)	(66)
43	**(203)**	**Profit/(loss) after tax**		**70**	**(147)**	**(277)**
43	(202)	Controlling interests		71	(147)	(271)
(1)	(1)	Non-controlling interests		(1)		(5)

Condensed statement of comprehensive income

Q2 2023	Q2 2022		YTD 2023	YTD 2022	Year 2022
43	**(203)**	**Profit/(loss) after tax**	**70**	**(147)**	**(277)**
(5)		Pension remeasurement	(5)		47
(5)		**Items that will not be reclassified to income statement**	**(5)**		**47**
(11)	60	Translation differences	107	(5)	(25)
8	(14)	Hedging of net investment	(26)		13
(3)	**46**	**Total translation differences**	**81**	**(5)**	**(12)**
(20)	**(5)**	**Cash flow hedging**	**(19)**	**(19)**	**(17)**
(23)	**41**	**Items that will be reclassified to income statement**	**62**	**(25)**	**(29)**
(28)	**41**	**Other comprehensive income**	**57**	**(25)**	**18**
15	**(162)**	**Total comprehensive income**	**127**	**(172)**	**(259)**
		Total comprehensive income is distributed as follows:			
15	(161)	Controlling interests	127	(172)	(253)
(1)	(1)	Non-controlling interests	(1)		(5)

(The information in this document has not been audited. All amounts are in MNOK.)

Condensed balance sheet

	Note	30.06 2023	31.12 2022
ASSETS			
Intangible assets	3	2 096	2 027
Deferred tax asset		282	251
Tangible fixed assets	3	6 830	6 498
Right-of-use assets	4	3 433	3 266
Other financial assets	7	396	407
Non-current assets		**13 037**	**12 449**
Interest-free current receivables		4 000	3 895
Interest-bearing current receivables	7	107	116
Liquid assets	7	1 811	2 683
Current assets		**5 918**	**6 694**
Assets		**18 955**	**19 143**
EQUITY AND LIABILITIES			
Share capital		3 120	3 120
Other equity		2 657	2 529
Non-controlling interests		53	66
Equity		**5 830**	**5 715**
Deferred tax liability		43	43
Other provisions for liabilities		976	936
Provisions for liabilities		**1 018**	**979**
Non-current lease liabilities	4	2 954	2 837
Interest-bearing non-current liabilities	5,7	2 556	1 111
Interest-free non-current liabilities	7	53	29
Non-current liabilities		**5 563**	**3 976**
Current lease liabilities	4	807	743
Interest-bearing current liabilities	5,7	1 395	3 187
Interest-free current liabilities	7	4 342	4 524
Tax payable			19
Current liabilities		**6 544**	**8 473**
Equity and liabilities		**18 955**	**19 143**

(The information in this document has not been audited. All amounts are in MNOK.)

Condensed statement of changes in equity

	Controlling interests							
	Share capital	Share premium reserves	Hedging reserve	Transl. diff	Retained earnings	Other equity	Non-contr. interests	Total equity
Equity 01.01.2023	**3 120**	**992**	**(23)**	**136**	**1 423**	**2 529**	**66**	**5 715**
Profit/(loss) for the period					71	71	(1)	70
Other comprehensive income			(19)	81	(5)	57		57
Total comprehensive income			**(19)**	**81**	**66**	**127**	**(1)**	**127**
Dividend							(13)	(13)
Changes in non-contr. interests							1	1
Equity 30.06.2023	**3 120**	**992**	**(42)**	**217**	**1 489**	**2 657**	**53**	**5 830**

	Controlling interests							
	Share capital	Share premium reserves	Hedging reserve	Transl. diff	Retained earnings	Other equity	Non-contr. interests	Total equity
Equity 01.01.2022	**3 120**	**992**	**(6)**	**149**	**2 969**	**4 104**	**49**	**7 273**
Profit/(loss) for the period					(271)	(271)	(5)	(277)
Other comprehensive income			(17)	(12)	47	18		18
Total comprehensive income			**(17)**	**(12)**	**(225)**	**(253)**	**(5)**	**(259)**
Dividend					(1 315)	(1 315)	(3)	(1 318)
Changes in non-contr. interests				(1)	(5)	(7)	26	19
Equity 31.12.2022	**3 120**	**992**	**(23)**	**136**	**1 423**	**2 529**	**66**	**5 715**

As at 30 June 2023, 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 on 6 June 2023, it was decided not to pay out dividend for the accounting year 2022, in accordance with the Board's proposal.

(The information in this document has not been audited. All amounts are in MNOK.)

Condensed statement of cash flows

Q2 2023	Q2 2022		YTD 2023	YTD 2022	Year 2022
55	(271)	Profit/(loss) before tax	94	(198)	(343)
(42)	(40)	Tax paid in period	(51)	(192)	(213)
(6)	(2)	(Gain)/loss from sales of non-current asset and subsidiaries	(12)	(7)	(11)
402	338	Ordinary depreciation and write-downs	768	667	1 568
(4)	(2)	Share of profit/(loss) from associated companies	(4)	(2)	(7)
53	95	Financial items without cash flow effect	107	146	213
(84)	(31)	Changes in receivables and payables	(45)	(6)	(127)
(2)	104	Changes in other working capital	(295)	(140)	328
(10)	(2)	Changes in other accruals	(22)	(10)	(26)
59	1	Interests received	62	2	9
(113)	(82)	Interests paid	(167)	(136)	(197)
308	**109**	**Cash flows from operating activities**	**435**	**123**	**1 197**
(373)	(336)	Investments in non-current assets	(704)	(562)	(1 276)
		Cash-effect from purchases of businesses		(51)	(191)
		Cash-effect from purchases and sales of other shares	(3)	(22)	(136)
	(7)	Cash-effect from purchase of associated companies		(28)	(22)
17	(22)	Proceeds from sales of non-current assets	24	10	21
(8)	7	Cash-effect from sale of businesses	(10)	6	6
(31)	(8)	Changes in other financial non-current assets	(5)	(11)	13
(396)	**(366)**	**Cash flows used in investing activities**	**(697)**	**(656)**	**(1 584)**
(221)	(184)	Payment of lease liabilities	(416)	(364)	(757)
1 000	1 650	Proceeds from non-current and current debt raised	1 500	1 900	2 000
(1 056)	(56)	Repayment of borrowings	(1 854)	(56)	(461)
13	77	Decrease/increase in bank overdraft	119	297	159
	(1 315)	Dividends paid		(1 315)	(1 315)
(264)	**172**	**Cash flows used in financing activities**	**(651)**	**463**	**(374)**
(352)	**(85)**	**Change in liquid assets**	**(914)**	**(70)**	**(761)**
2 169	3 426	Liquid assets at the beginning of the period	2 683	3 448	3 448
(6)	38	Currency differences	42	2	(4)
1 811	**3 380**	**Liquid assets at the end of the period**	**1 811**	**3 380**	**2 683**

(The information in this document has not been audited. All amounts are in MNOK.)

SELECTED ADDITIONAL INFORMATION

General

Posten Bring 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 Bring AS' address is Biskop Gunnerus gate 14, 0001 Oslo, Norway.

This condensed interim report has been prepared in accordance with IFRS (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 2022 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 2022 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 2022 is available at www.postenbring.no

NOTES TO THE ACCOUNTS

Note 1 Segments

Posten Bring'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 Bring'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 2022 Integrated report.

Revenue per segment

Q2 2023	Q2 2022	Revenue	YTD 2023	YTD 2022	Year 2022
4 689	4 577	External revenue	9 313	8 952	18 471
82	98	Internal revenue	164	194	419
4 772	**4 675**	**Logistics**	**9 477**	**9 147**	**18 890**
1 307	1 237	External revenue	2 609	2 499	4 958
102	105	Internal revenue	205	211	441
1 408	**1 343**	**Mail**	**2 814**	**2 709**	**5 398**
278	372	Internal revenue	576	749	1 505
278	**371**	**Other**	**576**	**748**	**1 505**
(463)	(574)	Eliminations	(944)	(1 153)	(2 364)
5 995	**5 814**	**Group**	**11 922**	**11 451**	**23 429**

Profit per segment

Q2 2023	Q2 2022	Operating profit before depreciation (EBITDA)	YTD 2023	YTD 2022	Year 2022
427	407	Logistics	805	854	1 670
155	112	Mail	273	190	392
(63)	(39)	Other	(86)	(91)	(269)
519	**479**	**Group**	**991**	**952**	**1 790**

Q2 2023	Q2 2022	Adjusted operating profit/(loss)	YTD 2023	YTD 2022	Year 2022
161	179	Logistics	296	407	740
33	11	Mail	34	(13)	(32)
(71)	(46)	Other	(101)	(106)	(301)
122	**144**	**Group**	**229**	**288**	**406**

Q2 2023	Q2 2022	Operating profit/(loss) (EBIT)	YTD 2023	YTD 2022	Year 2022
164	53	Logistics	297	281	383
33	(141)	Mail	34	(203)	(196)
(76)	(73)	Other	(106)	(133)	(329)
121	**(161)**	**Group**	**227**	**(55)**	**(143)**

(The information in this document has not been audited. All amounts are in MNOK.)

Investments per segment

Investments	YTD 2023	YTD 2022	Year 2022
Logistics	510	416	942
Mail	194	146	334
Group	**704**	**562**	**1 276**

Note 2 Revenue

The Group's revenue is primarily generated by terminal and transport services of mail, parcels, freight and freight forwarding.

Q2 2023	Q2 2022		YTD 2023	YTD 2022	Year 2022
2 162	1 898	Parcel services	4 233	3 738	7 951
1 989	2 228	Freight and forwarding	3 992	4 275	8 966
431	383	Warehousing	868	761	1 191
106	68	Other business in Logistics segment	220	178	363
4 689	**4 577**	**External revenue Logistics segment**	**9 313**	**8 952**	**18 471**
719	791	Addressed/Unaddressed mail	1 489	1 627	3 167
93	81	Norgespakken	188	171	379
320	202	Government procurements	587	376	731
175	164	Other business in Mail segment	346	326	682
1 307	**1 237**	**External revenue Mail segment**	**2 609**	**2 499**	**4 958**
5 995	**5 814**	**Revenue**	**11 922**	**11 451**	**23 429**

Note 3 Intangible assets and tangible fixed assets

	Intangible assets	Tangible assets
Carrying amount 01.01.2023	**2 027**	**6 498**
Additions	124	581
Additions from acquisitions	1	
Disposals		(21)
Depreciation	(76)	(267)
Write-downs	(4)	(1)
Translation differences	25	34
Carrying amount 30.06.2023	**2 096**	**6 830**

Investments in owned assets in the first half-year 2023 amounted to MNOK 704. Investments in intangible assets was mainly related to IT solutions and constituted MNOK 122. Approximately MNOK 295 of the MNOK 581 invested in tangible fixed assets concerned buildings and property, and the rest mainly comprised terminal equipment, vehicles and other operating equipment. MNOK 510 of total investments concerned the Logistics segment.

No need for any write-downs of assets has been identified in the first half-year 2023.

Note 4 Leases

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

	30.06 2023	31.12 2022
Right-of-use assets	**3 433**	**3 266**
Non-current lease liabilities	2 954	2 837
Current lease liabilities	807	743
Lease liabilities	**3 761**	**3 580**

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

Q2 2023	Q2 2022		YTD 2023	YTD 2022	Year 2022
222	183	Depreciation	420	365	765
		Write-downs			19
36	27	Interest expense on lease liabilities	69	54	116

Note 5 Interest-bearing non-current and current liabilities

The Group’s interest-bearing liabilities include:

	30.06 2023	31.12 2022
Bond loans	2 500	1 000
Liabilities to credit institutions	56	111
Interest-bearing non-current liabilities	**2 556**	**1 111**
Non-current liabilities to credit institutions due within one year	111	488
Certificate loans	1 000	1 250
Other interest-bearing non-current liabilities	283	1 449
Interest-bearing current liabilities	**1 395**	**3 187**

The increase in interest-bearing non-current liabilities as at 30 June 2023 compared with 31 December 2022 is due to two new green bond loans of MNOK 500 and MNOK 1 000, respectively. Ordinary instalments on liabilities to credit institutions were also paid.

The reduction in interest-bearing current liabilities as at 30 June 2023 compared with 31 December 2022 is mainly a consequence of down payment of credit facilities, repayment of non-current liabilities to credit institutions due within one year and down payment of certificate loans. This was partly offset by increased utilisation of bank overdraft.

Total certificate loans amounted to MNOK 1 000 as at 30 June 2023, MNOK 250 lower than at 31 December 2022.

As at 30 June 2023, MNOK 283 were drawn on the Group’s bank overdraft. The Group’s credit facility had not been utilised.

The weighted average interest rate on Posten Bring’s outstanding interest-bearing liabilities was 4,2 percent as at 30 June 2023.

Note 6 Other income and expenses

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

Q2 2023	Q2 2022		YTD 2023	YTD 2022	Year 2022
		Restructuring costs		(36)	(36)
	(306)	Other income/(expenses)		(308)	(335)
	(306)	**Total other income and (expenses)**		**(345)**	**(371)**

There were no significant other income and expenses in the first half-year 2023. Restructuring costs in 2022 concerned the move of letter production and route clearance from Bodø and Tromsø to Østlandsterminalen. Other expenses in the first half-year 2022 mainly related the recognition of a pension obligation (the “Sliter scheme” determined in the wage settlement in 2018).

Note 7 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 2022 Integrated report.

The Group had the following financial assets and liabilities measured at fair value as at 30 June 2023:

		At fair value (FV)			At amortised cost		
	Level	Fair value over profit or loss	Derivatives at fair value over profit or loss	Derivatives at fair value over OCI	Receiv-ables	Other financial liabilities	30.06.2023
Assets							
Interest-bearing non-current receivables					64		64
Other financial non-current assets	2	243		2	25		270
Interest-free current receivables	2			4	3 996		4 000
Interest-bearing current receivables					107		107
Liquid assets					1 811		1 811
Financial assets							**6 252**
Liabilities							
Non-current lease liabilities						2 954	2 954
Interest-bearing non-current liabilities						2 556	2 556
Interest-free non-current liabilities	2			53		1	53
Current lease liabilities						807	807
Interest-bearing current liabilities						1 395	1 395
Interest-free current liabilities, incl. tax payable	2			16		4 326	4 342
Financial liabilities							**12 107**
Total value hierarchy level 1 (net)							
Total value hierarchy level 2 (net)		243		(63)			181
Total value hierarchy level 3 (net)							

(The information in this document has not been audited. All amounts are in MNOK.)

The Group had the following financial assets and liabilities measured at fair value as at 31 December 2022:

		At fair value (FV)			At amortised cost		
	Level	Fair value over profit or loss (FVO)	Derivatives at fair value over profit or loss	Derivatives at fair value over OCI	Receiv-ables	Other financial liabilities	31.12.2022
Assets							
Interest-bearing non-current receivables		0		0	73		73
Other financial non-current assets	2	251		1	21		274
Interest-free current receivables	2	0	79	11	3 805		3 895
Interest-bearing current receivables		0		0	116		116
Liquid assets		0		0	2 683		2 683
Financial assets		0		0			**7 041**
Liabilities							
Non-current lease liabilities		0		0		2 837	2 837
Interest-bearing non-current liabilities		0		0		1 111	1 111
Interest-free non-current liabilities	2	0		28		1	29
Current lease liabilities		0		0		743	743
Interest-bearing current liabilities	2	377		0		2 810	3 187
Interest-free current liabilities, incl. tax payable	2	0		1		4 542	4 543
Financial liabilities		0		0			**12 449**
Total value hierarchy level 1 (net)		0		0			0
Total value hierarchy level 2 (net)		(126)	79	(16)			(63)
Total value hierarchy level 3 (net)		0		0			0

* Includes fair value option

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 8 Changes in the Group's structure

Purchases

There were no significant purchases in the first half-year 2023.

Sales

In December 2022, a letter of intent on the sale of Espeland Transport AS was made. For this reason, an expected loss on the sale of MNOK 12,5 was provided for as a self-imposed obligation in 2022. Espeland Transport AS was sold in the beginning of 2023. At the time of the sale, the estimated loss did not require any significant adjustment.

Other changes

There have been no other significant changes in the Group's structure during the first half-year 2023.

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 2023 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, 24 August 2023

The Board in Posten Bring

Anne Carine Tanum

Chair

Patrik Olstad Berglund	Liv Fiksdahl	Finn Kinserdal
Board member	*Board member*	*Board member*
Lars Nilsen	Tove Gravdal Rundtom	Tina Vibeke Stiegler
Board member	*Board member*	*Board member*
Pål Wibe	Ann Elisabeth Wirgeness	Gerd Øiahals
Board member	*Board member*	*Board member*

Tone Wille

Group CEO

Alternative Performance Measures

2nd quarter 2023
Posten Bring

Alternative Performance Measures

The Group's financial information has been prepared in accordance with international accounting standards (IFRS). 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 2023	YTD 2022	Year 2022
+	Revenue (current year)	11 922	11 451	23 429
-	Revenue (last year)	11 451	12 026	24 716
=	**Nominal change in revenue**	**471**	**(575)**	**(1 287)**

		YTD 2023	YTD 2022	Year 2022
+	Nominal change in revenue	471	(575)	(1 287)
+/-	Impact of exchange rates	(225)	126	233
+/-	Acquisitions of companies	(3)	(163)	(344)
+/-	Sale of companies	86	1 219	2 608
+/-	Change in government procurements	(211)	(113)	(195)
=	**Organic change in revenue**	**118**	**494**	**1 015**

		YTD 2023	YTD 2022	Year 2022
+	Organic change in revenue	118	494	1 015
/	Adjusted revenue (last year)*	11 365	10 970	22 453
=	**Organic growth**	**1,0%**	**4,5 %**	**4,5 %**

*Adjusted revenue (last year) is revenue adjusted for acquisition and sale of companies

(The information in this document has not been audited. All amounts are in MNOK.)

Operating profit before depreciation (EBITDA), adjusted operating profit/(loss), operating profit/(loss) (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/(loss)'. The adjusted operating profit/(loss) is EBITDA before write-downs and other income and expenses but includes depreciation. Operating profit/(loss) (EBIT) includes the Group's write-downs, other income and expenses, and result from associated companies and joint ventures.

The target figures are valuable for the users of Posten Bring'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 not ordinary sales of 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 2023	YTD 2022	Year 2022
+	Revenue	11 922	11 451	23 429
-	Costs of goods and services	4 898	4 811	10 072
-	Payroll expenses	4 535	4 290	8 518
-	Other operating expenses	1 498	1 398	3 050
=	**EBITDA**	**991**	**952**	**1 790**

		YTD 2023	YTD 2022	Year 2022
+	EBITDA	991	952	1 790
-	Depreciation	763	664	1 384
=	**Adjusted operating profit/(loss)**	**229**	**288**	**406**

		YTD 2023	YTD 2022	Year 2022
+	Adjusted operating profit/(loss)	229	288	406
/	Revenue	11 922	11 451	23 429
=	**Adjusted profit margin**	**1,9 %**	**2,5 %**	**1,7 %**

		YTD 2023	YTD 2022	Year 2022
+	Adjusted operating profit/(loss)	229	288	406
-	Write-downs	5		185
+/-	Other income and (expenses)		(345)	(371)
+	Share of profit or loss from associated companies	4	2	7
=	**EBIT**	**227**	**(55)**	**(143)**

		YTD 2023	YTD 2022	Year 2022
+	EBIT	227	(55)	(143)
/	Revenue	11 922	11 451	23 429
=	**EBIT margin**	**1,9 %**	**(0,5%)**	**(0,6%)**

(The information in this document has not been audited. All amounts are in MNOK.)

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 agreements in the short and long term and is a useful target figure in considering whether the Group has adequate liquidity to achieve the Group's approved strategy.

		30.06 2023	30.06 2022	31.12 2022
+	Interest-bearing non-current liabilities	5 510	3 833	3 947
+	Interest-bearing current liabilities	2 202	4 265	3 930
-	Commercial financial investments	1 690	3 285	2 581
-	Cash	1	3	1
-	Bank deposits	120	92	100
=	**Net interest-bearing debt/(receivables)**	**5 901**	**4 718**	**5 195**

		30.06 2023	30.06 2022	31.12 2022
+	Net interest-bearing debt/(receivables)	5 901	4 718	5 195
/	Equity on the balance sheet date	5 830	5 782	5 715
=	**Debt/equity ratio**	**1,0**	**0,8**	**0,9**

		30.06 2023	30.06 2022	31.12 2022
+	Net interest-bearing debt/(receivables)	5 901	4 718	5 195
/	EBITDA last twelve months	1 829	2 302	1 790
=	**Net interest-bearing debt/(receivables)/EBITDA**	**3,2**	**2,0**	**2,9**

		30.06 2023	30.06 2022	31.12 2022
+	Commercial financial investments	1 690	3 285	2 581
+	Bilateral credit facilities	3 341	2 070	1 853
-	Certificate loans	1 000	2 400	1 250
=	**Long-term liquidity reserve**	**4 031**	**2 955**	**3 184**

		30.06 2023	30.06 2022	31.12 2022
+	Long-term liquidity reserve	4 031	2 955	3 184
+/-	Deposits outside group account	120	92	100
+	Bank overdraft not utilised	217	198	336
=	**Short-term liquidity reserve**	**4 367**	**3 245**	**3 620**

(The information in this document has not been audited. All amounts are in MNOK.)

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 2023	30.06 2022	31.12 2022
+	Intangible assets	2 107	1 998	2 111
+	Tangible fixed assets	9 689	8 653	9 130
+	Current assets	6 647	7 206	7 032
-	Total liquid assets	2 691	3 680	3 230
-	Interest-bearing current assets	116	106	115
-	Interest-free current liabilities	4 300	4 409	4 332
+	Tax payable	5	168	57
+	Dividends and group contributions	1	183	102
=	**Invested capital**	**11 342**	**10 014**	**10 756**

*Last twelve months

		30.06 2023	30.06 2022	31.12 2022
+	Last 12 months' accumulated adjusted operating profit	347	1 004	406
/	Invested capital	11 342	10 014	10 756
=	**Return on invested capital (ROIC)**	**3,1 %**	**10,0 %**	**3,8 %**

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 2023	YTD 2022	Year 2022
+	Total investments in owned tangible fixed assets	706	620	1 512
-	Investments due to acquisitions	2	59	236
=	**Investments before acquisitions**	**704**	**562**	**1 276**

		30.06 2023	30.06 2022	31.12 2022
+	Profit after tax last 12 months	(60)	290	(277)
/	Average equity on balance sheet date*	5 806	6 336	6 494
=	**Return on equity after tax (ROE)**	**(1,0%)**	**4,6%**	**(4,3%)**

*(OB+CB)/2

		30.06 2023	30.06 2022	31.12 2022
+	Equity on balance sheet date	5 830	5 782	5 715
/	Equity and liabilities (total capital)	18 945	19 051	19 143
=	**Equity ratio**	**30,8 %**	**30,4 %**	**29,9 %**

(The information in this document has not been audited. All amounts are in MNOK.)