Trust in tough times

Integrated annual report 2022

Posten Norge

Integrated annual report 2022

This is Posten Norge's integrated annual report for 2022. It has been prepared in accordance with the International Framework for Integrated Reporting <IR>. The report provides a comprehensive explanation of the Group's strategy, business model and value creation.

You can read about how we have created value for people, the environment and society through 2022. In addition to this report, you will find a separate fact booklet; "Sustainability at Posten", which meets the requirements of the GRI Standards, and also the stand alone reports "Executive Remuneration Report 2022" and "Green Bonds".

<IR> Framework
Integrated reporting is an internationally recognised framework that bridges the gap between financial and non-financial reporting. The Integrated Reporting Framework is now part of The International Financial Reporting Standards Foundation, IFRS Foundation.

https://www.integratedreporting.org

GRI Standards
Posten and Bring report in line with standards from the Global Reporting Initiative (GRI). The standards are designed to improve comparability across borders and ensure the quality of information about the impacts that organisations have on their surroundings. This, in turn, will enable greater transparency and accountability for organisations.

https://www.globalreporting.org

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2 The work of the Board

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Part 1
About us

We will reach out to customers and the market faster with new and better solutions. Why is this important to us?

Because renewal is the key to survival.

Key figures	2022	2021	2020	2019	2018	2017
Operating revenues NOK million	**23 429**	24 716	23 996	24 212	23 894	24 678
Adjusted earnings (EBIT) NOK million	**406**	1 525	1 423	808	531	703
Adjusted operating margin in percent	**1.7%**	6.2%	5.9%	3.3%	2.2%	2.8%
Operating profit/loss (EBIT) NOK million	**(143)**	1 462	1 485	162	415	692
Profit before tax NOK million	**(343)**	1 352	1 344	21	366	621
Return on invested capital in percent [1]	**3.8%**	16.4%	14.1%	7.4%	7.3%	9.8%
Cash flow from operating activities	**1 197**	1 837	2 607	2 143	598	592
Equity NOK millions NOK million [2]	**5 715**	7 273	7 367	6 363	6 481	6 375
Total capital NOK millions NOK million [2]	**19 143**	18 342	19 643	19 867	16 071	16 962
Return on equity after tax (ROE) in percent	**(4.3%)**	14.5%	16.4%	0.2%	3.9%	6.3%
Equity to assets ratio	**29.9%**	39.7%	37.5%	32.0%	40.3%	37.6%
Debt ratio	**0.9**	0.3	0.1	0.6	0.0	0.0
Number of employees	**12 750**	12 561	12 919	14 270	15 021	17 226
Sickness absence in percent	**6.9%**	6.0%	6.0%	5.9%	6.0%	5.9%
H2 injury rate [3]	**7.0**	9.3	7.0	7.8	8.7	6.5
Percentage of female managers	**29%**	30%	28%	27%	28%	29%
Employee commitment	**5.9**	5.9	5.9	5.8	6.0	-
Reputation (Ipsos) percent with a positive impression	**68%**	66%	74%	62%	62%	60%
NPS (Customer Barometer) [4]	**54**	51	48	39	36	34
CO_2 emissions aggregate reduction per year in percent, base year 2012 [5]	**55%**	52%	46%	39%	37%	34%
CO_2 emissions grammes per NOK earned [5]	**13.6**	13.6	15.8	17.9	18.5	18.8
Share of vehicles running on renewable energy sources [6]	**2 529**	2 249	1 577	1 451	1 242	1 593
Parcels quantity in thousands [7]	**94 703**	90 085	77 838	59 945	53 649	44 369
Letters quantity addressed in thousands	**346 024**	388 795	438 148	542 793	602 764	691 671

In line with IFRS 16 Leases, the accounts figures for 2018 and previous years have not been restated.

For a description of the alternative performance measures used in the annual report, see «Alternative performance measures» on page 194.

[1] Calculated based on adjusted operating profit.
[2] The figures have been taken from published financial statements. The figures have not been restated in relation to changes to policies or other changes that have been made.
[3] The rate of work-related injuries per million working hours.
[4] 2017-2019 are comparable. 2020-2021 New baseline, entire Service network included.
[5] Changed so that historical development reflects the development of the climate accounts and is now based on readjustment of WTT emissions and emissions associated with commuting.
[6] Includes owned and purchased transport.
[7] Parcels to the private and business market in the Nordic region.

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Trust in tough times

At Posten and Bring we work every day to earn the trust we are shown.

Trust is always important, but it is especially crucial in difficult times. 2022 was another challenging year for us in many ways. Uncertainty has become the new normal. Three extraordinary years have taught us that it is difficult to plan for the future.

During the pandemic, the Group delivered record volumes and record results. This past year has been characterised by the war in Ukraine, high energy prices and increased inflation, which has led to great unpredictability.

The financial result in 2022 reflects the situation we are in, with dramatic cost increases that have affected our margins. The uncertainty also means that consumption patterns are changing and e-commerce is declining.

In such situations, it is easy to lose confidence, both in ourselves and in others. That's why I'm so proud of those results we have managed to achieve at Posten and Bring, despite a demanding market. We take market share, we deliver as agreed, customers are satisfied with us and customer loyalty is higher than before.

We are constantly making improvements in line with our main goals of being the customer's first choice, a leader in technology and innovation, and the best at sustainable value creation.

Cutting emissions and testing new technology

In 2022, we have continued to reduce our emissions in line with the targets in the Paris Agreement. We have reduced our CO_2 emissions by 55 percent since 2012. We have received recognition for the work we do for the climate and the environment with several external

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By constantly showing a willingness to change and adapting to the reality in which we operate, we have also managed to stay in the driver's seat and maintain our market position within a sustainable framework.

awards. Here I would like to highlight the Sustainable Brand Index, where Posten and Bring came in first and second place respectively for companies Norwegians perceive to be the most sustainable, within our industry.

In the past year, we have paid extra attention to social sustainability, which, among other things, involves being a responsible social actor and employer in our own business and in our supply chain. This will also be important in the future.

We continue to deliver on new technology and innovation. A data-driven value chain has been introduced to support production and enable service development with increased flexibility for customers. Through the use of machine learning, we can more accurately predict the time of delivery for the selected service throughout Norway. We have also tested out robotic technology and drone deliveries, and invested in new ventures that drive innovation relevant to the Group in various ways.

375 years - Norway's oldest and most innovative company

In 2022, Posten celebrated its 375th anniversary. On 17 January 1647, the Danish governor Hannibal Sehested established postal services in Norway. This makes Posten Norway's oldest company still in operation. The anniversary was celebrated with the publication of anniversary stamps, an anniversary advertisement film and a marking for all employees. Admittedly it was a digital one, as the pandemic limited in-person events at the time.

A lot has happened since 1647 and Hannibal Sehested would hardly have recognized the company he started if he had seen us today. But one thing has been consistent throughout our history, and that is the ability to renew ourselves. By constantly showing a willingness to change and adapting to the reality in which we operate, we have also managed to stay in the driver's seat and maintain our market position within a sustainable framework.

I like to say that innovation is in our DNA. Being 375 years old and being named Norway's most innovative business twice since 2017 is something we are proud of. It shows that we have managed to adapt in step with societal development, but it is also a necessity to ensure long-term viability.

Always evolving

In 2022, we have made several organisational changes in order to be best equipped for the future. I am impressed by our 12,750 employees in all parts of the organisation. Again, they show a willingness to change, to think anew, to develop new ideas and to make the best of the situation we are in.

2023 is also going to be challenging. Inflation is at a high level and we expect a high cost level going forward. This is not unique to us – it affects everyone, both companies and private individuals in the Nordics, Europe and the world.

This means that we must prioritise, cut back where necessary and at the same time invest where required to ensure volume growth and long-term competitiveness. This is the only way we can continue to deliver packages and services to satisfied customers across our Nordic distribution network.

I would like to extend a big thank you to all our employees, employee representatives, customers, partners and suppliers for their good collaboration in the past year. We are grateful for the trust you show us.

Posten Norge is a Nordic mail and logistics group

Our vision is "We make everyday life simpler and the world smaller".

Posten is our service to the Norwegian people
Posten delivers parcels and letters to private individuals throughout Norway.

posten

No one knows Norway better

Bring is our service for the Nordic market
Bring provides solutions for corporate customers on the Nordic market and for private customers outside Norway.

bring

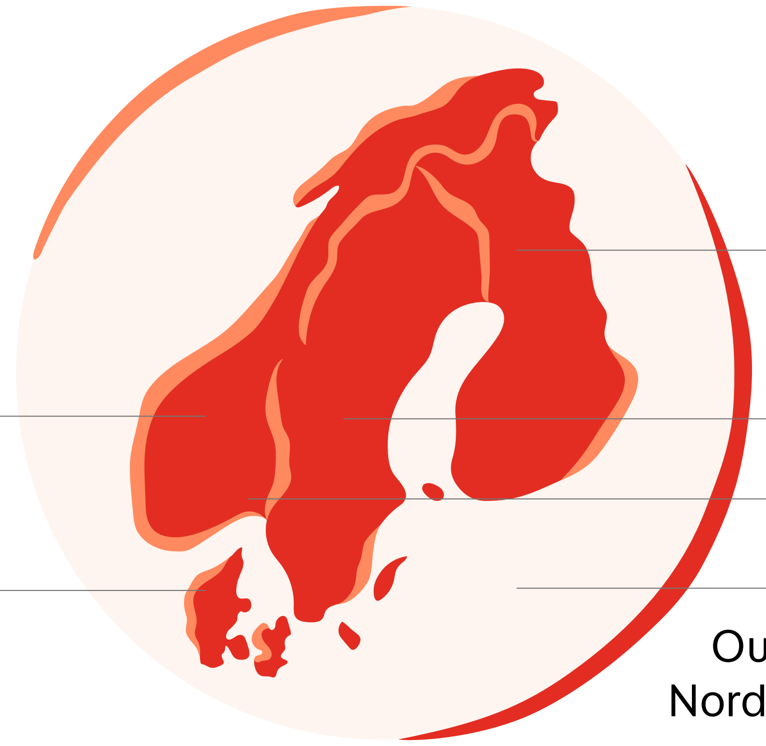
Finding New Ways

The Nordic region is our domestic market and we have terminals in 39 locations in Norway, Sweden, Denmark and Finland. We are also present in a number of countries outside the Nordic region to offer a comprehensive value proposition to our customers.

68% men

12 750 employees

32% women



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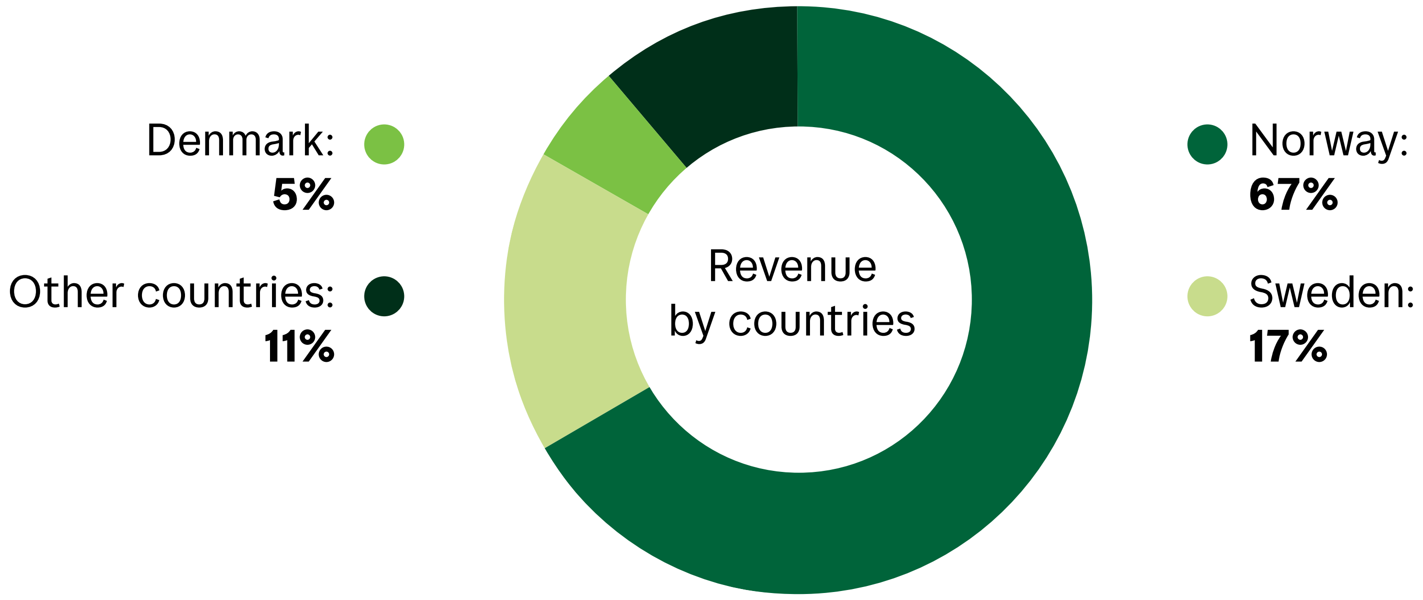
Operating revenues:

79% logistics < **23 429** MNOK > **21%** mail



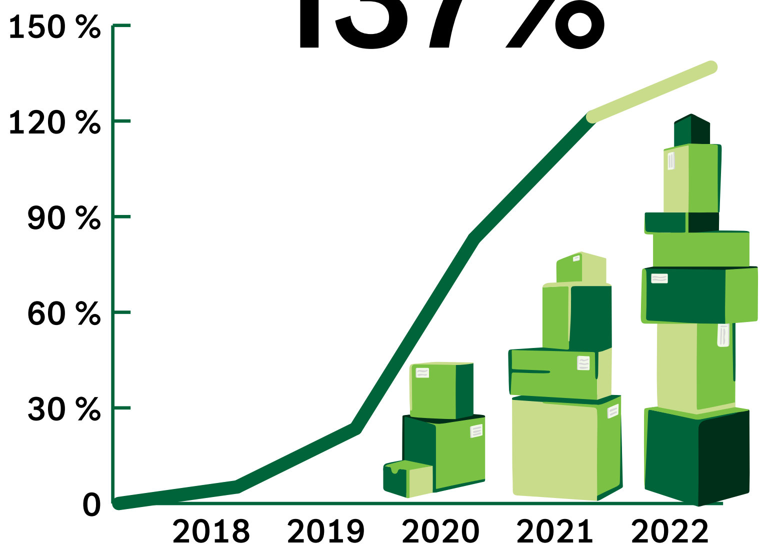
44%
of our vehicles are running on renewable energy sources

Posten is the brand in the logistics industry that Norwegians **perceive to be the most sustainable**

Sustainable Brand Index

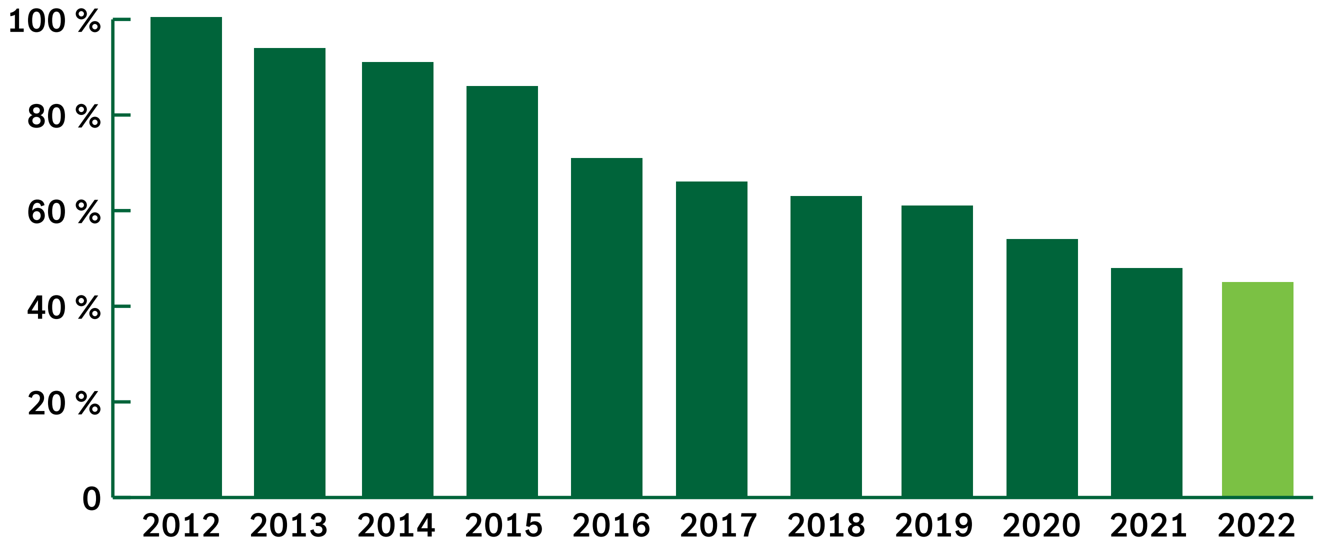
Over the past five years package deliveries have increased by

137%



Since 2012 CO_2 emissions have been reduced by

55%



We are one of ten Norwegian companies that have actually **reduced emissions in line with the Paris Agreement**

PWC's climate index

Important milestones in our history

1647
The Norwegian Postal Service is established.

1827
The Norwegian Postal Service becomes Norway's first steamship owner by acquiring two steamships.

1854
The first railway line in Norway opens and immediately becomes an important part of our postal transportation.

1855
The first Norwegian stamp is issued.

1908
The Postal Service imports two cars to improve mail distribution to rural areas.

1920
Norway's first official air route opens and we are on board.

1952
The new Mailbox Act defines that all Norwegian households must have a mailbox.

1968
Postcodes are introduced to more easily manage the increasing volume of mail.

1973
The Norwegian Postal Service tests the Norwegian-produced electric car from El-bil AS.

1976
We open Europe's most modern letter-sorting plant in Oslo.

1994
First electric car put into service at the Winter Olympics in Lillehammer.

2000
The start of a new period of decline in letter volumes - after 350 years of growth.

2001
The first Post in Shop is established to meet new customer habits.

2002
Parliament turns Posten into a limited company on 1 July: Posten Norge AS.

2003-2008
We undertake a number of acquisitions within logistics in the Nordic region.

2008
The Bring brand is launched and the Posten logo is modernised. Started targeted work on reducing CO_2 emissions. We introduce the tracking app.

2010
Posten helps to develop an electric scooter for mail distribution, Paxster. This marks the start of a successful Norwegian electric car initiative.

2011
Digipost, the digital mailbox, is launched.

2016
The Norwegian postal market is opened up to full competition and Posten ceases Saturday letter deliveries.

2017
New ambitious climate goal: use only renewable energy sources in buildings and vehicles by 2025.

2018
A number of new services are launched, including Chatbot for customer service, digital stamps and the opportunity to send from the customer's own mailbox. Posten's own innovation hub opens.

2019
Named Norway's most innovative company by a professional jury under the auspices of the magazine “Innomag”.

2020
The parcel box is launched. Delivery of letters moves from five days a week to every other day. The Covid-19 situation is handled with good infection control, adaptation and development of new services and record volumes in e-commerce.

2021
We launch Shelfless - one of the Group's biggest single initiatives. New climate targets are approved by SBTi, emission cuts in line with the Paris Agreement. Issue of green bonds worth NOK 1 billion. Named Norway's most innovative company by a professional jury under the auspices of the magazine “Innomag”.

2022
Investment in increased terminal capacity. We end the purchase of fossil fuel powered vans for use in cities. Established the Next division to further develop the Group's work on innovation and new business models.

2023
Strengthened Nordic focus - focusing on growing and gaining market share in Sweden.

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Our corporate structure provides commercial weight and operational execution

GROUP CEO

Corporate staff members are professional driving forces who challenge and support business strategies. The corporate staff units have in particular been tasked with contributing to interaction and cooperation across the Group and with developing policies and best practice.

DIGITAL TECHNOLOGY AND SECURITY

ECONOMICS AND FINANCE

STRATEGY, SUSTAINABILITY AND COMMUNICATIONS

PEOPLE AND ORGANISATION

The divisions are central units in the management and development of the Group. They develop business strategies that support the Group's strategy.

E-COMMERCE AND LOGISTICS
Standardized parcel and freight services for e-commerce and corporate customers in the Nordic region.

MAIL
Letter services (addressed and unaddressed) to private customers and businesses, and parcels between private individuals in Norway, as well as Digipost.

NORDIC NETWORK
Cost-effective operation of terminals, shipping and distribution of letters, parcels and goods.

INTERNATIONAL LOGISTICS
Customer-specific solutions for the offshore segment, large industrial customers and International forwarding in the Nordic region.

NEXT
Innovation and development of new business models and markets.

Certain professional functions are centralised at a corporate level and provide services to the divisions and business areas.

Posten Norge AS is a limited liability company wholly-owned by the Norwegian government and is the parent company of the Group. Responsibility for managing the Norwegian State's ownership lies with the Ministry of Trade, Industry and Fisheries. The state's rationale for its ownership interest in Posten Norge AS is to have a supplier who can meet the state's need for nationwide postal services.

Within the framework of the articles of association, the goal as owner is the highest possible return over time within sustainable frameworks. Sustainability is about long-term value creation that does not harm the environment, people and society.

Delivery of postal services is regulated by the Norwegian Postal Services Act, which lies under the Ministry of Transport and Communications.

For financial reporting purposes, the Group has split operations into two segments, Logistics and Mail.

During 2022, several organisational adjustments have been made to the Group. The aim of the new structure is to achieve an agile, cost-effective and attractive organisation, with a greater degree of interdisciplinary teams and a clear division of roles between Corporate staff and business.

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Hans-Øyvind Ryen
Born: 1975

NORDIC NETWORK
since August 2020
Previous positions: Director Operations Oslo, Akershus, Østfold for both E-Commerce and Logistics Division and Mail Division, Regional Director Productions in South and West, Terminal Manager Drammen
Education: Degree in economics

Silje Skogstad
Born: 1972

STRATEGY, SUSTAINABILITY AND COMMUNICATIONS
since September 2022
Previous positions: SVP Corporate Strategy, Deutsche Post DHL Group (Germany), SVP Global Media Relations, Deutsche Post DHL Group (Germany), Financial journalist at Bloomberg News (Germany)
Education: Social scientist and journalist

Erik Roth
Born: 1975

INTERNATIONAL LOGISTICS
since October 2018
Previous positions: Director International Freight Forwarding, Executive Vice President HR, Director Organisation Development and Group Trainee at Posten
Education: MSc in Business Administration, **MSc in Engineering**

Irene Egset
Born: 1966

ECONOMICS AND FINANCE (CFO)
since January 2019
Previous positions: CFO of Statkraft, Executive Vice President Corporate Staff in Statkraft
Education: Master of Economics and Business Administration
Offices held: Board member TGS-NOPEC Geophysical Company ASA, Vårgrønn AS, Hv Storm Holding AS

Tone Wille
Born: 1963

GROUP CEO
since October 2016
Previous positions: Director of Economy and Finance (CFO)/IT in Posten Norge AS, Director of Finance and Corporate Governance in the Mail Division of Posten Norge AS, various managerial positions in Norfund, Elkem, GE Energy (Norway) and the Kværner Group
Education: Master of Economics and Business Administration
Offices held: Chair of the Board International Post Corporation, Board member employers' association Spekter and Elmera Group ASA

Thomas Støkken
Born: 1969

E-COMMERCE AND LOGISTICS
since August 2022
Previous positions: CEO of Løvenskiold Handel. Various managerial positions at Circle K, including SVP Norway and Head of Strategy at Statoil Fuel&Retail. Various management roles in Posten Norge AS, most recently as Director of Bring Mail.
Education: Master of Economics and Business Administration and Authorised financial analyst

Morten Stødle
Born: 1962

DIGITAL TECHNOLOGY AND SECURITY
since October 2016
Previous positions: CIO Dyno Nobel AS, Vice President ABB Offshore Systems, CIO Umoe Olje og Gass, various IT Manager and Project Manager positions in Aker Engineering and Norwegian Petroleum Consultants
Education: Marketer

Christian Brandt
Born: 1964

MAIL
since October 2019
Previous positions: DSVP Sales & Business Development, Vice President Bus. Improvement, VP Supply Chain Development, various managerial positions within logistics and corporate development over 12 years at Prior Norway
Education: Master of Economics and Business Administration
Offices held: Member advisory board Mobility lab StartupLab, Investor Studyportal

Nina Christin Yttervik
Born: 1968

PEOPLE AND ORGANISATION
since March 2020
Previous positions: Director People & Organisation Snøhetta, Vice President HR Circle K Europe, Organisational Director Aftenposten, Senior Vice President HR BW Offshore, HR Consultant Tine, Head of Human Resources Enitel, Head of Office Norwegian Defence Materiel
Education: Lawyer
Offices held: Board member Digital Norway and DIG (Digital Innovation for Growth), NHH

Thomas Tscherning
Born: 1961

NEXT
since October 2019
Previous positions: Chief Executive Nordic Logistics Posten Norge AS, Manager for Parcel and Express Operations Nordic Logistics Division, Managing Director Box Delivery
Education: Degree in economics
Offices held: Board member Crossborderit and Addimotion

Steady course in uncertain times

Our strategy is forward-looking and committed. It provides guidelines for the Group's development, so that we remain one of the leading logistics players in the Nordic region.

The Nordic logistics market is dominated by the former national postal companies and three international groups. These five players together account for over 50 percent of the Nordic logistics market.

The market is highly competitive, with a number of small and medium-sized actors fighting for market share in various parts of the value chain. The strong growth in e-commerce logistics has resulted in increased competition, with several new technology-driven players. In particular, competition is increasing in the parcel market in metropolitan areas. Strong competition increases the requirements for implementation capacity and pace of development of new and improved services. This changes the premises for price level, competitive dynamics and customer requirements. We equip ourselves to meet a changing market through continuous development and innovation.

Our strategic platform acts as a framework for decisions and action, by stating what we will achieve and how we are going to reach our goals.

The vision
Our vision - *"We make everyday life simpler and the world smaller"* - is our guiding principle in our everyday work.

Purpose
We will simplify and increase the value of trade and communication for people and enterprises in the Nordic region – providing a clear and distinct "order" for the entire organisation on what we are going to do.

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Main goals

The customer's first choice - At the forefront of technology and innovation - Best at sustainable value creation – states what we need to achieve to realise the strategy. The main goals are critical to our success. The prerequisite for achieving them is that we have *competent and committed employees.*

<u>The customer's first choice:</u>
This means that we must provide the best customer experience. We will have the best service offering in the industry and be the best at deliveries in urban areas. The last goal is important for us to be able to deliver a good national service, as it is in the cities that there is the greatest growth and competition.

<u>At the forefront of technology and innovation:</u>
This means that we must be the most innovative logistics player. We will be a data-driven business that innovates through insight and technology. We will be a competence-driven and attractive employer.

<u>Best at sustainable value creation:</u>
This means that we will be the greenest logistics player. We will be a responsible social player and employer, and we will have an efficient cost structure that contributes to long-term value creation within sustainable frameworks.

Values

Take responsibility - Play for the team - Strive for more - reflects a Group that can be relied upon and that we are proud to work for. These values help build our common culture and guide us in all our decisions. They describe what should characterise how we work and how we behave towards each other, our customers and partners.

Our market situation

The mail and logistics market is undergoing significant change. The last year, like the previous two, has been an unpredictable and unprecedented year.

The postal business continues to experience falling letter volumes. At the same time, e-commerce and the logistics market are growing, despite the fact that economic uncertainty and war in Ukraine have characterised the past year. Several unforeseen events in the past year have led to many businesses having to change production or logistics in a short time. Efficient transport and infrastructure have become a critical enabler, which in turn creates opportunities for us as a logistics actor.

Postal services and letter volume

An increasingly digital society is driving down demand for traditional postal services. Digitised communication, both in the public and private sector, as well as measures to reduce the consumption of paper have driven letter volumes down significantly.

In order to be able to continue to deliver good and competitive postal services to the entire population, it has been necessary both to adapt the capacity of the distribution network and to continuously streamline operations. The trend of falling letter volumes has led traditional postal companies in the Nordic region to reduce costs and increase efficiency, through investments in digitisation and automation.

Global and Nordic economy
2022 was a year of considerable economic uncertainty. In parallel with high economic activity and growth in employment, record high inflation and several interest rate increases have put pressure on household purchasing power. Reduced purchasing power and weaker confidence in the economy are expected to dampen consumption and growth. The weaker growth outlook contribute to expectations of lower earnings and lower investment going forward, also in our industry. An abnormally high rise in prices has resulted in a historic cost shock for Norwegian companies. The cost increases have a broad basis, but higher energy costs in particular have affected Norwegian enterprises. This has a particularly significant impact on logistics companies, where energy accounts for a significant part of the cost base, an effect that has also affected us.

E-commerce
A key driver of logistics growth in recent years and going forward is strong growth in online shopping. The evolution from physical to digital commerce channels accelerated as a result of Covid-19. In 2022, however, e-commerce growth slowed, in line with the reopening of society previously subject to lockdowns, a return to physical stores, and a shift in consumption towards services. Going forward, on the other hand, growth in online retail trade is expected to be driven by changing consumption habits, as well as demographic and digital developments. We are also seeing the increasing use of 3PL (third-party logistics and warehousing). This happens because companies with logistical requirements focus on their own core business and prefer third-party management of logistics and inventory.

Climate and environment
Increased requirements for ESG[1] in the industry are driving the development of innovative sustainable solutions.
In particular, changed consumer behaviour, increased awareness of purchase and transport choices and stricter regulations and related requirements for emission cuts and transparency in the value chain have accelerated investment.

Several logistics players have, like us, set targets for emission reductions in accordance with the Paris Agreement (approved by the Science Based Targets initiative). Emission reductions in the industry are largely linked to the electrification of vehicles, where manufacturers and transporters collaborate closely on the development and conversion to zero-emission solutions.

With the aim of being an industry leader in climate and environment, we have taken a number of measures to phase out fossil fuel-powered vehicles and move packages and goods from road to rail in recent years.

Innovation
The Nordic logistics market is also characterised by a high degree of innovation beyond ESG. A focus on cost-effectiveness and technological progress has driven innovative solutions across the value chains. More and more vehicle manufacturers are investing in the development of electric and autonomous vehicles. Several of these were already tested on different stretches of road in 2022. The development offers a number of opportunities for increased efficiency in goods and parcel transport and ensuring significant emission reductions at the same time.

Small autonomous vehicles and robots are being tested when collecting goods and for stock picking in warehouses, in order to explore the realisation of efficiency gains in different stages.

Several logistics companies are exploring the scope for using drones in various parts of the value chain. We see opportunities for climate gains, efficiency gains and new business models using drones in last-mile delivery.

[1] ESG stands for "Environmental, Social and Governance", and represents a holistic approach to sustainability.

How we create value - our assets

Our value creation depends on our resources:

HUMAN CAPITAL

Our employees
Our 12 750 employees contribute every day with their competence, dedication and ability to change. We will adapt to the working methods of the future.

CUSTOMER CAPITAL

Our customers
Our network consisting of terminals in 39 locations and 6 500 distribution points in the Nordic region. Our service development, digital solutions and data capture.

INTELLECTUAL CAPITAL

Our ability to innovate
Our focus is on being the most innovative logistics provider and a data-driven business that innovates through insight and technology.

SOCIAL CAPITAL

Our network
Our unique breadth, depth and quality of cooperation with national and local stakeholders, including our owners, communities and suppliers.

NATURAL CAPITAL

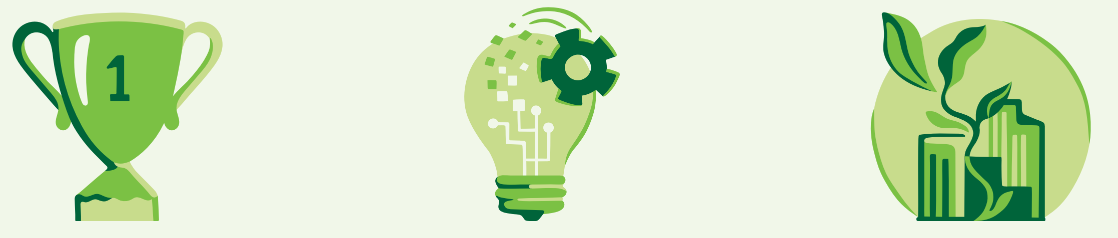
Our environmental impact
Our ability to reduce negative impact on the environment. We want to be a driving force for the Nordic region to achieve its climate goals.

FINANCIAL CAPITAL

Our business performance
Our financial freedom and the opportunity to invest in Posten's operations.

We manage these assets through our value chain and our main goals:

Pickup ▸ transport ▸ store ▸ deliver



The customer's first choice

At the forefront of technology and innovation

Best at sustainable value creation

We aim for the following output:

Our employees
A proud, dedicated and efficient workforce characterised by diversity and commitment, in a workplace that puts the health of employees in focus.

Our customers
A customer experience with quality and accuracy wherever we are, while sharing insights and knowledge with our customers.

Our ability to innovate
Posten constitutes an important part of the infrastructure in the Nordic region. Innovation is essential to continue to be relevant in the future.

Our network
Strong, well-established and mutual cooperation which helps to strengthen our positive contribution in all places where we have a presence.

Our environmental impact
Reduced greenhouse gas emissions strengthens our and our customers' competitiveness.

Our business performance
Increased profitability, sustainable value creation and financial capital for future investments, development of own value creation capacity.

How we create value - our priorities

Our long-term value creation depends on us identifying and understanding our overall impact as a whole: How our environment impacts us - and how we impact our environment.

The Group's three main objectives build upon one another. In order to provide a comprehensive and uniform picture of the Group's overall impact, we have started with the significant areas where our stakeholders believe we can make a difference, and compared these with five of the UN's sustainability goals that are particularly relevant to us. Furthermore, these are linked to our value creation model and the Group's strategy which describes how we will meet the impact of our environment as well as the risks and opportunities that exist here. In this way, we have identified what is significant from two perspectives, also called double materiality.

We address this in chapter 3 - Our value creation.

THE IMPACT OF THE ENVIRONMENT ON US

ESG

Environment

Governance

Social

LONG-TERM VALUE CREATION - OUR PRIORITIES

Our strategy

Risks Opportunities

OUR IMPACT ON THE ENVIRONMENT

Our stakeholders

- Employees
- Recipients and private individuals
- Business customers
- Local communities
- Owner
- Authorities and politicians
- Suppliers
- Capital market
- Interest organisations

...believe we can make a difference in these areas:

Human capital
- Safety and well-being of employees
- Competence raising and development
- Diversity and inclusion

Customer capital
- Viable local communities

Intellectual capital
- Investments in innovation
- Information security

Social capital
- Sustainable supply chains
- Sustainable framework conditions
- Anti-corruption, competition law and privacy

Natural capital
- Greenhouse gas emissions
- Purchasing, material consumption and recycling
- Facilitate the circular economy

Financial capital
- Socio-economic value creation

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Sustainability is an integral part of our business

To put our sustainability work into a larger context we have examined it in relation to the UN's 17 Sustainable Development Goals. There are five of these that stand out as particularly relevant – where we can make the biggest difference.

Goal 8: Decent work and economic growth
We are a large employer and are responsible for ensuring that employees throughout the value chain havedecent employment and working conditions as well as equal opportunities.

Goal 9: Industry, Innovation and Infrastructure
We are an important part of Norway's infrastructure, and innovation is essential for us to continue to be relevant in the future. The transition to a sustainable society is moving too slowly and needs to accelerate. The current pace of the transition will not limit global warming to 1.5 degrees.

Goal 11: Sustainable Cities and Communities
According to the United Nations, half of the world's population, 3.5 billion people, live in cities today, and five billion people are projected to live in cities by 2030. The world's cities occupy three percent of the surface of the earth, but account for 60-80 percent of energy consumption and 75 percent of carbon emissions. Urban logistics are important. We have to contribute where we can.

Goal 13: Climate Action
We are a major transport operator. The transport sector is the fastest growing source of greenhouse gas emissions globally. The sector accounts for around 20 percent of global greenhouse gas emissions and 33 percent of the emissions in Norway. The world is completely dependent on the transport sector reducing emissions in order for the global climate goals to be achieved. We are a big part of the problem, and thus also a big part of the solution.

Goal 17: Partnership for the Goals
Collaboration is required on multiple levels to achieve global and local sustainability goals.

We create results for people, the environment and society

Resources	Objectives	Measured by	2018	2019	2020	2021	Results 2022	Status 2022	Goal 2023
Our employees See page 42	No one should be injured or sick as a result of working in the Group	Sickness absence rate H2 injury rate	6.0% 8.7	5.9% 7.8	6.0% 7.0	6.0% 9.3	**6.9%** **7.0**		6.8% 6.4
	The gender balance among managers shall reflect the gender balance in the Group	Percentage of female managers in the Group	28%	27%	28%	30%	**29%**		32%
	A competence-driven and attractive employer	Employee commitment	6.0	5.8	5.9	5.9	**5.9**		5.9
Our customers See page 51	Provide the best customer experience and have the industry's most attractive service portfolio	NPS[1] (Customer Barometer)	36	39	48	51	**54**		55
		Reputation (Ipsos), percent with a positive impression	62%	62%	74%	66%	**68%**		~ 65%
Our ability to innovate See page 55	The most innovative provider of logistics	NHH Social Innovation Index	-	35th place	30th place	23rd place	**35th place**		20th place
Our environmental impact See page 68	The greenest logistics provider	Share of vehicles running on renewable energy sources	-	-	**26%**	37%	**44%**		49%
Our business performance See page 87	An efficient cost structure that contributes to long-term value creation	Return on equity after tax	**3.9%**	**0.2%**	**16.4%**	14.5%	**(4.3%)**		> 10%

[1] 22017-2019 are comparable. 2020-2021: New baseline, entire Service network included. The scale is from -100 to 100.

Integrated annual report 2022

Our vision is to make everyday life simpler and the world smaller, and in this way make a difference in people's lives. Here are some of the key events in 2022.

Q1

Posten 375 years old
On January 17, 2022, it was 375 years since Hannibal Sehested established postal services in Norway. This makes Posten Norway's oldest company still in operation. The anniversary was marked by, among other things, the release of commemorative stamps, an event for all employees and an anniversary commercial.

Sustainability awards
Posten was named the brand in the logistics industry that Norwegians perceive to be the most sustainable, by the Sustainable Brand Index. Bring came second. For the second year in a row, Posten ended up in the top category in PWC's climate index, called "climate winners of the year". This category consists of companies that have actually reduced climate emissions in line with the Paris Agreement and can also show consistent and good reporting for at least the last three years.

Q2

Increasing proportion of electric cars
In April, we took delivery of 177 Opel Combo electric vehicles. These will replace diesel-powered mail vans throughout the country. The cars come on top of 439 electric vehicles that were ordered in 2021 and accelerate efforts to reach our climate goals.

Deliveries to Ukraine
In order to help the people affected by the war in Ukraine, Posten has offered free shipping for aid shipments to Ukraine. By the end of December, more than 200 tonnes of humanitarian aid shipments and gifts were sent to Ukraine by Norwegian donors

Regulation of the van industry
Posten and Fagforbundet sent a joint submission to the government to introduce stricter requirements and regulate working conditions in the van industry in Norway. In order for Posten and other actors to get help in their efforts to improve working life in the van industry, there is a need for clearer requirements, follow-up and control activities from the authorities.

On the Financial Times list of Europe's climate leaders
For the first time, Posten was included in the Financial Times and analysis agency Statista's list of "Europe's climate leaders". The 400 companies on the list are ranked according to the amount of reductions of greenhouse gas emissions the companies have achieved measured against revenue development.

Integrated annual report 2022

Q3

New logistics centres in Tromsø and in Southern Norway
In June, a new logistics centre opened in Tromsø and in August, Kristiansand Logistics Centre opened. The centre in Tromsø is the Group's largest facility in northern Norway and the hub for the distribution of letters, parcels and goods to Troms, Finnmark and Svalbard. The logistics centre in Tromsø is approximately 9 000 m^2 and can handle well over 2 000 parcels per hour. The facility in Kristiansand will handle parcels and goods throughout Agder and has a daily production of around 20,000 parcels a day.

2 million parcels in parcel boxes
Since the start of the parcel box initiative in 2020, there has been a steady increase in volumes. In August, we passed two million parcels delivered in 24-hour parcel boxes in Norway. We are working hard to install even more parcel boxes.

Investment in Tise
Bring Venture stepped in as an investor in the Norwegian second-hand platform Tise. The investment is part of Posten's focus on solutions that promote the circular economy and reuse.

Golden Lion in Cannes
Last year's Christmas film from Posten, "When Harry met Santa" continued to garner acclaim throughout 2022. In July, the commercial was honoured with the Golden Lion at the Cannes Lion International Festival of Creativity.

Q4

Ipsos reputation ranking; best position in 20 years
In Ipsos' annual profile survey among large Norwegian companies, the Reputation Award 2022, Posten is singled out as one of the companies that is making the most progress. Posten has gone up eight places from 17th to 9th place, the best position in over 20 years.

International award for Glow
The venture to sell the logistics tool Glow to external customers and thus create a new source of income for the Group, was named the winner in the "Parcel and Postal Technology International Awards 2022".

First Norwegian municipality with all-electric distribution
Bærum became the country's first municipality to deliver all post and parcels with electric vehicles. At the new distribution point at Rud in Bærum, all of Posten's self-owned vans are now electric. With approximately 140 employees and 70 electric vehicles, this is Greater Oslo's largest distribution point.

Partnership with Adecco to train more drivers
Together with Adecco, Posten pays 60 percent of the costs of an HGV certificate, driving licence class C or CE. Through the recruitment campaign, the aim is to train and employ approximately 40 drivers annually, in addition to those employed through ordinary recruitment.

Hiring over 200 new van drivers
Bring Transport solutions will recruit 200 van drivers and 100 new electric vans will be purchased. By switching to more of our own employed drivers, we gain better control over the entire value chain and a faster transition to emission-free vans.

Part 2

The work of the Board

Good corporate governance is a prerequisite for a sustainable, profitable and vigorous company.

It equips us to create value and maintain trust.

The board of Posten Norge manages good and long-term ownership

Anne Carine Tanum

Born: 1954

CHAIR OF THE BOARD
Shareholder representative

since 2022,
Board member since 2018

Education: Candidate of Law

Offices held: Chair Avinor AS, The Norwegian Opera and Ballet and Nordisk Film Kino. Board member CappelenDamm

Previous experience: Long-time CEO and owner of Tanum AS. Broad board experience, including long-standing board member and Chair of the Board of DNB ASA.

Finn Kinserdal

Born: 1960

BOARD MEMBER
Shareholder representative

since 2018

Associate professor and head of department for Accounting, Auditing and Law (IRRR).

Education: Master of Economics and Business Administration, State Authorised Public Accountant, PhD.

Offices held: Board member of North Murray AS, Member NHH Executive Strategic Board, the Corporate Assembly Equinor.

Previous experience: Extensive consulting and auditing experience from McKinsey and EY. Management experience e.g. Head of EY auditing activities in Norway.

Liv Fiksdahl

Born: 1965

BOARD MEMBER
Shareholder representative

since 2018

Manager at Capgemini Invent

Education: Trondheim Business School.

Offices held: Board Member Intrum AB, Arion Banki and The Norwegian Organisation for Asylum Seekers (NOAS).

Previous experience: Executive Vice President for IT and Operations at DNB. Board member Nille AS.

Tina Stiegler

Born: 1976

BOARD MEMBER
Shareholder representativet

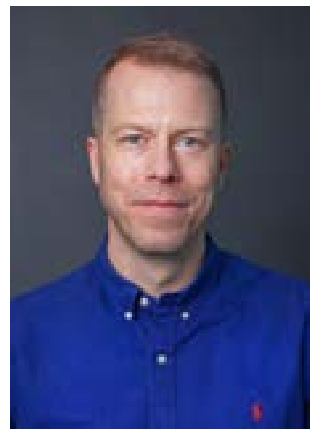
since 2019

CEO Apriil/Media Bergen

Education: Master of Economics and Business Administration.

Offices held: Board member TV2

Previous experience: EVP people & strategy at Schibsted Media Group, EVP Next Media at Schibsted Media, advisor to start-up companies in StartupLab. Board experience from, among others Finn.no, Santander Consumer Bank, Stavanger Aftenblad, Bergens Tidende og E24.no.



Patrik Berglund

Born: 1982

BOARD MEMBER
Shareholder representative

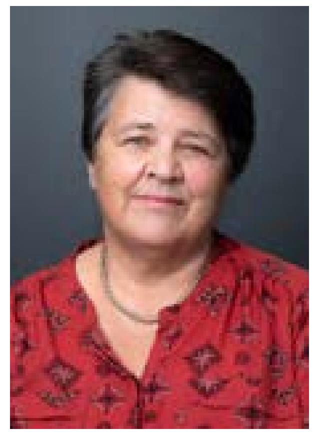
since 2022

CEO and founder Xeneta AS

Education: BI Norwegian Business School

Offices held: Board member Xeneta AS

Previous experience: Kuehne + Nagel, founder of Nordilog, investor and mentor in log-tech & tech startups, investor in seed, VC and PE funds.



Gerd Øiahals

Born: 1961

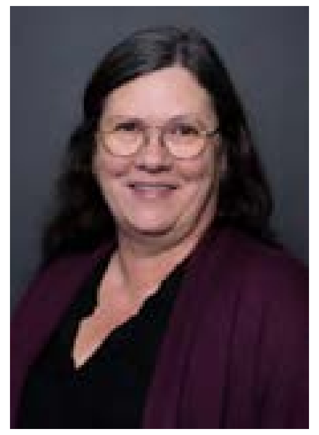
BOARD MEMBER
Employee representative

since 2010

Leader Norwegian Postal and Finance Workers' Union.

Member of works council for Norwegian Postal and Finance Workers' Union.

Employee of Posten since 1984.



Ann Elisabeth Wirgeness

Born: 1961

BOARD MEMBER
Employee representative

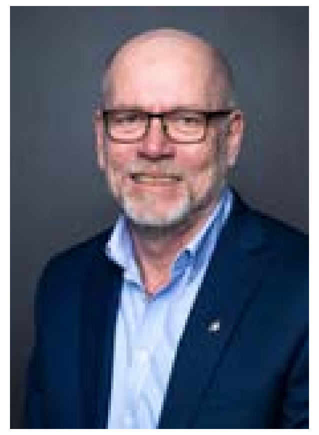
since 2012

Leader Norwegian Postal and Finance Workers' Union, Eastern Norway District.

First Deputy Divisional Employee Representative Network Norway.

Member of works council for Norwegian Postal and Finance Workers' Union.

Employee of Posten since 1985.



Lars Nilsen

Born: 1961

BOARD MEMBER
Employee representative

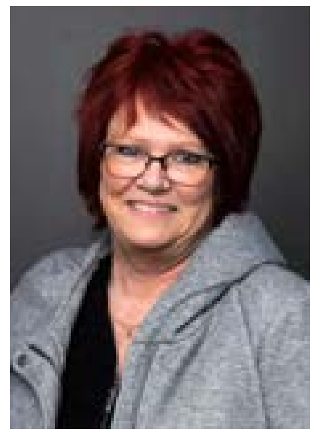
since 2016

Divisional Employee

Representative Nordic Network.

Member of works council for Norwegian Postal and Finance Workers' Union.

Employee of Posten since 1978.



Tove Gravdal Rundtom

Born: 1965

BOARD MEMBER Employee representative

since 2020

Deputy Norwegian Postal and Finance Workers' Union, Oslo Division.

First Deputy works council for Norwegian Postal and Finance Workers' Union.

Employee of Posten since 1987.

Board of Directors report 2022

Financial performance in 2022 was characterised by challenging market conditions and a significantly higher cost level for the transport industry, which led to a weaker result than the previous year. The Group's logistics volumes have nevertheless grown and we have won new customers. Delivery quality is good, customers are satisfied and Posten has a high level of trust among the population.

In 2022, Posten celebrated its 375th anniversary as Norway's oldest and most innovative company. Throughout Posten's history, our guiding mantra has been the fastest possible deliveries with the most up-to-date technology. Innovation and sustainable development are central to Posten's strategy and our role in society.

The logistics market is cyclically sensitive and largely follows economic trends. 2022 started with pandemic restrictions being lifted, but was quickly followed by international uncertainty triggered by the war in Ukraine. Both the pandemic and the war have had major consequences for the economy and led to rapid and unexpected price increases. This has resulted in high volatility in capital and commodity markets as well as reduced purchasing power for Nordic households.

The Group's adjusted operating profit was NOK 406 million in 2022, a decline of NOK 1 119 million from 2021. This compares to a historically profitable 2021 where parcel volumes during the coronavirus pandemic were at a record high. Adjusted operating profit in 2022 was characterised by challenging market developments, record-high transport and energy prices, increased inflation and wage growth, as well as high sick-ness absence due to Covid-19.

The Group's profit before tax was

[1] For a description of the alternative performance measures used in the annual report, see «Alternative performance measures» on page 194.

negative, with a loss of NOK 343 million in 2022, a reduction of NOK 1 695 million compared to the previous year. Profit after tax was negative, with a loss of NOK 277 million, a reduction of NOK 1 335 million compared to 2021.

Revenue for 2022 was NOK 23 429 million. This corresponded organic growth of 4.5 percent, but was 5.2 percent lower than 2021 as a result of Frigoscandia Sweden being sold at the end of 2021, as well as a decline in letter volume.

Online shopping parcels are a strategically important growth area for the Group. Two years of the Covid-19 pandemic changed shopping habits and made people more positive about shopping online. The Group's growth curve within e-commerce has shown uninterrupted good growth over time. In the past year, growth in e-commerce parcels was 7 percent compared to 2021, despite a challenging market. This shows that Posten has good competitiveness, that we have succeeded well with sales and have gained market share in a market with almost zero growth.

The Group's competitiveness comes from high delivery quality, good customer service, a broad range of services – and sustainable development. Posten is one of the few Norwegian companies that cuts greenhouse gas emissions in line with the Paris Agreement. This has attracted attention.

Posten has a strong position and a high level of confidence among the Norwegian population. In Ipsos' 2022 Reputation Survey, Posten came in at 9th place among Norway's 106 largest companies with 68 percent of the population having a good impression of the company, compared with 66 percent the year before. Among the youngest, under the age of 25, 83 percent have a good impression of Posten.

Customer satisfaction and loyalty are good. The customer's vote, as measured by NPS (Net Promotor Score), was 53.6 for 2022 compared to 51.2 the previous year.

The quality of delivery is high and the delivery quality for letters was 91.7 percent in 2022. This is well above the authorities' requirement that 85 percent of letters must be delivered within three days of submission.

In 2022, the Group has implemented a number of measures to strengthen competitiveness and realise strategic goals.

The customer's first choice
To make everyday life easier for our customers, parcel boxes are being deployed at a rapid pace. This has brought increased availability and freedom of choice for recipients and online stores. We have a Nordic network of parcel boxes at about 6 500 locations. In the Norwegian network, parcel boxes have been deployed at 1 700 locations. Customers give good feedback and rate the parcel boxes at 4.7 out of 5 possible points. To win over customers, we need to deliver quality and have sufficient capacity. In 2022, new terminals opened in Kristiansand and Tromsø. In addition, plans are in place for the establishment of new logistics terminals in Moss and Bergen in Norway, as well as Jönköping in Sweden. Shelfless, which is the Group's focus on third-party logistics, is expanding with a new automated warehouse in Denmark in 2023.

Posten supports the people of Ukraine with free shipping of aid shipments. In 2022, the Posten carried over 200 tonnes of aid shipments free of charge to the war-stricken population of Ukraine. In Sweden, Bring and the Red Cross have renewed their cooperation agreement, which means that Bring will continue as a national emergency preparedness partner.

Posten's Christmas film about love between two men, "When Harry met Santa," won the Goldfish and Golden Pencil advertising competitions in Norway, and was awarded the Golden Lion at the Cannes International Commercial Film Festival - as the world's best commercial of 2022.

At the forefront of technology and innovation
Posten once again topped the list of Norway's most innovative companies in 2021. A jury of experts in the innovation magazine InnoMag was being the award, which took place in 2022. The Board regards the award as recognition of the development work being undertaken. Customer expectations are increasing. This helps to drive forward new services and increase freedom of choice. The Board emphasises innovation and new thinking so that the Group will remain relevant in the future. The introduction of new technology and a data-driven value chain supports production and enables service development with increased flexibility for customers. By connecting the digital and physical value chains, we can provide more holistic and sustainable solutions. We can more accurately predict delivery times using machine learning.

In 2022, we conducted the first test of drone delivery of water samples from Snåsa to Namsos. In downtown Oslo, we tested food delivery by robot.

The Group continues to invest in ventures to create innovation together with others and strengthen existing business. In 2022, we have, among other things, invested in the drone company Aviant, the Nordic marketplace Tise that promotes reuse and the circular economy, as well as in the companies Sharefox, Easycom, and Dintero.

Sustainable value creation
Posten has set Science Based Targets and is one of the few Norwegian companies that cuts emissions in line with the Paris Agreement.

The Group is striving to become a net-zero business by 2050 (net zero emissions). As a secondary goal, all vans and 80 percent of our own trucks will be fossil-free by 2030.

The transition to emission-free vans for distribution is in full swing. At year-end, 44 percent of our vehicles were emission-free or running on renewable energy.

The technology is not as mature for heavy goods transport. Here we are thus dependent on the pace of technological development and suitable "maternity assistance" from the authorities. In parallel with the investment in electric trucks, investments are being made in charging infrastructure.

In 2022 we marked Post delivering mail and parcels emission-free in Hamar, in downtown Oslo and in Asker and Bærum. More cities will follow in 2023.

As a labour-intensive business, social sustainability is a key issue for the Group. We set high ethical requirements and work to ensure decent working conditions throughout our value chain. The Group has therefore also engaged in the debate about non-union working.

In 2022, the Group gathered all commercial transport in Norway under the Vehicle Operations business area in order to professionalise and cultivate the driving business. In its efforts to ensure the recruitment of drivers and at the same time get more women to choose the driving profession, Posten offers vocational driver training. The operating model for the courier business is changing and we employ about 200 of our own van drivers in Norway.

The Group's main goals are enabled by competent and dedicated employees.

In 2022, sickness absence ended at 6.9 percent, which is 0.9 percent higher than the previous year. The negative development comes as a result of Covid-19 related absence. The injury rate (H2) showed a steady downward trend throughout 2022 and ended at 7.0, which is better than 2021 (9.3). The number of personal injuries decreased as a result of good operations and follow-up by managers. For more information about Posten's work for the safety and well-being of employees, competence enhancement and development, as well as diversity and inclusion, see chapter 3: «Our employees» on page 42.

MARKET TRENDS
The business consists of two segments: Logistics and Mail. The Logistics segment is largest and accounted for about 80% of the Group's revenues in 2022, while the Mail segment accounted for about 20%. Development in 2022 has been characterised by good growth in both parcels from e-commerce and other logistics services. We have won major new customers and gained market share in a demanding market.

Growth in the Logistics segment
The Logistics segment consists of the divisions E-commerce & Logistics, International Logistics, Next (formerly Holding & Ventures) and Shelfless.

The Group has strengthened its position and is gearing up for long-term growth in the logistics market. New technology has been adopted and contributes to streamlining operations and development of the service offering. The transition to emission-free vehicles is being implemented at a rapid pace.

Revenues in the Logistics segment declined by NOK 1 062 million from the previous year, mainly as a result of the sale of Bring Frigoscandia at the end of 2021. Organic growth was 8.6 percent. Logistics volumes have remained at a good level despite the challenging market situation. E-commerce had almost zero growth in the period. However, the Group increased parcel volume by 7.0 percent compared to 2021. From 2019 to 2022, Nordic e-commerce parcel volumes have almost doubled. Growth has been particularly strong in Sweden in 2022.

The international business consists of specialised logistics solutions for customers with advanced requirements. The business complements the Group's logistics portfolio and adds volumes to the Nordic networks.

Mail segment in transition
The Mail segment consists of traditional postal services in Norway, as well as parcels between private individuals (Norgespakken).

Revenues in the Mail segment declined by 4.0 percent, or NOK 223 million, in 2022, compared to the previous year.

Addressed mail volumes decreased by 11 percent, while unaddressed mail grew by 9.5 percent in 2022. Norgespakken had a positive development in volumes of 30 percent in 2022. We see that private individuals increasingly send parcels directly between themselves, and Norgespakken is well adapted to

increased interest in reuse and circular economy.

Falling mail volumes have been the trend since the peak year of 1999 and addressed mail has fallen by about 80 percent. Significant adjustments have been made to meet a digital age and new customer requirements. With declining letter volumes, the financial burden of letter deliveries increases year by year. The Board is therefore focused on continuing the restructuring process.

Posten's digital mailbox, Digipost, gained 180 000 new users in 2022 and now has 2.8 million registered users. Over 4 000 new businesses created Digipost accounts in 2022, and more than 21 000 businesses can now send digital mail. The digital mail volume was 47 million letters during the year.

PROFITABILITY

Operating profit (EBIT) in 2022 was negative, with a loss of NOK 143 million, compared with the strong Covid-related result in 2021 of NOK 1 462 million. Financial performance was characterised by weakening market developments for e-commerce, a continued decline in the volume of addressed mail, record-high transport and energy prices, increased inflation and wage growth, as well as high sickness absence.

Total assets were written down by NOK 185 million in 2022, of which NOK 161 million was a write-down of goodwill in the logistics segment. The write-downs were mainly a result of challenging market conditions in 2022, as well as weakening economic growth prospects.

Other income/expenses was negative, at NOK 371 million in 2022 - mainly related to recognition of pension obligations of NOK 307 million related to the "Struggling Scheme" agreed in the tariff settlement 2018.

The financial result in 2022 was characterised by the volatile market situation and was reduced by NOK 90 million compared to 2021. The reduction in 2022 was mainly due to higher interest expenses and unrealised changes in value related to financial investments. However, the investments ended with positive returns in 2022.

The Group's profit before tax was negative, with a loss of NOK 343 million in 2022, a reduction of NOK 1 695 million compared to the previous year. Profit after tax was negative, with a loss of NOK 277 million, a reduction of NOK 1 335 million compared to 2021.

The return on equity (ROE) was negative, at 4.3 percent in 2022, which is 18.7 percentage points lower than in 2021. The return on invested capital (ROIC) for 2022 was 3.8 percent, which is a decline of 12.6 percentage points compared to 2021.

Logistics segment
Adjusted operating profit for the Logistics segment was NOK 740 million, a reduction of NOK 737 million compared to 2021. Financial performance was characterised by weak market developments for e-commerce, as well as very high transport and energy prices.

Operating profit (EBIT) amounted to NOK 383 million in 2022, a decline of NOK 1 032 million compared with 2021. Total assets were written down by NOK 185 million in the logistics segment, of which NOK 161 million was a write-down of goodwill. Other income/expenses in 2022 was negative, at NOK 179 million, mainly as a result of the recognition of the pension obligation related to the "Struggler Scheme".

Mail segment
Adjusted operating profit for the Mail segment was negative, at NOK 32 in 2022, a reduction of NOK 319 million compared with 2021. The decrease in profits was mainly due to a fall in volume, a decline in the stamps service and lower import volumes from China, as well as general cost and wage growth. The result is positively impacted by the Norgespakke service as a result of volume growth and lower costs for the service.

Operating profit (EBIT) for the Mail segment was negative, with a loss of NOK 196 million in 2022, a reduction of NOK 482 million compared to 2021. Other income/expenses in 2022 was negative, at NOK 164 million, mainly as a result of the recognition of the pension obligation related to the "Struggler Scheme" and the restructuring of letter sorting from Bodø and Tromsø to Østlandsterminalen.

INVESTMENTS AND CASH FLOW

Cash flow from operating activities in

2022 was positive, at NOK 1 197 million. This was mainly due to positive operating profit before depreciation and amortisation, and positive changes in other working capital.

Net cash flow from investing activities in 2022 was negative, at NOK 1 584 million. This was mainly due to net investments in fixed assets. In addition, Posten acquired real estate companies, associated companies and other shares.

Cash flow from financing activities was negative, at NOK 374 million in 2022, mainly as a result of ordinary instalments on lease obligations and loans, and dividends paid, offset by net borrowing of short-term security loans, use of the Group's credit facilities and increased utilisation of overdraft facilities.

FINANCIAL FREEDOM

In 2022, the Group had net financial expenses of NOK 200 million, which is an increase from NOK 109 million in 2021. As of 31 December 2022, the Group had satisfactory long-term liquidity reserves of NOK 3.2 billion, compared with NOK 4.8 billion the previous year. These reserves consisted of invested funds and available credit facilities.
The Group places importance on financial flexibility, the ability to take advantage of opportunities in the market, and the ability to undertake strategically important investments. At the end of 2022, the Group entered into a new sustainable credit line of NOK 1 billion, where the terms are linked to the Group's Science Based Targets (SBT).

As at 31 December 2022, the Group's equity amounted to NOK 5 715 million and our equity ratio was 29.9 percent, down from 39.7 percent in 2021. The reduction in equity was mainly due to the distribution of dividends for 2021 of NOK 1 315 million, as well as the negative result for the year.

The parent company's equity as of 31 December 2022 was NOK 4 114 million. The Group and the parent company have satisfactory liquidity reserves. Credit and counterparty risk are deemed to be limited as Posten's counterparties generally have high ratings. The Group's financial platform provides good conditions for handling a situation of extraordinarily high uncertainty, and future investments will be adapted to financial capacity.

Some of Posten's loan agreements contain debt covenants that limit net interest-bearing liabilities/EBITDA to a maximum of 3.5 and require a minimum equity ratio of 20 percent. Compliance with the clauses is calculated based on the Group's accounting figures. Throughout 2022 and at the end of the year, the Group complied with clauses in the loan agreements.

RISK

Risk management and internal control processes are described in more detail in the company's corporate governance reporting and the section «Risk management» in Chapter 2. The Group uses derivatives to manage financial market risks that arise as a result of ordinary operations. The derivatives used are futures, interest rate swaps, currency swaps and combined interest rate and currency swaps. Detailed information about derivatives and hedging is provided in notes 13, 14 and 21 to the annual financial statements.

ALLOCATION OF PROFIT FOR THE YEAR

In 2022, the Group's profit after tax was negative, with a loss of NOK 277 million. Profit after tax in the parent company Posten Norge AS was negative, with a loss of NOK 375 million, compared with NOK 836 million in 2021. The annual dividend is determined after an independent assessment of the Group's and the parent company's financial situation and future prospects is carried out.

The Board therefore proposes that no dividend be paid for 2022 since the Group's result for the year was negative. The loss for the year will be covered by other equity. The intention behind this recommendation is to ensure that the Group's and the parent company's equity is prudent given the risk and scope of the business. The actual dividend will be determined at the 2023 general meeting.

The financial statements have been prepared on the basis of a going concern assumption. The Board confirms the validity of this assumption.

THE WORK OF THE BOARD OF DIRECTORS

Good corporate governance is a prerequisite for Posten Norge to be profitable within a sustainable framework. The Group complies with Norwegian standards and best practice for corporate governance, based on Norwegian law and the government's ownership policy at any given time. In addition, information about the Group's corporate social responsibility and the Transparency Act is provided as part of .

The Board evaluates its work, qualifi cations, and methods annually. It also discusses relevant topics that require special follow-up. The rules of procedure for the Board are updated annually. In addition to exercising its responsibilities under the Limited Liability Companies Act, the Board contributes actively to the development of the Group with regard to the company's strategies, market conditions, business models and value chain. In 2022, the Board has been concerned with realising the strategy, including the necessary increase in capacity in the network. The Board has also discussed topics such as responsible employer and client, climate, safety and emergency preparedness. The Group's integrated report for 2022 has been prepared in accordance with the framework for Integrated Reporting and provides a comprehensive and coherent explanation of the Group's strategy, business model and value creation today, tomorrow and in the long term.

Posten Norge AS has taken out board liability insurance. This applies to Posten Norge AS and subsidiaries where Posten owns more than 50 percent and includes former, current or future board members, the general manager and members of management or equivalent body of the company with subsidiaries. The insurance has also been extended to cover employees who have been appointed by Posten to be board members of other companies, but where these companies do not have their own board liability insurance in place. The insurance covers liability that they may legally incur for damage caused to the company, the company's shareholders or third parties. The insurance covers personal liability, legal costs and indemnity.

At the Annual General Meeting in 2022, Anne Carine Tanum was elected as the new Chair of the Board of Directors, replacing Andreas Enger. Andreas Enger and Henrik Höjsgaard stepped down from the Board and Patrik Berglund was elected as a new Board member. The employees' representatives to the Group Board were all re-elected in 2022. The proportion of women on the Board is 67%. Among the shareholder-appointed board members, the proportion of women is 60%. The Board supports work on diversity and equality, please refer to chapter 3 - Our value creation. The Group's head office is in Oslo and our primary market is Norway. Our largest market outside Norway is Sweden.

FUTURE PROSPECTS

The Group's goal of being the customer's first choice, a leader in technology and innovation, and the best in sustainable value creation shows direction and guide our work going forward.

The geopolitical situation creates uncertainty internationally and unrest in the commodity and financial markets. Inflation in Europe is at a high level mainly driven by energy prices. The logistics market is cyclically sensitive, and activity in society has a rapid impact on volume development. Much points to a recession in the Nordic countries in 2023, as well as a moderate recession the following year. The economic market outlook is more uncertain than normal.

For the Group, this means an increased focus on cost-effectiveness, which will be balanced with measures to increase the Group's competitiveness. It is expected that it will be difficult to reach profitability targets in the short term and investments will be adapted to the Group's financial capacity.

In the long term, the Board has faith in the future and is setting the Group up for growth. We invest aggressively in the Nordic market with the ambition of strengthening our positions, especially in Sweden. We continue to invest in new technology, new services, parcel boxes and terminal capacity. New terminals are planned in both Norway and Sweden.

With the Shelfless initiative, our ambition is to be a leader in e-fulfilment in the Nordic region with a comprehensive solution from A to Z for efficient and green storage services for companies with online stores. Fully automated storage facilities have been established in Norway, Sweden and Denmark and further investment is being made in increased capacity to meet growth in the market.

The Board is working to reorganise postal operations in Norway and adapt the service offering to the digital society and new needs. Letter volumes are expected to continue to fall by around 10-15 percent annually, but the current framework conditions provide limited opportunities for further adaptation of postal services.

In collaboration with KS (the Norwegian Association of Local and Regional Authorities), opportunities are being explored to contribute to solving societal tasks in an interplay between Posten's nationwide network, and the needs of municipalities and citizens. A "doorstep service" is being tested in some municipalities where elderly and non-digital groups receive weekly personal delivery of mail and public information as part of strengthening citizen dialogue and providing increased security in everyday life. The ambition is to expand the service content, and to test in a dozen or so municipalities during 2023 and 2024.

A large part of the Group's value creation depends on digital solutions. This also means vulnerabilities and a global threat landscape. The risk of cyber-attacks is increasing, and such attacks can have major operational, financial and reputational consequences. Posten therefore works in a targeted way concerning information security. Together with IT suppliers, security measures and emergency preparedness have been established to reduce risk.

The Board wishes to highlight the Group's systematic work for sustainable development. Posten, with its committed employees and good partners, will continue to drive the green shift and reduce emissions in line with the Paris Agreement. The goal is net zero emissions from road transport in 2040 – and net zero emissions from the entire business in 2050. It involves developing more green services, investing in new technology and adapting the network to fossil-free transport, entering into partnerships and influencing framework conditions. For more information about Posten's climate work, see chapter 3: «Our environmental impact» on page 68.

The board emphasises Posten's role as a responsible social actor and employer. Posten has a high level of trust in the population, which the Board is keen to manage and further develop in a positive manner.

The Group is developing strongly. The Group's rate of change must be high in order to continue to be a leader in the development of our industry. We depend on talented and committed employees and our employee promise is "Always developing". This means that we invest in employees and competence development.

We reflect the diversity in society and work to promote diversity, equality and integration. Long-term and systematic work is being done in health, safety and the environment towards the ambition that no one should become ill or injured as a result of their work at Posten.

The Board would like to thank all employees, managers and shop stewards for the good cooperation in 2022.

Board meeting 30 March 2023

Anne Carine Tanum (chair)

Finn Kinserdal

Liv Fiksdahl

Tina Stiegler

Patrik Berglund

Gerd Øiahals

Knut Marius Lydvo (Deputy)

Lars Nilsen

Tove Gravdal Rundtom

Tone Wille (CEO)

Corporate Governance

Each year the Board of Posten Norge AS (the company) submits a report on Posten Norge AS' compliance with the Norwegian Code of Practice for Corporate Governance (NUES recommendation).

An account of how the Code of Practice has been followed up in Posten Norge AS is provided in sections 1-15 below, including details of how the principles have been met, the reason for any deviations, if applicable, and how the company rectified any deviations from the recommendations. The report complies with the structure of the Code of Practice.

The Norwegian State is the company's sole owner. As a result of this, the company's corporate governance deviates from Section 6 of the Code of Practice on general meetings, Section 7 on nomination committees and Section 14 on takeovers.

Responsibility for managing the Norwegian State's ownership lies with the Ministry of Trade, Industry and Fisheries.

Posten Norge AS follows the state's principles for good ownership described, as well as elsewhere, in White Paper 6 (2022-2023) (Ownership Report). The company is also subject to the reporting requirements in section 3-3b of the Accounting Act on corporate governance, and an overview of where the required information can be found under Section 16.

SECTION 1 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board believes it is important to maintain and further develop a high standard for corporate governance, equivalent to Norwegian standards for best practice, including the Code of Practice.

Posten Norge AS is a limited company wholly owned by the Norwegian State. The Group's corporate governance follows Norwegian law and the state's ownership policy in force at any given time.

Good corporate governance is a prerequisite for a sustainable, profitable and vigorous company. The Board of Posten Norge AS believes there is a clear link between good corporate governance and creating value for the company's owner, other stakeholders and society as a whole.

SECTION 2 OPERATIONS

The articles of association state that Posten Norge AS shall run postal and logistic operations on a commercial basis, as well as other activities directly related thereto. Furthermore, the company shall be a provider that can meet the society's need for nationwide postal services.

The company's statutory postal services are described in the Postal Service Act and the company's licence granted by the Ministry of Transport and Communications. The current licence is valid from 1 July 2020 and until it is succeeded by agreements or decisions concerning statutory postal services pursuant to section 6 of the Postal Service Act.

The Board establishes goals, strategies and the risk profile, both on a Group-wide level and for each segment. These support the Group's goals. Goals and strategies are set based on regular assessments and processes (at least once per year) that are intended to ensure that the Group has a well-founded and operational strategy at all times. Goals, strategies and risk profiles are decided based on these evaluations and processes. See also Section 10 Risk management and internal control.

Through its operations, Posten Norge AS is a prominent social actor, which entails a special responsibility for how the company's activities are performed. The Group's shared core values create an important foundation for the business and the Board's work – with regard to employees and its external environment, such as customers, suppliers and business partners. The shared values are: "take responsibility", "be a team player" and "want to achieve more". In addition to this platform of shared values, a Code of Conduct and management principles have been established.

The company takes responsibility for how the business impacts people, the environment and society, so that the business can create value in a sustainable manner. This is achieved by reducing the negative impact of our activities on the external climate and environment, as well as by developing the Group as an attractive workplace with a diverse and inclusive working environment. In the opinion of the Board, fulfilling our social responsibilities contributes to the company's good reputation and positive development. Attitudes towards corporate social responsibility is described in the Board of Directors' Report and in the Group's sustainability report, in accordance with section 3-3c of the Accounting Act. The documents are available on the Group's website, see postennorge.no.

The company's activities are labour-intensive. In total, the Group employs around 12 500 full-time equivalents. Health, Safety and the Environment (HSE) is therefore a high priority within corporate social responsibility work. The company's aim is to ensure that nobody is injured or becomes sick as a result working in or for the Group. Continuous and targeted work is being carried out on preventive and health-promoting measures.

A code of conduct has been developed that is included in the Group's integrity programme. The aim of the integrity programme is to increase awareness and knowledge about how to handle typical ethical dilemmas. This will help to ensure that the Group always takes human rights, anti-corruption, competitive practices, working conditions, HSE, discrimination and sustainability into consideration.

As well as ensuring that the company runs profitably on commercial terms, the Group must fulfil its delivery obligation, meet its owner's required rate of return and adapt its activities to the structural changes that take place in the market. This also means that the client must pay for the required unprofitable services.

The following fundamental principles form the basis for the development of the Group:

- The company shall develop strong, profitable and sustainable market positions within the areas in which the Group operates.
- The company shall ensure a satisfactory return on all investments and competitive value development over time.
- The company shall provide services to meet its universal service obligations.
- The company’s business shall be customer-oriented, meet customers' requirements efficiently, and be available where customers are.
- The company shall have a balanced portfolio of activities that strengthens our capacity to serve the customers' needs.
- The company shall be a trusted third party for customers.
- The company shall ensure a unified culture and shared values, which also provide room for diversity.
- The company shall work to extract cost benefits through efficiency measures, coordinating the value chain, industrialisation and continuously improving processes, as well as transparent and integrated business management.
- The company shall work actively to reduce the company's impact on the external environment.
- The company shall develop good, attractive workplaces.

Continuous improvement is an important common denominator in the development of the Group. This entails continuously working on product and services portfolios, structures, processes and systems, to increase the overall customer value and reduce the unnecessary use of resources.

SECTION 3 EQUITY AND DIVIDENDS

Capital structure

The Group's equity was NOK 5 715 million as of 31 December 2022. There have been significant cost increases due to the geopolitical situation, which has led to pressure on the Group's margins and solvency, and earnings have been significantly reduced. Dividends in 2020 and 2021 have also reduced equity. This has created a need for an adjustment to the Group's investment programme where several investments must be reduced and/or postponed in order to ensure the Group has sufficient financial freedom. The equity ratio has fallen from 39.7 percent as of 31 December 2021 to 29.9 percent as of 31 December 2022.

Dividends

Before the annual dividend is determined, an independent assessment of the Group's equity and liquidity must be carried out. The Board of Directors shall carry out an overall assessment to determine a prudent dividend level. However, Posten Norge As' general meeting is not bound by the Board's proposal for the distribution of dividends, cf. section 20-4 (4) of the Companies Act, and the company is thus subject to the dividend expectations in force at any given time. The government's long-term expectation of annual dividends is 50-70 percent of Group profit after tax.

SECTION 4 EQUAL TREATMENT OF SHAREHOLDERS

All shares in Posten Norge AS are owned by the state, and the Code of Practice’s recommendation concerning share issues is not deemed relevant to Posten.

SECTION 5 SHARES AND NEGOTIABILITY

All shares in Posten Norge AS are owned by the Norwegian State, and the Code of Practice’s recommendation is thus not deemed relevant for the company.

SECTION 6 GENERAL MEETING

The state, through the Minister of Trade and Industry, is the company's general meeting.

In accordance with section 8 of the company's articles of association, the ordinary general meeting must be held by the end of June each year.

Section 20-5 (1) of the Limited Liability Companies Act states that the Ministry of Trade, Industry and Fisheries is responsible for sending notification of both ordinary and extraordinary general meetings and for deciding the method of notification. Posten deviates from this section of the Code of Practice.

The Board, chief executive, company auditor and the Office of the Auditor General are invited to the general meeting.

SECTION 7 NOMINATION COMMITTEE

The state is the sole shareholder and the company therefore has no nomination committee. The shareholder-appointed board members are nominated by the Ministry of Trade, Industry and Fisheries and are elected by the general meeting in accordance with section 20-4 (1) of the Limited Liability Companies Act. The company deviates from this section of the Code of Practice.

Four members of the Board are chosen by and from the Group's employees in Norway. A Group-wide scheme was established for the election of employee representatives to the Board of Posten Norge AS. This means that all employees in the Norwegian part of the Group can be elected and have voting rights.

SECTION 8 BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE

Composition of the Board of Directors

As the sole shareholder, the Norwegian state designates and selects all the shareholder-appointed Board members, including the Chair of the Board. There are no deputies for the shareholder-appointed representatives on the Board. By virtue of the agreement the employees have the right to elect up to four members of the Board with deputies. Board members are elected for terms of two years at a time.

The Board of Directors is deemed to safeguard the company's expertise, capacity and diversity. The Board members' backgrounds are described in more detail in the annual report and on the Group's website.

Until the Annual General Meeting on 6 May 2022, the Board of Directors has consisted of six shareholder-elected directors (three of whom are men and three women), and four employee-elected directors (of whom one is a man and three are women), and after the Annual General Meeting consisted of five shareholder-elected directors (two of whom are men and three women), and four employee-elected directors (of whom one is a man and three are women).

Independence of the Board of Directors

The Board acts as a collegial body and not as individual representatives of various interest groups. The Board of Directors assesses the independence of its members on a continuous basis. As at 31 December 2022, all of the shareholder-appointed board members were deemed to be independent board members, since they were not considered to have commercial, family or other relationships that could be deemed to affect their evaluations or decisions as board members of Posten Norge AS.

SECTION 9 THE WORK OF THE BOARD OF DIRECTORS

The Board's duties

The Board of Posten Norge AS is responsible for the overall management of the Group and supervises the Group's activities in general.

This overall responsibility is described in detail in the adopted instructions for the Board of Directors and in the Board's plan for its own work. Both of these documents are revised on an annual basis. The guidelines for the CEO's work form part of the rules of procedure for the Board.

Together these documents clarify the tasks and responsibilities of the Board and the chief executive, including which matters shall, can and should be handled by the Board. This also includes the limits of the chief executive's authority. Matters that typically appear on the agenda of the Board on a regular basis are the preparation and implementation of the Group's strategies, the processing and approval of quarterly and annual reports, monthly performance reports, HSE issues, investments and related follow-up work, evaluation of the Group's risks and internal control as well as HR and organisational issues.

Transactions with related parties shall be based on commercial terms and principles. Information regarding such transactions is provided in the annual report, see Note 24. As Posten Norge AS is a limited liability company that does not have listed shares and only one owner, the provisions of the Public Limited Liability Companies Act on agreements with associated parties are not considered relevant.

The Board's responsibility for reviewing and reporting risk management and internal control is described in more detail under section 10.

The company does not allow Board members or employees to participate in the processing of a case or attempt to influence decisions when special circumstances exist that may weaken confidence in their independence. Anyone who becomes aware of potential conflicts of interest must immediately report this to their immediate superior. The Board's work and its meetings are led by the Chair of the Board and based on presentations by the chief executive. The company expects these presentations to provide a good and satisfactory basis for considering matters. The Board held a total of nine board meetings in 2022, of which two were extraordinary board meetings.

The Board conducts an annual evaluation of its work and its competence. The Board is also evaluated by the company's owner.

The Board's audit committee
The Board has established an audit committee which is subject to a separate mandate. The audit committee consists of two shareholder-appointed Board members. The audit committee meets at least five times a year. The audit committee shall operate as a case preparation body for the Board and support the Board in carrying out its responsibility for financial reporting, risk management, internal control and external auditing.

The committee's main duties are: to prepare the Board's follow-up work on reporting processes for the financial accounts (including ongoing contact with the company's external auditor regarding the audit of the annual financial statements), to supervise the systems for internal control and risk management and to supervise the work and independence of the external auditor.

The audit committee had six meetings in 2022, at which management and the auditor take part. The audit committee also meets with the auditor without management present.

The Board of Directors' remuneration committee
The Board has established a remuneration committee which is subject to a separate mandate. Until the ordinary general meeting on 6 May 2022, the remuneration committee consisted of the Chair of the Board and three Board Members, of which one Board Member is an employee representative, and after the ordinary meeting consisted of the Chair of the Board and one Board Member (employee representative). The remuneration committee holds regular meetings throughout the year. The committee prepares and recommends proposals to the Board related to the terms and conditions for the chief executive, management remuneration policies and remuneration structure, as well as central organisational and management development.

The remuneration committee had three meetings in 2022.

SECTION 10 RISK MANAGEMENT AND INTERNAL CONTROL

The Board ensures that the company has good internal controls and appropriate systems for risk management, and monitors these regularly. The Board emphasises the importance of a good and efficient control environment in addition to good control processes. This work is based on the company's articles of association, the rules of procedure for the Board, and other internal governing documents, as well as general laws and clear recommendations based on best practices.

The Group's governing documents establish how the management and control of the Group shall be carried out. The documents set out Group-wide requirements with regard to conduct in important areas and processes.

Risk management and internal control must be integrated into the Group's processes. Managers on all levels are responsible for ensuring that risk management and good internal control systems are established within their respective areas, that these have the necessary effect, and that they are automated to the extent this is considered expedient.

An internal control committee has been established to ensure adequate and effective internal control of specified risk areas. The internal control committee is responsible for ensuring progress and deliveries related to the centrally mandated internal control reviews and is responsible for reporting these to the CEO, the audit committee and the Board. Annual internal control reviews are conducted of priority areas. The reviews result in proposals concerning specific measures aimed at improving internal control. The implementation of proposed measures is the responsibility of line management.

There is each year conducted an overall assessment of the Group's risk. This risk assessment is based on strategies, business plans and targets. The process is based on COSO's framework for risk management. The aim is to evaluate risks affecting strategy, finance, operations and reputation, as well as climate and environmental risks and risks associated with information security. The results of this process are consolidated to form an assessment of the main risks to which the Group is exposed.

An annual assessment of the willingness and capacity to assume risk is also conducted, which is described in the Group's risk assessment. Risk is managed partly through the operational management, partly through preventive measures from central control functions, and partly through independent, external supervision. The annual risk assessment is followed up with actions and recommendations in order to manage and control the individual risk factors and avoid events that can adversely affect the Group's operations and reputation. The company's consolidated financial statements are presented in accordance with the applicable IFRS regulations.

The Group's reporting process for the financial accounts is described in the Group's governing documents, which includes procedures and rules for monthly, quarterly and annual reporting. The Group's accounting policies are described in more detail in the Group's accounting manual. The reporting and consolidation of financial accounting information is carried out in a common reporting system. The Group utilises a common Group account plan and the Group accounts department makes use of both built-in system controls and manual controls to ensure complete and consistent accounting information. The consolidation of accounting information takes place at multiple levels within the Group. Subsidiaries are responsible for their Group/Company accounts being reported in accordance with the Group's policies and routines.
The Group has established an advisory investment committee which handles all cases that entail investment and sales in accordance with specified authorisation limits.

A common code of conduct applies to all of the Group's employees. This is continually being promoted. This standard is a part of the Group's integrity programme which shall help to ensure a high and precise ethical standard with regard to anti-corruption, competitive practices, social dumping and the handling of information. The Group's suppliers and partners must sign the Group's "Ethical standards for suppliers" when contracts are signed and thereby commit themselves to living up to the same ethical standards. In addition to this, systematic risk assessments are conducted of suppliers and checks/audits carried out.

Openness is a significant element in the company's general risk management and internal control. Openness is especially important for the prevention and rectification of non-compliance. All employees and business partners are therefore encouraged to report any censurable and/or illegal conditions as soon as possible. This is a part of the individual's responsibility.

A whistle-blowing system has been established to ensure reports are properly received and followed up. The corporate unit for misconduct shall ensure that the reports are not met with negative reactions or sanctions. The Board's audit committee reviews the report from the Group's corporate unit for misconduct every six months. The audit committee informs the Board to the extent deemed necessary. The number of notifications received under the scheme has been stable in recent years.

SECTION 11 REMUNERATION OF THE BOARD OF DIRECTORS

The board members' fees are set at the general meeting each year. Remuneration is not dependent on results and none of the shareholder-appointed board members has share options, a pension scheme or agreement on salary after leaving his/her position from the company. Shareholder-appointed board members do not normally have additional duties for the company. To the extent that the board members undertake such duties, this shall be clarified with the other board members in advance. Details of the remuneration for the Board members in 2022 are presented in the Executive Remuneration Report which is available at postennorge.no, as an attachment to the Integrated Annual Report 2022.

SECTION 12 SALARIES AND OTHER BENEFITS TO SENIOR EXECUTIVES

The Board has prepared guidelines concerning the determination of salaries and other benefits for the chief executive and other senior executives. The guidelines shall support the Group's strategy, long-term interests and financial sustainability. The guidelines have been prepared in accordance with section 7 of the articles of association and are in line with the principles in the Government's guidelines for management remuneration in companies owned by the state. Furthermore, the Board has prepared a statement on management remuneration that has been followed in the preceding financial year. Both the guidelines and the statement shall be presented to the ordinary general meeting.

Information about total remuneration and the Board's guidelines concerning the determination of salaries and other benefits for senior executives is discussed in the Executive Remuneration Report which is available at postennorge.no, as an attachment to the Integrated Annual Report 2022.

SECTION 13 INFORMATION AND COMMUNICATIONS

The Group follows an open communications strategy to support the business strategies, goals and values. Good communication shall contribute to a good reputation, strong brands, satisfied customers and proud employees. Guidelines for a code of conduct have been established to ensure that the company acts professionally and uniformly in its communications. Financial information is reported quarterly at stipulated times as set out on the company's website in accordance with the Oslo Stock Exchange's information requirements, so that the owner and the financial markets are treated equally.

The Board also emphasises the importance of good communication with the company's owner outside the general meeting.

SECTION 14 TAKE-OVERS

Posten Norge AS is a limited company wholly owned by the Norwegian state, where the state's rationale for its ownership interest in Posten Norway is, among other things, to have a supplier who can meet the state's need for nationwide postal services. The Board therefore deems this section of the Code of Practice not to be relevant. The company deviates from this section of the Code of Practice.

SECTION 15 AUDITOR

Posten Norge AS has an independent external auditor selected by the general meeting on the recommendation of the Board.

The auditor takes part in Board meetings that handle the annual financial statements in order to improve the Board's basis for making decisions. The Board's audit committee reviews the arrangements and plan for the audit together with management and the auditor, including risk assessment and the scope of the audit. In the meeting with the audit committee and with the Board, respectively, the auditor presents the audit and gives his view of the Group's accounting policies, risk areas, internal control procedures and the Group's bookkeeping. The conclusions are presented in an annual, numbered letter to the Board.

The Group's policy allows the use of the auditor in audit-related tasks that meet the applicable independence requirement, in addition to the statutory audit. Tasks that are not audit-related must be approved by the audit committee.

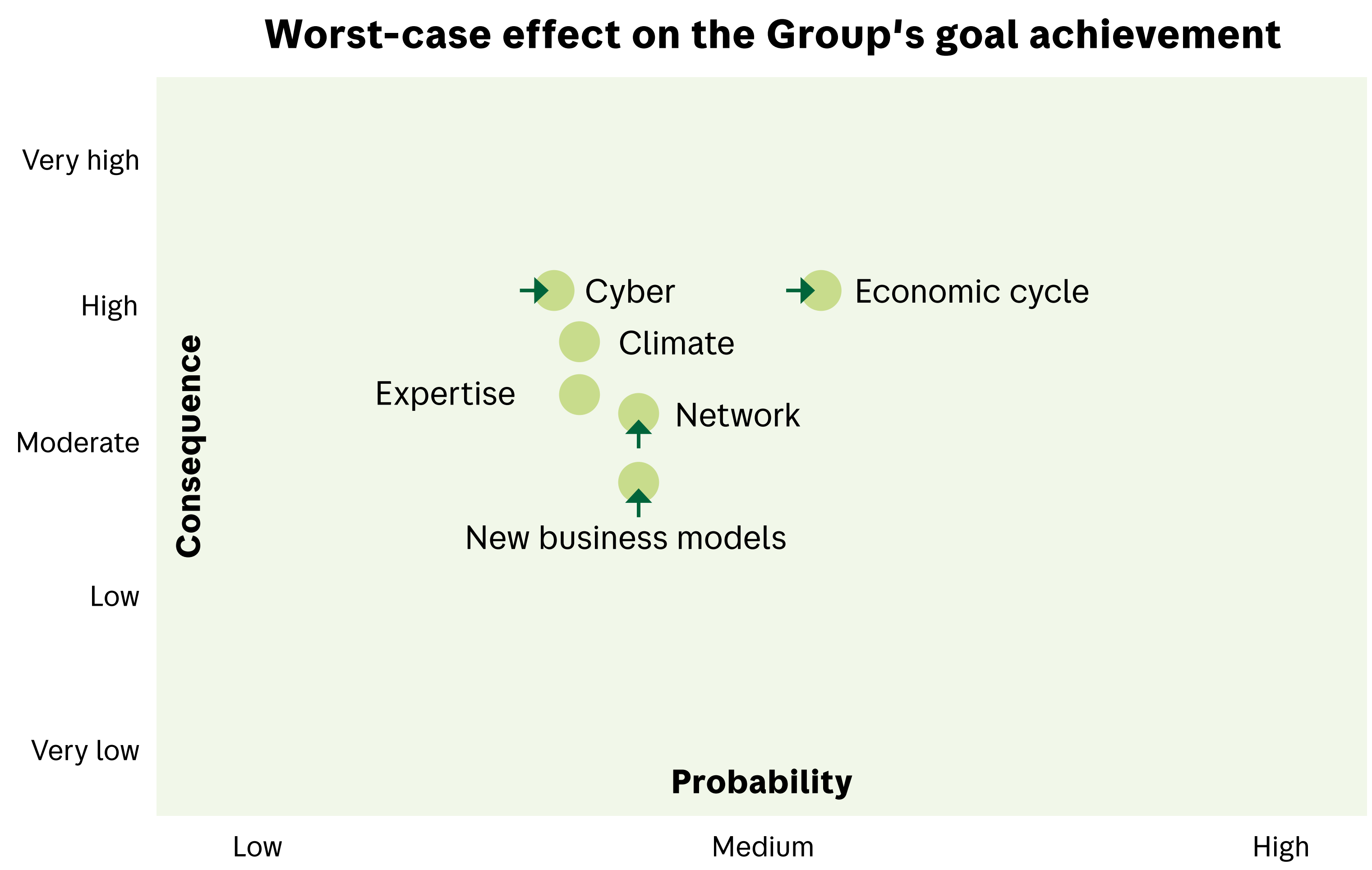
SECTION 16 REQUIREMENTS PURSUANT TO SECTION 3-3B OF THE ACCOUNTING ACT

The Board must provide information on corporate governance in accordance with section 3-3b of the Accounting Act. Below is an overview of where in the above report this information is provided.

1. *"details of the recommendations and rules on corporate governance which cover the enterprise or which the enterprise otherwise decides to follow"*
   - See the report's Section 1 Implementation and reporting on corporate governance
2. "Information on where the recommendations and regulations mentioned in no. 1 is publicly available"
   - See the report Section 1 Implementation and reporting on corporate governance
3. *"reasons for any non-compliance with the recommendations and rules mentioned in no. 1"*
   There are three instances of non-compliance described in more detail in Section 6 General meeting, Section 7 Nomination committee and Section 14 Take-overs.
4. "a description of the main elements in the company's, as well as the Group's if consolidated accounts are also prepared, systems for internal control and risk management related to the accounts reporting process".
   See the report's Section 10 Risk management and internal control
5. "provisions of the Articles of Association which fully or partly expand or exclude provisions of chapter 5 of the Public Limited Companies Act".
   See the report's Section 6 General meeting
6. *"the composition of the Board of Directors, corporate assembly, representative and control committee; if applicable any working committee for these bodies, as well as a description of the main elements in the applicable instructions and guide-lines for the bodies' and, if applicable, the committees' work"*
   See the report's Section 8 Board of Directors, composition and independence and Section 9 The work of the Board of Directors.
7. *"provisions of the Articles of Association which regulate the appointment and replacement of Board members"*
   See the report's Section 8 Board of Directors, composition and independence.
8. *"provisions of the articles of association and powers of attorney which give the Board the power to decide that the company shall buy back or issue shares or equity certificates"*
   The company does not have any provisions in the articles of association or powers of attorney that give the Board the power to decide that the company shall buy back or issue shares or equity certificates. See the report's Section 3 Equity and dividends and Section 4 Equal treatment of shareholders.
9. *"a description of the company's guidelines for gender equality and diversity with regard to, for example, age, gender and educational and professional background for the composition of boards, management and control bodies and, if applicable, subcommittees. The objectives of the guidelines, how they have been implemented and their effects during the reporting period shall be stated. If the enterprise does not have such guidelines, provide the reason why."*
   See chapter 3 - Our value creation.

Risk management

Risk management and internal control are integrated into the Group's business processes and are central elements of Posten's corporate governance. When developing goals, strategies and business plans, the aim is to create value by balancing growth against profitability targets and risks to the Group's activities.



The Board emphasises good risk management and internal control, and it has a central function in corporate governance. The Board evaluates the Group's total risk every six months, including the measures to be implemented. The risk analysis is an integral part of the Group's business processes and is linked to the strategic main objectives. It is an important part of the Group's investment decisions and forecasting process.

The emphasis is on a quantitative risk approach. Risk-mitigating measures are implemented to ensure that the Group achieves our goals, and these are regularly evaluated to ensure that they are having the desired effect. The Board and management actively follow up the Group's risk exposure within the areas of strategic, operating, financial, reputational and climate risk, as well as information security.

Risk management and internal control processes are described in more detail in the Group's corporate governance reporting.

Risk management

Posten uses the COSO framework as the basis for the risk analysis itself, where each risk is measured with regard to the Group's risk appetite and risk capacity, based on the consequence and probability of each risk.

Risk appetite is defined as maximum desired risk exposure from an earnings and solvency perspective, while risk capacity is defined as the maximum risk exposure that the company can withstand before the company is "forced" to change the business model. Read more about our lines of defence to meet risks at the next page.

COSO

COSO is a recognised framework for holistic risk management and internal control in an enterprise. The framework is intended to help companies achieve their strategies, and not just reduce incidents that can have a negative impact. COSO has influenced the requirements for internal control in the state's financial regulations, and is used by several audit and advisory groups in their work with municipal, state and private enterprises.

The organisation of our lines of defence

Third Line Defence
- Independent control/audit

Second Line Defence
- Control functions / internal control committee
- Implementation of guidelines and procedures
- Internal control/monitoring process

First Line Defence
- Culture and attitudes
- Adequate assessments in business decisions/day-to-day operations
- Measures to manage risk
- Reporting, follow-up and control

External auditor

Board / Audit Committee

The central monitoring process

Group CEO

External resources[1]

Internal control committee, chaired by CFO

Areas with special reporting
- Corporate social responsibility in the supply chain
- Whistleblowing scheme
- Information security
- Safety
- Privacy

Divisions with subsidiaries

Corporate staff members

Governing documents

[1] External resources are used for the implementation of selected internal control projects

Posten has established three lines of defence to meet risk.

The first line works with frequent, minor incidents, which are typically day-to-day situations that have to be followed up by operational management.

Larger and more serious incidents are mainly handled through preventive measures via second-line defence and supervision of auditor/independent controls in the third line of defence.

Risk analysis

Climate-related risk

Development of risk level: **Stable**

Risk Category: **Strategic**

What is the risk:
Society expects the business sector to adapt to contribute to the global community's goals of reducing emissions and global warming. Expectations come from all stakeholders and are expected to increase in the years ahead.

In the transition towards a low-emission society, Posten may experience a loss of customers if we cannot offer climate-friendly logistics solutions and clearly document our footprint.

For a more detailed description of climate-related risks, see «Climate and nature risk assessment» on page 80 and «Our environmental impact» on page 68.

Measures employed by Posten:
Among the most important climate measures for Posten is to reduce the Group's emissions and strengthen the offer of green services, driven by conversion to fossil-free power for both owned and hired transport. The commitment to the Science Based Targets Initiative ("SBTi") confirms Posten's ambitions to cut emissions in line with the Paris Agreement.

We also work purposefully to increase the reporting precision of our deliveries so that customers can easily get an overview of emissions from their deliveries.

Read more about our climate-friendly investments in "Green bonds" (attachment).

Scenario:
Our competitors offer increasingly climate-friendly logistics solutions, especially in the cities, but also between them. If Posten is unable to develop its own solutions, we will rightfully lose market share.

In addition, people are becoming more aware of the footprint of their consumption, and the volume of linear consumption may first level off, then decline.

Posten's opportunities:
Given Posten's size and position in the Nordic region, we have both the opportunity and an obligation to lead the way in the work on emission cuts. By investing in new technology, both in vehicles and infrastructure, we can help maintain the necessary pace of change. In addition, in dialogue with the authorities and decision-makers, we can help facilitate faster restructuring.

We have the opportunity to strengthen our position in the Nordic logistics market if we continue to succeed in reducing emissions. With increased attention to sustainability, rogue players will drop out, which in the long term could strengthen both Posten's volumes and margins.

Cyber attacks

Development of risk level: **Increasing relevance**

Risk Category: **Operational**

What is the risk:
The Group is facing a constantly changing threat landscape, and as a result of persistent geopolitical unrest, the risk of external threats is also increasing. We are more vulnerable by operating in countries that are at the forefront of digitalisation.

In addition, the more digitalised we are as a Group, with a clear data-driven production, the more vulnerable we will be to being put out of action due to cyber attacks.

Read more about this risk in «Information security» on page 58.

Measures employed by Posten:
Posten continues its systematic work with information security, with dedicated teams and high professional competence. Internally, we work using technical information to avoid us being targeted through our employees by building a robust safety culture.

In addition, support systems and collaboration tools are actively used to reduce risk.

Scenario:
A successful attack on operations could bring much of the business to a halt, as could attacks on more administrative targets.

In addition, indirect attacks threaten the trust our customers have in us. If such an attack is successful, we will lose confidence in the market, which will affect our volumes.

Posten's opportunities:
With good procedures for security against cyber attacks, the likelihood of operations being affected will be reduced. If Posten is able to maintain its credibility towards customers while under a high risk of attack, our market position could be further strengthened. A solid defence against cyber attacks will consolidate, and possibly strengthen, our position as a serious and safe logistics provider.

Human capital · Customer capital · Intellectual capital · Social capital · Natural capital · Financial capital

Changes in global value chain

Development of risk level: **Increasing risk**

Risk Category: **Operational**

What is the risk:
2022 has been characterised by higher inflation and associated weakened purchasing power. This creates uncertainty in expectations concerning shopping patterns and gives a weaker forecast for volume growth than first assumed. A market heavily impacted by turmoil also causes global supply chain disruptions and leads to the risk of delays for our suppliers. The risk is exacerbated by geopolitical conditions, war and persistent friction in world trade. Such disruptions have many possible consequences, for example that we will experience delays in further transition to renewable vehicles in the fleet.

Measures employed by Posten:
With persistent global disturbances and high economic uncertainty, it is important to be at the forefront as much as possible and ensure adequate flexibility. We follow market developments closely, and work to secure new capacity in the network before the need becomes acute.

At the same time, we are keen to continuously adapt capacity to volume. We are close to our customers and suppliers to identify tendencies for change, and adapt accordingly.

Scenario:
With weaker purchasing power and a turbulent market over a longer period, we may risk lower volumes than previously projected. With a network structure scaled for high volumes, margins will come under pressure.

Posten's opportunities:
If we succeed in following the market closely, so that our volume forecasts correspond well with real developments, we will be able to reduce the effect of a turbulent market. In this way, we will be able to manage investments, expansion and flexibility in network capacity so that we are not hit as hard as our competitors by uncertainty and a fall in volume.

In addition, a persistent imbalance in the value chain can lead to more customers requesting more local production. This enables us to gain market share and volumes by being present as a serious logistics operator in the local market.

Key competence

Development of risk level: **Stable**

Risk Category: **Strategic**

What is the risk:
In order to be able to deliver on our strategy, as well as to ensure daily operations in our core business, we depend on committed and competent employees. To achieve this, we need a high level of driving and chartering competence, combined with cutting-edge expertise in, for example, advanced analysis, creativity and technology.

The risk lies primarily in two factors; a tight labour market, and whether we as a Group are able to be an attractive employer that attracts, develops and retains key competence.

See «Our employees» on page 42 for further information.

Measures employed by Posten:
In order to attract key competence, Posten works to increase visibility in the labour market and have an active role in the recruitment and training of new drivers and charterers. The Group also has a recognised trainee programme that ensures the supply of new talents.

At the same time, targeted efforts are made to further develop the competence of today's employees through, for example, internal and external training, making provision for time for employees for learning and dedicated professional environments.

Scenario:
Persistent shortages of operational competence will significantly weaken the capacity and productivity of our network. A lack of technology and business development competence may particularly affect our strategic position within innovation and technology. Without the right competence internally, our service to the customer will be weakened.

Posten's opportunities:
If we are able to further develop and recruit the necessary key competence, we are well equipped to deliver quality and productivity, as well as develop new services in line with customer expectations. This could provide a lasting competitive advantage in the market.

Human capital · Customer capital · Intellectual capital · Social capital · Natural capital · Financial capital

Capacity in the network

Development of risk level: **Increasing risk**

Risk Category: **Strategic**

What is the risk:
The Group's investments in increased capacity in the network are based on an expectation of continued increased volumes, both through general market growth and increased market share. At the same time, we are in a time of considerable uncertainty in volume expectations.

It is therefore important to make longer-term capacity investments in the network, while at the same time maintaining sufficient flexibility to handle more short-term volume fluctuations.

Measures employed by Posten:
Capacity to handle expected volumes will be secured through new terminal investments in the Nordic region, as well as expansion of the existing structure. To ensure sufficient flexibility, the Group follows the market closely in order to quickly adapt production to unforeseen volume fluctuations.

Scenario:
Unexpectedly high volumes entail a risk that we do not have sufficient capacity, which will create bottlenecks that affect both productivity and quality.

At the same time, volumes lower than expected will entail a risk of overinvestment in capacity. Overcapacity will result in disproportionately high costs for the Group, resulting in less competitive unit costs and increased pressure on Posten's margins.

Posten's opportunities:
If we continue to expand the capacity of our network, while maintaining efficient land utilisation and high productivity, we will be able to continue to grow our market share without further squeezing margins. Higher market share will put us in an even better position to benefit from any new volume peaks. With a shortage of areas suitable for logistics in the Nordic region, especially around important hubs, we will be able to create lasting competitive advantages if we manage to further develop our efficient land utilisation in these areas.

New business models

Development of risk level: **Increasing risk**

Risk Category: **Strategic**

What is the risk:
Our range of competitors is becoming ever larger and broader, and we compete with both technology-driven niche players and international logistics players who provide an ever-expanding service portfolio through consolidation. We are therefore dependent on the services we offer being competitive in order to retain and expand our shares in the market.

If we are to keep up, we must make a great effort when it comes to developing and following up new business models.

Measures employed by Posten:
Posten works continuously to renew and further develop services and concepts. We aim to be present wherever the customer wants, and have recently worked extensively with the use of technology, big data and machine learning to deliver on business models that the customers expect, both today and tomorrow. New, agile ways of working with fast decision-making processes help us reduce time-to-market for our products.

In addition to further developing our current postal and logistics services, we have also been clearly present throughout 2022 as an investor in the Nordic start-up environment.

Scenario:
If we deliver services that are perceived as outdated and less useful and sustainable than our competitors, our customers will deprioritize us, reducing both our volume and margins.

Posten's opportunities:
If we succeed in creating, developing and improving our business models, in line with what our customers demand of us, we will be able to retain and expand our shares in the market. By being at the forefront of development, we will also be able to challenge new and modern concepts in an increasingly fragmented and challenging market. Especially within the circular economy, there are a lot of logistics services to be developed, which could potentially give Posten a new service leg to stand on.

Human capital | Customer capital | Intellectual capital | Social capital | Natural capital | Financial capital

Part 3

Our value creation

Commitment has been a central part of our DNA since we delivered the very first mail in 1647. Why is commitment important?

Without it, we are like a parcel with nothing inside.

Integrated annual report 2022

In the fact booklet “Sustainability at Posten” (attachment) you will find detailed information about guidelines, responsibilities and detailed tables.

HUMAN CAPITAL

Our employees

Our 12 750 employees contribute every day with their competence, dedication and ability to change. We will adapt to the working methods of the future.

People are the key to success. We therefore want to develop our employees by giving them the opportunity to equip themselves for the future. Our employees must have the right framework to do a good job even when their tasks change. At the same time, we work in a dedicated manner to increase and embrace diversity so that all employees are included and have equal opportunities to use their unique skills.

Risks:
The risk lies primarily in two factors; a tight labour market, and whether we as a Group are able to be an attractive employer that attracts, develops and retains key competence. Persistent shortages of operational competence will significantly weaken the capacity and productivity of our network.

Opportunities:
If we are able to further develop and recruit the necessary key competence, we are well equipped to deliver quality and productivity, as well as develop new services in line with customer expectations. This could provide a lasting competitive advantage in the market.

The areas where we can make a difference within Human capital can be linked to the United Nations Sustainable Development Goal 8 “Decent Work and Economic Growth”, sub-goal 8.5 and 8.8.

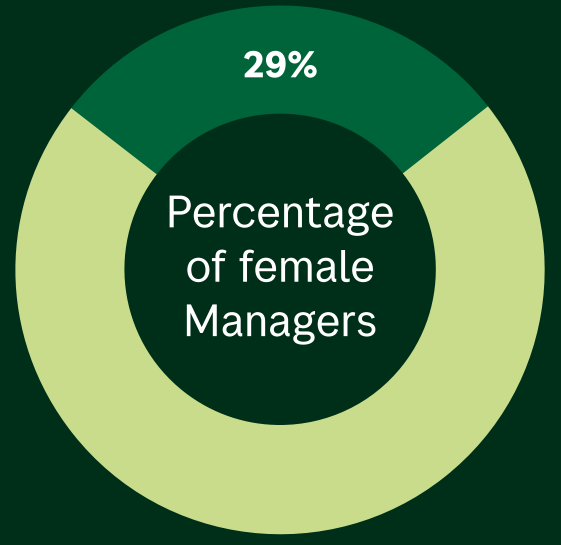
Connection to our strategy:
Enabled by competent and dedicated employees.

Connection to our objectives:
- No one should be injured or sick as a result of working in the Group
- The gender balance among managers shall reflect the gender balance in the Group
- A competence-driven and attractive employer

Our stakeholders believe we can make a difference in these areas:
- Safety and well-being of employees
- Competence raising and development
- Diversity and inclusion

Output:
A proud, dedicated and efficient workforce characterised by diversity and commitment, in a workplace that puts the health of employees in focus. Our competent employees are ready for change.

How we meet our targets:



Goal 2022: 31%

Goal 2023 32%

Safety and well-being of employees

HOW WE WORK ON THE TOPIC
Our employees are the Group's most important resource. If we are to succeed with our goals and strategies, we must safeguard and develop our employees through a continuous focus on safety, commitment and well-being in the workplace. The Group regularly implements measures to prevent issues and safeguard safety, increase employee competence and ability to change so that they can make good choices during the working day. We have a goal that no one becomes sick or is injured from working in the Group.

Safety and well-being for employees can be linked to the United Nations Sustainable Development Goal 8 "Decent Work and Economic Growth", sub-goal 8.8.

Here's what we've done in 2022

Corona emergency preparedness
The pandemic has had less of an impact on Posten in 2022. Although it still affects both Norway and the world, the pandemic today has little negative effect on operational ability. Sickness absence is manageable. Nevertheless, the situation is being closely monitored through, among other things, the risk assessments from the Norwegian Institute of Public Health (FHI) and the media.

The war in Ukraine has also affected the Group. We had hired drivers and vehicles in both Ukraine and Russia at the time of the February 24 invasion. Everyone got out quickly and safely. Since then, there have been no operations in these countries. "Corridors" were created for sending mail via Sweden and Finland to Russia, and via Latvia to Ukraine.

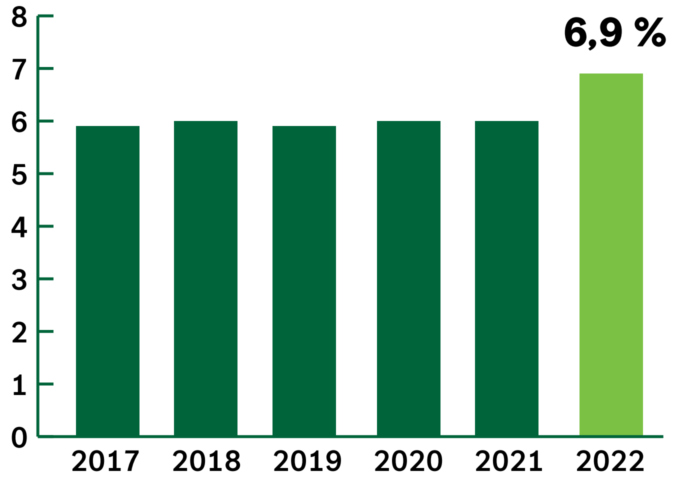
Mental health and substance abuse
The theme of this year's HSE management training was mental health and substance abuse. The purpose was to increase understanding and knowledge of what this is, how to prevent and deal with mental health challenges, but also create openness, security and break down taboos.

Continuous sickness absence work

It is important to have as many employees as possible at work, to ensure a good working environment and deliver quality to customers. We work systematically according to a comprehensive model for sickness absence follow-up, i.e. targeted, solution-oriented and caring with follow-up of sick leave. In Norway, we have started piloting tools for serious cases of sickness absence in collaboration with the occupational health service in 2022. Further work and eventual rollout will continue in 2023. We are looking at opportunities for expansion and piloting in Sweden.

Sickness absence ended at 6.9 percent for 6,0, the same as the year before. This is largely due to the coronavirus pandemic and other respiratory diseases.

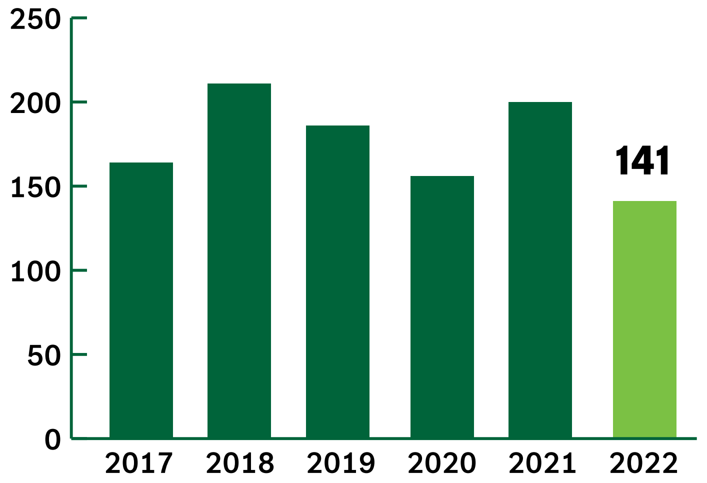
Development in sickness absence, percent



Systematic safety work

The number of injuries has decreased compared to 2021. One measure implemented to change the negative injury trend in 2021 was to introduce risk management as a topic in HSE management training. The training started in 2021 and has been ongoing throughout 2022. The goal has been to raise awareness of risk in one's own everyday work.

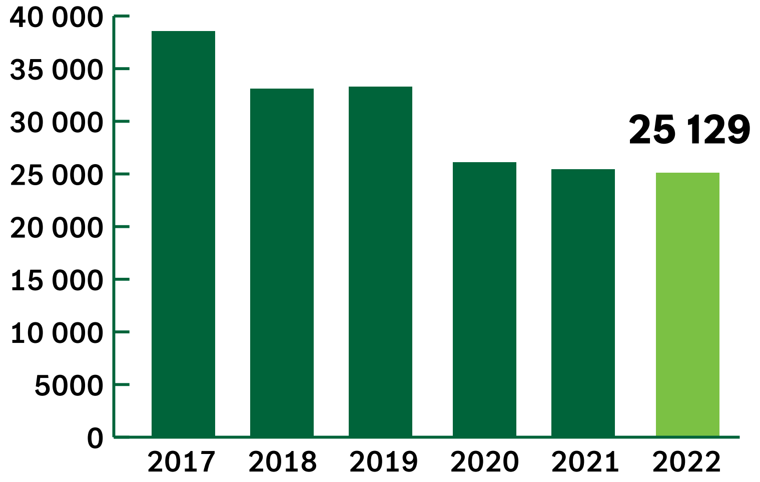
Development in the number of personal injuries (H2)



In addition, the other safety work measures have continued. This applies to the investigation of the most serious incidents, annual safety meetings and registration of near-accidents. All the tools to be used in injury prevention work are gathered in a "Best practice" presentation aimed at HR and HSE advisers and managers at all levels throughout the Group.

The registration of near accidents and hazardous conditions reveals risk factors while raising awareness of safety work.

Development in the number of registrations of near accidents



Hired personnel and subcontractors are used to some extent to carry out work under our management at our terminals. The necessary training is followed up through revisions of our "HSE Safety Standard" and self-evaluations.

Our assessment and the future

Targeted efforts to prevent sickness absence and injuries have been put on the agenda through the topics in HSE management training over the past two years. By also focusing on mental health, we want to safeguard and strengthen our managers in the work of both preventing and dealing with mental health challenges also through 2023.

For many years, we have had a high proportion of musculoskeletal disorders. Research shows that there is a connection between such ailments and the psychosocial working environment, which is an important factor in the prevention of sickness absence, injuries and accidents. We therefore want to start work in 2023 looking at the connection between musculoskeletal disorders and the psychosocial working environment. In the long term, this could yield benefits in the form of reduced sickness absence costs and a better working environment.

Integrated annual report 2022

Competence raising and development

Our employee promise is:

"Always evolving"

HOW WE WORK ON THE TOPIC

If we are to succeed with the strategy and achieve our goals, we must develop our existing employees and attract the expertise we need today and in the future.

Here's what we've done in 2022

Make learning accessible

We have launched a digital learning app where we both develop and make available engaging and customized digital learning for all our employees. The learning content being developed includes Group-wide courses such as IT security, but also courses that are created locally for certain areas of the Group. We have worked purposefully to train editors in pedagogical methods so that the development of learning content can be aimed more closely at employees' needs and mission-critical areas. In 2022, all PC users were given access, and in the future we are working on a separate licence so that all employees in operations can access the app and customized learning content.

Attract

Our employee promise is: "Always evolving". We create communication that links the strategy to identified target groups and activates the promise through internal training and external exposure. At the same time, we professionalise our recruitment processes with new methods, systems, tools and platforms. We offer apprenticeships and trainee programs. Apprentices and trainees add up-to-date professional competence to the operation. The goal of the trainee programme is, among other things, to attract and develop talent with critical competence.

Good learning processes

We are committed to good learning processes. In 2022, we have worked to professionalise the onboarding journey to make it easy for new employees, managers and support functions to ensure a good introduction to Posten and Bring. This process consists of digital courses through our mobile learning platform, management support, information and sharing of best practices.

Sharing best practices is important for us to make knowledge explicit. An example of this is a programme to "train the trainer". Our focus for this in 2022 has been to bring together those who are actively working with recruitment to learn best practices. We have combined digital learning with physical courses and management support, and have established an interest network for further sharing and inspiration. In this way, we facilitate further learning in this area.

We recognise that the everyday lives of our employees are constantly changing. New systems, new products and automation have become the norm, which means that learning is just as important for everyone working in operations as it is in support functions. One example is competence development in driving offices where everyday learning is combined with physical gatherings, Teams meetings, mobile learning on the learning platform Motimate and multi-

Integrated annual report 2022

Through internal and external recruitment campaigns, we want to

recruit and train between 20 and 40 professional drivers annually

ple pop-up pitches. The goal is to learn more about system solutions that help simplify and quality assure daily operations in a driving office, anchor ethics in the supply chain and improve the purchasing process for purchased transport. We have also held customised business development courses for our charterers.

Educating professional drivers

The Nordic countries and Europe are facing a major challenge in finding enough professional drivers in the future, a challenge that the industry must work together to solve. As one of Norway's largest transporters, we need around 100 new professional drivers every year. We are therefore cooperating with Adecco to make the entrance ticket to the driving profession more affordable by paying part of the cost of the certificate for a truck, class C or CE driving licence. In addition, we offer a tailor-made training course created in collaboration with the traffic school Learn. Through internal and external recruitment campaigns, we aim to recruit and train between 20 and 40 professional drivers annually, and the first cohort started in December 2022.

Learning and development in agile teams

In 2022, we have changed the way we work on service development. With this change, 300 employees have been organised into interdisciplinary teams. We invested time to set a good foundation for the teams. The new way of working in itself helps to build a learning culture in this part of the business. The aim is to enable teams to act on learning through insight into customer behaviour and autonomy to solve the challenges they are given. All our employees in the interdisciplinary teams can devote 10 percent of their time to professional development.

To support this change, we have established our own professional networks. The networks will enable a professional community with increased cooperation, sparring and learning. The professional networks can contribute to the sharing of terminology, methods and tools, which contributes to the best common practice for how the teams work. It also enables mobility for our employees across tasks and teams.

Various interest networks have also been established. Examples of interest networks are "agile champions" and "professional forum for recruitment and introduction in Posten and Bring". In the future, we will look more at how interest networks can be used as a driver for learning culture.

Management development
To support the shift towards interdisciplinary teams, we have trained our managers in what it means to lead an agile organised service environment. It's about letting go and promoting growth and development.

In this work, we have also developed a modular training course to develop our own agile coaches. This will help leaders, employees and teams in the agile transformation we are undergoing. We have so far developed two cohorts, about 65 coaches in total, and will start with a third cohort that will give us a total of about 100 internal coaches. They will spend most of their time in their regular jobs, while about 10 percent of their time will be spent assisting agile teams or processes and facilitating for others than their own team/department.
We have implemented a first-line manager programme with the purpose of developing and reassuring leaders so that they can run their business in the best possible way, while developing the organisation. The programme consists of the following modules: Strategy, business and management in the Group, the role of employer, sickness absence, job security and crime, management and communication and operational management of teams. In addition, the participants must each carry out their own improvement project in operations.

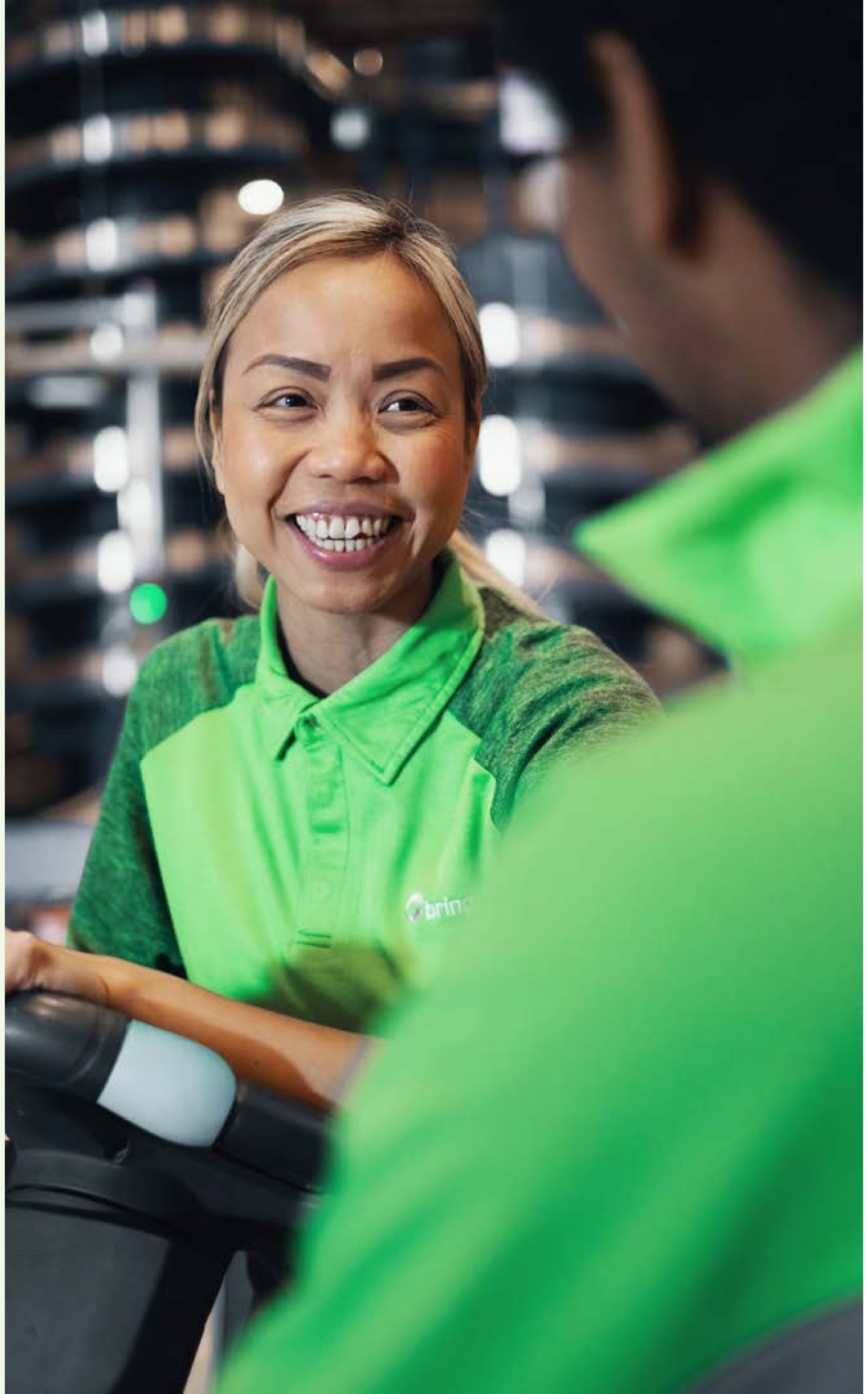
Employees in interdisciplinary teams can use

10% of their time on professional development

Follow-up of employees and the working environment
We map conditions related to being employed by Posten and Bring through our annual organisational survey. The survey measures commitment, well-being and frameworks for doing a good job.

In 2022, the survey was completed by 9 152 employees (the proportion answered was 79 percent). The survey shows high scores on the factor of engagement, at 5.9. For the competence factor, the score was 5.6, compared to a goal for the year of 5.7. Good dialogue with employee representatives is an important contribution to this work. 97% of staff work in the enterprise under a collective agreement.

Employee interviews are conducted once or twice a year. The purpose of the interview is follow-up and further development of employees. For managers and employees with their own computers at work, the conversation is conducted with digital support. 81% of our employees completed employee interviews in 2022. In 2022, we have also started work on a new process for performance appraisals in connection with the new HR system.



Diversity and inclusion

HOW WE WORK ON THE TOPIC
With over 12 000 employees, we represent much of the diversity that exists in the Nordic societies in which we operate. We see this as a strength and a competitive advantage. Although we have a lot of diversity in some parts of the organisation, we have a way to go for this diversity to be represented throughout the organisation and at all job levels.

We take a broad view when we talk of diversity and we want to be an attractive employer for employees of different gender and gender identities, sexual orientations, nationalities and ethnicities, beliefs, disabilities and ages. Furthermore, it is important to us that our employees have different educational and professional backgrounds as well as life experiences.

In our recruitment processes, we encourage candidates with different backgrounds to apply, and applicants will have equal opportunities for employment.

Our overall goal is for diversity within the Group to reflect diversity in society and that the gender balance among managers to mirror the gender balance in the Group as a whole. More specifically, we have set a goal of 40 percent female managers by 2030.

Increasing diversity among our employees is only one aspect of the work. Ensuring inclusion and belonging is equally vital. We therefore work strategically on various initiatives to ensure that all employees have equal opportunities to use and develop their unique expertise. We want our employees to experience that their differences are a strength and that they can bring their whole selves to work.

We work systematically to prevent discrimination and to promote equality, in accordance with the activity duty of employers.

See detailed descriptions of activities and actual gender equality status in the Fact Booklet on page 13.

Here's what we've done in 2022

Pride
In 2022, we have been a "proud partner" of Oslo Pride. We chose to enter into

this partnership in 2022 on the occasion of 50 years since the decriminalisation of homosexuality in Norway. This was important for us to highlight, to celebrate human dignity, the right to be yourself and love whoever you want.

In June 2022, Posten and Bring were due to take part in the "Oslo Pride Parade". This should have been the first time we participated in a pride parade as a company. Preparations for the parade created enthusiasm and pride in the organisation and many employees volunteered. Unfortunately, as a result of the attack on the night of 25 June, the parade was cancelled. However, we believe that the work carried out prior to the parade was important in creating awareness of our values and our position. We also marked this by launching a queer stamp with rainbow colours in the Pride month of June.

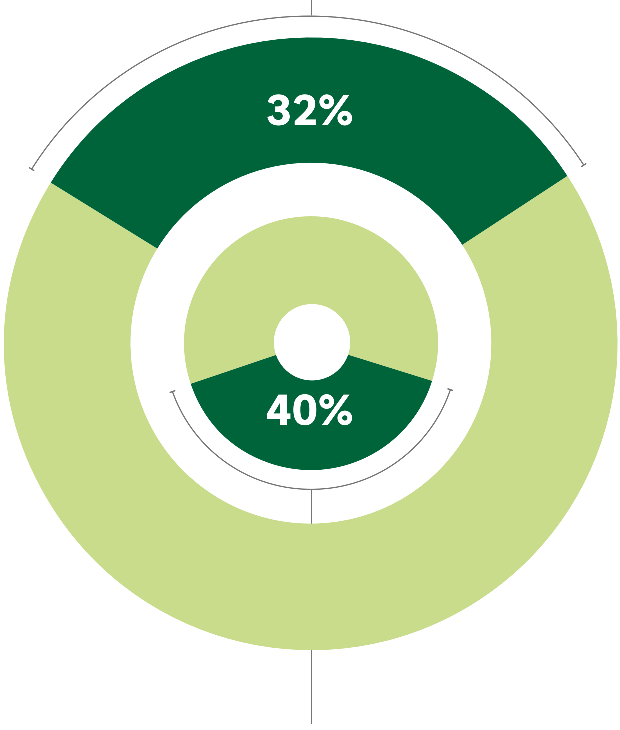
Through our partnership with Oslo Pride, we have committed ourselves to working with competence enhancement on gender and sexuality diversity in the workplace. In June, we held a webinar for employees on the topic of LGBT+ and inclusion, and we participated in Oslo Pride Business Forum. In November we held a course in “Rosa Kompetanse”, which is about how to behave safely and inclusively in the workplace with regard to sexual orientation, gender identity and gender expression.

In 2023, we plan to participate in Oslo Pride and to participate in local Pride celebrations in other cities across the Nordic region. Going forward, we will continue to work on competence enhancement in gender and sexuality diversity.

Gender balance

At the end of 2022, the proportion of women in Posten Norge AS was 33 percent, unchanged from 2021. The total proportion of women in the Group is 32 percent, with 29 percent female managers. Group management consists of 40 percent women, and 67 percent women on the Board. In 2022, we got our first female Chair of the Board.

The proportion of women in the Group is



Proportion of women in Group Management

The results so far show that the development is not moving fast enough in the right direction, and we are therefore working purposefully on various measures to reach our long-term goal of 40 percent female managers. Gender balance is emphasised in recruitment processes, succession planning and in nominations for leadership development programmes.

In recent years we have marked International Women's Day and in 2022 the theme was female professional drivers. Of the company's approximately 900 professional drivers, only about 40 are women. With this in mind, we created an internal campaign to showcase some of our talented female drivers and challenge the attitude that this profession is best suited to men.

We have a lot to learn from other stakeholders and therefore we also prioritise participation in external diversity and inclusion events. In connection with International Women's Day, employees from different parts of Posten and Bring

In recent years we have marked International Women's Day and in 2022 the theme was

female professional drivers

participated in the annual SHE Conference in March. In September, a group of female leaders from different parts of the organisation participated in Fifty-Fifty, a leadership development course run by AFF that aims to increase the proportion of female leaders in business.

Posten and Bring participate in an external survey through the SHE Index in order to compare the gender balance among managers and employees in the Group with other companies. We ended at 45th place out of 84 companies in 2022.

Movember Promotion

As an employer of many thousands of men, it is natural that inclusion efforts also include special challenges facing this group. To raise awareness about men's health, in 2022 we ran our first intra-organisational Movember campaign.

The initiative was well received, and during the month of November over 100 staff grew a moustache to show their support for colleagues affected by depression and other mental health challenges, as well as prostate and testicular cancer. We donated NOK 100 per moustache to the Prostate Cancer Association where the funds will go to cancer research.

Nordic CEOs and supplier requirements

An important part of our work on diversity and inclusion is to challenge our suppliers to work on the same topics. In 2022, we prepared a new self-declaration form where our suppliers must provide information about their work on diversity and inclusion in their own organisation.

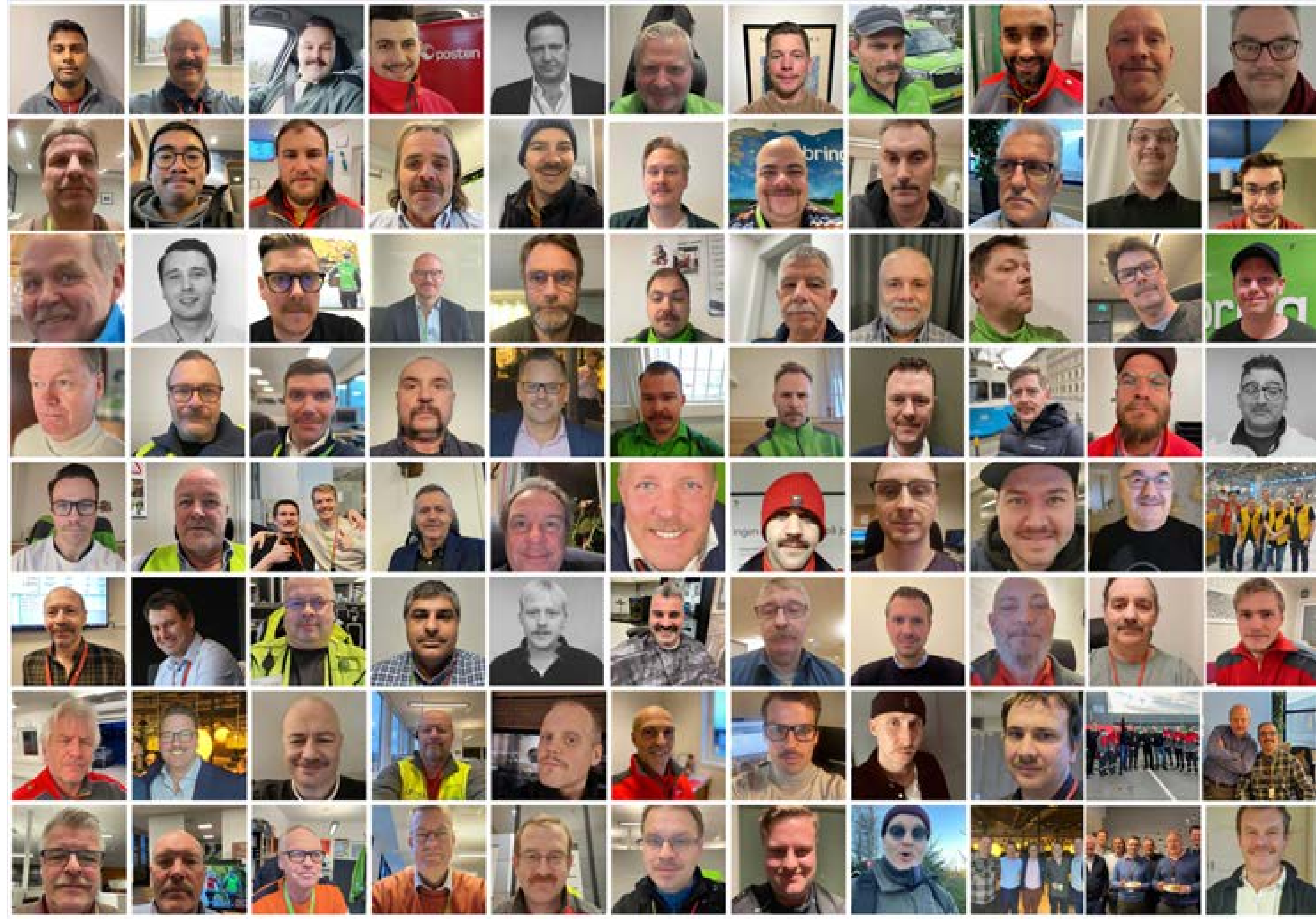
This initiative is in line with the ambitions we have developed in collaboration with "Nordic CEOs for a Sustainable Future" to raise awareness and encourage specific action on diversity and inclusion by our suppliers. Furthermore, the cooperation commits us to systematic work for gender balance, equal pay and competence enhancement.

Special occasions

Among other things, we have marked the Sami National Day and Diwali with digital and physical gatherings and news items on the intranet. The purpose of such occasions is to celebrate our diversity, create belonging in the organisation and increase engagement. We are planning more similar celebrations in 2023.

We have implemented measures for the development of employees with minority backgrounds, prevention of unwanted sexual attention and insight work about workers with disabilities. Read more about this in the Fact Booklet on page 17.

During the month of November over 100 staff grew a moustache to show their support for colleagues affected by depression and other mental health challenges, as well as prostate and testicular cancer.



CUSTOMER CAPITAL

Our customers

Throughout our history, we have played an important role in transporting letters and goods across the country.

We have developed from being a purely Norwegian postal business to becoming a Nordic logistics company, where 80 percent of revenue now comes from e-commerce and other modern logistics services. With its own organisations and terminals in Sweden and Denmark, the Norwegian business has been expanded with a Nordic distribution network and over 6 500 active delivery locations. We will be at the forefront of both technology and sustainability in the competition for customers.

Risks:
In the event of persistently high economic uncertainty, there is a risk that our customers' purchasing power will be weakened, thereby reducing demand. The risks are also linked to price pressures from competitors.

Opportunities:
Changing consumption habits, as well as demographic and digital development, enable us to gain market share and volumes by offering efficient and professional logistics solutions in the Nordic market. Posten has gained increased trust as a critical social player that has maintained activity through a difficult time for many during the pandemic.

The areas where we can make a difference within Customer capital can be linked to the United Nations Sustainable Development Goal 11 "Sustainable Cities and Communities", sub-goal 11.6.

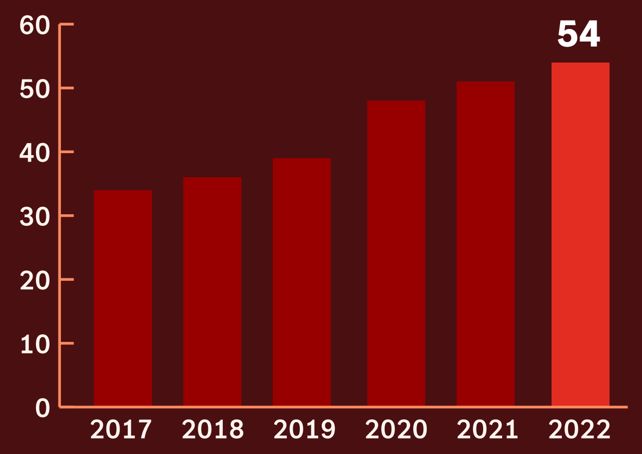
Connection to our strategy:
The customer's first choice
- The best customer experience
- The industry's most attractive services
- The best at deliveries in urban areas

Connection to our objectives:
- Provide the best customer experience and have the industry's most attractive service portfolio

Our stakeholders believe we can make a difference in these areas:
- Viable local communities

Output:
A customer experience with quality and accuracy wherever we are, while sharing insights and knowledge with our customers.

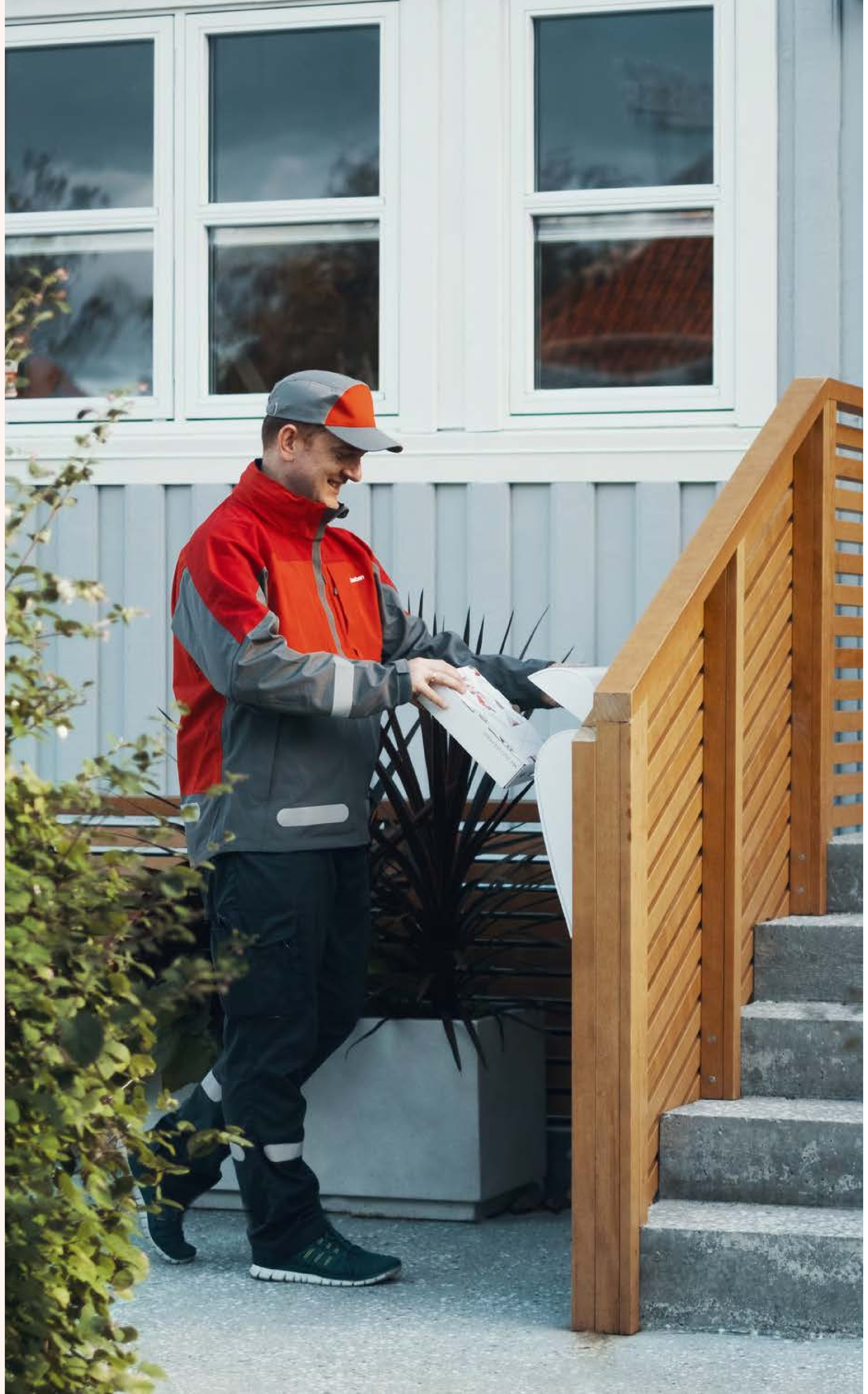
How we meet our targets:
NPS score (Net Promoter Score)



Goal 2022: 52

Goal 2023 55

Our goal is for the proportion of loyal customers to be greater than the proportion who experience a potential for improvement in Posten's services.



Viable local communities

HOW WE WORK ON THE TOPIC

Our vision is to make everyday life simpler and the world smaller for our customers. We play an important role for individuals and companies in the Nordic region by delivering simple and flexible services. We invest in our network to deliver quality and ensure sufficient capacity.

Our infrastructure is important from a Nordic, national and local perspective. It enables the distribution of mail, parcels, logistics services and various forms of digital communication.

In Norway, we perform a special function through our physical and digital services that make it possible to live and run a business in all parts of the country.

We are organised in a decentralised structure with local employees at over 300 locations in Norway, in addition to our locations in the rest of the Nordic region. This means that most of our initiatives related to service development, equipment selection, climate and environment, our internal corporate governance and the like affect local communities directly or indirectly. The Group impacts local communities through centrally developed solutions and concepts, as well as our local, daily operations.

Our work on viable local communities supports SDG 11 "Sustainable cities and communities", sub-goal 11.6

Here's what we've done in 2022

Investment in new terminals

To meet future growth, we are expanding capacity. We are investing in increased terminal capacity in both Norway and Sweden. In 2022, we opened new terminals in Kristiansand and Tromsø. Construction of a new terminal in Bergen is underway as is the expansion of Østlandsterminalen and a logistics centre in Stokke.
In addition, plans are in place for the establishment of new logistics terminals in Moss in Norway and Jönköping in Sweden. Shelfless, which is the Group's focus on third-party logistics, is expanding with a new automated warehouse in Denmark in 2023.

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Parcel box

To strengthen proximity and accessibility to recipients, parcel boxes are being deployed at a rapid pace. We have deployed parcel boxes at 1 677 locations in Norway since starting in 2020, and parcel boxes now constitute a large part of our total delivery network.

In 2022, the number of locations with parcel boxes has increased by 2.3 times, while the number of parcels in parcel boxes has tripled. In recent years, Norwegian customers have had the opportunity to send smaller parcels from their own mailbox. In 2023, it will also be possible to send parcels from parcel boxes. From 2023, we will also start establishing a parcel box network in Sweden. The first 26 parcel boxes were put into operation in January 2023.

We tested new services in collaboration with KS

During 2022 we have developed solutions that further contribute to creating sustainable local communities. In 2021, Posten signed a cooperation agreement with the Norwegian Association of Local and Regional Authorities (KS) under the auspices of their Programme for Radical Innovation (PRI). The collaboration aims to explore how, with our nationwide delivery network, we can contribute to solving the demographics challenges of the future. In particular, demographic challenges concern how we can take care of an aging population and ensure attractive local communities in all parts of the country, by preventive measures regarding healthcare and taking some of the pressure off municipalities.

In our partner municipalities, we have user-tested a service where we assist the municipalities with citizen dialogue through a weekly visit to the doorstep of selected pensioners. The goal is to be able to help people manage on their own at home for as long as possible; this is something the individual wants and it can potentially reduce costs for the public sector. The side effects are an increased sense of security and belonging to society at large for the individual, as well as a channel for reaching the up to 600 000 non-digital inhabitants of the country.

The work of developing new services that produce preventive measures and assist the state, municipalities and local communities with regard to future demographic challenges is led by the Mail Division with dedicated development resources.

Newspaper distribution in rural areas

Throughout 2022, Posten has been responsible for newspaper distribution in those parts of the country where there are no other distributors, which is approximately 15 percent of the country's households. Posten won

In 2022, the number of locations with parcel boxes has increased by 2.3 times, while

The number of parcels in parcel boxes has tripled

distribution in this area through a tender competition under the auspices of the Ministry of Transport and Communications in 2020, thus ensuring the delivery of newspapers to all subscribers from Monday to Friday in these areas.

Our assessment and the future
Posten is pleased that we have been able to maintain stable operations throughout 2022 and thus take care of the role we have as nationally important infrastructure with the opportunity to reach everyone.

The results for 2022 show that customers are largely satisfied with us. Customer loyalty measured as Net Promotor Score (NPS) was 53.6 in 2022, compared to 51.2 the year before.

In Ipsos' 2022 reputation survey, Posten moved up eight places from 17th to 9th place. 68 percent of the respondents stated that they had a very good or fairly good impression of Posten. For Bring, the figure was 57 percent.

We are proud to have developed new services and solutions that help make everyday life easier for the country's citizens and businesses, as well as working to explore how we can contribute to solving future challenges related to viable local communities.

Sustainable local communities also involve helping to maintain local jobs. We have a significant local presence through our sorting terminals, our serviced and unattended distribution points and not least our delivery network for mail and logistics services. Maintaining and creating jobs through continuously creating relevant services and solutions for our customers, whether it is private individuals, the business community or the public sector that are buys the services.

INTELLECTUAL CAPITAL

Our ability to innovate

We aim to be the most innovative logistics provider and a data-driven business that innovates through insight and technology.

Our guiding mantra throughout our history has been the fastest possible delivery using the most up-to-date technology. Today, technology and innovation are among our most important focus areas. We are changing to be relevant and offensive. We do this, among other things, by seizing the opportunities new technology gives us to make everyday life simpler for our customers. Deliveries never go out of fashion, as shown by the strong growth in e-commerce. The big difference from when we started in 1647 to today is the new methods of distribution and an ever faster pace.

Risks:
If we deliver services that are perceived as outdated and less useful than our competitors, our customers will deprioritize us, reducing both our volume and our margins. A successful cyber-attack on our operations could bring large parts of the business to a halt. There are major risks associated with the loss of customer material and personal data.

Opportunities:
If we succeed in creating, developing and improving our business models, we will be able to retain and increase market share. With good security procedures against cyber attacks, the likelihood of operations being affected will be reduced. A solid defence against cyber attacks will consolidate, and possibly strengthen, our position as a serious and safe logistics provider.

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The areas where we can make a difference within Intellectual capital can be linked to the United Nations Sustainable Development Goal 8 "Decent Work and Economic Growth", sub-goal 8.2 and 8.8, and Goal 9 "Industry, innovation and infrastructure", sub-goal 9.4.

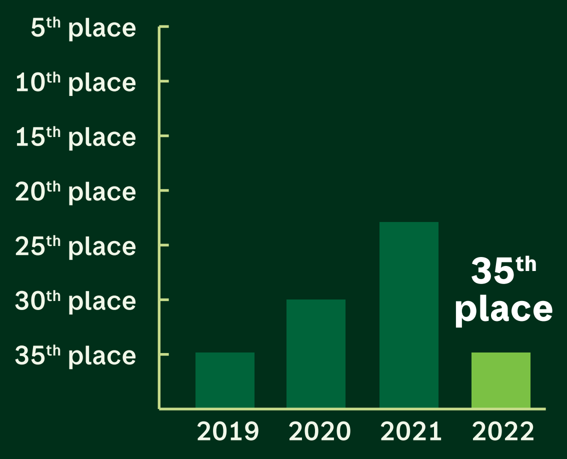
Connection to our strategy:
At the forefront of technology and innovation
- The most innovative provider of logistics
- A data-driven business that innovates through insight and technology

Connection to our objectives:
- The most innovative provider of logistics

Our stakeholders believe we can make a difference in these areas:
- Investments in innovation
- Information security

Output:
Posten constitutes an important part of the infrastructure in the Nordic region. Innovation is essential to continue to be relevant in the future.

How we meet our targets:
NHH Social Innovation Index



Goal 2022: 20th place

Goal 2023 20th place

A high score on this index means that customers perceive the company as a driver of positive social and environmental changes.

In the fact booklet "Sustainability at Posten" (attachment) you will find detailed information about guidelines, responsibilities and detailed tables.

Investments in innovation

HOW WE WORK ON THE TOPIC

Innovation takes place in all parts of the Group, but in different ways and with different time horizons. We strike a balance between investing in what we do for a living today and what we will live off in the future.

In 2022, we established interdisciplinary agile teams to further accelerate the pace of innovation and accelerate the pace of development within the Group's core business. In addition, the Next division was established with the aim of exploring the opportunities inherent in new markets and new business models.

On average, the companies that are best at innovation do not spend more money than others on innovation, but are good at prioritising. In 2022, the Group established a portfolio management process that will contribute to a more comprehensive and Group-wide prioritisation process.

The Group's investments in innovation can, among other things, be linked to the UN Sustainability Goal 9 "Innovation and Infrastructure", sub-goal 9.4.

Here's what we've done in 2022

Data-driven value chain

Using a data-driven value chain in Posten and Bring stems from a need to offer more flexible and dynamic services. It started as an idea in the fall of 2019, and already during the start of the pandemic in March 2020 we began to test the first version in our Nordic network. The data-driven value chain is an initiative that concerns moving from written information to digital information, and enables service development that provides increased flexibility for customers. Through the use of machine learning, we have, among other things, been able to more accurately predict the time of delivery for the selected service in 2022. It also forms a good foundation for future innovation in the Group.

Glow

Glow offers a system for traffic planning, tracking and route optimisation, which is used in the delivery of several of our existing services. As well as adding value to existing service offerings, the solution is also offered to logistics companies in Europe as SaaS (Software as a Service). The number of orders handled in the system has seen a strong increase during 2022.

Amoi

Amoi is a digital market platform that makes local product and service offerings available online. Through the platform, you can, for example, order flowers from the local florist and muffins from the local bakery and have these delivered to your home. The pandemic and lockdown contributed to strong growth for the company during 2021. In the second half of 2021, Amoi grew by 698 percent in Sweden and 28 percent in Norway. Comparing 2022 with 2021, the company therefore has negative growth. Nevertheless, the company has an underlying growth with an average month-on-month increase of 12 percent in 2022.

Investments in innovative companies

Bring Ventures, Next Division, has invested in six new companies in 2022, meaning that there were 13 startups in the company's portfolio at the end of the year. Within the circular economy and e-commerce verticals, investments have been made in the companies Tise, Sharefox, and Easycom.

Tise

Tise is a Nordic marketplace that makes it easier to buy and sell used clothes. With Tise, clothes are mainly traded between private individuals, but companies can also sell their used goods via the platform (Tise second chance). Tise was founded in 2014 and the app that was launched six years ago today has over 2.5 million registered users. Posten Norge and Tise have previously collaborated on shipping solutions - where Tise users can send their goods with the service Norgespakken. In addition, Posten Norge has Norway a representative on the company's board.

Sharefox

Sharefox was launched in Oslo in 2019 and offers companies smart rental solutions. Using the company's digital solutions, companies can easily set up their own rental platform to rent out their products. This can be anything from sports equipment to tools and gardening equipment. The expectation is that the sharing economy will grow in the next few years, and that carriers may have an important role in facilitating this. Posten Norge also has the opportunity to exert influence through a seat on the company's board.

Easycom

Easycom offers returns handling software used by companies in e-commerce and physical commerce. Easycom automates the returns process and makes it easier for both the online store and the consumer. By collecting data on how different items sell, and which items are often returned, Easycom's customers

We have entered into a pilot project with Aviant where

water samples are transported by drones

can make better decisions and achieve more profitable and sustainable returns management. We can also help add value to Easycom's offering through shipping and fulfilment solutions. The companies worked together on this even before the investment. Through our investment, we have a seat on the board, which gives the Group the opportunity to contribute actively.

Kavall
Kavall is a "quick commerce" player, which delivers groceries in a short time to end customers in densely populated urban areas through so-called "dark stores". These can be described as physical stores without cash registers and customers. Instead, Kavall's customers shop in the company's own app and have the goods they buy delivered to their homes. The investment is intended to provide insight into quick commerce.

Aviant
Aviant has developed software for drone deliveries. The solution differs from traditional drones by being a hybrid between a drone and an aircraft. This allows it to take off vertically from a parking lot or roof and at the same time fly forward with the help of its wings. In a short period of time, the company has started several pilot projects with operators in both Norway and Sweden. Posten and Aviant have also entered into a pilot project where water samples are transported by drones from Snåsa to Namsos. We have the opportunity to make an impact through a seat on Aviant's board of directors.

Dintero
Dintero has developed a digital platform that offers online payment services to e-commerce users and marketplaces. The solution brings together the most popular payment methods in the Nordic region, such as VISA, MasterCard, Vipps, MobilePay, Swish and BNPL. In addition, Dintero makes it possible to make split payments that allow multiple payees to receive funds through a single transaction. This is a feature that can be useful in different parts of the Group, and payment is an important part of the e-commerce experience that we are constantly working to improve.

Our assessment and the future
Through a clear and ambitious commitment to innovation, the Group has built innovation capacity throughout the organisation and considerably strengthened our competitiveness. The measures that have been taken on organisation and work processes in 2022 are also expected to contribute to increasing innovation capacity in 2023.

The investments made in 2022 have helped to expand our ecosystem and to continue to establish Bring Ventures as a relevant venture player in the market.

Information security

HOW WE WORK ON THE TOPIC

The purpose of information security is to support and secure the operation of the business. Our delivery capacity depends on having the correct information throughout the entire value chain, and that it is available when needed.

Customers, partners, recipients and employees should find that the Group provides adequate protection of their business data and personal information.

We must be able to prevent, detect and limit the consequences of undesirable incidents. From a societal perspective, it is important to assess and understand the risk that any stoppage of transport poses for other value chains in society. The threat landscape is more complex than before, and hybrid threats where both physical and digital conditions are affected are now part of everyday life.

In line with the Group's development and use of new, digital solutions, the need to secure an increasing amount of data that is collected and managed by the Group is highlighted. Digital value chains are growing and strongly dependent on each other. This leads to increased requirements and expectations for information security from all our stakeholders.

Our safety work can be linked, inter alia, to the United Nations Sustainable Development Goal 8, "Decent Work and Economic Growth, sub-goals 8.2 and 8.8.

Here's what we've done in 2022

The work follows the Group's corporate governance and management system for information security, which is based on an internationally recognised standard. In 2022, Group-wide strategy for information security has been implemented with measures in all divisions and corporate staffs. The strategy is an important tool for both management and operational work in information security.

In December, the technical communities for information security, physical security and emergency preparedness were merged into one unit: Corporate Security. A risk profile composed of both physical and digital threats and values makes it appropriate to pool resources.

Comprehensive security

It is important to see information security as part of our core business. Cyber attacks often exploit vulnerabilities where the value chain is weakest and then go on to impact more important business processes. It is thus important to see security measures in context in order and achieve good interaction between these through good security management. The Group bases its security measures on good risk assessments, and updating of technical security measures is ongoing to strengthen its capacity to prevent and handle incidents.

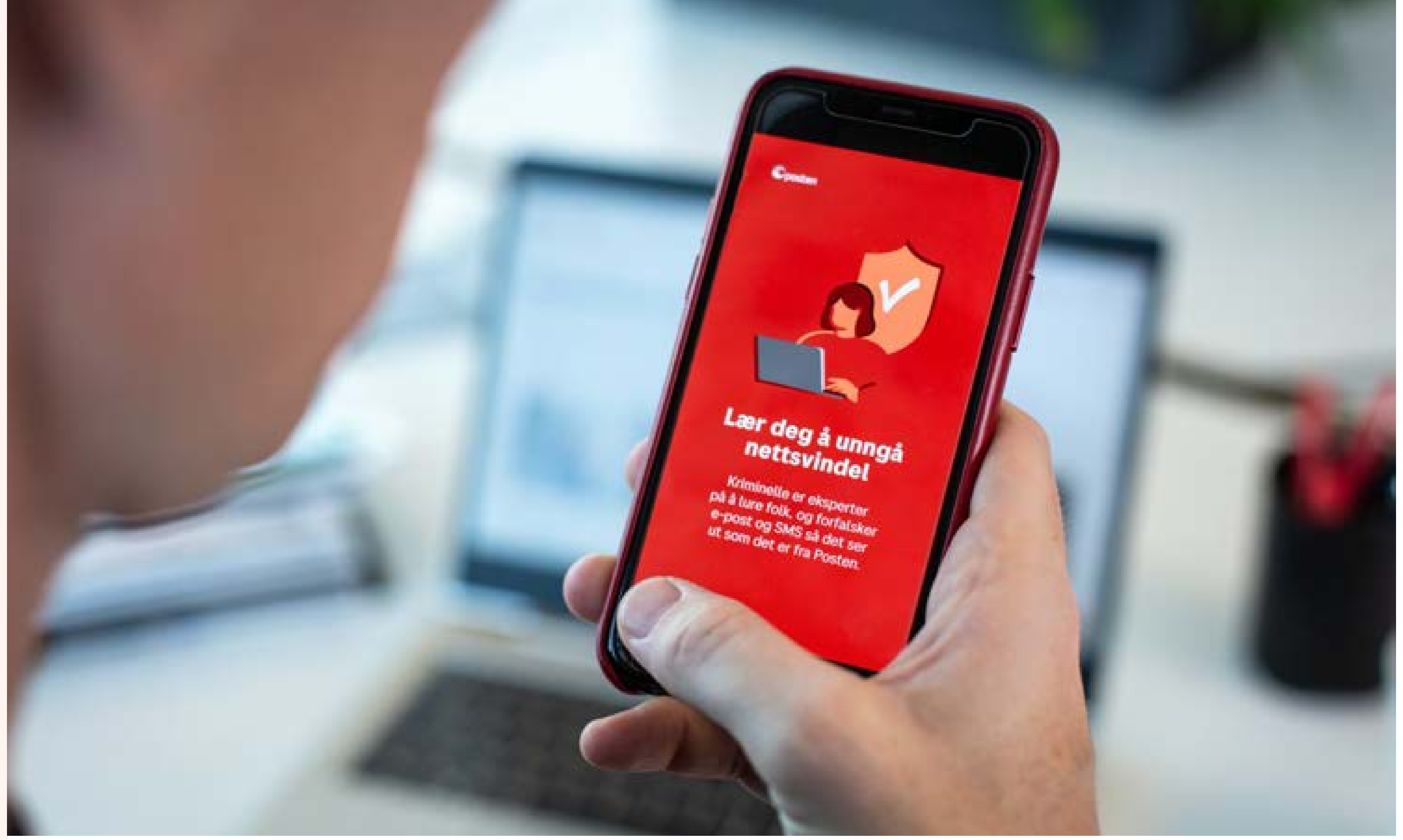
In October, we marked National Security Month, an annual campaign to strengthen knowledge and awareness of information security.

The Group works with information security throughout the value chain, across business processes and suppliers. We require information security for all procurement and this requirement is included in agreements. During the contract period, we follow up the security work of our main IT suppliers in the form of risk assessment, vulnerability tests and safety reviews. We consider collaboration to be particularly important in following up risk-reducing security measures and information security breaches.

In monthly meetings, security coordinators at our main suppliers have provided the status on their work on information security. Updated risk assessments and the status of the follow-up of safety measures are the basis for this reporting.

Competence and awareness

All employees with access to the Group's information constitute an important defence against information security breaches. Therefore, great emphasis is placed on training and awareness for those who are given access to the Group's information and IT systems, including mandatory training for all PC users in the Group. We have communicated internally in various channels to strengthen awareness among employees.



In October, we marked National Security Month, an annual campaign to strengthen knowledge and awareness of information security. There are a number of skills development measures for employees in the form of, among other things, e-learning courses, intranet articles and seminars. There was also a specialised seminar for IT, and training related to new roles in interdisciplinary, agile teams.

Cybercrime is a major societal problem, and Posten and Bring's brand names are often misused. In order to help fight crime and prevent customers and others from being deceived, we have established a separate online course on online fraud for the general population, and around 12 000 people have so far completed the course.

Reported violations

Identified vulnerabilities and actual breaches of information security are handled through the Group's Incident Management Process. This also includes procedures for handling breaches of personal data security.

For 2022, we can report the following on a total number of justified complaints received about customer privacy violations:

- The Group has received 20 legitimate complaints from customers or third parties. We have not received any complaints from regulators.
- In total, 30 cases have been identified where the customer's personal data has been lost or lost. These were handled in accordance with applicable laws and guidelines. This is on a par with what one would expect given the threat picture in today's digital society.

For more information about the Group's work on privacy, see «Our network» on page 60.

Quality assurance of information security work

The quality of the security work is checked through internal control and controls performed by the Information Security department, as well as collaboration and evaluations with our largest IT suppliers. Risk is regularly reported to the internal control committee, Group management and the Board.

Technical intrusion tests are conducted against the Group's IT systems which help us to detect vulnerabilities and rectify them. Our ability to detect information security breaches is supported by a 24/7 Security Operations Centre (SOC) and the Incident Response Team (IRT), services that are constantly evolving.

Our assessment and the future

We have not had any security incidents with serious business consequences in the current year. In July, Posten was hit by a targeted cyberattack, in a wave of attacks that struck several Norwegian businesses. Despite the fact that it did not have significant consequences for our operations, Posten considers it a serious incident and it was reported to the police.

The combination of a complex threat landscape and a rapid rate of digital development means that today's security solutions must be developed continuously.

The Norwegian National Security Authority considers that the risk profile is becoming more serious. Vulnerability reduction measures are central to preventing or minimising the impact of activities that threaten security in the digital space.

Posten and Bring's overall need for information security work now and in the future has been reviewed and expressed in the Group's strategy for information security. This consists of more digital services, customer requirements for security, new forms of work, competence and cloud investment and changed IT management. Implementation of measures in the strategy will be key in 2023.

We have achieved our current goals and are in a positive development phase, which we are very pleased with.

SOCIAL CAPITAL

Our network

We have a unique breadth, depth and quality of cooperation with national and local stakeholders, including our owners, communities and suppliers. This is essential for our value creation.

For us, a sustainable supply chain is about working conditions, the environment and ethics being handled in a responsible way by our suppliers. Suppliers play an important role in contributing to reducing climate emissions, ensuring that employees have proper employment agreements, documented wages, freedom of association, that working time regulations are complied with and that employees' health and safety are safeguarded. We therefore work in a structured and targeted manner to ensure responsible and sustainable supply chains.

Risks:
Violations of labour rights in the supply chain are a significant reputational risk for Posten.

Opportunities:
Posten has opportunities for increased customer loyalty as a result of being a serious player and that customers want to support decent working conditions.

The areas where we can make a difference within Social capital can be linked to the United Nations Sustainable Development Goal 8 "Decent Work and Economic Growth", sub-goal 8.8 and Goal 17 "Partnerships for the goals", sub-goal 17.17.

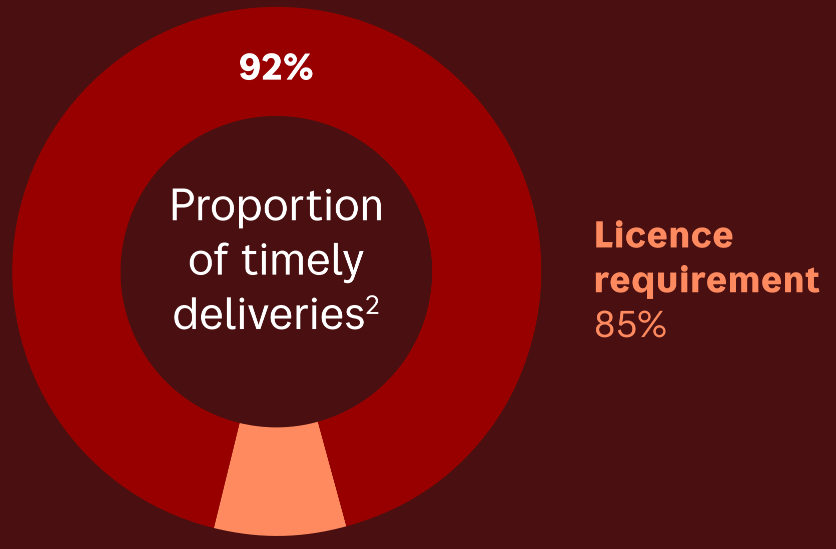
Connection to our strategy:
Best at sustainable value creation
- A responsible social player and employer

Connection to our licence requirement[1]:
- The mail must get through. Our contribution to society is also our earnings model. The goal is therefore for the number of timely deliveries to be as close to 100 percent as possible, and as a minimum to be within the licence requirement of 85 percent.

Our stakeholders believe we can make a difference in these areas:
- Sustainable supply chains
- Sustainable framework conditions
- Anti-corruption, competition law and privacy

Output:
Strong, well-established and mutual cooperation that helps to strengthen our positive contribution in all places where we have a presence.

How we meet the requirement:



[1] Temporary licence from the Ministry of Transport and Communications to provide services subject to delivery pursuant to the Postal Act.
[2] Within addressed mail in 2022.

In the fact booklet "Sustainability at Posten" (attachment) you will find detailed information about guidelines, responsibilities and detailed tables.

Sustainable supply chains and our work with the Transparency Act

HOW WE WORK ON THE TOPIC

The Group's business model is based on a combination of its own employees and the use of suppliers. We purchase a range of services from about 14 500 suppliers globally. About 2 300 of these are external transport suppliers. As a purchaser of goods and services, Posten and Bring have great influence, within certain parts of our supply chains, especially in the purchase of transport services.

The Group has also committed to contributing to United Nations Sustainable Development Goal 8, "Decent Work and Economic Growth, and in particular sub-goal 8.8. The new Norwegian Transparency Act entered into force on 1 July 2022 and is the strongest external guidance the Group now has in this area.

Measures to stop, prevent or reduce negative impact and harm

General measures

All new suppliers must accept and sign the Group's Code of Conduct for Suppliers. The Code of Conduct includes requirements for working conditions, human rights, wages, forced labour, freedom of association, etc. Beyond this, the approach will vary according to procurement category and risk.

We implement a number of measures for transport suppliers: We evaluate these through background checks, self-evaluations, unannounced inspections involving interviews of drivers, vehicle inspections, control of wage and employment agreements and system audits of carriers.

We have intensified our control efforts during the year. A total of 347 background checks, 91 spot checks of pay and employment contracts, 81 self-evaluations and 113 system audits were carried out, which are followed up so that the suppliers rectify any non-conformities.

In addition, 764 vehicles with drivers were inspected. In 11 cases, we terminated the supplier relationship due to deviations related to breaches of the Code of Conduct for Suppliers. No supplier relationship has been terminated due to environmental or climate issues. A new supply chain risk management system was deployed in 2022 and is used to monitor suppliers with regard to compliance with the Code of Conduct for Suppliers. The system is in use in Norway, Sweden and Denmark and simplifies follow-up and reporting of measures and risks in the Group.

Measures to ensure professionalism in the van industry in Norway

In 2022, we have intensified our efforts for professionalism in the van segment. In Denmark and Sweden, the van industry is regulated by the authorities. However, in Norway there are no regulatory requirements for running a haulage company if the cars vehicles weigh less than 3.5 tonnes. Most of the vans driving for the Group are staffed by its own employees, but the Group also purchases transport services from external carriers. In Norway, reports from the Centres for Work-related Crime show that the van industry faces major challenges (i.e. that there are transport companies that violate laws on wages and working conditions, social security, taxes and fees, often carried out in an organised manner and that exploit workers). In addition, much attention has been devoted to the use of self-employed persons without employees who are not covered by the Working Environment Act in Norway and where there is a risk of vulnerable groups being exploited by clients. Our own audits and surveys show deficiencies related in particular to pay, working hours and HSE.

The Group has therefore intensified its efforts to promote professionalism and decent working conditions in the supply chain in the van segment. In 2022,

In Norway, reports from the centres for work-related crime show that the van industry is facing major challenges. The Group has therefore intensified its efforts to promote professionalism and decent working conditions in the supply chain in the van segment.

this work has focused on Norway, where the risk is assumed to be highest, and has been within the following main areas:

A. **Business and operating models:** Posten Vehicle Operations is hiring 200 new van drivers. This means that in the time ahead we will reduce the number of external carriers compared to today. Drivers working for subcontractors are invited to apply for employment.

   In addition, remuneration for external carriers and route planning has been reviewed and adjusted to ensure adequate framework conditions for external carriers. It has also been decided, as a general rule but with some exceptions, not to use second-tier providers.

B. **Control actions:**
   - **Control of pay and working conditions:** Control efforts for carriers with employees have been intensified. Background checks and audits have been carried out on pay and working conditions.

     On-site inspection operations have also been carried out where vehicles have been inspected and drivers and helpers have been interviewed. Control operations have been carried out in Oslo, Østfold, Vestfold, Kristiansand, Haugesund, Stavanger, Bergen, Ålesund and Molde. The audit company PWC has also carried out inspections of the carriers on our behalf.

   - **Tax arrears control:** In order to limit the room for manoeuvre for rogue players, we are the first company in the transport industry to establish a pilot collaboration with the Tax Administration in Norway. With authorisation from the carriers, overdue and unpaid taxes and duties are checked. Tax arrears can give an indication of whether or not companies are serious about their operations. Companies that have significant arrears are followed up and must pay what they owe. 65 percent of van hauliers were covered by the scheme at the end of the year. Our partnership with companies that are unable to join this scheme is ending and in 2022, three agreements were terminated due to tax arrears.

     For operations in Sweden, we require all carriers to have an "F-tax note", which requires that the company has paid taxes and fees. This is checked automatically by the authorities. Bring is notified of missing F-tax notes, and Bring's carrier agreements with these operated are terminated in such cases.

C. **Training:** A digital introductory course for carriers has been developed and distributed to van operators in Norway. This course deals with the duties of company management to ensure decent wages and working conditions for their employees.

D. **Procurement practices:** New procurement procedures have been established in Norway: "Best practice for the purchase of van services" will provide a robust framework for how the procurement of van services shall ensure compliance with our Supplier Ethical Standard.

E. **Measures to combat corruption risk:** A new package of measures to reduce the risk of corruption has been identified for the van segment in Norway. The measures are in addition to existing measures and will be implemented in 2023.

Regulation of the van industry in Norway
Posten and Bring are working to establish a regulated van industry in Norway, as is the case in Denmark and Sweden. Together with Fagforbundet, we have submitted proposals to the Government on what we believe is right for the industry:

1. Requirement for a permit to operate in the van industry
2. Capital requirements per van
3. Competence requirements for driving a van – beyond a regular driving licence
4. Documentation – driver certification or HSE card
5. Regulation of working hours that applies to everyone who drives a van, including sole proprietorships.

Measures for professionalism in the van industry in Sweden and Denmark
In the van segment outside Norway, Bring's operations in Sweden and Denmark are the most important for the Group. These businesses are included in general reporting for ethics in the supply chain. The regulation of the van industry in these two countries is relatively extensive, and the authorities have taken an active role in facilitating professionalism in the industry. However, the Group has started a survey of risk associated with these two markets. The survey will be completed in 2023 and any measures will be initiated based on the results.

Our assessment and the future
The effects of the work can be assessed on two levels;
- The Group's own supplier management work
- Assessing impact on the supply chain

The Group's own supplier management work
Posten and Bring's ambition is to have a robust system for due diligence and supplier management, and the work

must be in line with the Transparency Act. In 2022, we have been working on finalising and implementing new governing documents. Our goal has been to ensure that we have the competence and tools needed for our suppliers to understand what it means to comply with the Code of Conduct. This is achieved, among other things, through courses and training using e-learning courses.

We have worked on risk mapping and have established strategies and plans for risk-mitigating measures in high-risk categories. We have set clear goals for the work and will further evaluate progress in relation to the goals. We report on our work externally and respond to enquiries from customers, media and other stakeholders on an ongoing basis.

Impact on the supply chain
From 2022, we have implemented a supplier follow-up system that will make it possible to register and measure the effect of the measures to a greater extent than we have had so far. In connection with a control activity, nonconformities are followed up for a supplier to ensure that the nonconformities are rectified. The long-term effect cannot yet be measured, but the system will make it possible to measure the effect over time.

For our suppliers in the transport sector, there is a significant distinction between types of transport and geography. Transporters within heavy transport (vehicles over 3.5 tonnes) generally achieve better results in terms of wages and working conditions than in the van segment. Heavy transport is regulated and is a more mature industry. The van industry still faces major challenges related to wages and working conditions, but government regulations in Sweden and Denmark help reduce risk. Similar regulations do not yet exist in Norway.

In 2022, most of the control work has been directed towards transport suppliers and especially the van segment in Norway. Here, the inspection activities show that despite the fact that many carriers are professional, there are still many serious discrepancies related to wages and working conditions. The most common issues are associated with: HSE (Health, Safety and the Environment), statutory insurance, employment contracts, statutory overtime supplements and wage and working hour registration. The use of illegal labour by some operators has also been registered. Deficiencies and nonconformities are followed up with the carriers, who must rectify nonconformities in order to continue collaboration with Bring. In some cases, such as serious breaches or where the supplier does not show a willingness to cooperate on

improvements, the collaboration is terminated.

Through our cooperation with the Norwegian Tax Administration, we see that tax arrears for carriers with high tax arrears have decreased during the year. The cooperation contributes both to increased payment of taxes and fees to the state and it simplifies the work of assessing the professionalism of the carriers.

Impact in our own supplier management
In 2022, there was no external assessment of the Group as a whole in this area. However, Group Management is regularly informed of status and progress. We receive feedback on the systematic work from customers and external partners:

- In the Ecovadis rating for 2022, Posten receives a 60 percent score for "sustainable procurement", which is a high score for a state-owned company.
- The Norwegian Tax Administration reports that the cooperation with them has a positive effect on the payment of taxes and fees.

The experiences gained during the year are incorporated into updated process documents such as "Best practice for purchasing van services". Progress and results in the van segment in Norway are reported regularly to Group Management. The decision to establish a separate operating company for van services is an example of the status being evaluated and measures being established. In addition, systematic efforts to reduce the risk of poor pay and working conditions at the companies providing transport services will continue in 2023. This work is reported to the Internal Control Committee twice a year and to Group Management each quarter.

Read more about supply chains and our work with the Transparency Act in the Fact Booklet on page 22.

Integrated annual report 2022

Sustainable framework conditions

HOW WE WORK ON THE TOPIC
Work towards sustainable framework conditions is particularly important in the climate and environmental area. The Group has worked in a structured and targeted manner for a long time, and we will continue to do so.

There are financial and strategic risks associated with the framework conditions that are not suited to new customer needs and the competitive situation. The company is engaged in the development of regulations, both nationally and internationally. We work to ensure good and equal competitive terms for the logistics business. We shall also act as a credible and constructive opinion maker on regulatory issues and other matters that directly affect our business. It is particularly important to create understanding that the range of services in the mail segment needs restructuring and adaptation.

As a responsible logistics company in the Nordic region and provider of postal services in Norway, it is important for us to be a driving force for sustainable framework conditions. This supports, among other things, sustainable development goal 17 "Partnership for the Goals", sub-goal 17.17.

Here's what we've done in 2022

Highlighting and promoting necessary framework condition
We work to highlight the necessary framework conditions through dialogue with different stakeholders. This includes public authorities, suppliers, interest groups and the business community. This is done in connection with individual cases, such as input to the national charging strategy, exemption for biogas-powered vehicles in the road toll system and changes in the Norwegian Postal Services Act, or in a larger context in which several players in the business community work together.

In October 2022, the government proposed amendments to the Postal Services Act - White Paper 4 LS (2022-2023). Among other things, amendments are proposed to clarify that the Postal Services Act covers parcel services aimed at the corporate market (B2C, B2B). Posten and others in the industry disagree with this and perceive it as a change the Ministry has not considered the consequences of. Posten has provided extensive input to Parliament's deliberations.

We have provided a range of input to the Government's work against social dumping and asked for regulation of working conditions in the van industry to ensure equal competitive terms. In October 2022, we announced a large-scale expansion of our own van operations with the recruitment of 200 van drivers.

We have worked to change framework conditions and highlight challenges and opportunities through activities under the auspices of Enova, Nordic CEOs and Skift - Business Climate Leaders.

Statutory letter distribution and government procurement

In 2020, mail delivery distribution was changed from five days a week to every other day (Monday-Friday). This is a necessary measure to ensure financial sustainability and avoid a sharp increase in Norwegian State's purchase of unprofitable statutory postal services, but it is insufficient in the long term. In the national budgets for 2022 and 2023, NOK 755 and 1 070 million respectively has been allocated for state procurement of such postal services. In the budget for 2023, the Ministry of Transport and Communications announced that expenditure on government procurement of unprofitable postal services is expected to increase significantly in the future and may increase by NOK 200-300 million each year if the statutory letter distribution is maintained as it is today.

Letter of intent on charging infrastructure

As a large transport company, we can influence the framework conditions for the charging structure related to the electricity initiative and other environmental measures. We have provided our own input to the national charging strategy and input in collaboration with other actors. We have also been an active driving force behind Enova's support programme for internal company charging infrastructure, which was launched in December 2022. We have received Enova support for the establishment of charging infrastructure at several of our terminals in Norway.

Our assessment and the future

We conduct an ongoing assessment of issues that are important for the Group's framework conditions, both nationally and internationally. For example, how the cases are to be handled and which arenas and channels should be used in the advocacy work.

In a declining letter market, we must continue the necessary restructuring of the business and adapt to new user needs. We are actively working to shape the delivery network of the future. Major changes in the provision of statutory postal services will require changes in the law. After the restructuring of postal distribution every other day in 2020, small parcels are still delivered every weekday to mailboxes in large parts of the country. Through thepandemic, parcel volumes grew sharply, and a large number of parcel boxes have been established to supplement delivery through Post in Shops. To meet growth and offer attractive solutions to Nordic online stores, we continue to expand capacity and networks in Sweden and Denmark. Posten's CEO took over as Chair of the International Post Corporation (IPC) in November 2022. This is the postal industry's international trade association and consists of 25 of the world's largest postal companies in Europe, Asia and North America. A main priority is to influence the industry's development in a more sustainable direction.

We announced a large-scale expansion of our own van operations with the recruitment of

200 van drivers

Anti-corruption, competition law and privacy

HOW WE WORK ON THE TOPIC

The Group has a clear and explicit attitude to anti-corruption and competitive practices. The Group has zero tolerance of corruption and distances itself completely from all behaviour that may be affected by anti-corruption legislation. We also make it clear that current competition legislation and privacy regulations must be complied with in all parts of the business.

The Group's attitudes to anti-corruption and competitive practices form a central part of our integrity standard. The integrity standard is strict and the we have a significant focus on ensuring that it is complied with internally. The integrity standard also means that we set strict requirements for our subcontractors and partners. These must undertake to comply with the Group's Code of Conduct for Suppliers, which stipulates, among other things, that corruption is not acceptable and that suppliers should actively work against all forms of corruption. Our experience is that the Group's standards and requirements contribute to creating good attitudes internally for us and positive relationships with our partners.

Violations of anti-corruption legislation and competition rules are serious forms of economic crime. Such crime can have significant adverse effects on society, including for both the public sector and the private sector. Violations of anti-corruption and competition legislation can, among other things, weaken the Group's reputation, which can lead to major financial losses in the form of infringement fees, liability for damages and losing customers. Violations can also have consequences for the individual employee.

Failure to comply with the privacy regulations may have negative consequences for the privacy of individuals who use the Group's various services and of individuals such as the Group's employees. As with violations of corruption and competition laws, violations of privacy regulations can also result in significant financial losses.

In order to ensure that we comply with the integrity standard and current regulations, it is important to create a high level of awareness and competence within the company. We have a particular focus on providing managers and other key personnel with information about and training in the integrity standard and privacy regulations. These employees are also central when it comes to communicating the standard, applicable regulations and the Group's expectations to the rest of the business.

Training includes presentations and dilemma training, and takes place mainly under the auspices of the Group's internal lawyers. In addition, the data protection officer at Posten Norge AS contributes with training in the area of data protection.

Here's what we've done in 2022

Integrity programme

The Group has established a separate integrity programme that helps to support the Group's integrity standard

In order to ensure that we comply with the integrity standard and current regulations, it is important to create a high level of awareness and competence within the company.

For selected employees, we have carried out

Basic Course in Privacy

for areas such as anti-corruption and competition law. The programme is based on our Code of Conduct, which in turn has been adopted by the Board. Continuous work is being done to update and further develop the programme. In the area of competitive practices, a separate competition law programme has also been prepared without of detailed and topic-based guidelines.

Guidelines for all employees
All new employees receive the Code of Conduct. Together with the specific guidelines for competitive practices, these are available to all employees on the Group's intranet pages. The Group has a continuous focus on the integrity programme and the guidelines through course activities and other training measures in various parts of the business. In recent years, e-learning and digital dissemination have been used to an increasing degree, something we aim to continue and further develop in the coming years.

Compulsory e-learning course on privacy
The Group's basic course in privacy was updated in 2022. A compulsory basic course was conducted for selected employees in the autumn of 2022, which will be continued on an annual basis going forward.

Continuous work on further development of the privacy management system
The Group's data protection management system consists of a corporate action rule and a number of intercompany procedures and procedures. The management system will ensure that we comply with the regulations and are under continuous development.

Our assessment and the future
In general, the employees' knowledge of the Group's Code of Conduct and the privacy regulations appears to be good.

We are committed to identifying and assessing the risk of breaches of anti-corruption, competition and privacy legislation. That is why we conduct an anonymous, internal survey annually in the areas of anti-corruption, competition law and data protection.

The Group occasionally conducts transportation to countries where corruption is widespread, which in itself may pose a risk. We are particularly concerned that employees in risk-exposed parts of the business become aware of the regulations and integrity standards.

We have a comprehensive privacy management system. Internal roles have been established that have a particular responsibility for compliance with the regulations, and the tasks are clearly described.

Our main goal is to prevent violations of anti-corruption, competition legislation and privacy legislation. At the same time, we are keen to uncover any violations should such occur.

The Group has a whistleblowing scheme to handle cases of alleged violations of anti-corruption or competition legislation. Our position is that suspicion of such violations should be taken very seriously. We have established internal procedures and a separate internal reception point for internal reporting of breaches of personal data security. The procedures also safeguard statutory reporting to the supervisory authorities. There were no confirmed corruption incidents in 2022. We received no fines or sanctions for non-compliance with competition laws or privacy regulations during 2022.

In the fact booklet "Sustainability at Posten" (attachment) you will find detailed information about guidelines, responsibilities and detailed tables.

NATURAL CAPITAL

Our environmental impact

As a major transport and logistics player, we are part of the emissions problem - and part of the solution. We want to be "in the driver's seat" - and a driving force for the Nordic region to achieve its climate goals.

The Group's climate and environmental strategy has set quantitative targets for emission reductions in line with the Paris Agreement. We will implement a number of measures that provide significant CO_2 cuts on the way to achieving net zero emissions from the entire business by 2050, including net zero emissions from road transport in 2040. The goal of being an industry leader in sustainable value creation also means implementing measures that no one else has done before. We believe that specific and ambitious goals create both energy and pace in climate and environmental work.

Risks:
The climate crisis is one of the greatest challenges of our time. If we, as a major transport and logistics player, do not cut our emissions, we will not reach the Nordic region's climate targets. Posten can also lose customers and our reputation if we fail to offer climate-friendly solutions.

Opportunities:
Posten has both the opportunity and an obligation to lead the way in the work on emission cuts. By investing in new technology, both in vehicles and infrastructure, we can help maintain the necessary pace of the transition to a low-emission society.

The areas where we can make a difference within Natural capital can be linked to the United Nations Sustainable Development Goal 9, "Industry, innovation and infrastructure", sub-goal 9.4, Goal 13 "Climate action", sub-goal 13.3, and Goal 17 "Partnerships for the goals", sub-goal 17.17.

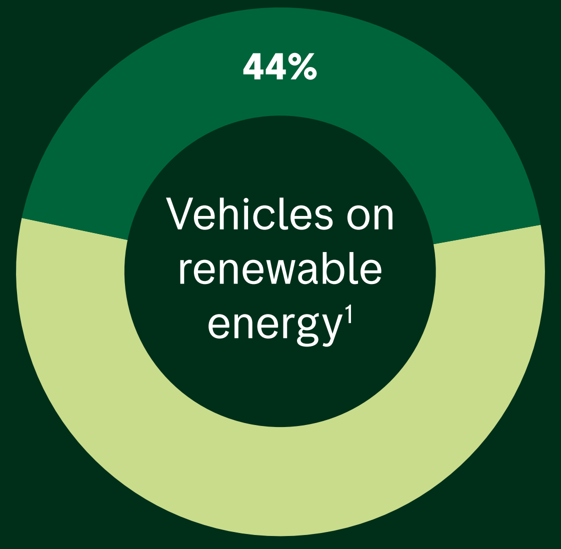
Connection to our strategy:
Best at sustainable value creation
- The greenest logistics player

Connection to our objectives:
- Increase the proportion of vehicles powered by renewable energy sources is

Our stakeholders believe we can make a difference in these areas:
- Greenhouse gas emissions
- Purchasing, material consumption and recycling
- Facilitate the circular economy

Output:
We have reduced greenhouse gas emissions by 55 percent since 2012. This strengthens our and our customers' competitiveness.

How we meet our targets:



Goal 2022: 43%

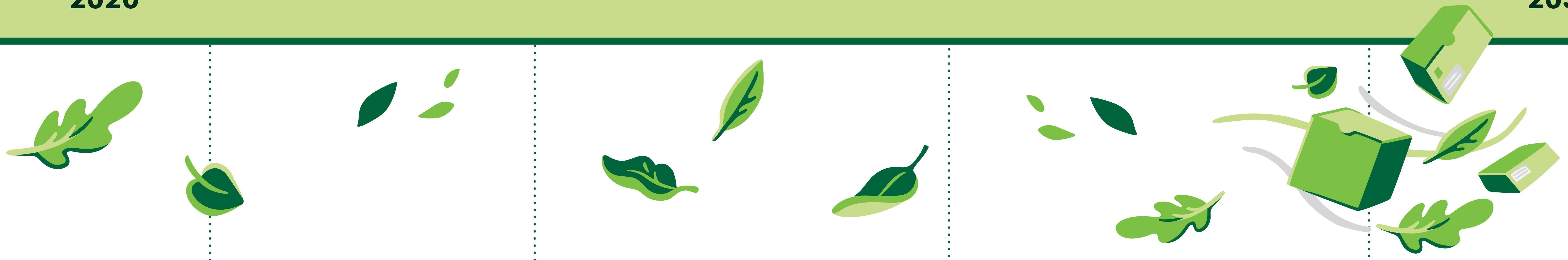
Goal 2023 49%

[1] Percentage of vehicles running on renewable energy sources.

Key milestones in the 2023 Environmental Strategy and for the 2030 target

Through the Science Based Targets initiative (SBTi), the Group has committed to cutting emissions in line with the Paris Agreement. In order to achieve these targets, we need to continue to transform our fleet of vehicles.

2020 → **2030**



2022/2023
Ceilings for ordering fossil vans in urban areas in 2022 and rural areas in 2023 - owned and leased transport.

2023
Fossil-free distribution by van in 40 Nordic cities and fossil-free transport between selected cities.

2026
80% of all vans and 10% of owned trucks are fossil-free.

2030
100 percent of all vans and **80 percent** of own trucks are fossil-free.

Integrated annual report 2022

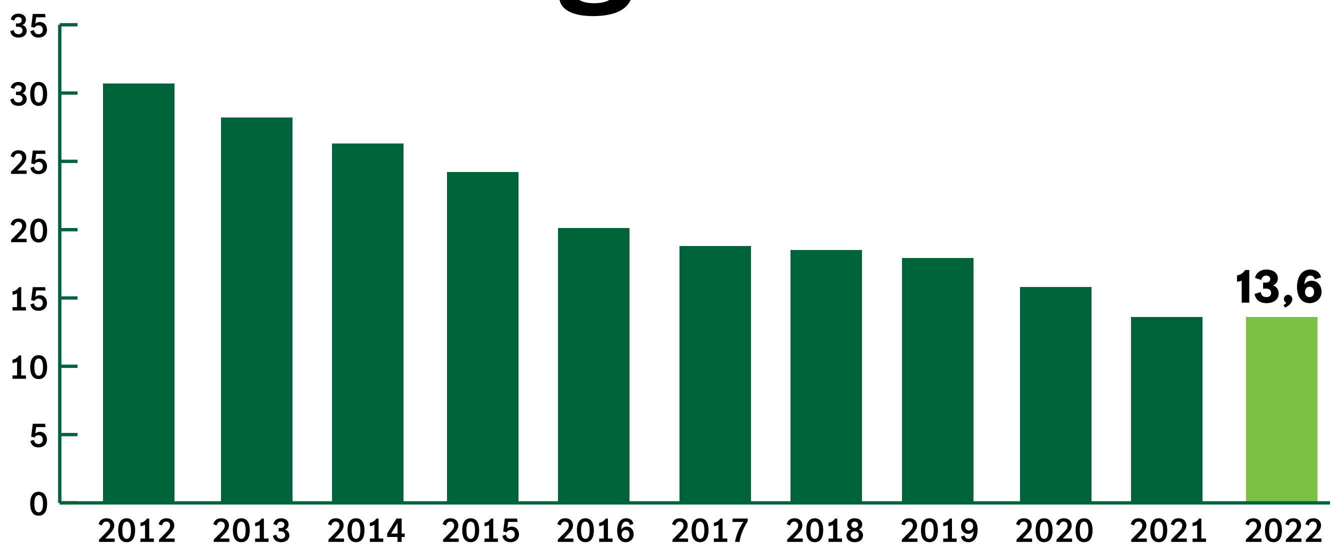
Greenhouse gas emissions

HOW WE WORK ON THE TOPIC
Our operations contribute to significant emissions, especially through our vehicles and other purchased means of transport. This leads to increased greenhouse gas emissions into the atmosphere and local air pollution and noise in cities. We have made a strategic decision to become the best at sustainable value creation, and this means that we will be the greenest logistics player.

As a result of the ambitious strategy we are continuing to work on measures to reduce our greenhouse gas emissions. In 2022, the Group reduced greenhouse gas emissions by 5 percent. The emission reductions are in line with our roadmap towards SBT 2030. In total, the emissions have been reduced by 55 percent, corresponding to 385 641 tonnes of CO_2 equivalents since the base year 2012. This corresponds to the emissions of 143 721 cars per year. This has been achieved through systematic restructuring, streamlining of operations, piloting of targeted measures, and various partnerships and cooperation aimed at emission reductions. Our work on greenhouse gas emissions can be linked to the United Nations Sustainable Development Goal 13 “Stopping Climate Change”, for example sub-goal 13.3.

A decreasing emission intensity[1] indicates a

more emission-efficient organisation



CO2 emissions in grammes per NOK earned

Here’s what we’ve done in 2022

We are converting our vehicle fleet to fossil-free alternatives
In 2022, Posten and Bring have continued the targeted work of converting the vehicle fleet to fossil-free alternatives. The Group probably has one of Norway's largest fossil-free vehicle fleet consisting of 2 529 vehicles running on renewable energy sources. At the end of 2022 the Group was using 1 939 all-electric alternative vehicles including 605 bicycles, carts and mopeds as well as 1 334 electric vans and trucks. In addition, we used 58 biogas-powered vans and trucks and 530 vehicles running on HVO[2].

2022 defined a new milestone in our climate and environmental strategy. We set caps for ordering fossil fuel vans in cities, and during 2023 that will also apply outside the city. Furthermore, the

[1] Changed so that historical development reflects the development of the climate accounts and is now based on readjustment of WTT emissions and emissions associated with commuting.
[2] HVO = Hydrogenated Vegetable Oil

46 cities in the Nordic region have

fossil-free distribution of parcels to businesses

Group decided to ramp up its own van operations in Norway in order to gain control of the value chain and accelerate the transition to emission-free vans. As a result of the new operating model, we acquired 100 new electric vans.

In 2022, we discontinued 177 diesel vehicles and replaced them with Opel Combo electric mail trucks. This comes on top of the Group's ordering of 439 electric vehicles in 2022. As a result, we can now offer fossil-free parcel distribution to companies in 46 Nordic cities.

In Sweden, we have entered into a three-year cooperation with the transport company Einride, and put seven electric trucks into operation in line haul traffic between Stockholm, Gothenburg and Jönköping, among others. As a result, chargers have also been established at the terminals. It is estimated that the switch from HVO trucks to electric trucks will result in a reduction in greenhouse gas emissions of as much as 78 percent on given routes. This marks a milestone in the electrification of our distribution in Sweden.

Bring has also started a major restructuring work in Western Norway within the offshore market, by phasing out fossil-powered trucks in favour of electric and biogas powered ones. In 2022, we put our first electric truck into operation in Stavanger, in close cooperation with our subsidiary Borlaug & Brosvik Transport, which is purpose-built to distribute goods on the roads for the offshore industry. A rapid charger was established at the terminal in Tananger in cooperation with the Port of Stavanger to operate the 28-tonne Scania truck. The Group continues its long collaboration with Paxster, a partnership that has existed since it started in 2014. In 2022, Paxster started the 2nd Drive deposit scheme for used vehicles. Posten returned over 100 Paxsters that were dismantled and re-sold. 97 percent of the vehicle is recycled under this scheme.

In 2022, we have worked systematically to further restructure distribution in Denmark, which has meant that in 2022 we will reach one million Danes with fossil-free distribution. For distribution in Fredericia, Vejle, Kolding, Sjølund and Hejls, electric vans were put into operation in 2022 to replace fossil-fuelled ones.

Modern terminals, distribution points and services that facilitate emission reductions

In 2022, we have continued to co-locate terminals to establish more efficient logistics. This reduces kilometres driven between terminals and the new logistics centres will be dimensioned to meet future energy consumption. Our energy demand will increase significantly in line with our future plans to convert all vehicles to fossil-free operation. To ensure that all our energy consumption in Norway, Sweden and Denmark is renewable, we purchase guarantees of origin. This helps to drive the energy market towards the production of renewable energy.

The logistics centre in Tromsø, which opened in 2022, is estimated to save just over 90 tonnes of CO_2 annually, as a result of co-loading and hence significantly reduced driving. We have installed solar cells on the roof that are designed to work under high winds and heavy snowfalls. Many different charging points have also been established in line with our ambition to electrify as much as possible.

We have continued to install solar cells at all our new terminals in the Nordic region. Our new terminal in Kristiansand has solar panels on the roof that will help meet the terminal's and associated transport's energy needs. The plant is

The world's northernmost electric truck

will be put into permanent operation in Svalbard in 2022

520 kWp and provides an estimated production of 447 000 kWh per year. Photovoltaic systems are installed at several terminals in Norway, Sweden, Denmark, Finland, and the Netherlands.

In 2022, we opened a new large distribution point at Rud in Bærum where all our company-owned vans are electric. The distribution point leads to significantly reduced driving and means that all mail and parcels are delivered fossil-free in Bærum municipality. 71 charging stations have been established to serve the charging needs of distribution vehicles. This is the third in a series of all-electric distribution points in Greater Oslo, which contributes to reduced air pollution and noise in cities.

For a number of years, Posten and Bring have worked systematically to implement emission cuts in their own operations, but for more than ten years we have also purchased carbon credits that have helped reduce 194 000 tonnes of CO_2 in various developing countries. We also did this in 2022 when we acquired carbon credits at the Jangi wind farm in India, a project consisting of 51 wind turbines that produce 260 GWh of renewable electricity annually. The purchase is only intended as compensation for residual emissions on specific services and is therefore in line with the Kyoto Protocol.

Piloting tomorrow's solutions

In 2022, we put the world's northernmost electric truck into permanent operation in Svalbard. This made all our distribution of parcels, mail and goods in Longyearbyen electric. In 2021, the Scania truck drove 1 600 km from Oslo to Tromsø to increase knowledge and generate interest in electric heavy vehicles, before being tested in Longyearbyen for a month. The 19-tonne electric truck passed the test and has proven that it is possible to use electric heavy goods vehicles even in Arctic conditions. Although both our vehicles and our terminal in Svalbard are fully electric, a challenge is that Longyearbyen is still supplied with electricity from coal-fired power plants - something that is scheduled to be phased out from 2023.

An obstacle to the electrification of the van fleet today is the lack of four-wheel drive vehicles. We therefore broke new ground in 2022 by conducting a pilot testing a converted passenger car in postal distribution. It was Ferno Mobility in Horten that converted, and gained approval for, a BYD Tang from passenger car to class 1 van where cassette racks were installed adapted to our use. With this, we wanted to highlight the need for electric 4x4 to manufacturers - and thus put some pressure on developments in the industry.

The Group works continuously to explore

opportunities in new technology to help develop Norwegian industry. In this regard, we have tested autonomous drones from Aviant that deliver water samples from Snåsa lake to Nemko Norlab's laboratories at Namsos. Previously, the water samples were transported by car and truck on the 51-kilometre stretch, and with drone delivery it is estimated that CO_2 emissions are reduced by as much as 95 percent.

In 2022, we carried out a pilot project with Norwegian Carbon Storage. Norwegian Carbon Storage works on carbon capture and storage by stabilising carbon from biomass in pure biochar. For every kilogram of biochar produced, three kilograms of CO_2 are stored rather than released into the atmosphere. Biochar has a permanence of more than 100 years, which means that for well over a century it stores the carbon in a stable way. We contributed to this pilot with fossil-free transport of the biochar from production to a local farm, and thus ensured that the transport link in the new solution also took greenhouse gas emissions into account.

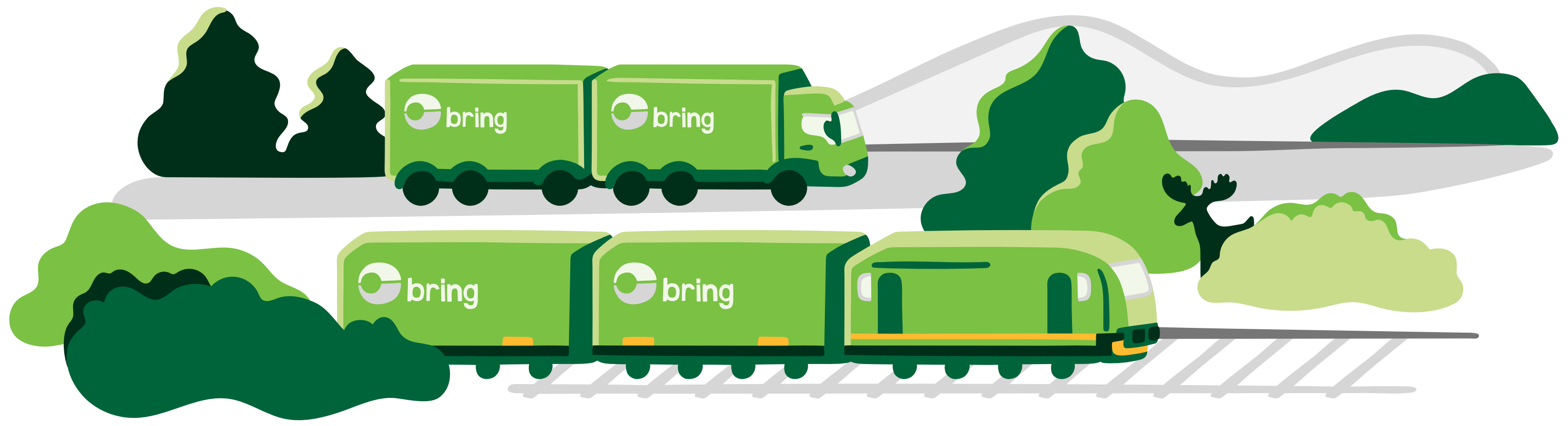
Bring Intermodal has tested transport on several new train lines to build experience and be ready for new future-oriented projects, in line with the Group's strategy to move more freight by train to reduce our greenhouse gas emissions. In 2022, Bring Intermodal increased rail transport by 4 096 TEU containers (20 feet). This corresponds to 2 048 fewer trucks on the road during the year. The increase hasmainly occurred on rail in Germany and to and from Germany to Sweden and other countries.

Environmental data and reporting
In 2022, the Group has worked systematically to improve data quality and the availability of environmental data in order to more easily implement targeted measures for emission reductions. That is why we have established internal carbon budgets that will be followed up regularly in 2023. In addition, we have further developed our reporting solution for customers, MyBring, by establishing a Nordic solution for parcel reporting. By dedicating divisions to carbon budgets and clearly highlighting the environmental impact for our customers, it opens up innovation around emission reductions.

Collaboration as an instrument
For many years the Group has collaborated with other players, across industries and other interest organisations to influence the framework conditions for environmentally efficient transport and distribution. In 2022, we signed a continuation of the collaboration on the transition to fossil-free transport with the Zero Emission Resource Organisation (ZERO). This means that we are part of a network of key players for emission-free commercial transport and are a strategic partner of the organisation. In addition, we are collaborating with Skift - Business Climate Leaders, Nordic CEOs for a Sustainable Future, and the 2030 Secretariat in Sweden to jointly find solutions for emission reductions.

In order to reduce greenhouse gas emissions, the Group has a strategy to

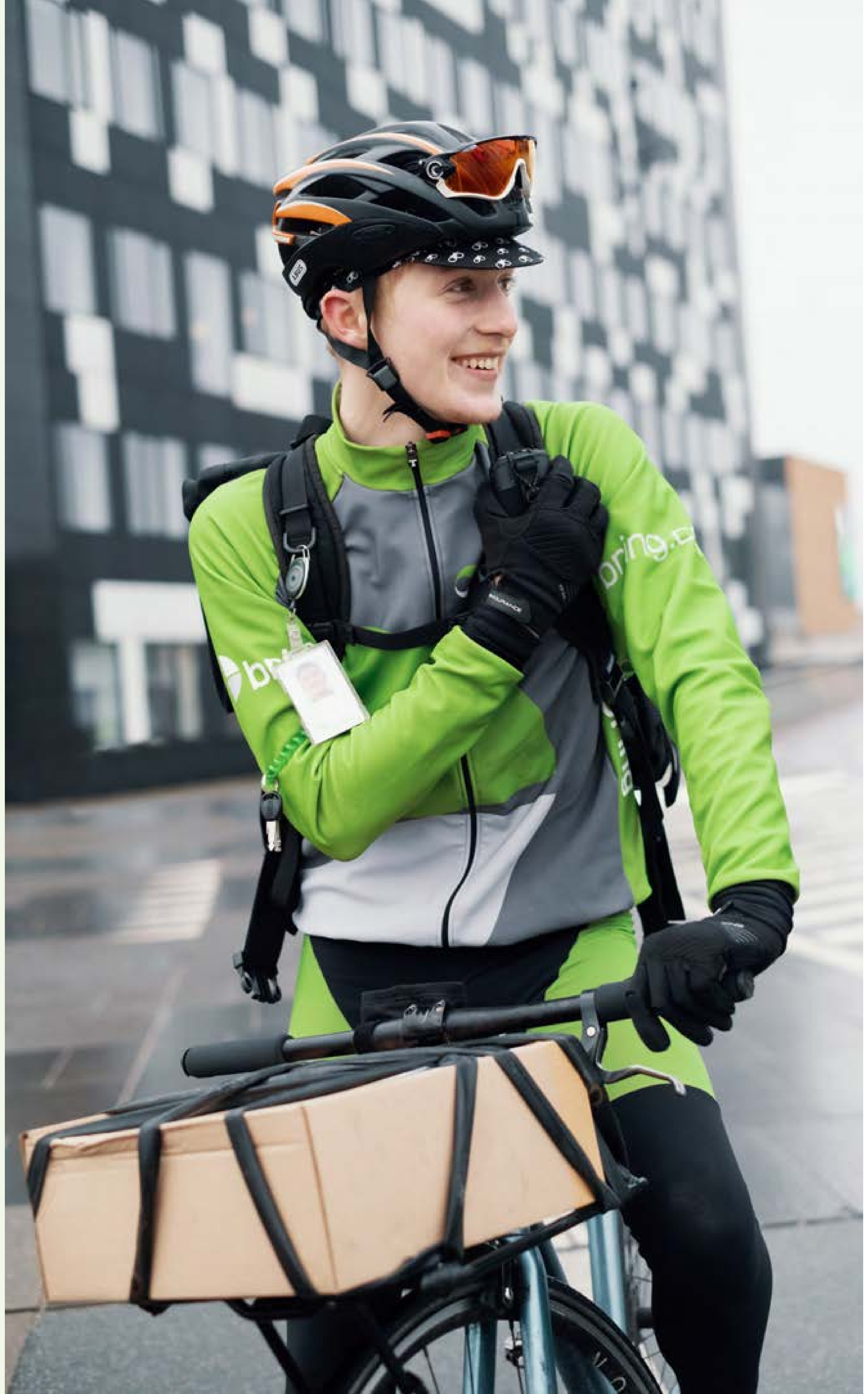
move more transport over to trains



Posten participated in the world's first fossil-free truck parade in 2022 to shine a light on the restructuring of heavy transport. The Climate Agency in Oslo and Viken County Council are working together to reduce emissions from heavy goods vehicles to achieve their climate ambitions towards 2030. We believe it is an important part of our environmental ambition to lead the way in showing the industry that fossil-free alternatives exist for heavy goods transport today, as well as emphasising that close cooperation in the industry is crucial if we are to be able to implement major emission cuts in the transport sector.

Local air pollution is a significant climate challenge
We are conscious that we operate in an industry that contributes significantly to local air pollution through road transport. This includes emissions of particulate matter, sulphur dioxide and nitrogen dioxide, which cause health issues and damage ecosystems. We work purposefully to reduce our local air pollution by restructuring the last-mile distribution

Integrated annual report 2022



chain in cities. In addition, we focus on eco-driving, route optimisation and capacity utilisation to reduce overall transport demand and consequently reduce local air pollution.

Our assessment and the future
The Group works actively to identify the effect of measures implemented to cut greenhouse gas emissions. This is monitored through, among other things, our consolidated climate accounts, which have been developed in accordance with the GHG protocol, where we use factors from recognised sources such as DEFRA [1], NVE [2] and IEA [3]. The accounts are audited annually, in accordance with the financial accounts, for which we receive an attestation. Ever since the preparation of the first complete climate accounts in 2010, we have been audited annually – and received attestation from a third party.

We have a Group-wide environmental KPI that measures the percentage of renewable vehicles in the vehicle fleet. In 2022, we achieved a renewable share of 43.9 percent, which was above the target for the year of 42.6 percent. This is an important measurement tool to ensure that the conversion of vehicles takes place in line with roadmaps and objectives. We have further raised our ambition level for 2023 and will achieve a renewable share of 49.2 percent.
In 2022, the Group has gone one step further and put in place a model for quarterly measurement of actual greenhouse gas emissions from self-owned vehicles. The model has been developed on the basis of the goals set according to the Science Based Targets (SBT) framework for 2030 and subsequent roadmaps to ensure goal achievement. Read more about the SBT targets in the Fact Booklet on page 27. Divisions have been allocated carbon budgets for emissions from company-owned vehicles for 2023 that they must stay within to operate in line with our long-term climate target.

The work we have done to cut greenhouse gas emissions has been recognised both nationally and internationally in 2022:

- The Financial Times and the analysis agency Statista gave us recognition with the "Europe's Climate Leaders" award.
- In PwC's climate index, Posten was one of ten of the 100 largest companies in Norway that actually cut emissions in line with the Paris Agreement.
- The Posten brand scores at the top among transport and tourism companies in terms of environmental awareness in the Ipsos 2022 social survey.
- The Sustainable Brand Index examines how consumers perceive 265 Norwegian companies when it comes to sustainability. We were ranked 14th.

[1] DEFRA: The UK Department for Environment, Food and Rural Affairs.
[2] NVE: The Norwegian Water Resources and Energy Directorate.
[3] IEA: International Energy Agency.

Purchasing, material consumption and recycling of fixed assets and property

HOW WE WORK ON THE TOPIC

The Group's size and range of services mean that we have a significant level of annual purchasing and can influence the supplier market. This has a financial, environmental and social impact. Purchasing affects the entire value chain, as it involves suppliers, operations and ultimately our customers. The Group has regular dialogue with the supplier market, both during the procurement process and during the contract period. This is done through category management to ensure that new and innovative sustainable products and solutions can be tested, then improved and scaled up. It also involves environmental investments in own terminals and buildings.

The Group's focus on and contribution sustainable development through purchasing can be linked, inter alia, to the United Nations Sustainable Development Goal 9 "Industry, Innovation and Infrastructure", sub-goal 9.4 and the United Nations Sustainable Development Goal 13 "Stopping Climate Change", for example sub-goal 13.3.

Our waste is handled by Norsk Gjenvinning AS, Retura, Eniropac AS and Ragn Sells. We influence the amount of waste by working actively to reduce waste and facilitate a high degree of waste separation at source. We also handle waste by setting environmental requirements in procurement. We can influence this by asking which materials are used in consumables, whether it is possible to use sustainable materials, what is done with materials after use and whether there are waste management systems in place.

Here's what we've done in 2022

The share of electric vans is steadily increasing

In 2022, we have replaced more than 340 fossil fuel vans with electric alternatives. The electric vans drive an average of 15 500 kilometres per year. By way of comparison, diesel vehicles have average emissions of 246 grammes per kilometre. The net increase of 340 electric vans gives an estimated reduction in emissions of approximately 1 300 tonnes of CO_2 per year.

The net increase of 340 electric vans gives an estimated yearly reduction in emissions of approximately

1 300 tonnes of CO2

Restructuring and upscaling continue

In Norway, we have 30 electric trucks and 31 biogas trucks in operation. Furthermore, Posten has ordered an additional 42 electric trucks and 48 biogas trucks that are expected to be delivered during 2023. These are distribution trucks powered by both electricity and biogas, and line haulage vehicles running on biogas. The vehicles are operated throughout the country to gain experience, especially with electric trucks from Kristiansand in the south to Tromsø and Svalbard in the north.

New framework agreements for charging

As part of the Group's focus on renewable vehicles, six framework agreements have been signed in Norway, Sweden and Denmark to meet our need for charging electric vehicles. The agreements will both enable greater utilisation of the vehicle fleet while also facilitating extended ranges for longer routes. The agreements will also be made available to our regular carriers, to assist their restructuring of the vehicle fleet. All suppliers that will provide charging services offer 100 percent renewable electricity on their chargers through the guarantee of origin scheme.

Increased use of retreaded tyres
In 2022, the Group has fitted over 1 250 retreaded tyres instead of new tyres, which saves the environment 50 kilograms of raw material (which is primarily steel, rubber and oil) for each retreaded tyre used instead of new tyre. In total, the environment was spared over 62 tonnes of raw material by volume in 2022.

Enabling longer life for Paxsters
Posten has normally had its Paxsters for four to five years. The contract period is primarily due to heavy wear and tear. It has now been agreed that arrangements will be made for a "mid-life-upgrade" of the vehicles after four years, to enable another four years of service for Posten. This could give the vehicles a lifetime of up to eight years at Posten.

Developing vehicles from Paxster with larger load spaces
As a result of strong growth in parcel volume Posten has played a key role in the development of a Paxster XL with a larger load space (approximately 0.8 m³) than the Paxster Cargo. The alternative would have been the transition from Paxster to electric van. Experience from testing has been positive, and has given Posten more efficient operation on several of our routes and route layouts. A Paxster XL weighs about 600 kilograms, which means that it uses about 1 000 kilograms less material than an average electric van.

Chargers for electric vans and trucks
Given our ever-increasing fleet of electric vans, we are making continuous investments in AC chargers in Norway. Going forward, the focus will be on both AC and DC chargers throughout Scandinavia. In Norway, we now have over 50 charging points for DC chargers with outputs from 30-240 kW. In Sweden and Denmark, 116 AC charging points and 18 DC charging points were ordered and partly delivered during the year.

Use of recycled polyester
During 2022, the Group has completed the conversion to the use of recycled polyester in work uniforms. Approximately 59 000 garments/accessories have been added to stock during October/November 2022. The entire collection now contains recycled polyester to a greater or lesser extent (i.e. between 10.5-100 percent recycled polyester per garment, some garments are blended products with a predominance of cotton). Exceptions are cotton T-shirts and socks, as well as wool socks. This amounts to approximately 14.8 tonnes of recycled polyester, and it is estimated that over 1.85 million used PEP bottles have been recycled into uniforms in this year's main order. Everyone who receives uniforms in this year's main delivery will also receive a separate laundry bag. This will help protect the garments in the washing machine and take care of the environment by microplastics ending up in the laundry bag to a greater extent and to a lesser extent in nature. In addition, efforts have been made to reduce the degree of plastic packaging of each individual garment, for example with a "bandoleir" of cardboard around the garment instead of plastic wrapping.

Environmentally certified test materials for measuring and monitoring delivery time
We have a duty to continuously measure whether we meet the requirements for delivery times for priority letters. These measurements are carried out by an external supplier in Germany. In 2022, a new agreement has been signed

We have completed the transition to the use of

recycled polyester work uniforms

for the provision of these services. The procurement sets environmental requirements for the letters, transport and process. The chosen supplier meets the minimum requirement for environmentally certified paper products with Norwegian and German EcoLabel. In addition, all domestic and international shipments are transported in a CO-offsetmanner.

Requirements for environmental certification of new terminals

New terminals being built in Stokke and Oslo (Østlandsterminalen), with expected completion during 2023, will be certified in accordance with BREEAM, at the "Very Good" level. BREEAM is the world's oldest, and Europe's leading, environmental certification tool for buildings. BREEAM certification is considered for all buildings under construction. Of the new buildings we have taken over, we have certification/documentation for Tromsø (LSTr), while Kristiansand (LSK) is under certification.

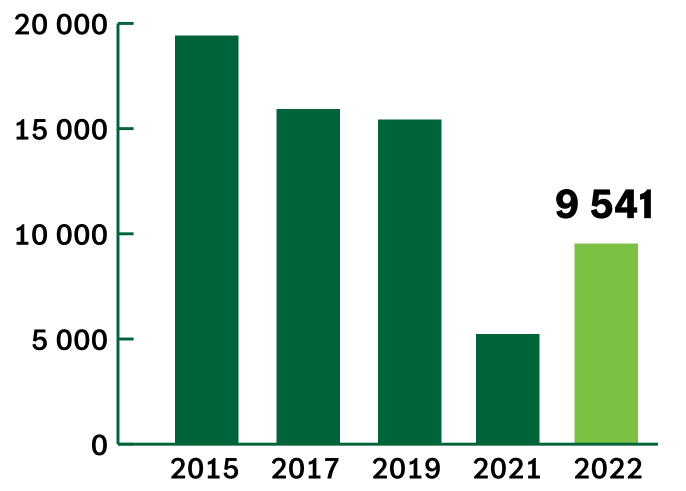
From three to two aircraft

In the summer of 2022, we reduced the number and use of cargo aircraft. The number of aircraft was reduced from three to two, and all mail to Tromsø and Bodø from Oslo was consolidated into one aircraft. The reduction resulted in a reduction in emissions of approximately 1 500 tonnes of CO_2.

New air freight contract

We have entered into a new agreement starting in the summer of 2023. This represents a reduction of approximately 1 360 tonnes of CO_2 (20 percent) per year compared to today. The main reason for the reduction is due to the transition from jet to turboprop aircraft and the introduction of “green speed”. Green speed means deliberately reducing speed if possible, and without causing delays in the value chain. The new agreement also means that up to 50 percent biofuel/Sustainable Aviation Fuel (SAF) can be used. SAF is not currently widely used at Norwegian airports, but it is expected that it will become more competitive in the future.

Development in number of flights taken by employees



Employees travel less than before

After a couple of years of the pandemic and almost a complete halt in employee travel activity in 2020, we got back to work in earnest in 2022. Nevertheless, the statistics for 2022 show that the number of flights is lower than in a normal year before the pandemic. In 2022, a total of 9 541 flights were carried out in the Group. This is 38 percent lower than in 2019.

Potential to buy out forklifts with residual useful life

Through new framework agreements with our chosen forklift suppliers, we have made it possible for us to choose to buy forklift trucks that we consider to have a residual useful life after the end of the lease. This is expected to contribute to a lower replacement rate and thereby also lower emissions from the production of forklift trucks for our forklift fleet.

Environmental certification of buildings

In total, the Group has 14 units that are Eco-Lighthouse certified. As part of the Eco-Lighthouse certification, each unit shall prepare its own waste plan and facilitate the sorting of waste at sources in office landscapes and production premises. Each unit must prepare an annual environmental report that also includes waste. The waste generated during production is sorted at source and sorted according to the principles that apply at any given time in each municipality. In this way, we contribute to the recycling of a large proportion of the waste that occurs.

Our assessment and the future

We are satisfied that through both procurement and category management, we are constantly testing new products and solutions with a focus on sustainability, and are upscaling several of these. We will continue to cooperate with internal stakeholders and have a good dialogue with the supplier market to gain knowledge about new products and solutions that can support our goal of sustainable value creation.

The Group continues to gather expertise in purchasing and the environment through a separate forum that meets on a monthly basis. The forum has become a success factor when it comes to ensuring a common, high level of competence, particularly within the environment and purchasing.

Waste is monitored locally at each unit. The Group’s ambition is to have the highest source separation rate possible, and has for many years had a steady and high source separation rate. In 2022, 82 percent of the Group’s waste was separated at source, down from 83 percent in 2021. The figures are reported by our waste suppliers and entered into a joint system for follow-up for waste and energy, and are part of the climate accounts that are followed up annually.

Facilitate the circular economy

HOW WE WORK ON THE TOPIC

Through cooperation with customers and other external players, we work to find areas where we can act as a facilitator for circular business models. We have implemented several circular economy initiatives across the Group. All divisions in the Group are currently involved and have identified areas where there are commercial opportunities within the circular economy.

We have developed integrated shipping solutions for several of our customers, to make it even easier for people to use the services. We also work closely with players in industries with producer responsibility schemes to ensure simple and cost-effective compliance with requirements. We also work continuously on how the Group can manage and use its own resources in a more sustainable manner.

Our work on this can be linked to the United Nations Sustainable Development Goal 9 "Industry, Innovation and Infrastructure", sub-goal 9.4, and sustainable development goal 17 "Partnership for the Goals", sub-goal 17.17.

Here's what we've done in 2022

Facilitate the use of services for rental, reuse and repair

We continue to explore and pilot good circular solutions for our customers. We do this both on our own and with partners.

New circular business models require environmentally friendly and cost-effective transport and logistics to ensure that resources are continuously used where they create the most value. For the Tise and Finn marketplaces, we have made it even easier to transport recycled goods between individuals, and with the service Fretexposten we make it easier to ensure that clothes are reused by sending them to Fretex via Posten. We are also in dialogue with several partners to identify the future needs that we can meet with integrated and good freight solutions.

In 2022, we have also invested in the companies Sharefox, Tise and Easycom, which in various ways can contribute to a more circular economy. To read more about this, see «Investments in innovation» on page 56.

With the Fretexposten service we make it

easier to ensure that clothes are reused

We have worked to develop

reusable packaging

Logistics for producer responsibility schemes

An important part of the circular economy is to ensure that recyclable materials are collected and recycled. We assist several players in industries with producer responsibility schemes. Among other things, the Group assists major circular players such as Grønt Punkt and Infinitum with transport and other logistics. Since 2014, we have been working with Nespresso for the return of coffee capsules. Recycling aluminium capsules can save 95 percent of the energy required to extract new aluminium. In 2022, we have expanded our cooperation and are now collecting recycling bags from Nespresso across the country, both from private individuals, companies and stores.

Co-delivery of parcels and goods in the city

"Beloved city" is a collaboration between Bring, Ragn-Sells and KLP to utilise existing vehicles in the cities. The collaboration is a common solution in which parcels are delivered and waste is collected using the same electric vehicle. The entire logistics chain is 100% electric. After the pandemic years, it has taken time to develop the collaborative solution. In 2023, we will further develop the solution in the cities of Oslo, Stockholm and Malmö.

Reusable packaging

Over the past year, further work has been carried out to develop reusable packaging for e-commerce. The work has focused on the business model, what the service's value chain will look like, the technical aspect as well as work on the physical packaging. In parallel with this, the concept has been tested continuously with e-commerce players to gain more and new insights.

3D printing

In recent years, we have been working with 3D printing technology that makes it possible to build customised, complex objects layer by layer in a wide range of materials. The advantage of 3D printing is that it increases the reparability of objects, makes it easier to reuse waste and rubbish in production and makes it possible to create better and more customised solutions when creating new components. In addition, technology makes us less dependent on international supply lines as we can use local resources and produce accordingto demand, reducing the need to store parts in warehouses and long transportation.

Over the past year, we have explored the use of 3D printers to create spare parts that increase uptime and reduce the cost of spare parts for equipment and machinery in the terminals. 3D printers have been purchased, and through 2023 we will test the actual use of them for the production of spare parts. In addition, we have a radical innovation project where we want to create new revenue streams by designing and producing unique interiors, exhibitions and furniture for customers. We do this with a 3D printer that can create elements up to 3m x 2m x 2m in size, which opens up completely new opportunities in this segment. These products use recycled plastic, and the materials used in these specially designed items can be reused in new products after use.

Our assessment and the future

We are still in the initial phase of working on the circular economy. As a major logistics player, we have the opportunity to be at the forefront of the circular development in the Nordic region and Europe, and we are already well on our way.

The Group has a framework for sustainable bonds, a framework strongly linked to the EU's other plans for the circular economy and sustainability.

Going forward, we will further develop our strategy related to the circular economy. This will guide us about the areas to focus upon and set ambitions.

Climate and nature risk assessment

We have carried out climate risk assessments to raise awareness of how the company is affected by climate change, both strategically and financially.

To assess climate-related risk, a bottom-up climate risk analysis is carried out in line with the recommendations of the TCFD (Taskforce on Climate-related Financial Disclosures). Risk factors are identified and prioritised according to materiality. For all priority risk factors, three elements are considered:

- The development of the factor (including probability)
- Strategic importance
- Financial consequence.

This assessment is made for two scenarios, in the short, medium and long term.

- **Short term:** 1-5 years
- **Medium term:** 5-15 years
- **Long term:** 15-30 years

Going forward, we will assess the financial impact of various risks, as far as possible, based on existing data on revenue and volumes. We have begun to assess natural risks, but are awaiting the TNFD (Taskforce on Nature-related Financial Disclosures) framework before full-scale assessment and reporting, which is scheduled to be included in the 2023 Integrated Annual Report.

The following pages show the essence of climate risk assessments. First, the method and assumptions on which the assessment is based are presented, followed by a detailed description of the most important risks and opportunities for the Group, as well as a brief, overall presentation of the rest of the risk profile.

Management structure for climate risk
The Board is responsible for actively following up the Group's work on climate and climate risk, while the Director of Sustainability has overall responsibility for consolidating climate risks and opportunities. For a more detailed description of the climate risk governance structure, see «Risk management» on page 36 and "Greenhouse gas emissions" in the Fact Booklet on page 27.

Scenarios
We use two scenarios to assess climate risk:

- **Successful climate policy:** Climate policy is significantly strengthened, in line with what is stipulated in the Paris Agreement. Emissions are halved between 2030 and 2040 and no self-reinforcing mechanisms are triggered. The maximum temperature in the Paris Agreement is observed.
- **Inadequate climate policy:** Climate policy is not significantly strengthened, but follows current promises from the states of the world, on a line that does not meet the preconditions of the Paris Agreement. Self-reinforcing mechanisms are triggered and it is unlikely that emissions will be halved by 2100.

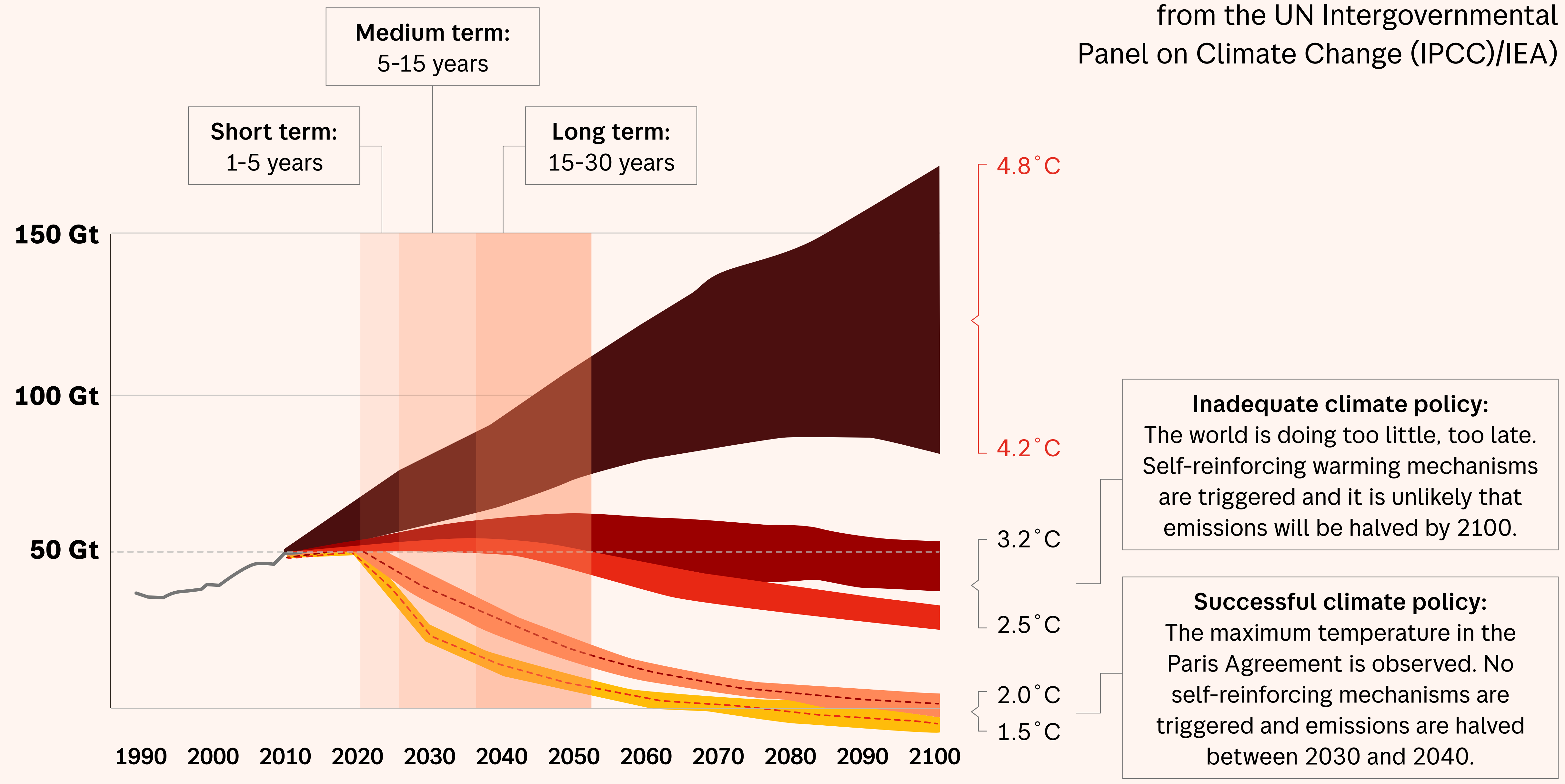
“Successful climate policy” is the basic scenario when we present our assessments in this report. This is natural because we are already adapting the business to help achieve the goals of the Paris Agreement.

We are continuously assessing whether there is a need to look at climate risk in a third, pessimistic scenario with higher global warming in 2100 than in the “Inadequate climate policy” scenario.

Global greenhouse gas emissions

Gigatonnes of CO_2 equivalents

Posten uses three horizons that extend 30 years into the future and two scenarios (loosely based on emission paths from the UN Intergovernmental Panel on Climate Change (IPCC)/IEA)

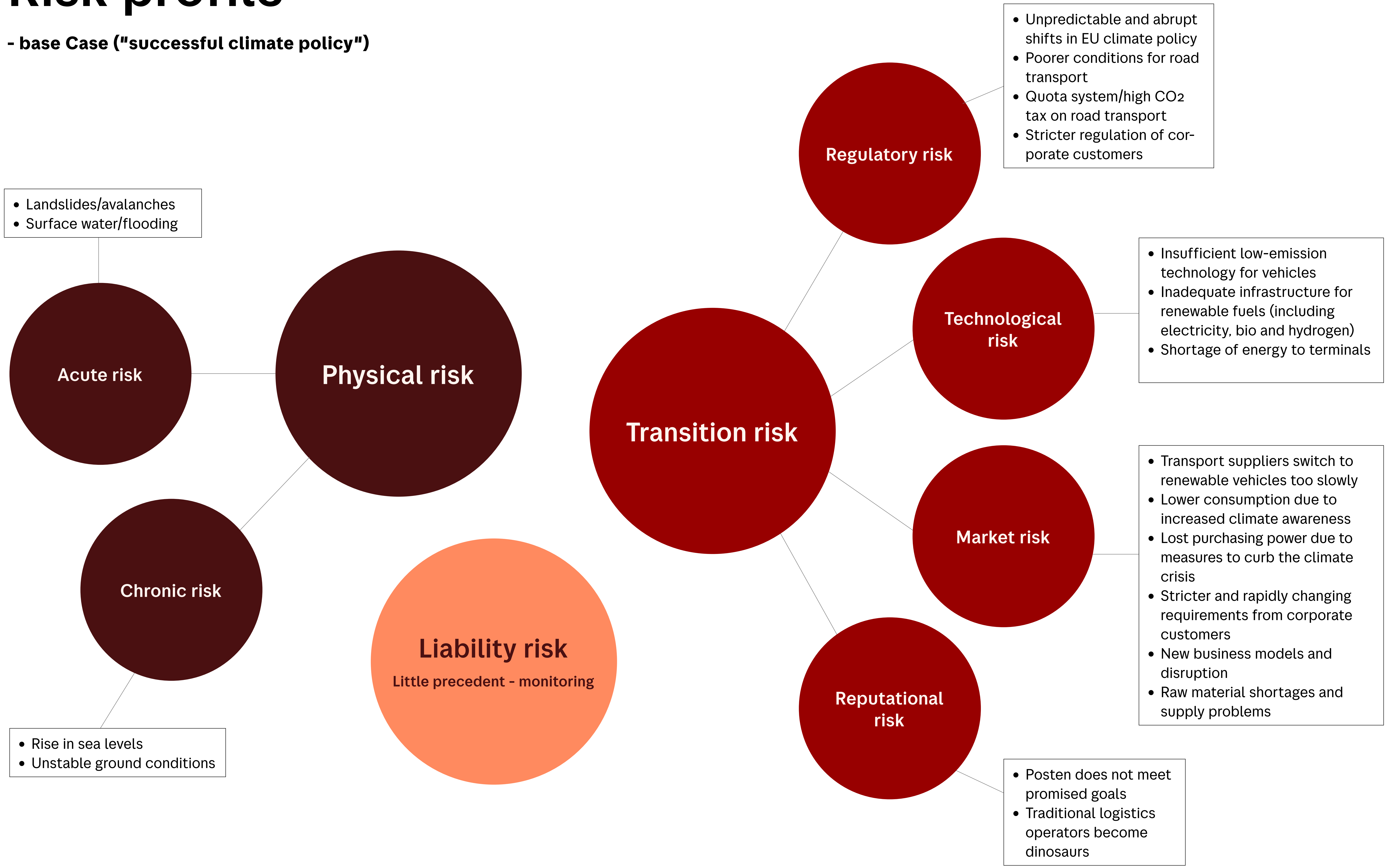


Basis for assessments
The scenarios are based on established scenarios and will be updated based on societal developments and nations' emission reduction targets.

The "successful climate policy" scenario encompasses scenarios from the International Energy Agency's (IEA's) Net Zero Emissions by 2050 and Announced Pledges Scenario (APS). "Inadequate climate policy" encompasses the IEA's Stated Policies Scenario. Physical risk assessments are partly based on information on developments in the IPCC climate reports, the Climate Impact Explorer and the Climate Risk Commission's assessments. Assessments of transition risk are based on Norway's obligations under the Paris Agreement, the EU Green Deal and the EU's climate package “Fit for 55”, Posten's climate goals (2030/2040/2050), and internal analyses.

Risk profile

- base Case ("successful climate policy")



Most important risk factors

- based on the successful climate policy scenario

On this and following pages, we summarise important climate-related risks and opportunities for Posten Norge AS.

These are extracted from the Group's climate risk analysis, and are partly comparisons of several risk factors and opportunities. Further other significant but not equally important risk factors are reviewed in an overall manner.

	Regulatory risk	
	Stricter regulation of corporate customers	**Poorer conditions for road transport**
Description	Road transport is expected to be subject to quotas or to significantly increased quota/carbon prices. Increased quality, repair and material requirements will increase operational costs for Posten's corporate customers.	Enova support will probably no longer apply, and toll fees for vehicles in fossil-free operation will increase. More zero-emission zones are expected in and around cities that will limit accessibility for fossil-fuelled vehicles and accelerate the need for vans running on fossil-free fuel.
Horizon	M L	S M
Probability	Very high	High
Consequence	Severe. Increased operating costs due to quota/carbon prices, but an increased competitive element if Posten has low emissions. Reduced revenue if corporate customers are impacted by regulation.	Significant. Increased investment requirement and higher operating costs as a result of reduced support schemes. Challenges related to route planning, reduced flexibility in the network and increased operating costs in zero-emission zones.
Change in the scenario "Inadequate climate policy"	Lower probability and consequence.	Lower probability and consequence.
Measures	Proactive transition towards fossil-free vehicles and dialogue with authorities on upcoming requirements. Climate adaptation of services and industry exposure.	Dialogue with authorities.
Method	Assessment of EU and Norwegian policies. Predicted quota/carbon price.	Present value of lost Enova support. Assessment of political developments, nationally and locally.

S Short term (1-5 years) M Medium term (5-15 years) L Long term (15-30 years)

	Technological risk		Market risk	
	Insufficient low-emission techn-ology for vehicles	**Scarcity of electricity for terminals and inadequate fuel infrastructure**	**Stricter and rapidly changing requirements from corporate customers**	**Lower consumption and purchasing power due to increased climate awareness**
Description	Vehicles account for Posten's largest greenhouse gas emissions. Posten is dependent on suppliers of vehicles scaling up low-emission technology, in particular for heavier trucks, in order to reach its own climate goals.	Local shortages of electricity and reduced grid capacity at terminals may increase in line with the increased electrification of society. Insufficient infrastructure and capacity along the roads for charging and filling biogas and hydrogen.	Customers make stricter demands that change at a rapid pace. With a large physical infrastructure, it is challenging to adapt to these at the same pace. Furthermore, there will be competitors who solve the customer's needs in other ways, with less infrastructure.	Increased climate awareness and targeted measures to reduce con-sumption can lead to reduced private consumption, which reduces the income base for corporate customers and the need for Posten's services. At the same time, purchasing power may be reduced as a result of measures to overcome the climate crisis.
Horizon	S M	S M	S M	M L
Probability	Low	Medium	High	High
Consequence	Not quantifiable. Lost revenue due to weakened competitive position. Increased need for investment in own vehicle fleet.	Medium. Increased operating costs when purchasing expensive energy ad. hoc., as a result of reduced flexibility in the network and reduced utilisation of electric vehicles.	Significant. Lost revenue due to weakened competitiveness if we do not meet requirements. Stranded investments.	Severe. Lost revenue due to reduced consumption and purchasing power.
Change in the scenario "Inadequate climate policy"	Higher probability and lower consequence.	Higher probability and lower consequence.	Lower probability and consequence.	Lower probability and lower consequence.
Measures	Supplier programme that helps transport suppliers adapt, through information and access to agree-ments with better terms.	Photovoltaic systems at seven termi-nals. Major investment in capacity and charging infrastructure at terminals. Collaboration for publicly available charging/filling infrastructure.	Continuous dialogue with customers and development of the service offering. Long-term commitment to sustainability to stay ahead of requirements. Innovation of new services.	Expanding services within the circular economy, through collaboration, investments and acquisitions. Collaborate with customers on circular value propositions.
Method	The transport suppliers' emissions are measured in the greenhouse gas accounts. Difficult to assess the impact on competitive position.	Assessments of the utilisation rate for fossil-free vehicles. External assess-ments of energy production, grid capacity and infrastructure going forward.	Assessment of changed purchasing behaviour of existing customers as well as trends in the logistics market. Disruption is by definition impossible to predict.	Current consumer-exposed income (particularly the retail trade) is the starting point for assessing loss of revenues. Asses the macroeconomic effects of reduced purchasing power.

S Short term (1-5 years) M Medium term (5-15 years) L Long term (15-30 years)

Most important opportunities

- based on the successful climate policy scenario

	Products and services			Sources of energy
	Logistics for the circular economy	**Collaboration and investments**	**Climate data and digitalisation as value-added offerings**	**Electrification and energy management**
Description	Repair, rental and reuse services will need efficient logistics solutions to increase customer usage. With core competence in logistics, there is great potential for Posten to further develop circular solutions.	The low-emission society will require and create new solutions. Posten should collaborate or invest in companies that create new solutions. Furthermore, cooperation on logistics, such as transshipment and co-delivery, can contribute to increased efficiency and reduced emissions.	In addition to low emissions from companies, customers will demand real emissions data that adds value to their systems. Good emissions data are key to efforts to reduce emissions further, thereby in turn curbing risk exposure and strengthening competitiveness.	Energy is a key scarce resource for industry in the low-emission society. By having the right amount of the right kind of energy at the right time, and being good at utilising it, Posten can create a competitive advantage. Electrification of vehicles and other parts of operations provides new opportunities for energy efficiency. Self-sufficiency and storage as well as smart energy management.
Horizon	S M	S M	S M	S M L
Consequence	Severe. Significant proportions of value in the linear economy will shift to the circular economy. This could represent growing revenues for the Group.	Significant. Access to knowledge and technology is important for operations and restructuring, while building new revenue streams is important for financial sustainability.	Significant. Data as a key part of the value proposition will be important for competitiveness, and thus increased revenues for the Group.	Significant. Energy efficiency is becoming a critical competitive factor. Furthermore, the Group may experience significantly lower energy costs and increased financial predictability.
Measures	Further develop cooperation with customers and across the Group.	Collaboration and investments are assessed on an ongoing basis.	Capture and collection of data from the entire value chain, and integration of both own systems as well as those of the suppliers.	Investments in supply, production, storage, management and use of energy, as well as electric vehicles.

S Short term (1-5 years) M Medium term (5-15 years) L Long term (15-30 years)

Climate risk beyond the most important factors

	Physical risk	Transition risk	
	Acute and chronic	**Unpredictable policies and regulations**	**Reputation**
Description	Risk associated with changes in geographical and climatic conditions, which may affect Posten's assets and operations directly.	Risk associated with political response, or lack of response, to the climate crisis. Framework conditions for road transport are significantly affected.	Risk associated with weakening of brand, network and goodwill due to the company's response, or lack of response, to the climate crisis
S **Short term (1-5 years)**	Acute risk: Increased probability of landslides and surface water along roads and train lines, gives lower delivery precision when these have to be bypassed. Most terminals are designed to handle large amounts of surface water from increased rainfall.	Paradigm shifts in EU policies affect Norwegian climate policy and international logistics. Can result in restructuring needs that are costly because they must happen quickly. May result in loss of value of assets. Posten's restructuring is a strategic advantage, because the Group is ahead of requirements and expectations at the moment. At the same time, a lack of political action to support Norway's and the EU's climate goals may weaken this strategic advantage. Enova support for and toll ring exemption for low emissions vehicles can be phased out. This will result in higher investment and operating costs for Posten.	If Posten does not achieve its own stated goals, the Group can be considered to be practicing greenwashing. Particular sources of risk include late vehicle conversion by suppliers, inadequate infrastructure and scarcity on the supply side for fossil-free vehicles.
M **Medium term (5-15 years)**	Acute risk: Increased probability of landslides and surface water along roads and train lines, which will give lower delivery precision when these have to be bypassed. Chronic risk: Seven of Posten's terminals are exposed to rising sea levels and rising extreme water levels. Measures currently taken at five terminals, while the last two are monitored.	The EU has probably pushed forward stricter climate policies, and road transport has become subject to quotas. Carbon prices are expected to be adjusted to NOK 2 000/ tonne in 2030, but may be (significantly) higher. Enova support for and toll ring exemption for low emissions vehicles will probably be phased out. This will result in higher investment and operating costs for Posten.	If Posten does not achieve its own stated goals, the Group can be considered to be practicing greenwashing. Particular sources of risk include late vehicle conversion by suppliers, inadequate infrastructure and scarcity on the supply side for fossil-free vehicles.
L **Long term (15-30 years)**	Chronic risk: Seven of Posten's terminals are exposed to rising sea levels and rising extreme water levels. For 2050, the sea level is expected to rise by 1-1.33 metres, which will make it challenging to find effective measures. Climate change is likely to disrupt international logistics chains as key ports could be flooded, ships could sink and airports could be disrupted by extreme weather. Possible problems in the Suez or Panama Canal.	Significantly stricter policies than we already envisage in the period must be expected. Transition to another regulatory structure with significantly tougher instruments must also be expected. The carbon price is expected to rise significantly.	Logistics based on traditional networks are in danger of becoming outdated dinosaurs. In that case, it does not help to be the best in the industry when it is the industry that gets a bad reputation. Challengers who solve the customer's challenge in alternative ways will win. Continuous innovation and renewal is a strategic opportunity for Posten, in the form of avoiding becoming obsolete.

FINANCIAL CAPITAL

Our business performance

Our financial freedom and the opportunity to invest in Posten's operations depend on an efficient cost structure.

Despite challenging markets and weakened purchasing power among the population, the Group's e-commerce (B2C) parcel volumes increased by seven percent. The Group's revenue in 2022 was NOK 23.4 billion, with organic growth of 4.5 percent. However, our result for 2022 was weaker than the previous year as a result of market turmoil and increased costs caused by geopolitical conditions. At the same time, we have maintained good delivery quality, satisfied customers and a high level of trust among the population throughout 2022.

Risks:
Geopolitical conditions, rising inflation and associated weakened purchasing power create uncertainty and risk of lower demand and thus lower volumes and squeezed margins. There is also a risk that the effects of climate change are not sufficiently included in long-term forecasts to assess profitability.

Opportunities:
If we are able to manage investments, expansion and flexibility in network capacity, we will not be hit as hard by uncertainty and a fall in volume. We have the opportunity to contribute more if the Group achieves higher profitability as a result of volume growth and new revenue legs.

The areas where we can make a difference within Financial capital can be linked to the United Nations Sustainable Development Goal 8 "Decent Work and Economic Growth", sub-goal 8.8.

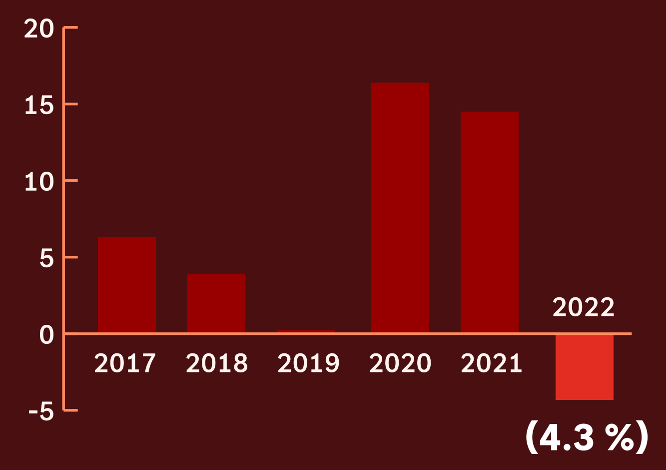
Connection to our strategy:
Best at sustainable value creation
- An efficient cost structure

Connection to our objectives:
- The goal is to deliver the highest possible return on equity over time within a sustainable framework

Our stakeholders believe we can make a difference in these areas:
- Socio-economic value creation

Output:
Increased profitability, sustainable value creation and financial capital for future investments, development of own value creation capacity.

How we meet our targets:
Return on equity after tax:



Goal 2022:
> 9%

Goal 2023
> 10%

Socio-economic value creation

Our value chain and associated services are an important part of the country's infrastructure, contributing to socio-economic value creation for our owner, our customers and suppliers.

The Group aims to have an efficient cost structure that contributes to long-term value creation. This can be linked to the United Nations Sustainable Development Goal 8 "Decent Work and Economic Growth", sub-goal 8.8. This also contributes to long-term value development and dividend payments for our owner.

We are a large and serious employer with many employees who further generate tax revenue for society.

Through our nationwide network, we connect consumers, both businesses and private individuals, and in this way contribute to maintaining a stimulated market. We are also a significant purchaser of goods and services and help to sustain economic activity in our suppliers' markets.

Our strategic work on socio-economic value creation has long been an anchored part of our corporate strategy. This is part of our work to reduce our climate and environmental impact. In 2022, among other things, two new terminals with good charging capacity have been completed, and new low-emission vehicles are being purchased on an ongoing basis. We are proud of what we have achieved, but want to constantly improve and continue the good work towards less climate and environmental impact into 2023.

GREEN BONDS

In November 2021 we were the first Nordic logistics player to issue green bonds worth NOK 1 billion. Green bonds secure financing of our climate and environmental work on favourable terms, and the funds will be used exclusively to invest in "green projects" that provide long-term value for society and the people around us.

A separate framework has been pre pared to define what we consider to be green investments. This has been revised and approved by Cicero. In 2022, we have prepared a report for the first time showing the effect and allocation of the funds. In 2022, the majority of the funds have financed our new BREEAM-certified terminals in Tromsø and Kristiansand, both of which have been completed. In addition, investments have been made in new vehicles running on fossil-free fuels.

The work on the "green framework" has brought the sustainability and finance disciplines closer together, and the ambition going forward is that all financing should have a clear link to our climate and environmental goals.

Read more about our green bonds and green framework in a separate report published on postennorge.no

Read more about our green bonds and green framework in a separate report published on postennorge.no.

Integrated annual report 2022

INVESTMENT OF EMPLOYEE PENSION FUNDS

We are obliged to have an occupational pension scheme pursuant to the Act on mandatory occupational pension schemes, and have a pension scheme that satisfies the requirements of this act. We have defined contribution pensions with the ability for our employees to choose investments. A defined contribution pension scheme means that we pay an annual contribution to the employees' collective pension savings. The future pension will depend on the size of the contribution and the annual return on the pension savings.

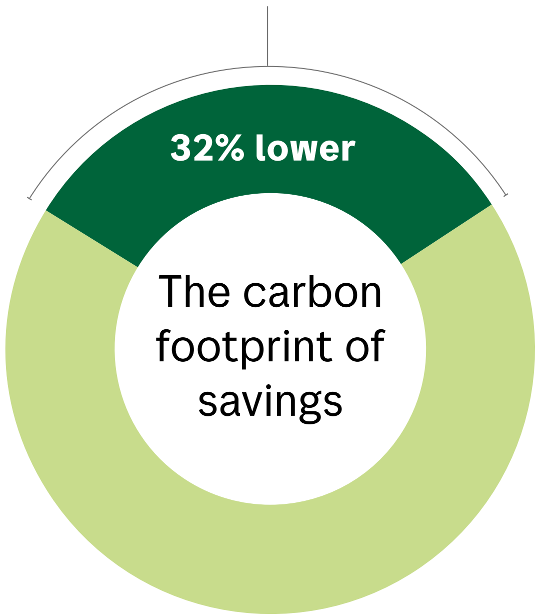
The pension agreement in our defined contribution pension scheme is the equivalent of NOK 3 775 million. The investment of pension funds is intended to ensure employees a good pension, but also a good world in which to retire. We have chosen Storebrand as our supplier.

Key sustainability figures from our pension savings

__The carbon footprint of savings__

Our employees' pension savings have a carbon footprint that is 32.2 percent lower than if it had been invested in comparable index funds that do not have sustainability criteria. A low carbon footprint means that the portfolio has a low exposure to carbon-intensive companies.

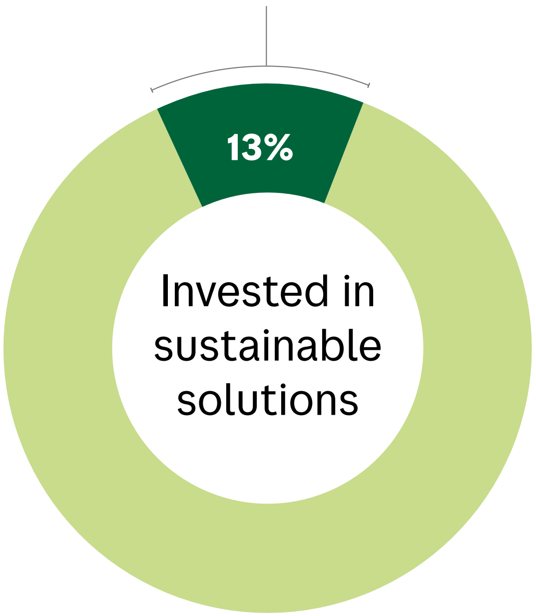
The carbon footprint of pension savings is 32 percent lower than if the same amount had been invested in the comparable index



__Investments that contribute to sustainable solutions__

13.2 percent of the funds in our pension scheme are invested in what Storebrand calls sustainable solutions. These are either investments in companies that Storebrand's investment team believes contribute to sustainable development and help us achieve the UN Sustainable Development Goals, or through investments in green bonds, environmentally certified property and infrastructure.

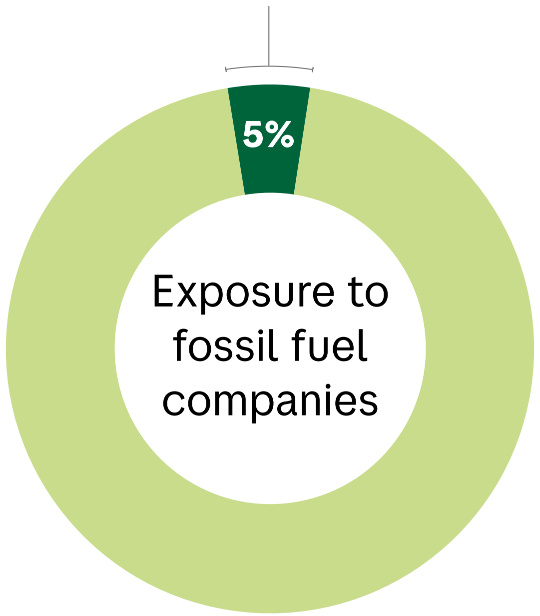
More than 13 percent of our savings are in solutions within renewable energy, the cities of the future, circular economy or solutions that promote equal opportunities



__Exposure to fossil fuels__

4.6 percent of the assets in our pension scheme are invested in fossil fuel companies. This means that our savings have a significantly lower carbon footprint than the investment's benchmark.

Just under five percent of our savings are in companies that derive more than five percent of their revenue from the production or distribution of fossil fuels



Coverage ratio for investments

The coverage ratio indicates the proportion of investments for which sustainability data are available

Carbon footprint: 72 percent
Sustainable solutions: 100 percent
Fossil fuel operations: 100 percent

Read more about our pension scheme in Note 4 to the annual financial statements for Posten Norge.

Taxonomy

The EU taxonomy is a classification system that defines sustainable activities in the company. The purpose is to steer capital flows towards investments that are better for the climate and environment.

On 17 December 2021, the Storting adopted a new law on sustainable finance implementing the Taxonomy Regulation (EU) 2020/852 in Norwegian law. This came into effect on 1 January 2023. The requirements will not apply until the 2023 fiscal year. As a company subject to non-financial reporting requirements, the Group will be required to report on taxonomy when the Act enters into force.

Background for the regulation

The purpose of the taxonomy is to make it easier to compare investment opportunities across national borders in the internal market. The European Commission has drawn upa list of economic activities coveredby the taxonomy (eligibility)and requirements that must be met for these to be considered environmentally sustainable (alignment). The ambition is to protect investors from greenwashing, as well as build a common understanding of the environmental sustainability of the investments. It is the sectors and activities that the Commission believes have the greatest opportunity to influence emission reductions that are currently included.

The taxonomy regulation establishes six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

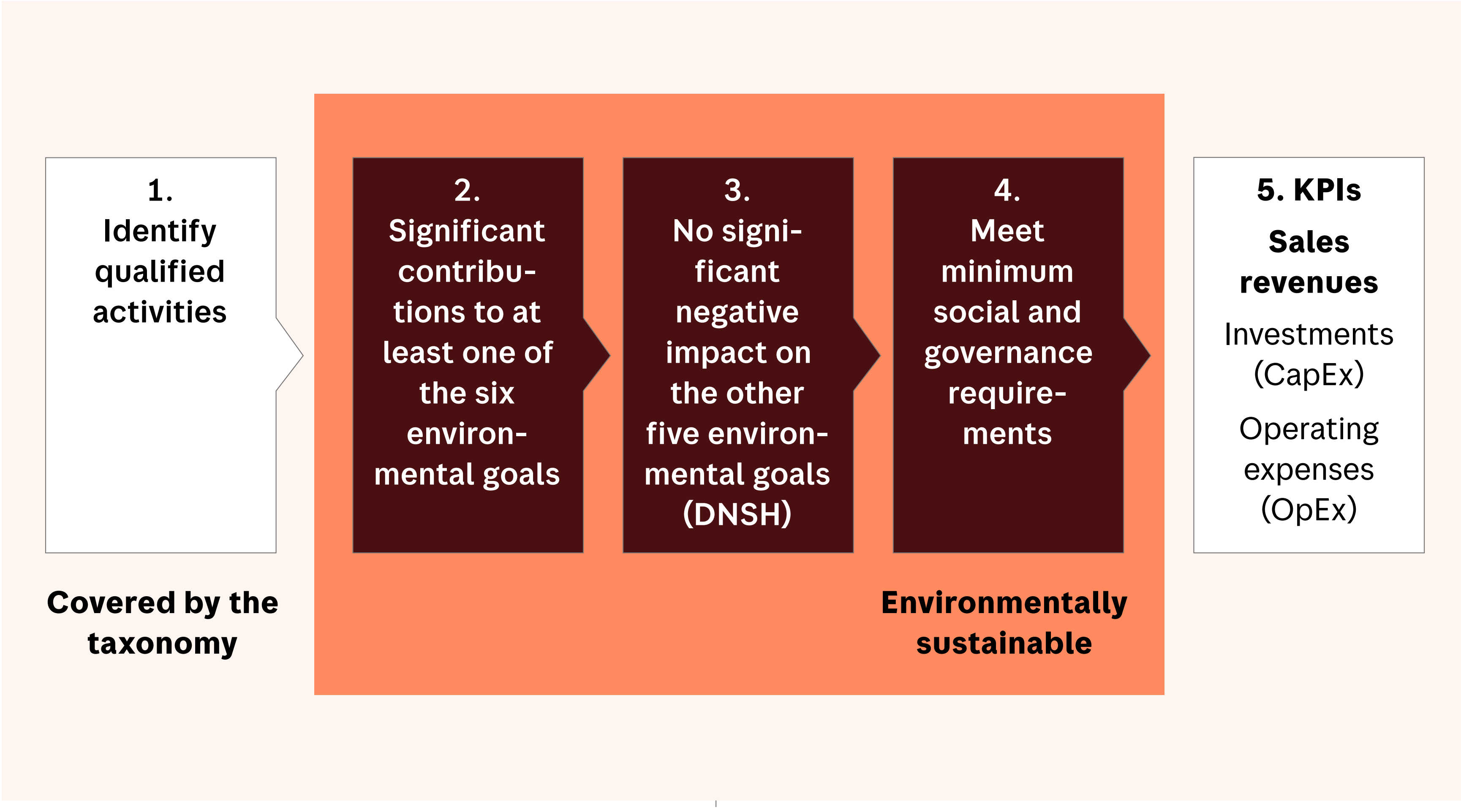
In order to be considered environmentally sustainable, an economic activity must contribute significantly to one or more of the environmental objectives, and at the same time not have a significant negative impact on any of the other environmental objectives[1]. An activity will also be considered environmentally sustainable if it makes a significant contribution to one or more environmental objectives for another activity. The European Commission has established the criteria for the first two environmental objectives. The criteria for the remaining objectives are being prepared. Economic activities must also meet minimum social and governance requirements.

To meet the requirements of the taxonomy's first defined environmental objective, "Climate change mitigation", economic activity must make a significant contribution to the stabilisation of greenhouse gas emissions, either by reducing emissions or by improving the removal of greenhouse gases.

The second already defined environmental objective, "Climate change adaptation", requires a substantial contribution to reducing negative impact on current and future expected climates, or making a significant contribution to reducing the risk of such negative *impact.*

Posten's approach and work process

While reporting on taxonomy is not required by law for the 2022 financial year,companies that will be subject to the 2023 taxonomy are strongly encouraged to report now. Posten has therefore decided to report on the taxo-



[1] Referred to as Do No Significant Harm ("DNSH")

nomy classification for Posten Norge AS (parent company) for 2022. We want to start preparing to report in line with the framework, learn from the process, and include this in our work to be transparent about our efforts to achieve our climate and environmental goals.

In order to report in accordance with the taxonomy criteria, we have had to categorise the Group's activities into different areas of activity. Economic activities not entirely covered by the taxonomy have been sorted into separate categories. This applies to air transport, as well as administrative activities, such as customs clearance and customer service.

Furthermore, it has been appropriate to separate economic activities that are likely to meet the requirements for being environmentally sustainable into separate categories. For example, we have distinguished between collection and distribution that is emission-free and that which is not. This is because the taxonomy has a binary approach, which means that we will not be able to meet environmental sustainability if parts of the activity within a category do not meet the requirements. While this categorisation has not been strictly necessary for this year's reporting, it has been a useful approach to create the structuring of activities for next year's environmental sustainability reporting.

Overview of our economic activities covered by the taxonomy
Based on activities established as covered by the taxonomy, the following activities in the table on the right have been identified as applicable in the taxonomy reporting for Posten Norge AS (parent company).

In accordance with the criteria, the Group's economic activities have been linked to the defined activities in the taxonomy. Where there has not been a sufficient description of activity in the taxonomy criteria, we have used supporting NACE codes to make a correct evaluation of where the activity belongs.

Taxonomy indicators
The taxonomy is reported through the three KPIs turnover, capital expenditure and operating expenses. As previously mentioned, this year we are only reporting on the proportion of total value covered by the taxonomy.

<u>Sales revenues</u>
The total turnover from which the proportion is calculated corresponds to the net turnover in the accounts for Posten Norge AS. The calculation of the proportion includes the entire turnover related to activities with a significant contribution to environmental goal number one, but only parts of the turnover related to environmental goal number two. Turnover from adaptation activities

			Included in KPI		
Activity number	EU taxonomy activity description	Posten's associated activities	O	IU	DU
6.2	Freight rail transport	Hired transport by rail	x		
6.4	Operation of personal mobility devices, cycle logistics	Distribution and collection of mail and parcels by trolley or bicycle	x	x	x
6.5	Transport by motorbikes, passenger cars and light commercial vehicles	Distribution and collection of mail and parcels with EU classified L-vehicles 2 (Paxter)	x	x	x
6.6	Freight transport services by road	Line haul traffic, distribution and collection of mail and parcels with EU-classified N1, N2 and N3 vehicles[3], as well as collection and delivery points (Post in Shops, mailbox, parcel box and post office)	x	x	x
6.15	Infrastructure enabling low-carbon road transport and public transport	Infrastructure that facilitates the loading, unloading and transport of goods. This includes charging structures for vehicle fleets and sorting at Posten's owned or leased properties.	x	x	x
7.6	Installation, maintenance and repair of renewable energy technologies	Production and storage of electricity for own consumption, as well as energy efficiency measures at terminals		x	x
7.7	Acquisition and ownership of buildings	Owned and rented office buildings and warehouses		x	

O: Sales revenues **IU:** Capital expenditure **DU:** Operating expenses

[2] Group L vehicles means all two or three wheelers vehicles and quadricycles.
[3] N1 van (gross weight max 3 500 kg), N2 truck (gross weight max 12 000 kg), N3 truck (gross weight over 12 000 kg).

that qualify for a significant contribution through being an enabling activity shall be included, while turnover related to purely adaptive activities shall be excluded.

Capital expenditure

Capital expenditure to be included for Posten's economic activities are in accordance with the following accounting policies:
IAS 16: Tangible fixed assets
IAS 38: Intangible assets
IFRS 16: Leases

In addition to amounts directly related to covered activities, amounts related to the CapEx plan must also be included. These are investments that enable covered economic activities to fulfil the criteria for being considered environmentally sustainable in the long term.

Operating expenses

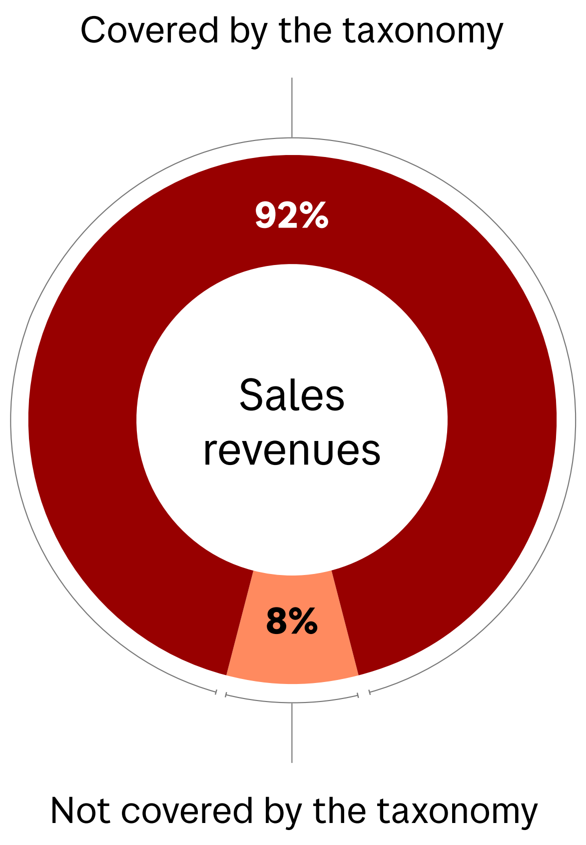
Total operating expenses shall relate only to non-capitalised costs related to research and development activities, renovation of buildings, short-term rentals, maintenance and repair, and other direct costs related to the day-to-day functioning of property and assets. The proportion of operating expenses included in the calculations shall be such costs associated with those activities that qualify to be covered and environmentally sustainable respectively. Operating expenses associated with the CapEx plan described in the previous paragraph shall also be included.

Assumptions and analysis results

The analysis for 2022 exclusively includes Posten Norge AS. From next year's calculations, the entire Group will be used as the basis for the analysis. For the KPI calculation, turnover has mainly been allocated from associated costs per activity, while capital expenditure and operating expenses are based on actual expenses. In this year's reporting, no expenditure related to enabling activities or the CapEx plan have been identified.

Sales revenues

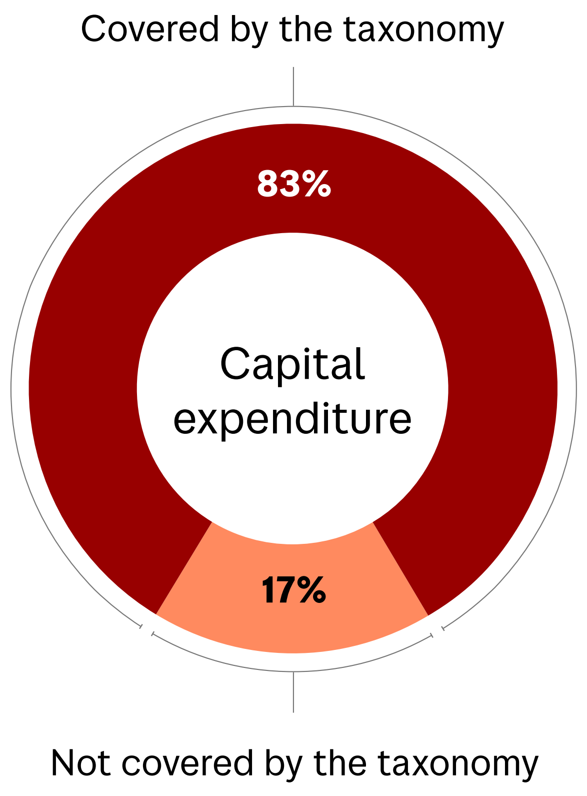
For 2022, 92 percent of turnover is covered by the taxonomy. Turnover related to air transport and administrative activities is not included, and constitutes the remaining eight percent. In the EU taxonomy, all turnover is subject to reporting, which means that total turnover included in the taxonomy is equal to net turnover for Posten Norge AS. Turnover in the parent company for 2022 is mainly broken down by financial activities based on actual service costs in the mail and logistics segment. The turnover is distributed among activities 6.2, 6.4, 6.5, 6.6 and 6.15, based on the fact that it is these activities that create customer turnover for the company. Apart from sorting at the terminal, which is part of activity 6.15, no turnover is allocated to property.



Capital expenditure

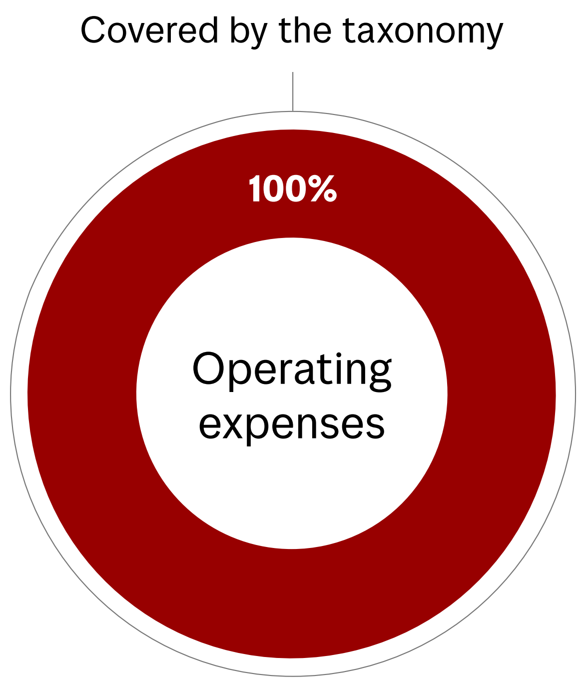
As previously mentioned, capital expenditure covers IAS 16 (fixed assets), IAS 38 (intangible assets) and IFRS 16 (leases). 83 percent of this capital expenditure is considered to be covered by the taxonomy. The expenditure is distributed among all Posten's activities included in the taxonomy reporting, except rail transport, which is exclusively a hired service.

Posten's capital expenditure on property, plant and equipment is distributed among all defined economic activities. Capital expenditure related to leasing of vehicles, buildings and machinery are distributed among all defined activities, except 6.5 since all Paxsters included in this activity are self-owned. For capital expenditure in intangible assets, all expenditure related to IT development is in different formats, such as sorting machines, charging structure, and energy production, and are allocated only to activities 6.6, 6.15, and 7.6. Investments in IT structures for administrative purposes as well as provisions have been allocated in their entirety to non-covered activities, accounting for the remaining 17 percent of the parent company's expenditure in 2022.



Operating expenses

The share of operating expenses that are subject to taxonomy reporting constitutes seven percent of total operating expenses in Posten Norge AS. As previously defined, these consist of costs related to research and development activities, renovation of buildings, short-term rentals, maintenance and repair, and other direct costs related to the operation of property and assets. Major items that are not included are, for example, payroll, depreciation and write-down. All operating expenses included are considered to be covered by the taxonomy. The operating expenses are distributed among all activities except rail and office transport, and include maintenance of the vehicle fleet, terminal and IT structure. The IT structure covered by the taxonomy applies to that which is necessary for maintenance, and is divided into sorting at terminals, charging structure, and energy production and efficiency.



Conclusion and the way forward

We believe that this year's calculations provide a good picture of the proportion of the Group's turnover, capital expenditure and operating expenses that are covered by the current taxonomy. This year's report has been prepared in line with existing definitions in the regulation, and we expect new formulations, clarifications and probably more sector-specific regulations in the further development of the Taxonomy. We are monitoring this closely and will make any changes when necessary.

This year's reporting has been voluntary, and for our part has also been a good learning experience. Over the next year, we will expand our reporting structure to report on both all activities covered by the taxonomy as well as those that meet environmental sustainability requirements. In addition, further reports will move from applying to the parent company, Posten Norge AS, to the entire Group. We expect the KPIs to change with this expansion, providing an even more accurate picture of our business.

Integrated annual report 2022

Financial statements and notes

for Posten Norge Group

Integrated annual report 2022

INCOME STATEMENT

Amounts in MNOK

	Note	2022	2021
Revenue	1,2	**23 429**	**24 716**
Costs of goods and services	1	10 072	10 369
Payroll expenses	3,4	8 518	8 600
Depreciation and amortisation	10,18	1 384	1 240
Write-downs of intangible assets and tangible fixed assets	9,10,18	185	68
Other operating expenses	5	3 050	2 983
Operating expenses		**23 208**	**23 260**
Other income/(expenses)	6	(371)	3
Share of profit from associated companies	11	7	3
Operating profit/(loss)		**(143)**	**1 462**
Financial income	7	334	225
Financial expenses	7	534	334
Net financial income/(expense)		**(200)**	**(109)**
Profit/(loss) before tax		**(343)**	**1 352**
Tax expense	8	(66)	294
Profit/(loss) for the year		**(277)**	**1 058**
Controlling interests		(271)	1 051
Non-controlling interests		(5)	7

STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK

	Note	2022	2021
Profit/(loss) for the year		**(277)**	**1 058**
Pension remeasurement	4,8	47	12
Items that will not be reclassified to income statement		**47**	**12**
Translation differences		(25)	(160)
Hedging of net investment	8,21	13	26
Total translation differences		**(12)**	**(134)**
Cash flow hedging	8,21	**(17)**	**1**
Items that will be reclassified to income statement		**(29)**	**(133)**
Other comprehensive income		**18**	**(121)**
Total comprehensive income		**(259)**	**937**
Total comprehensive income is distributed as follows:			
Controlling interests		(253)	930
Non-controlling interests		(5)	7

BALANCE SHEET

Amounts in MNOK

	Note	31.12.2022	31.12.2021
ASSETS			
Intangible assets	9,10	2 027	2 079
Deferred tax assets	8	251	179
Tangible fixed assets	9,10	6 498	5 743
Right-of-use assets	9,18	3 266	2 981
Investments in associated companies	11	59	31
Investments in shares	11,13	251	90
Interest-bearing non-current receivables	13,15,18	73	51
Other financial non-current assets	13,21	23	111
Non-current assets		**12 449**	**11 266**
Interest-free current receivables	13,16,21	3 895	3 530
Interest-bearing current receivables	13,15,18	116	99
Liquid assets	13,17	2 683	3 448
Current assets		**6 694**	**7 077**
Assets		**19 143**	**18 342**
EQUITY AND LIABILITIES			
Share capital		3 120	3 120
Other equity		2 529	4 104
Non-controlling interests		66	49
Equity		**5 715**	**7 273**
Deferred tax liabilities	8	43	
Other provisions for liabilities	12	936	725
Provisions for liabilities		**979**	**725**
Non-current lease liabilities	13,18	2 837	2 570
Interest-bearing non-current liabilities	13,19	1 111	1 618
Interest-free non-current liabilities	13,20,21	29	7
Non-current liabilities		**3 976**	**4 195**
Current lease liabilities	13,18	743	667
Interest-bearing current liabilities	13,19	3 187	969
Interest-free current liabilities	12,13,20,21	4 524	4 294
Tax payable	8	19	218
Current liabilities		**8 473**	**6 149**
Equity and liabilities		**19 143**	**18 342**

Board meeting on 30 March 2023

Anne Carine Tanum (Chair)

Finn Kinserdal

Liv Fiksdahl

Tina Stiegler

Patrik Berglund

Gerd Øiahals

Ann Elisabeth Wirgeness

Lars Nilsen

Tove Gravdal Rundtom

Tone Wille (Group CEO)

CASH FLOW STATEMENT

Amounts in MNOK

	Note	2022	2021
Profit/(loss) before tax		(343)	1 352
Tax paid in the year	8	(213)	(189)
(Gain)/loss from sales of non-current assets and subsidiaries		(11)	(22)
Ordinary depreciation and write-downs	9,10,18	1 568	1 308
Share of profit/(loss) from associated companies	11	(7)	(3)
Financial items without cash-effect		213	135
Changes in receivables and payables		(127)	(280)
Changes in other working capital[1]		328	(258)
Changes in other accruals		(26)	(80)
Interest received		9	51
Interest paid		(197)	(177)
Cash flows from operating activities		**1 197**	**1 837**
Investments in non-current assets	10	(1 276)	(1 062)
Cash-effect from investments in businesses	23	(191)	(187)
Cash-effect from investments and sale of other shares[2]		(136)	(44)
Cash-effect from investments in associated companies	11	(22)	
Proceeds from sale of non-current assets	10	21	88
Cash-effect from sale of businesses	23	6	30
Changes in other financial non-current assets		13	(14)
Cash flows used in investing activities		**(1 584)**	**(1 189)**
Payment of lease liabilities	18	(757)	(857)
Proceeds from non-current and current debt raised	19	2 000	1 200
Repayment of borrowings	19	(461)	(1 111)
(Decrease)/increase in bank overdraft	19	159	5
Dividends paid		(1 315)	(1 060)
Cash flows used in financing activities		**(374)**	**(1 823)**
Change in liquid assets		**(761)**	**(1 175)**
Liquid assets at the start of the year		3 448	4 680
Currency differences		(4)	(57)
Liquid assets at the end of the year	17	**2 683**	**3 448**

1) In 2022, the recognition of pension obligations in the group was expensed, see note 4 for further information.
2) Cash effect from the purchase and sale of other shares was NOK 148 million and NOK 12 million, respectively.

The Group prepares the cash flow statement according to the indirect method, i.e. cash flows from investments and financing activities are reported gross, whereas the accounting result is reconciled against net cash flows from operating activities.

Integrated annual report 2022

STATEMENT OF CHANGES IN EQUITY

The share capital and share premium constitute paid-in equity in Posten Norge AS.

The hedging reserve includes the total net change in fair value of hedging instruments in a cash flow hedge until the hedged cash flow occurs or is no longer expected to occur.

Translation differences arise in connection with foreign exchange differences in the consolidation of foreign subsidiaries and the hedging of net investments in foreign entities. Exchange differences in monetary items (liabilities or receivables if the settlement is neither planned, nor probable in the foreseeable future) that in reality constitute a part of a company's net investment in a foreign entity are recognised as translation differences. At the disposal of a foreign entity, accumulated translation differences related to the entity are reclassified to the income statement in the same period as the gain or loss at the disposal is recognised.

Translation costs directly related to equity transactions are recognised directly in equity net of tax.

Non-controlling interests' share of equity is presented on separate lines.

The shares in the parent company Posten Norge AS are owned in full by the Norwegian state, represented by the Ministry of Trade, Industry and Fisheries. As of 31 December 2022, the share capital consisted of 3 120 000 shares at a nominal value of NOK 1 000.

In Norwegian groups, equity in the parent company is the calculation basis for the distribution of dividend. Before the annual dividend is determined, an independent evaluation of the financial situation in the Group and future prospects is made. The proposed dividend for the accounting year 2022 is 0.

At the Annual General Meeting in May 2022, it was determined that a dividend amounting to MNOK 1 315 for the accounting year 2021 be distributed. The dividend was paid in June 2022.

STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

	Controlling interests							
	Share capital	Share premium reserves	Hedging reserve	Translation differences	Retained earnings	Other equity	Non-controlling Interests	Total equity
Equity 01.01.2022	**3 120**	**992**	**(6)**	**149**	**2 969**	**4 104**	**49**	**7 273**
Profit/(loss) for the year					(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-controlling interests				(1)	(5)	(7)	26	19
Equity 31.12.2022	**3 120**	**992**	**(23)**	**136**	**1 423**	**2 529**	**66**	**5 715**

	Controlling interests							
	Share capital	Share premium reserves	Hedging reserve	Translation differences	Retained earnings	Other equity	Non-controlling Interests	Total equity
Equity 01.01.2021	**3 120**	**992**	**(7)**	**283**	**2 969**	**4 237**	**9**	**7 367**
Profit/(loss) for the year					1 051	1 051	7	1 058
Other comprehensive income			1	(134)	12	(121)		(121)
Total comprehensive income			**1**	**(134)**	**1 063**	**930**	**7**	**937**
Dividend					(1 060)	(1 060)	(7)	(1 067)
Changes in non-controlling interests							39	39
Other changes in equity					(3)	(3)	1	(2)
Equity 31.12.2021	**3 120**	**992**	**(6)**	**149**	**2 969**	**4 104**	**49**	**7 273**

Notes for Posten Norge Group

General information

POSTEN NORGE GROUP

Posten Norge AS was established as a company on 1 December 1996 and is today 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 is a Nordic mail and logistics group developing and delivering overall solutions within mail and logistics in the Nordics. Posten Norge AS' address is Biskop Gunnerus gate 14, 0001 Oslo, Norway.

BASIS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Posten Norge have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by IFRS Interpretations Committee (IFRIC), set by the International Accounting Standards Board and approved by the EU.

The financial statements have in all material respects been prepared on a historic cost basis, except for financial assets and liabilities (including derivatives) that have been measured at fair value.

Assets are classified as current when expected to be realised, sold or consumed in the Group's normal operations, or are due/expected to be realised or settled within 12 months from the end of the reporting period. Other assets are classified as non-current.

Liabilities are classified as current when expected to be settled during the Group's normal operations, are held basically for trading purposes, are expected to be settled within 12 months from the end of the reporting period or if the Group does not have an unconditional right to delay settlement to at least 12 months after the reporting period. All other liabilities are classified as non-current. Dividends are recognised as debt when formally approved by the Annual General Meeting.

The financial statements are presented in Norwegian kroner (NOK), rounded to the nearest million, if not otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the consolidated financial statements and notes may not add up to the total of that row or column.

After the publishing of the draft annual result in the Group's quarterly report for the 4th quarter 2022, an adjustment was made that increased other operating expenses. This implied a change of MNOK 33 in the result before tax and MNOK 26 in the year-end result.

Consolidation principles

The consolidated financial statements present the total financial result and position for the parent company Posten Norge AS and the companies over which Posten Norge AS has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated from the date on which control is achieved and deconsolidated from the date that control ceases. When deconsolidated, gain or loss is recognised in the income statement. Any residual investment is measured at fair value at the deconsolidation date. Transactions not resulting in any loss of control are recognised as equity transactions.

The consolidated financial statements have been prepared using uniform accounting principles for similar transactions and other events, provided that the circumstances otherwise are the same. The classification of items in the income statement and balance sheet has been determined according to uniform definitions. Intercompany transactions and balances, including internal profit and unrealised gains and losses, have been eliminated.

The proportion of equity related to non-controlling interests is shown on a separate line in the Group's equity. For non-controlling interests, the share of the profit/loss for the year after tax is shown in the income statement and the share of other comprehensive income in total comprehensive income.

Investments in associated companies are accounted for by the equity method. Other assets in other companies are recognised and measured at fair value with changes in value recognised as gain or loss in the income statement.

Functional currency and presentation currency

The financial statements of the individual entities in the Group are measured using the currency of the economic environment in which the entity primarily operates (functional currency).

The Group's presentation currency is Norwegian kroner, which is also the parent company's functional currency. Note 14 Financial risk and capital management has more information on the Group's most significant exchange rates.

Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency at the exchange rate on the transaction date.

On the balance sheet date, monetary balances in foreign currencies are translated at the exchange rate applicable on the balance sheet date. Foreign exchange gains and losses resulting from the settlement and translation of monetary items are recognised as finance income and finance costs, respectively. If the currency position is considered to constitute cash flow hedges or the hedging of a net investment in a foreign business, the gain or loss is recognised in other comprehensive income.

Non-monetary items in foreign currencies measured at historic cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value is determined.

Subsidiaries and associated companies

When consolidating subsidiaries and recognising investments in associated companies according to the equity method, the profit or loss, assets and liabilities of subsidiaries and investments in associates are translated from functional currency to Norwegian kroner, which is the Group's presentation currency. Assets and liabilities are translated based on the exchange rate on the balance sheet date. Income and expenses are translated at the average monthly exchange rate. Foreign exchange differences are recognised in other comprehensive income and specified separately in equity (see the statement of changes in equity). If a foreign subsidiary or associated company is sold, the accumulated translation differences related to the entity are reclassified to the income statement and included as part of gain or loss on the disposal.

ACCOUNTING PRINCIPLES

Significant accounting principles are listed below and incorporated in the individual notes. The accounting principles are marked by P.

Significant Accounting Principles	Note	IFRS/IAS standard
Segment reporting	Note 1 Segments	IFRS 8
Revenue from contracts with customers	Note 2 Revenue	IFRS 15
Pensions	Note 4 Pensions	IAS 19
Taxes	Note 8 Taxes	IAS 12
Write-downs of non-financial assets	Note 9 Write-downs of non-financial assets	IAS 36
Intangible assets and Tangible fixed assets	Note 10 Intangible assets and Tangible fixed assets	IAS 38, IAS 16
Investments in subsidiaries and associated companies	Note 11 Investments in companies and businesses	IFRS 10, IFRS 11, IFRS 12, IAS 28
Provisions for liabilities and Contingent liabilities and assets	Note 12 Provisions for liabilities	IAS 19, IAS 37
Financial instruments	Note 13 Overview of financial assets and liabilities	IFRS 7, IFRS 9, IFRS 13, IAS 32
Accounts receivable	Note 16 Interest-free current receivables	IFRS 7, IFRS 9, IFRS 13, IFRS 15, IAS 32
Cash and cash equivalents	Note 17 Liquid assets	IFRS 7, IFRS 9, IFRS 13, IAS 7, IAS 32
Leasing	Note 18 Leases	IFRS 16
Borrowings	Note 19 Interest-bearing non-current and current liabilities	IFRS 7, IFRS 9, IFRS 13, IAS 32
Derivates and hedging	Note 21 Derivatives and hedging	IFRS 7, IFRS 9, IFRS 13, IAS 32
Business combinations	Note 23 Changes to group structure	IFRS 3

Changes in accounting principles and disclosures
The accounting policies applied are consistent with previous years. In addition, the Group implemented some amended standards and interpretations relevant for the business published by the IASB (International Accounting Standards Board) and approved by the EU, effective from the accounting year starting on 1 January 2022. The implementation of these amended standards and interpretations has not resulted in significant changes in the consolidated financial statements.

Issued and amended standards not yet effective or lacking approval by the EU
The following standards and statements that are relevant for Posten Norge have been issued but have yet to take effect or lacked approval by the EU for the financial year 2022:

<u>Amended IAS 1 related to the presentation of accounting principles</u>
The change in IAS 1 Presentation of Financial Statements applies for financial statements starting after 1 January 2023. The change implies that information shall be provided on material accounting principles instead of significant accounting principles. The standard has additional guidance for which accounting principles that should be considered material.

The implementation of this amendment is expected to result in minor changes in the disclosures to the consolidated financial statements.

Any other approved new and amended standards not yet effective are not expected to imply significant changes in the consolidated accounts.

USE OF JUDGMENT AND ACCOUNTING ESTIMATES

Management makes significant accounting considerations (judgments) in applying the Group's accounting policies. When significant, such judgments will be described in the relevant notes.

The preparation of the Group's financial statements requires management to make estimates and assumptions affecting revenues, expenses, assets and liabilities and related information. Estimates and underlying assumptions are based on historic experience and other factors considered to be reasonable in the circumstances. Actual results can vary from these estimates. Most balance sheet items will to some degree be affected by estimation uncertainty. If material, this will be described and included in the relevant note.

Significant use of judgment and estimation uncertainty is marked by E.

The Group is facing considerable risks and opportunities as a consequence of climate changes and new requirements and regulations with the objective of reducing the greenhouse gas emissions.

Climate risk comprises transitional risk and physical risk. The transitional risk is the risk emerging at the transition to a low emissions society. Physical risk is the risk that geographical and climate changes affect the Group's assets and operations directly. The risks and opportunities are integrated in the Group's risk management, and the Group has approved a climate and environment strategy with ambitions in line with the Paris agreement. *Our environmental impact* in the integrated report's chapter 3 has details.

Climate risk can result in significant changes in carrying values of assets and liabilities as a consequence of issues like the future assessment of useful lives for tangible fixed assets and intangible assets and changed assumptions for the consideration of impairment of assets. These changes may require significant degrees of judgment. At the end of 2022, the present and future financial consequences of climate risk for Posten Norge were considered to be highly uncertain. This uncertainty is described in relevant notes.

Climate risk is described in the individual note where it is considered to be particularly relevant and is marked by C.

The list below summarises assets and liabilities that to a significant degree are based on judgment, estimates and assumptions of the future. These items have a high risk of significant changes in carrying values during the next accounting year. The notes including specific climate risk comments are also stated.

Asset/Liability	Note	Accounting judgements and/or estimates/assumptions
Pension liabilities	Note 4 Pensions	Present value of pension liabilities determined by a number of actuarial assumptions
Deferred tax assets	Note 8 Taxes	Assessment of the amount of deferred tax asset that can be utilised
Intangible assets and Tangible fixed assets	Note 9 Write-downs of non-financial assets	Present value of future cash flows, Assessment of climate risk
Intangible assets and Tangible fixed assets	Note 10 Intangible assets and Tangible fixed assets	Assessment of climate risk
Provisions for liabilities	Note 12 Provisions for liabilities	Calculated provisioning needs based on present obligation and estimated timing of future settlement, Assessment of climate risk
Interest-bearing non-current and current liabilities	Note 14 Financial risk and capital management	Assessment of climate risk
Lease liabilities	Note 18 Leases	Assessment of lease agreements, lease period, extension options, Present value of future cash flows

NOTE 1 SEGMENTS

For financial reporting purposes, the Group has divided operations into two segments, Logistics and Mail. Segment Logistics includes division E-commerce and logistics, International logistics and Next. Shelfless also reports as part of the segment. Segment Mail comprises division Mail. Division Network Norway is divided between Segment Logistics and Segment Mail based on the type of services delivered to the various segments. The division shall ensure cost-effective operations for letters, parcels and freight in Norway and delivers no significant external services. The divisions are key units in the management of the Group and develop and implement business strategies within their own business areas, thereby supporting group strategy. The divisions are responsible for developing and delivering services of high quality.

Segment Logistics comprises groupage and part loads, parcels, warehousing, home deliveries and express services. The Group's thermo business was sold towards the end of 2021. The transport services include domestic and international transport in addition to home deliveries and express services. The various services in the segment are described below.

Freight transport is the transport of goods over 35 kilos. Delivery can be by car, boat, train or plane, internationally and domestically. The service includes the following categories:

- Groupage and part loads, mostly transport on cars or trains
- Air cargo
- Routine deliveries to installations on the mainland and at sea on the Norwegian shelf
- Special transport with a carrying capacity of up to 130 tonnes

Sea transport comprises large shipments carried on ships in regular service.

Parcel transport is the transport of parcels both internationally and domestically. The service mainly includes the following categories:

- Contract parcels, parcels directly to third parties
- E-commerce parcels, parcels from web stores to private consumers including deliveries to pick-up points, at the door or in the mail box

Warehouse services comprise receipt, storage, handling and pick-up services in addition to returns. The service has the following categories:

- Overall solutions for web stores from managing orders, pick-up and packing to deliveries and returns
- third-party logistics for operators within manufacturing, food and commodity trading
- return and customs handling for operators
- terminal services for import, export and reloading of freight and temporary storage in container depots and haulage

The segment is also responsible for the Group's Norwegian and international operation of vehicles and equipment.

Division E-commerce and logistics is responsible for all standardised parcel products to e-commerce customers, in addition to groupage and part load and home deliveries in Norway.

Division International logistics operates the international freight traffic by road, railway, air and sea in addition to industrial direct freight and industry solutions for manufacturing and offshore customers.

Division 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 storage services for companies with web stores. Posten Group manages the companies' logistics and storage in its entirety.

Segment Mail comprises letter services (addressed and unaddressed) and parcels between private consumers (Norgespakken). The segment includes division Mail and the business Bring Mail Nordic.

Division Mail is responsible for the mail services in Norway (including services covered by licences). The mail services include the following categories:

P Accounting principles:

Reporting segments are aggregated from underlying operating segments based on an assessment of the risks and yields relating to the types of products or services, production processes, customer groups, distribution channels and statutory or other requirements, as well as management reporting. The division of reporting segments has been prepared in accordance with areas whose operating results are reviewed regularly by Posten's Board to enable the Board to make decisions about resources to be allocated to the segment and assess its performance. The Group defines Posten's Board as the chief decision maker.

The segments' accounting principles are the same as those used to prepare and present the consolidated financial statements.

For financial reporting purposes, the Group has divided operations into two segments, Logistics and Mail.

Income, assets and investments are also reported by geography divided into Norway, Sweden and other countries.

- mail and newspaper distribution
- sales and customer service
- Post in Shops
- post offices
- rural post
- Norgespakken

The division is also responsible for the Group's efforts concerning digital services, for example through Digipost.

Other comprises the owner function and group-shared functions (group staffs). The Group has established group staffs with the responsibility for management, shared functions and technical development within Human relations and organisation, Group strategy and communication, Economy and finance in addition to Digital technology and security. The group staffs develop and professionalise the technical environments in the Group, are driving forces and contribute to realise the business strategies.

Eliminations consists of eliminations of internal transactions. Internal revenue is revenue between the segments of the Group. The pricing of transactions with other segments is based on commercial terms as if the segments were independent parties. Internal revenue is eliminated against internal costs.

RESULTS PER SEGMENT

Note 2 has details on the segments' operating income.

External costs including depreciation includes costs for goods and services, salary and personnel costs, depreciation and other operating expenses. Costs for goods and services comprise the input factors directly included in the goods and services sold, mainly transport costs and remuneration for Post in Shops services. Other operating expenses include other purchase, sales and administration costs concerning ordinary operations, but cannot be classified as costs for goods/services, salary and personnel costs or depreciation. Note 3 and note 5 have additional information.

2022	Logistics	Mail	Other	Eliminations	Group
External revenue	18 471	4 958			23 429
Internal revenue	419	441	1 505	(2 364)	
Total revenue	**18 890**	**5 398**	**1 505**	**(2 364)**	**23 429**
External expenses including depreciation	16 790	4 641	1 593		23 024
Internal expenses	1 361	790	213	(2 364)	
Write-downs of intangible assets and tangible fixed assets	185				185
Operating expenses	**18 336**	**5 431**	**1 806**	**(2 364)**	**23 208**
Other income and (expenses)	(179)	(164)	(28)		(371)
Share of profits from associated companies	7				7
Operating profit/(loss)	**383**	**(196)**	**(329)**		**(143)**
Net financial items					(200)
Taxes					(66)
Profit/(loss) for the year					**(277)**

2021	Logistics	Mail	Other	Eliminations	Group
External revenue	19 562	5 154			24 716
Internal revenue	390	467	1 439	(2 295)	
Total revenue	**19 952**	**5 620**	**1 439**	**(2 295)**	**24 716**
External expenses including depreciation	17 141	4 624	1 428		23 192
Internal expenses	1 334	709	248	(2 295)	
Write-downs of intangible assets and tangible fixed assets	67	1			68
Operating expenses	**18 542**	**5 334**	**1 676**	**(2 295)**	**23 260**
Other income and (expenses)	3				3
Share of profits from associated companies	3				3
Operating profit/(loss)	**1 415**	**287**	**(238)**		**1 462**
Net financial items					(109)
Taxes					294
Profit/(loss) for the year					**1 058**

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INVESTMENTS PER SEGMENT

2022	Logistics	Mail	Other	Group
Investments in non-current assets	942	334		1 276
Depreciation	929	421	32	1 384
Write-downs	185			185

2021	Logistics	Mail	Other	Group
Investments in non-current assets	897	167		1 062
Depreciation	834	380	26	1 240
Write-downs	67	1		68

Geographical information
Posten Norge's head office is in Oslo, Norway, but the Group has operations also in Sweden, Denmark, Finland, Belgium, Greece, Hong Kong, the Netherlands, Poland, Great Britain and Germany. The table below is an overview of the distribution of revenue and assets between Norway, Sweden and other countries.

	2022	2021
External revenue		
Norway	15 662	15 023
Sweden	3 926	5 142
Other countries	3 841	4 552
Total revenue	**23 429**	**24 716**
Assets		
Norway	16 047	15 708
Sweden	2 172	1 614
Other countries	923	1 020
Total assets	**19 143**	**18 342**
Investments		
Norway	1 097	977
Sweden	136	69
Other countries	42	16
Total investments	**1 276**	**1 062**

NOTE 2 REVENUE

	2022	2021
Parcel services	7 951	7 712
Freight and forwarding	8 966	7 976
Warehousing	1 191	842
Other business in Logistics segment[1)]	363	3 033
External revenue Logistics segment	**18 471**	**19 562**
Addressed/Unaddressed mail	3 167	3 570
Norgespakke	379	393
Government procurements	731	536
Other business in Mail segment	682	655
External revenue Mail segment	**4 958**	**5 154**
Revenue	**23 429**	**24 716**

1) In 2021 other business in the Logistics segment included MNOK 2 568 related to Frigoscandia Sweden, which was sold in December 2021.

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

Organic growth in 2022 was 4,5 percent. The Group's revenue amounted to MNOK 23 429 in 2022. Compared with 2021, this was a reduction of 5,2, due to the sale of Frigoscandia Sverige at the end of 2021. The sold business had a turnover of MNOK 2 568 in 2021.

The Group's parcel services mainly comprise e-commerce and corporate parcels. The positive development of revenue is primarily due to volume growth within e-commerce.

Freight and forwarding includes national groupage and part load deliveries, national and international forwarding and special/project logistics. The positive development is primarily due to growth within national groupage and part load deliveries, high activity in specialised forwarding related to the offshore business and increased prices in international forwarding.

The Group's warehousing comprises the service Shelfless, a fulfilment solution with receipt, storage, pick and pack being established and developed, in addition to traditional third-party logistics of warehouse services. The increased revenue is mainly due to the establishment of the service Shelfless.

P Accounting principles:

The recognition of income shall reflect the transfer of goods or services to the customer. Revenue is recognised when a customer achieves control over goods or services and thereby can determine the use of them and receive the benefits from the goods or services.

Sales revenue is measured at fair value of the consideration net of value added tax and discounts.

The Group's revenue is mainly generated by terminal and transport services of parcels, freight and forwarding deliveries, the sale of warehouse services in addition to mail services delivered over time. Deliveries can include a number of associated additional services but are mainly considered as individual delivery obligations, and the consideration for the services is therefore not decomposed. The Group's assets related to the contracts are primarily accounts receivable (note 16). According to the contracts applied, the Group's current delivery obligations are current (less than one year). Accordingly, the Group does not provide information about balance sheet items related to current deliveries.

Terminal- and transport services comprise national and international freight forwarding and transport, together with express deliveries and home deliveries of parcels and freight. Freight forwarding is to organise and carry out transport, forwarding or receipt of goods on behalf of another party, but in one's own name, against a consideration. Freight forwarding also comprises dispatching, customs clearance, storing, reloading and forwarding of goods. Transport services can include a number of associated additional services but are mainly considered as individual delivery obligations. The services are taken to income over time, as the customer is considered to benefit from the fact that the goods are coming increasingly nearer the agreed delivery point. Most transport services are delivered within 1-7 days, and provisions are made for incomplete transport.

Warehouse services comprise several separate delivery obligations, including receipt, storage, handling and pick-up services in addition to the unloading of vehicles, sealing of pallets, installation/repair of equipment and construction of sales pallets. The distribution of transaction prices to each delivery obligation will normally be derived directly from a related agreement. The storage of goods is taken to income over time, as the customer is considered to benefit from each day the goods are stored. Warehouse management, however, is recognised as income when the service has been delivered and control transferred to the customer.

Mail, services, including delivery of letter products is mainly recognised over time. However, letter services often have very short delivery time, 1-3 days, and the recognition of income is therefore normally made when the letter is delivered to the post office/ in the letter box. Mail services also comprise the sale of stamps, Norgespakken, franking and international mail. The sale of stamps and Norgespakken are considered to be advance payments for the deliveries of letter and parcel products and are recognised as income when the service delivery takes place. Franking machines (pre-paid franking) are recognised on the basis of the customer's postage consumption, and other postage sales are recognised when letter products are delivered. International mail comprises income from foreign postal services. This is currently recognised on the basis of the calculation of volumes and preliminary prices and is adjusted the following year when final prices are received from the International Post Corporation. In addition, Posten is paid for government procurements of commercially non-viable postal services, recognised over time (monthly) and limited to an amount equalling the current year's estimated additional expenses regarding licensing requirements.

Other business in the Logistics segment include the Group's car fleet, Y3 Gruppen, Amoi, Glow Technology in addition to delivery and express services.

Addressed and unaddressed mail is mainly delivered to people's letter boxes at home. The reduced turnover is primarily due to the decline in addressed mail volumes in line with society's increased digitalisation.

Norgespakken's turnover has declined. In total, the service's volume has increased, and the reason for the reduction is primarily the introduction of a new service at a lower price.

In the government budget for 2022, MNOK 755 were granted for government procurements of commercially non-viable postal services, in accordance with Posten's pre-calculations. For 2021, Posten received MNOK 536 net for government procurements of commercially non-viable postal services. Posten's final recalculation for 2021 shows net lower costs of MNOK 24, giving a corresponding income reduction in 2022.

Other business in the Mail segment includes Digipost, Bring Mail Nordic and mail services like franking, stamps and Post in Shops.

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NOTE 3 PAYROLL EXPENSES AND OTHER REMUNERATION

The note shows the Group's payroll and personnel costs. Payroll comprises all types of remuneration to own employees and board members in the Group. Ordinary salary can be both fixed and hourly-based salaries and bonus earned on a continuous basis. Social security tax is calculated and expensed for all salary for all salary related costs. Pensions are earned by separate regulations (note 4). Other benefits mainly include costs for welfare, meetings, canteen and group life insurance. Board remuneration is earned on a day-to-day basis in accordance with agreements approved by the Annual General Meeting. Information on expensed remuneration to the Group's board and executives, bonus and pension schemes and an account of determining executives' salary and other remuneration are shown in the Group's annual statement on executive salaries available on postennorge.no as an attachment to Integrated annual report.

The note also shows expensed costs to the auditor.

	2022	2021
Salaries	6 798	6 845
Social security tax	965	1 040
Pension expenses[1)]	563	539
Other benefits	192	176
Payroll expenses	**8 518**	**8 600**
Number of full-time equivalent positions	12 502	12 711
Number of employees 31.12[2)]	12 750	12 561

1) Social security tax on pensions is classified as pension expenses (details in note 4).
2) The number of employees is the number of permanent and temporary employees that generated salary expenses in December. Hired hourly-paid substitutes are not counted in the number of employees but are included in the number of full-time equivalent positions in the row above.

	2022	2021
Board fees[1)]	**2 826**	**3 013**
Fees for the statutory audit – Group auditor[2)]	6 918	8 103
Fees for the statutory audit to other audit firms	575	155
Fees for other attestation services	1 090	747
Fees for tax advisory services	28	301
Fees for other non-audit services	207	179
Total auditors' fees	**8 819**	**9 484**

(All amounts in TNOK and exclusive of VAT)
1) Includes board fees to external board members in part-owned subsidiaries.
2) Fees to the group auditor concerned the audit firm EY.

Group management has during the year earned remuneration according to the table below. Details are given in the Group's annual statement on executive salaries and remuneration available on postennorge.no as an attachment to the Integrated annual report.

				Fixed remuneration		Variable remuneration	Pension compensation	Total remuneration
	Accounting year	Basic salary[1)]	Paid bonus (earned in the previous financial year)[2)]	Paid basic salary holiday pay[3)]	Benefits in kind[4)]	Earned bonus from short-term incentive programme (≤ 1 year)[5)]		
Remuneration to Group CEO	2022	5 879		5 928	297		135	6 360
	2021	5 665		5 718	306		126	6 150
Remuneration to other Group directors	2022	29 810	3 806	25 181	1 597	1 660	2 067	30 504
	2021	25 541	5 450	26 283	1 325	3 838	2 143	33 588

(All amounts in TNOK and exclusive of Social security tax and VAT)
1) Basic salary per year-end or per resignation date from group management
2) Bonus paid in the financial year (earned in the previous financial year). The difference between the bonus earned in 2021 and the bonus paid in 2022 is due to currency effects for an executive vice president who receives salary in SEK
3) Basic salary and holiday pay paid in the year presented
4) Other benefits comprise all other cash and non-cash benefits received in the year, and include free car and car allowance, telecommunications and pension compensation
5) Earned bonus is for the year being presented and for the period as a member of the group management, set aside in the accounts. Does not include holiday pay and employer's contribution

NOTE 4 PENSIONS

	2022	2021
Pension costs:		
Present value of the pensions earned for the year	120	113
Net interest expense on net liability	9	22
Gross pension costs incl. social security tax (benefit based)	**129**	**135**
Interest element reclassified to finance items	(8)	(17)
Net pension costs incl. social security tax (benefit based)	**121**	**117**
Defined contribution pension schemes	551	523
Employee contributions	(109)	(102)
Total pension expenses included in the operating profit for the year	**563**	**539**
Defined contribution pension schemes		
Number of members	14 610	14 721
Share of salary	1-39 %	1-44 %
Net pension liabilities:		
Estimated accrued secured liabilities	(283)	(377)
Estimated value of the pension assets	247	280
Net estimated secured pension liabilities	**(36)**	**(98)**
Estimated accrued unsecured pension liabilities	(833)	(583)
Net pension liabilities in balance sheet	**(869)**	**(680)**
Pension liabilities recognised as provisions for liabilities	869	680
Changes in liabilities:		
Net liabilities at 1.1.	(680)	(712)
First-time recognition "Sliterordningen"	(307)	
Gross pension expenses	(129)	(135)
Premium payments and benefits paid	188	167
Changes in pension estimates recognised in other comprehensive income	58	15
Translation differences		(4)
Classified as held for sale		(11)
Net pension liabilities at 31.12.	**(869)**	**(680)**

P Accounting principles:

The Group has both defined contribution and defined benefit pension plans. The net pension expenses for the defined benefit pension plans comprise the pension contributions of the period, including future salary increases and the interest expense on the estimated pension liability, less the contributions from employees and estimated yield on the pension assets. For defined contribution plans, the premium less the employees' contribution is recognised as expenses when incurred.

The liability recognised in the balance sheet for the defined benefit pension plans is the present value of the defined benefit liability at the balance sheet date, less the fair value of plan assets. The gross liability is calculated by independent actuaries applying the "projected unit credit" method. When pension assets exceed pension liabilities, prepaid pensions are classified aserliabilities, prepaid pensions are classified as a non-current asset in the balance sheet if it is likely that the excess value can be utilised or repaid. The recognition of pension funds is limited to the present value of all financial benefits that materialise in terms of refunds from the plan or reductions in future contributions to the plan.

Net pension expenses are classified as payroll expenses in the income statement, except the interest element, which is classified as finance income/finance expenses. The effect on previously earned rights resulting from changes in the schemes' yields is recognised immediately in the income statement. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur and will not be reclassified to profit or loss in in future periods.

E Estimation uncertainty

There is uncertainty related to the estimation of pension liabilities. The present value of the pension liabilities depends on a number of factors determined by actuarial assumptions. Any changes in these assumptions will impact the carrying amount of pension liabilities. Assumptions used in the calculation of net pension cost include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension liabilities. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the pension will be paid, and that have terms to maturity approximating the terms of the related pension liability.

The Group has both defined contribution and defined benefit plans. The defined benefit schemes are predictable for the employee, as the benefits have been agreed in advance. The premium payments depend on factors such as the members' service time, age and salary level. In the contribution schemes, the payments are determined as a percentage of the employee's salary. The size of the pension assets determines how much pension the employee is entitled to, and consequently, the employees bear the return risk on what has been paid into the scheme. The majority of the Group's pension schemes are defined as contribution plans.

	2022	2021
Main categories of pension assets at fair value		
Equity instruments (shares, bonds)	161	188
Debt instruments	62	63
Property	17	18
Other assets	7	10
Total pension assets	**247**	**280**
Pension estimate (loss)/gain at 01.01.	**450**	**434**
Changes in discount rate, pension liabilities	191	38
Changes in other financial assumptions, pension liabilities	(65)	(15)
Changes in demographic assumptions, pension liabilities	(10)	(10)
Changes in other factors, pension liabilities	(30)	(13)
Changes in financial assumptions, pension assets	(26)	5
Changes in demographic assumptions, pension assets		10
Changes in other factors, pension assets	(3)	1
(Loss)/gain for the year in total comprehensive income	**58**	**15**
Pension estimate (loss)/gain at 31.12.	**507**	**450**
Defined benefit pension schemes		
Number of members[1)]	7 478	4 163
Actuarial assumptions		
Discount rate	3-3,2 %	1,7-1,9 %
Expected salary regulation	2-3,8 %	2-2,9 %
Expected G regulation	3,3-3,5 %	2,5-2,9 %
Expected pension regulation	1,5-2 %	1,5-2,5 %
Expected yield	3-4,9 %	1,7-3,1 %
Expected voluntary retirement (below 50 years)	3-3,3 %	4-5 %
Expected voluntary retirement (over 50 years)	1-1,5 %	1,5-5 %
Expected use of AFP	40-60 %	40-60 %
Demographic assumptions on mortality rate	K2013	K2013

1) The number of members in defined benefit pension schemes as of 31 December 2021 has been adjusted upwards in relation to the annual report for 2021. The figure stated in last year's report only included pensioners. In the number given now, active people who could have rights from some of the schemes are also included.

Defined contribution schemes
The Group has defined contribution schemes for most of the employees in Norway, Sweden and Denmark,

The Norwegian subsidiaries generally have somewhat lower contribution rates and lower pension bases than the parent company (see note 3 for Posten Norge AS).

Some companies in the Group's Swedish operations had defined benefit schemes, which, pursuant to IAS 19, do not qualify for recognition in the balance sheet. In accordance with Swedish rules, the pension liability is covered by capital insurance and accounted for as a contribution scheme in the consolidated financial statements. The defined contribution pension schemes in Sweden and Denmark had variable contribution rates based on different calculation bases and rate ranges.

Multi-enterprise schemes

“AFP” (early retirement) scheme in private sector
The Group has an AFP scheme administered by Fellesordningen (the joint scheme) for AFP. The scheme entails that employees receive a supplement to their pension as a lifelong benefit. The benefit can be taken from the age of 62, even while remaining employed. The AFP scheme is a defined benefit multi-company scheme financed by premiums determined as a percentage of the salary, in addition to a state contribution. For the time being, however, there is inadequate information available to measure the pension obligation in a reliable manner as it cannot be allocated between the participating enterprises. The scheme is therefore accounted for as a contribution plan. According to the AFP scheme's annual report for 2021, the scheme's pension fund amounted to approximately NOK 58 billion as at 31 December 2021. Income through premiums in 2021 was NOK 7,5 billion whilst payments amounted to approximately NOK 3,8 billion. The premium to Fellesordningen increased from 2,5 percent to 2,6 percent of the employees' salary from 1 January 2022. The total premium for the parent company in 2022 was MNOK 88 and is estimated to be MNOK 90 in 2023. In the past years, the parent company's share has been 1,2 percent of Fellesordningen's total income from premiums.

“Sliterordningen” (early retirement supplement) in Spekter (SO Spekter)
SO Spekter's objective is to give the employees in the member firms an additional monetary benefit (a so- called “sliter” supplement) if they retire to collect contractual early retirement (private AFP) at the age of 62, 63 or 64 years without any additional earned income. The sliter supplement is avail-

able to employees born in 1957 or later and ends at the age of 80 or on death. The size of the sliter supplement varies depending on year of birth and age at the collection date. A full annual benefit is provided when retiring at 62 years, for those born in 1963 or later and amounts to 0,25 G (the basic amount of the National Insurance Scheme). The annual benefit is reduced by a third for each year until retirement at 64 years. Retirement at a later age does not qualify for any benefit.

It is uncertain how long the scheme will last. In the scheme concerning the LO/YS area, only limited capital is available, and it is assumed that when the LO/YS scheme ends, the Spekter scheme will also be closed. On the basis of available capital and withdrawal frequency so far, Posten has estimated that those born in 1973 will be the last to benefit. This assumption is made annually on the basis of how many applicants there are to the sliter benefit in the various schemes.

The background for the sliter supplement is that the life expectancy adjustment in the National Insurance Scheme has a stronger effect than expected. Some employees cannot compensate for this by remaining in their job because it is not possible for them or their health does not allow it. The sliter supplement is meant as a compensation for this group of employees. The background of SO Spekter is the Wage Agreement between the the Norwegian Confederation of Trade Unions (LO), the Confederation of Vocational Unions (YS) and the Confederation of Norwegian Enterprises (NHO) in 2018, where such a sliter scheme was agreed. In the collective wage agreements concerning member firms in Spekter with private AFP, a corresponding scheme was agreed. SO Spekter was then established with effect from 1 January 2019

Until 2022, it has been unclear how SO Spekter should be financed. Until June 2022, the scheme was financed over Spekter's operations and therefore not recognised in the member firms until 2022. At the Annual General Meeting in Spekter on 16 June 2022, it was decided that the financing of the scheme should imply that each employer pays for the withdrawal of sliter compensations for "their" employees. Payment shall take place on the basis of each year's expected payments from the scheme.

At the initial recognition in 2022, it was considered that the financing element was a new pension scheme/financial solution for Posten Norge AS and not new information/adjustment of previous estimates. Accordingly, the initial recognition of the sliter scheme was as other expenses in the 2022 result for Posten Norge AS. Items outside the Group's normal operations and with limited prediction value are recorded as "Other income/expenses". Even though pension and payroll costs are part of the Group's ordinary operations, the size as well as the low prediction value of the scheme contribute to substantiate that the scheme at the initial recognition was recorded as "Other expenses" (note 6). Subsequent estimation deviations related to the sliter scheme are recognised in other comprehensive income, as are other defined benefit pension schemes.

Defined benefit schemes

The majority of the Group's defined benefits schemes relate to the fact that Posten Norge AS withdrew from the Norwegian Public Service Pension Fund on 1 January 2006, giving those employed at the transition date the right to various compensation schemes. These schemes were closed on that date, implying that the obligations will be phased out over time. At the implementation of the pension reform from 2011, three new compensation schemes were agreed, recognised as obligations in the balance sheet. The company also has significant obligations related to salaries in excess of 12 G. Pension obligations related to salaries exceeding 12 and early retirement are financed by operations. The pension funds in the scheme are managed by life insurance companies. The number of members in benefit based schemes has increased compared with 2021, mainly due to the fact that employees that can be entitled to rights from the sliter scheme, are included in 2022.

Pension funds in the Group basically relate to benefit schemes in Bring Cargo in Great Britain.

Assumptions

Changes have been made to the financial assumptions in 2022, mainly in accordance with recommendations from the Norwegian Accounting Standards Board (NRS). The assumptions as of 30 September 2022 were applied in the Norwegian companies' calculation of pension obligations. New assumptions recommended by NRS as of 31 December Posten are not considered to have significant effects on the Norwegian companies' pension obligation. Posten Norge AS uses covered bonds (OMF) as its basis for the discount rate, set to 3,2 percent in 2022 (1,9 percent in 2021.)

The estimate deviation of MNOK 58 for 2022 is mainly due to higher discount rate, partly offset by higher rates for salary and pension regulations and an increased number of new pensioners compared with last year's expectation. The reason for the deviation 2021 was primarily higher rates for salary and pension regulation, to some extent offset by lower discount rate. The pension age for the Norwegian employees is generally 67 years.

The subsidiaries have principally applied the same long-term economic assumptions for benefit schemes as the parent company, but they are adjusted for country-specific macro-economic circumstances (see note 3 for Posten Norge AS).

Sensitivity
The table below shows estimated effects of changes in some assumptions for defined benefit pension schemes. The estimates are based on facts and circumstances at 31 December 2022 with the assumption that all other premises are unchanged. The actual figures can deviate from these estimates.

	Discount rate		Pension regulation		Voluntary retirement	
Change (percentage points)	+1 %	-1 %	+1 %	-1 %	+1 %	-1 %
Change in gross pension liabilities (reduction)/increase	(83)	94	60	(53)	(9)	10
Percentage change	-10 %	11 %	7 %	-6 %	-1 %	1 %

Inflation and salary growth risk
The Group's pension obligation has risk related to both inflation and salary development, even though the salary development is closely connected to inflation. The assumptions applied in the calculation of the Group's pension obligations were basically in line with the recommendations from Norsk RegnskapsStiftlese (NRS). The long-term inflation component was estimated to approximately 2.0 percent. According to NRS, however, there is a high degree of uncertainty related to the determination of this due to the lack of precise market data. Higher inflation and salary development than the basis of the pension calculations imply increased obligations for the Group.

Expected premium payments and disbursements related to the Group's pension schemes amount to MNOK 95 in 2023. The weighted average duration of the Group's pension obligation as at 31 December 2022 is 24 years and has the following expected maturity structure:

	Amount	Percentage
Less than 1 year	95	8 %
1-2 years	76	7 %
2-3 years	68	6 %
3-4 years	63	6 %
More than 4 years	816	73 %
Total	**1 119**	**100 %**

NOTE 5 OTHER OPERATING EXPENSES

Other operating expenses are costs not directly related to the sale of goods and services or salaries and personnel costs.

	2022	2021
IT services	1 032	898
Other external services	559	677
Cost of premises	587	568
Other rental expenses	103	105
Tools, fixtures, operating materials	142	142
Repair and maintenance of equipment	117	122
Marketing	151	126
Insurance, guarantee and compensation expenses	98	102
Travel expenses	76	56
Other expenses	185	188
Operating expenses	**3 050**	**2 983**

The increase in IT services was largely due to high project activities, mainly related to commercial improvements of existing systems. The reduction in other external services is a result of less use of consultants.

The change in costs for premises is a net effect of increased energy prices and operating costs on property corresponding to a reduction in rental expenses due to the sale of Frigoscandia Sverige in 2021.

Increased marketing costs concern increased advertisement costs in connection with this year's Christmas campaign.

Other expenses included accounting and payroll services, telephone and postage, freight, office and IT stationery and losses on receivables.

NOTE 6 OTHER INCOME/(EXPENSES)

Other income and expenses comprise significant non-recurring income and costs and include restructuring costs and gain and loss on sales of fixed assets and subsidiaries, see also note 12 Provisions for Liabilities and note 23 Changes to Group Structure.

	2022	2021
Restructuring expenses	(36)	
Restructuring expenses (reversed)		14
Other income/(expenses)	(335)	(11)
Total other income/(expenses)	**(371)**	**3**

Restructuring costs
In 2022, MNOK 36 in restructuring costs were provided for, related to the move of the letter production and route clearance from Bodø and Tromsø to Østlandsterminalen, effective from 1 April 2023. The workforce will be reduced by approximately 80 full-time equivalents, who will be offered restructuring measures like gift pension and severance packages. Total provisions for restructuring are shown in note 12. The reversed restructuring in 2021 concerned a provision related to restructuring of Bring Cargo Inrikes, for which the criteria for a provision no longer applied.

Other income/expenses
In 2022, other expenses mainly comprised the recognition of pension obligations of MNOK 307 concerning the "Sliter scheme", determined in the wage agreement in 2018 (note 4 has additional information). Other expenses in 2021 primarily concerned costs in connection with the sale of Frigoscandia Sverige.

NOTE 7 FINANCIAL INCOME/(EXPENSES)

The note gives an overview of the Group's financial income and expenses, including income and costs related to the Group's financing, interest costs on lease obligations, translation effects from receivables and debt in foreign currencies, in addition to gain and loss from financial derivatives (see also note 13 Overview of Financial Assets and Liabilities).

	2022	2021
Interest income	9	3
Currency gains	284	125
Gain on values of shares	27	3
Gain on derivatives	1	7
Gain on loans at fair value through profit and loss[1)]	11	36
Other financial income	2	52
Financial income	**334**	**225**
Interest expenses	108	56
Interest expenses on lease liabilities	116	120
Currency losses	278	101
Loss on derivatives	11	36
Other financial expenses	21	22
Financial expenses	**534**	**334**
Net financial income/(expense)	**(200)**	**(109)**

1) Change in value on loans in Japanese yen where the "fair value option" has been applied, corresponding to value changes in combined interest rate and currency swaps recognised as «Loss on derivatives». Note 21 has more information.

Interest income in 2022 mainly comprised interest on bank deposits, and other financial income primarily return on market-based investments. The return declined significantly compared with 2021, as a consequence of the fall in the finance markets in 2022.

Net currency gain, gain on loans at fair value and net loss on derivatives are primarily gain and loss caused by the development in the exchange rate between Norwegian and Swedish kroner, between Norwegian kroner and the euro, and between Norwegian kroner and yen. Details on derivatives are given in note 21.

Interest expenses concerned financing. Higher interest costs compared with last year are a result of higher interest-bearing debt. In addition, the average NIBOR interest was higher in 2022 compared with 2021. In 2022, interest expenses included in pension liabilities amounted to MNOK 8 for the Group (MNOK 17 in 2021). Details on interest expenses on lease obligations are given in note 18.

Note 14 has information on the Group's financial risk and capital management.

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NOTE 8 TAXES

The note describes the authorities' taxation of the group's companies.

	2022	2021
Income tax		
Tax payable	35	229
Change in deferred tax/(deferred tax assets)	(101)	66
Tax expense	**(66)**	**294**
Tax payable for the year	39	218
Adjustments of payments in previous years	(4)	11
Tax payable	**35**	**229**
Effective tax rate in %	**19 %**	**22 %**
Reconciliation of the effective tax rate with the Norwegian tax rate:		
Profit before tax	(343)	1 352
22 % tax	(75)	297
Write-down of goodwill	35	
Non-deductible expenses	22	35
Non-taxable income	(26)	(13)
Profit share in associated companies after tax	(1)	
Effect from tax rates in other countries	(2)	(12)
Adjustment previous years	(23)	
Change in deferred tax assets not recognised in balance sheet	5	(42)
Change in deferred tax assets - held for sale asset		28
Tax expense	**(66)**	**294**
Tax payable in the balance sheet		
Tax payable for the year	39	218
Prepaid tax as of 31. december	(20)	
Booked tax payable	**19**	**218**

P Accounting principles:

Tax payable is calculated on the basis of the taxable income for the year. The net deferred tax liability/ asset is computed on the basis of temporary differences between the carrying amount and tax values of assets and liabilities and tax losses carried forward at the end of the financial year, with the exception of:

- deferred tax liabilities arising from the initial recognition of taxable non-depreciable goodwill
- deferred tax arising from a first- time recognition of an asset or liability in a transaction that
  - is not a business combination, and
  - on the transaction date, impacts neither the accounting profit nor taxable income (taxable loss)

Tax increasing and tax reducing temporary differences that are reversed or can be reversed are netted. Taxes are not offset across national borders. A deferred tax asset is recognised when it is probable that the company will have sufficient taxable profits to utilise the tax asset. Deferred tax liabilities and deferred tax assets that can be recognised in the balance sheet are stated at their nominal value and netted.

Tax is expensed except when it relates to items included in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

If authorities notify a change in the previous year's tax return, the expense will normally be recognised as part of the current year's taxes.

E Use of judgment

A deferred tax asset is recognised when it is probable that the company will have sufficient taxable profits to utilise the tax asset. Management applies judgment to determine the size of the deferred asset that can be utilised on the basis of the expected time for and value of taxable profits.

	2022	2021
Changes in pension estimates	11	3
Result of hedging of foreign entities	5	8
Cash flow hedging	(5)	
Other[1)]	6	
Change in deferred tax recognised in other comprehensive income for the year	**18**	**11**

1) Adjustment of previous years tax rate related to hedging of foreign entities

The effective tax rate was 19 percent. The main reason for the lower tax rate is that the Group has written down goodwill by MNOK 161. The effect was offset by adjusted tax expense in previous years due to changes in tax payable in subsidiaries and an adjustment of deferred tax related to hedging net investments in foreign entities and goodwill in subsidiary.

Other non-deductible costs and tax-free income included changes in provisions, non-deductible transaction costs and fair value adjustments of investments in shares (not realised).

There has been no change in the ordinary tax rate for companies domiciled in Norway or other countries that has affected deferred tax/deferred tax assets in 2022. The tax rate of 22 percent is the basis in the calculation of the value of deferred tax/deferred tax assets for the Group's Norwegian companies. For the Group's Swedish companies, a tax rate of 20,6 percent was the basis in the calculation of the value of deferred tax/deferred tax assets.

Change in deferred tax/ deferred tax assets

Deferred tax assets carried in the balance sheet increased by MNOK 72, mainly due to an increase in tax losses carried forward and the negative temporary differences concerning lease agreements and pension. The change was counterbalanced by an increase in positive temporary differences in fixed assets included in the acquisition of a subsidiary.

Tax losses carried forward increased due to weaker results in 2022 for Posten Norge AS, offset by distributed contribution in 2022 related to previous years' losses carried forward in Sweden. Not recognised deferred tax assets mainly comprised tax losses carried forward in Denmark. There is no time limit related to the losses. Temporary differences concerning the Group's companies in Sweden are positive at the 2022 year-end, and deferred tax related to this is therefore classified as deferred tax in the Group's balance sheet as at 31 December 2022. The change in deferred tax constituted MNOK 43.

The line "Other" primarily includes an accrual fund in Sweden, as Swedish companies have the opportunity to accrue income over a five-year period.

Changes in deferred tax/(tax asset)

	01.01.2022	Recognised in income statement	Recognised in OCI	Additions, purchased subsidiaries	Other[1]	Translation differences	Classified as Held for sale	31.12.2022
Tangible fixed assets	58	9		35	5			107
Gains and losses account	(77)	(9)						(86)
Receivables	7	4						11
Pensions	(147)	(53)	11					(188)
Contribution fund	18	1						19
Provisions	(11)	1			3	1		(7)
Financial instruments	1	(5)	1					(4)
Lease agreements	(51)	(18)						(69)
Other	35	7	6		(5)	(1)		43
Tax losses carried forward[2]	(242)	(40)			19	4		(260)
Total deferred tax/(tax asset)	**(409)**	**(101)**	**18**	**35**	**22**	**4**		**(434)**
Total deferred tax assets not recognised in balance sheet	230				(3)	(3)		226
Total deferred tax asset in balance sheet	**(179)**	**(101)**	**18**	**35**	**(24)**	**1**		**(251)**
Total deferred tax in balance sheet					**43**			**43**

1) The changes in tax losses carried forward and deferred tax asset not recognised in balance sheet was related to Group contributions in 2022
2) Tax losses carried forward are mainly related to Denmark

	01.01.2021	Recognised in income statement	Recognised in OCI	Additions, purchased subsidiaries	Other[1]	Translation differences	Classified as Held for sale[2]	31.12.2021
Tangible fixed assets	39	13			6	1	(1)	58
Gains and losses account	(67)	(10)			(1)			(77)
Receivables	8	(1)						7
Currency	2	(2)						
Pensions	(155)	9	3			2	(6)	(147)
Contribution fund	18	1						18
Provisions	(15)	2			1	2	(2)	(11)
Financial instruments	(3)	(4)	8					1
Lease agreements	(84)	33						(51)
Other	14	26		(2)	(3)	(1)		35
Tax losses carried forward[3]	(263)	5			42	21		(195)
Total deferred tax/(tax asset)	**(507)**	**72**	**11**	**(2)**	**45**	**25**	**(9)**	**(363)**
Total deferred tax assets not recognised in balance sheet	224	(6)			4	(20)	(19)	183
Total deferred tax asset in balance sheet	**(282)**	**66**	**11**	**(2)**	**49**	**6**	**(28)**	**(179)**

1) The changes in tax losses carried forward and deferred tax asset not recognised in balance sheet was related to Group contributions in 2021
2) The change related to held for sale was recognised in the income statement before the sale in 2021
3) Tax losses carried forward are mainly related to Denmark

NOTE 9 WRITE-DOWNS OF NON-FINANCIAL ASSETS

P Accounting principles:

Write-downs of non-financial assets
A write-down requirement exists if the carrying amount of a valuation unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less sales costs and value in use, where value in use is the present value of estimated cash flows relating to future use. If cash flows relating to an individual asset are independent of cash flows relating to other assets, the individual asset constitutes a valuation unit. If not, a valuation unit is identified at a higher level and is called a cash-generating unit. A cash-generating unit shall be defined consistently over time. A cash-generating unit is defined as the smallest identifiable group of assets generating incoming cash flows and shall essentially be independent of incoming cash flows from other assets or groups of assets.

With the exception of goodwill, write-downs recognised in prior periods are reversed if new information indicates that an impairment no longer exists or has been reduced. However, a write-down reversal cannot exceed the value the asset would have had if no write-down had been recognised.

Impairment: Goodwill and intangible assets under development
Goodwill and intangible assets under development are subject to an impairment test annually, irrespective of whether there are any indications of impairment or not. If there are indications of impairment during the year, goodwill and other assets with indefinite useful lives are tested when such indications occur.

Impairment: Other assets with definite useful lives
If there are indications of impairment, the assets are tested. If the asset has fallen in value, it is written down to its recoverable amount if this is lower than the carrying value.

The table below summarises write-offs of non-financial assets recognised in the group accounts.

	2022	2021
Goodwill	161	
Other intangible assets	3	
Tangible fixed assets	1	4
Right of use assets	19	64
Write-downs of non-financial assets	**185**	**68**

E Estimation uncertainty

The carrying value of non-financial assets can be subject to considerable estimation uncertainty, as the calculations of recoverable amounts require the use of expectations about the future. There is uncertainty related to assumptions and parameters in connection with the estimation of future cash flows when evaluating impairment and the choice of discount rate in the calculation of the present value of the cash flows.

These estimates are particularly relevant when assessing goodwill and other intangible assets. Details of the key assumptions used to determine the recoverable amount of a cash-generating unit, including sensitivity analyses, are provided in this note.

C Climate risk

Climate risk can cause changes in the assumptions for assessing impairment of assets. The Group is taking this risk into account by using scenario analyses to see whether climate risk indicates impairment for selected cash-generating units or groups of cash-generating units.

A "successful climate policy", implying that the climate policy is significantly strengthened in line with the Paris agreement and where Posten Norge has a successful transition to a low emission society, is used as the basic scenario. This is because the Group organises operations in order to reach the Paris agreement goals. The Group is also assessing the consequences of "a successful climate policy" if not succeeding to adjust in line with the development in the rest of society and the world. Finally, the consequences of an "inadequate climate policy" are considered, whereby the climate policy is not significantly strengthened according to the Paris agreement. Risk factors are identified for each of the three scenarios, and the consequence for future results considered for three various time horizons (short-term, mid and long-term).

The largest risk is considered to be if the world's climate policy is successful, as this will imply significant changes in society and assumed to have larger consequences for the Group than physical risk. Accordingly, focus is on consequences of regulatory risk and market risk. Details on the Group's assessment of climate risk are given in Climate-related risk assessment (TCFD) under *Our environmental impact* in chapter 3 in the integrated report.

Climate risk can also imply that assets cannot be fully utilised throughout their entire technical lifetime. The Group is reviewing whether assets are exposed to significant climate risk ("climate stranded assets") on a regular basis and whether this constitutes an impairment indicator.

Any present and future financial consequences of climate risk for Posten Norge are considered to be highly uncertain.

Impairment of goodwill
Annual impairment tests of cash-generating units or groups of cash-generating units of allocated goodwill were carried out in the fourth quarter in 2022 and 2021. Based on the criteria described below, MNOK 161 in goodwill items were written down as of 31 December 2022 (NOK 0 in 2021). The write-downs were mainly a consequence of historical achieved results, challenging market conditions in 2022 and weakened future growth prospects.

In Bring Intermodal and Bring E-commerce & Logistics (Norge) the write-downs of the year in the cash-generating unit are limited to goodwill. In DreamLogistics, right-of-use assets are written down in addition to goodwill.

The Group's cash-generating units or groups of cash-generating units with allocated goodwill are summarised below.

	Opening balance 01.01.22	Final allocation	Additions	Write-downs	Translation differences	Closing balance 31.12.22
Posten Norge AS - division E-commerce and logistics	522					522
Bring Cargo International Sweden	214				(6)	208
Bring Cargo	180				1	181
Bring Courier & Express	131					132
Y3 Group	75					75
Bring Parcels		72				72
Bring E-commerce & Logistics	102			(34)		68
Bring Intermodal	10			(10)		
DreamLogistics	194	(72)		(117)	(5)	
Total Logistics segment	**1 428**			(161)	(10)	**1 257**
Bring Mail Nordic	26				(1)	25
Total Mail segment	**26**				(1)	**25**
Posten Norge Group	**1 455**			(161)	(11)	**1 283**

	Opening balance 01.01.21	Final allocation	Additions	Write-downs	Translation differences	Closing balance 31.12.21
Posten Norge AS - division E-commerce and logistics	522					522
Bring Cargo International Sweden	229				(15)	214
Bring Cargo	181				(1)	180
Bring Courier & Express	133				(2)	131
Y3 Group	75					75
Bring E-commerce & Logistics	106				(4)	102
Bring Intermodal	10					10
DreamLogistics			198		(3)	194
Total Logistics segment	**1 256**		198		(25)	**1 428**
Bring Mail Nordic	28				(2)	26
Total Mail segment	**28**				(2)	**26**
Posten Norge Group	**1 284**		198		(27)	**1 455**

Recoverable amount

The Group uses the value in use as the recoverable amount for goodwill. Future cash flows are calculated on the basis of estimated results (prognoses and long-term plans), normally over a period of three years, adjusted for depreciation, investments and changes in working capital. For DreamLogistics, future cash-flows were calculated over a period of five years, as the business is in an start-up phase. The extrapolation period contains a calculation of cash flows after the forecast period, using a constant growth rate. The present value of future cash flows is calculated using a weighted required rate of return of total capital before tax.

Forecasts (operating results)

The forecasts and long-term plans of the group entities are prepared and approved by management based on the most recent available general economic indicators and market expectations, considered against strategic goals, history, climate risk and other factors.

For the Logistics segment, 2022 was characterised by declining e-commerce, with practically no growth in the period. Posten nevertheless increased the parcels volume by 7,0 percent compared with 2021. Growth in the corporate market is closely tied up to the general economic conditions, and significant geopolitical unrest, such as the war in Ukraine, contributed to approximately no growth in the corporate market for parcels in 2022. The general terms in Norway, Sweden and the rest of Europe are important drivers for growth and profitability for large parts of the logistics segment of the Group. Weakened purchase power is expected to affect the demand for logistics services directly from both private consumers and the corporate market in the time to come. Margins within the Logistics segment will also be subject to pressure as a consequence of declining activities in combination with a significantly higher cost level for the transport business. This has been considered in the forecasts for the Logistics segment.

The Mail segment is characterised by declining letter volumes and increasing losses for services with a delivery obligation. Significant cost elements are salaries and external service and operational costs affected by price negotiations and inflation.

For both segments, the Group has considered the margins applied to be reasonable in view of the industry in which the cash-generating unit operates.

Other assumptions (growth and rate of return)

The extrapolation period contains a calculation of cash flows after the forecast period, using a constant growth rate. The growth rate does not exceed the long-term average growth rate in the areas where the Group operates.

The required rate of return is calculated by using the capital asset pricing model (CAPM). The required rate of return for debt is estimated on the basis of non-current risk-free interest with the addition of a credit margin derived from the Group's average long-term loan margin. The Group's required rate of return per segment is assessed each year for significant changes in factors that affect the requirement. The Group mainly operates in the Norwegian and Swedish markets with cash flows in Norwegian and Swedish kroner.

Overview of goodwill and key assumptions per segment:

		Long-term growth rate		Discount rate before tax (WACC)	
Segment	Goodwill	2022	2021	2022	2021
Logistics[1]	1 257	2,0 %	2,0 %	9,7 %	8,0 %
Mail	25	0,0 %	0,0 %	8,5 %	8,1 %
Total Group	**1 283**				

1) Discount rate before tax (WACC) for the Y3 Group, which operates in a different market from other logistics operations, was 9,9 percent in 2022 (9,7 percent in 2021).

Sensitivity analyses
Sensitivity analyses were performed on key assumptions for the cash generating units in the Group. Assumptions analysed were the required rate of return, cash flows in the extrapolation period and the long-term growth rate. Assumptions analysed were the required rate of return (increase of 0,5 and 1,0 percentage points), cash flows in the extrapolation period (reduction of 10 and 25 percent) and growth (reduced from 2,0 to 0 percent).

For the Norwegian part of Bring E-commerce & Logistics, the analysis shows that the required write-down ends on the same level (MNOK 34) even though the assumptions change.

For the Danish part of Bring E-commerce & Logistics, the analysis shows that the entire goodwill balance (MNOK 29) must be written down if cash flows in the extrapolation period are reduced by 25 percent and partly written down if the long-term growth rate is reduced to 0 percent.

For other cash-generating units, changes in the assumptions would not have implied any need for write-downs.

Scenario analysis of climate risk
Climate risk can imply significant changes in assumptions applied in impairment considerations of assets. For this reason, the Group has carried out scenario analyses to assess whether climate risk can constitute an indicator of impairment.

Three scenarios have been identified, of which scenario 1 is the basic scenario:

1. A "successful climate policy" where the climate policy is significantly strengthened in line with the Paris agreement and where Posten Norge has a successful transition to a low emission society
2. A "successful climate policy", but where Posten Norge does not succeed in adjusting in line with the development in the rest of society and the world.
3. An "inadequate climate policy", whereby the climate policy is not significantly strengthened in line with the assumptions of the Paris agreement.

Risk factors are identified for each of the three scenarios. The largest risk is considered to be if the world's climate policy is successful, as this will imply large changes in society and assumed to have larger consequences for the Group than physical risk as a result of an inadequate climate policy.

Significant risk factors have primarily been identified within market and regulatory risk.

Within market risk, Posten has identified these risk factors:

- Transport suppliers are too slow in migrating to vehicles on renewable energy
- Lower consumption due to increased climate consciousness
- Loss of purchase power as a consequence of measures to restrain the climate crisis
- More demanding and quickly changing requirements from corporate customers
- New business models and disruption
- Raw material shortage and delivery problems

Within regulatory risk, Posten has identified these risk factors:

- Unpredictable and sudden shifts in the EU's climate policy
- Worse conditions for transport by road
- Quotas/rigid CO2 charges for transport by road
- Stricter regulation of corporate customers

The scenario analyses in 2022 have comprised three cash-generating units that in the Groups' opinion will be affected by climate risk. They are considered to be representative for the Group's other cash-generating units:

1. Posten Norge AS – division E-commerce and logistics (goodwill MNOK 522)
2. Bring Cargo (goodwill MNOK 181)
3. Bring Courier & Express, the Norwegian part of the business (goodwill MNOK 101)

The three units represent 55 percent of the Group's total goodwill and approximately 50 percent of the Group's total revenue.

Even though the uncertainty is considerable, the Group has on an overall level considered monetary consequences for each of the three scenarios in a short, mid and long term. The objective of such a calculation has been to consider whether there are indicators of impairment for the Group's assets. The following assumptions are made in the calculation:

- The effect of the climate risk will only occur in the extrapolation period, i.e., in three years at the earliest.
- If the estimated effect as a consequence of climate risk in the scenario exceeds adjusted operating result in the extrapolation period, the business will be liquidated. The contribution to probability weighted cash flows will then be nil.
- Cash flows in the extrapolation period will be calculated as (scenario 1 x probability) + (scenario 2 x probability) + (scenario 3 x probability)

The result of the analysis indicates that climate risk can have a negative effect on cash flows in the cash-generating units, but not to such a large extent that it indicates any need for write-downs.

In total, the Group has not been able to demonstrate that climate risk constitutes an indicator of impairment for the Group's assets.

Write-downs of intangible assets under development

Annual impairment tests of projects under development were carried out in the fourth quarter of 2022 and 2021. There were no significant write-downs of projects in 2022 (as in 2021).

Write-downs of other assets with definite useful lives

At indications on impairment, tests have been carried out for other cash-generating units and individual assets.

Right-of-use assets

Right-of-use assets were written down by MNOK 19 in 2022 (MNOK 64 in 2021). Right-of-use assets mainly concern lease agreements for buildings used in warehouse operations in DreamLogistics. The recoverable amount was found by calculating fair value less disposal expenses. The write-downs were mainly a consequence of challenging market conditions in 2022 and weakened economic growth prospects in the time to come.

Other assets with definite useful lives

In 2022, no significant write-downs of IT systems or tangible fixed assets were carried out (as in 2021).

Climate stranded assets

An assessment has been made of whether the Group has assets exposed to significant climate risk ("stranded assets"). The Group has not identified effects that have affected the value of tangible fixed assets or any need for changing the remaining useful life or depreciation profile (note 10) in 2022 (as in 2021).

NOTE 10 INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS

P Accounting principles

Intangible assets
Intangible assets are recognised in the balance sheet if probable future economic benefits can be proven and attributed to the asset, and the cost of the asset can be reliably measured. Intangible assets are recognised in the balance sheet at their acquisition cost net of any accumulated depreciation and write-downs (see note 9). Acquisition costs also include in-house payroll costs if the recognition criteria are met.

Goodwill and other intangible assets with indefinite useful lives are not amortised. Intangible assets with definite lives are amortised on a straight-line basis over their estimated useful economic life. Amortisation starts from the date when the intangible asset is available for its intended use.

Intangible assets: Development costs
The Group's development costs mainly relate to the development of IT systems intended for internal use. Development costs are recognised in the balance sheet if all of the following criteria are met:

- The product or process is clearly defined, and cost elements can be identified and reliably measured
- The product's technical solution has been demonstrated
- The product or process will be sold or used in the business
- It is probable that the asset will generate future economic benefits
- Adequate technical, financial and other resources are available to complete the project

Only when all the criteria are met, the expenses relating to the development can be recognised in the balance sheet. Otherwise, such costs will be expensed as incurred.

Intangible assets: Goodwill
Goodwill arises on acquisitions of businesses (more information in note 23 Changes to Group Structure).

Tangible fixed assets
Tangible fixed assets are recognised in the balance sheet at their acquisition cost net of accumulated depreciation and write-downs (note 9). The acquisition cost of fixed assets includes costs directly attributable to the acquisition, construction or installation of the assets. For larger investments involving a long manufacturing period, interest is capitalised as part of the acquisition cost if directly attributable. The acquisition cost of fixed assets is decomposed when the fixed asset consists of components that have different useful economic lives. Costs relating to normal maintenance and repairs are expensed when incurred. Costs constituting replacements and renewals which significantly increase the useful economic life of the fixed assets are recognised in the balance sheet. When analysing fair value in connection with acquisitions, the difference between acquisition cost and carrying value is allocated to the relevant assets and carried in the balance sheet at the Group's acquisition cost (see note 23).

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful economic life. In determining the useful life, changes in external conditions such as changes in technology, regulations, markets and social habits are considered. Depreciation starts from the date when the tangible fixed asset is available for its intended use. Tangible fixed assets with indefinite useful lives (land etc.) are not depreciated.

The assets' residual values, if any, depreciation method and useful lives are reviewed annually.

C Climate risk

In line with the Group's climate and environmental strategy, the Group invests in a network of renewable energy sources and climate-effective buildings. 14 buildings and real estate in the balance sheet were environmentally certified, and 44 percent of the means of transport in the balance sheet were vehicles on renewable energy sources.

Climate risk can imply that assets cannot be fully utilised throughout their entire technical lifetime. The Group considers whether assets are exposed to significant climate risk ("stranded assets") on a regular basis and if this implies a need to change the remaining useful life (or depreciation profile).

	IT systems	IT-projects in progress	Goodwill	Total in-tangible assets	Machinery	Vehicles, furniture, equipment	Buildings and property	Plant under constr., machinery and installations	Plant un-der constr., buildings	Total tan-gible fixed assets
Carrying amount 01.01.2022	**297**	**327**	**1 455**	**2 079**	**608**	**794**	**3 807**	**129**	**403**	**5 743**
Additions	21	207		228	84	259	28	347	311	1 029
Additions in-house developed intangible assets	7	12		18						
Disposals						(14)	(1)			(14)
Additions on purchase of companies (note 23)							236			236
Depreciation for the year	(123)			(123)	(88)	(222)	(187)			(497)
Write-downs for the year	(3)		(161)	(164)						(1)
Adjustment to cost price/scrapping					27	(11)	(16)			
Translation differences			(11)	(11)	1	(2)	3	(1)		2
Transfers from projects in progress/as-sets under construction	254	(254)			115	112	384	(228)	(383)	
Carrying amount 31.12.2022	**452**	**292**	**1 283**	**2 027**	**747**	**918**	**4 254**	**248**	**331**	**6 498**
Acquisition cost 01.01.2022	2 362	444	2 499	5 304	1 418	1 947	5 806	129	403	9 704
Accumulated depreciation and write-downs 01.01.2022	(2 065)	(116)	(1 044)	(3 225)	(809)	(1 153)	(1 998)			(3 961)
Acquisition cost 31.12.2022	2 447	309	2 481	5 237	1 475	2 138	6 396	248	331	10 588
Accumulated depreciation and write-downs 31.12.2022	(1 995)	(17)	(1 198)	(3 210)	(728)	(1 221)	(2 141)			(4 090)
Carrying amount 31.12.2022	**452**	**292**	**1 283**	**2 027**	**747**	**918**	**4 254**	**248**	**331**	**6 498**
Depreciation method	Linear				Linear	Linear	Linear			
Useful life	3 - 10 years				3 - 20 years	3 - 15 years	3 - 50 years			

	IT systems	IT-projects in progress	Goodwill	Total intangible assets	Machinery	Vehicles, furniture, equipment	Buildings and property	Plant under constr., machinery and installations	Plant under constr. buildings	Total tangible fixed assets
Carrying amount 01.01.2021	**309**	**230**	**1 284**	**1 823**	**542**	**754**	**3 947**	**45**	**121**	**5 409**
Additions	23	156		179	82	261	28	214	289	874
Additions in-house developed intangible assets	3	7		11						
Disposals						(75)				(75)
Additions on purchase of companies (note 23)	4		198	202	11	2				13
Disposals on sale of companies (note 23)						(1)	(24)			(25)
Depreciation for the year	(109)			(109)	(62)	(188)	(187)			(436)
Write-downs for the year					1	(4)	(1)			(4)
Adjustment to cost price/scrapping					3	(40)	42	(3)	(3)	(1)
Translation differences	(1)	(1)	(27)	(29)	(1)	(9)	(1)	(1)		(12)
Transfers from projects in progress/assets under construction	66	(66)			32	93	4	(126)	(4)	
Carrying amount 31.12.2021	**297**	**327**	**1 455**	**2 079**	**608**	**794**	**3 807**	**129**	**403**	**5 743**
Acquisition cost 01.01.2021	2 454	346	2 331	5 131	1 359	2 124	5 772	45	121	9 421
Accumulated depreciation and write-downs 01.01.2021	(2 144)	(116)	(1 047)	(3 307)	(816)	(1 370)	(1 825)			(4 012)
Acquisition cost 31.12.2021	2 362	444	2 499	5 304	1 418	1 947	5 806	129	403	9 704
Accumulated depreciation and write-downs 31.12.2021	(2 065)	(116)	(1 044)	(3 225)	(809)	(1 153)	(1 998)			(3 961)
Carrying amount 31.12.2021	**297**	**327**	**1 455**	**2 079**	**608**	**794**	**3 807**	**129**	**403**	**5 743**
Depreciation method	Linear				Linear	Linear	Linear			
Useful life	3 - 10 years				3 - 20 years	3 - 15 years	3 - 50 years			

Intangible assets
Intangible assets are non-physical assets and mainly concern IT development carried in the balance sheet, including specially adjusted software and goodwill in connection with acquisitions of businesses.

Additions of IT systems
Total additions of MNOK 28 included investments of approximately MNOK 11 related to Digipost. The remaining investments concerned other production support systems.

Additions of IT projects in progress
Total additions of MNOK 219 included investments amounting to approximately MNOK 162 in production support systems and MNOK 51 concerned group-shared ERP and HR systems.

Goodwill
There were no additions in 2022 (MNOK 198 in 2021 concerning the acquisition of DreamLogistics). Note 23 has more information on the acquisition of companies and other changes to group structure, and note 9 on depreciation of goodwill.

Tangible fixed assets
Tangible fixed assets comprise various types of property and operating equipment needed for the type of business conducted by the Group. The largest values are represented by mail and logistics terminals.

Additions of tangible fixed assets
A significant part of the investments in tangible fixed assets related to terminals, machinery and vehicles.

The largest project in 2022 amounted to MNOK 205 and concerned an annexe to the logistics centre at Robsrud. The annexe will be finalised in the third quarter 2023 and has a limit of MNOK 407. As at 31 December 2022, MNOK 212 were recognised in the balance sheet.

The Group owns a site at Krokstad near Flesland airport in Bergen. The site will be used to build a new terminal for parcels and freight. The site has been cleared, and the terminal shall be finalised in 2025 with a limit of MNOK 600. As at 31 December 2022, the plant was capitalised by MNOK 95.

The shared terminal in Stokke in Vestfold is being extended with an annexe coming into use in the third quarter 2023. The cost limit of the construction of the terminal is approximately MNOK 224, and MNOK 34 were carried in the balance sheet as at 31 December 2022.

New shared terminals in Tromsø and Kristiansand were finalised in 2022. The terminal in Tromsø came into use in the first quarter and the terminal in Kristiansand in the second quarter 2022.

The addition of purchased companies of MNOK 236 in 2022 concerned investments in three property companies: Kongsåsen Eiendomsselskap AS, Posten Eiendom Borgeskogen AS og Moss Næringspark Øst 1 AS.

Note 23 has more information on acquisitions of companies.

Disposals of tangible fixed assets
Disposals of tangible fixed assets in 2022 totalled MNOK 14 and mainly concerned sale of machinery, fixtures and fittings and equipment.

Interest on building loans
Tangible fixed assets in the Group included capitalised building loan interest amounting to MNOK 76 at 31 December 2022 (MNOK 79 at 31 December 2021), and mainly related to the mail terminal at Robsrud (Østlandsterminalen) and the logistics centre at Alnabru in Oslo. Total additions of building loan interest in 2022 constituted MNOK 1.

Insurance
The Group has secured significant parts of the business and material values through traditional insurance coverage. For vehicles, the Group only has statutory liability coverage. The Group is self-insured for the part concerning collision damage waiver.

Climate stranded assets
An assessment has been made whether the Group has assets exposed to significant climate risk ("stranded assets"). The review did not identify any effects with an impact on the value of tangible fixed assets (note 9) or any need for changing remaining life or depreciation profile in 2022 (as in 2021).

NOTE 11 INVESTMENTS IN COMPANIES AND BUSINESSES

Accounting principles

An associated company is an entity over which the Group has significant influence. Significant influence normally exists when the Group owns 20 to 50 percent of the voting capital. Investments in associated companies are accounted for by the equity method. The investment is initially recognised at cost. For investments in associates, goodwill is included in the investment's cost. The Group's share of profit or loss in subsequent periods is taken to income or expensed.

Received dividends reduce the investment's carrying value. The Group's share of the result is recognised in the income statement.

Shares and financial investments represent investments of a financial character and are recognised at fair value with both value changes and gain/loss as financial items. Received dividends are recognised in the ordinary result when not considered to be a form of repayment of capital from the company.

Investments in associated companies

Entity	Location	Ownership share	Carrying value 01.01.22	Additions/ disposals 2022	Share of profit/(loss) 2022	Carrying value 31.12.22
Norbjørn AS	Tromsø	34 %	18		2	21
Materiallageret AS	Longyearbyen	34 %	12		1	13
Borlaug & Brosvik Transport AS	Frekhaug	34 %		15	3	17
Okse AS	Stavanger	33 %		7		7
Other			1			1
Associated companies			**31**	**22**	**7**	**59**

Entity	Location	Ownership share	Carrying value 01.01.21	Additions/ disposals 2021	Share of profit/(loss) 2021	Carrying value 31.12.21
Norbjørn AS	Tromsø	34 %	17		1	18
Materiallageret AS	Longyearbyen	34 %	11		1	12
Other				1		1
Associated companies			**28**	**1**	**3**	**31**

Condensed financial information for associated companies (100 percent basis)[1)]

Company	Assets	Liabilities	Equity	Turnover	Profit for the year
Norbjørn AS	48	4	44	26	4
Materiallageret AS	32	1	31	10	3
Borlaug & Brosvik Transport AS	150	127	23	179	7
Okse AS	9	6	3	25	2

1) Preliminary, non-audited

Note 24 has information on transactions with associated companies.

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Shares and other investments
As of 31 December 2022, the Group had investments in other shares of MNOK 251, classified as other financial non-current assets.

Investments where the Group's owner share constituted 10 percent or more are specified in the table below.

Investments in other shares

Entity	Ownership share	Carrying value 31.12.22
Tise AS	10 %	85
Nor-Log Gruppen AS	10 %	38
Addimotion Service AB	17 %	24
Wanda Group AS	10 %	23
Crossborderit AB	10 %	2
Lemonator Industries AB	11 %	1
Øvrige	< 10 %	79
Andre aksjer		**251**

Entity	Ownership share	Carrying value 31.12.21
Nor-Log Gruppen AS	14 %	35
Addimotion Service AB	11 %	16
Wanda Group AS	11 %	5
Crossborderit AB	10 %	4
Øvrige	< 10 %	30
Andre aksjer		**90**

NOTE 12 PROVISIONS FOR LIABILITIES

The Group's provisions comprise provisions related to restructuring, pensions and other types of obligations.

2022	Restructuring	Pension	Other	Total
Balance 01.01.	**92**	**680**	**53**	**825**
Provisions made during the year	36		8	44
Reversals of previous year's provisions	13			13
Translation differences		1		1
Provisions utilised during the year	(54)		(53)	(108)
Change in pension liabilities during the year		188		188
Balance 31.12.	**87**	**869**	**7**	**963**
Current part of provisions	23		4	26
Non-current part of provisions	64	869	3	936

2021	Restructuring	Pension	Other	Total
Balance 01.01.	**192**	**712**	**19**	**923**
Provisions made during the year	17		55	72
Reversals of previous year's provisions	(19)			(19)
Translation differences		(13)		(14)
Provisions utilised during the year	(98)		(20)	(118)
Change in pension liabilities during the year		(19)		(19)
Balance 31.12.	**92**	**680**	**53**	**825**
Current part of provisions	47		53	100
Non-current part of provisions	45	680		725

P Accounting principles

Provisions for liabilities
Provisions are recognised when the Group has a present obligation (legal or actual) as a result of a past event, it is probable (more probable than not) that the liability will result in a financial settlement and the amount can be reliably measured. Provisions are reviewed on each balance sheet date, and their level reflects the best estimate of the liability. When the effect of the time value of money is material, the liability is recognised at the present value of future cash flows.

Restructuring
Restructuring expenses are costs incurred by the Group based on a decision that entails a significant change in the Group's defined business areas, either concerning the scope of the activities or the manner in which the business is operated. Provisions for restructuring are expensed when the restructuring has been determined and announced, and the costs are identifiable, quantifiable and not covered by corresponding revenues.

Pension obligation:
The liability recognised in the balance sheet for the defined benefit pension plans is the present value of the defined benefit liability at the balance sheet date, less the fair value of plan assets. The gross liability is calculated by independent actuaries applying the "projected unit credit" method. Note 4has details on provisions for pension liabilities.

E Estimation uncertainty

In assessing fair value of provisions for restructuring and other provisions, assumptions and estimates are made in relation to probability, discount interest, expected future settlement value and expected settlement date. A more detailed description of the estimation uncertainly concerning assessing pension liabilities is given in note 4 Pensions.

C Climate risk

When applying the Group's accounting principles for provisions for obligations, the Group considers whether there are obligations caused by greenhouse gas emission or other environmental effects. At the end of 2022, no such obligations were identified. The Group's operations were not part of the climate quota system at the end of 2022.

Restructuring
Provisions during the year relate to the restructuring costs for moving letter production and route clearance from Bodø and Tromsø to Østlandsterminalen, effective from 1 April 2023. The workforce will be reduced by approximately 80 FTEs who are offered restructuring measures like gift pensions and severance packages. Utilised provision during the year mainly constituted payment concerning the close-down of post offices of approximately MNOK 23, reduced distribution frequency of approximately MNOK 14 and staff support to workforce reduction of MNOK 6.

The liabilities as at 31 December are specified below:

	2022	2021
Personnel related measures	87	87
Other measures		5
Total restructuring	**87**	**92**

The Group's payments are expected to be as follows:

Restructuring provision expected settled:	
0-1 years	23
1-2 years	40
2-3 years	12
3-4 years	6
Over 4 years	5
Total restructuring provision	**87**

Pension
Pensions are described in note 4.

Other liabilities
Provisions for other liabilities in 2022 mainly concerned accrued not billed liabilities.

Deferred payment of public charges in Sweden regarding Corona measures provided for in 2021 were applied in 2022.

Disputes
No disputes with significant risk exposure for the Group were noted in 2022.

NOTE 13 OVERVIEW OF FINANCIAL ASSETS AND LIABILITIES

P Accounting principles

FINANCIAL INSTRUMENTS
Financial instruments are recognised in the balance sheet when the Group has become a party to the instrument's contractual terms. Financial instruments are derecognised when the contractual rights or obligations have been fulfilled, cancelled, transferred or have expired.

Financial instruments are initially measured at fair value at the settlement date, normally at the transaction price. Subsequent measurements depend on the classification of the financial asset or liability. The classification is determined by the Group's business model for managing financial instruments and the characteristics of the cash flows of each instrument.

Financial instruments are classified as non-current when their expected realisation date is more than 12 months after the balance sheet date. Other financial instruments are classified as current assets or liabilities.

Financial assets are classified as subsequently measured at either amortised cost, fair value over comprehensive income or fair value over profit and loss. Financial liabilities are classified as subsequently measured at either amortised cost or fair value over profit and loss.

Financial assets
The Group's financial assets mainly comprise debt instruments (receivables) and investments in equity instruments (financial non-current assets). The receivables' cash flows only include the principal and any interest, and all receivables are held only to receive contractual cash flows (no intention of sale exists). The receivables are classified as subsequently measured at amortised cost. Investments in shares are measured at fair value with both value changes and gain/loss over profit and loss. Received dividends are recognised in the ordinary result when not considered to constitute a form of repayment of capital. If applicable, dividends are recognised in the income statement when approved by the distributing company, generally concurrently with the payment date. Purchases and sales of shares are recognised on the trading date.

Short-term interest-free debt related to current operations and short-term and long-term interest-bearing debt regarding the financing of the Group.

The Group's financial obligations are basically classified as subsequently measured at amortised cost. None of he Group's financial obligations are held for trading purposes. The Group has applied the opportunity to use fair value options (FVO) for financial liabilities in foreign currency (Japanese yen), as such classification to a significant degree reduces any inconsistency in the measurement between the obligation and related derivatives. Significant changes due to the Group's own credit risk are recognised in other comprehensive income. With the exception of loans in foreign currencies (Japanese yen) the fair value option has not been applied. There are no embedded derivatives in the obligations.

Impairment: Financial instruments
For financial assets measured at amortised cost, the Group makes a provision for expected credit loss.

The Group's financial assets mainly comprise receivables, including trade receivables, without significant financing components. For financial assets without significant financing components, a simplified model is applied whereby the expected credit loss over the entire lifetime is recognised (by using simple methods to estimate credit losses). The simplified model does not require any follow-up of credit risk.

If an accrued (actual) credit loss has been established, because the Group cannot reasonably expect to recover the entire or parts of a financial asset, the financial asset's gross balance sheet value is directly reduced.

Write-downs of financial assets measured at amortised cost are recognised in the income statement.

Information on fair value
Applied methods for determining fair value are defined in three categories reflecting varying levels of valuation uncertainty, based on how objective the measurement method is:

- Level 1: Use of listed prices in active markets
- Level 2: Use of valuation methods with observable market data as input
- Level 3: Use of valuation methods where input is based on a significant degree of non-observable market data

The note gives an overview of the classification of the Group's financial assets and liabilities and their carrying amount (ref. also to note 21 Derivatives and Hedging.)

			At fair value			At amortised cost		
2022	Note	Valuation hierarchy level	Fair value over income statement[1]	Derivatives at fair value over income statement	Derivatives at fair value over OCI	Receivables	Other financial liabilities	31.12.2022
Assets								
Shares and other investments	11	2	251					251
Interest-bearing non-current receivables	15					73		73
Other financial non-current assets	21	2			1	21		23
Interest-free current receivables	16,21	2		79	11	3 805		3 895
Interest-bearing current receivables	15					116		116
Liquid assets	17					2 683		2 683
Financial assets								**7 041**
Liabilities								
Non-current lease obligations	18						2 837	2 837
Interest-bearing non-current liabilities	19						1 111	1 111
Interest-free non-current liabilities	20,21	2			28		1	29
Current lease obligations	18						743	743
Interest-bearing current liabilities	19	2	377				2 810	3 187
Interest-free current liabilities, incl. tax payable	8,20,21	2			1		4 542	4 543
Financial liabilities								**12 449**
Total value hierarchy level 1 (net)								
Total value hierarchy level 2 (net)			(126)	79	(16)			(63)
Total value hierarchy level 3 (net)								

1) Includes fair value option for interest-bearing current liabilities

2021	Note	At fair value Valuation hierarchy level	Fair value over income statement[1]	Derivatives at fair value over income statement	Derivatives at fair value over OCI	At amortised cost Receivables	Other financial liabilities	31.12.2021
Assets								
Shares and other investments	11	1,2	90					90
Interest-bearing non-current receivables	15					51		51
Other financial non-current assets	21	2		90		21		111
Interest-free current receivables	16,21	2			12	3 518		3 530
Interest-bearing current receivables	15					99		99
Liquid assets	17					3 448		3 448
Financial assets								**7 328**
Liabilities								
Non-current lease obligations	18						2 570	2 570
Interest-bearing non-current liabilities	19	2	389				1 229	1 618
Interest-free non-current liabilities	20,21	2			6		2	7
Current lease obligations	18						667	667
Interest-bearing current liabilities	19						969	969
Interest-free current liabilities, incl. tax payable	8,20,21	2			1		4 512	4 513
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)								

1) Includes fair value option for interest-bearing current liabilities

The tables above are the basis for further information about financial assets and liabilities with references to the relevant notes. In addition to showing the classification in categories pursuant to IFRS 9, the tables also show at which level the Group's financial instruments at fair value were assessed.

Information on fair value
No financial assets or liabilities have been reclassified in 2022 in such a way that the valuation method changed from amortised cost to fair value, or vice versa. There were no transfers between level 1 and level 2 of fair value measurements in 2022, and no registrations of financial assets or liabilities on level 3 in 2022.

Fair value of financial instruments measured at fair value in the balance sheet
The measurement of fair value of the Group's investments in other shares, derivatives and loans in foreign currency (Japanese yen), where fair value option pursuant to IFRS 9 has been applied, was based on sources described in level 2. More information is given in note 11 and note 21.

Fair value of financial instruments measured at amortised cost in the balance sheet
The fair value of receivables and other financial liabilities at 31 December 2022 was approximately the same as carrying value (amortised cost).

NOTE 14 FINANCIAL RISK AND CAPITAL MANAGEMENT

The note describes the Group's financial risks, including market risk (currency and interest rate risk), credit risk and liquidity risk. The Group uses derivatives to reduce market risk. Note 21 provides detailed information about derivatives and hedging (see also note 13 Overview of Financial Assets and Liabilities).

C Climate

The goal to be the greenest logistics operator in the Nordics is integrated in the Group's capital management by combining climate and environmental goals and financing. In order to ensure this, the Group has established a green framework and issued green bonds, in addition to including clauses on emisson goals in the Group's overdraft facility.

Separate reporting on taxonomy and other information is available in chapter 3 *Our value creations* in the Integrated report.

Posten Norge has a centralised finance function with the principal objective of securing the Group's financial flexibility, as well as monitoring and managing financial risk.

Categories of financial risk

Market risk: Arises as a consequence of the Group's open positions in currency and interest rate instruments. The risk is related to variations in profit or loss due to changes in market prices or exchange rates.
Credit risk: Risk of loss caused by a counterparty/customers who fail to fulfil payment obligations to the Group. Credit risk concerns all financial assets with counterparties/customers, mainly trade accounts receivable, interest-bearing securities, granted but not yet utilised credit/overdraft facilities, as well as counterparty risk from derivatives and currency contracts.
Liquidity risk: The risk that the Group cannot fulfil its financial obligations.

Market risk

Use of financial derivatives and risk management strategy

Financial derivatives are agreements made to determine interest terms, exchange rates and the value of equity instruments for specific periods. Financial derivatives in Posten Norge are used to manage market risk arising from the Group's ordinary operations.

The following derivatives are used by the Group for hedging purposes:

Forwards: An agreement to purchase/sell currency on a future date at a predetermined rate. Posten Norge primarily uses currency futures to hedge investments in and loans to subsidiaries in foreign currencies, in addition to income and costs in foreign currency.

Swaps: Agreement where two parties exchange cash flows over an agreed period. The most important forms of swaps utilised by Posten Norge are:

- **Interest rate swaps:** Exchange of interest rate terms related to an agreed principal for a determined period. In the agreed period, the parties in the swap exchange fixed and floating interest in the same currency.
- **Currency swaps:** An agreement between two parties to exchange one currency with another and at the same time agreeing to exchange these back on a future date at an agreed rate.
- **Combined interest rate and currency swaps:** The parties exchange both currency and interest rate terms.

Currency risk

The currency risk is limited by reducing the effects of changes in the exchange rate by using forward contracts. Foreign currency balances in bank accounts are minimised at the subsidiary level and actively managed at Group level in order to avoid large positive/negative effects. As the Norwegian krone (NOK) is the Group's functional and presentation currency, Posten Norge is exposed to currency risks for the Group's net investments in foreign businesses. In order to reduce this currency risk, Posten Norge enters into forward contracts.

The parent company finances the subsidiaries by providing non-current financing in the subsidiaries' functional currencies. As a consequence, the parent company is exposed to currency risk if the loans are made in currencies other than the Norwegian krone. Forward contracts are used to manage this exposure. As at 31 December 2022, there were no significant loans to subsidiaries in other currencies than Norwegian kroner, hence no associated forward contracts.

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The Group's most important exchange rates:	Exchange rate 01.01.2022	Average exchange rate 2022	Exchange rate 31.12.2022
Swedish kroner (SEK)	0,975	0,951	0,945
Danish kroner (DKK)	1,343	1,358	1,414
Euro (EUR)	9,989	10,102	10,514
British pound (GBP)	11,888	11,847	11,854
US dollar (USD)	8,819	9,614	9,857

Interest rate risk

Interest rate risk is mainly related to the Group's debt portfolio. This type of risk is managed at group level. The Group's goal over time is to have 20-70 percent of the non-current loan portfolio at fixed interest rates (including long-term debt to credit institutions due within one year but excluding lease obligations, value adjustments of loans and other interest-bearing debt). As at 31 December 2022, fixed interest agreements totalled MNOK 410 (27 percent) of the Group's non-current interest-bearing debt (compared with MNOK 653 (33 percent) in 2021). See also note 19 on interest-bearing debt. Note 21 has more information on hedging of interest terms.

SENSITIVITY ANALYSIS

2022 Sensitivity analysis market risk

	Purchase currency	Currency amount	Sales currency	Currency amount	Maturity	Effect of changes +/- 20% (NOK)[1]	
						Through income statement	Through OCI
Hedging of investments in foreign entities	NOK	723	SEK	753	2023		142

1) Forward exchange rate at 31.12.2022.

	Carrying amount	Effect of change +/- 150 basis points	
		Through income statement	Through OCI
Net interest-bearing debt (receivable) with floating interest rate[2]	1 216	18	

2) Net interest-bearing debt (receivable) with floating interest rates is calculated as interest-bearing debt with floating interest rates reduced by liquid assets.

2021 Sensitivity analysis market risk

	Purchase currency	Currency amount	Sales currency	Currency amount	Maturity	Effect of changes +/- 20% (NOK)[1]	
						Through income statement	Through OCI
Hedging of investments in foreign entities	NOK	456	SEK	453	2022		87

1) Forward exchange rate at 31.12.2021.

	Carrying amount	Effect of change +/- 150 basis points	
		Through income statement	Through OCI
Net interest-bearing debt (receivable) with floating interest rate[2]	(1 558)	(23)	

2) Net interest-bearing debt (receivable) with floating interest rates is calculated as interest-bearing debt with floating interest rates reduced by liquid assets.

The table above shows the sensitivity of the Group's currency and interest rate derivatives.

The accounting effect from a change in market risk is classified over the income statement or other comprehensive income pending on where the effect is initially recognised.

The currency sensitivity shows the effect over the income statement or other comprehensive income by changing the exchange rate at 31 December 2022 by +/- 20 percent. Forward currency contracts related to hedging foreign investments are recognised in other comprehensive income.

The interest rate sensitivity shows the result effect of changes in the floating interest by +/- 1,5 percentage points for the Group's net interest-bearing debt exclusive of lease obligations.

Credit risk
The Group has the following guidelines to reduce the various risk sources:

Trade accounts receivable
The Group has policies to ensure that credit sales are made only to customers with satisfactory payment ability, and that outstanding amounts do no exceed established credit limits. Note 16 has details. As at 31 December the Group has invested heavily in interest funds at low risk. As at 31 December 2022, the Group had NOK 2,6 billion invested in various interest funds (NOK 3,3 billion in 2021). According to the Group's guidelines, interest funds used shall be liquid and have a minimum rating of BBB-. Note 17 has details.

Market-based investments
As part of its liquidity management, the Group has invested heavily in interest funds at low risk. As at 31 December 2022, the Group had NOK 2,6 billion invested in various interest funds (NOK 3.3 billion in 2021). According to the Group's guidelines, interest funds used shall be liquid and have a minimum rating of BBB-. Note 17 has details.

Bank deposits
The Group's principal bank connection has an AA-rating.

Derivatives
To reduce credit risk, the Group has guidelines to enter into derivative contracts only with counterparties with ratings equal to or better than A-. To reduce credit risk further, the Group made a CSA (Credit Support Annex) agreement for one of the derivatives related to a loan in Japanese yen (note 21 has details).

Maximum risk exposure
The Group had no financial assets outside the balance sheet at 31 December 2022 (as in 2021), and the maximum risk exposure is considered to be represented by the book value of the financial assets in the balance sheet. Note 16 specifies the current interest-free receivables including trade accounts receivable by age and the provision for losses on receivables.

The Group has provided various forms of guarantees such as guarantees for rent, contracts, debt and other payment guarantees. The guarantees are provided in connection with current operations. The Group has not pledged any assets of significant value as security (see note 22 concerning guarantees/assets pledged as security).

Liquidity risk
Available liquidity and any currency exposure are followed up by the Group's finance function on a daily basis. The Group's short-term capital requirement is covered by overdrafts (see note 17) in addition to certificate loans and overdraft facilities.

Overdraft facilities
The Group has two overdraft facilities, of which one amounts to MNOK 200 and was renegotiated in December 2021, running for five years with a mutual option to extend for an additional two years. As of 31 December 2022, MNOK 1 250 had been utilised of this facility. The Group also made an agreement on overdraft facilities of MNOK 1 000 in December, which had not been utilised as at 31 December 2022. This facility runs for one year with an option for another year's extension. Both overdraft facilities have been agreed with Nordic banks with A-ratings or better. Both facilities are defined as sustainable where the terms are associated with the Group's achievement of its science

Maturity structure of the Group's loans/financial obligations

	2023	2024	2025	2026	2027	Total
Debt to credit institutions[1]	3 073	111				**3 184**
Bond loans				1 000		**1 000**
Financial derivatives (interest rate swaps)[2]	8	8	7	7		**29**
Financial derivatives (currency forwards)[2]	(11)					**(11)**
Other debt excl. financial derivatives	4 577					**4 577**
Total Group	**7 647**	**119**	**7**	**1 007**		**8 779**
Expected future interest payments[3]	52	38	36	33		**159**
Average interest rate						**3,70%**

1) The change in value of the loan in Japanese yen of MNOK 79 is offset in the table by currency swaps, ref. note 20 for further information.
2) Includes derivatives recognised as assets.
3) Based on interest rate level at 31.12.2022.

based targets (SBTs).

The table below shows the maturity structure of the Group's debt exclusive of leasing obligations. The maturity structure for the Group's leasing obligations is included in note 18.

Capital management
The Group has centralised the management of the capital structure and the overall responsibility for the Group's liquidity management in order to secure an effective use of the Group's capital, financial safety and flexibility.

The Group's goal is to have maximum accessibility, flexibility and return on liquid assets and at the same time limit credit risk. This is achieved by concentrating as much available liquidity as possible in the Group's cash pool, and by having a conservative management profile, with emphasis on liquid investments.

An adequate liquidity reserve contributes to secure and maintain the Group's financial freedom of action. The liquidity reserve (see alternative performance measures) comprises market-based investments and unutilised overdraft facilities less certificate loans and should over time constitute a minimum of 15 percent of the Group's revenue for the last 12 months. The Group's non-current liquidity reserve at 31 December 2022 was NOK 3,2 billion (NOK 4,8 billion in 2021), corresponding to 13,6 percent of the Group's revenue. This is somewhat lower than the target, but considered adequate and will increase in the first quarter 2023.

The Group has non-current credit facilities constituting a satisfactory financing reserve. In addition, the Group has diversified its sources of capital by bonds, private placement loans from international lenders as well as bilateral agreements with Nordic finance institutions.

Subsidiaries are not permitted to raise external financing, but receive funding from the Group through non-current intercompany loans or overdraft facilities and current credit facilities within the Group's cash pool system.

The Group measures capital utilisation by using the debt ratio, i.e., net interest-bearing debt divided by equity. Net interest-bearing debt comprises current and non-current liabilities less liquid assets in the form of cash, bank deposits and current investments. In addition, net interest-bearing debt divided by operating result before depreciation (EBITDA) is used to measure whether the operating profit is adequate to service the Group's external debt.

There were no significant changes in the Group's goals, principles or processes related to capital management during 2022.

Key figures for capital management

	2022	2021
Interest-bearing debt	7 878	5 823
Interest-bearing liquid assets	2 683	3 448
Net interest-bearing debt	5 195	2 376
Total equity	5 715	7 273
Total capital	19 143	18 342
Debt ratio	**0,9**	**0,3**
Equity ratio	**29,9 %**	**39,7 %**
Operating profit before depreciation (EBITDA)	1 790	2 765
Net interest-bearing debt/Operating profit before depreciation (EBITDA)	**2,9**	**0,9**

Credit rating
In March 2021, Posten Norge AS (the parent company) had its first official credit rating (A+) by Scope Ratings. The rating was confirmed in March 2022, but in February 2023, the company was downgraded to A/negative. This reflects a demanding year in 2022 with geopolitical unrest, increased costs and negative results.

Debt covenants
The Group has debt covenants in connection with external financing. Compliance with the covenants is calculated on the basis of the Group's accounting figures.

The Group has two overdraft facilities and one bank loan with clauses stating that net interest-bearing debt cannot exceed 3,5 times 12 months' rolling operating result before depreciation (EBITDA). For a period of until three consecutive quarters during the loan's duration, the Group's net interest-bearing debt may exceed 3,5 times EBITDA, but the Group must ensure that the interest-bearing debt at each quarter does not exceed 4,5 times EBITDA in the measurement period. As at 31 December, the Group had net interest-bearing debt corresponding to 2,9 times operating result before depreciation (EBITDA).

In addition, Posten Norge has loan agreements with clauses requiring an equity ratio of 20 percent at a minimum. As at 31 December 2022, the Group had an equity ratio of 29,9 percent (39,7 percent in 2020).

The following covenants also apply to the majority of the loan agreements:

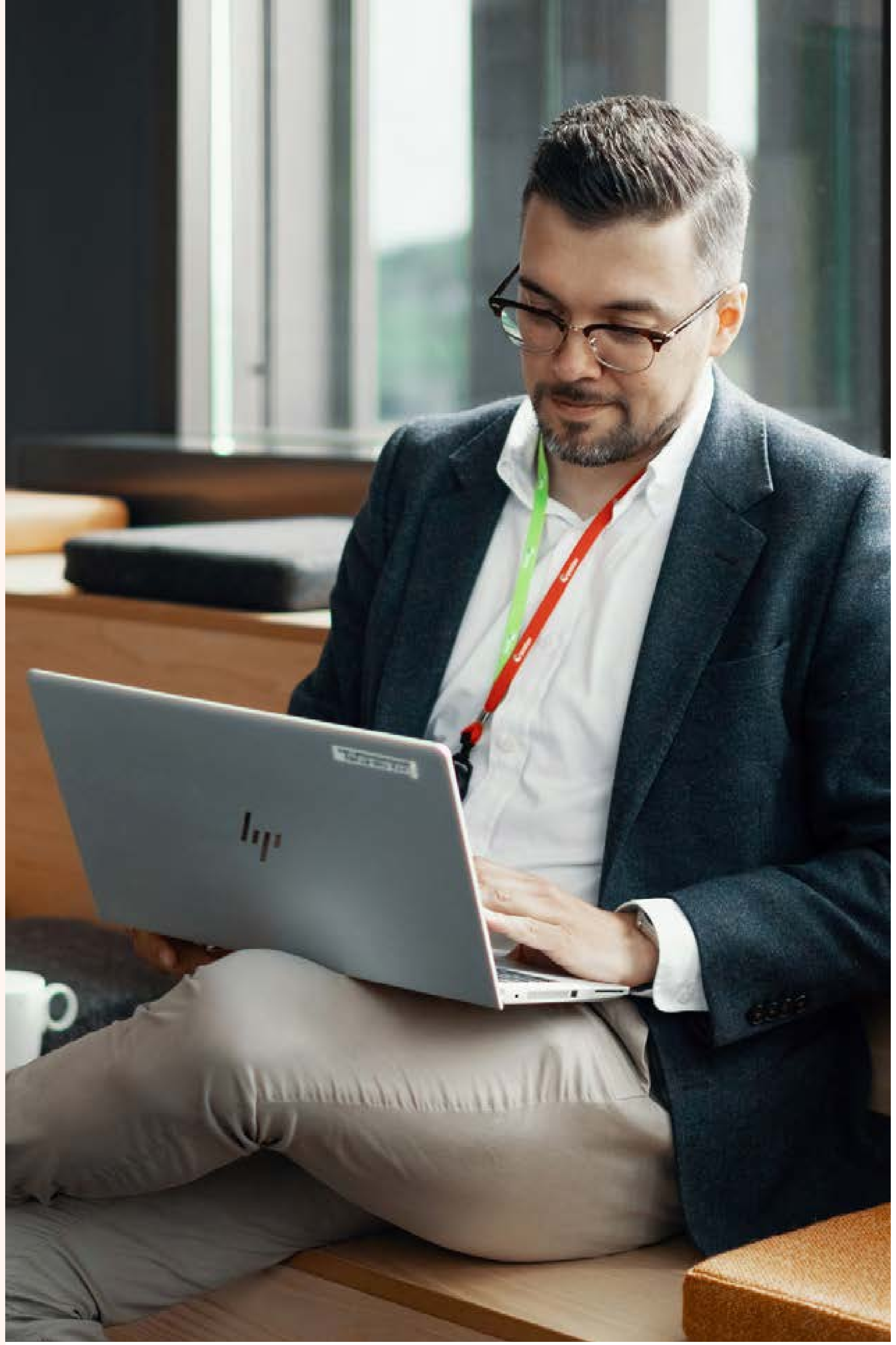
- **«Change of control»:** a minimum of 51 percent public ownership
- **«Negative pledge»:** a prohibition

on mortgage assets
- **«Cross default»:** a default in one agreement implies that all agreements are deemed in default.

Violating the terms of covenants can result in a demand to repay all interest-bearing debt or to renegotiate the loan agreements.

There are no clauses regarding annual regulations of the levels of debt covenants in the loan agreements. The level of the financial key ratios in the covenants is followed up and reported to management on a regular basis.

The Group was throughout 2022 and at the end of the year in compliance with the covenants in the loan agreements.



NOTE 15 INTEREST-BEARING NON-CURRENT AND CURRENT RECEIVABLES

The note gives an overview of the Group's interest-bearing non-current and current receivables, including sublease receivables. Information on the Group's lease agreements is included in note 18 Leases, see also note 13 Overview of Financial Assets and Liabilities.

	2022	2021
Non-current sublease receivables	53	40
Other non-current receivables	20	11
Interest-bearing non-current receivables	**73**	**51**
Current sublease receivables	17	8
Other current receivables	99	91
Interest-bearing current receivables	**116**	**99**

The Group's other interest-bearing current receivables mainly comprised prepayments to deposit and premium funds in Storebrand from Posten Norge AS.

NOTE 16 INTEREST-FREE CURRENT RECEIVABLES

The note gives an overview of the Group's interest-free current receivables, including trade receivables, together with the ageing of receivables and the provision for losses (see note 13 Overview of Financial Assets and Liabilities).

	2022	2021
Accounts receivable	3 072	2 764
Accrued income	370	331
Prepaid expenses	271	253
Receivables from employees	4	3
Current derivatives	90	12
Other receivables	89	167
Interest-free current receivables	**3 895**	**3 530**
Accounts receivable by due date:		
Not due	2 653	2 456
0 - 30 days	388	272
31 - 60 days	35	33
61 - 90 days	14	17
Over 90 days	25	22
Provisions for losses on receivables	(45)	(38)
Total accounts receivable	**3 072**	**2 764**
Expected credit losses		
Balance at 01.01	(38)	(61)
Change in provision for losses	(7)	28
(Over)/underfunded accruals in previous years	(1)	(8)
Translation differences		2
Balance at 31.12	**(45)**	**(38)**
Total actual losses on receivables	18	29
Provisions for losses on receivables by:		
Individual receivables	(26)	(22)
General provision	(20)	(16)
Total	**(45)**	**(38)**

P Accounting principles

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost, less provisions for losses. The Group applies a simplified method to provide for expected credit losses on the trade receivable and measures the loss provision at an amount corresponding to the expected lifetime credit loss. This is made by a combination of individual assessments and a general consideration based on maturity analysis and historical data. Accrued (actual) credit losses reduce the trade receivables' balance sheet value directly.

The Group's carrying amount of interest-free current receivables was approximately the same as the fair value at 31 December 2022.

The increase in trade receivables was a consequence of increased activities in the Group.

The Group had no significant credit risk relating to any individual contracting party, or to several contracting parties that could be regarded as one group due to similarities in credit risk. The Group has guidelines to ensure that credit sales are made only to customers with adequate payment ability and that outstanding amounts do not exceed established credit limits.

Other interest-free receivables are due within one year, and their nominal value is considered to be the same as fair value.

Earned but not billed income mainly included income related to foreign postal services and unbilled, delivered logistics services.

Other receivables primarily comprised receivables connected with social security refunds, advance taxes and other receivables.

Current derivatives are described in note 21 Derivatives and Hedging.

NOTE 17 LIQUID ASSETS

Liquid assets comprise cash in hand, bank deposits and current investments at low risk.

	2022	2021
Cash and cash equivalents	101	110
Current investments	2 581	3 338
Liquid assets	**2 683**	**3 448**

Accounting principles

Cash and cash equivalents are short-term liquid investments that can be converted to a known amount in cash within 3 months and are without significant risk.

The reduction in liquid assets was mainly due to increased investments, payments of ordinary instalments and bond loans in addition to leasing obligations and payment of dividends. This was partly compensated by new certificate loans and utilisation of the Group's overdraft facilities.

A group cash pool in Nordea is used in Norway, Sweden, Denmark and the UK, with Posten Norge AS as the group account holder. The bank can settle withdrawals and deposits against each other, and the net position constitutes the balance between the bank and the group account holder. As at 31 December 2022, the Group had unutilised credit facilities on the cash pool account in Nordea of MNOK 336, of a total facility of MNOK 500.

In addition, the Group has two overdraft facilities of MEUR 200 and MNOK 1 000, respectively. As of 31 December 2022, MNOK 1 250 had been utilised of the facility of MEUR 200, whereas the other facility had not been utilised. The section Alternative performance measures has information on long-term and short-term liquidity reserves.

The Group's current placements consisted of market-based invest- ments at low risk. The investments constituted an important part of the Group's liquidity reserve. See also note 14.

Posten Norge AS has established a bank guarantee in Nordea , limited to MNOK 280, to cover withheld tax for the employees in Posten Norge AS.

NOTE 18 LEASES

The note shows the effects of the Group's lease agreements on the Group's financial position and earnings, both as lessee and lessor.

The Group as lessee
The Group's lease agreements primarily concerned the lease of buildings, office premise and vehicles.

The largest right-of-use assets regarded the lease of Posthuset, Biskop Gunnerus' gate 14A, terminals in Norway and Sweden and buildings in the warehouse business. In addition, the Group had more than 5 000 lease agreements for vehicles.

P Accounting principles

The Group as lessee
The Group capitalises lease agreements in order to reflect the value of the right-of-use asset and the corresponding lease obligation in the balance sheet. The lease obligation is measured at the present value of the lease payments, and the right-of-use asset is derived from this calculation. At subsequent measurements, the right-of-use asset is depreciated, whereas the lease obligation is reduced by instalment payments. In addition, interest on the lease obligation is expensed.

Lease agreements that can be defined as "low value assets" are not capitalised. For short-term lease agreements, where the non-cancellable lease period is less than 12 months, the leasing costs are also directly expensed. The Group has chosen not to capitalise lease agreements for intangible assets.

Several of the Group's lease agreements include other services and components such as shared costs, fuel and charges. Non-leasing components are separated from the lease agreement and recognised as operating costs in the consolidated financial statements.

The Group as lessor
For contracts where the Group is lessor, each lease agreement is classified as either operating or finance lease.

The Group as lessor has no significant finance lease agreements.

For operating leases, the Group recognises lease payments as other operating income, mainly on a straight-line basis, unless another systematic basis better reflects the pattern whereby the benefit of the underlying asset is reduced. The Group recognises expenses incurred in the earning of the lease income as operating costs.

E Use of judgment

Assessment of agreements in the Group complying with the standard's definition and requirement for recognition
In order to meet the requirements, the contract must satisfy the definition of a lease. The assets must be identifiable, and the lessee must have the right to control the use of the assets in a given period.

Significant agreements in the Group mainly concern rental contracts for buildings and terminals, in addition to the Group's car fleet.

Leasing of real estate and vehicles will generally be encompassed by the definition in the standard and classified as lease agreements.

The Group has performed a review of various lease agreements and in particular assessed the treatment of them, in addition to agreements with transporters (transport agreements). Most of the transport agreements in the Group are either of such a character that no specific asset can be identified, or they are short- term, and these agreements are therefore outside the definition of a lease.

Assessment of lease period
Several of the Group's significant lease agreements, especially within real estate, include options for extending the lease agreements. It is the non-cancellable period of the lease (including the period of notice) and any options reasonably certain to be exercised that are recognised in the lease obligation. The Group assumes that "reasonably certain" is a probability level significantly higher than 80 percent.

In the consideration of whether the exercise of an option is reasonably certain, it has been emphasized whether the asset is important for operations and part of the Group's strategic plans.

The Group has also taken into account the time of an option's exercise date, as the degree of certainty is considered to decrease if the date is far ahead.

Assessment of lease payments
Lease payments include fixed payments and any payments varying by an index or interest rate, but not variable lease payments depending on the use of the asset.

Lease payments also include residual value guarantees, purchase options and any termination expenses. Wear and tear and any damage caused during ordinary use of the leased asset is expensed as incurred.

Discount rate
The present value of the lease payments shall be discounted at the lessee's incremental borrowing rate when the interest rate implicit in the lease cannot be easily determined. The method to determine the Group's incremental borrowing rate is consistently applied and reflects

- the loan interest for the asset class in question, and
- the length of the lease period.

Right-of-use assets

	Property	Vehicles	Machinery and equipment	Total
Carrying amount 01.01.2022	**2 293**	**675**	**13**	**2 981**
New leases	496	350	18	864
Changes in existing leases	275	76	1	352
Disposals	(123)	(18)	(4)	(145)
Depreciations for the year	(431)	(326)	(8)	(765)
Write-downs for the year	(19)			(19)
Translation differences	(18)	18	(1)	(2)
Carrying amount 31.12.2022	**2 473**	**775**	**19**	**3 266**

	Property	Vehicles	Machinery and equipment	Total
Carrying amount 01.01.2021	**2 269**	**584**	**1**	**2 854**
New leases	364	363	14	741
Changes in existing leases	73	49		122
Disposals	3	(6)		(3)
Depreciations for the year	(385)	(308)	(2)	(695)
Translation differences	(31)	(7)		(38)
Carrying amount 31.12.2021	**2 293**	**675**	**13**	**2 981**

In 2021, MNOK 64 of right-of-use assets classified as held for sale were written down.

Contract periods vary from 2 to 25 years and right-of-use assets are depreciated on a straight-line basis over their useful life.

Lease liabilities

	2022	2021
Lease liabilities 01.01	**3 237**	**3 140**
New leases	892	731
Changes in existing leases	358	140
Disposals	(129)	(18)
Lease payments	(891)	(812)
Interest cost[1]	116	101
Translation differences	(3)	(44)
Lease liabilities 31.12	**3 580**	**3 237**
Non-current lease liabilities	2 837	2 570
Current lease liabilities	743	667
Total lease liabilities	**3 580**	**3 237**

1) In 2021, MNOK 19 in interest costs related to lease liabilities held for sale were expensed.

Total outgoing cash flows relating to lease agreements in 2022 were MNOK 1 069 (MNOK 1 132 in 2021) including interest. MNOK 757 of this amount concerned net payment of lease obligations (MNOK 857 in 2021, of which MNOK 156 were lease payments regarding held for sale).

The rest was short-term leases and lease agreements of low value.

Group's undiscounted lease liabilities by due date:

Less than 1 year	837
1-2 years	713
2-3 years	588
3-4 years	433
4-5 years	324
5-10 years	851
10-20 years	246
More than 20 years	37
Total undiscounted lease liabilities at 31.12.2022	**4 030**

Other amounts concerning leases recognised in the income statement:

	2022	2021
Costs related to current lease agreements	131	106
Costs related to lease agreements concerning assets of low value, non-current	47	39
Income from operational subleases of right-of-use assets	44	31

Options to renew lease agreements

The Group's property lease agreements have lease periods normally varying between 3 and 25 years. Several of the agreements have a renewal option that can be exercised during the agreement's last period. When an agreement is made, the Group considers whether it seems reasonably certain that the option to renew will be exercised. The Group's potential future lease payments connected with renewal options not included in the lease obligations amounted to MNOK 1 208 (gross) as at 31 December 2022 (MNOK 1 424 in 2021).

Approximately 70 percent of this amount concerns the terminals at Berger, Ålesund, in Norway and Greve in Denmark, in addition to a thermo warehouse in Denmark.

The Group as lessor

In 2022, the Group had some minor rental agreements related to office buildings and properties not in use by the Group. There were also various agreements relating to the Group's vehicles, including both operating and finance leases.

NOTE 19 INTEREST-BEARING NON-CURRENT AND CURRENT LIABILITIES

Interest-bearing non-current and current liabilities comprise debt to credit institutions, bond loans, certificate loans and other interest-bearing debt. Planned down-payments and the first year's instalment of interest-bearing non-current liabilities due within one year are included in current liabilities (see also note 13 Overview of Financial Assets and Liabilities).

Accounting principles

Loans are initially recognised at fair value when paid, net of transaction costs. In subsequent periods, the loans are recognised at amortised cost using the effective interest method. Amortised cost is the amount at which the financial obligation is initially measured less repayments (instalments, interest and service charges), including effective interest.

	2022	2021
Bond loans	1 000	1 000
Non-current liabilities to credit institutions	111	611
Other non-current liabilities		7
Interest-bearing non-current liabilities	**1 111**	**1 618**
Bond loans due within one year		350
Non-current liabilities to credit institutions due within one year	488	111
Certificate loans	1 250	500
Non-current liabilties to credit institutions	1 250	
Other current liabilities	199	8
Interest-bearing current liabilities	**3 187**	**969**

	2022	2021
Liabilities at 1.1.	**2 587**	**2 519**
Cash flows from debt raised	2 000	1 200
Cash flows from repayment of borrowings	(461)	(1 111)
Cash flows from (decrease)/increase in bank overdrafts	159	5
Change in fair value	(11)	(36)
Other changes	24	10
Liabilities at 31.12.	**4 298**	**2 587**

In 2022, the Group did not raise any long-term loans. Ordinary repayments and instalments on loans amounted to MNOK 461 in 2022. Loans to credit institutions in Japanese yen are due in 2023 and were in 2022 classified as short-term.

As at 31 December 2022, the Group had non-current liabilities (including the part of long-term debt due within one year) at fixed interest rates amounting to MNOK 410 at a weighted average interest rate of 2,0 percent, maturing in the period 2023–2026. The Group also had non-current liabilities at floating interest amounting to MNOK 1 111 (including the first year's instalment on non-current debt due within one year) at a weighted average interest rate of 4,0 percent as of 31 December 2022, also maturing in the period 2023-2026.

As at 31 December 2022, the Group had certificate loans totalling MNOK 1 250. The certificate loans were classified as current interest-bearing liabilities, and the outstanding balance increased by MNOK 750 from 2021.

As at 31 December 2022, MNOK 250 were utilised of the Group's credit facilities. The withdrawals were made in August and November, due in February 2023, and are classified as current liabilities to credit institutions. In addition, MNOK 164 were utilised of the Group's overdraft facility. The withdrawal has an expected duration of less than one year and is classified as other interest-bearing current liabilities.

Note 14 Financial Risk and Capital Management has details of the maturity structure of the Group's loans and financial commitments.

NOTE 20 INTEREST-FREE NON-CURRENT AND CURRENT LIABILITIES

The Group's interest-free liabilities mainly comprised current items such as trade accounts payable, other provisions concerning salaries, public charges and other accrued expenses (see also note 13 Overview of Financial Assets and Liabilities).

	2022	2021
Non-current derivatives	28	6
Other non-current liabilities	1	1
Interest-free non-current liabilities	**29**	**7**
Provisions for payroll expenses and public charges	1 739	1 791
Accounts payable	1 171	971
Provisions for accrued expenses	1 073	825
Prepaid revenue	413	480
Restructuring	23	53
Current derivatives	1	1
Other current liabilities	104	174
Interest-free current liabilities	**4 524**	**4 294**

Provisions for salary expenses and public charges mainly comprised provisions for holiday pay, earned but unpaid salaries and public dues.

The provision for accrued expenses primarily included provisions for transport, maintenance and service related to the Group's car fleet, for IT development, remuneration for "Post in Shop" services, provisions for foreign postal businesses and accrued work in connection with the expansion of the terminal at Robsrud.

Prepaid income was mainly connected to the advance billing of franking machines, income from foreign postal businesses and unused sold stamps.

Note 12 has details on provisions for restructuring costs.

Other current liabilities comprised securities for financial instruments, accrued interest costs and other interest-free current debt.

NOTE 21 DERIVATIVES AND HEDGING

All derivatives are used in the hedging of market risk (currency and interest rate risk). The value of the derivatives fluctuates in relation to the underlying prices, and the note shows the fair value of open derivatives at the balance sheet date (see also note 14 Financial Risk and Capital Management).

2022	Assets	Liabilities	Nominal value[1)]
Cash flow hedging			
Interest-rate swaps NOK	1	(28)	610
Hedging of net investment			
Forward currency contracts SEK	11	(1)	753
Other financial hedges (derivatives not included in hedge accounting according to IFRS)			
Interest-rate swaps NOK			100
Combined interest-rate/currency swaps NOK	79		299
Total	**92**	**(29)**	

1) Amounts in transaction currencies

2021	Assets	Liabilities	Nominal value[1)]
Cash flow hedging			
Interest-rate swaps NOK	1	(6)	1 203
Hedging of net investment			
Forward currency contracts SEK	11		453
Other financial hedges (derivatives not included in hedge accounting according to IFRS)			
Interest-rate swaps NOK			100
Combined interest-rate/currency swaps NOK	90		299
Total	**102**	**(6)**	

1) Amounts in transaction currencies

The derivatives in the table above are classified by type of hedging for accounting purposes, with the objective of the derivatives described below.

P Accounting principles

Financial instruments: Hedging
The Group uses derivatives to manage currency and interest rate risk.

The Group's criteria for classifying a derivative as a hedging instrument, and either the whole or parts of an individual item or a group of items as a hedging object, are as follows:

- the derivative is applied to hedge an expected transaction, a net investment in a foreign business or a recognised asset or obligation,
- there is designation and documentation of the hedging relationship,
- the requirement for hedge effectiveness is met.

Hedge effectiveness is analysed on an ongoing basis and is met when:

- there is a economic relationship between the hedgedobject and instrument, i.e., the Group normally expects that the values systematically change in line with changes in the underlying risk,
- credit risk does not dominate the changes in value and
- the degree of hedging reflects the actual quantity hedged and used to hedge.

Hedge accounting ceases when:

- the hedging instrument expires, is sold, terminated or exercised, or
- the hedge no longer meets the criteria for hedge accounting as described above.

Cash flow hedging
The effective part of changes in fair value of a hedging instrument in a qualifying cash flow hedge is recognised in other comprehensive income. The ineffective part of the hedging instrument is recognised directly in the income statement.

If the hedged cash flow results in the recognition of an asset or liability, the gains and losses previously recognised in other comprehensive income are reclassified and recognised together with the asset or liability. For other cash flow hedges, gains and losses previously recognised in other comprehensive income and accumulated in equity are reclassified to the income statement in the same period as the cash flow constituting the hedged item is recognised. When a hedging instrument ceases to be highly effective, hedge accounting is prospectively discontinued. In this case, the accumulated gain or loss on a hedging instrument in equity will not be reversed until the hedged transaction actually occurs. If it is no longer expected that the hedged transaction will occur, previously accumulated gain or loss on the hedging instrument in equity will be reversed and recognised in the income state immediately.

Hedging of net investment in foreign entities
The Group uses currency forwards to hedge its net investments in foreign entities. Changes in currency forwards that are designated for hedging are recognised in other comprehensive income together with translation differences related to the investment until any sale of the investment, whereby the accumulated translation differences related to the investment are recognised in the income statement. The ineffective part of the hedge instrument is recognised directly in the income statement.

Fair value hedging
Derivatives that qualify as fair value hedges are measured at fair value, and changes in fair value are recognised in the income statement. Correspondingly, changes in fair value related to hedged risk in the hedged item are recognised in the income statement.

Financial instruments: Derivatives that are not hedging instruments
Derivatives not classified as hedging instruments are measured at fair value over profit and loss. Changes in fair value of such derivatives are recognised in the income statement.

Information on fair value
The fair value of forward currency contracts is determined by applying the forward exchange rate on the balance sheet date.

The fair value of interest rate and currency swaps is primarily determined by discounting future cash flows at discount rates derived from observable market data.

Information on fair value

For all derivatives, the fair value is confirmed by the finance institutions with which the Group has made agreements.

Cash flow hedging

Interest rate swaps

In September 2021, Posten Norge entered into an amortising bilateral loan agreement of MNOK 500 with floating interest terms and maturity on 16 December 2024. Approximately half the loan is hedged with fixed interest swaps. The outstanding amount as at 31 December 2022 was MNOK 222.

In November 2021, Posten Norge issued 5-year green bonds for a total of MNOK 1 000 with floating (MNOK 300) and fixed (MNOK 700) interest rates. MNOK 500 of the MNOK 700 at fixed interest rate were swapped to floating interest rate on the date of the issuance.

Almost all critical terms (the dates for interest determination, calculation methods, reference interest etc.) related to the derivatives described above are in accordance with underlying loan agreements. The cash flows of the interest rate swaps will therefore in all material respects correspond with the interest payments on the loans. Hence, there are no significant sources for hedging ineffectiveness.

Hedge reserve in equity

The Group's statement of changes in equity shows net movements in hedge reserves.

Hedging of net investment in foreign entities

Posten Norge uses forward currency contracts for hedging investments in foreign subsidiaries and has entered into rolling forward contracts totalling MSEK 753 in 2022 (MSEK 453 in 2021). The changes in the value of the contracts including realised loss/gain due to settlements on roll-over are recognised in other comprehensive income and offset the translation differences from the investments until the investments are disposed of. In 2022, this constituted a gain of MNOK 24 (a gain of MNOK 38 in 2021). In the event of excess hedging, the value change is recognised in the income statement. In 2022, no hedging ineffectiveness was recognised in the income statement. In 2021, MNOK 5 were reclassified to the income statement (income) on the disposal of Frigoscandia Sverige.

Other financial hedges (derivatives not included in hedging relations according to IFRS)

Combined interest rate and currency swaps

In 2013, the Group entered into a long-term loan agreement with a Japanese life insurance company of 5 billion Japanese yen at fixed interest rate terms. At the same time, a combined interest rate and currency swap agreement was made, effectively giving the Group a loan in Norwegian kroner at floating interest.

Posten Norge has made use of the "fair value option" in IFRS 9 for measuring this loan. Changes in interest rates or exchange rates resulting in changes in the value of the Japanese yen denominated loan measured in Norwegian kroner correspond to the value of the combined interest rate and currency swap.

As at 31 December 2022, the loan from the Japanese life insurance company was recognised at MNOK 377 (MNOK 389 in 2021), with a change in value since the borrowing date of MNOK 79. This change in value corresponds to the interest and currency swap agreement, and the derivative is recognised as an asset.

An interest swap has been agreed for approximately one third of the loan of 5 billion Japanese yen that partly converted the loan to fixed interest. The interest rate swap has the same maturity date as the loan but does not qualify for hedge accounting. In the table of derivatives and hedging relationships, it is included in the line interest rate swaps at a fair value of MNOK 0,4 as at 31 December 2022.

Upon entering into the loan agreement of 5 billion Japanese yen in 2013 and the combined interest rate and currency swap, Posten Norge also made a CSA (Credit Support Annex) agreement. This agreement defines how two swap counterparties shall act when the value of a swap changes in favour of one of the parties during the swap period. A deposit shall be paid/received to reduce the credit risk if the swap's value exceeds the threshold value (MEUR 2). The swap's value is measured monthly, and if the value in one of the parties' favour is higher than MEUR 2, the excess value shall be paid into the counterparty's account. As at 31 December 2022, Posten Norge had received MEUR 5 from the counterparty, recognised as a current liability in the balance sheet.

NOTE 22 GUARANTEES/ASSETS PLEDGED AS SECURITY

The Group has provided various guarantees, including rental guarantees, contract guarantees, debt guarantees and other payment guarantees, in connection with current operations. The Group has not pledged assets of any significant value.

	2022	2021
Guarantees for group companies	681	661
Other guarantees	49	53
Total guarantees	**730**	**714**

Guarantees for group companies primarily consisted of guarantees provided by Posten Norge AS to its subsidiaries in Norway and Sweden related to the rental of premises and vehicles. Posten Norge AS has also given Nordea a guarantee indemnifying the bank for any payments in connection with bank guarantees provided for the Group's subsidiaries.

Other guarantees have been provided for remaining leases of vehicles and rent in connection with the sale of Frigoscandia Sverige and Bring Citymail Sweden AB.

As at 31 December 2022, Posten Norge AS had given Equinor a delivery guarantee for Bring Cargo AS, the City of Stockholm and the Swedish Broadcasting for Bring Courier & Express AB. No amounts have been set for these guarantees.

NOTE 23 CHANGES TO GROUP STRUCTURE

The note provides information about significant changes in group structure from acquisitions and disposals of companies and businesses. Other significant changes in group structure are also shown when relevant. The following significant changes to group structure took place in 2022 (information on changes in group structure in 2021 can be found in note 21 in the financial statements and notes for Posten Norge Group from 2021):

Companies acquired in 2022
The Group acquired three new property companies in 2022: Moss Næringspark Øst 1 AS, Kongsåsen Eiendomsselskap AS and Kongsåsen Eiendomsselskap I AS.

The shares in Moss Næringspark Øst 1 AS were purchased in the second quarter 2022. The company owns parts of a site regulated for a commercial property in Moss. The property is currently under construction.

The shares in Kongsåsen Eiendomsselskap AS and Kongsåsen Eiendomsselskap I AS were acquired in the first quarter 2022. Kongsåsen Eiendomsselskap I AS has later changed its name to Posten Eiendom Borgeskogen AS. The companies jointly own a site with buildings in Sandefjord.

	2022
Purchase price	124
Carrying value of net assets	9
Added value property	115

Accounting principles

Subsidiaries
The Group applies the acquisition method to account for business combinations. The consideration is measured at fair value of assets transferred, liabilities incurred, and equity interests issued. Identifiable assets, liabilities and contingent liabilities are initially recognised at fair value. The excess of the aggregate of the consideration transferred, non-controlling interests and net identifiable assets and liabilities, are classified as goodwill in the balance sheet. Should negative goodwill arise from a business combination, the identification and measurement of identifiable assets and liabilities is reassessed. Any negative goodwill that arises following this reassessment is recognised in the income statement immediately.

When agreements are made for additional consideration (contingent consideration) in connection with the acquisition of companies, the additional consideration is measured at fair value and included in the acquisition cost at the time of the acquisition. The change in value of the additional consideration is only recognised as goodwill if the change is within 12 months and a result of new or changed facts and circumstances existing on the acquisition date. Other changes in value of the additional consideration are recognised in the income statement. The adjustments are measured at the exchange rate on the balance sheet date or at the rate when the adjustment occurred if this differs from the balance sheet date.

Non-controlling interests in the acquired company are measured for each purchase, either at fair value or at its share of the acquired company's net assets.

In the event of loss of control and consequent deconsolidation of the subsidiary, gain or loss is recognised in the income statement. Any remaining investment is measured at fair value at the transaction date.

Effects on the Group's balance sheet at the acquisition date:

	Acqusition	Excess value	Total
Assets			
Tangible fixed assets	89	147	236
Non-current assets	**89**	**147**	**236**
Interest-free current receivables	1		1
Liquid assets	1		1
Current assets	**2**		**2**
Total Assets	**91**	**147**	**238**
Liabilities			
Provisions		32	32
Deferred tax	3		3
Interest-bearing non-current liabilities	67		67
Non-current liabilities	**70**	**32**	**102**
Interest-free current liabilities	12		12
Current liabilities	**12**		**12**
Total Liabilities	**82**	**32**	**114**

Cash effect from purchases of businesses:

	2022
Cash paid at purchase of businesses	(124)
Repayment of debt	(67)
Cash received from acquired businesses	1
Cash-effect from purchase of businesses	**(191)**

Other changes to group structure in 2022

There were no other significant changes to Group structure in 2022.

Other

In 2022, a final purchase price allocation (PPA) was carried out in connection with the acquisition of the DreamLogistics Group in 2021. The purchase price allocation did not result in any changes from the preliminary purchase price allocation other than that the acquired goodwill of MSEK 199 were allocated to two cash-generating entities in the Group: MSEK 122 to DreamLogistics and MSEK 76 to Bring Parcels.

NOTE 24 RELATED PARTIES

The note describes the Group's significant transactions with related parties. Two parties are related if one party can influence the other party's decisions. Relations with related parties are considered to be normal in business.

Posten Norge AS is the parent company and has direct and indirect control of approximately 100 companies, mainly in the Nordics. Directly owned subsidiaries are shown in note 10 in the financial statements for Posten Norge AS.

In 2022, services amounting to MNOK 216 were purchased from associated companies. This mainly relates to services from Borlaug og Trosvik Transport AS for approximately MNOK 175 and Norbjørn AS for approximately MNOK 27. Borlaug og Brosvik Transport AS started operations in 2002 and has 24 trailers in offshore traffic (in cooperation with Bring). The company has a large terminal in the Bergen area and can offer customers storage both indoors and outdoors in addition to transport. Norbjørn AS owns the supply vessel MS Norbjørn engaged in sea transport between the mainland and Svalbard.

As at 31 December 2022, there were no major balances with associated companies. The Group has no significant receivables or liabilities in relation to associated companies.

Internal trade in the Group is carried out in accordance with separate agreements and at arm's length terms. Shared costs in Posten Norge AS are distributed among the group companies in accordance with allocation keys which vary depending on the type of cost.

Some of the board members in Posten Group have board or executive positions in other enterprises (see the Board in Posten Norge on page 21). Some of the members of Posten Norge AS's group management also have board positions in other enterprises (see the Group Management on page 10). Board or leader positions in other enterprises have not affected the Group's decisions.

NOTE 25 REGULATORY ISSUES

Regulatory issues describe relevant matters and regulations not mentioned in other notes.

Postal regulations
Postal regulations comprise the Postal Services Act with associated regulations and the delivery requirements of the licence awarded to Posten.

From July 2020, Posten's ordinary mail distribution to letter boxes was reduced to every other day. At least 85 percent of the mail shall be delivered within three weekdays after posting and at least 97 percent within five weekdays. Posten has complied with the requirements in 2022.

After the transition to mail distribution every other day, newspaper distribution takes place 6 days a week in areas without any alternative newspaper distribution in accordance with contracts with the Ministry of Transport after a tender competition. Posten has a contract for newspaper distribution on weekdays (Monday–Friday) until June 2024.

Product accounts and government procurements of commercially non-viable postal services
In accordance with the Postal Services Act, Posten shall maintain product accounts for regulatory purposes.

The accounts shall be submitted to the Norwegian Communications Authority annually. Posten's appointed auditor performs control procedures and issues a statement confirming that the accounts have been prepared in accordance with the requirements.

Posten's net costs related to the duty to deliver postal services that are commercially non-viable shall, pursuant to the Postal Services Act, be covered by government procurements granted over the state budget. The annual advance grant to government procurements is adjusted the following year based on a recalculation of the requirement according to the final product accounts. The recalculation shall secure against over or under compensation.

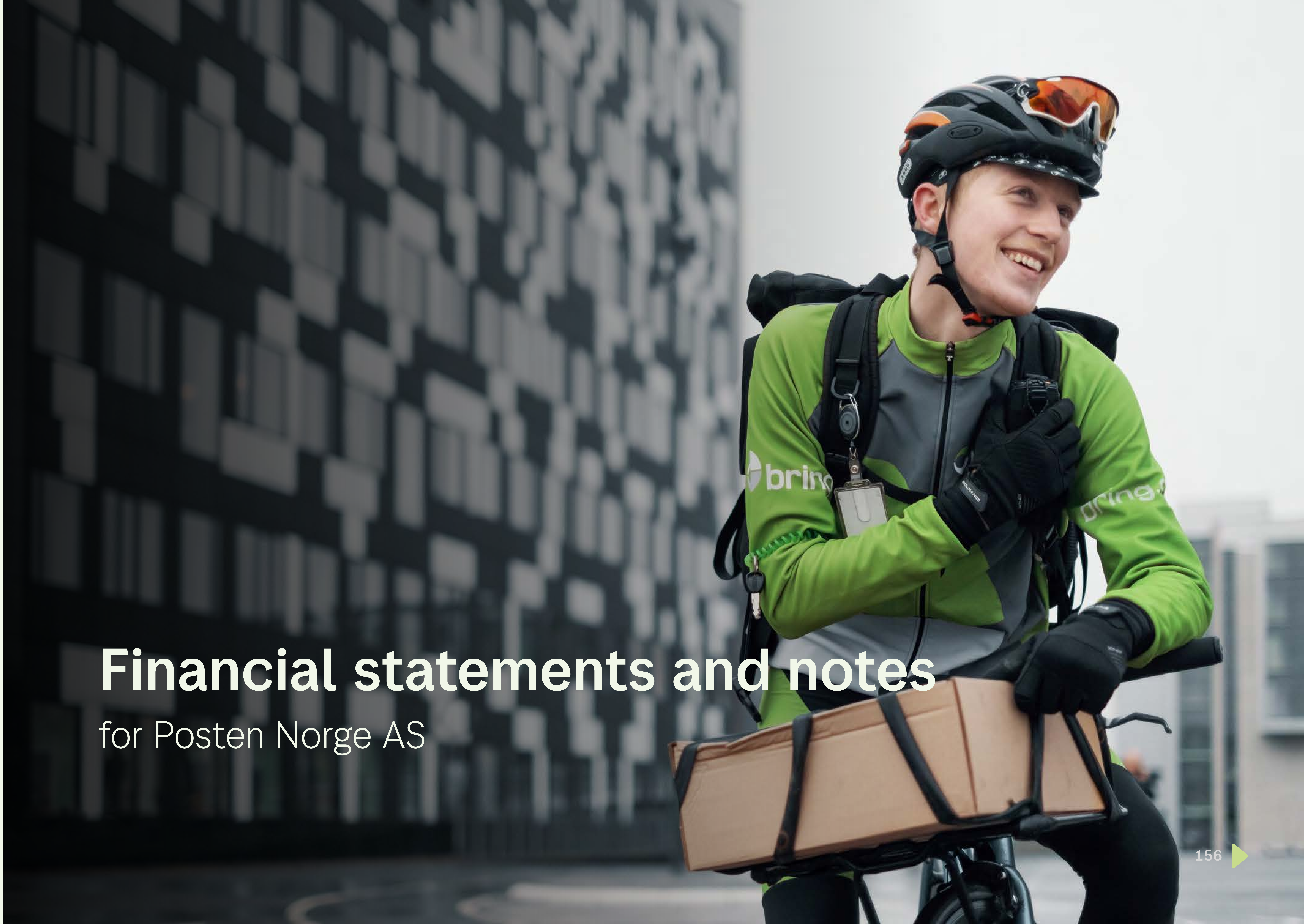
For 2022, Posten received MNOK 755 for government procurements of commercially non-viable postal services. This is in line with Posten's advance calculation. For 2021, Posten received MNOK 566 for government procurements of commercially non-viable postal services. In accordance with the arrangement and Posten' recalculation, MNOK 24,3 (incl. interest of MNOK 0,3) in lower net costs were repaid to the state in December 2022. The repayment gave a corresponding reduction in income in 2022.

Accordingly, a total of MNOK 731 in government procurements of commercially non-viable postal and banking services was recognised as income for the accounting year 2022 (MNOK 536 in 2021). In addition, MNOK 128 (as in 2021) in government payments pursuant to the tender contract for newsletter distribution in rural districts were taken to income.

Future prospects
For 2023, the Norwegian Parliament granted MNOK 1 070 for government procurements of commercially non-viable postal services, of which the most part concerns net costs for mail distribution every other day (MNOK 1 063). In addition, MNOK 128 were granted for Posten's newspaper distribution in rural districts in accordance with the contract with the Ministry of Transport following a tender competition.

Mail distribution every other day, as implemented from July 2020, is not adequate to ensure acceptable profitability. The postal services must be further adjusted in line with changed market conditions and customer needs. In 2020, the Ministry of Transport and Communications received consultancy studies on the consequences of further adjustments to government procurements in order to have a best possible knowledge basis for any suggested changes. For Posten it is vital that the government reimburses Posten in the future for the net costs of the commercially non-viable services if no room is allowed for continued adjustments to the service level in line with falling mail volumes and changes in customer needs. Without changes in the delivery requirements, the levels of the government's payments for commercially non-viable services (government purchases) will increase rapidly.

In 2020, VAT was introduced on all e-commerce import of goods, regardless of value. In that connection, a simplified registration and reporting solution (VOEC – VAT on E-commerce) was established for foreign suppliers for calculating and paying VAT on goods up to a value of NOK 3 000. At the same time, a transitional arrangement was set up, whereby low value goods up to NOK 350 were exempt from declaration. The transitional arrangement continues until a possible annulment on 1 October 2023 as proposed by the Ministry of Finance in a consultation paper dated 2 December 2022. Posten cooperates with the customs and duty authorities to ensure that duty/VAT handling is as effective and consumer-friendly as possible once the transition period expires.



Financial statements and notes

for Posten Norge AS

INCOME STATEMENT

Amounts in MNOK

	Note	2022	2021
Revenue	1	**12 994**	**12 878**
Costs of goods and services		3 053	3 059
Payroll expenses	2,3	6 535	6 267
Depreciation and amortisation	9,17	1 024	948
Write-downs of intangible assets and tangible fixed assets	8,9,17	4	3
Other operating expenses	4	2 522	2 152
Operating expenses		**13 139**	**12 428**
Other income/(expenses)	5	(438)	(176)
Operating profit/(loss)		**(583)**	**275**
Financial income	6	517	1 043
Financial expenses	6	474	413
Net financial income/(expense)		**43**	**631**
Profit/(loss) before tax		**(540)**	**905**
Tax expense	7	(166)	70
Profit/(loss) for the year		**(375)**	**836**

STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK

	Note	2022	2021
Profit/(loss) for the year		**(375)**	**836**
Pension remeasurement	3,7	(1)	(12)
Items that will not be reclassified to income statement		**(1)**	**(12)**
Cash-flow hedging	7,19	(17)	1
Items that will be reclassified to income statement		**(17)**	**1**
Other comprehensive income		**(18)**	**(11)**
Total comprehensive income		**(392)**	**825**

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BALANCE SHEET

Amounts in MNOK

	Note	31.12.2022	31.12.2021
ASSETS			
Intangible assets	8,9	1 194	1 118
Deferred tax assets	7	267	96
Tangible fixed assets	8,9	1 340	1 139
Right-of-use assets	17	6 833	6 872
Investments in subsidiaries	10	3 493	3 522
Investments in associated companies	10	16	16
Investments in shares	10,12	38	35
Interest-bearing non-current receivables	12,14,17	1 292	1 167
Other financial non-current assets	12,20	4	92
Non-current assets		**14 476**	**14 058**
Interest-free current receivables	12,15,20	1 857	1 642
Interest-bearing current receivables	12,14,17	3 003	2 573
Liquid assets	12,16	2 592	3 351
Current assets		**7 452**	**7 565**
Assets		**21 928**	**21 623**
EQUITY AND LIABILITIES			
Share capital		3 120	3 120
Other equity		994	2 681
Equity		**4 114**	**5 801**
Provisions for liabilities	11	**887**	**613**
Non-current lease liabilities	12,17	6 860	6 868
Interest-bearing non-current liabilities	12,18	1 111	1 611
Interest-free non-current liabilities	12,19,20	28	7
Non-current liabilities		**7 999**	**8 486**
Current lease liabilities	12,17	630	591
Interest-bearing current liabilities	12,18	5 139	3 127
Interest-free current liabilities	11,12,19,20	3 160	2 976
Tax payable	7		30
Current liabilities		**8 929**	**6 723**
Equity and liabilities		**21 928**	**21 623**

Board meeting on 30 March 2023

Anne Carine Tanum (Chair)

Finn Kinserdal

Liv Fiksdahl

Tina Stiegler

Patrik Berglund

Gerd Øiahals

Ann Elisabeth Wirgeness

Lars Nilsen

Tove Gravdal Rundtom

Tone Wille (Group CEO)

CASH FLOW STATEMENT

Amounts in MNOK

	Note	2022	2021
Profit/(loss) before tax		(540)	905
Tax paid in the year	7	(29)	(63)
(Gain)/loss from sales of non-current assets and shares		1	(7)
Ordinary depreciation and write-downs	8,9,17	1 028	951
Write down of shares in subsidiaries	10	79	165
Dividends received from financial investments	6	(305)	(820)
Financial items without cash-effect		266	216
Changes in receivables and payables		33	9
Changes in other working capital[1]		259	(173)
Changes in other accruals		(11)	(94)
Interest received		115	96
Interest paid		(384)	(329)
Cash flows from operating activities		**513**	**856**
Investments in non-current assets	8,9	(614)	(537)
Cash-effect from investments of shares	10	(4)	(3)
Cash-effect from capital increases	10	(50)	(102)
Proceeds from sale of non-current assets	9	5	31
Cash-effect from sale of shares	10	60	19
Dividends received from subsidiaries and associated companies	6	305	820
Changes in loans to subsidiaries	14	(134)	185
Changes in other financial non-current assets			35
Cash flows used in investing activities		**(432)**	**448**
Payment of lease liabilities	17	(616)	(595)
Proceeds from non-current and current debt raised	18	2 000	1 200
Repayment of borrowings	18	(461)	(1 111)
(Decrease)/increase in bank overdrafts	18	159	5
Dividend paid		(1 315)	(1 060)
Change in group account balance		(606)	(966)
Cash flows used in financing activities		**(840)**	**(2 527)**
Change in liquid assets		**(759)**	**(1 223)**
Liquid assets at the start of the year		3 351	4 574
Liquid assets at the end of the year	**16**	**2 592**	**3 351**

1) In 2022, the recognition of pension obligations in the company was expensed, see note 3 for further information.

The Company prepares the cash flow statement according to the indirect method, i.e. cash flows from investments and financing activities are reported gross, whereas the accounting result is reconciled against net cash flows from operating activities.

STATEMENT OF CHANGES IN EQUITY

The share capital and share premium constitute the paid-in capital in Posten Norge AS.

The hedge reserve includes the total net change in fair value of the hedging instrument in a cash-flow hedge until the hedged cash flow occurs or is no longer expected to occur.

Transaction costs directly related to equity transactions are recognised directly in equity net of taxes.

The shares in the parent company Posten Norge AS are owned in full by the Norwegian state, represented by the Ministry of Trade, Industry and Fisheries.

As at 31 December 2022, the share capital consisted of 3 120 000 shares at a nominal value of NOK 1 000.

Before the annual dividend is determined, an independent evaluation of the financial situation and future prospects for the Group and Posten Norge AS is made. The proposed dividend for the accounting year 2022 is NOK 0.

At the Annual General Meeting in May 2022, it was determined that a dividend of MNOK 1 315 be paid for the accounting year 2021. The dividend was paid in June 2022.

STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

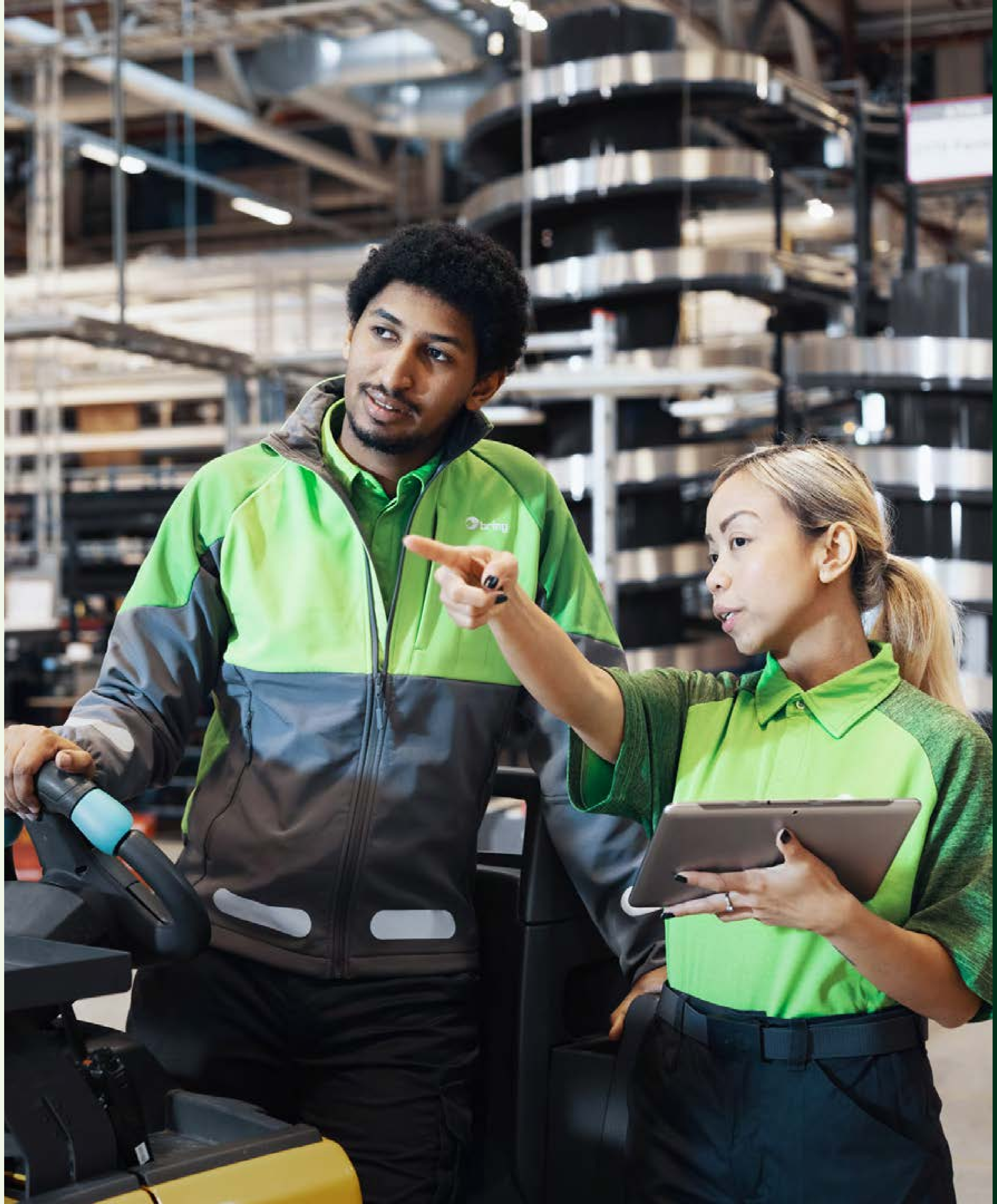
	Share capital	Share premium reserves	Hedging reserve	Retained earnings	Other equity	Total equity
Equity 01.01.2022	**3 120**	**992**	**(6)**	**1 694**	**2 681**	**5 801**
Profit/(loss) for the year				(375)	(375)	(375)
Other comprehensive income			(17)	(1)	(18)	(18)
Total comprehensive income			**(17)**	**(375)**	**(392)**	**(392)**
Dividend				(1 315)	(1 315)	(1 315)
Other changes in equity[1)]				21	21	21
Equity 31.12.2022	**3 120**	**992**	**(23)**	**24**	**994**	**4 114**

1) Gain on transaction with related party at fair value.

	Share capital	Share premium reserves	Hedging reserve	Retained earnings	Other equity	Total equity
Equity 01.01.2021	**3 120**	**992**	**(7)**	**1 906**	**2 891**	**6 011**
Profit/(loss) for the year				836	836	836
Other comprehensive income			1	(12)	(11)	(11)
Total comprehensive income			**1**	**824**	**825**	**825**
Dividend				(1 060)	(1 060)	(1 060)
Other changes in equity[1)]				24	24	24
Equity 31.12.2021	**3 120**	**992**	**(6)**	**1 694**	**2 681**	**5 801**

1) Gain on transaction with related party at fair value.

Integrated annual report 2022



Notes for Posten Norge AS

General information

POSTEN NORGE AS

Posten Norge AS was established as a company on 1 December 1996 and is today 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 is the parent company in the Posten Norge Group. Posten Norge is a Nordic mail and logistics group developing and delivering overall solutions within mail, communication and logistics in the Nordics. Posten Norge AS' address is Biskop Gunnerus gate 14, 0001 Oslo, Norway.

BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of Posten Norge AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by IFRS Interpretations Committee (IFRIC), set by the International Accounting Standards Board and approved by the EU.

The financial statements have, in all material respects, been prepared on a historic cost basis, except for financial assets and liabilities (including derivatives) measured at fair value.

Assets are classified as current when expected to be realised, sold or consumed in the company's normal operations, or are due/expected to be realised or settled within 12 months from the end of the reporting period. Other assets are classified as non-current.

Liabilities are classified as current when expected to be settled during the company's normal operations, are held basically for trading purposes, are expected to be settled within 12 months from the end of the reporting period or if the Group does not have an unconditional right to delay settlement to at least 12 months after the reporting period. All other liabilities are classified as non-current. Dividends are recognised as debt when formally approved by the Annual General Meeting.

The financial statements are presented in Norwegian kroner (NOK), rounded to the nearest million, if not otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the consolidated financial statements and notes may not add up to the total of that row or column.

Functional currency and presentation currency

The financial statements are presented in Norwegian kroner(NOK), which is also the Company's functional currency.

Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency at the exchange rate on the transaction date.

On the balance sheet date, monetary balances in foreign currencies are translated at the exchange rate applicable on the balance sheet date. Foreign exchange gains and losses resulting from the settlement and translation of monetary items are recognised as finance income and finance costs, respectively.

Non-monetary items in foreign currencies measured at historic cost are translated using the exchange rates at the dates of the initial transactions. Non-monetary items in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

ACCOUNTING PRINCIPLES

The Group's accounting principles are in all material respects applicable for Posten Norge AS.

Significant accounting principles are listed below and described in the individual notes to the consolidated financial statements. Supplementary information or where accounting principles deviate from the consolidated financial statements are also stated below and incorporated in the individual notes to the financial statements of the parent company.

The accounting principles are marked by a P.

Significant Accounting Principles	Note Posten Norge Group	Note Posten Norge AS	IFRS-standard
Revenue from contracts with customers	Note 2 Revenue		IFRS 15
Pensions	Note 4 Pensions		IAS 19
Taxes	Note 8 Taxes		IAS 12
Write-downs of non-financial assets	Note 9 Write-downs of non-financial assets		IAS 36
Intangible assets and Tangible fixed assets	Note 10 Intangible assets and Tangible fixed assets		IAS 38, IAS 16
Investments in subsidiaries and associated companies		Note 10 Investments in companies and businesses	IFRS 10, IFRS 11, IFRS 12, IAS 28
Provisions for liabilities and Contingent liabilities and assets	Note 12 Provisions for liabilities		IAS 19, IAS 37
Financial instruments	Note 13 Overview of financial assets and liabilities	Note 14 Interest-bearing non-current and current receivables	IFRS 7, IFRS 9, IFRS 13, IAS 32
Accounts receivable	Note 16 Interest-free current receivables		IFRS 7, IFRS 9, IFRS 13, IFRS 15, IAS 32
Cash and cash equivalents	Note 17 Liquid assets		IFRS 7, IFRS 9, IFRS 13, IAS 7, IAS 32
Leasing	Note 18 Leases	Note 17 Leases	IFRS 16
Borrowings	Note 19 Interest-bearing non-current and current liabilities		IFRS 7, IFRS 9, IFRS 13, IAS 32
Derivates and hedging	Note 21 Derivatives and hedging		IFRS 7, IFRS 9, IFRS 13, IAS 32

Changes in accounting principles and disclosures

The applied accounting principles are consistent with previous years. In addition, the Company implemented some amended standards and interpretations published by the IASB and approved by the EU relevant for the business and effective for the accounting year started on 1 January 2022. The implementation of these amended standards and interpretations has not resulted in significant changes to the financial statements.

Issued and amended standards not yet effective or lacking approval by the EU

Standards and statements relevant for Posten Norge AS that are issued but not yet effective or lacking approval by the EU for the accounting year 2022 are described in the consolidated financial statements.

USE OF JUDGMENT AND ACCOUNTING ESTIMATES

Areas where management use considerable judgment, where there is significant estimation uncertainty and where climate risk is considered particularly relevant are the same for Posten Norge AS as for the Group.

Significant use of judgment and estimation uncertainty is marked by E.
And climate risk is marked by C.

The list below summarises assets and liabilities that to a significant degree are based on judgment, estimates and assumptions of the future. These items have a high risk of significant changes in carrying values during the next accounting year. References are also made to the notes in the consolidated financial statements where climate risk has been given special attention.

Asset/Liability	Note Posten Norge Group	Accounting judgements and/or estimates/assumptions
Pension liabilities	Note 4 Pensions	Present value of pension liabilities determined by a number of actuarial assumptions
Deferred tax assets	Note 8 Taxes	Assessment of the amount of deferred tax asset that can be utilised
Intangible assets and Tangible fixed assets	Note 9 Write-downs of non-financial assets	Present value of future cash flows, Assessment of climate risk
Intangible assets and Tangible fixed assets	Note 10 Intangible assets and Tangible fixed assets	Assessment of climate risk
Provisions for liabilities	Note 12 Provisions for liabilities	Calculated provisioning needs based on present obligation and estimated timing of future settlement, Assessment of climate risk
Interest-bearing non-current and current liabilities	Note 14 Financial risk and capital management	Assessment of climate risk
Lease liabilities	Note 18 Leases	Assessment of lease agreements, lease period, extension options, Present value of future cash flows

NOTE 1 REVENUE

	2022	2021
Parcel services	4 268	4 052
Freight and forwarding	3 634	3 514
Addressed/Unaddressed mail	3 304	3 704
Norgespakke	379	393
Government procurements	731	536
Other mail services	259	302
Other services	419	376
Revenue	**12 994**	**12 878**

Accounting principles

Accounting principles concerning income from contracts with customers are described in note 2 in the group accounts.

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

The Company's revenue amounted to MNOK 12 994 in 2022. Compared with 2021, this was an increase of 0,9 percent.

The Group's parcel services primarily comprise e-commerce and corporate parcels. The positive revenue development is mainly due to volume growth within e-commerce. Freight and forwarding includes national groupage and part load deliveries. The positive development is primarily due to growth within national groupage and part load deliveries,

Addressed and unaddressed mail is mainly delivered to people's letter boxes at home. The reduced turnover is basically due to the decline in addressed mail volumes as a result of society's increased digitalisation.

Norgespakken's turnover has declined. In total, the service's volume has increased, and the reason for the reduction is primarily the introduction of a new service at a lower price. In the government budget for 2022, MNOK 755 were granted for government procurements of commercially non-viable postal services, in accordance with Posten's pre-calculations. For 2021, Posten received MNOK 536 net for government procurements of commercially non-viable postal services. Posten's final recalculation for 2021 shows net lower costs of MNOK 24 and a corresponding income reduction in 2022.

Other mail services include Digipost and mail services like franking, stamps and Post in Shops.

Other services include group-shared functions for all group companies such as a shared finance function and centralised group staffs operated by Posten Norge AS. The Company has established shared group staffs with the responsibility for management, shared functions and technical development within Human relations and organisation, Group strategy and communication, Economy and finance in addition to Digital technology and assurance. The group staffs develop and professionalise the technical environments in the Group, are driving forces and contribute to realise the business strategies.

NOTE 2 PAYROLL AND PERSONNEL COSTS

The note shows the Company's payroll and personnel costs. Payroll expenses comprise all types of remuneration to own employees and board members in the Company. Information on expensed remuneration to the Board and executives, bonus and pension schemes and a statement on the determination of salaries and other remuneration are shown in note 3 in the consolidated financial statements and in the Group's annual report on executives' salary and other remuneration. This report is available on postennorge.no and as an attachment to the Integrated annual report. The note also shows expensed fees to the auditors.

	2022	2021
Salaries	5 219	5 066
Social security tax	684	677
Pension expenses[1]	422	389
Other benefits	210	135
Payroll expenses	**6 535**	**6 267**
Number of full-time equivalent positions	9 415	9 708
Number of employees 31.12[2]	9 537	9 576

1) Social security tax on pensions is classified as pension expenses (details in note 3).
2) The number of employees is the number of permanent and temporary employees that generated salary expenses in December. Hired hourly-paid substitutes are not counted in the number of employees but are included in the number of full-time equivalent positions in the row above.

	2022	2021
Board fees	**2 791**	**2 918**
Fees for the statutory audit[1]	1 882	1 729
Fees for other attestation services	1 005	612
Fees for tax advisory services	28	177
Fees for other non-audit services	167	111
Total auditors' fees	**3 082**	**2 628**

(All amounts in TNOK and exclusive of VAT)
1) Fees to the group auditor concerned the audit firm EY.

NOTE 3 PENSIONS

	2022	2021
Pension costs:		
Present value of the pensions earned for the year	112	105
Net interest expense on net liability	7	17
Gross pension costs incl. social security tax (benefit based)	**119**	**123**
Interest element reclassified to finance items	(6)	(15)
Net pension costs incl. social security tax (benefit based)	**113**	**107**
Defined contribution pension schemes	409	376
Employee contributions	(100)	(94)
Total pension expenses included in the operating profit for the year	**422**	**389**
Defined contribution pension schemes		
Number of members	13 103	12 344
Share of salary	5,9-21,5 %	5,7-21,3 %
Net pension liabilities:		
Estimated accrued secured liabilities	(23)	(24)
Estimated value of the pension assets	22	23
Net estimated secured pension liabilities		
Estimated accrued unsecured pension liabilities	(817)	(568)
Net pension liabilities in balance sheet	**(818)**	**(569)**
Changes in liabilities:		
Net liabilities at 1.1.	(569)	(591)
First-time recognition "Sliterordningen"	(307)	
Gross pension expenses	(119)	(123)
Premium payments and benefits paid	178	159
Changes in pension estimates recognised in other comprehensive income	(1)	(15)
Net pension liabilities at 31.12.	**(818)**	**(569)**

P Accounting principles

Accounting principles concerning pensions are described in note 4 in the group accounts. The note also has information on significant use of judgment and estimation uncertainty.

The Company has both defined contribution and defined benefit plans. The defined benefit schemes are predictable for the employee as the benefits have been agreed in advance. The premium payments depend on factors such as the members' service time, age and salary level. In the contribution schemes, the payments are determined as a percentage of the employee's salary. The size of the pension assets determines how much pension the employee is entitled to, and the employees thereby bear the return risk on what has been paid into the scheme. More information is available in note 4 in the consolidated financial statements.

	2022	2021
Main categories of pension assets at fair value		
Equity instruments (shares, bonds)	1	3
Debt instruments	15	15
Property	3	3
Other assets	3	2
Total pension assets	**22**	**23**
Pension estimate gain/(loss) at 01.01.	**403**	**418**
Changes in discount rate, pension liabilities	94	7
Changes in other financial assumptions, pension liabilities	(63)	(13)
Changes in demographic assumptions, pension liabilities	(10)	
Changes in other factors, pension liabilities	(23)	(10)
Changes in other factors, pension assets		1
Gain/(loss) for the year in total comprehensive income	**(1)**	**(15)**
Pension estimate gain/(loss) at 31.12.	**402**	**403**
Defined benefit pension schemes		
Number of members[1)]	7 087	6 338
Actuarial assumptions		
Discount rate	3,20 %	1,90 %
Expected salary regulation	3,75 %	2,75 %
Expected G regulation	3,50 %	2,50 %
Expected pension regulation	2,0-3,5 %	1,5-2,5 %
Expected yield	4,90 %	3,10 %
Expected voluntary retirement (below 50 years)	3,00 %	4,00 %
Expected voluntary retirement (over 50 years)	1,00 %	1,50 %
Expected use of AFP	40-60 %	40-60 %
Demographic assumptions on mortality rate	K2013	K2013

1) The number of members in defined benefit pension schemes as of 31 December 2021 has been adjusted upwards in relation to the annual report for 2021. The figure stated in last year's report only included pensioners. In the number given now, active people who could have rights from some of the schemes are also included.

Defined contribution schemes

Most of the Company's pension costs concern contribution pensions and disability pensions where the amount paid to the pension supplier annually is expensed in the income statement. The employees contribute through salary deductions. For 2022, the contribution rates were 5,9 percent for salaries up to 7,1 of the national insurance basic amount (G) and 21,5 percent for salaries in the interval 7,1 to 12 G (the corresponding rates in 2021 were 5,7 percent and 21,3 percent, respectively). The rates increased on 1 January 2022. The Company also has a disability pension scheme without any paid-up policy earning with benefits corresponding to the maximum allowed pursuant to the Occupational Pension Act.

Multi-enterprise schemes

"AFP" (early retirement scheme in private sector)

The Company has an AFP scheme administered by Fellesordningen (the joint scheme) for AFP. The scheme entails that employees receive a supplement to their pension as a lifelong benefit. The benefit can be taken from the age of 62, even while remaining employed. The AFP scheme is a defined benefit multi-company scheme financed by premiums determined as a percentage of the salary, in addition to a state contribution. For the time being, however, there is inadequate information available to measure the pension obligation in a reliable manner as it cannot be allocated between the participating enterprises. The scheme is therefore accounted for as a contribution plan. According to the AFP scheme's annual report for 2021, the scheme's pension fund amounted to approximately NOK 7,5 billion as at 31 December 2021 and the payments constitutet approximately NOK 3,8 billion. The premium to Fellesordningen increased from 2,5 percent to 2,6 percent of the employee's salary from 1 January 2022. The total premium for the parent company in 2022 was MNOK 88 and is estimated to be MNOK 90 in 2023. In the past years, the parent company's share has been 1,2 percent of Fellesordningen's total premium income.

"Sliterordningen" (early retirement supplement in Spekter (SO Spekter)

SO Spekter's objective is to give the employees in the member firms an additional monetary benefit (a so-called "sliter" supplement) if they retire to collect contractual early retirement (private AFP) at the age of 62, 63 or 64 years without any additional earned income. The sliter supplement is available to employees born in 1957 or later and ends at the age of 80 or on death. The size of the sliter supplement varies depending on the birth year and age at the collection date. A full annual benefit is provided when retiring at 62 years, for those born in 1963 or later and amounts to 0,25 G (the basic amount of the National Insurance Scheme) per year.

The annual benefit is reduced by a third for each year until retirement at 64 years. Retirement at a later age does not qualify for any benefit. It is uncertain how long the scheme will last. In the scheme concerning the LO/YS area, only limited capital is available, and it is assumed that when the LO/YS scheme ends, the Spekter scheme will also be closed. On the basis of available capital and withdrawal frequency so far, Posten has estimated that those born in 1973 will be the last to benefit. This assumption is made annually on the basis of how many applicants there are to the sliter benefit in the various schemes.

The background for the sliter supplement is that the life expectancy adjustment in the National Insurance Scheme has a stronger effect than expected. Some employees cannot compensate for this by remaining in their job because it is not possible for them or their health does not allow it. The sliter supplement is meant as a compensation for this group of employees. The background of SO Spekter is the Wage Agreement between the the Norwegian Confederation of Trade Unions (LO), the Confederation of Vocational Unions (YS) and the Confederation of Norwegian Enterprises (NHO) in 2018, where such a sliter scheme was agreed. In the collective wage agreements concerning member firms in Spekter with private AFP, a corresponding scheme was agreed. SO Spekter was then established with effect from 1 January 2019 Until 2022, it has been unclear how SO Spekter should be financed. The scheme was financed over Spekter's operations until June 2022 and therefore not recognised in the member firms before 2022. At the Annual General Meeting in Spekter on 16 June 2022, it was decided that the financing of the scheme should imply that each employer pays for the withdrawal of sliter compensations for "their" employees. Payment shall take place on the basis of each year's expected payments from the scheme.

At the initial recognition in 2022, it was considered that the financing element was a new pension scheme/financial solution for Posten Norge AS and not new information/adjustment of previous estimates. Accordingly, the initial recognition of the sliter scheme was as an expense in the 2022 result for Posten Norge AS. Items outside the Group's normal operations and with limited prediction value are recorded as "Other income/expenses". Even though pension and payroll costs are part of the Group's ordinary operations, the size as well as the low prediction value of the scheme contribute to substantiate that the scheme at the initial recognition was recorded as "Other expenses" (note 5). Subsequent estimation deviations related to the sliter scheme are recognised in other comprehensive income, as are other defined benefit pension schemes.

Defined benefit schemes
The majority of the Company's defined benefits schemes relate to the fact that Posten Norge AS withdrew from the Norwegian Public Service Pension Fund on 1 January 2006, giving those employed at the transition date the right to various compensation schemes. These schemes were closed on that date, implying that the obligations will be phased out over time. At the implementation of the pension reform from 2011, three new compensation schemes were agreed, recognised as obligations in the balance sheet. The Company also has significant obligations related to salaries in excess of 12 G. Pension obligations related to salaries exceeding 12 and early retirement are financed by operations. The pension funds in the scheme are managed by life insurance companies. The number of members in benefit based schemes has increased compared with 2021, mainly due to the fact that employees that can be entitled to rights from the sliter scheme, are included in 2022.

Assumptions
Changes have been made to the financial assumptions in 2022, mainly in accordance with recommendations from the Norwegian Accounting Standards Board (NRS). The assumptions as of 30 September 2022 were applied in the Company's calculation of pension obligations. New assumptions recommended by NRS as of 31 December 2022 are not considered to have significant effects on the Company's pension obligation. Posten Norge AS uses covered bonds (OMF) as its basis for the discount rate, set to 3,2 percent in 2022 (1,9 percent in 2021.)

The estimate deviation of MNOK -1 for 2022 is mainly due to higher discount rate, offset by higher rates for salary and pension regulations and an increased number of new pensioners compared with last year's expectation. The reason for the deviation 2021 was primarily higher rates for salary and pension regulation, to some extent offset by lower discount rate. The pension age for the Norwegian employees is generally 67 years.

Sensitivity

The table below shows estimated effects of changes in some assumptions for defined benefit schemes. The estimates are based on facts and circumstances at 31 December 2022 and assume that all other premises are unchanged. Actual figures can deviate from these estimates.

	Discount rate		Pension regulation		Voluntary retirement	
Change (percentage points)	1 %	-1 %	1 %	-1 %	1 %	-1 %
Change in gross pension liabilities (reduction)/increase	(66)	77	59	(52)	(9)	10
Percentage change	-9 %	10 %	8 %	-7 %	-1 %	1 %

Inflation and salary growth risk

The Company's pension obligation has risk related to both inflation and salary development, even though the salary development is closely connected to inflation. The assumptions applied in the calculation of the Company's pension obligations were basically in line with the recommendations from Norsk RegnskapsStiftlese (NRS). The long-term inflation component was estimated to approximately 2.0 percent. According to NRS, however, there is a high degree of uncertainty related to the determination of this due to the lack of precise market data. Higher inflation and salary development than the basis for the pension calculations imply increased obligations for the Company.

Expected premium payments and disbursements related to the Company's pension schemes amount to MNOK 67 in 2023. The weighted average duration of the Company's pension obligation as at 31 December 2022 is 27 years and has the following expected maturity structure:

	Amount	Percentage
Under 1 year	67	8 %
1-2 years	62	7 %
2-3 years	55	7 %
3-4 years	49	6 %
More than 4 years	607	72 %
Total	**840**	**100 %**

NOTE 4 OTHER OPERATING EXPENSES

Other operating expenses are costs not directly related to the sale of goods and services or salaries and personnel costs.

	2022	2021
IT services	1 029	826
Other external services	312	363
Cost of premises	466	345
Other rental expenses	57	55
Tools, fixtures, operating materials	113	120
Repair and maintenance of equipment	106	99
Marketing	132	117
Insurance, guarantee and compensation expenses	63	40
Travel expenses	48	33
Other expenses	197	153
Operating expenses	**2 522**	**2 152**

The increase in IT services was largely due to high project activity mainly related to commercial improvements of systems. The reduction in other external services is a result of less use of external consultants. The change in cost of premises was basically a result of increased energy prices.

Higher marketing costs mainly concerned increased advertising in connection with the Christmas campaign of the year.

Other expenses included telephone costs, accounting and payroll services, freight costs, office and IT stationery, membership dues and losses on receivables.

NOTE 5 OTHER INCOME/(EXPENSES)

Other income and expenses comprise significant non-recurring income and costs and include restructuring costs, write-downs of shares and gains and losses on sales of fixed assets and subsidiaries (details in note 11 Provisions for Liabilities).

	2022	2021
Gain on subleases and termination of lease agreements		1
Restructuring expenses	(36)	
Write-downs of shares in subsidiaries	(79)	(165)
Other income/(expenses)	(322)	(11)
Total other income/(expenses)	**(438)**	**(176)**

Restructuring costs
In 2022, restructuring costs amounting to MNOK 36 were provided for, related to the move of the letter production and route clearance from Bodø and Tromsø to Østlandsterminalen, effective from 1 April 2023. The workforce will be reduced by approximately 80 full-time equivalents, who will be offered restructuring measures like gift pensions and severance packages. Total provisions for restructuring are shown in note 11.

Write-down of shares in subsidiaries
Write-downs of shares in subsidiaries in 2022 concerned the subsidiaries Bring Shelfless Nordic Holding AS (MNOK 50), Posten & Bring Holding 2 AS (MNOK 24) and Espeland Transport AS (MNOK 5.) In 2021, the shares in the subsidiaries Frigoscandia AB and Bring Linehaul Bildrift AS were written down by MNOK 160 and MNOK 5, respectively. Note 10 has more information on write-downs of shares in subsidiaries.

Other income/expenses
In 2022, other expenses mainly comprised the recognition of pension obligations of MNOK 307 concerning the "Sliter scheme", determined in the wage agreement 2018 (note 3 has additional information). Other expenses in 2021 primarily concerned costs in connection with the sale of Frigoscandia Sverige.

NOTE 6 FINANCIAL INCOME/(EXPENSES)

The note gives an overview of the Company's financial income and expenses, including income and costs related to the Company's financing, interest costs on lease obligations, translation currency effects from receivables and debt in foreign currencies, in addition to gains and losses from financial derivatives (see also note 13 in the consolidated financial statements).

	2022	2021
Interest income from group companies	101	48
Interest income	5	1
Interest income on financial subleases	9	9
Currency gains	29	30
Gain on values of shares	29	
Gain on derivatives	26	51
Gain on loans at fair value through profit and loss[1]	11	36
Dividends received	305	820
Other financial income	2	48
Financial income	**517**	**1 043**
Interest expenses to group companies	29	5
Interest expenses	104	52
Interest expenses on group lease obligations	208	209
Interest expenses on lease obligations	69	65
Currency losses	34	22
Loss on derivatives	12	41
Other financial expenses	18	18
Financial expenses	**474**	**413**
Net financial income/(expense)	**43**	**631**

1) Change in value on loans in Japanese yen where the "fair value option" has been applied, corresponds to value changes in combined interest rate and currency swaps recognised as «Loss on derivatives». Note 20 has more information.

Interest income from group companies mainly related to loans and the group cash pool. Interest income in 2022 comprised interest on bank deposits. Other financial income primarily concerned return on market-based investments and guarantee commission related to property. Interest income on financial subleases is described in note 17.

Net currency gain, gain on loans at fair value and net gain on derivatives primarily concerned gain and loss as a result of the currency development between Norwegian and Swedish kroner, between Norwegian kroner and euros and between Norwegian kroner and Japanese yen. Note 20 has details on derivatives.

Interest expenses concerned financing. Higher interest costs compared with last year were a result of higher interest-bearing debt, and the average NIBOR interest was higher in 2022 than in 2021. In 2022, interest expenses included in pension liabilities amounted to MNOK 6 for the Company (MNOK 15 in 2021). Details of interest expenses on lease obligations are given in note 17.

Dividends received were dividends from the subsidiaries Bring Cargo Inrikes AB and Bring Parcels AB.

The Group's note 14 has details of financial risk and capital management.

NOTE 7 TAXES

The note details the authorities' taxation of the Company.

Accounting principles

Accounting principles concerning tax are described in note 8 in the group accounts. The note also includes information on significant use of judgment and estimation uncertaintly.

	2022	2021
Income tax		
Tax payable		26
Change in deferred tax/(deferred tax assets)	166	43
Tax expense	**166**	**70**
Tax payable for the year		30
Adjustments of payments in previous years		(4)
Tax payable		**26**
Effective tax rate in %	**31 %**	**8 %**
Reconciliation of the effective tax rate with the Norwegian tax rate:		
Profit/(loss) before tax	(540)	905
22 % tax	(119)	199
Write-down of shares in subsidiaries	17	36
Other non-deductible expenses	13	15
Non-taxable dividend	(67)	(180)
Non-taxable income	(9)	
Adjustment previous years	(1)	(1)
Tax expense	**(166)**	**70**

	2022	2021
Changes in pension estimate		(3)
Cash flow hedging	(5)	
Change in deferred tax recognised in comprehensive income for the year	**(5)**	**(3)**

The effective tax rate was 31 percent, mainly due to non-taxable income from received dividends of MNOK 305 (tax effect MNOK 67), kroner), offset by a non-deductible write-down of shares of MNOK 79 (tax effect MNOK 17).

Changes in deferred tax assets

	01.01.2022	Recognised in income statement	Recognised in OCI	31.12.2022
Tangible fixed assets	84	16		100
Gains and losses account	4	2		7
Receivables	54	(5)		49
Pensions	(125)	(55)		(180)
Contribution fund	18	1		19
Provisions	(4)	(6)		(10)
Financial instruments	1		(5)	(3)
Lease agreements	(129)	(16)		(145)
Tax losses carried forward		(104)		(104)
Total deferred tax assets in the balance sheet	**(96)**	**(166)**	**(5)**	**(267)**

	01.01.2021	Recognised in income statement	Recognised in OCI	31.12.2021
Tangible fixed assets	62	22		84
Gains and losses account		4		4
Receivables	60	(7)		54
Currency	2	(2)		
Pensions	(130)	8	(3)	(125)
Contribution fund	18	1		18
Provisions	(27)	23		(4)
Financial instruments	(3)	4		1
Lease agreements	(118)	(11)		(129)
Total deferred tax assets in the balance sheet	**(137)**	**43**	**(3)**	**(96)**

Deferred tax assets increased by MNOK 171, mainly due to losses carried forward and the initial recognition of pension obligation (note 3).

NOTE 8 WRITE-DOWNS OF NON-FINANCIAL ASSETS

The table below is a summary of write-downs of non-financial assets recognised in the company accounts.

	2022	2021
Other intangible assets	3	
Tangible fixed assets	1	3
Write-downs of non-financial assets	**4**	**3**

Impairment of goodwill
Annual impairment tests of cash-generating units or groups of cash-generating units of allocated goodwill were carried out in the fourth quarter in 2022 and 2021. Posten Norge AS had goodwill amounting to MNOK 522 as at 31 December 2022 (MNOK 522 in 2021), all related to e-commerce and logistics.

Based on the criteria described below, there was no need for any write-down of goodwill in 2022 (as in 2021).

Forecasts (operating result)
Future cash flows are calculated on the basis of estimated results over a period of three years, adjusted for depreciation, investments and changes in working capital. Forecasts and long-term plans are prepared and approved by management based on the most recent available general economic indicators and market expectations, considered against strategic goals, history, climate risk and other factors.

The economic trends in Norway are important drivers for growth and profitability for e-commerce and logistics. Weakened purchase power is expected to directly affect the demand for logistics services from both private consumers and the corporate market in the time to come. Margins will also be subject to pressure as a consequence of declining activities in combination with a significantly higher cost level for the transport industry. This has been considered in the forecasts for the division.

The Company has considered the margins applied to be reasonable in view of the industry in which the division operates.

Other assumptions (growth and required rate of return)
The extrapolation period contains a calculation of cash flows after the forecast period, using a constant growth rate. The growth rate does not exceed the long-term average growth rate in the areas where e-commerce and logistics operate.

The present value of cash flows is calculated using a weighted required rate of return of total capital for the division before tax. The required rate of return for equity is calculated by using the capital asset pricing model (CAPM). The required rate of return for debt is estimated on the basis of non-current risk-free interest with the addition of a credit margin derived from the Group's marginal long-term interest rate on loans. The required rate of return is assessed each year for significant changes in factors that affect the requirement and is described in the table below for e-commerce and logistics.

P **Accounting principles**

Accounting principles concerning write-downs of non-financial assets are described in note 9 in the group accounts. The note also includes information on significant estimation uncertainty and an assessment of climate risk.

Overview of goodwill and key assumptions:

		Long-term growth rate		Discount rate before tax (WACC)	
	Goodwill	2022	2021	2022	2021
E-commerce and logistics	522	2,0 %	2,0 %	9,7 %	8,0 %
Total	**522**				

Sensitivity analyses

Sensitivity analyses were performed on key assumptions for the cash generating unit in the Company. Assumptions analysed were the required rate of return (increase of 0,5 and 1,0 percentage points), cash flows in the extrapolation period (reduction of 10 and 25 percent) and growth (reduced from 2.0 to 0 percent). No write-down requirement was identified. The value in use is considered to be significantly higher than the carrying amount for the cash-generating unit.

Scenario analysis of climate risk

Climate risk can imply significant changes in assumptions applied in impairment considerations of assets. For this reason, the Company has carried out scenario analyses to assess whether climate risk can constitute an indicator of impairment. Although the uncertainty is considerable, the Company has on an overall level assessed monetary consequences for three scenarios in the short, mid and long term. The result of the analysis indicates that climate risk could have a negative effect on cash flows in the cash-generating unit, but not significant enough to indicate any need for write-downs.

Write-downs of intangible assets under development

Annual impairment tests of projects under development were carried out in the fourth quarter of 2022 and 2021. There were no significant write-downs of projects in 2022 (as in 2021).

Write-downs of other assets with definite useful lives

The Group has also carried out impairment tests for other cash-generating units and individual assets at indications of impairment.

No significant write-downs of IT systems, tangible fixed assets or right-of-use assets were carried out in 2022 (as in 2021).

Climate stranded assets

An assessment has been made of whether the Company has assets exposed to significant climate risk ("stranded assets"). The Company has not identified effects that have affected the value of tangible fixed assets or any need for changing the remaining useful life or depreciation profile (note 9) in 2022 (as in 2021).

NOTE 9 INTANGIBLE ASSETS AND TANGIBLE FIXED ASSETS

P Accounting principles

Accounting principles concerning intangible assets and tangible fixed assets are described in note 10 in the group accounts. The note also includes information on an assessment of climate risk.

	IT systems	IT-projects in progress	Goodwill	Total intangible assets	Machinery	Vehicles, furniture, equipment	Buildings and property	Plant under constr., machinery and installations	Plant under constr. buildings	Total tangible fixed assets
Carrying amount 01.01.2022	**276**	**320**	**522**	**1 118**	**548**	**442**	**52**	**95**	**2**	**1 139**
Additions	12	176		188	30	83	17	272	12	414
Additions in-house developed intangible assets		12		12						
Disposals	(10)			(10)	(2)	(1)	(1)			(4)
Depreciation for the year	(110)			(110)	(75)	(125)	(9)			(209)
Write-downs for the year	(3)			(3)						(1)
Adjustment to cost price/scrapping										
Transfers from projects in progress/assets under construction	240	(240)			81	97	2	(178)	(2)	
Carrying amount 31.12.2022	**404**	**268**	**522**	**1 194**	**583**	**495**	**60**	**190**	**12**	**1 340**
Acquisition cost 01.01.2022	2 220	437	522	3 178	1 348	1 093	133	95	2	2 670
Accumulated depreciation and write-downs 01.01.2022	(1 944)	(116)		(2 060)	(799)	(651)	(81)			(1 532)
Acquisition cost 31.12.2022	2 298	285	522	3 105	1 279	1 167	139	190	12	2 787
Accumulated depreciation and write-downs 31.12.2022	(1 894)	(17)		(1 911)	(696)	(672)	(79)			(1 448)
Carrying amount 31.12.2022	**404**	**268**	**522**	**1 194**	**583**	**495**	**60**	**190**	**12**	**1 340**
Depreciation method	Linear				Linear	Linear	Linear			
Useful life	3 - 10 years				3 - 20 years	3 - 15 years	3 - 20 years			

	IT systems	IT-projects in progress	Goodwill	Total intangible assets	Machinery	Vehicles, furniture, equipment	Buildings and property	Plant under constr., machinery and installations	Plant under constr. buildings	Total tangible fixed assets
Carrying amount 01.01.2021	**292**	**230**	**522**	**1 044**	**539**	**333**	**45**	**34**	**1**	**951**
Additions	18	149		167	37	125	12	185	3	362
Additions in-house developed intangible assets		7		7						
Disposals						(3)				(3)
Depreciation for the year	(101)			(101)	(60)	(101)	(8)			(169)
Write-downs for the year						(3)				(3)
Adjustment to cost price/scrapping										
Transfers from projects in progress/assets under construction	66	(66)			33	91	3	(124)	(3)	
Carrying amount 31.12.2021	**276**	**320**	**522**	**1 118**	**548**	**442**	**52**	**95**	**2**	**1 139**
Acquisition cost 01.01.2021	2 314	346	522	3 181	1 300	1 015	123	34	1	2 474
Accumulated depreciation and write-downs 01.01.2021	(2 022)	(116)		(2 138)	(762)	(682)	(79)			(1 523)
Acquisition cost 31.12.2021	2 220	437	522	3 178	1 348	1 093	133	95	2	2 670
Accumulated depreciation and write-downs 31.12.2021	(1 944)	(116)		(2 060)	(799)	(651)	(81)			(1 532)
Carrying amount 31.12.2021	**276**	**320**	**522**	**1 118**	**548**	**442**	**52**	**95**	**2**	**1 139**
Depreciation method	Linear				Linear	Linear	Linear			
Useful life	3 - 10 years				3 - 20 years	3 - 15 years	3 - 20 years			

Intangible assets
Intangible assets are non-physical assets and mainly concern IT development carried in the balance sheet, including specially adjusted software and goodwill in connection with acquisitions of businesses.

Additions of IT systems
Total additions of MNOK 12 included investments of approximately MNOK 11 related to Digipost.

Additions of IT projects in progress
Total additions of MNOK 188 included investments of approximately MNOK 127 in production support systems and MNOK 51 concerned group-shared ERP and HR systems.

Goodwill
There were no additions or disposals in 2022 (as in 2021). Note 23 in the consolidated financial statements has more information on acquisitions of companies.

Tangible fixed assets
Tangible fixed assets comprise various types of property and operating equipment needed for the type of business conducted by the Company. The largest values are represented by equipment connected with mail and logistics terminals.

Additions of tangible fixed assets
Additions of MNOK 414 in 2022 included approximately MNOK 98 of investments in new parcel boxes and MNOK 166 in sorting machines. The rest mainly comprised rebuilding of rented premises, IT, transport and office equipment.

Climate stranded assets
An assessment has been made of whether Posten has assets exposed to significant climate risk ("stranded assets"). The Company has not identified effects that have affected the value of tangible fixed assets or any need for changing the remaining useful life or depreciation profile (note 8) in 2022 (as in 2021).

NOTE 10 INVESTMENTS IN COMPANIES AND BUSINESSES

Investments in subsidiaries

Subsidiary	Acquired/ established	Address	Primary activity	Voting and ownership 31.12.21	Carrying value 31.12.22	Carrying value 31.12.21
Bring Cargo AS	10.06.2004	Oslo	Transport	100 %	1 137	1 137
Posten & Bring Holding 1 AS	07.10.2019	Oslo	Courier and Express	100 %	546	546
Posten & Bring Holding 2 AS	07.10.2019	Oslo	Home delivery	100 %	513	537
Posten Eiendom Robsrud AS	08.06.2006	Oslo	Property	100 %	480	480
Bring Cargo International AB	23.03.2011	Sweden	Transport	100 %	233	233
Bring Parcels AB	1999/2008	Sweden	Transport	100 %	91	91
Y3 Gruppen AS	31.07.2016	Oslo	Dialogue services	100 %	87	87
Bring Mail Nordic AB	01.09.2005	Sweden	Mail	100 %	86	86
Bring Warehousing AS	12.04.2000	Oslo	Third-party logistics	100 %	62	62
Posten Eiendom Alnabru AS	01.01.2008	Oslo	Property	100 %	57	57
Bring Ventures AS	04.02.2021	Oslo	Venture	100 %	50	50
Posten Bring Bildrift AS	30.06.2016	Oslo	Transport	100 %	44	45
Bring Intermodal AS	2000/2009	Jaren	Transport	100 %	37	37
Bring Cargo International Norge AS	24.09.2019	Oslo	Transport	100 %	30	30
Bring Express Suomi OY	01.07.2003	Finland	Express	100 %	16	16
Bring Equipment AS	31.10.2019	Oslo	Transport	100 %	10	10
Bring Linehaul Bildrift AS	31.05.2020	Oslo	Transport	100 %	7	7
Bring Ventures AB	31.12.2020	Sweden	Venture	100 %	5	5
Bring Shared Services AB	07.06.2011	Sweden	Shared services	100 %	1	1
Espeland Transport AS	30.06.2016	Alvdal	Transport	100 %		5
Bring Cargo International A/S	18.11.2010	Danmark	Transport	100 %		
Bring Cargo Inrikes AB	30.11.2012	Sweden	Transport	100 %		
Posten Eiendom AS	08.06.2006	Oslo	Property	100 %		
Posten Eiendom Bodø AS	04.05.2015	Oslo	Property	100 %		
Posten Eiendom Molde AS	04.05.2015	Oslo	Property	100 %		
Bring AS	08.03.2005	Oslo	None	100 %		
Bring Shelfless Nordic Holding AS	01.08.2021	Oslo	Warehousing	100 %		
Bring Før7 AS	11.04.2021	Oslo	Transport	100 %		
Total investments in subsidiaries					**3 493**	**3 522**

P Accounting

Posten Norge AS accounts for investments in subsidiaries and associated companies at historic cost.

If there are indications of a decline in value, an impairment test of the investment is carried out. The basis for the assessment is normally a comparison of the value of the investment in the balance sheet against net assets (equity).

A write-down requirement exists if the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less sales costs and value in use, where value in use is the present value of estimated cash flows relating to future use.

Future cash flows are calculated on the basis of estimated results (forecasts and long-term plans) normally over a period of three years, adjusted for depreciation, investments and changes in working capital. The extrapolation period contains an extrapolation of the cash flows after the forecast period, using a constant growth rate. The present value of future cash flows is calculated using a weighted required rate of return of total capital and is calculated before tax.

Capital increases and write-downs of shares
For those companies where the carrying value of shares exceeded the value in use of net assets, write-downs were carried out. Capital contributions were also given to some companies and accounted for as additions to the investment. The table to the right shows write-downs and capital contributions made in 2022 and 2021.

The capital increases in Bring Shelfless Nordic Holding AS were given in connection with the establishment and development of Shelfless.

2022	Write-downs	Capital contributions
Posten & Bring Holding 2 AS	24	
Espeland Transport AS	5	
Bring Ventures AB	50	50
Total	**79**	**50**

2021	Write-downs	Capital contributions
Bring Linehaul Bildrift AS	5	
Bring Ventures AS		50
Bring Ventures AB		4
Sold, liquidated and merged companies		
Frigoscandia AB (formerly Bring Frigo AB)	160	48
Total	**165**	**102**

Investments in associated companies

	Acquired	Address	Primary activity	Voting and ownership 31.12.22	Carrying value 31.12.22	Carrying value 31.12.21
Norbjørn AS	17.12.2019	Tromsø	Sea transport	34 %	16	16
Total					**16**	**16**

Shares and other investments
As at 31 December 2022, the Company had investments in other shares of MNOK 38 (MNOK 35 in 2020), classified as other financial non-current assets.

NOTE 11 PROVISIONS FOR LIABILITIES

The Company's provisions comprise provisions related to restructuring, pensions and other types of obligations.

2022	Restructuring	Pension	Other	Total
Balance 01.01.	**87**	**569**	**9**	**665**
Provisions made during the year	36			36
Reversals of previous year's provisions	13			13
Provisions utilised during the year	(50)		(5)	(55)
Change in pension liabilities during the year		249		249
Balance 31.12.	**87**	**818**	**5**	**909**
Current part of provisions	22			22
Non-current part of provisions	64	818	5	887

2021	Restructuring	Pension	Other	Total
Balance 01.01.	**188**	**591**	**4**	**783**
Provisions made during the year			6	6
Reversals of previous year's provisions	(5)			(5)
Provisions utilised during the year	(96)			(96)
Change in pension liabilities during the year		(22)		(22)
Balance 31.12.	**87**	**569**	**9**	**665**
Current part of provisions	43		9	53
Non-current part of provisions	44	569		613

Restructuring
Provisions during the year relate to restructuring costs for moving letter production and route clearance from Bodø and Tromsø to Østlandsterminalen, effective from 1 April 2023. The workforce will be reduced by approximately 80 FTEs, who are offered restructuring measures like gift pensions and severance packages. Utilised provision during the year mainly constituted payment concerning the close-down of post offices of approximately MNOK 23, reduced distribution frequency of approximately MNOK 14 and staff support to workforce reduction of MNOK 6.

Accounting principles

Accounting principles concerning provisions for liabilities and contingent liabilities and assets are described in note 12 in the group accounts. The note also includes information on significant use of judgment, estimation uncertainty and an assessment of climate risk.

The liabilities as at 31 December are specified below:

	2022	2021
Personnel related measures	87	87
Other measures		
Total restructuring	**87**	**87**

The Group's payments are expected to be as follows:

Restructuring provision expected settled:	
0-1 years	22
1-2 years	40
2-3 years	12
3-4 years	6
Over 4 years	5
Total restructuring provision	**87**

Pensions
Pensions are described note 3.

Disputes
The Company does not have any disputes with significant risk exposure in 2022.

NOTE 12 OVERVIEW OF FINANCIAL ASSETS AND LIABILITIES

The note gives an overview of the Company's classification of financial assets and liabilities and their carrying amounts.

Accounting principles

Accounting principles concerning financial instruments are described in note 13 in the group accounts.

2022	Note	Valuation hierarchy level	At fair value: Fair value over income statement[1]	At fair value: Derivatives at fair value over income statement	At fair value: Derivatives at fair value over OCI	At amortised cost: Receivables	At amortised cost: Other financial liabilities	31.12.2022
Assets								
Shares and other investments	10	2	38					38
Interest-bearing non-current receivables	14					1 292		1 292
Other financial non-current assets	20	2			1	3		4
Interest-free current receivables	15,20	2		90		1 767		1 857
Interest-bearing current receivables	14					3 003		3 003
Liquid assets	16					2 592		2 592
Financial assets								**8 786**
Liabilities								
Non-current lease obligations	17						6 860	6 860
Interest-bearing non-current liabilities	18						1 111	1 111
Interest-free non-current liabilities	19	2			28		0	28
Current lease obligations	17						630	630
Interest-bearing current liabilities	18	2	377				4 762	5 139
Interest-free current liabilities, incl. tax payable	8,19	2		1			3 159	3 160
Financial liabilities								**16 928**
Total value hierarchy level 1 (net)								
Total value hierarchy level 2 (net)			(339)	90	(26)			(276)
Total value hierarchy level 3 (net)								

1) Includes fair value option for interest-bearing current liabilities.

Non-financial assets and liabilities

2021	Note	At fair value Valuation hierarchy level	Fair value over income statement[1]	Derivatives at fair value over income statement	Derivatives at fair value over OCI	At amortised cost Receivables	Other financial liabilities	31.12.2021
Assets								
Shares and other investments	10	2	35					35
Interest-bearing non-current receivables	14					1 167		1 167
Other financial non-current assets	20	2		90		2		92
Interest-free current receivables	15,20	2		11	1	1 630		1 642
Interest-bearing current receivables	14					2 573		2 573
Liquid assets	16					3 351		3 351
Financial assets								**8 860**
Liabilities								
Non-current lease obligations	17						6 868	6 868
Interest-bearing non-current liabilities	18	2	389				1 222	1 611
Interest-free non-current liabilities	19	2			6		2	7
Current lease obligations	17						591	591
Interest-bearing current liabilities	18						3 127	3 127
Interest-free current liabilities, incl. tax payable	8,19	2			1		3 005	3 006
Financial liabilities								**15 209**
Total value hierarchy level 1 (net)								
Total value hierarchy level 2 (net)			(353)	101	(5)			(257)
Total value hierarchy level 3 (net)								

1) Includes fair value option for interest-bearing current liabilities.

The tables above are the basis for further information about financial assets and liabilities with references to the relevant notes. In addition to showing the classification categories pursuant to IFRS 9, the tables also indicate the level at which the Company's financial instruments at fair value were assessed.

Information on fair value
No financial assets or liabilities have been reclassified in 2022 in such a way that the valuation method changed from amortised cost to fair value, or vice versa. There were no transfers between level 1 and level 2 of fair value measurements in 2022, and no level 3 financial assets or liabilities.

Fair value of financial instruments measured at fair value in the balance sheet
The measurement of fair value of the Company's investments in other shares, derivatives and loans in foreign currency (Japanese yen), where the fair value option pursuant to IFRS 9 has been applied, was based on sources described in level 2. Note 10 and note 20 have details.

Fair value of financial instruments measured at amortised cost in the balance sheet
The fair value of receivables and other financial liabilities as at 31 December 2022 was approximately the same as carrying value (amortised cost).

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NOTE 13 FINANCIAL RISK AND CAPITAL MANAGEMENT

Posten Norge AS has a centralised finance function with the principal objective of securing the Group's financial flexibility, as well as monitoring and managing financial risk.

The Group's note 14 describes the Group's financial risks and applies to Posten Norge AS, including market risk (currency and interest rate risk), credit risk and liquidity risk. The Company uses derivatives to reduce market risk, and note 20 provides detailed information about derivatives and hedging.

NOTE 14 INTEREST-BEARING NON-CURRENT AND CURRENT RECEIVABLES

The note gives an overview of the Company's interest-bearing non-current and current receivables, including sub-lease receivables. Note 17 Leases has information about the Company's lease agreements, see also note 12 Overview of Financial Assets and Liabilities.

Accounting principles

The financing of and loans to the Company's subsidiaries are measured at amortised cost, and the Company provides for credit losses.

The Company recognises either the next 12 months' expected losses or expected loss over the lifetime if there has been a significant increase in credit risk after the initial recognition of the financial asset. The assessment of a change in credit risk is made for each reporting period. Risk drivers for internal loans may be short-term and repeated defaults, the development of the utilisation of the group account and delayed instalments.

	2022	2021
Non-current loans to group companies	1 072	932
Non-current sublease receivables	210	229
Other non-current receivables	10	6
Interest-bearing non-current receivables	**1 292**	**1 167**
Current loans to group companies	2 883	2 456
Current sublease receivables	25	27
Other current receivables	95	89
Interest-bearing current receivables	**3 003**	**2 573**

Interest-bearing non-current and current receivables mainly included loans from Posten Norge AS to other group companies (note 22).

The change in non-current loans to group companies primarily concerned a loan of MNOK 300 issued to Bring Shelfless Nordic Holding AS in 2022, to some extent offset by a reduction in loans to Posten's property companies.

Current loans to group companies include receivables concerning the group cash pool and the part of non-current loans due within one year. The Company's other interest-bearing current receivables mainly comprise prepayments to deposit and premium funds in Storebrand.

NOTE 15 INTEREST-FREE CURRENT RECEIVABLES

The note gives an overview of the Company's interest-free current receivables, including trade receivables, together with the ageing of receivables and the provision for losses.

Accounting principles

Accounting principles concerning trade receivables are described in note 16 in the group accounts.

	2022	2021
Accounts receivable	1 136	1 024
Receivables from group companies	185	115
Accrued income	231	266
Prepaid expenses	169	150
Receivables from employees	3	2
Short-term derivatives	90	12
Other receivables	44	73
Interest-free current receivables	**1 857**	**1 642**
Accounts receivable by due date:		
Not due	1 019	918
0 - 30 days	112	90
31 - 60 days	7	14
61 - 90 days	2	5
Over 90 days	6	4
Provisions for losses on receivables	(11)	(7)
Total accounts receivable	**1 136**	**1 024**
Expected credit losses		
Balance at 01.01	(7)	(9)
Change in provision for losses	(4)	2
Balance at 31.12	**(11)**	**(7)**
Total actual losses on receivables	**12**	**11**
Provisions for losses on receivables by:		
General provision	(11)	(7)

The Company's carrying amount of interest-free current receivables was approximately the same as the fair value as at 31 December 2022. The increase in trade receivables was a result of increased activities in the business. The Company had no significant credit risk relating to any individual contracting party, or to several contracting parties that could be regarded as one group due to similarities in credit risk. The Company has guidelines to ensure that credit sales are carried out only to customers with adequate payment ability and that outstanding amounts do not exceed established credit limits. Other interest-free current receivables mature in less than one year, and their nominal value is considered to be the same as fair value.

Earned not billed income mainly included income from foreign postal services.

Other receivables primarily comprised receivables connected with social security refunds.

Note 20 Derivatives and Hedging has information on current derivatives.

NOTE 16 LIQUID ASSETS

Liquid assets comprise cash in hand, bank deposits and current investments at low risk.

Accounting principles

Accounting principles concerning liquid assets are described in note 17 in the group accounts.

	2022	2021
Cash and cash equivalents	10	12
Current investments	2 581	3 338
Liquid assets	**2 592**	**3 351**

The reduction in liquid assets was mainly due to increased investments, payments of ordinary instalments and bond loans in addition to leasing obligations and payment of dividends. This was partly compensated by new certificate loans and utilisation of the Company's overdraft facilities.

A group cash pool in Nordea is used in Norway, Sweden, Denmark and the UK, with Posten Norge AS as the group account holder. The bank can settle withdrawals and deposits against each other, and the net position constitutes the balance between the bank and the group account holder. As at 31 December 2022, Posten had unutilised credit facilities on the group cash pool in Nordea of MNOK 336 of a total facility of MNOK 500.

In addition, Posten Norge AS has two overdraft facilities of MEUR 200 and MNOK 1 000, respectively. As of 31 December 2022, MNOK 1 250 had been utilised of the facility of MEUR 200, whereas the other facility had not been utilised. The Group's chapter "Alternative performance measures" has information on long-term and short-term liquidity reserves.

The Company's current placements consisted of market-based investments at low risk. The investments constituted an important part of the Group's liquidity reserve. See also note 14 in the group accounts.

The Company has established a bank guarantee in Nordea, limited to MNOK 280, to cover withheld tax for the employees.

NOTE 17 LEASES

The note shows the effects of the Company's lease agreements on Posten Norge AS' financial position and earnings, both as lessee and lessor.

Posten Norge AS as lessee

The Company's lease agreements primarily concerned the lease of buildings, office premises and vehicles.

The largest right-of-use assets regarded Østlandsterminalen at Robsrud, Posten and Bring's logistics centres at Alnabru, in Trondheim and Stavanger and Posthuset, Biskop Gunnerus' gate 14A.

In addition, Posten Norge AS had almost 3 900 lease agreements for vehicles.

Accounting principles

Posten Norge AS as lessor

Finance sublease agreements

For financial sublease agreements, the Company recognises a sublease receivable in the balance sheet at the implementation date at an amount corresponding to the net investment in the lease agreement. The lease agreement's implicit interest rate shall be applied at the initial measurement of the net investment. For subleases, the discount interest in the main agreement can be applied if the sublease agreement's implicit interest rate cannot be easily determined.

Lease payments included in the measurement comprise fixed payments and any payments subject to index or interest rate variations, but not lease payments that vary depending on the use of the asset. In addition, lease payments include residual value guarantees, purchase options and any termination costs.

When a sublease of an asset is classified as a finance lease agreement, the Company derecognises the right-of-use asset and recognises the net investment as a sublease receivable. Any difference between the value of the right-of-use asset and the sublease receivable is recognised directly in the income statement.

At subsequent measurements, the Company recognises finance income on the sublease receivable based on a pattern reflecting a periodic return.

Other accounting principles concerning lease obligations

Other accounting principles concerning leases (lease agreements) are described in note 18 in the group accounts, which also includes information on significant use of judgment and estimation uncertainty.

Right-of-use assets

	Property	Vehicles	Machinery and equipment	Total
Carrying amount 01.01.2022	**6 418**	**453**	**2**	**6 872**
New leases	6	255		261
Changes in existing leases	424	76		500
Disposals	(89)	(6)		(95)
Depreciations for the year	(480)	(224)	(1)	(705)
Carrying amount 31.12.2022	**6 279**	**553**	**1**	**6 833**

	Property	Vehicles	Machinery and equipment	Total
Carrying amount 01.01.2021	**6 542**	**383**		**6 926**
New leases	225	255	2	482
Changes in existing leases	121	10		131
Disposals	11			11
Depreciations for the year	(483)	(195)	(1)	(678)
Carrying amount 31.12.2021	**6 418**	**453**	**2**	**6 872**

Contract periods vary from 3 to 25 years and right-of-use assets are depreciated on a straight-line basis over their useful life.

Lease liabilities

	2022	2021
Lease liabilities 01.01	**7 459**	**7 462**
New leases	261	482
Changes in existing leases	500	145
Disposals	(82)	(5)
Lease payments	(924)	(899)
Interest cost	278	275
Lease liabilities 31.12	**7 490**	**7 459**
Non-current lease liabilities	6 860	6 868
Current lease liabilities	630	591
Total lease liabilities	**7 490**	**7 459**

Total outgoing cash flows related to lease agreements were MNOK 1 051 (MNOK 997 in 2021), of which MNOK 616 (MNOK 595 in 2021) concerned net payments of lease obligations.

The rest was current lease agreements and agreements of low value.

Company's undiscounted lease liabilities by due date:

Less than 1 year	945
1-2 years	858
2-3 years	772
3-4 years	672
4-5 years	622
5-10 years	2 718
10-20 years	3 160
More than 20 years	982
Total undiscounted lease liabilities at 31.12.2022	**10 729**

Other amounts concerning leases recognised in the income statement:

	2022	2021
Costs related to current lease agreements	89	66
Costs related to lease agreements concerning assets of low value, non-current	39	32
Incomes from operational subleases of right-of-use assets	21	28

Options to renew lease agreements

The Company's property lease agreements have lease periods normally varying between 3 and 25 years. Several of the agreements have a renewal option that can be exercised during the agreement's last period. When an agreement is made, the Company considers whether it seems reasonably certain that the option to renew will be exercised. The Company's potential future lease payments connected with renewal options not included in the lease obligations amounted to NOK 5,9 billion (gross) as at 31 December 2022 (NOK 5,7 billion in 2021). NOK 5,2 billion of this amount concerned lease agreements made with other companies in the Posten Group, as some properties are owned by investments in subsidiaries.

The largest amounts are related to Østlandsterminalen at Robsrud, Posten and Bring's logistics centres at Alnabru, in Trondheim and Stavanger in addition to the terminal at Berger.

Posten Norge AS as lessor
In 2007, Posten Norge AS entered into an agreement with Bergerterminalen AS to lease a newly built terminal at Berger. The building is used for warehousing, and is sublet to the subsidiary Bring Warehousing AS. The sublessee has leased the premises basically at the same terms as the principal agreement.

The Company had no other significant lease agreements.

Finance lease agreements

	2022	2021
Finance incomes on sublease receivables	9	10
Total incomes from finance lease agreements	**9**	**10**

Maturity of the Company's non-discounted lease payments:

Less than 1 year	38
1-2 years	38
2-3 years	38
3-4 years	38
4-5 years	38
More than 5 years	75
Total non-discounted lease payments at 31.12.	266
Unearned finance incomes related to outstanding lease payments	31
Net sublease receivables at 31.12.2022[1)]	**235**

1) Net sublease receivables at 31 December 2021 were MNOK 256.

NOTE 18 INTEREST-BEARING NON-CURRENT AND CURRENT LIABILITIES

Interest-bearing non-current and current liabilities comprise debt to credit institutions, bond loans, certificate loans and other interest-bearing debt. Planned down-payments and the first year's instalment of interest-bearing non-current liabilities due within one year are included in current liabilities (see also note 12 Overview of Financial Assets and Liabilities.

Accounting principles

Accounting principles concerning borrowings are described in note 19 in the group accounts.

	2022	2021
Bond loans	1 000	1 000
Non-current liabilities to credit institutions	111	611
Interest-bearing non-current liabilities	**1 111**	**1 611**
Bond loans due within one year		350
Non-current liabilities to credit institutions due within one year	488	111
Certificate loans	1 250	500
Current liabilities to credit institutions	1 250	
Liabilities to group companies	1 987	2 161
Other current liabilities	164	5
Interest-bearing current liabilities	**5 139**	**3 127**

Posten Norge AS did not raise any new non-current loans in 2022. Ordinary repayments and instalments on loans amounted to MNOK 461 in 2022. Loans to credit institutions in Japanese yen are due in 2023 and were classified as short-term in 2022.

As at 31 December 2022, Posten Norge AS had non-current liabilities (including the part of long-term debt due within one year) at fixed interest rates amounting to MNOK 410 at a weighted average interest rate of 2,0 percent, maturing in the period 2023–2026. Posten Norge AS also had non-current liabilities at floating interest amounting to MNOK 1 111 (including the first year's instalment of non-current debt due within one year) at a weighted average interest rate of 4,0 percent as of 31 December 2022, also maturing in the period 2023-2026.

As at 31 December 2022, Posten Norge AS had certificate loans totalling MNOK 1 250. The certificate loans were classified as current interest-bearing liabilities, and the outstanding balance increased by MNOK 750 from 2021. Liabilities to group companies concerned the group cash pool.

As at 31 December 2022, MNOK 250 were utilised of Posten Norge AS' credit facilities. The withdrawals were made in August and November, due in February 2023, and are classified as current liabilities to credit institutions. In addition, MNOK 164 were drawn on the Company's overdraft facility. The withdrawal has an expected duration of less than one year and is classified as other interest-bearing current liabilities.

The Group's note 14 Financial Risk and Capital Management has details of the maturity structure of the Group's loans and financial commitments.

Reconciliation of liabilities from financing activities

	2022	2021
Liabilities at 1.1.	**2 577**	**2 519**
Cash flows from debt raised	2 000	1 200
Cash flows from repayment of borrowings	(461)	(1 111)
Cash flows from (decrease)/increase in bank overdrafts	159	5
Change in fair value	(11)	(36)
Liabilities at 31.12.	**4 264**	**2 577**

NOTE 19 INTEREST-FREE NON-CURRENT AND CURRENT LIABILITIES

Interest-free liabilities mainly comprised current items such as trade accounts payable, other provisions concerning salaries, public charges and other accrued expenses (see also note 12 Overview of Financial Assets and Liabilities).

	2022	2021
Non-current derivatives	28	6
Other non-current liabilities		1
Interest-free non-current liabilities	**28**	**7**
Provisions for payroll expenses and public charges	1 403	1 431
Accounts payable	568	414
Provisions for accrued expenses	574	448
Prepaid revenue	390	462
Liabilities to group companies	126	96
Restructuring	22	43
Current derivatives	1	1
Other current liabilities	75	81
Interest-free current liabilities	**3 160**	**2 976**

Provisions for salary expenses and public charges mainly comprised provisions for holiday pay, earned but unpaid salaries and public dues.

The provision for accrued expenses primarily included provisions for transport, maintenance and service related to the Company's car fleet, for Post in Shop services, provisions for foreign postal businesses and accrued work in connection with the establishment and development of Shelfless. Prepaid income was mainly connected to the advance billing of franking machines, income from foreign postal businesses and unused sold stamps.

Note 22 has details on debt to group companies and note 11 on provisions for restructuring costs.

Other current liabilities primarily comprised securities for financial instruments, accrued interest costs and other interest-free current debt.

NOTE 20 DERIVATIVES AND HEDGING

All derivatives are used in the hedging of market risk (currency and interest rate risk). The value of the derivatives fluctuates in relation to the underlying prices, and the note shows the fair value of open derivatives at the balance sheet date (see also note 13 Financial Risk and Capital Management).

Accounting principles

Accounting principles concerning derivatives and hedging are described in note 21 in the group accounts.

2022	Assets	Liabilities	Nominal value[1)]
Cash flow hedging			
Interest-rate swaps NOK	1	(28)	610
Other financial hedges (derivatives not included in hedge accounting according to IFRS)			
Interest-rate swaps NOK			100
Forward currency contracts SEK	11	(1)	753
Combined interest-rate/currency swaps NOK	79		299
Total	**92**	**(29)**	

1) Amounts in transaction currencies.

2021	Assets	Liabilities	Nominal value[1)]
Cash flow hedging			
Interest-rate swaps NOK	1	(6)	1 203
Other financial hedges (derivatives not included in hedge accounting according to IFRS)			
Interest-rate swaps NOK			100
Forward currency contracts SEK	11		453
Combined interest-rate/currency swaps NOK	90		299
Total	**102**	**(6)**	

1) Amounts in transaction currencies.

The derivatives in the table above are classified by type of hedging for accounting purposes, and the objective of the derivative are described below.

Information on fair value
For all derivatives, the fair value has been confirmed by the finance institutions with which the Company has made agreements.

Cash flow hedging

Interest rate swaps
In 2021, Posten Norge AS entered into an amortising bilateral loan agreement of MNOK 500 with floating interest terms and maturity on 16 December 2024. Approximately half the loan is hedged with fixed interest swaps. The outstanding amount as at 31 December 2022 was MNOK 222.

In November 2021, Posten Norge issued 5-year green bonds for a total of MNOK 1 000 with floating (MNOK 300) and fixed (MNOK 700) interest rates. MNOK 500 of the MNOK 700 at fixed interest rate were swapped to floating interest rate on the date of the issuance.

Almost all critical terms (the dates for interest determination, calculation methods, reference interest etc.) related to the derivatives described above are in accordance with underlying loan agreements. The cash flows of the interest rate swaps will therefore in all material respects correspond with the interest payments on the loans. Hence, there are no significant sources for hedging ineffectiveness.

Hedge reserve in equity
Ref. the Company's statement of changes in equity.

Other financial hedges (derivatives not included in hedging relations according to IFRS)

Forward currency contracts SEK
Investments in foreign subsidiaries are hedged at group level by forward currency contracts in Posten Norge AS. As at 31 December 2022, the Company had entered into contracts of MSEK 753 (MSEK 453 in 2021).

Combined interest rate and currency swaps
In 2013, the Company made a long-term

loan agreement with a Japanese life insurance company of 5 billion Japanese yen at fixed interest rate terms. At the same time, a combined interest rate and currency swap agreement was made, effectively giving the Company a loan in Norwegian kroner at floating interest.

Posten Norge has made use of the "fair value option" in IFRS 9 for measuring this loan. Changes in interest rates or exchange rates resulting in changes in the value of the Japanese yen denominated loan measured in Norwegian kroner correspond to the value of the combined interest rate and currency swap.

As at 31 December 2022, the loan from the Japanese life insurance company was recognised at MNOK 377 (MNOK 389 in 2021), with a change in value since the borrowing date of MNOK 79. This change in value corresponds to the interest and currency swap agreement, and the derivative is recognised as an asset.

An interest rate swap has been agreed for approximately one third of the loan of 5 billion Japanese yen that partly converted the loan to fixed interest. The interest rate swap has the same maturity date as the loan but does not qualify for hedge accounting. In the table of derivatives and hedging relationships, it is included in the line interest rate swaps at a fair value of MNOK 0,4 as at 31 December 2022.

Upon entering into the loan agreement of 5 billion Japanese yen in 2013 and the combined interest rate and currency swap, the Company also made a CSA (Credit Support Annex) agreement. This agreement defines how two swap counterparties shall act when the value of a swap changes in favour of one of the parties during the swap period. A deposit shall be paid/received to reduce the credit risk if the swap's value exceeds the threshold value (MEUR 2).

The swap's value is measured monthly, and if the value in one of the parties' favour is larger than MEUR 2, the excess value shall be paid into the counterparty's account. As at 31 December 2022, the Company had received MEUR 5 from the counterparty. This is recognised as a current liability in the balance sheet.

NOTE 21 GUARANTEES/ASSETS PLEDGED AS SECURITY

The Company has provided various guarantees, including rental guarantees, contract guarantees, debt guarantees, and other payment guarantees, in connection with current operations. The Company has not pledged assets of any significant value.

	2022	2021
Guarantees for group companies	681	661
Other guarantees	40	43
Total guarantees	**721**	**704**

Guarantees for group companies primarily consisted of guarantees provided by Posten Norge AS to its subsidiaries in Norway and Sweden related to the rental of premises and vehicles. Posten Norge AS has also given Nordea a guarantee indemnifying the bank for any payments in connection with bank guarantees provided for the Group's subsidiaries.

Other guarantees have been provided for remaining leases of vehicles and rent in connection with the sale of Frigoscandia Sverige and Bring Citymail Sweden AB.

As at 31 December 2022, Posten Norge AS had given Equinor a delivery guarantee for Bring Cargo AS, the City of Stockholm and the Swedish Broadcasting for Bring Courier & Express AB. No amounts have been set for these guarantees.

As parent company, Posten Norge AS has provided general guarantees to support one subsidiary financially. This is made in the form of a so-called letter of support and expires during 2023.

NOTE 22 RELATED PARTIES

The note describes the Company's significant transactions with related parties. Two parties are related if one party can influence the other party's decisions. Relations with related parties are considered normal in business.

The Company's related parties are primarily subsidiaries in the Group. Posten Norge AS is the parent company and has direct and indirect control of approximately 100 companies, primarily in the Nordics. Directly owned subsidiaries are shown in note 10. In addition, Posten Norge AS has interests in associated companies and joint ventures (see note 10). The table below shows transactions with subsidiaries and other related parties.

Internal trade in the Group is carried out in accordance with separate agreements and at arm's length terms. Shared costs in Posten Norge AS are distributed between the group companies in accordance with various allocation keys which vary depending on the type of cost.

	2022	2021
Purchases of goods and services from		
Subsidiaries	1 842	1 574
Associated companies	1	1
Sales of goods and services to		
Subsidiaries	623	525
Associated companies[1)]	28	27
Lease payments for property to		
Subsidiaries	65	62
Lease payments for property from		
Subsidiaries	468	422

1) Transactions with the associated company Norbjørn AS amount to MNOK 27 in 2022 (MNOK 25 in 2021)

The balance sheet included the following amounts resulting from transactions with related parties:

	2022	2021
Finance sublease receivables	230	245
Accounts receivable	105	102
Other receivables	4 035	3 402
Lease liabilities	5 424	5 449
Accounts payable	19	21
Other payables	2 093	2 236
Net	**(3 166)**	**(3 957)**

Other receivables and other liabilities
Other receivables and other liabilities mainly concerned the group cash pool and loans to subsidiaries (see note 13 and note 16).

Remuneration to the Board and management
The Group's annual report on executives' salaries has information on remuneration to the Board and executives, available on postennorge.no as an attachment to the Integrated annual report. Some of the board members have board or executive positions in other enterprises. (see the Board in Posten on page 21). Some of the members of group management in Posten Norge AS also have board positions in other enterprises (see Group management on page 10). Board or executive positions have not affected the Company's decisions.

NOTE 23 REGULATORY ISSUES

Regulatory issues describe relevant matters and regulations not mentioned in other notes.

Postal regulations
Postal regulations comprise the Postal Services Act with associated regulations and the delivery requirements of the licence awarded to Posten.

From July 2020, Posten's ordinary mail distribution to letter boxes was reduced to every other day. At least 85 percent of the mail shall be delivered within three weekdays after posting and at least 97 percent within five weekdays. Posten has complied with the requirements in 2022.

After the transition to mail distribution every other day, newspaper distribution is carried out 6 days a week in areas without any alternative newspaper distribution in accordance with contracts with the Ministry of Transport after a tender competition. Posten has a contract for newspaper distribution on weekdays (Monday–Friday) until June 2024.

Product accounts and government procurements of commercially non-viable postal services
In accordance with the Postal Services Act, Posten shall maintain product accounts for regulatory purposes. The accounts shall be submitted to the Norwegian Communications Authority annually. Posten's appointed auditor performs control procedures and issues a statement confirming that the accounts have been prepared in accordance with the requirements.

Posten's net costs related to the duty to deliver postal services that are commercially non-viable shall, pursuant to the Postal Services Act, be covered by government procurements granted over the state budget. The annual advance grant to government procurements is adjusted the following year based on a recalculation of the requirement according to the final product accounts. The recalculation shall secure against over or under compensation.

For 2022, Posten received MNOK 755 for government procurements of commercially non-viable postal and banking services. This is in line with Posten's advance calculation. For 2021, Posten received MNOK 566 for government procurements of commercially non-viable postal services. In accordance with the arrangement and Posten' recalculation, MNOK 24,3 (incl. interest of MNOK 0,3) in lower net costs were repaid to the state in December 2022. The repayment gave a corresponding reduction in income in 2022.

Accordingly, a total of MNOK 731 in government procurements of commercially non-viable postal and banking services was recognised as income for the accounting year 2022 (MNOK 536 in 2021). In addition, MNOK 128 (as in 2021) in government payments pursuant to the tender contract for newsletter distribution in rural districts were taken to income.

Future prospects

For 2023, the Norwegian Parliament granted MNOK 1 070 for government procurements of commercially non-viable postal services, of which the most part concerns net costs for mail distribution every other day (MNOK 1 063). In addition, MNOK 128 were granted for Posten's newspaper distribution in rural districts in accordance with the contract with the Ministry of Transport following a tender competition.

Mail distribution every other day, as implemented from July 2020, is not adequate to ensure acceptable profitability. The postal services must be further adjusted in line with changed market conditions and customer needs. In 2020, the Ministry of Transport and Communications received consultancy studies on the consequences of further adjustments to government procurements in order to have a best possible knowledge basis for any suggested changes. For Posten it is vital that the government in the future reimburses Posten for the net costs of the commercially non-viable services if no room is allowed for continued adjustments to the service level in line with falling mail volumes and changes in customer needs. Without changes in the delivery requirements, the levels of the government's payments for commercially non-viable services (government purchases) will increase rapidly.

In 2020, VAT was introduced on all e-commerce import of goods, regardless of value. In that connection, a simplified registration and reporting solution (VOEC – VAT on E-commerce) was established for foreign suppliers for calculating and paying VAT on goods up to a value of NOK 3 000. At the same time, a transitional arrangement was set up, whereby low value goods up to NOK 350 were exempt from declaration. The transitional arrangement continues until a possible annulment on 1 October 2023 as proposed by the Ministry of Finance's discussion paper dated 2 December 2022. Posten cooperates with the customs and duty authorities to ensure that duty/VAT handling is as effective and consumer-friendly as possible once the transition period expires.

Integrated annual report 2022

Alternative performance measures (APM)

Posten Norge Group

ALTERNATIVE PERFORMANCE MEASURES (APM) APPLIED IN THE ANNUAL REPORT 2022

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 result. The alternative performance measures presented may be defined differently by other companies.

This section describes the Group’s performance measures and other target figures applied in the annual and quarterly reports.

Organic growth

Organic growth provides the Group's management and other users of the financial information with the opportunity to analyse the underlying growth of operations.

	Year 2022	Year 2021
Revenue (current year)	23 429	24 716
- Revenue (last year)	24 716	23 996
= Nominal change in revenue	**(1 287)**	**721**

	Year 2022	Year 2021
Nominal change in revenue	(1 287)	721
+/- Impact of exchange rates	233	307
+/- Acquisitions of companies	(344)	(81)
+/- Sale of companies[1)]	2 608	329
+/- Change in government procurements	(195)	(13)
= Organic change in revenue	**1 015**	**1 262**

1) Adjustment of revenue for companies sold.

	Year 2022	Year 2021
Organic change in revenue	1 015	1 262
/ Adjusted revenue[2)]	22 453	23 666
= Organic growth	**4,5 %**	**5,3 %**

2) Adjustment of revenue for currency effects, acquisitions, government procurements.

Group

	Year 2022	Year 2021
Revenue	23 429	24 716
- Costs of goods and services	10 072	10 369
- Payroll expenses	8 518	8 600
- Other operating expenses	3 050	2 983
= Operating profit before depreciation (EBITDA)	**1 790**	**2 765**

	Year 2022	Year 2021
EBITDA	1 790	2 765
- Depreciation	1 384	1 240
= Adjusted operating profit/(loss)	**406**	**1 525**

	Year 2022	Year 2021
Adjusted operating profit/(loss)	406	1 525
/ Revenue	23 429	24 716
= Adjusted profit margin	**1,7 %**	**6,2 %**

	Year 2022	Year 2021
Adjusted operating profit/(loss)	406	1 525
- Write-downs	185	68
+/- Other income and (expenses)	(371)	3
+ Share of profit or loss from associated companies	7	3
= Operating profit/(loss) (EBIT)	**(143)**	**1 462**

	Year 2022	Year 2021
Operating profit/(loss) (EBIT)	(143)	1 462
/ Revenue	23 429	24 716
= EBIT margin	**(0,6 %)**	**5,9 %**

Operating profit/loss 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 a limited predictive value.

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

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 not ordinary 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.

Per segment

	Logistics	Mail	Other	Elimination	Group	Logistics	Mail	Other	Elimination	Group
	Year 2022	Year 2022	Year 2022	Year 2022	Year 2022	Year 2021	Year 2021	Year 2021	Year 2021	Year 2021
Revenue	18 890	5 398	1 505	(2 364)	23 429	19 952	5 620	1 439	(2 295)	24 716
- Costs of goods and services	13 412	4 284	2 189	(9 814)	10 072	13 487	4 437	1 750	(9 305)	10 369
- Payroll expenses	2 329	272	5 946	(29)	8 518	2 610	297	5 716	(23)	8 600
- Other operating expenses	1 478	451	(6 359)	7 479	3 050	1 547	219	(5 817)	7 033	2 983
= Operating profit before depreciation (EBITDA)	**1 670**	**392**	**(272)**	**(0)**	**1 790**	**2 308**	**667**	**(210)**		**2 765**

	Logistics	Mail	Other	Elimination	Group	Logistics	Mail	Other	Elimination	Group
	Year 2022	Year 2022	Year 2022	Year 2022	Year 2022	Year 2021	Year 2021	Year 2021	Year 2021	Year 2021
EBITDA	1 670	392	(272)		1 790	2 308	667	(210)		2 765
- Depreciations	931	424	29		1 384	831	380	28		1 240
= Adjusted operating profit/(loss)	**740**	**(32)**	**(301)**		**406**	**1 477**	**287**	**(238)**		**1 525**

	Logistics	Mail	Other	Elimination	Group	Logistics	Mail	Other	Elimination	Group
	Year 2022	Year 2022	Year 2022	Year 2022	Year 2022	Year 2021	Year 2021	Year 2021	Year 2021	Year 2021
Adjusted operating profit/(loss)	740	(32)	(301)		406	1 477	287	(238)		1 525
- Write-downs	185				185	67	1			68
+/- Other income and (expenses)	(179)	(164)	(28)		(371)	3				3
+ Share of profit or loss from associated companies	7				7	3				3
= Operating profit/(loss) (EBIT)	**383**	**(196)**	**(329)**		**(143)**	**1 415**	**286**	**(239)**		**1 462**

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 to operationalise strategies and achieve the business's 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 without individual projects triggering a need for special financing measures, 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 by the Group's centralised finance function. The liquidity reserve is also a target that can be used to assess the Group's liquidity requirements.

Net interest-bearing debt comprises both current and non-current interest-bearing debt reduced by 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, of which net liabilities/ EBITDA is one. The debt 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 allocated to amounts available according to agreements in the short and long term and is as such a useful target in considering whether the Group has adequate liquidity to achieve the Group's approved strategy.

	31.12.2022	31.12.2021
Interest-bearing non-current liabilities	3 947	4 187
+ Interest-bearing current liabilities	3 930	1 636
- Market-based financial placements	2 581	3 338
- Cash	1	4
- Bank deposits	100	106
= Net interest-bearing debt (NIBD)	**5 195**	**2 376**

	31.12.2022	31.12.2021
Net interest-bearing debt/(receivables)	5 195	2 376
/ Equity on the balance sheet date	5 715	7 273
= Debt/equity ratio	**0,9**	**0,3**

	31.12.2022	31.12.2021
Net interest-bearing debt/(receivables)	5 195	2 376
/ EBITDA	1 790	2 765
= Net interest-bearing debt (NIBD)/EBITDA	**2,9**	**0,9**

	31.12.2022	31.12.2021
Market-based financial placements	2 581	3 338
+ Revolving credit facilities	1 853	1 998
- Certificate loans	1 250	500
= Non-current liquidity reserve	**3 184**	**4 836**

	31.12.2022	31.12.2021
Non-current liquidity reserve	3 184	4 836
+ Deposits outside group account	100	106
+ Bank overdraft not utilised	336	495
= Current liquidity reserve	**3 620**	**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 (return on invested capital/ROIC) than the capital costs (weighted average 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:

	31.12.2022	31.12.2021
Intangible assets	2 111	1 870
+ Tangible fixed assets	9 130	8 329
+ Current assets	7 032	7 429
- Total liquid assets	3 230	4 116
- Interest-bearing current assets	115	99
- Interest-free current liabilities	4 332	4 406
+ Tax payable	57	218
+ Dividends and group contributions	102	80
= Invested capital	**10 756**	**9 305**

Rolling 12 months' figures.

	31.12.2022	31.12.2021
Last 12 months' accumulated adjusted operating profit	406	1 525
/ Invested capital	10 756	9 305
= Return on invested capital (ROIC)	**3,8 %**	**16,4 %**

Other alternative performance measures
The Group uses and presents some 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 able below.

	Year 2022	Year 2021
Total investments in owned tangible fixed assets	1 512	1 278
- Investments due to acquisitions	236	215
= Investments before acquisitions	**1 276**	**1 062**

	31.12.2022	31.12.2021
Profit/(loss) after tax last 12 months	(277)	1 058
/ Average equity on balance sheet date[1]	6 494	7 320
= Return on equity after tax (ROE)	**(4,3 %)**	**14,5 %**

1) (OB + CB)/2.

	31.12.2022	31.12.2021
Equity at balance sheet date	5 715	7 273
/ Equity and liabilities (total capital)	19 143	18 342
= Equity ratio	**29,9 %**	**39,7 %**

STATEMENT OF THE BOARD OF DIRECTORS

We confirm that, to the best of our knowledge, the financial statements have been prepared in accordance with approved accounting standards and give a true and fair view of the Group and parent company's consolidated assets, liabilities, financial position and results of operations.

The Integrated annual report 2022 has been prepared in accordance with the framework for Integrated Reporting <IR> and complies with the information requirements in the Norwegian Accounting Act with regards to the board report and statement on corporate governance and social responsibility.

The Integrated annual report provides a true and fair view of the development, the performance and position of the Group and parent company in addition to a description of the most significant risks and uncertainty factors the Company is facing.

Board meeting on 30 March 2023

Anne Carine Tanum (Chair)

Finn Kinserdal

Liv Fiksdahl

Tina Stiegler

Patrik Berglund

Gerd Øiahals

Ann Elisabeth Wirgeness

Lars Nilsen

Tove Gravdal Rundtom

Tone Wille (Group CEO)

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Posten Norge AS

Opinion

We have audited the financial statements of Posten Norge AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the balance sheet as at 31 December 2022 and the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2022 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company since 1997.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of Goodwill

Basis for the key audit matter	*Our audit response*
The Group has goodwill amounting to MNOK 1 283 in the balance sheet. Goodwill was written down by MNOK 161 in the 2022 consolidated financial statements. The Group's impairment tests require management to exercise judgment on estimates of future cash flows and the determination of discount rates. Due to the significance of goodwill in the financial statements, and the uncertainty related to estimates of future cash flows, the Group's impairment tests of goodwill have been a key audit matter.	We evaluated key assumptions in the impairment models, including growth, revenues and margins based on prognoses approved by management. We considered the discount rate based on available information on risk free rate, market risk premium and beta values for comparable companies. We considered the mathematical accuracy of the models and the sensitivity of the assumptions applied. We tested the consistency of the application of key assumptions and evaluated the Group's accuracy in previous years' impairment tests. We refer to the consolidated financial statements' note 9 on impairment.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 30 March 2023
ERNST & YOUNG AS

Petter Larsen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)