Together for a sustainable future

Integrated Report 2021
Posten Norge

Integrated Report 2021

This is Posten Norge's integrated report for 2021. It is prepared in accordance with the <IR> framework of the International Integrated Report Council (IIRC). 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 2021. In addition to this report, you will find a separate fact booklet; "Sustainability at Posten", which meets the requirements of the GRI Standards.

<IR> Framework
Integrated reporting is an internationally recognised framework that bridges the gap between financial and non-financial reporting.

GRI Standards
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.

Key figures	2021	2020	2019	2018	2017	2016
Operating revenues NOK million	24 716	23 996	24 212	23 894	24 678	24 772
Adjusted earnings (EBIT) NOK million	1 525	1 423	808	531	703	645
Adjusted operating margin percentage	6.2%	5.9%	3.3%	2.2%	2.8%	2.6%
Operating profit/loss (EBIT) NOK million	1 462	1 485	162	415	692	178
Profit before tax NOK million	1 352	1 344	21	366	621	230
Return on invested capital (ROIC) [1] in percent	16.4%	14.1%	7.4%	7.3%	9.8%	9.0%
Cash flow from operating activities	1 837	2 607	2 143	598	592	945
Equity NOK millions [2]	7 273	7 367	6 363	6 481	6 375	5 912
Total capital NOK millions [2]	18 342	19 643	19 867	16 071	16 962	15 299
Return on equity after tax (ROE), in percent	14,5%	16.4%	0.2%	3.9%	6.3%	0.7%
Equity to assets ratio in percent	39.7%	37.5%	32.0%	40.3%	37.6%	38.6%
Debt ratio [3]	0.3	0.1	0.6	0.0	0.0	0.1
Number of employees	12 561	12 919	14 270	15 021	17 226	16 992
Sickness absence in percent	6.0%	6.0%	5.9%	6.0%	5.9%	6.0%
H2 injury [4] rate	9.3	7.0	7.8	8.7	6.5	7.7
Percentage of female managers	30%	28%	27%	28%	29%	28%
Employee commitment	5.9	5.9	5.8	6.0	-	-
Reputation (Ipsos) percent with a positive impression	66%	74%	62%	62%	60%	68%
NPS (Customer Barometer) [5]	51	48	39	36	34	35
CO_2emissions aggregate reduction per year in percent, base year 2012 [6]	51%	45%	40%	39%	36%	33%
CO_2 emissions (grammes) per NOK earned [6]	10.5	12.2	13.9	14.4	14.6	15.6
Renewable energy sources in vehicles	2 249	1 577	1 451	1 242	1 593	1 904
Parcels quantity in thousands [7]	90 085	77 838	59 945	53 649	50 586	51 198
Letters quantity addressed in thousands	388 795	438 148	542 793	602 764	685 454	763 103

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

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 debt ratio is specified in Alternative performance measures
4 The rate of work-related injuries per million working hours.
5 2017-2019 are comparable. 2020-2021 New baseline, entire Service network included.
6 Emission factor TTW used to show historical developments.
7 Parcels to the private and business market in the Nordic region.

Part 1 About Us

Part 2 The work of the Board

Part 3 Our value creation

Part 1
About Us

For 375 years, Posten's main task has been to deliver - to homes and businesses. Our guiding mantra throughout our history has been "the fastest possible delivery using the most up-to-date technology."

Stability in uncharted waters

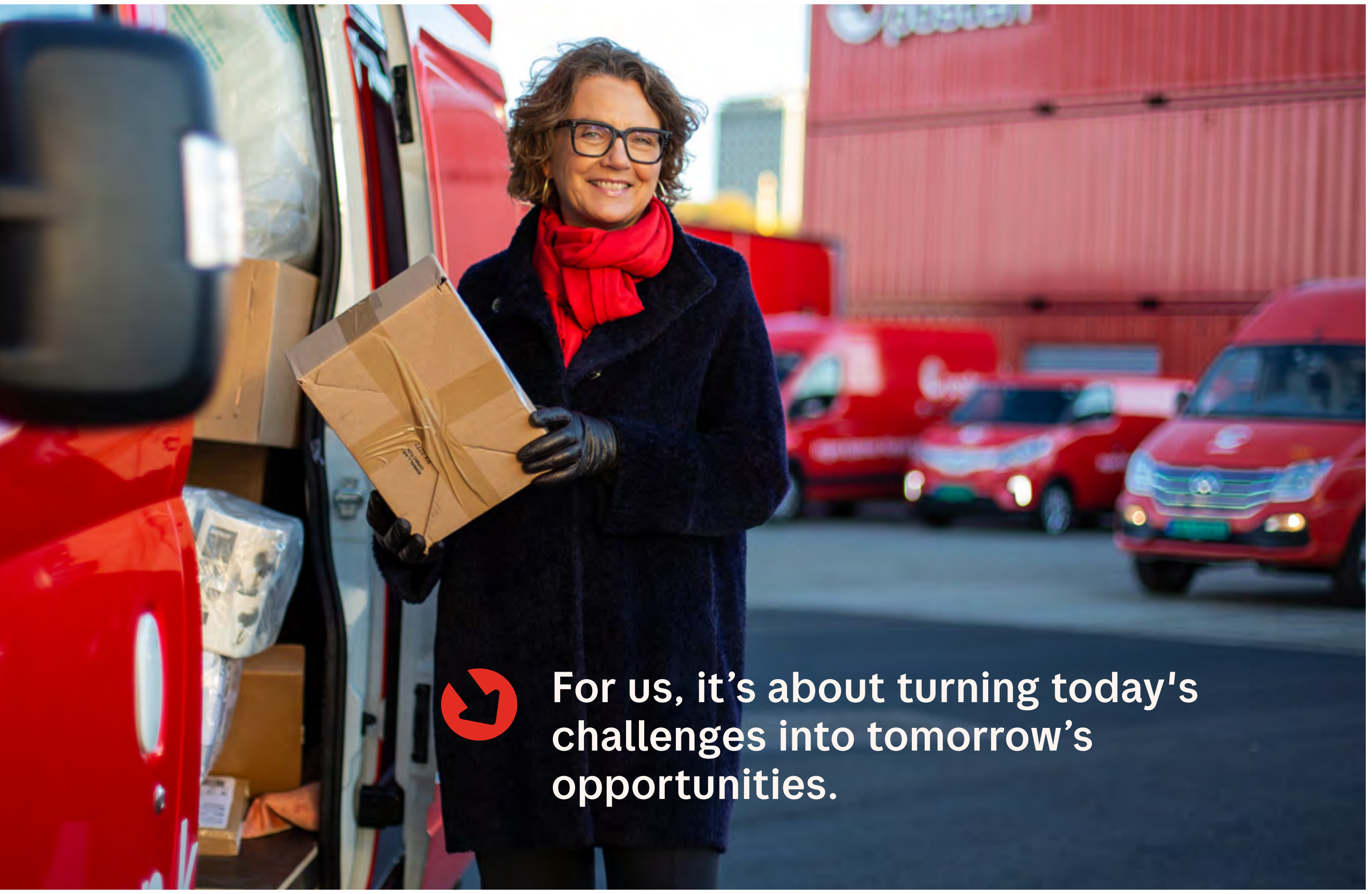
How to solve the greatest challenge of our time? By delivering on ambitious goals, is our answer.

In this column last year, I wrote about the unprecedented year 2020 and the efforts we as a Group went to for customers and society. The way we managed to shift direction, develop new services in record time and help keep the wheels turning in uncertain times made me proud.

We know now that it didn't end there. We got another year into the bargain as a new wave of cases replaced the first. The unpredictable waters that we found ourselves in after Covid-19 hit us in March two years ago, became our new normal. We found a platform in the unpredictable and insecure, where inspiration and new ideas developed, where valuable services and solutions for our customers saw the light of day.

Record growth

We launched our Nordic fulfilment solution Shelfless, which is one of the largest single investments made by the Group. We have established boxes for dispensing parcels in 1 000 locations in Norway, we have had success with two of our own start-ups AMOI and Glow, and once again we topped the list as Norway's most innovative company, named by a jury in the magazine "Innomag". Employees in all parts of the organisation have taken responsibility and once again demonstrated an impressive ability to innovate and adapt. Together with cost-effective-operations, this has produced excellent financial results. Never before have we delivered so many parcels to companies and private individuals in the Nordic countries, and they are more satisfied than ever. I am very proud of the implementation capacity the organisation has shown during another special year!



Green logistics

The concept of sustainability encompasses three dimensions: Economics, social conditions and the environment. Let there be no doubt that all three are important to us at Posten, but the development in the global climate is the biggest and most important challenge of our time. By virtue of being one of the Nordic region's largest carriers, we are conscious of the fact that we are part of the problem. This is the key and we will turn it into something positive, identify the opportunities and become part of the solution. We respond by taking our responsibility.

Recently, the UN Intergovernmental Panel on Climate Change (IPCC) published the second of a total of six reports that are described as code red for humanity. Emissions and the destruction of nature are the greatest threat of our time, not only to the climate, but to life on the planet as we know it. We set ambitious climate goals early on and have reduced our CO_2 emissions by 51 percent since 2012, taking into account the acquisition and sale of companies. This work does not go unnoticed. PWC's climate index 2021 named Posten as one of five Norwegian companies that have actually reduced emissions in line with the Paris Agreement. This is a rating we are very proud of, and which we hope to share with many other companies in due course.

By further concretising the focus on sustainability in the Group strategy, we have succeeded in moving from a work of passion to more systematic climate and environmental efforts. With regard to the year we have left behind us, I would especially like to highlight our largest acquisition of fossil-free vehicles ever - a total of 439 vehicles. The share of vehicles running on renewable energy is now 37 percent, up from 26 percent last year. With this, we increase the pace of change to offer fossil-free services to our customers. We also play a key role in establishing green value chains through our strong focus on trains in the Nordic region. This contributes to more and more goods crossing the border by rail.

In the fourth quarter, we were the first Nordic logistics player to issue green bonds worth NOK 1 billion. The money will be used to invest in green projects that provide long-term value for the Group, society and the people around us. As a fourth and final example, I would like to highlight our collaboration with the Swedish company Einride. We now have six electric trucks on selected line haul traffic in Sweden, which reduces our CO_2 emissions by close to 80 percent on the respective routes. As a responsible player in society, we will continue to be a driving force for the Nordic region to achieve its climate goals.

New climate strategy

An important element in our climate strategy is offering emission-free services to our customers so that they can make good environmental choices. As one of the few Norwegian companies we have set goals in accordance with Science Based Targets. This is a framework that helps the business community set goals in line with the Paris Agreement, or in line with the reductions science tells us we must make to avoid global warming in excess two degrees and preferably not above 1.5 degrees.

For us, this means that by 2030 all vans and 80 percent of our own trucks will be fossil-free, before we reach net zero emissions from road transport in 2040. Furthermore, there will be net zero emissions from the entire Group in 2050. This will require a lot from both ourselves and our partners; for example technology and transport suppliers. Those of us in charge of large companies have a responsibility to lead the way. Collaboration between businesses and between business and politicians is necessary to set the direction and secure framework conditions. Business must take the lead in the green shift.

But then comes the so-called reality check. We do not lack ambition, but we face some challenges on the way to our goals. There are several risks associated with the transition to a low-emission society. For Posten, the most important issues are late conversion to fossil-free solutions among suppliers, inadequate fossil-free technology for heavy vehicles, insufficient infrastructure for filling and charging energy, changing customer requirements and abrupt shifts in climate policy. For us, it's about turning today's challenges into tomorrow's opportunities. The last year has shown that we can do just that - together. I would like to extend a big thank you to our employees, employee representatives, customers, suppliers and partners for good teamwork during this unprecedented year!

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 38 locations

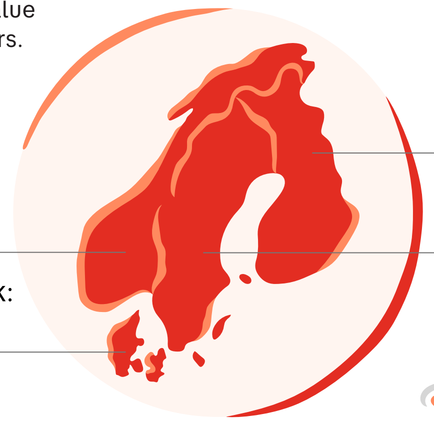
in Norway, Sweden, Denmark and Finland. We are also present in a number of countries outside the Nordic region to offer a comprehensive value proposition to our customers.

Our head office is in Oslo.

Total number of employees:

12 561

... of which 157 are outside the Nordic region:



Norway: **10 836**

Denmark: **255**

Finland: **32**

Sweden: **1 281**

Gender distribution among employees:

68% men

32% women

Package deliveries from e-commerce have increased by

79%

over the past two years

The proportion of turnover outside of Norway is is

39%

Revenue by segment:

Logistics: **79%**

Mail: **21%**

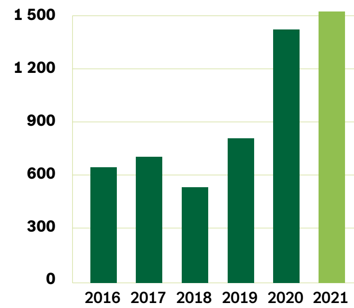
The proportion of vehicles powered by renewable energy sources is

37%

CO_2 emissions have been reduced by **51%** since 2012

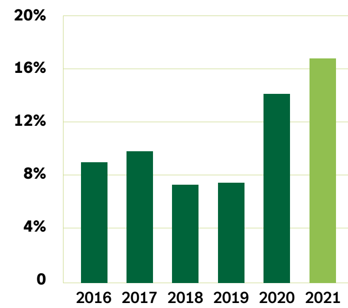
Adjusted operating profit

MNOK 1 525



Return on invested capital (ROIC)

16.4%



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.

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 Collaboration on emission-free delivery in city centres - “Elskede by” starts in Stockholm. 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.

Our Group structure is based on common customer and market needs and shall ensure implementation capacity.

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

The divisions are central units in the management and development of the Group. They develop business strategies that support the Group's strategy. The divisions are responsible for developing and delivering services with the associated service and quality. 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. Certain professional functions are centralised at a corporate level and provide services to the divisions and business areas.

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

ORGANISATION CHART

GROUP CEO

CORPORATE STAFF

- ECONOMICS AND FINANCE
- DIGITALISATION AND IT
- COMMUNICATION AND STRATEGY
- PEOPLE AND SUSTAINABILITY

DIVISIONS

E-COMMERCE AND LOGISTICS
Standardised parcel, cargo and warehousing services for e-commerce and business customers in the Nordic region.

MAIL
Flexible services for private customers. Addressed and unaddressed mail distribution to the corporate market in Norway.

NETWORK NORWAY
Cost-effective operations for letters, parcels and goods in Norway.

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

HOLDING & VENTURES
Maximise value of portfolio companies and venture investments in the Nordic region.

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: Board member employers' association Spekter, Skift and Fjordkraft ASA

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

Morten Stødle
Born: 1962

DIGITALISATION AND IT
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

Offices held: Board member Vestre Viken Hospital Trust

Silje Skogstad
Born: 1972

COMMUNICATIONS AND STRATEGY
Takes up position in 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

Offices held: Chair of the Board, Bonn International School

Nina Christin Yttervik
Born: 1968

PEOPLE AND SUSTAINABILITY
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

Gunnar Henriksen
Born: 1959

E-COMMERCE AND LOGISTICS
acting corporate staff member since 01.01.22

Previous positions: Director Sales and Market Division, E-Commerce & Logistics Division, Executive Vice President E-Commerce Division, Director Sales and Market Mail Division, various other management positions in the Group

Education: MBA, The Board Management School

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

Hans-Øyvind Ryen
Born: 1975

NETWORK NORWAY
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

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

Thomas Tscherning
Born: 1961

HOLDING & VENTURES
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

In the driving seat

Our strategy is ambitious and responsible. It provides direction for the Group's development, to ensure that we remain one of the leading actors in the Nordic region.

Competition in the Nordic mail and logistics market is intensifying. Large, existing actors are competing for market share through acquisitions and new business models, and new technology-driven and agile actors are regularly emerging. This contributes to creating a market that is constantly changing and affects price levels, competitive dynamics and customer requirements. At the same time, Covid-19 has accelerated digital adoption by several years.

The changes around us set new and stricter requirements for implementation capacity and speed. The Group's strategic platform states what we will achieve and how we are to reach our goals.

The 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.

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.

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 value creation

Our value creation depends on:

HUMAN CAPITAL

OUR EMPLOYEES
Our 12 500 employees contribute every day with their competence, dedication and ability to change. Will adapt to the working methods of the future.

CUSTOMER CAPITAL

OUR CUSTOMERS
Our network consisting of 38 terminals and 8 000 distribution points in the Nordic region. Our 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

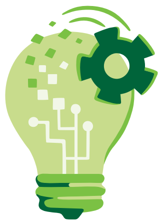
OUR ENVIRONMENTAL IMPACT
Our ability to reduce negative impact on the environment. As a major transport and logistics player, we are part of the emissions problem - and part of the solution. We want to be “in the driver's seat” - and a driving force for the Nordic region to achieve its climate goals.

FINANCIAL CAPITAL

OUR BUSINESS PERFORMANCE
Our financial freedom and the opportunity to invest in Posten's operations.

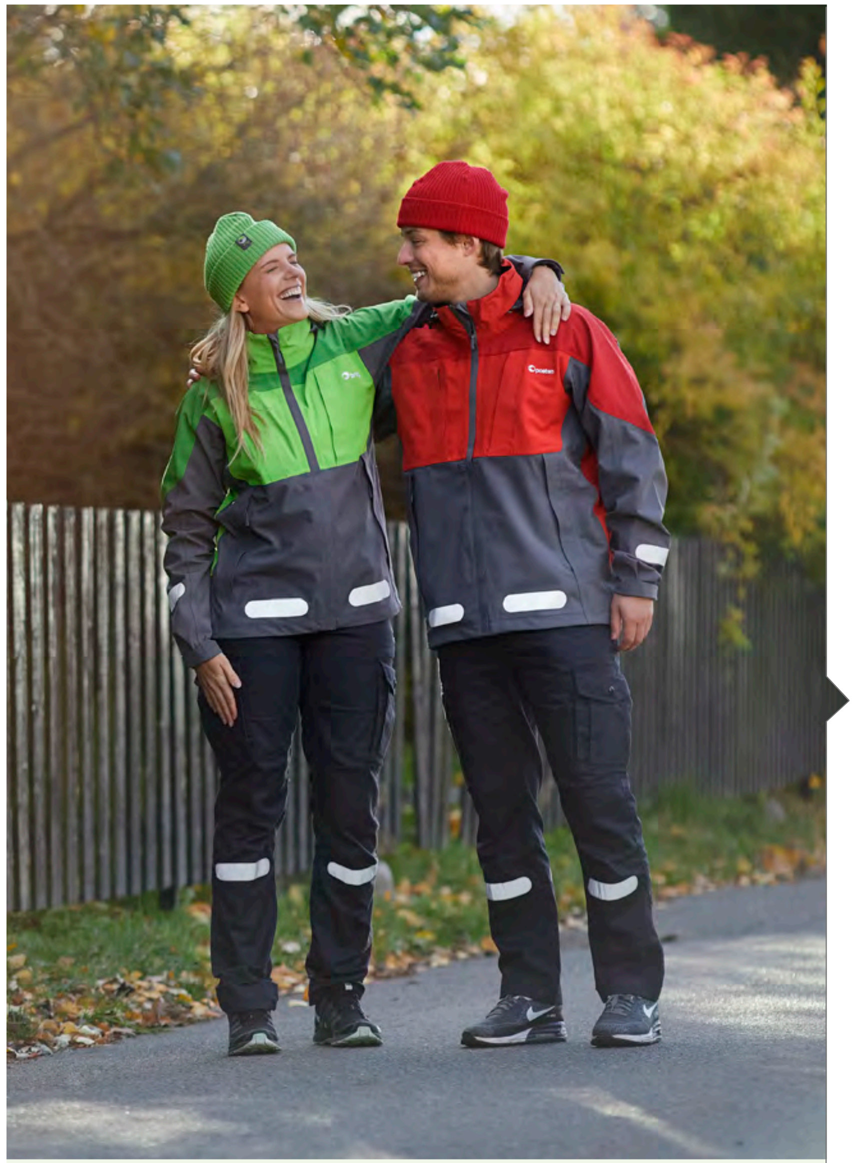
We manage this capital through our main goals:

The customer’s first choice
- The best customer experience
- The industry’s most attractive services
- The best at deliveries in urban areas



At the forefront of technology and innovation
- The most innovative provider of logistics
- A data-driven business that innovates through insight and technology
- A competence-driven and attractive employer

Best at sustainable value creation
- The greenest logistics provider
- A responsible social player and employer
- An efficient cost structure that contributes to long-term value creation



Enabled by competent and dedicated employees

And achieve the following for:

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 competent employees are ready for change.

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. We drive innovation together with our customers.

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
Since 2012, we have reduced greenhouse gas emissions by 51 percent. This 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.

We create results for people, the environment and society

Resources	Strategy	Objective	Goal	2017	2018	2019	2020	Results 2021	Status 2021	Goal 2022	Goal 2025	The United Nations' Sustainability Goals
Our employees (Human capital) See page 42	Competent and dedicated employees	No one should be injured or sick as a result of working in the Group	Sickness absence rate H2 injury rate	5.9% 6.5	6.0% 8.7	5.9% 7.8	6.0% 7.0	**6.0%** **9.3**		6.0% 7.6	-* -*	8 ANSTENDIG ARBEID OG ØKONOMISK VEKST
		The gender balance among managers shall reflect the gender balance in the Group	Percentage of female managers in the Group	29%	28%	27%	28%	**30%**		31%	35%	
		A competence-driven and attractive employer	Employee engagement	-	6.0	5.8	5.9	**5.9**		5.9	6.0	
Our customers (Customer capital) See page 48	The customer's first choice	Provide the best customer experience and have the industry's most attractive service portfolio	NPS** (Customer Barometer)	34	36	39	48	**51**		52	-*	11 BÆREKRAFTIGE BYER OG LOKALSAMFUNN
			Reputation (Ipsos), percent with a positive impression	60%	62%	62%	74%	**66%**		~ 65%	~ 65%	
Our ability to innovate (Intellectual capital) See page 52	At the forefront of technology and innovation	The most innovative provider of logistics	NHH Social Innovation Index	-	-	35th place	30th place	**23rd place**		20th place	10th place	8 ANSTENDIG ARBEID OG ØKONOMISK VEKST 9 INDUSTRI, INNOVASJON OG INFRASTRUKTUR
Our environmental impact (Natural capital) See page 62	Best at sustainable value creation	The greenest logistics provider	Share of vehicles running on renewable energy	-	-	-	26%	**37%**		43%	NA***	9 INDUSTRI, INNOVASJON OG INFRASTRUKTUR 13 STOPPE KLIMAENDRINGENE
Our business performance (Financial capital) See page 76	Best at sustainable value creation	An efficient cost structure that contributes to long-term value creation	Return on equity	3.9%	3.9%	0.2%	16.4%	**14,5%**		> 9%	> 9%	8 ANSTENDIG ARBEID OG ØKONOMISK VEKST

17 SAMARBEID FOR Å NÅ MÅLENE

Collaboration is required at multiple levels to achieve global and local sustainability goals

* The final goal will be set when the actual profit for the year is available.
** 2017-2019 are comparable. 2020-2021: New baseline, entire Service network included.
*** From 2023, the climate goals will be changed to measure emission reductions for self-owned vehicles and from subcontractors. No separate goal has therefore been set for the proportion of vehicles running on renewable energy sources.

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 2021.

Q1

Shelfless - our major Nordic fulfilment initiative
Strong growth in e-commerce and expectations of shorter delivery times led us to start building Norway's largest fully automated storage solution. The initiative has been named "Shelfless" and is central to a major Nordic offensive where we strengthen the Group's e-commerce offerings with faster and greener deliveries. Bring takes care of stock, picking, packing and shipping of goods for online stores throughout the Nordic region. The first fully automatic Shelfless warehouse in the venture is now in operation at Berger outside Oslo, and new warehouses are coming to both Sweden and Denmark.

Put a stop to ordering new vans
The Group decided that we will no longer order fossil-fuel powered vans for use in cities with effect from 2022. Outside the cities, such orders will cease from 2023. Posten will set the same requirements for its subcontractors.

Measured as the industry's most sustainable brand
In Europe's largest brand study on sustainability, the Sustainable Brand Index, Posten is the brand that Norwegians perceive to be the most sustainable in the logistics industry. Bring comes in second place. Posten also came in sixth place out of all the brands that Norwegians perceive as most sustainable.

The best first quarter of all time
In the first three months of the year, parcel volumes from online shopping increased by 61 percent compared with the same period the year before. Posten's adjusted operating profit in the first quarter was NOK 427 million, a sharp improvement from NOK 153 million the previous year and the strongest first quarter in the Group's history. Growth in e-commerce, combined with cost-effective operations throughout the Nordic region, and improved profitability within other logistics areas, contributed to the strong result.

Q2

Christmas rush of parcels – in April
New shopping habits have been established during the pandemic. Parcels from e-commerce increased by 48 percent in 2020, and growth continued into 2021. During the spring, the parcel volumes among our Nordic customers were as high as during the Christmas rush. Home parcel delivery is constantly setting new records.

Doubled parcel capacity at Østlandsterminalen
Posten has never delivered more parcels to Norwegians than in 2021, and a high parcel volume is expected in the future. It was therefore decided that a sorting machine should be built at Østlandsterminalen in Lørenskog. We will thus double the capacity for small parcels - parcels that are primarily delivered to the letter box. The development means that the terminal will be able to handle around 800 000 small parcels a day. The work will be completed during the next two years.

Q3

Reinforcement of the Nordic commitment to Shelfless
A decision is made to locate Shelfless in Rosersberg in northern Stockholm. From spring 2022, we can deliver the same day to over three million people in the areas of Arlanda, Uppsala and Stockholm city.

New Norgespakke
Around 80 percent of the total Norgespakke volume weigh less than five kilos. Posten therefore launched a completely new variant of the Norgespakke for smaller parcels weighing less than kilos, and the price was more than halved. The new Norgespakke can be made up of what is at hand, a special box is no longer required.The parcel can be sent from the sender's own letterbox or one of Posten's delivery locations and delivered to the recipient's letterbox. It is expected that the new service will be well suited to the increasing activity in the second-hand market, where more and more parcels are sent directly between private individuals.

Q4

24-hour parcel boxes at 1 000 locations
In just a short time, Posten's self-service parcel boxes have become a popular and important supplement to our serviced delivery locations, and they are regularly appearing in new places around the country. In December we reached the milestone of placing parcel boxes in 1 000 locations.

New terminal opened in Førde
Posten and Bring's new logistics centre opened in Førde, so that operations that were previously run in five different places have been co-located. The terminal will serve just over 43 000 households and around 1 500 businesses. 35 employees will work here, 19 of whom are new employees. Around 40 external drivers will be attached to the terminal, and about 35 trucks and trailers will be loaded and unloaded every day.

New climate goals set
In 2021 we adopted a new climate and environment strategy with quantitative targets 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 emission-free distribution by 2030. In the fourth quarter, we were the first Nordic logistics player to issue green bonds worth NOK 1 billion. The money will be used to invest in green projects that provide long-term value for society and the people around us.

CO_2-free delivery in Copenhagen
Over 800 000 Danish parcel recipients can now receive CO_2-free deliveries from Bring in Copenhagen, which has converted its entire vehicle fleet to electric vehicles. Diesel-powered cars were replaced with electric cars, and electric bicycles were also purchased for use in parcel delivery. This is the biggest restructuring for Bring in Denmark to date, and is a step towards becoming CO_2-free on "last mile" deliveries.

Our largest order for renewable energy vehicles
We also completed our largest ever order for vehicles powered by renewable energy, consisting of 439 new vehicles running on gas and electricity. These will be put into operation throughout the country. PWC's climate index for 2021 showed that Posten was one of only five Norwegian companies to cut emissions in line with the Paris Agreement. The acquisition of renewable vehicles shows that we are working hard to further reduce greenhouse gas emissions.

Collaboration begins with Early Bird in Sweden
In Sweden, we entered into a new collaboration with Early Bird for parcel delivery to the letterbox. Early Bird is a joint initiative from some of Sweden's largest media houses and their distribution companies, and their network extends to the whole of Sweden. The collaboration involves their staff delivering Bring parcels to the letterbox of Swedish households in connection with newspaper delivery in the morning - seven days a week. If any of the Early Bird parcels cannot be delivered, Bring will take them on its own routes. The collaboration makes delivery smoother for recipients, and the supply chain becomes more sustainable as there are fewer unnecessary returns of e-commerce parcels.

Christmas advert catches the attention of the whole world
This year's Christmas advert from Posten, "When Harry met Santa", has, according to calculations made by Google, reached one billion people in more than 150 countries. The film is a celebration of the 50th anniversary of the decriminalisation of homosexuality in Norway, and the message has created great engagement in both social and traditional media.

Part 2
The work of the Board

Through its operations, Posten is a prominent social actor, which entails a special responsibility for how the company's activities are performed.

Andreas Enger
Born: 1962

CHAIR OF THE BOARD
since 2019
CEO Höegh Autoliners
Education: Civil engineer in technical cybernetics and MBA.
Offices held: Board member of companies in the Höegh Group.
Previous experience: Nordic Head of Strategy and Innovation at Deloitte, CEO and Executive Chair of Peterson AS. Chair/Board Member Experience Jordan, Storebrand Life Insurance.

Anne Carine Tanum
Born: 1954

VICE-CHAIR
since 2019
Board member since 2018
Education: Cand. Jur.
Offices held: Chair of the Board Avinor AS, The Norwegian National Opera & Ballet, Board Member Cappelen Damm.
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.

Tina Stiegler
Born: 1976

BOARD MEMBER
since 2019
Education: Master of Economics and Business Administration.
Offices held: Board member Khrono, Santander Consumer Bank AS and TV2
Previous experience: EVP Next Media at Schibsted Media, advisor to start-up companies in StartupLab. Board experience from, among others, Finn.no, Stavanger Aftenblad, Bergens Tidende, Mediehuset Fædrelandsvennen and E24.no.

Henrik Höjsgaard
Born: 1965

BOARD MEMBER
since 2018
Nordic Interim Executive Solutions
Education: Higher Commercial Examination
Offices held: Board member Green Cargo AB.
Previous experience: CEO PostNord Logistics.

Finn Kinserdal
Born: 1960

BOARD MEMBER
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
since 2018
Vice President Capgemini Norge AS
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.

Gerd Øiahals
Born: 1961

BOARD MEMBER
Employee-elected
since 2020
Leader Norwegian Postal and Finance Workers' Union.
Member of works council for Norwegian Postal and Finance Workers' Union.
Employee of Posten since 1984.

Lars Nilsen
Born: 1961

BOARD MEMBER
Employee-elected
since 2016
Divisional Employee Representative Network Norway.
Member of works council for Norwegian Postal and Finance Workers' Union.
Employee of Posten since 1978

Ann Elisabeth Wirgeness
Born: 1961

BOARD MEMBER
Employee-elected
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.

Tove Gravdal Rundtom
Born: 1965

BOARD MEMBER
Employee-elected
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.

With growth and efficient operations, 2021 was another good year

2021 was another record year for the Posten Group. Never before has the Group delivered so many parcels. Growth in packages from e-commerce combined with increased efficiency in operations led to a very good result for 2021. Through the pandemic, society has experienced the importance of goods deliveries for a well-functioning society.

The Covid-19 pandemic has affected developments in both the Norwegian and international economy. At the beginning of 2022, the infection control measures were lifted, and society is on its way back to a normal situation. Nevertheless, it is uncertain to what extent the Covid-19 pandemic will affect future economic developments.

Adjusted operating profit was NOK 1 525 million, which is NOK 102 million higher than in 2020. Customer satisfaction is higher than ever and the Group is making active choices to contribute to the green shift.

New shopping habits, with increased e-commerce, were reinforced during the pandemic. Parcel growth from e-commerce was 21 percent in 2021, and an impressive 79 percent for the last two years.

The largest growth was outside Norway. Posten's Nordic network and service portfolio have strengthened our position among Nordic customers. The Group was equipped for growth when the pandemic hit and was able to make the most of cost-efficient operations and economies of scale in the networks.

For 375 years, Posten has been delivering mail and parcels in new ways, adapted to the needs of the market and to new technological possibilities. Innovation and sustainable development is central to the Group's strategy.

The key to winning customers is to deliver efficient, high-quality solutions and offering flexible and green services to recipients.

The market situation is challenging, the competition outlook is unclear and customer requirements are changing. New players with new business models are entering the race, while the established players develop their offers and explore new solutions.

The Group's ambition is to be at the forefront of development. This means investing in new customer solutions, innovative initiatives and sustainable development.

A number of measures have been implemented through 2021 to realise the Group's three main strategic goals.

The customer's first choice. The Norwegian people have a high level of confidence in Posten. According to Ipsos' reputation survey in 2021, 66 percent of the population has a good impression of the company, while among the youngest, under the age of 25, some 92 percent have a good impression of Posten.

Customers are more satisfied than ever. Customer satisfaction (KTI) was 71 for the Group as a whole, compared to 70 in 2020. Customer loyalty measured as Net Promotor Score (NPS) was 51.2 in 2021, compared to 47.7 the year before.

To make everyday life simpler for our customers, the Group has established a Nordic delivery network during the last two years. This has brought increased availability and freedom of choice for recipients and online stores. In the Norwegian network, parcel boxes have been deployed at more than a thousand locations. Further deployment of parcel boxes will lead to a doubling of the number of locations in 2022.

The launching of the new "Norgespakke" small (less than five kilos), has made it easier to send packages directly between private individuals. The service is adapted to increasing activity in the second-hand market.

In Sweden, we have entered into a collaboration with Early Bird AB on the delivery of parcels in the letterbox. Early Bird coordinates parcel delivery with newspaper distribution through the night.

At the forefront of technology and innovation. Customer expectations are increasing. This drives new services and increased freedom of choice. The Board emphasises innovation and new thinking so that the Group will remain relevant in the future.

The Group keeps a high pace in its work on innovation and development. A key element is the investment in the fully integrated warehouse solution "Shelfless", which streamlines, automates and simplifies the entire physical flow of goods and provides faster and greener deliveries. Shelfless is already established in Norway and Sweden and plans are being made to bring the service to Denmark.

Through venture investments, the Group aims to participate in and create ecosystems with external venture companies and partners. This will provide the Group with useful knowledge and learning, stimulate the demand for existing services and strengthen the Group's market position as an innovative business.

The venture investment has been going on for two years and so far eight investments have been made. One of these, Elonroad, delivers contactless charging so that vehicles can be charged without connecting a charging cable. The solution will be tested at three of our terminals in 2022.

One of the Group's own start-ups, the AMOI marketplace, was launched in the Oslo area in 2020. Since then, the service has been expanded to Stockholm, Bergen and Lillehammer. An increasing number of new services are being delivered, and approximately 50 000 orders have been processed with a high proportion of repurchases. Live shopping will be tested in 2022 and AMOI will start a pilot for national deliveries in Norway.

Glow is a proprietary technology that, in addition to being used by the Group, is offered as an SaaS solution (Software as a Service) to commercial players in the European market.

Awareness of Posten's innovations is increasing. In 2021, Posten rose to 23rd place on the Norwegian School of Economics' social innovation index, up from 30th place the year before. The index demonstrates that customers find that Posten has a high capacity for innovation that is useful for society and promotes sustainability.

Sustainable value creation. One of the Group's main goals is to be best at sustainable value creation. With a new climate and environmental strategy, the Group has set quantitative targets for emission reductions in line with the Paris Agreement. As the first Norwegian logistics player, Posten has had its emission targets approved by the Science Based Targets initiative (SBTi). This means that we will continue the work and implement additional measures to achieve net zero emissions from the entire business by 2050.

In 2021, the Group reduced greenhouse gas emissions by 12 percent, and in total, emissions have been reduced by 51 percent since 2012. This also includes Posten's subcontractors.

At the turn of the year, the share of renewable vehicles was 37 percent, with 2 249 fossil-free vehicles and by 2030, all distribution using vans in the Nordic region will be CO_2-free. We are at the forefront of demanding, testing and adopting low and zero emission vehicle technology. From 2022, the Group will no longer buy fossil fuel-powered vans for use in cities, and from 2023 for use outside cities.

As the first Nordic logistics player, Posten issued green bonds worth NOK 1 billion in 2021. The money will be used to invest in green projects that provide long-term value for the Group, society and the people around us. The definition of green investments at Posten is determined by a green framework that has been revised and approved by Cicero.

Posted is a labour-intensive business and part of society's infrastructure. We take responsibility for employees and suppliers throughout the value chain having decent employment and working conditions.

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

As a labour-intensive business, a health-promoting work environment is one of the Group's priority areas. Through long-term and systematic work on health, safety and the environment, the aim is for no one to be injured or sick as a result of their work.

We reflect the diversity in society and work to promote diversity, equality and integration. We make use of each other's differences to create something positive.

In 2021, great emphasis has been placed on ensuring good infection control in line with the authorities' advice and guidelines for pandemic management. Good infection control has contributed to relatively low sickness absence. Towards the end of the year, sickness absence increased somewhat and ended at 6.0 percent for 2021. The number of personal injuries increased in 2021 and the injury frequency, H2, ended at 9.3 for the year. We have worked purposefully and continuously on measures throughout 2021 to reduce the number of personal injuries, and towards the end of the year the trend showed a cautious improvement.

The Group is developing strongly and demands for speed and the pace of change are increasing in order to continue to be a leader in development in our industry.

MARKET DEVELOPMENT

The Group's sales revenues in 2021 were NOK 24 716 million, which represents an increase of NOK 720 million compared with 2020. Organic growth was 5.3 percent. 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 2021, while the Mail segment accounted for about 20%. Development in 2021 has been characterised by good growth in both parcels from e-commerce and other logistics services.

Growth in the Logistics segment

The Logistics segment consists of parcels, groupage and part load, warehousing, home delivery and express services.

The Group has strengthened its positions in the logistics market and is investing for growth. New technology has been used to streamline production, develop the service offering and strengthen digital customer dialogue.

The Logistics segment increased revenues by NOK 1 381 million, 7.4 percent, from the previous year. Organic growth was 10.6 percent. Growth in packages from e-commerce to private individuals and home delivery was the strongest driver for growth in 2021 and was largely due to changed shopping habits, which have been reinforced during the Covid-19 pandemic. Packages from online shopping to private individuals increased by 20.9 percent in 2021. Growth is expected to continue in 2022, but at more normalised levels. Demand in the corporate market has picked up in line with the easing of infection control measures and the growth in parcels for the corporate market was 3.9 percent in 2021.

The international business consists of specialised logistics solutions for customers with advanced requirements. The business, which complements the Group's logistics portfolio and adds volumes to the Nordic networks, contributed to growth and strengthened profitability in 2021.

New terminals were opened in Førde and Tromsø in 2021. In Norway, investments of NOK 3-4 billion are planned in terminals and increased capacity over the next four years.

Towards the end of 2021, Frigoscandia AB (formerly Bring Frigo AB) and its subsidiaries were sold to the German investment company Mutares Holding-49 GmbH.

The Mail segment continues to decline

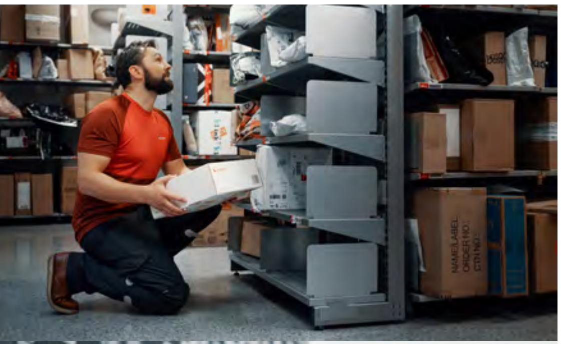
The Mail segment consists of letter services (addressed and unaddressed) and parcels between private individuals (Norgespakke).

The Mail segment accounted for around 20 percent of the Group's revenue. In 2021, there was a fall in revenue of NOK 421 million, a decrease of 7.0 percent.

Addressed mail volumes decreased by 11.3 percent, while unaddressed mail remained relatively stable with a reduction of 0.5 percent in 2021. Bring Citymail Sweden's volumes grew by 10.9 per cent in 2021. Declining letter volumes have been the trend for over 20 years, and letter volumes have fallen by 77 percent since their peak in 1999. 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.

The Covid-19 pandemic has led to increased digitalisation. The transition to digital solutions at small and medium-sized companies confirms that the fall in letter volume is of a permanent nature. The decline in volume for unaddressed mail has stopped after society returned to a normal situation.

In 2021, NOK 566 million has been recognised in revenue for government purchases of unprofitable statutory postal services, as well as banking services for rural post routes. The Ministry of Transport and Communications has abolished Posten's obligation to provide basic



banking services in the rural postal network. from 1 July 2021. This is as a result of the loss of demand for manual banking services, and the termination of the remaining agreement with DNB on banking services in Posten's distribution network, which expired at the same time.

The government has allocated NOK 755 million for government purchases of unprofitable statutory postal services for 2022. In addition, NOK 127.6 million has been allocated to Posten for newspaper distribution in rural areas in accordance with an agreement entered into with the Ministry of Transport and Communications following a tender competition. The Ministry has exercised an option to extend the newspaper agreement until the end of June 2023.

Posten has entered into an agreement with the Norwegian Association of Local and Regional Authorities (KS). The collaboration concerns exploring the possibilities for creating welfare in new ways in an interplay between Posten's services and nationwide networks, and the needs of municipalities and citizens. Posten's digital mailbox, Digipost, gained over 260 000 new users in 2021 and now has around 2.7 million registered users. Digital mail volume increased by 20 percent from 2020 to 2021, and in 2021, a total of 47.2 million digital letters were sent.

PROFITABILITY

Operating profit (EBIT) in 2021 amounted to NOK 1 462 million, a decline of NOK 23 million compared with the strong result in 2020. The good result comes from growth in online shopping by private individuals, gradual improvement in the corporate market, as well as increased efficiency and economies of scale in operations. Towards the end of 2021, profit for the year was affected by an increase in operating costs, as well as a shift towards services with a higher cost level.

The Group's profit before tax was NOK 1 352 million in 2021, an improvement of NOK 8 million from 2020. Profit after tax was NOK 1 058 million, a reduction of NOK 65 million compared to 2020.

The return on equity (ROE) was 14.5 percent in 2021, which is 1.9 percentage points lower than in 2020. The return on invested capital (ROIC) for 2021 was 16.4 percent, which is an improvement of 2.3 percentage points compared to 2020.

Logistics segment

Adjusted operating profit for the Logistics segment was NOK 1 477 million for 2021, an increase of NOK 209 million compared to 2020. In addition to increased volumes, the development of the service offering, as well as economies of scale and cost-effective operations have contributed to improved profitability in the segment. No depreciation of fixed assets has been made in Frigoscandia Sweden in 2021 as a result of the subgroup having been classified as Held for sale in the accounts. This amounts to approximately NOK 178 million in reduced depreciation in 2021.

Operating profit (EBIT) for the Logistics segment was NOK 1 415 million in 2021, which was NOK 130 million higher than the same period last year. The increase was due to improved adjusted operating profit in 2021 compared with 2020, mainly related to reduced depreciation.

Mail segment

In the Mail segment, operating profit was adjusted by NOK 287 million, a reduction of NOK 39 million from 2020.

Costs for addressed mail decreased during 2021 as a result of the reorganisation of the letter network. The Norgespakken product has had a positive financial performance as a result of volume growth. However, this was not sufficient to compensate for the large, overall decline in volumes.

Operating profit (EBIT) for the Mail segment was NOK 286 million in 2021, a reduction of NOK 85 million from 2020. Operating profit for 2020 included, among other things, a provision for restructuring.

In 2021, 93.2% of addressed mail was delivered within three days, which is well above the license requirement of 85%.

It is vital that the Posten has the necessary regulatory freedom to adjust our Mail services in line with market developments so that costs can be adjusted in line with falling letter volumes. Alternatively, the Norwegian State will have to pay an ever higher amount for the unprofitable statutory postal services that are ordered.

INVESTMENTS AND CASH FLOW

Cash flow from operating activities in 2021 was positive, at NOK 1 837 million. This was mainly due to positive operating profit before depreciation. Taxes paid, increased accounts receivable, a reduction in accounts payable and outstanding government charges reduced cash flow from operations.

Net cash flow from investing activities in 2021 was negative by NOK 1 189 million. This was mainly due to net investments in fixed assets and the acquisition of the Dream Group in Sweden.

Net cash flow from financing activities in 2021 was negative at NOK 1 823 million, mainly as a result of lease payments, as well as ordinary instalments for leases and dividends paid.

GOOD FINANCIAL FREEDOM

In 2021, the Group had net financial expenses of NOK 109 million, which is an improvement from NOK 141 million in 2020. As of 31 December 2021, the Group had good long-term liquidity reserves of NOK 4.8 billion, compared with NOK 6.1 million 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 2021, the Group refinanced a credit line and now has a sustainable credit line where the conditions are linked to the Group's SBTi (Science Based Targets initiative) goals.

As of 31 December 2021, the Group's equity amounted to NOK 7 273 million and the equity ratio was 39.7%, up from 37.5% the previous year.

The Group has a good liquidity reserve and a focus on cash flow. Credit and counterparty risk relating to placements of surplus liquidity are deemed to be limited as Posten Norge's counterparties generally have high ratings.

DEBT COVENANTS

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 per cent. Compliance with the clauses is calculated based on the Group's accounting figures.

Throughout 2021 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, as well as the section on Risk management in chapter 2.

The Group uses derivatives to manage market risks that arise as a result of the Group's 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 12 and 13 to the annual financial statements

ALLOCATION OF THE PROFIT FOR THE YEAR

In 2021, the Group's profit after tax amounted to NOK 1 058 million, compared to NOK 1 123 million the previous year.

Profit after tax in the parent company Posten Norway AS was NOK 836 million, compared with NOK 492 million in 2020. 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 proposes that a dividend of NOK 1 315 million be distributed for 2021. The year's remaining profit will be transferred to other equity.

The actual dividend will be determined at the 2021 general meeting, scheduled to be held on 6 May 2022.

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

Good corporate governance is a prerequisite for Posten Norge AS to be a profitable and vigorous company.

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.

A corporate governance report for the company is included as part of chapter 2: The work of the Board of Directors. The rules of procedure for the Board are updated annually. The Board evaluates its work, qualifications, and methods. It also discusses relevant topics that require special follow-up.

In addition to being a decision-making and control body, the Board contributes to the development of the Group with good insight into the Group's strategies, market conditions, business models and value chain.

In 2021, the Board has been committed to ensuring the realisation of the strategy through ongoing reporting of the status of strategic initiatives and deep dives into selected strategic topics.

The Group's integrated report for 2021 has been prepared in accordance with the framework from the International Integrated Report Council (IIRC) 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 general meeting in 2021, all shareholder-appointed board members were re-elected. The employees' representatives to the Group Board were not up for election in 2021.

The proportion of women on the Board is 60%. Among the shareholder-appointed board members, the proportion of women is 50%. 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

Posten aims to be the customer's first choice, a leader in technology and innovation, and the best at sustainable value creation. A prerequisite for success is competent and committed employees. The main goals are the basis for plans and measures that are implemented in all parts of the business.

The Board's strategic ambition is for Posten to be in the driver's seat and be at the forefront of development.

The economic outlook brings expectations of continued, but declining, growth in 2022, but there is considerable uncertainty associated with the growth forecasts. The Covid-19 pandemic has led to challenges in global supply chains and delays in deliveries from Asia are expected to persist. This could affect Posten through delays in operating materials and deliveries of goods to customers, as well as with under capacity in the European driver market. The Russian attack on Ukraine further exacerbates the uncertainty in the growth forecasts.

Economic developments and changes in customer behaviour are important factors that affect developments in the logistics market. The Covid-19 pandemic has intensified growth in e-commerce and parcel volumes, but a more normalised situation is expected after society has reopened.

New actors and business models will affect Posten's competitive situation in the future. Overall, moderate growth is expected in the corporate market. Expectations of a shift towards greater demand for packages and logistics services accelerate the Group's need to expand capacity and further develop the logistics network. This will require a higher investment rate in the coming years.

Letter volumes are expected to continue to fall by about 10-15 percent annually. In a few years, each household is expected to receive just 1.7 physical letters a week. The high fixed costs associated with mail delivery every other day will in cost the state approximately NOK 750 million in 2022. Without new measures, the amount is expected to increase to almost NOK 1.5 billion annually in a few years. To meet developments, the physical mail network must be restructured for the digital age. It is essential that the state pays Posten for the net costs of universal service obligations in the future to the extent that there is no room for continued adaptation of the services in line with declining letter volumes and the changes in customer needs.

The Board wishes to highlight the Group's systematic work for sustainable development. With its committed employees, Posten will be a driving force in the green shift and work towards ambitious and concrete SBTi-approved climate goals. Among other things, through cooperation with other companies and authorities, 'Posten will reduce emissions in line with the Paris Agreement. The launch of a new climate and environmental strategy is the first step towards the ambition of 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 the conversion of the network to fossil-free transport, entering into partnerships and influencing framework conditions. For more information about Posten's climate and environmental strategy, see Chapter 3: Our value creation.

People are the Group's most important resource for succeeding in realising the Group's goals and strategies. HSE is an important focus area and investment is being made in competence development.

The Board emphasises Posten's role as a responsible social actor and employer. The Group has, and will have, a high ethical standard, as well as ensuring good and safe working conditions for our employees.

The Board would like to thank all employees, managers and shop stewards for the good cooperation that has contributed to development and great progress for the Group in 2021.

Board meeting 24 March 2022

Andreas Enger (chair)

Anne Carine Tanum (deputy chair)

Tina Stiegler   Henrik Höjsgaard   Finn Kinserdal   Liv Fiksdahl

Gerd Øiahals   Lars Nilsen   Ann Elisabeth Wirgeness   Tove Gravdal Rundtom

Tone Wille (CEO)

Corporate Governance

Each year the Board of Posten Norge AS 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 and the Group (Posten) 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 Posten 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, Posten'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 follows the state's principles for good ownership described, as well as elsewhere, in White Paper 8 (2019-2020) (Ownership Report). Posten 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 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 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 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. Posten's statutory postal services are described in the Postal Service Act and Posten'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 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", "play for the team" and "strive for more". In addition to this platform of shared values, ethical guidelines and management principles have been established.

Posten 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 impact of our activities on the external 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 Posten'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 3-3b of the Accounting Act. The documents are available on the Group's website, see postennorge.no.

Posten'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. The Group's work with integrity is further described in the sustainability report.
As well as ensuring that Posten 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:

- Posten shall develop strong, profitable and sustainable market positions within the areas in which the Group operates.
- Posten shall ensure a satisfactory return on all investments and competitive value development over time.
- Posten shall provide services to meet its universal service obligations.
- Posten's business shall be customer-oriented, meet customers' requirements efficiently, and be available where customers are.
- Posten shall have a balanced portfolio of activities that strengthens our capacity to serve the customers' needs.
- Posten shall be a trusted third party for customers.
- Posten shall ensure a unified culture and shared values, which also provide room for diversity.
- Posten 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.
- Posten shall work actively to reduce the company's impact on the external environment.
- Posten 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 as at 31 December 2021 was NOK 7 273 million, which results in an equity ratio of 39.7 percent. The decline in letter volumes for addressed mail has increased in recent years and been further accelerated by the Covid-19 pandemic. At the same time, e-commerce has increased sharply, resulting in large volumes and good earnings in the logistics segment. This has led to a positive overall impact on the Group's profit and cash flow. It must be expected that the negative trend in mail volumes will continue, which poses a major risk to the Group's future cash flow and profit. In order to ensure the Group's financial freedom, it is necessary to have a satisfactory equity ratio and sufficient liquid assets. The Group's capital structure, including equity, is considered satisfactory and necessary in view of the Group's ability to implement the company's goals and strategies within an acceptable risk profile.

Dividends

Posten's general meeting is not bound by the Board's proposal concerning the payment of dividends, cf. section 20-4 (4) of the Limited Liability Companies Act, and the company is thus subject to the current dividend expectations. The government's long-term expectation of annual dividends is 50-70 percent of Group profit after tax. 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.

SECTION 4 EQUAL TREATMENT OF SHAREHOLDERS

All shares in Posten 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 are owned by the Norwegian State, and this point in the Code of Practice is thus not considered relevant to Posten.

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. Posten 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. 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 thecompany's expertise, capacity and diversity. The Board members' backgrounds are described in more detail in the annual report and on the Group's website.

In 2021, the Board has consisted of six shareholder-appointed board members (three men and three women) and four employee-elected board members (one man and three 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 2021, 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.

SECTION 9 THE WORK OF THE BOARD OF DIRECTORS

The Board's duties

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

This overall responsibility is describe 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 chief executive'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 accounts, see Note 24. As Posten is a limited liability company that does not have listed shares and with 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.

Posten 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. In order to ensure a more independent consideration of matters of a significant nature where the Chairman is or has been actively engaged, the Deputy Chairman of the Board shall lead the discussion in such matters. The company expects these presentations to provide a good and satisfactory basis for considering matters. The Board has appointed a Vice-chair of the Board who functions as the chair if the Chair of the Board cannot or ought not lead the work of the Board.

The Board held a total of ten board meetings in 2021, of which three 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 2021.

The external auditor is present for all relevant points on the agenda in meetings of the audit committee.

The Board of Directors' remuneration committee

The Board has established a remuneration committee which is subject to a separate mandate. In 2021 the remuneration committee comprised the Chair of the Board and three Board members, of which one Board member is an 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 held five meetings in 2021.

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 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.

Posten'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 or illegal conditions as soon as possible. This is a part of the individual's responsibility.

A whistleblowing 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.

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 board members in 2021 are presented in note 2 to the annual financial statements.

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 included in note 2 to the annual financial statements.

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 Posten 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 is a limited company wholly owned by the Norwegian state, where the state's rationale for its ownership interest in Posten Norway is 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. Posten deviates from this section of the Code of Practice.

SECTION 15 AUDITOR

Posten 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 are publicly available":**
   see the report's 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 detail in section 6 General meeting, section 7 Nomination committee, and section 14 Takeovers.
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 meetings.
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 guidelines for the bodies' and, if applicable, the committees' work":**
   see the report's section 8 The 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 The 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"**
   Posten 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 also 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.

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 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.

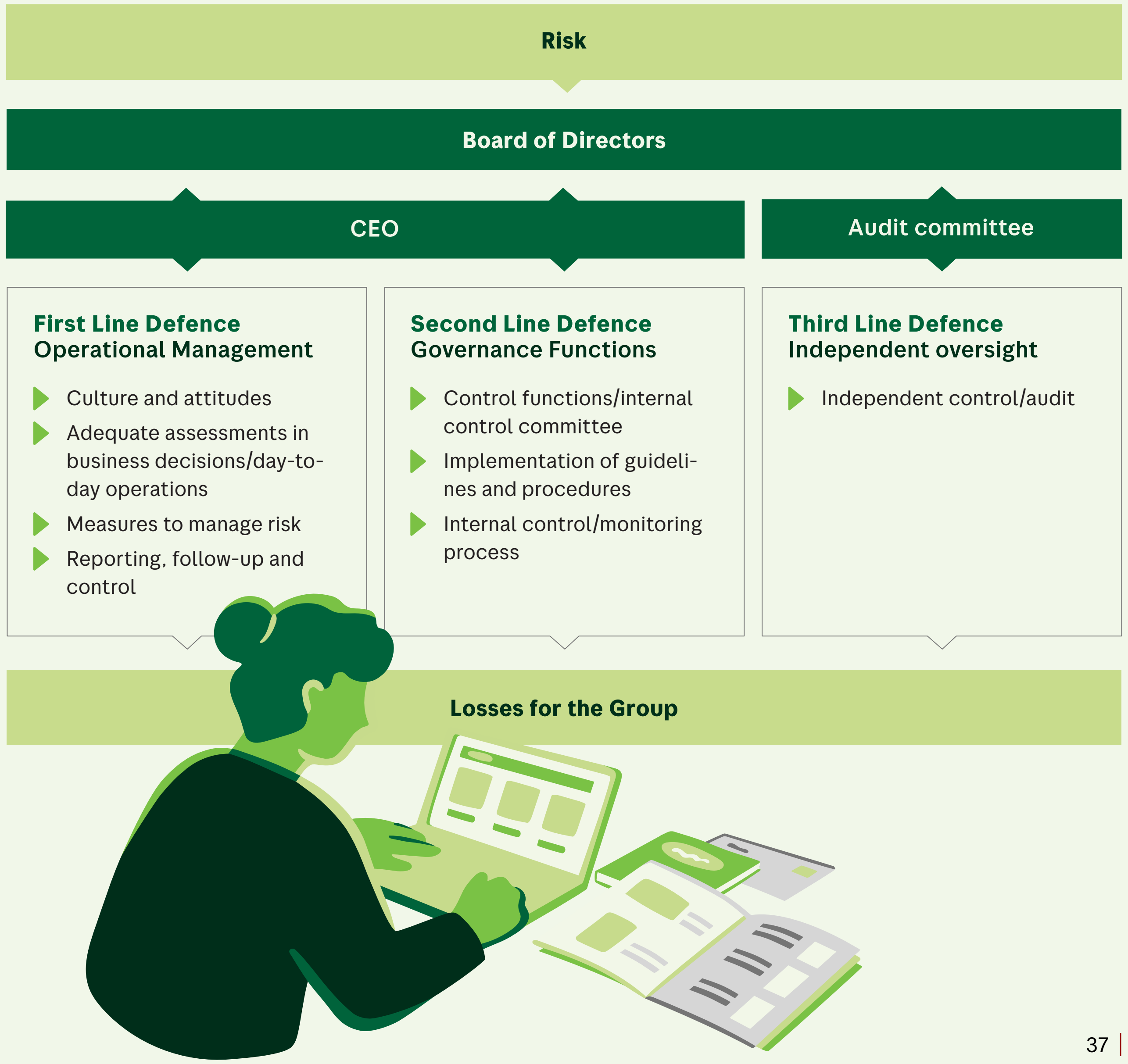
Risk management

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. 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.

THE ORGANISATION OF OUR LINES OF DEFENCE:



Climate-related risk

Development of risk level: **Increasing relevance**

Risk Category: **Strategic**

What is the risk:
The transition towards a low-emission society results in increased demands and expectations that the business sector will transition to a more sustainable development. Among other things, Posten will experience a loss of customers if we cannot offer environmentally-friendly solutions that customers demand and expect.

For a more detailed description of climate-related risks, see the chapter "Our environmental impact" (page 62) and "TCFD" (page 71).

Measures employed by Posten:
Sustainability has long been an integral part of Posten's strategy, and the Group's climate initiative takes place on many levels. Among the most important measures are:
- Close monitoring of subcontractors to accelerate transition to fossil-free transport
- Further development of environmentally and climate-friendly services
- Being one of the first in testing and investing in environmentally and climate-friendly technology

Scenario:
With Posten's ambition to be the driving force behind the transition to fossil-free transport, there are high expectations about success, both internally and externally. Delays in technological development, lack of innovation, changing customer behaviour or changes to framework conditions are examples of factors that can cause delays in the green shift.

Posten's opportunities:
We wish to turn today's challenges into tomorrow's opportunities, for the world and for us. By being the greenest logistics player, we will be able to contribute to sustainable logistics solutions. In addition, this will give the Group a competitive advantage and strengthen the Group's position in the customer and labour market.

Cyber attacks

Development of risk level: **Increasing relevance**

Risk Category: **Operational**

What is the risk:
The threat landscape facing the Group is constantly changing, and national security authorities are registering ever higher levels of activity against Norwegian businesses and institutions.

For a more detailed description of this risk, see the chapter "Information security" (page 53).

Measures employed by Posten:
Posten has long worked systematically on information security, and many initiatives are being employed to manage the risk. Some examples are:
- Collaboration with operating providers to streamline the work on security updates and eliminate vulnerabilities in IT systems.
- Enhanced security functionality in connections when working from home.
- Established a security operations centre for the protection and management of cyber-attacks against the Group's IT systems.
- Training and increasing employee risk understanding

Scenario:
One increasingly sees companies, including in the Nordic countries, being subjected to cyber-attacks with a varying degree of success. The motivation for potential cyber-attacks can be anything from money laundering to targeted attacks on important infrastructure. A successful attack could affect the Group both operationally and administratively, potentially undermining confidence in Posten in the market.

Posten's opportunities:
By being the market leader in cybersecurity, the Group can strengthen its position as a credible and secure provider of logistics services. If the customer sees Posten as the safest choice, this will could provide a solid competitive advantage.

Changes in global value chain

Development of risk level: **Increasing risk**

Risk Category: **Operational**

What is the risk:
Lack of resources and increased costs due to global disturbances in the value chain. Lack of access to transport capacity, materials and delivery of renewable vehicles. The consequences will necessarily depend on the duration and extent of the changes in the global value chain, but temporary delays and disruptions must be expected.

Measures employed by Posten:
The Group is closely monitoring the international logistics market and closely follows developments in different parts of the global value chain.

We are close to our customers and suppliers to capture and adapt to movements quickly. For capacity and transport equipment, we try to be at the forefront and secure new capacity before the need is too urgent, in order to better withstand any delays.

Scenario:
A persistent uncertainty in the global value chain could result in higher transport costs globally and longer delivery times for, for example, renewable vehicles, as well as make it more difficult to plan and carry out international logistics operations.

Posten's opportunities:
With persistent uncertainty in the global value chain, one can expect more production to be moved from, for example, Asia to Europe. A relocation of production could result in increased volumes for, among other things, the Group's international forwarding services.

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

Key competence

Development of risk level: **Increasing relevance**

Risk Category: **Strategic**

What is the risk:
Posten's strategy depends on committed and competent employees. The Group's core business requires a high level of driver and chartering competence, while at the same time it is becoming increasingly important to succeed in innovation and digitalisation.

There is a high demand for this type of expertise, while there is also a particular scarcity of drivers and charterers. If Posten is unable to attract and develop sufficient competence, it risks not realising the strategy and losing competitiveness.

See the chapter on "Our Employees" (page 42) for a more detailed description.

Measures employed by Posten:
Posten works purposefully to develop and retain current talent, as well as attract new expertise.

The work on the Employer branding strategy, "40 hours smarter" and attractive trainee and apprentice programmes are examples of important measures to secure competence. In addition, the Group has taken an even more active role in recruiting young people to the driver and chartering profession in collaboration with educational institutions and stakeholder organisations.

Scenario:
A permanent lack of driver and chartering competence will potentially cause major disruption to our core business.

A lack of expertise in innovation and digitalisation will weaken our ability to innovate and develop digital solutions that are crucial both for the customer and for internal productivity. The consequence of inadequate innovation and digitalisation will be higher vulnerability to the threat posed by new, technology-driven actors, especially within the "Last-mile" segment.

Posten's opportunities:
Given the difference between demand and the supply of sought-after competence, Posten will gain a great advantage if we succeed in achieving our goals. We will then be able to deliver both quality and productivity that exceeds our competitors.

If we succeed in innovation and digitalisation, and combine this with our Nordic network and operational knowledge, we will be more resilient to the threat posed by existing and new competitors.

Capacity in the network

Risk level development: **Stable**

Risk Category: **Strategic**

What is the risk:
Persistently high volumes in the network create a risk of insufficient space at the terminals causing bottlenecks and resulting in lower productivity and quality in the network. Experience has shown that the network is able to absorb volume increases up to a certain level, before new space is required to handle the growth.

Measures employed by Posten:
The Group works continuously to ensure the most efficient use of the current available space. In addition, the Group expands usable space in strategic areas, and is in close dialogue with relevant decision-makers so that we ensure the best possible conditions for conducting logistics.

Scenario:
Our productivity depends on sufficient capacity. Lack of access to new space, or delays in ongoing real estate projects, could result in temporary capacity challenges. We will then be forced to produce volume less efficiently over time and of a lower quality than desired. This will both increase costs and weaken our value proposition.

Posten's opportunities:
There is high demand for logistics property in strategic hubs in the Nordic region. Given the scarcity of suitable areas and the time it takes to develop a logistics property, Posten will be able to achieve potentially lasting competitive advantages if it succeeds in securing sufficient capacity for the expected volume development.

New business models

Risk level development: **Stable**

Risk Category: **Strategic**

What is the risk:
More and more actors are positioning themselves in different parts of the logistics value chain, both more traditional international logistics companies as well as companies with different cutting-edge expertise, everything from artificial intelligence, digital marketplaces and payment providers to alarm and security companies.

The risk lies in losing customer contact on digital and physical surfaces.

Measures employed by Posten:
The Group works continuously to renew and develop services and concepts, such as the AMOI and Shelfless initiatives.

Investments in IT architecture, expertise and agile teams enable faster 'time-to-market' and are an important prerequisite for the successful testing and development of new business models. The Group's venture investments also add expertise and insight into the Nordic start-up environment.

Scenario:
If other players have better success in developing business models that provide the highest customer value and customer proximity, this will create a greater distance between Posten and the customer. This could ultimately make Posten almost just a pure subcontractor, with lower margins and less influence.

Posten's opportunities:
If Posten succeeds in developing and adapting to new business models, we will strengthen our proximity to the customer and achieve the desired market positions.

Part 3
Our value creation

For us, sustainability is about turning today's challenges into tomorrow's opportunities - for the world and for us.

HUMAN CAPITAL

Our employees

Our 12 500 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.

Our strategy:

Enabled by competent and dedicated employees.

Our stakeholders believe we can make a difference in these areas:

- Safety, development and well-being of employees
- Diversity and inclusion

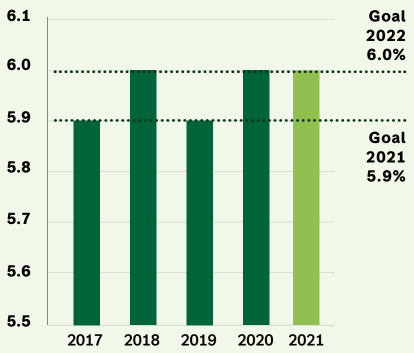
In the fact booklet "Sustainability at Posten" (attachment) you will find detailed information about guidelines, responsibilities and detailed tables.

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 (KPI)

Sickness absence:



Our employees are the Group's most important resource and no one should be injured or sick as a result of working in the Group. Sickness absence ended at 6.0 percent for 2021, the same as the year before.

"Us girls need to have better self-esteem and believe in ourselves. I wanted to drive a truck and thought, "I can do this. I love my job!"

Karolina Plecha, professional driver for Bring Tromsø

SAFETY, DEVELOPMENT AND WELL-BEING OF EMPLOYEES

Our employees are the Group's most important resource. If we are to succeed in achieving our goals and strategies, we must develop the employees we already have and attract the expertise we need going forward. The Group regularly implements measures to ensure safety and increase its employees' competence and ability to change. This is primarily achieved through dialogue between employees and their manager in daily work, but also through competence measures such as courses, subject-specific competence programs and digital learning.

We have a goal that no one becomes sick or is injured from working in the Group. Safety, development 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 2021:

Corona emergency preparedness

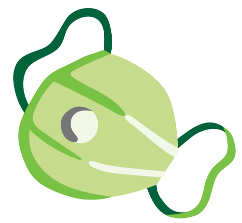
Extensive emergency preparedness work to deal with the corona situation also took place throughout 2021. There has been a focus on good infection control to maintain normal operations in our operational businesses. It has been important for employees working from home to maintain a satisfactory physical work situation, in addition to motivation and digital management. Emergency preparedness work has followed the development of infection in the Nordic countries and was somewhat reduced towards the summer, but when the infection situation again escalated over the autumn, the crisis response team and emergency preparedness groups were re-established.

In Q1, KPMG carried out an audit of the Group's handling of the pandemic. Their findings showed that Post largely demonstrated a good ability to restructure and handle the challenges resulting from the pandemic. Areas for potential improvement were primarily related to planning.

Covid-19-related sickness absence amounted to 0.3 percentage points of total sickness absence in 2021 and this is the same proportion as in 2020.

An audit of the Group's handling of the pandemic shows that we have shown a

good ability to adapt and handle challenges as a result of the pandemic

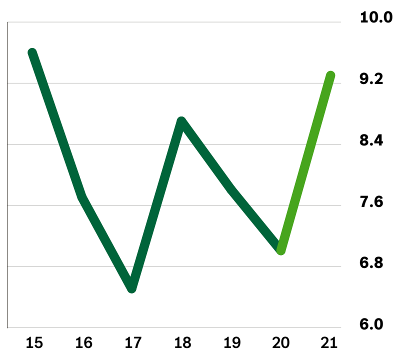


Of total sickness absence in 2021, Covid-19-related sickness absence amounted to

0.3 percentage points

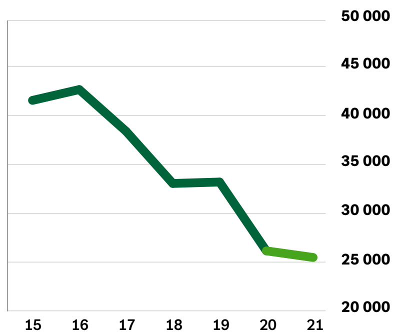
H2 injury rate

9.3



Number of near-accidents

25 439



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

Systematic safety work

2021 has been characterised by large volumes and pressure on many units. At the beginning of the year, this, combined with difficult weather and driving conditions, led to an increase in the number of fall injuries. This year's HSE management training therefore had risk management as its theme, followed by local follow-up in each unit. Furthermore, the other measures on safety work have continued, such as investigating the most serious incidents, annual safety meetings and the registration of near-accidents. All the tools to be used in injury prevention work are gathered in a “Best practice” presentation aimed at HR / HSE advisers and managers at all levels.

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. Injuries which include these groups are registered in separate reporting from 2021.

Learning organisation

Access to varied and relevant learning content is considered a prerequisite for success in increasing employees' competence. Our competence strategy was updated in connection with the Group strategy for 2021-2023. It is the starting point for which areas and measures are prioritised across the Group, and what is specific competence for the individual units and target groups.

In 2021, roles and responsibilities for the various critical competence areas have been clarified, and several measures have been put in place to strengthen the Group's focus on competence.

We launched the “40 hours smarter” concept in the autumn of 2021. In short, this means that all employees and managers must set aside at least 40 working hours for development. The content of the 40 hours shall be based on the department's and the individual employee's need for topping up their skills.

Staff who are permanent employees of Posten Norge AS can apply for educational support through an internal scholarship scheme. The purpose of this scheme is to motivate employees to develop skills that promote lifelong learning and mobility according to the company's needs. In 2021, 55 employees were awarded support for education through this scheme.

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 helps to measure commitment, well-being and frameworks for doing a good job, among other things. In 2021, the survey was conducted as a representative sample survey with a total of 2 428 respondents (the proportion who answered was 62 percent). The survey was shorter than normal with 15 questions. This year's survey returned a high score of 5.7 for the factor of competence, and 5.9 for the factor of commitment. Good dialogue with employee representatives is an important contribution to this work. 95.4 percent 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. 75.9 percent of our employees completed employee interviews in 2021.

Management development

The Group is working to develop its managers through management training.

Self-evaluation of “Manager Talent” showed that over

80%

of participants gained a greater understanding of the strategy and the

importance of working together to succeed

In 2020, we started implementing the “Manager Talent” development programme for all 700 managers in the Group. The main aim was to increase individual and collective implementation capacity and help realise our strategies and goals. The third, and last, session was conducted digitally in 2021. The theme was cooperation across the organisation. Managers have also been offered several webinars with relevant topics. Self-evaluation of “Manager Talent” showed that participants found it to be highly useful. More than 80 percent gained a greater understanding of the strategy and the importance of working together across the board to succeed with the strategy.

Digital learning

The Group uses digital learning as one of several tools in training. We use digital learning content from both external and internal content owners.

We continue to work with Digital Norway, which gives the Group access to updated general competence and digital understanding. In 2021, a separate landing page has been established for Posten and Bring, with learning content related to competence critical to the Group. In addition, during the year we have acquired new system support to meet the need for internally developed digital learning. The procurement is based on findings from user experiences and insight work carried out in 2020. There is a need to both update and develop new learning content. Focus in 2022 is on the gradual roll-out of the new system support for digital learning, which we expect to contribute to increased implementation and commitment to learning.

Attracting new skills

We have started work on establishing a new Employer Branding strategy. This work has given us increased knowledge about different employee groups, what they value about us as an employer and what it takes to succeed in attracting the relevant groups in the current and future labour market. We also offer apprenticeships and trainee programmes. Apprentices 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 for the future. We received over 800 applications for our trainee programme starting in 2021, which confirms that we are an attractive employer for young talent.

Our trainee program took silver in a Swedish selection of the most attractive trainee programmes for economists. The selection was made by Karriereforetaken's ambassador network which consists of students from all the Swedish universities.

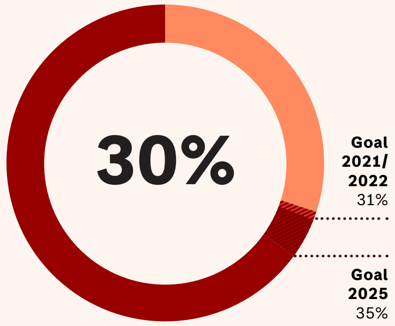
Our assessment and the future

Targeted efforts to develop competence among different target groups are put at the top of agenda through the competence strategy. There is a

The proportion of women in the Group is

32%

...and we have a proportion of female leaders of



...in addition,

40%

of Group Management consists of women, including our CEO

need to clarify how various measures are to be evaluated in the future. Competence strategy and measures are communicated in various channels. The intranet is used to provide a common message related to the competence work. It can be challenging to reach out with relevant information to everyone. Managers still have a key role and are important drivers and motivators in the competence work. New system support can help more employees to take greater responsibility for their own learning.

In 2022, the work of further developing the employee experience will be intensified with, among other things, preboarding and onboarding, employee interviews and development reviews, as well as the start of work on career paths. This is extensive work supported by a new HR system.

In the future, we will concentrate on the following management development measures:

- **Aspiring Managers:** Practical training opportunities for current and potential first-line managers in operations. The goal is to ensure good competence among current managers and good internal candidates for vacancies.
- Management team development: The goal is to ensure more efficient and goal-oriented utilisation of the time managers spend in their management teams.

DIVERSITY AND INCLUSION

At Posten and Bring, we work in a dedicated manner to increase and embrace diversity and ensure that all employees are included and have equal opportunities to use their unique skills. We take a broad view when we talk about diversity and see at it as a competitive advantage that our employees have different genders, age, sexual orientation, functional ability and ethnicity. Our 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. We believe that diversity and inclusion pay off, both in terms of increased innovation and better value creation.

By utilising the total resource pool in society, we ensure good access to qualified employees by assessing all applicants regardless of background. Our recruitment processes shall be characterised by all applicants experiencing equal opportunities for employment. We collaborate with the employee representatives and the Working Environment Committee to evaluate how the Group works to prevent discrimination across different stages in our employment relationships.

Furthermore, diversity is emphasised in nomination for the management programme, in succession planning and project participation. We communicate diversity in internal and external channels. Through the work on increased diversity and inclusion, the Group contributes to the United Nations Sustainable Development Goals 8 "Decent Work and Economic Growth", sub-goals 8.5 and 8.8.

At the end of 2021, the proportion of women in the Group was 32 percent. The share of female senior executives is 30 percent, and 40 percent of Group Management are women. We have set ourselves ambitious goals of increasing the proportion of women among managers to 35 percent in 2025 and 40 percent in 2030. Average age in Posten is high and a large proportion of workers and managers are over 50 years old. We also work to balance the age composition in management teams through our diversity work.

The Group's unit for misconduct did not handle any cases concluding that discrimination had taken place during 2021.

Here's what we've done in 2021:

Collaboration with Norwegian People's Aid
In collaboration with Norwegian People's Aid, the Group has been a racism-free zone since 2001. In 2020, this collaboration was renewed as "Rich in Diversity - a workplace for everyone" and an internal launch of this scheme was carried out in 2021. In collaboration with Norwegian People's Aid and Fagforbundet Post og Finans, we have assessed various measures for diversity and inclusion, and planned several activities such as courses on discrimination and diversity management.

Together for equal opportunities
Posten, and the other members of "Nordic CEOs for a sustainable future" have adopted equal opportunities as one of two priority sustainability areas. In addition, we conducted external measurement through the SHE Index in order to compare the Group's actual gender balance with other companies. In 2021 we were at 30th place out of 94 companies. All employees have been encouraged to complete a self-evaluation of their employer through Equality Check. We scored 4.4 out of a maximum of 5 (as of December 2021). Here it must be noted that only 80 employees provided an valuation.

Inclusive design
Inclusive and universal design are high on the agenda. In 2021, we have worked on raising awareness and made films where we highlight the challenges faced by our customers with disabilities. We have created a separate external user panel with a selection of people with a range of functional disabilities. We also work with the Norwegian Federation of Organisations of Disabled People, the Norwegian Association of the Blind and Partially Sighted, the Norwegian Association of Disabled and more. Through these forums, we strive to make decisions based on insight, to ensure that Posten's services are available to everyone.

Special occasions
In 2021, we marked Women's Day, Men's Day and Diwali with digital and physical gatherings as well as with news items on the intranet. The purpose of such occasions is to celebrate our diversity, create belonging in the organisation and increase engagement. We have planned several similar celebrations for 2022.

Pride 2022
We have entered into a partnership with Pride 2022. We want to contribute to the celebration of Queer Culture Year and that it is 50 years since homosexuality was decriminalised in Norway. The partnership means that we will participate in the Pride parade in June and work with skills development throughout the year.

Our assessment and the future
Through our measurements and reports, we see that the measures and our awareness of diversity are producing results. However, we must continue to work with gender balance at all managerial levels and improve the gender balance in operational positions. In 2021, we had female managers in the corporate staff unit as well as a female CEO, but no female managers within business in Group Management.

The Group conducts the "Management Review", which is a process for systematic management evaluation and succession planning. The "Management Review" challenges the managers to assess diversity in their own management team and carry out succession planning with emphasis on the greatest possible degree of gender balance, age distribution and diversity in general.

We measure, report and discuss diversity in management each year, and work to increase the proportion of employees with a multicultural background in both management and corporate staff. We will continue to set clear goals and develop measures to realise our ambitions in this area. Our experience is that a clearly stated zero tolerance for discrimination has an effect. We must therefore continue with measures, defined target figures and reporting on diversity and inclusion.

CUSTOMER CAPITAL

Our customers

Throughout our 375-year history, we have played an important role in conveying messages and goods, domestically and internationally.

We have developed from being a purely Norwegian postal business to becoming a Nordic logistics company, where three quarters 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 a total of 8 000 delivery locations. We will be at the forefront of both technology and sustainability in the competition for customers.

Our strategy:

The customer's first choice

- The best customer experience
- The industry's most attractive services
- The best at deliveries in urban areas

Our stakeholders believe we can make a difference in these areas:

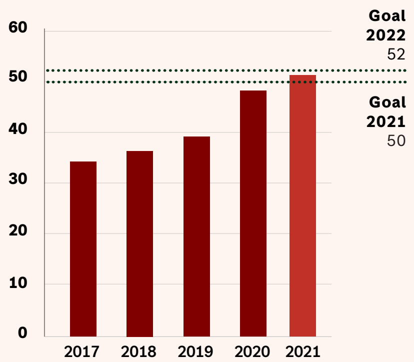
- Viable local communities

Output

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

<u>How we meet our targets (KPI)</u>

NPS score



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. Our net promoter score (NPS) has had an extremely positive development in the last three years.

"With AMOI, we are the first to bring local trade together in the same marketplace. You can buy fresh shrimps, lemons and drinks from three different stores to your home in one delivery. In this way, we support local commerce while at the same time bringing together our customers' everyday needs."

Jimmy Rhodin, AMOI.

VIABLE LOCAL COMMUNITIES

Posten's infrastructure is important today in both a national and local perspective and covers requirements for the distribution of mail, parcels, logistics services and various forms of digital communication. We help to make it possible to live and work in all parts of the country through our physical and digital services. The value of Posten's services has become more visible during the pandemic period as we have maintained deliveries in all parts of the country.

Posten is a national player that provides services to all residents and businesses in Norway. Posten also has a decentralised structure with local employees at more than 300 locations. This means that most of Posten's initiatives related to, among other things, service development, equipment selection, environmental focus and our internal business management affect local communities either directly or indirectly. The Group impacts local communities via both centrally developed solutions and concepts, as well as our daily operations.

This work supports the United Nations Sustainable Development Goal 11 "Sustainable Cities and Communities", sub-goal 11.6, which aims to make cities and communities inclusive, safe, robust and sustainable. It follows from the purpose clause in Posten's articles of association that Posten shall meet society's need for nationwide postal services. Posten's formal social mission is defined through the authorities' sector regulation and specific agreements.

Here's what we've done in 2021:

<u>Cooperation agreement with KS</u>

During 2021, Posten has introduced several solutions that further contribute to creating sustainable local communities. In May 2021, Posten signed a cooperation agreement with the Norwegian Association of Local and Regional Authorities (KS) and their Programme for Radical Innovation (PRI). This is a two-year cooperation agreement where the goal is to explore how Posten, with its nationwide delivery network, can contribute to solving the demographic challenges of the future. In particular, demographic challenges

Together with KS, we have entered into an agreement where we will explore how our nationwide delivery network

can help solve the demographic challenges of the future

...a particular topic is how we can take care of an aging population and ensure

attractive communities in all parts of the country

Norgespakke 0-5 kg makes it easier for private individuals

to buy and send used goods among themselves

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. 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.

District variant of AMOI

In June 2020, Posten launched a solution that makes it easy for local stores to offer goods including home delivery via the AMOI e-commerce platform. AMOI gives local stores a new sales channel at a time when running a physical store is challenging. In May 2021, we launched a local variant of AMOI for the Lillehammer region with the aim of testing needs and solutions for recipients and local businesses.

Norgespakke 0-5 kg

In September 2021, Posten launched the Norgespakke 0-5 kg as a service for shipping goods between private individuals in Norway. The service can be sent from the customer's own letterbox if there is space for the shipment and Posten has access to the letterbox. The service is well suited for the ever-growing circular economy where people buy and sell used goods among themselves. The work is led by a separate development team in the Mail Division.

Newspaper distribution in rural areas

Throughout 2021, 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 the distribution 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.

Collaboration with COOP

In April 2020, Posten, together with COOP, launched a nationwide solution for home delivery of groceries ordered online. At launch, the solution is available to 2.2 million households, corresponding to 91 percent of households in the country.

Our assessment and the future

The pandemic that has affected both 2020 and 2021 has been demanding for society in general, where we as individuals have had to change the way we relate to each other, our routines and our patterns of action - in some cases to a dramatic extent. Posten is pleased that we have been able to maintain stable operations throughout 2021 and thus take care of the role we have as nationally important infrastructure with the opportunity to reach everyone. We are proud to have developed new services and solutions that contribute to making everyday life easier for the country's inhabitants and businesses, in what has been a demanding situation for many.

The government-appointed Demography Committee chaired by Victor Norman delivered its report in Q4 2020. The report points to a number of societal demographic challenges in the years ahead, especially related to an aging population and challenges in ensuring long-term sustainable local communities in rural areas. It is natural that Posten, with its national network, will continue to look at how we can adapt our services and our network so that provide the best possible support for these and other societal needs. Through the collaboration agreement with KS, we will explore and, if applicable, test various solutions that can also contribute positively to sustainable local communities in the future.

Sustainable local communities also involve helping to maintain local jobs throughout Norway. Posten has 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 developing relevant services and solutions for our customers, whether they are private individuals, the business community or the public sector, is a priority.

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.

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.

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
- A competence-driven and attractive employer

Our stakeholders believe we can make a difference in these areas:

- Information security
- Purchasing and investments in innovative companies, fixed assets and property

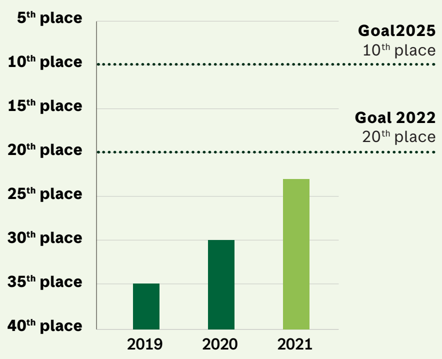
In the fact booklet “Sustainability at Posten” (attachment) you will find detailed information about guidelines, responsibilities and detailed tables.

Output

Posten constitutes an important part of the infrastructure in the Nordic region. Innovation is essential to continue to be relavant and we drive innovation together with our customers.

How we meet our targets (KPI)

NHH Social Innovation Index



The social innovation index reflects whether customers see companies' innovation activities as useful to society and the environment, and that the company innovates in line with the UN's sustainability goals. A high score on this index means that customers perceive the company as a driver of positive social and environmental changes.

“In 2013, we developed the Paxster electric vehicle in collaboration with Posten. This resulted in a Norwegian electric car success story that is now exported to “last mile” and postal companies worldwide.”

Ola Stormorken, CEO Paxster

INFORMATION SECURITY

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. The threat land scape that the Group faces is constantly changing. 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.

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.

The corona pandemic has affected the current reporting year; in the way we use technology and the balance we have between work and private life. Security solutions have made remote work possible and thus contributed to us delivering services as normal to our customers. Our 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 2021:

Posten has implemented a managerial nformation security management system (ISMS) based on the Information Security Forum (ISF) Standard of Good Practice. In 2021, a Group-wide strategy for information security was prepared and adopted. It is anchored in all divisions and corporate staff units, and is an important tool for both management and operational work in information security.

Comprehensive security

It is important to see information security as part of a whole. 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 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 in information security. Updated risk assessments and the status of the follow-up of safety measures are the basis for this reporting.

Mandatory training in information security

has been completed for all PC users in the Group in the current reporting year

To contribute to fighting crime and preventing customers and others from being deceived, we have established a separate

web course on online fraud for the general population

...from its launch in October approximately

7 500

have completed the course

Competence and awareness
All employees with access to the Group's information constitute an important defence against information security breaches. Great emphasis is therefore placed on training and awareness for those who are given access to the Group's information and IT systems.

Mandatory training in information security has been carried out for all PC users in the Group during the current reporting year. We have communicated internally in various channels to strengthen awareness among employees.

In October, Posten and Bring marked National Security Month, an annual campaign to strengthen knowledge and awareness of information security. As in previous years, this has involved skills development measures for employees in the form of, among other things, e-learning courses, intranet articles and seminars. A specialised IT seminar was also arranged for.

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, Posten has established a separate online course on online fraud for the general population. It was launched in October and approximately 7 500 people have completed the course.

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

For 2021, we can report the following on a total number of justified complaints received about customer privacy violations:

- The Group has received 17 complaints from customers or third parties and these have been confirmed by us. We have not received any complaints from regulators.
- In total, 20 cases have been identified where the customer's personal data has been lost or mislaid. 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.

Quality assurance of information security work
The quality of the work in information security 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 and Group management.

Technical intrusion tests were also conducted against the Group's IT systems which have helped us to detect vulnerabilities and rectify them. Our ability to detect information security breaches is based on the 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 experienced any serious security incidents this year. At the same time, we are aware that today's security solutions must be developed to support tomorrow's needs and a changing threat landscape.

The Norwegian National Security Authority considers that the risk profile is becoming more complex and serious. The authority makes it clear that 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. On this basis, work has been undertaken to identify effective and good measures. Implementation of the measures will be central in the next two years.

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

13 electric vans and 12 cargo bicycles

have been supplied for deliveries to the B2B and B2C market in Copenhagen, which means that in Denmark we provide

800 000

residents with a transport option that is

emission-free

PURCHASING AND INVESTMENTS IN INNOVATIVE COMPANIES, FIXED ASSETS AND PROPERTY.

Purchasing
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 in the Group 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 procurement processes and during the contract period. This is achieved 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 contribution to 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.

Here's what we've done in 2021:

Purchase of emission-free vehicles
- 13 electric vans and 12 cargo bicycles have been delivered to Bring in Copenhagen. We can thus provide 800 000 inhabitants in Copenhagen with an emission-free transport alternative.
- We have replaced 327 fossil fuel vans with electric vehicles. These drive an average of 19 500 km per year. Equivalent diesel vehicles emit an average of 164g/km, which results in a reduction in emissions of approximately 1 045 tonnes of CO_2.
- Four electric trucks have been purchased in Norway with a total weight of between 7.5 tonnes and 27 tonnes.
- We have tested five biogas trucks with a total weight of between 12 tonnes and 27 tonnes. The tests were extremely positive and we are now increasing the pace of change.

Orders of emission-free vehicles
- 580 electric vans with delivery in 2022, 509 of which will replace diesel vehicles.
- 21 electric trucks with a total weight of between 19 tonnes and 27 tonnes
- 44 biogas trucks with a total weight of between 7.2 tonnes to 27 tonnes. 13 of these will run as articulated vehicles with an annual budgeted average mileage of 130 000 km/year.

Chargers for zero-emission vehicles
Given our ever-increasing fleet of electric vans and trucks, 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, 17 DC chargers have been ordered and partially delivered with a total of 25 outlets, with power ranging from 25-240 kW. In Sweden, 37 AC chargers with 70 outlets and 9 DC chargers rated at 150 kW with 14 outlets have been ordered and partially delivered. In Denmark, 14 AC chargers with 14 outlets have been ordered and partially delivered.

Exploring smart charging

Given our rapidly growing fleet of zero-emission vehicles with the chargers required, we have entered into a partnership with a supplier to look more closely at how we can charge smarter. Areas being explored include how to reduce charging costs, increase battery life and reduce the maximum power load on a grid that is facing growing demand. The project is supported by Enova and being undertaken at our logistics terminal in Trondheim.

Transition to longer heavy goods vehicles

The Group has purchased several longer heavy goods vehicles as a result of changes in the regulations in Norway. By the end of 2021, we had 30 heavy goods vehicles that are 24 or 25.25 metres long. These replace previous heavy goods vehicles that were 18.75 metres long and the capacity of existing vehicles. as therefore been increased.

Increased use of retreaded tyres

The Group has entered into agreements where the purchase of retreaded tyres is facilitated. This involves the reuse of the core of the tyre and application of new tread. Through category management, we increased the number of retreaded tyres on heavier vehicles from 380 in 2020 to 1 350 in 2021. The share of retreaded tyres of the total number of tyres for heavier vehicles was 31 percent in 2021. Using a retreaded tyre instead of a brand-new tyre saves the environment 50 kilos of raw material (which is primarily steel, rubber and oil). In total, 67 tonnes of raw material will be saved based on the 2021 volume.

Transition to premium tyres

The Group has used premium winter tyres for many years, but in 2021 moved from quality to premium summer tyres for the most common tyre dimensions for our vans. The aim is to increase the life of the tyre while at the same time the premium tyre has a lower rolling resistance. This change is estimated to result in an annual reduction in fuel consumption of approximately 18 000 litres of diesel.

New framework agreements for biogas in Norway

As part of the Group's investment in biogas trucks, two framework agreements have been entered into to cover our need for biogas in the largest geographical area possible.

Return agreement for Paxsters

We returned 50 vehicles through our return agreement with Paxster. These are part of the supplier's 2nd-drive program, which largely entails bringing the green shift to areas of use and countries that normally choose more polluting alternatives. The vehicles are completely dismantled on a new production line at the supplier's premises in Norway, and undergo an advanced industrial overhaul process that gives the vehicles 4-6 new years on the road. Through this process, as much as 97 percent of the vehicle is used again.

Use of recycled polyester

60 percent of a total of 86 761 garments added to stock during the autumn of 2021/winter of 2022, contain between 10.5 - 100 percent recycled polyester. This amounts to approximately 12.4 tonnes of recycled polyester, and it is estimated that over 1.8 million used PEP bottles have been recycled into uniforms.

New coffee agreements

New agreements have been entered into for coffee through our collaboration with Tradebroker. The environment was evaluated as 10 percent of the award criteria, and the chosen supplier scored the maximum on this requirement. The supplier delivers both Green Dot and Eco-Lighthouse certificates, and the coffee is also Fairtrade certified.

In Norway, we have purchased four electric trucks

Our assessment and the future

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

This year, the Group has also gathered 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. Work will continue this year to accommodate the new Group strategy of being the greenest logistics player.

Investments

To contribute to increased innovation, the Group has established a Corporate Venture Capital Unit (CVC) - Bring Ventures. This establishment allows for direct investment in entrepreneurial companies, and is one of the Group's tools for reaching a growing universe of entrepreneurial companies that drive innovation relevant to the Group. We are looking for companies that contribute volume to the core business in the short and long term, strengthen the customer offering or market insight and can become a natural part of our ecosystem. We have defined and prioritised two categories of companies:

- Companies with expertise and capabilities in digitalisation and technology
- Companies that can strengthen our sustainability work

We want to contribute to new technology making us and the logistics industry more sustainable, and that in the long run solutions are developed that support sustainable consumption, for example the circular economy.

Here's what we've done in 2021:

Cable-free electric charging

We have invested in the company Elonroad which has a solution for cable-free electric charging. Elonroad was established in 2014, and develops technology for electric roads where the electric vehicle is charged while driving or parking. The technology has been tested for three years on a private road, and also for buses in Lund, Sweden. We plan to test the solution at our terminals in Trondheim and Stockholm in 2022.

Real-time temperature monitoring

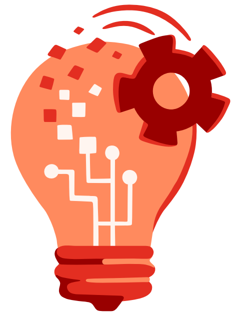
Another company we have invested in within the sustainability area is Temponline. Temponline was established in 2019, and has developed technology for real-time temperature monitoring with notification. With this technology, power consumption is reduced as the temperature is no colder than necessary and food waste due to the wrong temperature is reduced.

Network

We are working on networks and accelerators, among other initiatives, to reach leading companies in sustainability. In 2021, we collaborated with StartupLab where we participated in their event 20Tretti which connected start-up companies with established companies that want to solve climate problems. We have also entered into a partnership with Cleantech Scandinavia which gives us insight into new start-up companies and networks of investors within sustainability.

Our assessment and the future

We believe the success of the future will be created together with others. There is a lot of exciting innovation and service development within the Group, but in order to run faster and succeed with new customer requirements and future goals, it is also important to create good collaborations and solutions together with other players.



We were named

Norway's most innovative company

in 2021 by the professional jury of the innovation magazine "Innomag"

Our return agreement with Paxster means that the vehicles get

4-6 new years on the road

...and in the process

reused

97%

of the vehicle

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.

Our strategy:

Best at sustainable value creation
- A responsible social player and employer

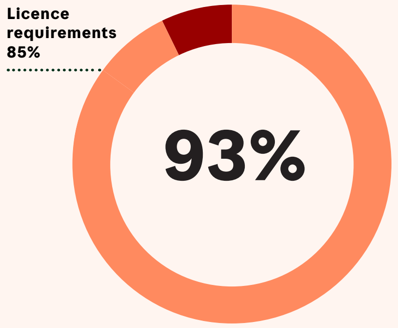
Our stakeholders believe we can make a difference in these areas:

- Sustainable supply chains
- Anti-corruption, competition law and privacy

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

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 requirements:
Proportion of timely deliveries within addressed mail in 2021:



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.

"After several years of preparation, the Group has now started cooperation with the Tax Administration to make it more difficult for our carriers to operate in an irresponsible manner."

Stefan Midteide, special adviser on Sustainability in the supply chain.

SUSTAINABLE SUPPLY CHAINS

The Group's business model is based on a combination of its own employees and the use of suppliers. We purchase various services from approximately 15 000 suppliers in 40 countries. About 2 000 of these are external transport suppliers. Working with suppliers is therefore important for the Group in several areas. We must give our customers confidence that our suppliers meet the customer's expectations for sustainable and responsible operations. We will also ensure that we comply with the Transparency Act, which enters into force in July 2022. The Group's requirements for and follow-up of suppliers' working conditions can be linked to the United Nations Sustainable Development Goal 8 "Decent work and economic growth" and in particular sub-goal 8.8.

Here's what we've done in 2021:

Screening and prioritisation
Each year, the Group conducts an overall analysis of the suppliers to assess which of them have significant environmental and social impact. External suppliers of transport services are considered to be the category with the greatest significance in climate and social conditions. Most are assessed in relation to social criteria. Prioritisation of suppliers for further control, audit and follow-up is done on the basis of which are most important to us, supplemented by the risk assessment.

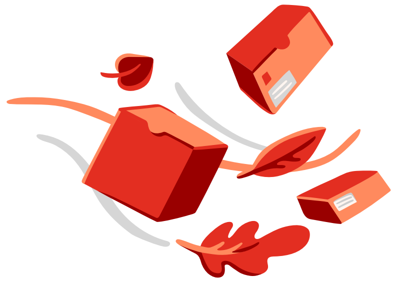
We also identify high-risk categories for human rights violations and other social requirements. The transport services category is our direct suppliers that are closely linked to the business and provide services on our behalf. Other categories of suppliers considered to be high risk include electronics, office furniture, workwear, electric vehicles and batteries.

Liabilities
All new suppliers must accept and sign the Group's Code of Conduct for Suppliers. The standard includes requirements for working conditions, human rights, wages, forced labour, freedom of organisation, etc. We have worked to increase knowledge about our "Code of Conduct for

We purchase various services from approximately

15,000

suppliers in 40 countries



...and we want to give our

customers confidence

that our suppliers meet the customer's expectations for

sustainable and responsible operations

Suppliers", and we have plans to offer e-learning courses in 2022. For transport suppliers, which have a significant environmental impact, we require all new suppliers to sign the Group's environmental declaration. We have strengthened our efforts to ensure that transport suppliers reduce their climate emissions by establishing their own climate programmes. The rollout of this program will continue in 2022.

<u>Follow-up of suppliers</u>

We evaluate our suppliers through background checks, self-evaluations, unannounced checks with driver interviews, vehicle checks and system audits of carriers. We aimed to increase the number of audits and controls in 2021, a goal we have achieved. 49 random samples of wage and employment agreements and 67 system audits were carried out, compared with 26 in 2020. The latter resulted in 18 carriers drawing up improvement plans, and of these, ten follow-up audits were undertaken to confirm that the improvement plans were carried out. Four new self-evaluations were conducted by suppliers. In addition, 746 unannounced inspections were carried out on drivers and vehicles. In three cases, we terminated the supplier relationship due to deviations related to breaches of the Code of Conduct for Suppliers. One of these was related to the environment or climate.

<u>Supplier management system</u>

The supplier management system is an important enabler for sustainable supplier chains. In this connection, new Group processes have been prepared for supplier management. Work has been undertaken to design a new system, and this is now being tested by pilot users to complete the system. Full rollout is planned for 2022.

<u>Measures have been implemented to combat work-related crime</u>

For ten years, the Group has built up systematic supplier management within ethics in the supply chain and against work-related crime. We see a need to strengthen the work to prevent rogue players in the van segment from becoming part of our supply chain. In this connection, we will review both the way we operate and strengthen the control work for transporters who use vans. A collaboration agreement against work-related crime has also been entered into with the Tax Administration. The collaboration gives us access to information that makes it easier for us to contribute to professionalism in the van industry. The van industry in Norway is now unregulated and when we met with the authorities we told them that we want regulation of the industry.

Our assessment and the future

We evaluate the work on an ongoing basis. Status is reviewed internally, and has also been presented to the internal control committee and the Board. The planning work for 2022 is based on assessments of the past year and the need for improvements. The work in this area was also evaluated in various ways by external players in 2020. Several of our largest customers also carry out audits of Posten and give us feedback on improvements needed where necessary.

Our ambition is to have robust systematics for due diligence and supplier management with regard to our Code of Conduct for Suppliers. The work shall be in line with the Transparency Act, which enters into force in July 2022. This ambition are divided into six categories and has concrete measures to ensure its implementation.

1. **Guidelines and standards**
   We must have clear policy documents, systematics and a robust organisation that ensures best practice in the divisions. We will achieve this by completing and implementing new policy documents, in addition to revising the Group's Code of Conduct for Suppliers.
2. **Competence and tools**
   We shall have the competence and tools to ensure compliance with our requirements and guidelines. Our suppliers shall understand what it means to comply with the ethical standard. The plan is to complete updated guidelines for our own employees and communicate these, use a new tool for on-site controls, conduct courses on updated processes and requirements, and complete the roll-out of a new system solution.
3. **Identifying risk**
   We shall know and understand our risks in the supply chain by updating risk identification of the procurement categories, and establishing strategy and plans for risk mitigation measures in high-risk categories.
4. **Monitoring implementation and results**
   We shall have a sufficient overview of compliance with our requirements in the supply chain through a common system solution
5. **Reviews and improvements**
   We shall set clear goals for the work, evaluate progress in relation to the goals, update plans and goals.
6. **Openness and transparency**
   Through annual reporting in the Group's integrated reporting and continuously responding to enquiries from our stakeholders.

ANTI-CORRUPTION, COMPETITION LAW AND PRIVACY

The Group has an 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 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 the Group's integrity standard. The integrity standard is strict and the Group has 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 within the Group, and positive relationships with our various partners.

Failure to comply with the integrity standard, including breaches of applicable corruption and competition laws, will be detrimental to the Group. Violations can, among other things, lead to deterioration in our reputation and major financial consequences. It can also have consequences for the individual employee.

In order to ensure compliance with the integrity standard and current regulations, it is important to create a high level of awareness and competence within the company. The Group has a special focus on providing managers and other key people with information about and training in the integrity standard, as these employees are also central when it comes to communicating the standard 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.

Here's what we've done in 2021:

<u>Integrity programme</u>

The Group has implemented a separate integrity programme that helps to support the Group's integrity standard for various areas, including anti-corruption and competition law. The programme is based on the Code of Conduct adopted by the Board and which is subject to continuous updating and further development. A separate competition law program has also been prepared for competitive practices, consisting of detailed and topic-based guidelines.

<u>Guidelines for all employees</u>

All new employees receive the Code of Conduct when they start work in the Group. The Code of Conduct and the specific guidelines for competitive practices are also available to all employees on the Group's intranet pages. The Group maintains 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 the Group aims to continue and further develop in the coming years.

Our assessment and the future

We conduct annual surveys at management level to document knowledge of the Group's guidelines and work on topics including anti-corruption and competition law. The surveys also provide information on how often such topics are on the agenda in the individual Group company's leading bodies. Based on the surveys conducted and other experiences, awareness of the Group's Code of Conduct appears good.

Furthermore, we are committed to identifying and assessing the risk of breaches of anti-corruption and competition legislation. An anonymous survey is conducted annually on the topics of anti-corruption and competitive practices as part of this work. The Group occasionally have assignments involving transportation in countries where corruption is widespread, which in itself could pose a risk. The Group is particularly concerned that parts of the business exposed to risk should be made aware of the regulations and the Group's integrity standard.

Our main goal is to prevent violations of current anti-corruption and competition legislation. At the same time, we are keen to uncover any violations should such occur. The Group has a good apparatus - including a whistleblowing scheme - to handle cases of alleged breaches of anti-corruption or competition legislation. It is our position that suspected breaches of anti-corruption and competition law should be taken very seriously.

There were no confirmed corruption incidents in 2021. The Group received no fines or sanctions for non-compliance with legislation regarding anti-competitive practices during 2021.

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 new 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 emission-free distribution by 2030. 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.

Our strategy:

Best at sustainable value creation
The greenest logistics player

Our stakeholders believe we can make a difference in these areas:

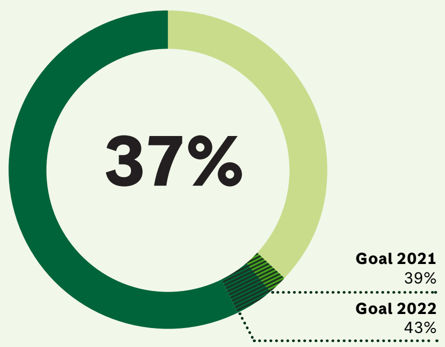
- Greenhouse gas emissions
- Material consumption and recycling
- Facilitate the circular economy

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

Output
We have reduced greenhouse gas emissions by 51 percent since 2012. This strengthens our and our customers' competitiveness.

How we meet our targets (KPI)

Proportion of vehicles running on renewable energy:



Our ambitious goal is to be the greenest logistics provider in our market. This means that we must continue the good work we have done over a long period of time, but we must think more radically and collaborate with others to a greater extent.

In the “Beloved city” pilot project, Ragn-Sells and Posten have replaced diesel cars with electric vehicles for goods delivery and waste collection in central Oslo. The result is a 94 percent reduction in greenhouse gas emissions.

TØI report 1870/2022

GREENHOUSE GAS EMISSIONS

The UN climate reports sound the alarm that we are now on "code red" for humanity. The effects of climate change are becoming increasingly visible with extreme weather, and new requirements and regulations are constantly emerging from the authorities. This is the reality we have to face.

As a major transport and logistics player, we are part of the emissions problem - and part of the solution. We are present throughout the Nordic region, and the scope of our business contributes to significant emissions from vehicles and some from buildings. In addition, we make a significant contribution to local air pollution. There are also greenhouse gas emissions related to business travel, although these have been significantly reduced as a result of the pandemic.

We put climate and environmental work on the agenda at an early stage, and have worked purposefully on emission reductions since 2012. We are a leading player in driving the development of environmentally efficient vehicles by requesting, testing and using them.

In 2021, the Group reduced greenhouse gas emissions by 12 percent, and in total, emissions have been reduced by 51 percent, the equivalent of 275 098 tonnes of CO_2 since the base year 2012. This corresponds to one year’s emissions from 132 967 passenger cars. The Group's renewable share of the vehicle fleet is now 37 percent compared with 26 percent in 2020.

Our ambitious goal is to be the greenest logistics provider in our market. This means that we must continue the good work we have done over a long period of time, but we must think more radically and collaborate with others to a greater extent.

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.

Here's what we've done in 2021:

Adopted a new climate and environment strategy
We have adopted a new climate and environmental strategy with ambitions

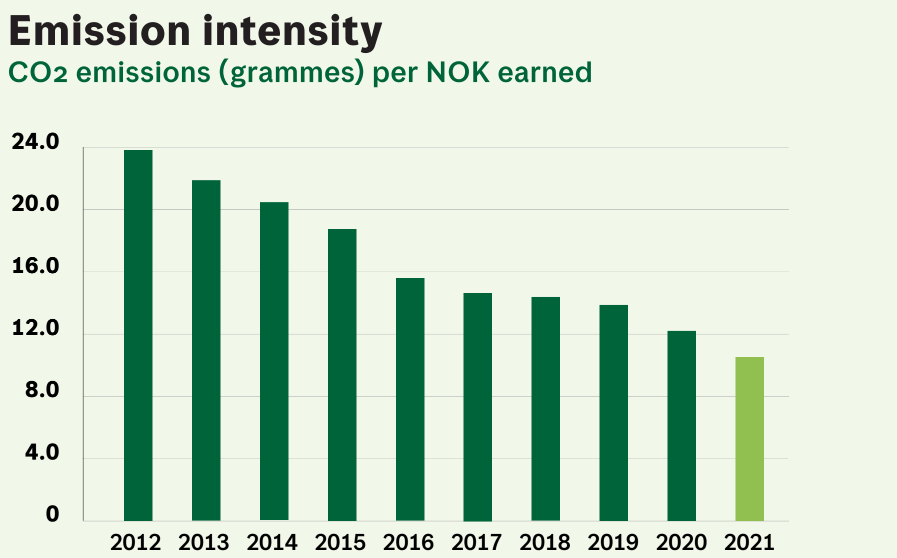
CO_2 emissions have been reduced by

51%

since 2012

...equivalent to one year's emissions from

132 967 passenger cars

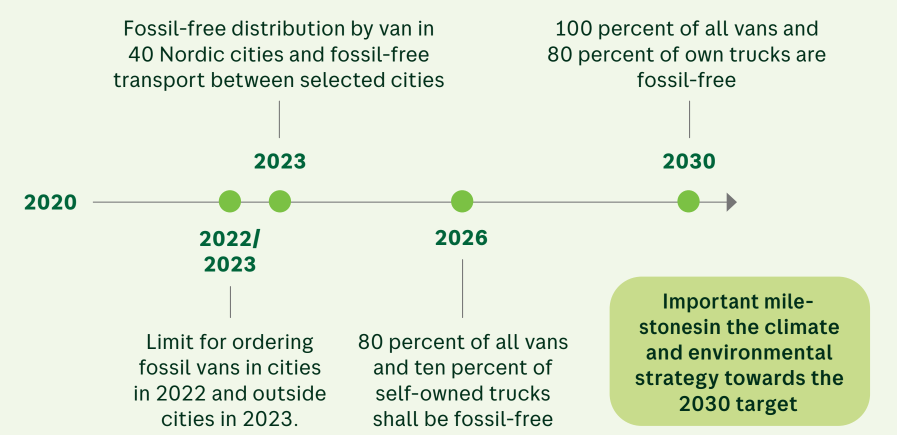


A declining emission intensity indicates a more emission-efficient organisation.

in line with the Paris Agreement. As one of the few Norwegian companies, the Group has set a new goal of reducing emissions by 2030, which has been approved by the international organisation Science Based Targets initiative (SBTi). After 2030, the goal is to have net zero emissions from all road transport in 2040 and net zero emissions from the entire business in 2050.

An important change from previous climate and environmental goals is that they include our entire value chain, both self-owned and hired transport. The figure below shows important milestones in our climate and environmental strategy. Success with the strategy depends on working on these areas:

- Offering more green services to B2B and B2C customers
- Having a fossil-free network and climate efficient buildings, and environmental requirements in procurement
- Entering into strategic partnerships
- Clearly communicating climate work that strengthens our reputation and value proposal to the customer and builds pride internally



Green bonds

We are the first logistics player in the Nordic region to issue green bonds. These are loans to finance environmentally sound initiatives, and the Group thus undertakes to use the loan, of NOK 1 billion, exclusively on "green projects". A separate framework has been prepared to define what we consider to be green investments. This has been revised and approved by Cicero.

Increasing the pace of change to offer fossil-free services

Today we have probably Norway's largest fossil-free vehicle fleet with some 2 249 vehicles. We have 1 588 electric alternative vehicles including 691 bicycles, carts and mopeds and 897 electric vans and trucks. This is in addition to 661 vans and trucks that use bio-fuel such as biogas, HVO[1] and RME[1].

In 2021, a number of measures have been implemented to increase the conversion rate for vans and start the conversion of heavy goods vehicles:

- Completion of the biggest ever purchase of fossil-free vehicles. 439 fossil-free vehicles have been ordered, made up of 378 electric vans, 19 electric trucks and 42 biogas trucks. 14 of the biogas trucks will run on liquid biogas and will be deployed on routes between cities
- The transition to renewable fuel is progressing, and we now reach 5.7 million Swedes and 608 locations with fossil-free delivery in Sweden
- A large proportion of line haul vehicles that run between Jönköping and Malmö, Stockholm, Gothenburg and Linköping have been converted to fossil-free fuel (HVO100)
- In Copenhagen, all fossil-free vans have been phased out as of 01.10.21 to offer 100 percent fossil-free deliveries by van
- We opened Posten City Hub in Fillipstad, which means that we can use more electric vans. We now offer fossil-free distribution of packages within Ring 2
- In 2021, we were the first in Norway to use an electric truck from MAN. We have also piloted and tested heavier electric vehicles from both Scania and MAN
- We piloted and tested liquified biogas between cities in the Oslo - Stokke - Hamar - Oslo axis.

Helping make good environmental choices

We shall help our customers make good environmental choices, so it is then important to make our climate measures visible to our customers. We have further developed the recipient interface in Glow so that we can show which packages are delivered with fossil-free vehicles. During 2021, we have launched environmental reports where customers can retrieve CO_2 reports per shipment and per month.

Establishing green value chains

The Group is the leading player in the Nordic region in intermodal services in the logistics market. This reduces emissions from our own vehicles, but also from other carriers. For example, we transport large volumes of waste out of Norway by train, which would otherwise have been transported by heavy goods vehicles.

In 2021, the Group transported 223 128 containers (TEU) on Norwegian and international railways, an increase of 6.9 percent compared to 2020. Over the past year, the demand for safe and efficient delivery options has also increased internationally as a result of the COVID-19 pandemic. Bring Inter-modal accounted for 62.6 percent of the total TEU transported in the Group and transported 139 387 TEU on national and international railways.

The Group has entered into an agreement with Volvo to test an electric truck tractor that will contribute to a fossil-free value chain from the train all the way to the customer. From 1 January 2022, the Group will also be responsible for the operation of the Årsta train terminal in Stockholm.

Charging infrastructure and renewable energy in terminals

We have an energy-intensive terminal structure. For several years the Group has worked to establish a new and modern terminal structure and buys renewable energy with a Guarantee of Origin to ensure renewable energy supply in Norway, Sweden and Denmark. Several units are co-located, which reduces mileage between terminals. The Group works for the increased production of renewable energy at our buildings and already has a total of six terminals with

Photo: © Helge Sunde/Samfoto/NTB

In 2021, the Group transported 223 128 TEU containers on Norwegian and international railways, which corresponds to and

increase of 6.9% from the previous year

[1] HVO = Hydrogenated Vegetable Oil | RME = Rapeseed Methyl Ester

PWC climate index 2021 named Posten as

1 of 5

companies that have actually

reduced emissions in line with the Paris Agreement

solar panels. Our terminal in Jönköping was also fitted with solar panels in 2021.

In 2021, we opened a new terminal in Tromsø that has a heat pump and charging system for vehicles. In Kristiansand, we are in the process of establishing a new terminal that will open in January 2022. This will have solar cells, energy wells and charging infrastructure. Both of these terminals comply with the Breem standard and are energy class A. 23 locations are Eco-Lighthouse certified.

We are in the process of installing modern sensor technology for the control and monitoring of temperature and ventilation at Østlandsterminalen. In 2022, this will be rolled out to more terminals.

In order to have a high replacement rate for our vehicles in the future, we mapped the energy needs at the terminals in Norway and Sweden in 2021. In Sweden, Bring has received support from the Swedish Environmental Protection Agency to establish 73 chargers with a total of 98 charging points in Malmö, Stockholm, Gothenburg, Rosersberg and Jönköping. In Sweden, we are also part of a research project run by the organisation Sustainable Innovations together with researchers from Lund and Linköping University. The project aims to evaluate both the potential and limitations of full electrification of all vehicles at a terminal. The project will look at the challenge of achieving the climate goals by switching to a fully electrified vehicle fleet, at the same time as we expect increasing challenges in the capacity of the power grid. We assist with data on vehicles, driving behaviour, energy capacity and energy consumption at our four largest terminals.

<u>Entering into partnerships to reduce emissions</u>

In Sweden, Bring has entered into a partnership with Enride. The new collaboration means that six electric trucks will be put into line haul traffic, and Bring will thus be one of the first logistics companies to convert heavy goods vehicles to electric ones in Sweden.

<u>External recognition</u>

PWC's climate index 2021 named Posten as one of five companies that have actually reduced emissions in line with the Paris Agreement. This is a rating we are very proud of, but which we hope to share with many more companies. The Sustainable Brand Index measures and analyses how sustainability effects brand-building, communication and business development. 10 460 consumers ranked 254 brands in 24 different industries. Posten is ranked 6th out of a total of 254 brands, up from 13th place last year. Within our category, the Posten brand is in first place and Bring in second place. In the IPSOS reputation survey, Posten moved up a place and is now a leader in the category "environmental awareness" within our industry.

<u>Streamlining transport work</u>

Our business involves significant local air pollution, including particulate matter, SOx[1] and NOx[1]. Particulate matter comes from exhaust emissions and road wear. in several Norwegian cities and towns, the levels are higher than the health authorities recommend in their air quality criteria. Around 19 000 tonnes of microplastics are formed in Norway every year. The largest source of microplastics from land is believed to be from tyre wear. Approximately 8 000 tonnes of microplastics are emitted every year according to the Norwegian Environment Agency. Continuously optimising routes and groupage is therefore an important measure. This reduces the need for transport, which results in less road wear and microplastics from tyres.

<u>Cooperation for sustainable framework conditions</u>

For many years the Group has collaborated with other players, across industries and other interest organisations to influence the framework conditions for environmentally efficient vehicles. We have previously entered into a letter of intent for the establishment of energy stations with biogas and hydrogen with the City of Oslo. In 2021, we were involved in the start-up of the "Grønt Land" transport programme, an initiative that brings together different authorities, accommodation stakeholders, producers and distributors of fossil-free energy sources. Here we are participating in two key projects to establish corridors between cities on liquefied biogas, and to establish a large-scale pilot with 100 electric trucks in Norway by 2023.

We believe it is important to collaborate with other actors and across industries to reduce emissions from the transport sector, as well as to work with partners and stakeholders to contribute to better framework conditions for sustainable transport solutions. In 2021, we drove an electric truck 1 600 km from Oslo to Tromsø, to increase awareness of and create interest in electric heavy goods vehicles, but also to shed light on the lack of publicly available charging infrastructure for commercial transport. During 2021/22, the truck will be used in regular traffic in Tromsø and is probably the world's northernmost electric truck.

We are active partners in the H2 truck and String project to stimulate piloting of hydrogen-powered trucks and the establishment of hydrogen infrastructure both nationally and internationally. Bring has been one of the companies representing Stockholm's CBCA work since 2021. The City-Business Climate Alliance (CBCA) is a joint initiative of the C40 Cities, CDP and the World Business Council for Sustainable Development (WBCSD).

Our assessment and the future

The Group continued the positive trend in reducing its carbon footprint. Volumes have been stable and high in 2021 as a result of increased e-commerce through the Covid-19 pandemic. We are therefore very pleased with the result and that we will carry on continuously reducing our emissions.

In the 2021 reporting year, the Group achieved a renewable share of the vehicle fleet of 37 percent. This is two percent below the Group's target of 39 percent renewable share. This is due to the long delivery time of the electric vehicles ordered due to closed factories at the vehicle manufacturers during the pandemic.

The municipalities, inhabitants and our corporate customers are increasingly concerned with reducing the climate footprint, local pollution and managing the world's resources in a more sustainable way. Going forward, it will be important to increase the pace of conversion for vans and heavy goods vehicles so that we can offer green services in and between cities. In 2021, the conversion of vehicles was measured through the KPI, which shows the proportion of vehicles that are fossil-free in addition to CO_2 reductions. In 2022, we will adjust this to differentiate between different vehicle categories and on own and leased vehicles. Furthermore, we will establish a KPI to be able to measure CO_2 reductions for self-owned vehicles and emission intensity measured in grams of CO_2 per tonne/kilometre for purchased road transport every quarter. This will be important in measuring progress towards the environmental goal set for 2030.

We drove an electric truck

1 600 km from Oslo to Tromsø

We did this to

increase awareness of and create interest in electric heavy goods vehicles

...but also to shed light on the lack of publicly available charging infrastructure for commercial transport

In 2021, Posten was named

the most sustainable brand in our industry

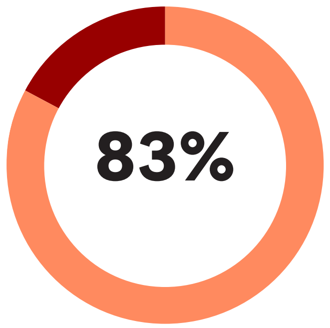
in the Sustainable Brand Index

[1] SOx: sulphur oxides, NOx: nitrogen oxides

Our ambition is to achieve

the highest possible source separation rate

...and in 2021, the Group achieved a source separation rate of



MATERIAL CONSUMPTION AND RECYCLING

Waste is generated at all our locations. This arises from the handling of letters, parcels and goods and some packing of outgoing goods. Waste is also produced directly through our own activities at terminals, canteens, distribution points and in our office buildings.

We can influence the amount of waste that occurs in our locations by working to reduce waste and facilitate the achievement of the highest possible source separation rate. How we handle waste is therefore an important part of our environmental work.

We can also influence waste through the environmental requirements we set in our procurements. We can exert influence 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. Our work on this can be linked to the UN Sustainability Goal 13 "Stopping Climate Change", sub-goal 13.3.

Here's what we've done in 2021:

Environmental certification ensures focus

There are 23 units that are Eco-Lighthouse certified, and as part of the certification process, 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.

Reuse

Posten and Bring largely use reusable load carriers made of steel and plastic for parcels and letters with a long service life.

In 2021, we increased retreading of tires from 350 to 1 350 tires, which saves 67 tonnes of raw materials such as rubber and oil. We only use recycled polyester in our uniforms.

Waste separation at source

Waste is separated at source and sorted according to the prevailing principles in each municipality. In this way, we contribute to the recycling of a large proportion of the waste that is produced. The Group shall have the highest source separation rate possible, and has for many years had a steady and high source separation rate. In 2021, 83 percent of the Group's waste was separated at source, which is at the same level as 2020.

Our assessment and the future

Waste is monitored locally at each unit. The figures are reported by our waste suppliers into a common system for monitoring waste and energy, and are part of the climate accounts that are followed up annually. No specific figures have been set for the degree of sorting at source, but in recent years there has been a positive trend.

In order to succeed with the recovery and reuse of resources, purchasing plays an important role, read more about this under "Purchasing and investments in innovative companies, fixed assets and property"

FACILITATE THE CIRCULAR ECONOMY

In a world with increased uncertainty in supply chains due to raw material shortages, bottlenecks and the pandemic, an increased focus on the circular economy is required. Since the core of the circular economy is to keep things in circulation, the Group, as a logistics supplier, will be a natural and central player in this work. We work to find good, sustainable and circular solutions through collaboration with customers and other external parties. We also work continuously to look at how the Group can manage and use its own resources in a 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.

Here's what we've done in 2021:

We continued where we left off in 2020 and over the past year have conducted many different pilots and tests in the spirit of the circular economy.

"Beloved City"

"Beloved City" is a collaboration between Bring, Ragn-Sells and KLP to better utilise vehicles in the cities. The collaboration is a common solution in which parcels are delivered and waste is collected using the same electric vehicle.

Packaging

Over the past year, we have been working to develop reusable packaging as a service for e-commerce. The goal is to replace disposable packaging. We have worked with several major e-commerce players to test the service in practice and to learn more about what it takes to change end-user behaviour. Posten's expertise and network facilitate the project's success, and efforts are being made to utilise existing logistics in the service flow.

Rent your outdoor kit

In another pilot, we tested how we can facilitate a more circular outdoor life without having to own all the equipment ourselves. The concept was to offer a kit consisting of outdoor equipment for rent and food from local shops, delivered to your door.

A partnership was established with the local travel store Chillout to ensure access to good quality equipment. The outdoor kit was made available through AMOI in March 2021. Customers can order a outdoor kit tailored to their needs,

We tested how we can facilitate for a more

circular outdoor life

..the concept was to offer a kit consisting of outdoor equipment for rent and food from local shops, delivered to your door while AMOI gets to test the actual customer value and willingness to pay in practice. Interviews with some of these customers provided increased insight into what could be improved and what worked well. Renting through AMOI was considered as easy as buying new equipment in the store and the customers the team talked to were very happy.

Possible improvements are to offer a larger selection of packages for rent beyond just hiking equipment, and simplify the return experience for items that have been rented. The team was contacted by several actors who were interested in renting out their own products, and recommends that AMOI be further developed as a rental platform to reach a larger customer group.

3D printing

We have explored and tested 3D printing technology with a focus on spare parts. In the future, this technology will help to change the supply chain as we know it today, and directly affect Posten's core business. 3D printing is a type of additive production, which is a common term for techniques where objects are built by adding material. The starting point is a digital 3D model, and the work is performed by a 3D printer that can build complex objects layer by layer in a wide range of materials. Until now, Posten has carried out several test projects with various companies and has been able to produce several well-functioning spare parts that are still in operation.

We believe that future 3D-print production of spare parts to order ("on-demand") will enable companies to avoid storage costs and unfavourable lead times, especially with regard to international supply lines. In the long run this production method will be more cost-effective, sustainable and improve our carbon footprint by promoting the use of local resources and reducing the need for long-distance transport for spare parts.

Our assessment and the future

Even though we are in the very beginning phase of working with the circular economy, we already have many exciting initiatives underway. In 2020 and 2021, the EU launched its action plan for the circular economy, as well as its taxonomy for sustainable activity. Norway has also launched a strategy for a green circular economy.

The regulations we are seeing are the start of a wide range of requirements from different authorities to implement a shift to circular and more sustainable business models. At the same time, Posten has launched its green framework for sustainable bonds, a framework strongly linked to the EU's other plans for the circular economy and sustainability.

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.

We have explored and tested

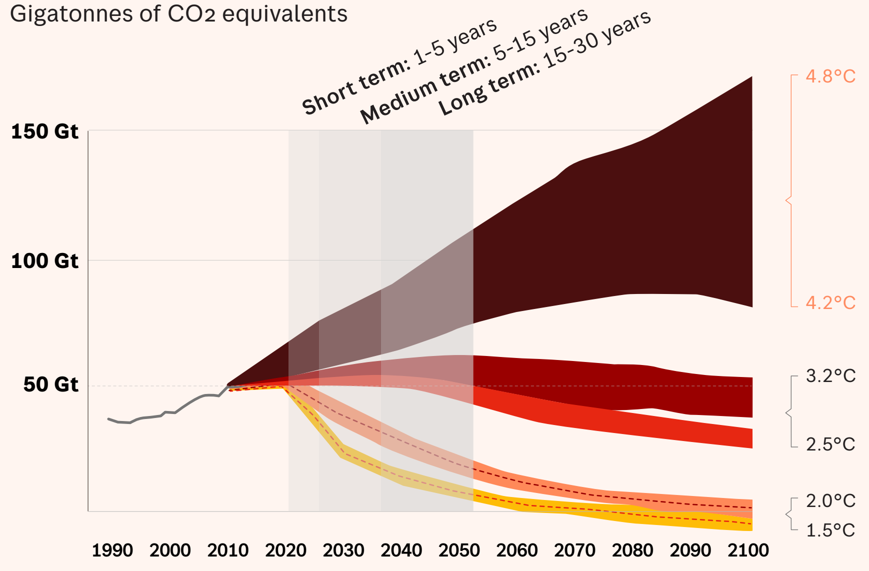
3D printing technology

with a focus on

spare parts

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)

Inadequate climate policy
The world is doing too little, too late. Self-reinforcing warming mechanisms are triggered and it is unlikely that emissions will be halved by 2100.

Successful climate policy
The maximum temperature in the Paris Agreement is observed. No self-reinforcing mechanisms are triggered and emissions are halved between 2030 and 2040.

CLIMATE-RELATED RISK ASSESSMENT (TCFD)

A bottom-up climate risk analysis is performed to assess climate-related risk. Risk factors are identified and prioritised according to materiality. For all priority risk factors, three elements are considered: factor development (including probability), financial impact and strategic significance. This assessment is made for the short, medium and long term.

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

A 30-year horizon gives considerable uncertainty. At the same time we use this because it provides valuable information on how the Group is affected by climate change that does not have an effect until towards the middle of the century. 2050 is also an important milestone for international work on emission reduction, including in the reports to the UN Climate Panel and for net zero emissions targets.

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.

Basis for assessments

The scenarios are based, among other things, on the IPCC's "Representative Concentration Pathway" (RCP) and "Shared Socioeconomic Pathway" (SSP), as well as assessments of the potential for nations' goals and promises of emission reduction. Assessments of physical risk are based on information on developments under these scenarios (IPCC climate reports), Climate Impact Explorer, the Climate Risk Committee assessments, and other relevant sources. 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 as well other relevant sources.

We present the main features of our climate risk assessment in this report. The most important points to highlight are: the method and the assumptions the assessment is based on, what the most important risks are for the Group and details about these, as well as a brief, overall presentation of the rest of the risk profile.

Important risk factors and opportunities according to the TCFD

- based on the successful climate policy scenario

On this page, 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. On the next page, other significant but not equally important risk factors are reviewed in an overall manner.

	Risks					Opportunities		
	Sudden change in climate policy and framework conditions	**The rate of conversion to fossil-free vehicles among suppliers is too slow**	**Insufficient technology development**	**Energy infrastructure**	**Changed customer requirements/ declining trading volume**	**Increased collaboration (coordination, co-delivery and co-location)**	**Logistics for the circular economy**	**Low emissions and electrification**
Description	Highly unpredictable development, especially in the EU. We must expect significantly stricter climate policy than we envisage today, for example road transport in the sector subject to quotas and a significantly increased carbon price.	72 percent of Posten's emissions occur from suppliers. These must convert to fossil-free vehicles if our climate goals are to be achieved.	Technology for fossil-free heavy goods vehicles matures late. Four-wheel drive is not developed.	Insufficient capacity for fossil-free energy at Posten'sfacilities. Insufficient capacity and accessibility of charging/filling infrastructure on roads.	Corporate customers set stricter requirements for emission reduction and local footprint. More environmentally conscious consumers cause a decline in online shopping and consumer goods.	Collaboration on various links in the logistics chain with other players results in lower costs and emissions.	Platforms for circular services, platforms for second-hand trade and repair services will require good logistics with low emissions.	Posten is converting its vehicle fleet and network to lower emissions. A large proportion of electric vehicles can also provide financial opportunities.
Probability	High	Medium	Medium	Low	Medium	Medium	High	High
Consequence	Will cause upheaval for vehicle fleets, the use of trains and the business model.	Will challenge our own climate targets. May in turn weaken our competitive position.	Will prevent conversion to fossil-free vehicles, and possibly require the purchase of fossil vehicles. Challenges climate goals.	Will prevent the use of fossil-free vehicles, reduce flexibility in the network and thus likely delivery quality.	Will lead to loss of customers and volume.	Reduced need for own infrastructure, increased complexity in operation and planning.	Increased volume. Need for closer integration with the customer's platform.	Increased competitiveness in the low-carbon economy. Need for strengthened management of energy infrastructure and electricity contracts.
Change in the scenario "Inadequate climate policy"	Highly unpredictable.	Higher probability and lower consequence.	Higher probability and lower consequence.	Higher probability and lower consequence.	Lower probability and lower consequence.	Lower probability and lower consequence.	Lower probability and lower consequence.	Lower probability and lower consequence.
Financial impact	Increased investment requirement, increased operating costs, reduced value of/for assets. Quantified in 2022.	Lower earnings and possibly higher costs by meeting customer requirements with own vehicles. Quantified in 2022.	Probably a high loss of value for fossil vehicles. Possible lower earnings due to higher emissions. Quantified 2022.	Lower earnings due to loss of customers (delivery quality). Higher operating costs and increased investment requirement. Quantified in 2022.	Reduced earnings. Possible disproportionate cost of trying to meet requirements. Quantified in 2022.	Increased revenues where Posten facilitates. Lower costs where others facilitate. Reduced capital tied up.	Increased revenue.	Increased capital tie-up. Probably lower operating costs. Probable that increased revenues from strategic advantages with lower emissions than competitors are maintained.
Horizon	M L	S M	M	S M	M L	M L	S M	S M L
Measures	Proactive conversion of vehicles and operating model before this is required. Posten is in dialogue with the authorities about requirements.	Development of supplier programs to help suppliers reorganise, at the same time as we set stricter requirements.	Close dialogue with vehicle manufacturers, participation in strategic initiatives and cooperation/venture investments.	Assessment and development of own infrastructure. Dialogue with charging/filling technology suppliers and authorities.	Proactive conversion of vehicles and operating model. Creation of new services and exploration of new markets.	Strategic collaborations are assessed on an ongoing basis.	Innovation projects, dialogue with customers and assessment of strategic collaborations.	Restructuring of vehicle fleet. Upgrading of energy infrastructure. Strategic collaboration.
Method	Assessing this risk is challenging because it is unpredictable and can develop in several directions.	A system for measuring suppliers' emission intensity (tCOe/tkm) is developed.	Official and confidential plans from vehicle manufacturers assessed against planned purchases, possible upgrades and challenges experienced.	We document energy supply and charging capacity against planned needs and extreme cases, and "fossil-free corridors" on the road network.	We analyse customers' climate requirements and expected changes in purchasing patterns against our plans/forecasts. Consumer and volume trends are considered.			

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

		Short term (1-5 years)	Medium term (5-15 years)	Long term (15-30 years)
Physical risk	**Acute and chronic** Risk associated with changes in geographical and climatic conditions, which may affect Posten's assets and operations directly.	Acute risk: Increased probability of landslides and surface water along roads and train lines, which gives lower delivery precision when these have to be bypassed. Most terminals have surface water systems dimensioned for increased precipitation.	Acute risk: Increased probability of landslides and surface water along roads and train lines, which gives 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 implemented for five terminals, while the last two are monitored.	Chronic risk: Seven of Posten's terminals are exposed to rising sea levels and rising extreme water levels. 2050: 1-1.33 m higher sea level and 100-year water levels 0.1-1 times per year (resp. Successful climate policy/Inadequate climate policy) can make measures highly demanding, or ineffective. We must also assume the possibility of disruptions in international logistics chains. Critical ports can be flooded, ships can sink and airports be put out of action due to extreme weather. Possible problems in the Suez or Panama Canal.
Transition risk	**Politics and regulation** Risk associated with political response, or lack of response, to the climate crisis. Framework conditions for road transport are an important part of this.	Enova support for and toll ring exemption for low emissions vehicles can be phased out. This will result in higher investment and operating costs. 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.	Probable shift to new standards with stricter climate policy, driven by the EU. Road transport may be 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.	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.
	Reputation Risk associated with weakening of brand, network and "goodwill" due to the company's response, or lack of response, to the climate crisis.	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.	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.	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; 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.
	Marked Risk associated with changes in requirements and dynamics in the markets Posten has to deal with, including customers and suppliers.	A lack of drivers, continued subsidies and climate requirements from customers will enable the movement of more goods to rail. This can dilute Posten's market position and lead to higher prices for us.	Falling prices for road transport and rising maintenance costs for the train network can force freight volumes back onto the road. Lower train volumes can lead to higher train prices, and increase our emission intensity. Sharply increased demand for fossil-free vehicles can drive up prices and potentially make it very difficult to buy the vehicles we need to achieve our climate targets.	Increased environmental awareness, especially among consumers, may lead to a significant fall in the demand for logistics as a service. Reduced trade volume, increased share of local trade, exchange and awareness of emissions from transport also when selling consumer-to-consumer will contribute to this.
	Technology Risk associated with the emergence (or lack of emergence) of and access to new technology with lower emissions.	Late development of low-emission technology for heavy goods vehicles can lead to refusal to order new trucks/lorries. When they are first ordered, it is according to the template for the 2030 target. Inadequate energy infrastructure can cause problems in filling existing low-emission vehicles when needed, where needed. This will affect operations, and thus delivery quality.	Mature and available low-emission technology may be insufficient for long-distance operation of heavy vehicles. This will prevent us from delivering services and at the same time reaching our climate goal. Asynchronous development of energy infrastructure in Europe (between countries, between areas or between technologies) can hinder the operation of low-emission vehicles in international logistics.	There is a great deal of uncertainty in assessing technological risk in the long term.

FINANCIAL CAPITAL

Our business performance

Never before has Posten delivered so many packages as in 2021. A high level of activity combined with efficient operation gave a very good result for 2021.

The pandemic and new online shopping habits have been an important reason for parcel growth. We delivered 66 million parcels from online shopping and we have shed light on how important goods deliveries are for a well-functioning society. We expect continued growth in 2022, but at more normalised levels. The

Group's sales revenues in 2021 were NOK 24 716 million, an increase of NOK 720 million compared with 2020. The adjusted operating margin for 2021 was 6.2 percent compared with 5.9 percent the year before, and adjusted operating profit was NOK 1 525 million, which is NOK 102 million higher than the record year 2020.

Our strategy:

Best at sustainable value creation

- An efficient cost structure

Our stakeholders believe we can make a difference in these areas:

- Socio-economic value creation

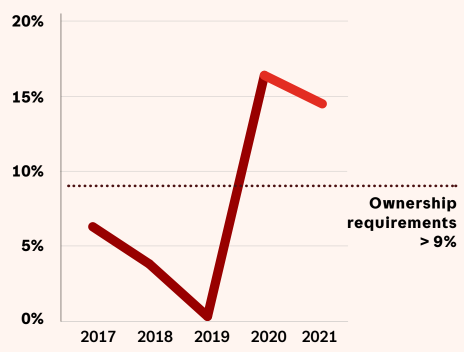
In the fact booklet "Sustainability at Posten" (attachment) you will find detailed information about guidelines, responsibilities and detailed tables.

Output

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

How we meet our targets (KPI)

Return on equity:



The goal is to deliver the highest possible return on equity over time. Return on equity (ROE) was 14.5 percent in 2021, which is 1.9 percentage points lower than in 2020, but still well within target.

"The parcel box gives me greater flexibility and makes my everyday life easier. I can pick up the packages just when it suits me, and do not have to stand in line. I spend much less time collecting packages than I did before."

Thomas Gustavson

SOCIO-ECONOMIC VALUE CREATION

Our services are an important part of the infrastructure in the country. They thus contribute, both directly and indirectly, to socio-economic value creation through our operations and throughout our value chain. The Group has an efficient cost structure that contributes to long term value creation for our owner. Furthermore, we are a large employer with many employees who generate tax revenue for society.

The strategic work on socio-economic value creation through, among other things, focus on the environment, was put on the agenda at an early stage and anchored in the Group strategy. We are happy with the work, but always want to improve. This work will highlight Posten and Bring as green players for financial institutions.

In a declining letter market, we must continue the necessary restructuring of the business and adapt to new user needs. We are in the process of shaping the delivery network of the future in the Nordic region. Major changes in the provision of statutory postal services will require changes in the law. We co-produce and co-ordinate letters, parcels and goods in a joint network in Norway. New services are being tested and launched to give the customer greater freedom of choice and a simpler everyday life. Goods that people shop for online, can be delivered to their home - outside or inside the door, or picked up at an increasing number of parcel delivery locations.

After the transition to mail delivery every other day, parcels are still delivered every weekday to mailboxes in most parts of the country, in addition to Post in Shops, post offices and parcel boxes. To meet growth and offer attractive solutions to Nordic online stores, we continue to expand capacity and networks in both Sweden and Denmark.

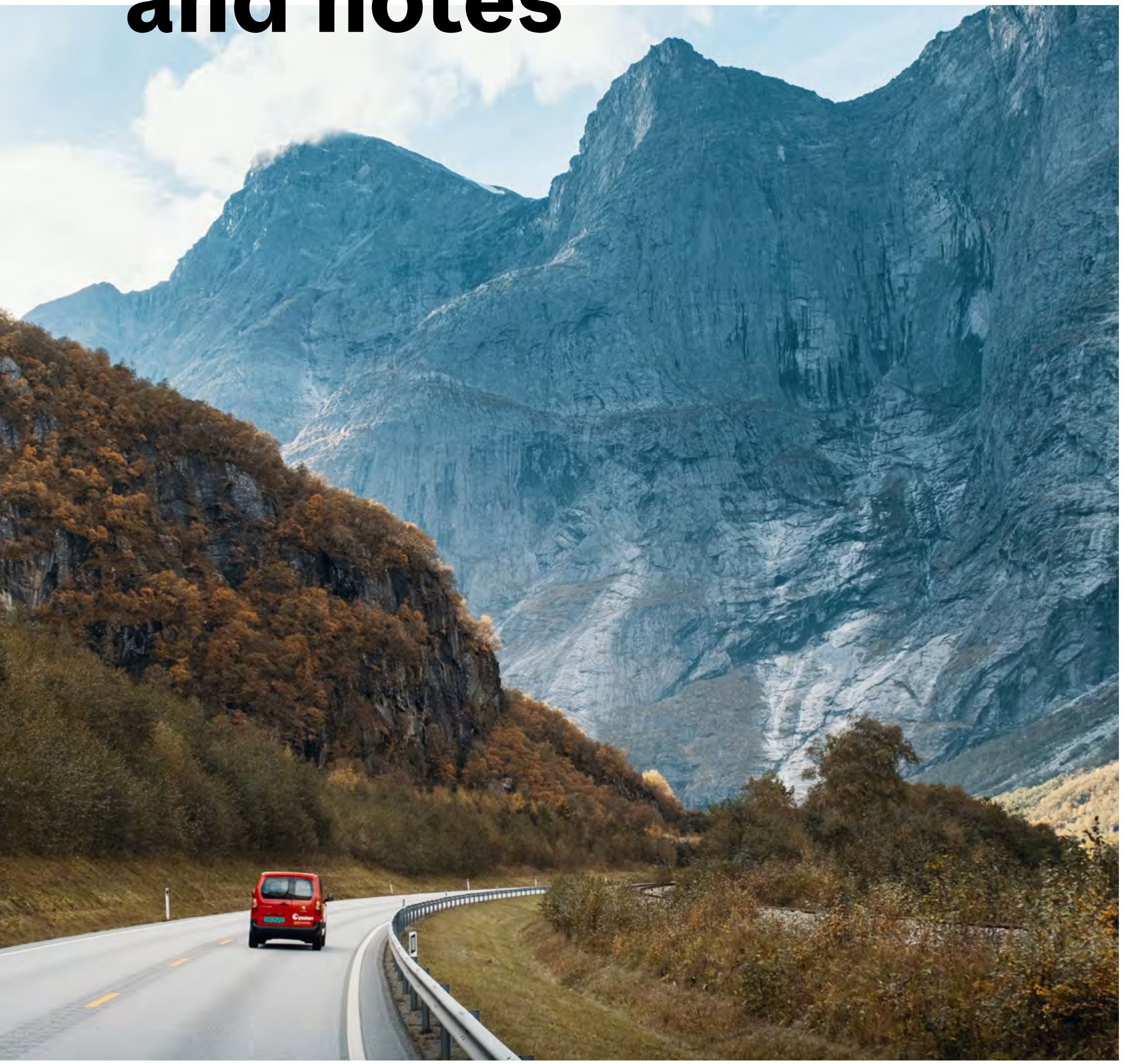
We aim to have an efficient cost structure that contributes to long-term value creation. This can be linked to the UN's sustainability goal 8 "Decent work and economic growth," sub-target 8.8.

New services are being tested and launched

to give customers increased freedom of choice and simpler everyday life

Posten Norge Group

Financial statements and notes



INCOME STATEMENT

Amounts in MNOK

	Note	2021	2020
Revenue	1	**24 716**	**23 996**
Costs of goods and services		10 369	9 937
Payroll expenses	2,3	8 600	8 523
Depreciation and amortisation	8,9,17	1 240	1 463
Write-downs of intangible assets and tangible fixed assets	8,9,17	68	169
Other operating expenses	4	2 983	2 650
Operating expenses		**23 260**	**22 742**
Other income/(expenses)	5	3	119
Share of profit from associated companies	10	3	112
Operating profit		**1 462**	**1 485**
Financial income	6	225	455
Financial expenses	6	334	595
Net financial income/(expense)		**(109)**	**(141)**
Profit before tax		**1 352**	**1 344**
Tax expense	7	294	221
Profit for the year		**1 058**	**1 123**
Attributable to controlling interests		1 051	1 119
Attributable to non-controlling interests		7	4

STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK

	Note	2021	2020
Profit for the year		**1 058**	**1 123**
Pension remeasurement	3,7	12	(61)
Items that will not be reclassified to income statement		**12**	**(61)**
Translation differences[1]		(160)	63
Hedging of net investment[2]	7,20	26	(46)
Translation differences		**(134)**	**17**
Cash flow hedging	7,20	**1**	**(5)**
Items that will be reclassified to income statement		**(133)**	**12**
Other comprehensive income/(loss)		**(121)**	**(50)**
Total comprehensive income/(loss)		**937**	**1 073**
Total comprehensive income/(loss) is distributed as follows:			
Controlling interests		930	1 069
Non-controlling interests		7	4

1) MNOK 57 relates to the recycling of translation differences to profit in connection with the sale of Frigoscandia Sweden, see note 23

2) MNOK 5 relates to the recycling of hedging reserves to profit in connection with the sale of Frigoscandia Sweden, see note 20

BALANCE SHEET

Amounts in MNOK

	Note	31.12.2021	31.12.2020
ASSETS			
Intangible assets	8	2 079	1 823
Deferred tax assets	7	179	282
Tangible fixed assets	9	5 743	5 409
Right-of-use assets	17	2 981	2 854
Investments in associated companies	10	31	28
Interest-bearing non-current receivables	12,14	51	57
Other financial non-current assets	10,12,20	201	189
Non-current assets		**11 266**	**10 644**
Interest-free current receivables	12,15,20	3 530	3 067
Interest-bearing current receivables	12,14	99	125
Liquid assets	12,16	3 448	4 633
Current assets		**7 077**	**7 826**
Assets held for sale	23		1 173
Assets		**18 342**	**19 643**
EQUITY AND LIABILITIES			
Share capital	21	3 120	3 120
Other equity	23	4 104	4 237
Non-controlling interests		49	9
Equity		**7 273**	**7 367**
Provisions for liabilities	**11**	**725**	**797**
Non-current lease liabilities	12,17	2 570	2 515
Interest-bearing non-current liabilities	12,18,20	1 618	1 108
Interest-free non-current liabilities	12,19,20	7	16
Non-current liabilities		**4 195**	**3 639**
Current lease liabilities	12,17	667	625
Interest-bearing current liabilities	12,18,20	969	1 411
Interest-free current liabilities	11,12,19,20	4 294	4 420
Tax payable	7	218	210
Current liabilities		**6 149**	**6 667**
Liabilities held for sale	23		1 174
Equity and liabilities		**18 342**	**19 643**

Board meeting on 24 March 2022

Andreas Enger (Chair)

Anne Carine Tanum (Deputy Chair)

Tina Stiegler

Henrik Höjsgaard

Finn Kinserdal

Liv Fiksdahl

Gerd Øiahals

Lars Nilsen

Ann Elisabeth Wirgeness

Tove Gravdal Rundtom

Tone Wille (Group CEO)

CASH FLOW STATEMENT

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.

Amounts in MNOK

	Note	2021	2020
Profit/(loss) before tax		1 352	1 344
Tax paid in the year	7	(189)	(165)
(Gain)/loss from sales of non-current assets and subsidiaries		(22)	(73)
Ordinary depreciation and write-downs	8,9,17	1 308	1 632
Share of profit from associated companies	10	(3)	(112)
Financial items without cash effect		135	57
Changes in receivables and payables		(280)	30
Changes in other working capital		(258)	278
Changes in other accruals [1]		(80)	(280)
Interest received		51	105
Interest paid		(177)	(209)
Cash flows from operating activities		**1 837**	**2 607**
Investments in non-current assets	9	(1 062)	(700)
Cash-effect from purchase of businesses	23	(187)	(97)
Cash-effect from purchase and sale of other shares		(44)	
Proceeds from sale of non-current assets	9	88	133
Cash-effect from sale of businesses	23	30	28
Cash-effect from sale of associated companies	10		364
Changes in other financial non-current assets		(14)	(27)
Cash flows from investing activities		**(1 189)**	**(299)**
Payment of lease liabilities	17	(857)	(851)
Proceeds from non-current and current debt raised	18	1 200	
Repayment of borrowings	18	(1 111)	(779)
(Decrease)/increase in bank overdrafts	18	5	
Dividend paid	21	(1 060)	
Cash flows from financing activities		**(1 823)**	**(1 630)**
Change in liquid assets		**(1 175)**	**677**
Liquid assets at the start of the year		4 680	3 912
Currency differences		(57)	91
Liquid assets at the end of the year incl. held for sale		**3 448**	**4 680**
Liquid assets classified as held for sale	23		(47)
Liquid assets at the end of the year	**16**	**3 448**	**4 633**

1) Restructuring accruals made in 2019 were paid out in 2020.

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 01.01.2021	**3 120**	**992**	**(7)**	**283**	**2 969**	**4 237**	**9**	**7 367**
Profit for the year					1 051	1 051	7	1 058
Other comprehensive result			1	(134)	12	(121)		(121)
Total comprehensive result			**1**	**(134)**	**1 063**	**930**	**7**	**937**
Dividend					(1 060)	(1 060)	(7)	(1 067)
Changes in non-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**

	Controlling interests							
	Share capital	Share premium reserves	Hedging reserve	Translation differences	Retained earnings	Other equity	Non-controlling Interests	Total equity
Equity 01.01.2020	**3 120**	**992**	**(1)**	**279**	**1 907**	**3 177**	**66**	**6 363**
Profit for the year					1 119	1 119	4	1 123
Other comprehensive result			(5)	17	(61)	(50)		(50)
Total comprehensive result			**(5)**	**17**	**1 057**	**1 069**	**4**	**1 073**
Changes in non-controlling interests					(8)	(8)	(61)	(69)
Other changes in equity				(13)	13			
Equity at 31.12.2020	**3 120**	**992**	**(7)**	**283**	**2 969**	**4 237**	**9**	**7 367**

Notes to the accounts for Posten Norge Group

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, communication and logistics in the Nordics. Posten Norge AS' address is Biskop Gunnerus gate 14, 0001 Oslo, Norway.

ACCOUNTING PRINCIPLES

Posten Norge's consolidated financial statements 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 mainly been prepared on a historic cost basis, except for financial assets and liabilities (including derivatives) that have been measured at fair value.

The financial statements are basically 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.

The table to the right gives an overview of relevant accounting principles for the Group, with references to the applicable notes and accounting standards.

Accounting Principles	Associated statements and notes	IFRS/IAS standard
1. Changes in accounting principles and disclosures		IAS 8
2. Issued and amended standards not yet effective or lacking approval by the EU		IAS 8
3. Accounting estimates	Note 3 Pensions Note 5 Other income and expenses Note 7 Taxes Note 8 Intangible assets Note 11 Provisions for liabilities Note 17 Leases Note 26 Effects of the Corona pandemic	IAS 12, IAS 19, IAS 36, IAS 37, IFRS 16
4. Foreign currency translation	Statement of comprehensive income Statement of changes in equity	IAS 21
5. Consolidation principles	Note 23 Changes to group structure	IFRS 3, IFRS 10, IFRS 11, IFRS 12, IAS 28
6. Segment reporting	Note 1 Segments	IFRS 8
7. Revenue from contracts with customers	Note 1 Segments	IFRS 15
8. Pensions	Note 3 Pensions	IAS 19
9. Taxes	Note 7 Taxes	IAS 12
10. Intangible assets	Note 8 Intangible assets	IAS 38
11. Tangible fixed assets	Note 9 Tangible fixed assets	IAS 16
12. Investments in subsidiaries and associated companies	Note 10 Investments in companies and businesses	IFRS 10, IFRS 11, IFRS 12, IAS 28
13. Write-downs of non-financial assets	Note 8 Intangible assets Note 9 Tangible fixed assets Note 10 Investments in companies and businesses Note 17 Leases	IAS 36
14. Provisions for liabilities	Note 5 Other income and expenses Note 11 Provisions for liabilities	IAS 19, IAS 37
15. Contingent liabilities and assets	Note 11 Provisions for liabilities	IAS 37
16. Financial instruments	Note 6 Financial income and financial expenses Note 12 Overview of financial assets and liabilities Note 13 Financial risk and capital management Note 14 Interest-bearing non-current and current receivables Note 15 Interest-free current receivables Note 16 Liquid assets Note 18 Interest-bearing non-current and current liabilities Note 19 Interest-free non-current and current liabilities Note 20 Derivatives and hedging	IFRS 7, IFRS 9, IFRS 13, IAS 32
17. Accounts receivable	Note 15 Interest-free current receivables	IFRS 7, IFRS 9, IFRS 13, IFRS 15, IAS 32
18. Cash and cash equivalents	Note 16 Liquid assets	IFRS 7, IFRS 9, IFRS 13, IAS 7, IAS 32
19. Leasing	Note 17 Leases	IFRS 16
20. Borrowings	Note 18 Interest-bearing non-current and current liabilities	IFRS 7, IFRS 9, IFRS 13, IAS 32
21. Equity	Statement of changes in equity Note 21 Equity	IAS 1
22. Held for sale	Note 23 Changes to group structure	IFRS 5
23. Events after the reporting period	Note 25 Regulatory issues Note 27 Events after the reporting period	IAS 10

1. 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 2021. The implementation of these amended standards and interpretations has not resulted in significant changes in the consolidated financial statements.

2. 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 2021:

Amended IAS 1 related to the classification of loans as current or non-current

The change in IAS 1 Presentation of Financial Statements applies for financial statements starting after 1 January 2023. The changes will not lead to significant changes compared with the Group's present implementation of IAS 1.

3. ACCOUNTING ESTIMATES

The preparation of the Group's financial statements requires management to make estimates and assumptions affecting revenues, expenses, assets and liabilities, the accompanying notes and the disclosure of contingent liabilities. Management carries out significant accounting considerations (judgments) in applying the Group's accounting policies. Material critical accounting judgments will be described. Sources of estimation uncertainty and assumptions concerning the future that represent a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are described below:

3.1 Estimated impairment of assets

Impairment exists when the carrying value of an asset or cash generating unit (definition in section 13) exceeds its recoverable amount. Calculations of recoverable amounts require the use of estimates. 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 note 8.

3.2 Pensions

There is also 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. Details are given in note 3.

3.3 Provisions

In determining the fair value of provisions for restructuring expenses and other provisions, assumptions and estimates are made in relation to discount rates, the expected settlement value and settlement date. Additional information is disclosed in note 11.

3.4 Deferred tax assets

Deferred tax assets are recognised when it is probable that the Group will have sufficient profits to utilise the tax benefit. Management's judgment is required to determine the size of the tax benefit to be utilised, based on the timing and value of future taxable profits. Note 7 has more details.

3.5 Leasing obligations (lease agreements)

The lease liability is based on the non-cancellable period of the lease (including the period of notice) and any options reasonably certain to be exercised. Several of the Group's significant lease agreements, particularly within property, include options for renewals of the agreements. The Group applies judgment in determining the lease period.

The determination of the discount rate as the basis for calculating the present value of future leasing obligations also involves judgment. A methodology for this process has been developed. Section 19 and note 17 have more information.

4.FOREIGN CURRENCY TRANSLATION

4.1 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.

4.2. 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.

4.3 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 the statement of 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.

5. 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.

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.

5.1 Subsidiaries

Companies where the Group has control (subsidiaries) are fully consolidated line by line in the consolidated financial statements. Subsidiaries are consolidated from the date on which control is achieved and deconsolidated from the date that control ceases.

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 any previous interests held, over the identifiable assets and liabilities, is 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 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 at the time of acquisition. 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. 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.

Transactions with non-controlling owners in subsidiaries that do not result in any loss of control are accounted for as equity transactions. In the event of loss of control and consequent deconsolidation of the subsidiary, gain or loss is recognised in the income statement. Any retained investment is measured at fair value at the time of the transaction.

5.2 Associated companies

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.

6. SEGMENT REPORTING

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 statement.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

The recognition of income shall reflect the transfer of goods or services to the customer. In all segments, 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.

According to the contracts applied, the Group's current delivery obligations in both segments are current (less than one year). Accordingly, the Group does not provide information about balance sheet items related to current deliveries.

Sales revenue is measured at fair value of the consideration net of value added tax and discounts.

7.1 Revenue: Logistics segment

The segment's revenue is mainly generated by terminal and transport services of parcels, freight and forwarding deliveries, in addition to the sale of warehouse services.

Transport services comprise national and international transport, together with express deliveries and home deliveries. 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 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 an associated agreement. The storage of goods is recognised over time as the customer receives the benefit for each day the goods are stored. Storage handling is, however, recognised at the time when the service is delivered, and control is considered to be transferred to the customer.

7.2 Revenue: Mail segment

The segment's revenue is generated from the sale of letter products. The 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. Letter 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 sale 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 and banking services, recognised over time (monthly) and limited to an amount equalling the current year's estimated additional expenses regarding licensing requirements.

8. PENSIONS

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 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 future periods.

9. TAXES

The tax expense comprises tax payable for the period and changes in deferred tax liabilities/assets. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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)
- deferred tax concerning investments in subsidiaries, branches and associates where the parent company can control the time for reversing the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

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.

10. 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. 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 but assessed for impairment annually (section 13 "Write-downs of non-financial assets" has a more detailed description). 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 not yet available for use are also tested for impairment.

10.1 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 can the expenses relating to development work be recognised in the balance sheet. Otherwise, such costs will be expensed as incurred.

10.2 Intangible assets: Goodwill

Goodwill arises on acquisitions of businesses (described in more detail under sections 5.1 and 5.2).

11. TANGIBLE FIXED ASSETS

Tangible fixed assets are recognised in the balance sheet at their acquisition cost net of accumulated depreciation and impairment. 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 deconstructed 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 relating to replacements and renewals which significantly increase the useful economic life of the fixed assets are recognised in the balance sheet.

Tangible fixed assets are depreciated down to their residual values on a straight-line basis over their estimated useful economic life. In determining the useful lifetime, considerations like changes in external conditions such as changes in technology, regulations, markets and social habits are taken into account. Depreciation starts from the date when the tangible fixed asset is available for its intended use. Land is not depreciated.

The assets' residual values, if any, depreciation method and useful lives are reviewed annually.

12. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Subsidiaries are consolidated into Posten Norge's consolidated financial statements. Investments in associated companies are accounted for using the equity method (details are given under section 5 "Consolidation principles").

13. 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.

The Group calculates future cash flows based on estimated results (forecasts and long-term plans) 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.

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 be so large as to exceed the value the asset would have had if no write-down had been recognised.

13.1 Impairment: Goodwill and other assets with indefinite useful lives

Goodwill, intangible assets with indefinite useful lives and intangible assets under development are subject to an impairment test annually, irrespective of whether there are any indications of impairment or not.

13.2 Impairment: Other assets with definite useful lives

An impairment test on other assets with definite useful lives is made when there are indications of impairment.

14. 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. Details on provisions for pension liabilities are provided in section 8.

14.1 Provisions: 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 programme has been determined and announced, and the costs are identifiable, quantifiable and not covered by corresponding revenues.

14.2 Provisions: Onerous contracts

A provision for onerous contracts is recognised when the Group's expected income from a contract is lower than the unavoidable expenses incurred to meet the obligations of the contract. As a main rule, the Group defines unavoidable expenses as direct costs related to the loss and does not include indirect costs in the estimated provision. A provision is generally made when a reliable estimate of the obligation amount can be made.

15. CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities include:

- possible liabilities resulting from past events whose existence depends on future events
- liabilities that have not been recognised because it is not probable that they will result in payments
- liabilities that cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the financial statements unless they have been acquired in a business combination. Such liabilities are provided for. Significant contingent liabilities are disclosed unless it is unlikely that the liability will result in payments.

Contingent assets are not recognised in the financial statements but disclosed if it is probable that the Group will benefit from them.

16. 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 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.

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 they are approved in the distributing company, generally concurrently with the payment date. Purchases and sales of shares are recognised on the trading date.

None of the Group's financial liabilities is held for trading purposes. With the exception of loans in foreign currency (Japanese yen), the fair value option has not been applied, nor do the liabilities contain embedded derivatives. Accordingly, the Group's financial obligations are basically classified as subsequently measured at amortised cost. 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.

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.

16.1 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:

1. the derivative is applied to hedge an expected transaction, a net investment in a foreign business or a recognised asset or obligation,
2. the hedge is earmarked and documented,
3. the requirement for hedge effectiveness is met.

Hedge effectiveness is analysed on an ongoing basis and is met when:

1. there is a financial relation between the hedge object and instrument, i.e., the Group normally expects that the values systematically change in line with changes in the underlying risk,
2. credit risk does not dominate the changes in value and
3. and the degree of hedging reflects the actual quantity hedged and used to hedge.

Hedge accounting ceases when:

a. the hedging instrument expires, is sold, terminated or exercised, or
b. the hedge no longer meets the criteria for hedge accounting as described above.

16.1 a 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 gains or losses on the hedging instrument in equity will be reversed and recognised in the income statement immediately.

16.1 b Hedging of net investment in a foreign entity

The Group uses currency futures to hedge its net investments in foreign entities. Changes in currency futures that are designated as hedging instruments 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.

16.1 c 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.

16.2 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.

16.3 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. 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.

17. ACCOUNTS RECEIVABLE

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 and measures the loss provisions at an amount corresponding to the expected lifetime credit loss. Accrued (actual) credit losses reduce the trade receivables' balance sheet value directly.

18. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include liquid assets such as cash in hand and bank deposits. Cash and cash equivalents are current liquid investments that can be converted into a known amount in cash within three months and are subject to insignificant risk.

19. LEASING

19.1 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. Short-term lease agreements, where the non-cancellable lease period is less than 12 months, 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.

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 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.

The lease liability is based on the non-cancellable period of the lease (including the period of notice) and any options reasonably certain to be exercised. The Group assumes that "reasonably certain" is a probability level significantly higher than 50 percent.

In the consideration of whether the exercise of an option is reasonably certain, especial weight has been given to 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 decreases the further off the exercise date is.

Assessment of lease payments

Right-of-use assets and lease liabilities shall be measured at the present value of the 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

1. the loan interest for the asset class in question, and
2. the length of the lease period.

19.2 The Group as lessor

For contracts where the Group is lessor, each lease agreement is classified as either operating or finance. A lease agreement is classified as a finance lease if it in all material respects transfers all risk and reward of the ownership of an underlying asset. A sublease constitutes a finance lease if the asset, or parts of it, is subleased for the major part of the remaining lease period in the main agreement.

Finance leases

As lessor, the Group has no significant finance lease agreements.

Operating leases

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.

20. BORROWINGS

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.

21. EQUITY

21.1 Translation differences

Translation differences arise in connection with currency differences in the consolidation of foreign subsidiaries and when recognising foreign associated companies according to the equity method. Currency differences relating to monetary items (debts or receivables where settlements are neither planned nor likely to occur within a short period), and which in reality constitute part of a company's net investment in a foreign subsidiary, are treated as translation differences. When a foreign entity is sold, the accumulated translation difference related to the entity is reclassified and recognised in the same period as the gain or loss on the sale is recognised.

21.2 Hedge reserve

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.

21.3 Equity transactions

Transaction costs directly related to equity transactions are recognised directly in equity net of taxes. Other transaction costs are recognised in the income statement.

22. HELD FOR SALE

Assets and liabilities are classified as held for sale if their carrying value in all material respects will be recovered through a sale rather than through continued use. Assets and liabilities classified as held for sale are measured at the lower of the carrying amount and fair value net of sales expenses and are presented separately as assets held for sale and liabilities held for sale in the balance sheet. The criteria for the classification as held for sale are considered met when it is highly probably that the sale will be carried out and the asset or disposal group is immediately available for sale in its current condition. Non-current assets classified as held for sale are not depreciated.

23. EVENTS AFTER THE REPORTING PERIOD

New information about the Group's positions on the balance sheet date is considered in the financial statements. Events taking place after the reporting period that do not affect the Group's position on the balance sheet date, but will do so in the future, are disclosed if significant.

NOTE 1 SEGMENTS

Segments in the Group are reported in accordance with areas whose operating results are reviewed regularly by Posten's Board to enable the Board to make decisions about resource allocation to each segment and assess its earnings. Revenues, assets and investments are also reported on a geographical basis, split between Norway, Sweden and other countries, see section 6 "Segment reporting" and 7 "Revenue from contracts with customers" in the Group's accounting principles.

For financial reporting purposes, the Group has divided operations into two segments, Logistics and Mail. Segment Logistics comprises division E-commerce and logistics and International logistics. Holdings & Ventures also reports as part of the segment. Segment Mail includes division Mail. Division Network Norway is divided between Segment Logistics and Segment Mail based on the type of services delivered to the two segments. The division shall ensure cost-effective operations for letters, parcels and freight in Norway and delivers no 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 the group strategy. The divisions are responsible for developing and delivering services of high quality.

Segment Logistics comprises groupage and part loads, parcels, warehousing, home and deliveries express services. The Group's thermo business was sold towards the end of 2021 – see note 23. The transport services include national 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 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 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 service has the following categories:

- storage
- interim storage
- customs storage

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 parcel products to e-commerce customers, in addition to groupage and part loads, home deliveries and warehousing 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.

The division also manages the car fleet primarily for the logistics network in Norway to ensure competitive and cost-effective transport services.

Holdings & Ventures shall maximise the value of portfolio companies and venture investments in the Nordics and comprises the Group's express services and digitalisation of the Group's value chain.

Segment Mail comprises letter products (addressed and unaddressed) and parcels between private consumers (Norgespakken). On 1 July 2021, the Ministry of Transport terminated Posten's duty to offer basic banking services in the rural mail network. 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:

- mail and newspaper distribution
- sales and customer service
- Post in Shops
- post offices
- rural post

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 Sustainability, Communication, Strategy, Economy, Finance, Property, Legal and IT and Digitalisation. 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.

Operating expenses: External expenses incl. depreciation include costs of goods and services, salaries and personnel costs, depreciation and other operating expenses. Costs of goods and services are costs of the input factors directly included in the goods and services sold, primarily transport costs and remuneration for Post in Shop services. Other operating expenses comprise other purchase, sales and administration costs concerning ordinary operations that cannot be classified as costs of goods and services, salary and personnel costs or depreciation. Note 2 and note 4 have additional information.

RESULTS PER SEGMENT

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 for the year					**1 058**

2020	Logistics	Mail	Other	Eliminations[1]	Group
External revenue	18 354	5 641			23 996
Internal revenue	216	400	1 295	(1 911)	
Total revenue	**18 571**	**6 041**	**1 295**	**(1 911)**	**23 996**
External expenses including depreciation	16 227	4 997	1 347		22 573
Internal expenses	1 077	717	118	(1 911)	
Write-downs of intangible assets and tangible fixed assets	137	31			169
Operating expenses	**17 441**	**5 745**	**1 465**	**(1 911)**	**22 742**
Other income and (expenses)	42	77			119
Share of profits from associated companies	112				112
Operating profit/(loss)	**1 285**	**371**	**(170)**		**1 485**
Net financial items					(141)
Taxes					221
Profit for the year					**1 123**

1) The new organisational structure in 2020 led to fewer inter-segment transactions

Revenue categories

The Group's deliveries mainly comprise transport and postal services delivered over time and can include a number of associated additional services. The most significant additional services are considered to be part of one delivery obligation. Hence, the consideration received for the services is not broken down.

The Group's assets related to the contracts are basically trade receivables, see note 15. As per the applicable contracts, the Group's ongoing delivery obligations in both segments are current (less than one year). For this reason, the Group does not provide information on balance sheet items concerning ongoing delivery obligations.

DELIVERIES OVER TIME[1]

	2021	2020
Parcel services	7 943	7 176
Freight and forwarding	9 189	8 638
Other Logistics business[2]	2 819	2 757
Logistics	**19 952**	**18 571**
Mail services	3 715	4 025
Government procurements	536	523
Norgespakken	393	385
Other mail business[3]	976	1 107
Mail	**5 620**	**6 041**
Other	**1 439**	**1 295**
Eliminations	(2 295)	(1 911)
External revenue	**24 716**	**23 996**

1) Some of the Group's services are delivered at a certain point in time. These services are not separated from income delivered over time, as they are considered to be insignificant
2) "Other Logistics business" includes warehousing and real estate services, consulting services within technology development, design and digital marketing, as well as the Groups's thermo-business. The Groups's thermo-business was sold as of 27 December 2021 and accounted for 2 562 MNOK and 2 390 MNOK of external income in "Other Logistics business" in 2021 and 2020
3) Other mail business" includes income from Post in Shops, sales of Norwegian postal services to foreign customers, Digipost and rental of postboxes.

Geographical information

Posten Norge's main 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.

	2021	2020
External revenue		
Norway	15 023	14 788
Sweden	5 142	5 033
Other countries	4 552	4 174
Total revenue	**24 716**	**23 996**
Assets		
Norway	15 708	16 219
Sweden	1 614	2 238
Other countries	1 020	1 186
Total assets[1]	**18 342**	**19 643**
Investments		
Norway	977	537
Sweden	69	111
Other countries	16	52
Total investments	**1 062**	**700**

1) Total assets in 2020 includes MNOK 1 173 classified as held for sale. See note 23

INVESTMENTS PER SEGMENT

2021	Logistics	Post	Other	Group
Investments in non-current assets	897	167		1 062
Depreciation[2]	834	380	26	1 240
Write-downs	67	1		68

2020	Logistics	Post	Other	Group
Investments in non-current assets	552	146	3	700
Depreciation	1 049	384	30	1 463
Write-downs	137	31		169

2) Assets classified as held for sale were not depreciated in 2021.

NOTE 2 PAYROLL EXPENSES AND OTHER REMUNERATION

The note shows the Group's payroll expenses for employees and expensed remuneration to the Group's Board, executives and auditors. The note also provides information about the Group's bonus and pension schemes for executives and the statement on executives' remuneration.

	2021	2020
Salaries	6 845	6 849
Social security tax	1 040	961
Pension expenses	539	521
Other benefits	176	192
Payroll expenses	**8 600**	**8 523**
Number of full-time equivalent positions	12 711	13 135
Number of employees 31.12 [1]	12 561	12 919

1) 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 positions / man-years in the row above.

Social security tax on pensions is classified as pension expenses (details in note 3).

	2021	2020
Board fees [1]	**3 013**	**2 847**
Fees for the statutory audit – Group auditor	8 103	7 547
Fees for the statutory audit to other audit firms	155	206
Fees for other attestation services	747	939
Fees for tax advisory services	301	336
Fees for other non-audit services	179	519
Total auditors' fees	**9 484**	**9 547**

(All amounts in TNOK and exclusive of VAT)
1) Includes board fees to external board members in part-owned subsidiaries

Fees to the group auditor concerned the audit firm EY.

The Board of Directors

External board members have no pension schemes or other benefits other than board remuneration. Employee representatives only have pension schemes related to their employment in Posten Norge AS. The Annual General Meeting determines the remuneration to the Board of Directors of Posten Norge AS. The board fees for 2021 were approved in the Annual General Meeting on 23 June 2021, and the board members received the following remuneration:

2021

Remuneration	Board fees	Audit Committee	Compensation Committee
Andreas Enger, Chair [3]	481		50
Anne Carine Tanum, Vice-Chair	289		22
Henrik Höjsgaard	240		22
Finn Kinserdal [2]	240	74	
Liv Fiksdahl	240		
Tina Stiegler	240	44	
Gerd Øiahals, employee representative [1]	240		22
Ann Elisabeth Wirgeness, employee representative [1]	240		
Tove Gravdal Rundtom, employee representative [1]	240		
Lars Nilsen, employee representative [1]	240		
Total	**2 686**	**118**	**115**

(All amounts in TNOK and exclusive of social security tax)
1) For employee representatives, the amounts only concern compensation for the board position stated
2) Leader of the Audit Committee
3) Leader of the Compensation Committee

2020

Remuneration	Board fees	Audit Committee	Compensation Committee
Andreas Enger, Chair [3]	466		31
Anne Carine Tanum, Vice-Chair	281		13
Henrik Höjsgaard	232		13
Finn Kinserdal [2]	232	71	
Liv Fiksdahl	232		
Tina Stiegler	232	43	
Odd Christian Øverland, employee representative (until 30.06.2020) [1]	114		3
Gerd Øiahals, employee representative (from 30.06.2020) [1]	118		11
Ann Elisabeth Wirgeness, employee representative [1]	232		
Tove Gravdal Rundtom, employee representative (from 01.01.2020) [1]	232		
Lars Nilsen, employee representative [1]	232		
Total	**2 603**	**114**	**70**

(All amounts in TNOK and exclusive of social security tax)
1) For employee representatives, the amounts only concern compensation for the board position stated
2) Leader of the Audit Committee
3) Leader of the Compensation Committee

Group management - compensation

Group management is defined as the persons with the authority and responsibility for executing and monitoring the Group's operations. Unless otherwise stated, the amounts below cover the entire year.

2021

Group management	Basic pay[1]	Bonus earned 2021[2]	Salary and holiday pay paid in 2021[3]	Bonus paid (earned in 2020)[4]	Other benefits paid[5]	Pension cost	Period of notice	Severance pay agreement
Tone Wille [6]	5 665		5 718		306	126	6 mth.	No
Irene Egset [7]	3 345	691	3 435	760	192	126	6 mth.	No
Hans Øyvind Ryen [8]	2 900	544	2 949	521	130	126	6 mth.	No
Per Erik Roth [7]	2 540	488	2 720	533	5	126	6 mth.	No
Nina Christin Yttervik [7]	2 468	465	2 478	438	192	126	6 mth.	No
Per Öhagen [7]	3 629		3 714	918	188	126	6 mth.	No
Christian Brandt [7]	2 623	509	2 695	563	256	126	6 mth.	No
Morten Stødle	2 633	528	2 707	599	176	126	6 mth.	No
Alexandra Saab Bjertnæs (until 30.09.2021) [7]	2 150		2 135	487	187	94	6 mth.	No
Thomas Tscherning [9]	3 253	612	3 448	633		1 167	6 mth.	9 mth.
Total	**31 206**	**3 838**	**32 001**	**5 450**	**1 631**	**2 269**		

(All amounts in TNOK and exclusive of social security tax)
1) Basic pay as at 31.12.2021 or at the time of leaving Group management
2) Earned bonus is for the year shown and for the period as a member of Group management, as accrued in the accounts. Includes neither holiday pay nor social security tax
3) Salary and holiday pay paid out in the year shown
4) Bonus paid was earned and accrued in the previous year
5) Other benefits include all other benefits (cash and non-cash) received in the year, and include free car and car allowance, pension compensation and electronic communication
6) The Group CEO's salary terms were set to MNOK 5,7 per year in addition to free phone/broadband, car compensation of TNOK 292 per year and parking at the office. She is also a member of the company's pension and personnel insurance schemes in line with the collective schemes prevailing in Posten Norge AS. The CEO's bonus scheme was terminated on 1 January 2019
7) Has an agreement for severance pay for up to one year if the non-compete clause comes into effect
8) Bonus paid in 2021 (earned in 2020) comprised TNOK 220 in bonus earned as a member of Group management, and TNOK 301 bonus earned before becoming a member of Group management (total TNOK 521)
9) Group director Thomas Tscherning received his salary in Swedish kroner, translated to NOK at an average exchange rate for the year of 1,0019

2020

Group management	Basic pay[1]	Bonus earned 2020[2]	Salary and holiday pay paid in 2020[3]	Bonus paid (earned in 2019)[4]	Other benefits paid[5]	Pension cost	Period of notice	Severance pay agreement
Tone Wille [6]	5 510		5 665		289	121	6 mth.	No
Irene Egset [7]	3 254	760	3 347	696	192	121	6 mth.	No
Gro Bakstad (until 16.08.2020)	2 840		1 838	634	173	957	6 mth.	No
Hans Øyvind Ryen (deputised from 17.08.2020) [8]	2 650	220	990		47	126	6 mth.	No
Per Erik Roth [7]	2 440	533	2 717	168	7	121	6 mth.	No
Randi Løvland (until 29.02.2020) [9]	1 960		327		37	53	6 mth.	9 mth.
Nina Yttervik (from 01.03.2020) [7]	2 400	438	1 877		161	101	6 mth.	No
Per Öhagen [7]	3 457	918	3 531	867	192	121	6 mth.	No
Christian Brandt [7] [10]	2 543	563	2 586	525	254	121	6 mth.	No
Morten Stødle	2 562	599	2 642	573	176	121	6 mth.	No
Alexandra Saab Bjertnæs [7]	2 150	487	2 199	495	249	121	6 mth.	No
Thomas Tscherning [11]	3 280	646	3 257	682	23	1 087	6 mth.	9 mth.
Total	**35 045**	**5 163**	**30 976**	**4 639**	**1 799**	**3 170**		

(All amounts in TNOK and exclusive of social security tax)
1) Basic pay as at 31.12.2020 or at the time of leaving Group management
2) Earned bonus is for the year shown and for the period as a member of Group management, as accrued in the accounts. Includes neither holiday pay nor social security tax
3) Salary and holiday pay paid out in the year shown
4) Bonus paid was earned and accrued in the previous year
5) Other benefits include all other benefits (cash and non-cash)received in the year, and include the taxable part of pension insurance premiums, free car and car allowance, pension compensation and electronic communication
6) The Group CEO's salary terms were set to MNOK 5,5 per year in addition to free phone/broadband, car compensation of TNOK 283 per year and parking at the office. She is also a member of the company's pension and personnel insurance schemes in line with the collective schemes prevailing in Posten Norge AS. The CEO's bonus scheme was terminated on 1 January 2019
7) Has an agreement for severance pay for up to one year if the non-compete clause comes into effect
8) As a deputised member of Group management, Hans Øyvind Ryen had an old age pension, the basis for which was in excess of 12G. This ceased when his appointment was made permanent
9) Bonus earned in 2019 of TNOK 451 was not paid after leaving the Group management
10) Bonus paid comprised TNOK 118 in bonus earned as a member of Group management, and TNOK 407 bonus earned before becoming a member of Group management
11) Group director Thomas Tscherning received his salary in Swedish kroner, translated to NOK at an average exchange rate for the year of 1,0227. His salary adjustment for 2020 will be paid in 2021

Bonus schemes

Posten Norge has a bonus scheme for members of Group management with the exception of the Group CEO. The scheme has two parts, one element based on the consolidated group results and one on individual results, with an upper limit of three months' salary. The final decision regarding bonuses is made by the CEO. In general, bonuses are paid only to persons holding their positions as at 31 December.

Posten Norge AS and most of the Group's subsidiaries have bonus schemes for key personnel in management related to result achievement and/or individual criteria (details in the "Statement on the determination of salaries and other remuneration to executives in the Posten Norge Group in 2021" below).

Pension schemes

Group management has the same pension schemes and pension terms as other employees in the Group, see item 3.5 in the "Statement on the determination of salaries and other remuneration to executives in the Posten Norge Group in 2021".

One member of Group management who joined in 2014 has a Swedish pension scheme, where the annual contribution depends on salary level and age. The contribution rates are maximum 42% of the pension basis for the person in question.

Severance pay

For members of Group management with severance pay arrangements, the agreements include clauses of curtailment against other income.

Loans and guarantees

No loans or guarantees were provided for members of Group management.

STATEMENT ON THE DETERMINATION OF SALARIES AND OTHER REMUNERATION TO EXECUTIVES IN THE POSTEN NORGE GROUP IN 2021

(Approved by the Board on 17 February 2022)

This statement is based on the guidelines for salaries and other remuneration for executives in companies with state ownership established by the Ministry of Trade, Industry and Fisheries effective from 30 April 2021 and has been prepared by the Board in accordance with the Articles of Association section 7, see the Public Limited Companies Act section 6-16a.

The declaration shall be reviewed in Posten Norge AS's Annual General Meeting in 2022 and applies for the accounting year 2021.

The declaration applies to the Group CEO and Group directors reporting to the Group CEO (Group management). The statement correspondingly applies to the CEO and executives reporting to the CEOs in companies where Posten Norge AS has direct or indirect control. These groups are called "senior employees".

The statement deals with the executive remuneration policy followed in the preceding accounting year, see the Public Limited Companies Act section 6-16a., third and fourth paragraph. Separate guidelines for the determination of salaries and other remuneration to senior employees in the Posten Group have been prepared pursuant to the Public Limited Companies Act section 6-16a and the company's Articles of Association section 7.

1. Posten Norge AS

The remuneration to senior employees in 2021 has been in accordance with "Statement of salaries and other remuneration to executives in Posten Norge AS and Posten Norge AS' wholly owned subsidiaries", adopted on 18 February 2021 (in the following, "last year's statement").

One new Group director was employed in 2021. The terms of the agreement are in accordance with last year's statement.

The agreements for one of the Company's Group directors made before 2011 differ from the Norwegian state's guidelines, as the Group director in question has 6 months' period of notice and also an agreement for 9 months' severance pay. In addition, the same Group director has an old age pension scheme where the pension basis exceeds 12G (a Swedish pension scheme).

Posten Norge AS's salary increase in 2021 had a limit of 2,8 percent for both executives and employees, including the CEO and Group management.

2. Companies where Posten Norge AS directly or indirectly has decisive control

Five senior employees in the Group's companies in Norway have agreements made before 13 February 2015 and differ from the state's guidelines as they have retirement pensions where the pension basis exceeds 12 G.

In other respects, the remuneration to senior employees in subsidiaries covered by this statement in 2021 has been in accordance with the Group's and Norwegian state's guidelines.

No senior employees have remuneration in the form of shares or options, nor has any long-term incentive scheme for senior employees been established in subsidiaries.

3. Next year's statement

In 2021, the Annual General Meeting amended section 7 in the Articles of Association to the effect that, in 2023 at the latest, this statement shall be replaced by an annual salary report pursuant to the Public Limited Companies Act.

NOTE 3 PENSIONS

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. More information is available in section 3 "Accounting estimates" and 8 "Pensions" in the Group's accounting principles.

	2021	2020
Pension costs:		
Present value of the pensions earned for the year	113	118
Net interest expense on net liability	22	22
Gross pension costs incl. social security tax (benefit based)	**135**	**140**
Interest element reclassified to finance items	(17)	(20)
Net pension costs incl. social security tax (benefit based)	**117**	**119**
Defined contribution pension schemes	523	505
Employee contributions	(102)	(104)
Total pension expenses included in the operating profit for the year	**539**	**521**
Defined contribution pension schemes		
Number of members	14 721	15 419
Share of salary	1-44%	1-45%
Net pension liabilities:		
Estimated accrued secured liabilities	(377)	(640)
Estimated value of the pension assets	280	271
Net estimated secured pension liabilities	**(98)**	**(370)**
Estimated accrued unsecured pension liabilities	(583)	(605)
Classified as held for sale		264
Net pension liabilities in balance sheet	**(680)**	**(712)**
Pension liabilities recognised as provisions for liabilities	680	712
Changes in liabilities:		
Net liabilities at 1.1.	(712)	(900)
Gross pension expenses	(135)	(140)
Premium payments and benefits paid	167	166
Changes in pension estimates recognised in other comprehensive income	15	(78)
Translation differences	(4)	(24)
Classified as held for sale 1)	(11)	264
Net pension liabilities at 31.12.	**(680)**	**(712)**

1) Recognised change in pension liability classified as held for sale before it was sold in 2021

	2021	2020
Main categories of pension assets at fair value		
Equity instruments (shares, bonds)	188	181
Debt instruments	63	65
Property	18	18
Other assets	10	7
Total pension assets	**280**	**271**
Pension estimate (loss)/gain at 01.01.	434	513
Changes in pension plan, pension liabilities		
Changes in discount rate, pension liabilities	38	(78)
Changes in other financial assumptions, pension liabilities	(15)	(1)
Changes in demographic assumptions, pension liabilities	(10)	
Changes in other factors, pension liabilities	(13)	(5)
Changes in financial assumptions, pension assets	5	8
Changes in demographic assumptions, pension assets	10	(4)
Changes in other factors, pension assets	1	1
(Loss)/gain for the year in total comprehensive income	**15**	**(78)**
Pension estimate (loss)/gain at 31.12.	**450**	**434**
Defined benefit pension schemes		
Number of members	4 163	4 917
Actuarial assumptions		
Discount rate	1,7-1,9%	1,1-1,7%
Expected salary regulation	2-2,9%	2-2,5%
Expected G regulation	2,5-2,9%	2-2,5%
Expected pension regulation	1,5-2,5%	1,2-2%
Expected yield	1,7-3,1%	1,4-2,7%
Expected voluntary retirement (below 50 years)	4-5%	4-5%
Expected voluntary retirement (over 50 years)	1,5-5%	1,5-5%
Expected use of AFP	40-60%	40-60%
Demographic assumptions on mortality rate	K2013	K2013

Defined contribution schemes

The Group has defined contribution schemes for most of the employees in Norway, Sweden and Denmark, and the premiums are expensed when paid to the pension supplier.

The Norwegian subsidiaries generally have somewhat lower contribution rates and lower pension bases than the parent company (see note 2 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 plans 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 2020, the scheme's pension fund amounted to approximately NOK 49,1 billion as at 31 December 2020. Income through premiums in 2020 was NOK 6,7 billion whilst payments were approximately NOK 3,4 billion.

The premium to Fellesordningen for the past years has been 2,5 percent of the employees' salary, but will increase to 2,6 percent from 1 January 2022. The total premium for the parent company in 2021 was MNOK 84 and is estimated to be MNOK 90 in 2022. The parent company's premium to the scheme is calculated as a share of Fellesordningen's premium income. In the past years, the parent company's share has been 1,2 percent.

"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 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) 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.

The background for the "sliter" supplement is that the life expectancy adjustment 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. So far, SO Spekter has not been a separate legal entity, but is part of Spekter and is financed from Spekter's operations, and has therefore not been accounted for in the member firms.

Spekter plans to transfer SO Spekter to an independent legal entity. The financial solution for the scheme is not ready and will not be determined before SO Spekter's Annual General Meeting on 16 June 2022. An alternative can be that SO Spekter is financed by annual payments from the member firms to cover expected costs in the coming year for employees who have been granted "sliter" supplements.

The "sliter" scheme is a multi-enterprise scheme and for this reason not carried in the company financial statements as at 31 December 2021. There is significant uncertainty related to the accounting effect for the member firms, primarily because the financial solution is not ready, but also because of the uncertainty as to how many employees will make use of the scheme. It is also uncertain how long the scheme will last, as only a limited amount in LO/NHO has been agreed for the use of this scheme. A final financing solution will be approved by the Annual General Meeting in June 2022 at the earliest, and a possible obligation will not be accounted for by Posten Norge AS or any subsidiaries that are members in SO Spekter until a final decision has been made. It is expected that the parent company will bear the most significant part of the obligation.

Based on data from the three age groups that have started to use the scheme, the best estimate is that the employees making use of the scheme in the years to come will be some 15-20 percent of those aged 62-64 years. For the next 10 years period, this implies some 450-600 employees will make use of the scheme, resulting in an estimated obligation of about MNOK 120-180. This is before any actuarial effects such as discounts and pension regulation.

Defined benefit schemes

The Group has pension schemes defined as benefit pension plans. Some of these schemes are nevertheless presented as contribution plans and expensed on a current basis. 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, giving those employed at the transition date the right to various compensation and guarantee schemes. These schemes were closed on that date, meaning that the obligations will be phased out over time (see note 2 for Posten Norge AS).

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 2021, mainly in accordance with recommendations from the Norwegian Accounting Standards Board (NRS). Posten Norge uses covered bonds (OMF) as its basis for the discount rate. Posten has decided that covered bonds (OMF) in 2021 qualify as corporate bonds with adequate credit worthiness and market depth to be the basis for the discount rate under IAS 19.

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 2 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 2021 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)	92	27	(23)	(8)	9
Percentage change	-13%	15%	4%	-4%	-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. Higher inflation and salary development than the basis in the pension calculations will result in an increased obligation for the Group.

Expected premium payments and disbursements related to the Group's pension schemes amount to MNOK 89 in 2022. The weighted average duration of the Group's pension obligation as at 31 December 2021 was 23 years and had the following expected maturity structure:

	Amount	Percentage
Less than 1 year	89	9%
1-2 years	77	8%
2-3 years	69	7%
3-4 years	62	6%
More than 5 years	663	69%
Total	**960**	**100%**

NOTE 4 OTHER OPERATING EXPENSES

Other operating expenses are costs not directly related to the sale of goods and services, salaries and personnel costs or depreciation/write-downs.

	2021	2020
IT services	898	732
Other external services	677	549
Cost of premises	568	481
Other rental expenses	105	81
Tools, fixtures, operating materials	142	130
Repair and maintenance of equipment	122	121
Marketing	126	84
Insurance, guarantee and compensation expenses	102	128
Travel expenses	56	89
Accounting and payroll services	27	42
Other expenses	161	211
Operating expenses	**2 983**	**2 650**

The increase in costs related to IT services and other external services was largely due to high project activities and increased parcel volumes. The project activity mainly concerned commercial improvements of existing systems.

The reason for the change in the cost of premises was basically increased energy prices.

Higher marketing costs related to increased advertising, publicity and services from media agencies in connection with the Christmas campaign and the jubilee year.

Other expenses included telephone and postage, freight, office and IT stationery, printing matter, 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 and gains and losses on sales of fixed assets and subsidiaries (details in sections 3 "Accounting estimates" and 14 "Provisions for liabilities" in the Group's accounting principles).

	2021	2020
Gains on sale of fixed assets and subsidiaries		54
Restructuring expenses		(30)
Restructuring expenses (reversed)	14	106
Other expenses	(11)	(11)
Total other income/(expenses)	**3**	**119**

Gain on sale of fixed assets and subsidiaries

Gain on sale of fixed assets in 2020 mainly concerned the sale of the subsidiary Bring Freight Forwarding AB in the Logistics segment.

Restructuring costs

In 2020, a provision of MNOK 30 for restructuring costs was made related to the closing down of post offices replaced by Post in Shops. Reversed restructuring costs in 2021 concerned a reversed provision (cost reduction) of MNOK 14 regarding restructuring in Bring Cargo Inrikes, as the criteria for a provision no longer existed. In 2020, reversed restructuring costs related to the reduced distribution frequency amounted to NOK 106. This was a consequence of new service products and more voluntary solutions than originally estimated. Total provisions for restructuring are shown in note 11.

Other expenses

Other expenses in 2021 comprised costs in connection with the sale of Frigoscandia Sverige (formerly Bring Frigo Sverige) in the Logistics segment. Other expenses in 2020 were primarily costs in connection with the preparation of the sale of Frigoscandia Sverige.

NOTE 6 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 currency effects from receivables and debt in foreign currencies, in addition to gains and losses from financial derivatives (see also section 16 "Financial instruments" in the Group's accounting principles).

	2021	2020
Interest income	3	15
Currency gains	125	257
Gain on derivatives	10	6
Gain on loans at fair value through profit and loss [1)]	36	90
Other financial income	52	86
Financial income	**225**	**455**
Interest expenses	56	78
Interest expenses on lease obligations	120	132
Currency losses	101	260
Loss on derivatives	36	104
Other financial expenses	22	21
Financial expenses	**334**	**595**
Net financial income/(expense)	**(109)**	**(141)**

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 20 has more information.

Interest income in 2021 comprised interest on bank deposits, and other financial income mainly returns on market-based investments.

Net currency gains, gain on loans at fair value and net loss on derivatives are primarily gains and losses 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 20.

Interest expenses were mainly interest costs on non current financing. Lower interest costs compared with last year are a result of lower debt in 2021, and the average NIBOR interest being lower in 2021 compared with 2020. In 2021, interest expenses included in pension liabilities amounted to MNOK 17 for the Group.

Details on interest expenses on lease obligations are given in note 17.

Note 13 has information on the Group's financial risk and capital management.

NOTE 7 TAXES

The note details the authorities' taxation of the profit in the Group companies. The tax expense is calculated on the basis of the accounting result and is split into the period's tax payable and change in deferred tax/deferred tax assets. Deferred tax liabilities/assets arise when the accounting and taxable accruals differ (see also section 3 "Accounting estimates" and section 9 "Taxes" in the Group's accounting principles).

	2021	2020
Income tax		
Tax payable	229	205
Change in deferred tax/(deferred tax assets)	66	16
Tax expense	**294**	**221**
Tax payable for the year	218	210
Adjustments of payments in previous years	11	(5)
Tax payable	**229**	**205**
Effective tax rate in %	**22%**	**17%**
Reconciliation of the effective tax rate with the Norwegian tax rate:		
Profit before tax	1 352	1 344
22% tax	297	296
Non-deductible expenses	35	67
Non-taxable income	(13)	(33)
Profit share in associated companies after tax		(24)
Effect from tax rates in other countries [1)]	(12)	(2)
Effect of change in tax rate recognised in income statement		(1)
Adjustment previous years		(5)
Change in deferred tax assets not recognised in balance sheet	(42)	(77)
Change in deferred tax assets - held for sale asset [2)]	28	
Tax expense	**294**	**221**

1) Related to change of tax in Sweden which was reduced from 21,4 percent in 2020 to 20,6 percent in 2021
2) Write-down of deferred tax assets in held for sale asset Frigoscandia Sverige

	2021	2020
Changes in pension estimates	3	(17)
Result of hedging of foreign entities	8	(13)
Cash flow hedging		(2)
Change in deferred tax recognised in other comprehensive income for the year	**11**	**(32)**

The effective tax rate was 22 percent. The Group has recognised a significant part of deferred tax assets not previously recorded in the balance sheet. This relates to losses carried forward now expected to be utilised against group contributions to be received in 2022. The effect is counterbalanced by a write-down of deferred tax assets in Frigoscandia Sverige and other non-deductible costs. Other non-deductible costs include non-deductible transaction costs.

Changes in deferred tax assets

	01.01.2021	Recognised in income statement	Effect from different tax rates	Recog-nised 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	(263)	5				42	21		(195)
Total deferred tax assets	**(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 assets in balance sheet	**(282)**	**66**		**11**	**(2)**	**49**	**6**	**(28)**	**(179)**

1) The changes in tax losses carried forward and deferred tax assets not recognised in balance sheet were 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

	01.01.2020	Recognised in income statement	Effect from different tax rates	Recog-nised in OCI	Additions, purchased subsidiaries	Disposals, sale of sub-sidiaries	Other	Translation differences	Classified as Held for sale	31.12.2020
Tangible fixed assets	36	(19)			9			(1)	14	39
Gains and losses account	(48)	(19)								(67)
Receivables	7	1								8
Currency	3	(1)								2
Pensions	(173)	7		(17)				(3)	31	(155)
Contribution fund	8	10								18
Provisions	(62)	46						(4)	4	(15)
Financial instruments	(1)	13		(15)						(3)
Lease agreements	(75)	(8)					(1)			(84)
Other		5				4	7	1	(4)	14
Tax losses carried forward	(399)	52	3			29	(2)	(36)	93	(263)
Total deferred tax assets	**(701)**	**88**	**3**	**(32)**	**9**	**33**	**3**	**(43)**	**136**	**(507)**
Total deferred tax assets not recognised in balance sheet	390	(76)	(1)			(29)	4	38	(107)	224
Total deferred tax assets in balance sheet	**(311)**	**13**	3	**(32)**	**9**	**4**	**7**	**(5)**	**30**	**(282)**

There has been no change in the ordinary tax rate for companies domiciled in Norway or other countries that has affected deferred tax assets in 2021. The tax rate of 22 percent is the basis in the calculation of the value of deferred tax assets for the Group's Norwegian companies.

Deferred tax assets carried in the balance sheet were reduced by MNOK 103. The change in deferred tax assets was mainly related to a reduction in tax losses carried forward and temporary differences concerning lease agreements and pensions. The change was counterbalanced by temporary differences in fixed assets and other items. The tax losses carried forward were reduced due to good results in 2021 and the distribution of group contribution in 2021 related to the losses carried forward from previous years. The effect of this was counterbalanced by the increase in deferred tax assets in Sweden not previously carried in the balance sheet. The balance sheet recognition in Sweden was related to tax losses carried forward expected to be utilised against future group contributions. Not recognised deferred tax assets mainly comprised tax losses carried forward in Denmark. There is no time limit related to the losses. The line "Other" also includes an accrual fund in Sweden, as Swedish companies have the opportunity to accrue income over a five-year period.

NOTE 8 INTANGIBLE ASSETS

Intangible assets are non-physical assets and mainly concern capitalised IT development, including specially adapted software, and goodwill in connection with acquisitions of businesses. Intangible assets and goodwill can be subject to significant estimation uncertainty (see section 3 "Accounting estimates" and section 10 "Intangible assets" in the Group's accounting principles).

	IT systems	Projects in progress	Goodwill	Total
Carrying amount 01.01.2021	**309**	**230**	**1 284**	**1 823**
Additions	23	156		179
Additions from acquisition of company (note 23)	4		198	202
Additions in-house developed intangible assets	3	7		11
Amortisation for the year	(109)			(109)
Translation differences	(1)	(1)	(27)	(29)
Transfers from projects in progress	66	(66)		
Carrying amount 31.12.2021	**297**	**327**	**1 455**	**2 079**
Acquisition cost 01.01.2021	2 454	346	2 331	5 131
Accumulated amortisation and write-downs 01.01.2021	(2 144)	(116)	(1 047)	(3 307)
Acquisition cost 31.12.2021	2 362	444	2 499	5 304
Accumulated amortisation and write-downs 31.12.2021	(2 065)	(116)	(1 044)	(3 225)
Carrying amount 31.12.2021	**297**	**327**	**1 455**	**2 079**
Depreciation method	Straight-line			
Useful life	3 - 10 years			

	IT systems	Projects in progress	Goodwill	Total
Carrying amount 01.01.2020	**399**	**248**	**1 250**	**1 897**
Additions	32	112		144
Additions in-house developed intangible assets		20		20
Amortisation for the year	(115)			(115)
Write-downs for the year	(21)	(110)		(131)
Adjustments to cost price/scrapping	1			1
Translation differences	2		34	36
Transfers from projects in progress	40	(40)		
Transfers to Held for sale	(30)	(1)		(30)
Carrying amount 31.12.2020	**309**	**230**	**1 284**	**1 823**
Acquisition cost 01.01.2020	2 396	269	3 030	5 688
Accumulated amortisation and write-downs 01.01.2020	(1 997)	(21)	(1 779)	(3 792)
Acquisition cost 31.12.2020	2 454	346	3 084	5 884
Accumulated amortisation and write-downs 31.12.2020	(2 144)	(116)	(1 800)	(4 061)
Carrying amount 31.12.2020	**309**	**230**	**1 284**	**1 823**
Depreciation method	Straight-line			
Useful life	3 - 10 years			

IT systems
Total intangible assets related to IT systems recognised in the balance sheet at 31 December 2021 totalled MNOK 297 (MNOK 309 in 2020), of which MNOK 276 concerned Posten Norge AS. Approximately MNOK 125 related to group-shared ERP and HR systems, EPM system and data warehouse solutions. In addition, solutions for customs clearance, address and route registers, production support systems and several projects on web solutions were carried in the balance sheet.

For intangible assets with definite useful economic lives, the amortisation period for the Group was 3-10 years in 2021 (the same as in 2020). The depreciation period is based on an individual assessment of the useful economic life of each asset.

Projects in progress
Projects in progress at 31 December 2021 amounted to MNOK 327 (MNOK 230 in 2020), of which approximately MNOK 125 concerned projects for developing new transport control systems. In addition, development related to reporting, warehouse and production support systems and the management of the Group's infrastructure was carried in the balance sheet.

Write-downs of IT systems and projects in progress
No impairment indicators were uncovered in 2021 and consequently there were no write-downs of IT systems. Impairment tests of projects in progress did not reveal any need for write-downs. In 2020, IT systems and projects in progress were written down by a total of MNOK 131.

Goodwill
Goodwill is allocated to cash-generating units. Goodwill in the Group is summarised below.

GOODWILL

	Opening balance 01.01.21	Additions	Translation differences	Closing balance 31.12.21
Posten Norge AS - division E-commerce and logistics	522			522
Bring Cargo	181		(1)	180
Bring Cargo International Sweden	229		(15)	214
Bring Intermodal	10			10
Bring E-commerce & Logistics	106		(4)	102
Bring Courier & Express	133		(2)	131
DreamLogistics		198	(3)	194
Netlife Group	75			75
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**

	Opening balance 01.01.20	Additions	Translation differences	Closing balance 31.12.20
Posten Norge AS - division E-commerce and logistics	522			522
Bring Cargo	180		1	181
Bring Cargo International Sweden	207		22	229
Bring Intermodal (form. Bring Linehaul)	10			10
Bring E-commerce & Logistics	101		6	106
Bring Courier & Express	131		1	133
Netlife Group	75			75
Total Logistics segment	**1 225**		**31**	**1 256**
Bring Mail Nordic	25		3	28
Total Mail segment	**25**		**3**	**28**
Posten Norge Group	**1 250**		**34**	**1 284**

Additions to goodwill

The addition of MNOK 198 concerned the acquisition of DreamLogistics (no additions in 2020). Note 23 has more information on acquisitions of companies and other changes in the Group's structure.

Impairment of goodwill

Goodwill is subject to annual impairment tests. If there are any indications of impairment during the year, goodwill is tested when these indications occur. The Group uses the value in use as the recoverable amount for goodwill. Information on impairment tests carried out in 2021 is also given in note 26 Impact of the Corona pandemic.

Forecasts (operating results)

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 for 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.

In 2021, the Logistics segment achieved good profit margins due to high e-commerce volumes, cost-effective operations and the development of services. It is expected that strong competition and price pressure, together with a tendency towards services at a higher cost level, will contribute to somewhat lower margins in the forecast period. Increased environmental consciousness and expectations from society that the business community will change for a quicker transition to increased sustainability can affect the demand for logistics as a service. Significant cost elements are external service costs affected by price negotiations and inflation. The Group is sensitive to fluctuations in market trends in Norway and the Nordic countries, especially related to the Logistics segment. This is reflected in the growth rates of the Group entities.

The Mail segment is characterised by declining letter volumes and some increased price pressure. Significant cost elements are salaries and external service and operating expenses affected by price negotiations and inflation.

A too-late transition to more climate-friendly vehicles by suppliers, inadequate energy infrastructure and a shortage of available fossil-free vehicles may be risks for Posten in the time to come. Sustainability and environment is an integrated part of the Group's strategy, and Posten has many concrete initiatives in this area (see Integrated report chapter 3).

Other assumptions (growth and required rate of return)

In the impairment tests, Posten's starting point is the scenario "successful climate politics" where the maximum temperature in the Paris agreement is complied with, which is the basic scenario for Posten's climate risk assessment. The impairment tests comprise considerations of areas particularly exposed to climate risk. Posten's climate risk assessment is discussed in more detail in chapter 3 of the Integrated report.

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 rate in the areas where the Group operates. For the Logistics segment, the long- term growth rate applied in impairment tests in 2021 was 2,0 percent (1,5 percent in 2020).

The present value of future cash flows is calculated using a weighted required rate of return of total capital for each segment 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 non-current interest rate on loans. 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. The required rate of return per segment is stated in the table below.

Overview of goodwill and key assumptions per segment:

Segment	Goodwill	Discount rate before tax (WACC) 2021	2020
Logistics [1]	1 428	8,0% (9,7%)	8,0% (9,0%)
Mail	26	8,1 %	8,4 %
Total Group	**1 455**		

1) The numbers in brackets ralate to key assumptions for Netlife Gruppen, which operates in a different market from other logistics operations

Results of impairment testing in 2021

Based on the criteria described above, no requirement for write-downs of goodwill items was uncovered as at 31 December 2021 (same as in 2020).

Sensitivity analyses

Sensitivity analyses were performed on key assumptions for the cash generating units in the Group. Assumptions analysed were growth, the required rate of return and the operating profit (EBIT) margin. In addition, an assessment was made of the sensitivity in areas particularly exposed to climate risk.

When changing the growth assumptions (reduced from 2,0 to 0,0 percent), required rate of return (increased by 0,5 and 1 percent) and forecast EBIT (reduced by 10,0 to 50,0 percent), the analyses showed a write-down requirement for the cash generating units Netlife Gruppen and Bring Intermodal. The tests for Netlife Gruppen and Bring Intermodal were sensitive to changes in forecast EBIT and halving this would have meant an increased write-down requirement of MNOK 7 and MNOK 10 respectively.

Bring Cargo comprises the business areas offshore and specialised forwarding. For Bring Cargo, the EBIT margin in the terminal year is reduced for possible risk within offshore. Bring Cargo International Sverige comprises transport with groupage and part loads. The EBIT margin has been adjusted in the terminal year because a strong correlation with the economic trends in several countries and increased costs due to disturbances in the value chain constitute a risk. Sensitivity analyses show that the cash generating units Bring Cargo and Bring Cargo International Sverige stand up to the values.

The same applies for other cash generating units.

NOTE 9 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 (see section 11 “Tangible fixed assets” in the Group’s accounting principles).

	Machinery	Vehicles, furniture, equipment	Buildings and property	Plant under constr., machinery and installations	Plant under constr., buildings	Total
Carrying amount 01.01.2021	**542**	**754**	**3 947**	**45**	**121**	**5 409**
Additions	82	261	28	214	289	874
Disposals		(75)				(75)
Additions on purchase of companies (note 23)	11	2				13
Disposals on sale of companies (note 23)		(1)	(24)			(25)
Depreciation for the year	(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)	(9)	(1)	(1)		(12)
Transfers from assets under construction	32	93	4	(126)	(4)	
Carrying amount 31.12.2021	**608**	**794**	**3 807**	**129**	**403**	**5 743**
Acquisition cost 01.01.2021	1 359	2 124	5 772	45	121	9 421
Accumulated depreciation and write-downs 01.01.2021	(816)	(1 370)	(1 825)			(4 012)
Acquisition cost 31.12.2021	1 418	1 947	5 806	129	403	9 704
Accumulated depreciation and write-downs 31.12.2021	(809)	(1 153)	(1 998)			(3 961)
Carrying amount 31.12.2021	**608**	**794**	**3 807**	**129**	**403**	**5 743**
Depreciation method	Straight-line	Straight-line	Straight-line			
Useful life	3 - 20 years	3 - 15 years	3 - 50 years			

Additions of tangible fixed assets

A significant part of the investments related to new buildings and production equipment in connection with the establishment of a new nationwide logistics network and a new shared terminal structure, with the objective of reducing the total cost level and securing necessary competitive power. The largest projects in 2021 concerned building new logistics centres in Kristiansand and Tromsø.

In February 2017, the Group acquired a site at Kokstad near Flesland airport in Bergen. The site will be used to build a new terminal for parcels. The plant is under regulation and the building will be finalised in 2024. The cost framework of the building is approximately MNOK 600. As at 31 December 2021, the construction site had a balance sheet value of MNOK 90.

In December 2017, the Group purchased a site at Breivika in Tromsø to build a new production building for parcels and freight, which will be finished in February 2022. The planned cost of the building is approximately MNOK 300. As at 31 December 2021, the plant had a balance sheet value of MNOK 262.

In the first quarter of 2020, two companies with two sites in Kristiansand were purchased, where a new terminal is being built. The plant is under construction and will be finished in May 2022. The building has a cost framework of MNOK 218, and the balance sheet value as at 31 December 2021 was MNOK 179.

	Machinery	Vehicles, furniture, equipment	Buildings and property	Plant under constr., machinery and installations	Plant under constr., buildings	Total
Carrying amount 01.01.2020	**587**	**898**	**4 025**	**31**	**71**	**5 611**
Additions	10	280	8	150	88	536
Disposals		(148)	(1)	(1)		(150)
Additions on purchase of companies (note 23)			52			52
Disposals on sale of companies (note 23)		(3)	(4)			(7)
Depreciation for the year	(68)	(260)	(179)			(507)
Write-downs for the year	(12)	(11)	(2)			(26)
Adjustment to cost price/scrapping		(11)	3	(1)		(8)
Translation differences	3	30	11	1		45
Transfers from assets under construction	62	54	38	(117)	(38)	
Transfers to Held for sale	(40)	(76)	(4)	(19)		(138)
Carrying amount 31.12.2020	**542**	**754**	**3 947**	**45**	**121**	**5 409**
Acquisition cost 01.01.2020	1 415	2 543	5 689	31	71	9 750
Accumulated depreciation and write-downs 01.01.2020	(828)	(1 646)	(1 665)			(4 139)
Acquisition cost 31.12.2020	1 359	2 124	5 772	45	121	9 421
Accumulated depreciation and write-downs 31.12.2020	(816)	(1 370)	(1 825)			(4 012)
Carrying amount 31.12.2020	**542**	**754**	**3 947**	**45**	**121**	**5 409**
Depreciation method	Straight-line	Straight-line	Straight-line			
Useful life	3 - 20 years	3 - 15 years	3 - 50 years			

Disposals of tangible fixed assets

Disposals of tangible fixed assets (including the sale of companies) in 2021 totalled MNOK 100, and mainly concerned disposals of machinery, fixtures and fittings and equipment. Further information on acquisitions/sales of businesses is provided in note 23.

Other matters

Interest on building loans

Tangible fixed assets in the Group included capitalised building loan interest amounting to MNOK 79 at 31 December 2021 (MNOK 87 at 31 December 2020), and mainly related to the mail terminal at Robsrud (Østlandsterminalen) and the logistics centre at Alnabru in Oslo. Total additions to building loan interest in the balance sheet in 2021 was MNOK 3.

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.

Stranded assets

An assessment has been made as to whether the Group has assets exposed to significant environmental risk or climate risk (“stranded assets”). The review in 2021 did not identify any effects with an impact on the value of tangible fixed assets.

NOTE 10 INVESTMENTS IN COMPANIES AND BUSINESSES

The Group has investments in associated companies and other shares. Investments in associated companies are accounted for according to the equity method in the consolidated financial statements (see also section 5 "Consolidation principles" and section 12 "Investments in subsidiaries and associated companies" in the Group's accounting principles).

Investments in associated companies

Entity	Country/city	Ownership share	Book value 01.01.21	Additions/ disposals 2021 incl. transl.diff.	Share of profit/ (loss) 2021	Change in transl. diff.	Book 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**

Entity	Country/city	Ownership share	Book value 01.01.20	Additions/ disposals 2020 incl. transl.diff.	Share of profit/ (loss) 2020[1]	Change in transl. diff.	Book value 31.12.20
Danske Fragtmænd A/S	Denmark		313	(349)		36	
Norbjørn AS	Tromsø	34%	16		1		17
Materiallageret AS	Longyearbyen	34%	10		1		11
Associated companies			**339**	**(349)**	**2**	**36**	**28**

1) Result from associated company in 2020 in the income statement includes gain on sold shares

Condensed financial information for associated companies (100 percent basis)

Company	Assets	Liabilitiess	Equity	Turnover	Profit for the year
Norbjørn AS	43	4	39	26	4
Materiallageret AS	30	1	29	9	5

Shares and other investments

As at 31 December 2021, the Group had investments in other shares of MNOK 90, classified as other financial non-current assets.

NOTE 11 PROVISIONS FOR LIABILITIES

The Group's provisions comprise provisions related to restructuring, pensions and other types of provisions (see also section 3 "Accounting estimates", section 14 "Provisions for liabilities" and section 15 "Contingent liabilities and assets" in the Group's accounting principles).

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

2020	Restructuring	Pension	Other	Total
Balance 01.01.	**432**	**900**	**43**	**1 375**
Provisions made during the year	30		7	36
Reversals of previous year's provisions	(106)			(106)
Interest effect from discounting	(2)			(2)
Translation differences	2	24		25
Provisions utilised during the year	(163)		(31)	(194)
Change in pension liabilities during the year		51		51
Liabilities classified as Held for sale		(264)		(264)
Balance 31.12.	**192**	**712**	**19**	**923**
Current part of provisions	119		8	127
Non-current part of provisions	73	712	10	797

Restructuring

Reversed provisions in 2021 mainly concerned a reversal of a provision for restructuring of MNOK 14 in Bring Cargo Inrikes as the criteria for a provision no longer existed. Reversed provisions in 2020 of MNOK 106 regarded reduced distribution frequency. The provision was utilised during the year on payments related to the reduced distribution frequency (approximately MNOK 50) and route preparation (appr. MNOK 20).

The liabilities as at 31 December are specified below:

	2021	2020
Personnel related measures	87	188
Other measures	5	4
Total restructuring	**92**	**192**

Disbursements in the Group are expected to be MNOK 47 in 2022 and MNOK 45 in later years. Note 5 has more information.

Pension
Pensions are described in note 3.

Other liabilities
Provisions for other liabilities in 2021 regarded deferred payments of public dues in Sweden concerning Corona measures.

Disputes
No disputes with significant risk exposure for the Group have been noted in 2021.

NOTE 12 OVERVIEW OF FINANCIAL ASSETS AND LIABILITIES

The note gives an overview of the classification of the Group's financial assets and liabilities and their carrying amounts, see section 16 "Financial instruments" in the Group's accounting principles.

		At fair value				At amortised cost		
2021	Note	Valuation hierarchy level	Fair value over income statement (FVO)	Derivatives at fair value over income statement	Derivatives at fair value over OCI	Receivables	Other financial liabilities	31.12.2021
Assets								
Interest-bearing non-current receivables	14					51		51
Other financial non-current assets	20	1, 2	90	90		21		201
Interest-free current receivables	15,20	2			12	3 518		3 530
Interest-bearing current receivables	14					99		99
Liquid assets	16					3 448		3 448
Financial assets								**7 328**
Liabilities								
Non-current lease obligations	17						2 570	2 570
Interest-bearing non-current liabilities	18	2	389				1 229	1 618
Interest-free non-current liabilities	19, 20	2			6		2	7
Current lease obligations	17						667	667
Interest-bearing current liabilities	18						969	969
Interest-free current liabilities, incl. tax payable	7,19,20	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)								

		At fair value				At amortised cost		
2020	Note	Valuation hierarchy level	Fair value over income statement (FVO)	Derivatives at fair value over income statement	Derivatives at fair value over OCI	Receivables	Other financial liabilities	31.12.2020
Assets								
Interest-bearing non-current receivables	14					57		57
Other financial non-current assets	20	2		126	7	57		189
Interest-free current receivables	15,20	2			2	3 064		3 067
Interest-bearing current receivables	14					125		125
Liquid assets	16					4 633		4 633
Financial assets								**8 065**
Liabilities								
Non-current lease obligations	17						2 515	2 515
Interest-bearing non-current liabilities	18	2	424				683	1 108
Interest-free non-current liabilities	19,20			2	11		2	16
Current lease obligations	17						625	625
Interest-bearing current liabilities	18						1 411	1 411
Interest-free current liabilities, incl. tax payable	7,19,20	2		3	7		4 620	4 630
Financial liabilities								**10 306**
Total value hierarchy level 1 (net)								
Total value hierarchy level 2 (net)			(424)	120	(9)			(313)
Total value hierarchy level 3 (net)								

The tables above are the basis for further information about financial assets and liabilities with references to the subsequent notes. In addition to showing the classification categories pursuant to IFRS 9, the tables also show the level at which the Group's financial instruments at fair value were assessed.

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.

No financial assets or liabilities were been reclassified in 2021 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 2021, and no registrations of financial assets or liabilities in or out of level 3.

Fair value of financial instruments measured at fair value in the balance sheet
The measurement of fair value of investments in active markets was based on sources described in level 1. The measurement of fair value of the Group's derivatives, investments in other shares 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 20 has details.

Fair value of financial instruments measured at amortised cost in the balance sheet
Information about fair value shall be provided in accordance with the disclosure requirements in IFRS 7, even though the assets or liabilities are not measured at fair value in the balance sheet.

The fair value of receivables and other financial liabilities at 31 December 2021 was approximately the same as book value (amortised cost).

NOTE 13 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 utilises derivatives to reduce market risk. Note 20 provides detailed information about derivatives and hedging (see also section 16 "Financial instruments" in the Group's accounting principles).

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

1. 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.
2. Credit risk: Risk of loss caused by a counterparty/customer who fails to fulfil its 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.
3. Liquidity risk: The risk that the Group cannot fulfil its financial obligations.

1. Market risk

Use of financial derivatives and risk management strategy
Financial derivatives are agreements used to determine interest terms, exchange rates and values 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:
Futures: 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, with an agreement to exchange these back again 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.

The Group's most important exchange rates:	Exchange rate 01.01.2021	Average exchange rate 2021	Exchange rate 31.12.2021
Swedish kroner (SEK)	1,044	1,002	0,975
Danish kroner (DKK)	1,407	1,367	1,343
Euro (EUR)	10,470	10,163	9,989
British pound (GBP)	11,646	11,818	11,888
US Dollar (USD)	8,533	8,590	8,819

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 2021, there were no significant loans to subsidiaries in other currencies than Norwegian kroner, hence no associated forward contracts.

The Group has net income from foreign mail companies for the distribution of mail in Norway. This results in income in currency, mainly euros. At the end of 2021, this exposure was not secured.

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 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 2021, fixed interest agreements totalled MNOK 653 (33 percent) of the Group's non-current interest-bearing debt (MNOK 758 in 2020). Note 20 has details.

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) Foreign exchange rate at 31.12.2021

	Carrying amount	Effect of change +/- 100 basis points	
		Through income statement	Through OCI
Net interest-bearing debt (receivable) with floating interest rate[2]	(1 558)	(16)	

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 accounting effects of changes in market risk are recognised in the income statement or other comprehensive income, depending on where the effect was first recognised.

2020 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	680	SEK	653	2021		137
Hedging of currency loans to subsidiaries	NOK	49	SEK	50	2021	10	
Hedging of currency loan from subsidiaries	NOK	37	EUR	4	2021	7	

1) Foreign exchange rate at 31.12.2020

	Carrying amount	Effect of change +/- 100 basis points	
		Through income statement	Through OCI
Net interest-bearing debt (receivable) with floating interest rate 2)	(2 913)	(29)	

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 accounting effects of changes in market risk are recognised in the income statement or other comprehensive income, depending on where the effect was first recognised.

The table above shows the sensitivity of the Group's currency and interest rate derivatives.

The currency sensitivity shows the effect in the income statement or other comprehensive income by changing the exchange rate at 31 December 2021 by +/- 20 percent. Forward currency contracts related to hedging foreign investments are recognised in other comprehensive income. Value changes in forward contracts related to loans in foreign currencies are recognised in the income statement in total, as this will offset the effect of currency changes on the loans recognised in the income statement.

The interest rate sensitivity shows the result effect of changes in the floating interest by +/- 1 percentage point for the Group's net interest-bearing debt exclusive of lease obligations.

2. 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 15 has details. As at 31 December 2021, the Group has no significant credit exposure to one single counterparty.

Market-based investments
As part of its liquidity management, the Group has invested heavily in interest funds at low risk. As at 31 December 2021, the Group had NOK 3,3 billion invested in various interest funds (NOK 3,5 billion in 2020). According to the Group's guidelines, interest funds used shall be liquid and have a minimum rating of BBB-. Note 16 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 20 has details).

Overdraft facilities
The Group has an agreement on overdraft facilities of MEUR 200, which had not been utilised at 31 December 2021. The overdraft facility has been agreed with two Nordic banks, both with a rating equal to or better than A-. The facility was renegotiated in December 2021 and runs for 5 years with a mutual option to extend for an additional two years. The overdraft facility is defined as sustainable where the terms are associated with the Group's SBTi's (Science Based Targets initiative) goals.

Maximum risk exposure
As the Group had no financial assets outside the balance sheet at 31 December 2021, the maximum risk exposure is considered to be represented by the book value of the financial assets in the balance sheet. Note 15 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 as security (see note 22 concerning guarantees/assets pledged as security).

3. Liquidity risk
Available liquidity and any currency exposure are followed up by the Group's centralised finance function on a daily basis. The Group's short-term capital requirement is covered by overdrafts (see note 16) and certificate loans.

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 17.

Maturity structure of the Group's loans/financial obligations

	2022	2023	2024	2025	2026	Total
Debt to credit institutions 1)	611	410	111			**1 132**
Bond loans	350				1 000	**1 350**
Financial derivatives (interest rate swaps) 2)	1	1	1	1	1	**5**
Financial derivatives (currency futures) 2)	(11)					**(11)**
Other debt excl. financial derivatives	4 408	1	1	1	1	**4 413**
Total Group	**5 359**	**412**	**114**	**2**	**1 002**	**6 889**
Expected future interest payments 3)	37	24	15	14	13	**104**
Average interest rate						**1,65%**

1) The change in value of the loan in Japanese yen of MNOK 90 is offset in the table by currency swaps, see note 20 for further information.
2) Includes derivatives recognised as assets.
3) Based on interest rate level at 31.12.2021

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 the Group's liquid assets and at the same time limit credit risk. This is achieved by concentrating as much as possible of all available liquidity 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 shall 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 2021 was NOK 4,8 billion (NOK 6,1 billion in 2020), corresponding to 19,6 percent of the Group's revenue.

The Group has non-current credit facilities constituting a satisfactory financing reserve. In addition, the Group has diversified its sources of capital and has bonds, private placement loans with international lenders as well as bilateral agreements with Nordic finance institutions.

In 2021, the goal to become the greenest logistics operator in the Nordics was further integrated in the Group's capital management by connecting sustainability and financing. The establishment of a green framework and issuance of green bonds, in addition to including emission goals in a new overdraft facility, was important in the efforts to have more sustainable financing.

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 interest-bearing current and non-current liabilities less liquid assets in the form of cash, bank deposits and currentinvestments.

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 2021.

Credit rating
In March 2021, Posten Norge had its first official credit rating (A+) by Scope Ratings[1]. This reflects the company's solid financial and commercial position in the market. This solid rating was confirmed in March 2022, and the rating has contributed to strengthen the Group's access to capital further.

1) German-based credit rating agency specialising in analyses of European companies

Key figures for capital management

	2021	2020
Interest-bearing debt	5 823	5 660
Interest-bearing liquid assets	3 448	4 633
Net interest-bearing debt	2 376	1 027
Total equity	7 273	7 367
Total capital	18 342	19 643
Debt ratio	**0,3**	**0,1**
Equity ratio	**39,7 %**	**37,5 %**
Operating profit before depreciation (EBITDA)	2 765	2 886
Net debt/operating profit before depreciation (EBITDA)	**0,9**	**0,4**

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's overdraft facility of MEUR 200 as at 31 December 2021 has a clause stating that net interest-bearing debt cannot exceed 3,5 times 12 months' rolling operating result before depreciation (EBITDA). As at 31 December 2021, the Group had net interest-bearing debt corresponding to 0,9 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 2021, the Group had an equity ratio of 39,7 percent (37,5 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 2021 and at the end of the year in compliance with the covenants in the loan agreements.

NOTE 14 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 17 Leases, see also section 16 "Financial instruments" in the Group's accounting principles.

	2021	2020
Non-current sublease receivables	40	49
Other non-current receivables	11	8
Interest-bearing non-current receivables	**51**	**57**
Current sublease receivables	8	6
Other current receivables	91	119
Interest-bearing current receivables	**99**	**125**

The Group's other interest-bearing current receivables mainly comprised prepayments to deposit and premium funds in Storebrand from Posten Norge AS.

NOTE 15 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 section 16 "Financial instruments" and section 17 "Accounts receivable" in the Group's accounting principles).

	2021	2020
Accounts receivable	2 764	2 431
Accrued income	331	314
Prepaid expenses	253	227
Receivables from employees	3	3
Current derivatives	12	3
Other receivables	167	90
Interest-free current receivables	**3 530**	**3 067**
Accounts receivable by due date:		
Not due	2 456	2 202
0 - 30 days	272	208
31 - 60 days	33	29
61 - 90 days	17	9
Over 90 days	22	44
Provisions for losses on receivables	(38)	(61)
Total accounts receivable	**2 764**	**2 431**
Expected credit losses		
Balance at 01.01	61	50
Provisions made during the year	1	29
Actual losses recognised against provisions	(29)	(16)
(Over)/underfunded accruals in previous years	8	2
Classified as held for sale		(4)
Translation differences	(2)	
Balance at 31.12	**38**	**61**
Total actual losses on receivables	29	28
Provisions for losses on receivables by:		
Individual receivables	22	41
General provision	16	20
Total	**38**	**61**

The Group's carrying amount of interest-free current receivables was approximately the same as the fair value at 31 December 2021. 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. The Group applies the simplified method for provisions for expected credit losses on accounts receivable and measures the provision at an amount corresponding to the expected credit loss during their lifetime. This is derived from a combination of individual assessments and a general assessment based on due date analyses and historic data. 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 but delivered logistics services.

Other receivables primarily comprised receivables connected with social security refunds, advance taxes and other receivables. Current derivatives are described in note 20 Derivatives and hedging.

NOTE 16 LIQUID ASSETS

Liquid assets comprise cash in hand, bank deposits and current investments at low risk (see section 18 "Cash and cash equivalents" in the Group's accounting principles).

	2021	2020
Cash and cash equivalents	110	1 166
Current investments	3 338	3 468
Liquid assets	**3 448**	**4 633**

The reduction in liquid assets was mainly due to the payment of a dividend of MNOK 1 060. The Group's operating investments and instalments on leasing obligations were compensated by a positive operating result.

A corporate cash pool in Nordea is used in Norway, Sweden, Denmark and the UK, where in accordance with the agreements, Posten Norge AS is 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 2021, Posten had unutilised credit facilities on the cash pool account in Nordea of MNOK 495, out of a total facility of MNOK 500. In addition, Posten has an unutilised credit facility of MEUR 200.

The Group'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 13.

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 17 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 (see also section 19 "Leasing" in the Group's accounting principles).

1. 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 the Group's main office in Posthuset, Biskop Gunnerus' gate 14A, terminals in Norway and Sweden and buildings in the warehouse business. In addition, the Group had almost 5 000 lease agreements for vehicles.

The following amounts concerning lease agreements were recognised in the balance sheet:

	2021	2020
Property	2 293	2 269
Vehicles	675	584
Machinery and equipment	13	1
Total right-of-use assets	**2 981**	**2 854**

Right-of-use asset additions in 2021 amounted to MNOK 741 (MNOK 591 in 2020).

	2021	2020
Non-current lease obligations	2 570	2 515
Current lease obligations	667	625
Total lease obligations	**3 237**	**3 140**

Overview of changes in leasing obligations

	2021
Total lease obligations 01.01	**3 140**
New leases	731
Changes in existing leases	122
Lease payments	(812)
Interest cost	101
Translation differences	(44)
Total lease obligations 31.12	**3 237**

Total outgoing cash flows related to lease agreements in 2021 were MNOK 1 132, including interest (MNOK 1 146 in 2020). Of this amount, MNOK 857 was payment of lease obligations (MNOK 851 in 2020). The remainder was short-term leases agreements and lease agreements of low value.

Group's undiscounted lease obligations by due date

Less than 1 year	757
1-2 years	619
2-3 years	492
3-4 years	390
4-5 years	305
5-10 years	833
10-20 years	266
More than 20 years	42
Total non-discounted lease obligations at 31.12.2021	**3 704**

The following amounts concerning lease agreements were recognised in the income statement:

	2021	2020
Depreciation property	385	481
Depreciation vehicles	308	360
Depreciation machinery and equipment	2	1
Total depreciation [1)]	**695**	**842**
Write-downs property		12
Total write-downs		**12**
Interest costs on lease obligations	120	132
Costs related to current lease agreements	106	116
Costs related to lease agreements concerning assets of low value, non-current	39	38
Income from operational subleases of right-of-use assets	31	46

1) Assets classified as asset held for sale were not depreciated in 2021

Options to renew lease agreements
The Group's property lease agreements have lease periods normally varying between 3 and 20 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 1 424 (gross) as at 31 December 2021 (MNOK 1 501 in 2020). Approximately half of this amount concerns the terminals at Berger and Ålesund, in addition to a thermo warehouse in Denmark.

2. The Group as lessor
In 2021, 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, primarily current contracts.

None of these agreements was considered significant for the Group.

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 section 16 "Financial instruments" and section 20 "Borrowings" in the Group's accounting principles).

	2021	2020
Bond loans	1 000	350
Liabilities to credit institutions	611	757
Other non-current liabilities	7	1
Interest-bearing non-current liabilities	**1 618**	**1 108**
Bond loans due within one year	350	1 000
Non-current liabilities to credit institutions due within one year	111	111
Certificate loans	500	300
Other current liabilities	8	
Interest-bearing current liabilities	**969**	**1 411**

In 2021, the Group raised new long-term loans by issuing bonds amounting to MNOK 1 000. The bonds were issued as green bonds, and Posten is committed to use the loans on "green projects" exclusively (see chapter 3 in the Integrated report). Ordinary repayments and instalments on loans amounted to MNOK 1 111 in 2021.

As at 31 December 2021, the Group had non-current liabilities (including the first year's instalment on non-current debt due within one year) at fixed interest rates amounting to MNOK 683 at a weighted average interest rate of 2,4 percent, maturing in the period 2022- 2026. The Group also had non-current liabilities at floating interest amounting to MNOK 1 389 (including the first year's instalment on non-current debt due within one year) at a weighted average interest rate of 1,6 percent as 31 December 2021, maturing in the period 2022-2026.

As at 31 December 2021, the Group had certificate loans totalling MNOK 500. The certificate loans were classified as current interest-bearing liabilities, and the outstanding balance increased by MNOK 200 from 2020.

Note 13 has details of the maturity structure of the Group's loans and financial commitments.

Reconciliation of liabilities from financing activities

	2021	2020
Liabilities at 1.1.	**2 519**	**3 388**
Cash flows from debt raised	1 200	
Cash flows from repayment of borrowings	(1 111)	(779)
Cash flows from (decrease)/increase in bank overdrafts	5	
Change in fair value	(36)	(90)
Other changes	10	
Liabilities at 31.12.	**2 587**	**2 519**

NOTE 19 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 section 16 "Financial instruments" in the Group's accounting principles).

	2021	2020
Non-current derivatives	6	14
Other non-current liabilities	1	2
Interest-free non-current liabilities	**7**	**16**
Provisions for payroll expenses and public charges	1 791	1 875
Accounts payable	971	989
Provisions for accrued expenses	825	801
Prepaid revenue	480	471
Restructuring	53	119
Current derivatives	1	11
Other current liabilities	174	153
Interest-free current liabilities	**4 294**	**4 420**

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 remuneration for "Post in Shop" services, provisions for foreign postal businesses, as well as provisions for transport costs and maintenance and service costs related to the Group's vehicle fleet.

Prepaid income was mainly connected to the advance billing of franking machines, income from foreign postal businesses and unused sold stamps.

Note 11 has details on provisions for restructuring costs.

Other current liabilities comprised securities for financial instruments 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 section 16 "Financial instruments" in the Group's accounting principles).

2021	Assets	Liabilities	Nominal value[1]
a) Cash flow hedging			
Interest-rate swaps NOK	1	(6)	1 203
b) Hedging of net investment			
Forward currency contracts SEK	11		453
c) Other financial hedges (derivatives not included in hedge accounting according to IFRS)			
Interest-rate swaps NOK			100
Forward currency contracts SEK			
Forward currency contracts EUR			
Combined interest-rate/currency swaps NOK	90		299
Total	**102**	**(6)**	

1) Amounts in transaction currencies

2020	Assets	Liabilities	Nominal value[1]
a) Cash flow hedging			
Interest-rate swaps NOK	7	(13)	1 008
b) Hedging of net investment			
Forward currency contracts SEK	2	(6)	653
c) Other financial hedges (derivatives not included in hedge accounting according to IFRS)			
Interest-rate swaps NOK		(2)	100
Forward currency contracts SEK		(3)	50
Forward currency contracts EUR			4
Combined interest-rate/currency swaps NOK	126		299
Total	**135**	**(24)**	

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 derivatives is described below.

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.

For all derivatives, the fair value is confirmed by the finance institutions with which the Group has made agreements.

a) Cash flow hedging

Interest rate swaps

In 2015, Posten Norge raised a bond loan of 7 years of MNOK 350 at a fixed coupon that in its entirety was swapped to floating interest in the same transaction. MNOK 88 was swapped back to fixed interest in 2015 and MNOK 100 in 2017.

In 2017, Posten Norge raised a bond loan of MNOK 1 000. The loan had a floating reference interest rate and was partly hedged by a fixed interest swap of MNOK 250. The loan and the related swap were paid back in September 2021. Posten Norge also entered into an amortising bilateral loan 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 2021 was MNOK 333.

In November 2021, Posten Norge issued 5-year green bonds for in total MNOK 1 000 with floating (MNOK 300) and fixed (MNOK 700) interest rates. MNOK 500 of the MNOK 700 at fixed interest rate was 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.

b) 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 453 in 2021 (MSEK 653 in 2020). The changes in the value of the contracts including realised loss/gain due to settlements on rollover are recognised in other comprehensive income and offset the translation differences from the investments until the investments are disposed of. In 2021, this constituted a gain of MNOK 38 (a loss of MNOK 60 in 2020).

If the hedges become ineffective, the change in value is recognised in the income statement. In 2021, no hedging ineffectiveness was recognised in the income statement (none in 2020). In 2021, MNOK 5 was reclassified to the income statement (income) on the disposal of Frigoscandia Sverige.

c) Other financial hedges (derivatives not included in hedging relations according to IFRS)

Forward contracts SEK and EUR

Posten Norge uses forward currency contracts for hedging loans in currencies from the parent company to foreign subsidiaries. The changes in value are recognised in the income statement and will offset changes in the loans taken through the income statement caused by currency fluctuations. As at 31 December 2021, all loans had been paid back, and at the end of the year, the Group had no currency hedging of internal loans.

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 changes in the value of the combined interest rate and currency swap.

As at 31 December 2021, the loan from the Japanese life insurance company was recognised at MNOK 389 (MNOK 424 in 2020), a change in value since the borrowing date of MNOK 90. 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 -0,3 as at 31 December 2021.

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 larger than MEUR 2, the excess value shall be paid into the counterparty's account. As at 31 December 2021, Posten Norge had received MEUR 7 from the counterparty. This is recognised as a current liability in the balance sheet.

NOTE 21 EQUITY

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. In Norwegian groups of companies, it is the share capital in the parent company that is significant, and equity is the basis and limitation for distributing dividends (see section 21 "Equity" in the Group's accounting principles).

As at 31 December 2021, 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 in the Group and future prospects is made. The proposed dividend for the accounting year 2021 is MNOK 1 315.

At the Annual General Meeting in June 2021, it was determined that a dividend amounting to MNOK 1 060 for the accounting year 2020 be distributed. The dividend was paid in July 2021.

The owner's return on capital requirement to Posten is 9 percent after tax.

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.

	2021	2020
Guarantees for group companies	661	996
Other guarantees	53	20
Total guarantees	**714**	**1 016**

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.

The reduction in guarantees for group companies was mainly due to a reduction in guarantees in connection with the sale of Frigoscandia Sverige (formerly Bring Frigo Sverige).

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 2021, 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 the acquisition and disposal of companies and businesses and other significant changes (see section 5 "Consolidation principles" in the Group's accounting principles).

The following significant changes in the Group's structure took place in 2021:

Companies established and acquired in 2021

Bring Shelfless

Bring Shelfless Nordic Holding AS was established in the third quarter of 2021. The company is a holding company for the Shelfless initiatives in Norway, Sweden and Denmark. Through Bring Selfless Nordic Holding AS, Posten purchased 75 percent of the Swedish company DreamLogistics AB with subsidiaries in the fourth quarter. DreamLogistics had a turnover of more than MSEK 300 in 2020. The group comprises several logistics companies specialising in automated warehouse solutions linking IT and logistics. The group has 350 employees located in Habo, Ängelholm and Borås. Non-controlling owner interests were calculated at approximately MNOK 35 as at 31 December 2021.

A preliminary purchase price allocation has not identified excess values, and all the excess value is therefore allocated to goodwill. Goodwill is not allocated to non-controlling owner interests.

The company Bring Shelfless Sweden AB was established in the first quarter of 2021. The shares in this company were transferred from Bring Shelfless Nordic Holding AS to DreamLogistics AB in the fourth quarter 2021. Bring Shelfless Sweden AB is the owner of a new Shelfless warehouse in Stockholm expected to be finalised in 2022.

	2021
Purchase price	206
Book value of net assets	8
Goodwill	198

Effect on the Group's balance sheet at the acquisition date

	Book value	Goodwill	Total
Assets			
Intangible assets	4	198	202
Tangible fixed assets	13		13
Right-of-use assets	52		52
Interest-bearing non-current receivables	8		8
Non-current assets	**77**	**198**	**275**
Interest-free current receivables	71		71
Liquid assets	18		18
Current assets	**89**		**89**
Total Assets	**166**	**198**	**364**
Liabilities			
Non-current lease liabilities	36		36
Deferred tax	1		1
Interest-bearing non-current liabilities	7		7
Non-current liabilities	**44**		**44**
Current lease liabilities	16		16
Interest-bearing current liabilities	44		44
Interest-free current liabilities	54		54
Current liabilities	**114**		**114**
Total Liabilities	**158**		**158**

Cash effect from purchases of business:

	2021
Cash paid at purchase of businesses	(206)
Cash received from acquired businesses	18
Cash-effect from purchase of businesses	**(187)**

The following companies were sold out of the Group or liquidated in 2021

Bring Frigo AB

In December 2020, the Group put up the subgroup Bring Frigoscandia Sverige for sale, and the company was sold in the fourth quarter to Mutares Holding-49 GmbH.

Bring Frigoscandia Sverige was part of the Logistics segment and operates a network for temperate transport, refrigerated and frozen warehousing and terminals adapted for transport of goods in a temperature-controlled network. Bring Frigoscandia Sverige had a turnover of approximately 2,6 billion Norwegian kroner in 2021.

	2021
Sale price	19
Book value of net assets	145
Write-downs of right-to-use assets	(64)
Loss on sale	**(62)**
Translation differences and hedging reclassified to the income statement	62
Total loss	**0**
Transaction costs recognised as Other expenses (note 5)	11

Bring Cargo Inrikes Fastighets Eskilstuna AB

In the second quarter 2021, Bring Cargo Inrikes AB sold Bring Cargo Inrikes Fastighets Eskilstuna AB. The company had a warehouse estate in Eskilstuna in Sweden and was engaged in letting out the property. After the sale, there are no longer any activities in the subgroup Bring Cargo Inrikes.

	2021
Sale price	8
Book value of net assets	5
Gain on sale	**3**

There were no significant transaction costs connected with the sale of Bring Cargo Inrikes Fastighets Eskilstuna AB.

Effects on the Group's balance sheet at the sales date:

	Bring Frigoscandia Sverige	Bring Cargo Inrikes Fastighets Eskilstuna AB	Total
Assets			
Intangible assets	34		34
Property		24	24
Tangible fixed assets	170	1	171
Right-of-use assets	565		565
Other financial non-current assets	2		2
Non-current assets	**771**	**25**	**796**
Interest-bearing current receivables	4		4
Interest-free current receivables	439		439
Liquid assets	56		56
Current assets	**499**		**499**
Total Assets	**1 270**	**25**	**1 295**
Liabilities			
Provisions for liabilities	**230**		**230**
Non-current lease liabilities	417		417
Interest-bearing non-current liabilities		20	20
Non-current liabilities	**647**	**20**	**667**
Current lease liabilities	148		148
Interest-free current liabilities	393		393
Current liabilities	**541**		**541**
Total Liabilities	**1 189**	**20**	**1 209**

Cash effect from sale of businesses:

	Bring Frigoscandia Sverige	Bring Cargo Inrikes Fastighets Eskilstuna AB	Total 2021
Cash received from sale of businesses	19	8	27
Redemption of loan from acquirer of business		20	20
Cash paid at transfer of business	(56)		(56)
Cash effect from sales	**(37)**	**28**	**(9)**
Sale of units and paid-in capital from non-controllling interest			39
Cash effect from sale of businesses			**30**

Non-controlling owner interests acquired in 2021

Non-controlling owner interests at the acquisition of DreamLogistics (25 percent) were calculated at approximately MNOK 35, including capital contributions after the acquisition. The Group had no other significant transactions with non-controlling owner interests in 2021.

Other changes to the group structure in 2021

Operations in Amoi were transferred from Posten Norge AS to Amoi AS in December 2021.

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 9 in the financial statements for Posten Norge AS.

The Group has ownership shares in associated companies, accounted for in accordance with the equity method. In 2021, services amounting to MNOK 27 were purchased from associated companies. This primarily concerned services purchased from Norbjørn AS for approximately MNOK 25. Norbjørn AS operates the supply ship MS Norbjørn, engaged in sea transport between the mainland and Svalbard. As at 31 December 2021, there were no significant balances with 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 various allocation keys which vary depending on the type of cost.

Some of the board members have board or executive positions in other enterprises. Some of the members of Posten Norge AS's group management also have board and leader positions in other enterprises. Board or leader positions in other enterprises have not affected the Group's decisions.

The Group had no significant transactions with related parties in 2021.

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. In that connection, the Ministry of Transport adjusted the requirements for the distribution time for domestic mail in Posten's licence. 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 2021.

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 2023.

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. This also applied for the legal obligation to offer basic banking services through Posten's rural mail network until this duty and service was terminated with effect from 1 July 2021. 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 2021, Posten received MNOK 566 for government procurements of commercially non-viable postal and banking services. This is in line with Posten's advance calculation. For 2020, Posten received MNOK 499 for government procurements of commercially non-viable postal and banking services. In accordance with the arrangement and Posten' recalculation, MNOK 58,5 (incl. interest of MNOK 0,5) in lower net costs was repaid to the state in December 2021. MNOK 28 of this was provided for in 2020, and MNOK 30 was provided for in 2021, giving a reduction in income in 2021. Accordingly, a total of MNOK 536 in government procurements of commercially non-viable postal and banking services was recognised as income for the accounting year 2021. In addition, MNOK 127,6 in government payments pursuant to the tender contract for newsletter distribution in rural districts was taken to income.

Basic banking services in the rural postal network

Posten's legal obligation to offer basic banking services in the rural postal network, ref. the Act on basic banking services through Posten Norge AS' sales network, was terminated by an annulment of the act effective from 1 July 2021 (ref. Prop.191 L (2020-2021) and Rec. 644 L (2020-2021). Until 1 July 2021, the obligation was carried out through an agent agreement with DNB that expired when the obligation was terminated. The procurement of banking services in Posten's remaining sales network (post offices and Post in Shops) ended at the end of September 2020 when the agreement with DNB expired for this part of the network.

Future prospects

For 2022, the Norwegian Parliament granted MNOK 755 for government procurements of commercially non-viable postal services. The amount is in line with Posten's advance calculations and principally concerns net costs for mail distribution every other day (MNOK 749). In addition, MNOK 127,6 was granted for Posten's newspaper distribution in rural districts in accordance with the contract with the Ministry of Transport following a tender competition and the Ministry's exercise of the option on an extension to June 2023.

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.

In the autumn of 2019, the Norwegian Parliament approved a proposal to introduce VAT on all e-commerce import of goods, regardless of value, from 2020. 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 has been continued in 2022 and will remain in force until eventual annulment by the Ministry of Finance following assessments in the revised national budget for 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.

NOTE 26 IMPACT OF THE CORONA PANDEMIC

In March 2020, the World Health Organisation (WHO) declared Covid-19 (the Corona virus) to be a pandemic. The Corona pandemic has lasted for approximately two years with varying degrees of infection and related infection control measures.

There is still uncertainty regarding the consequences of the Corona pandemic and the degree to which it will affect the economic development in Norway as well as internationally. The distinction between the effects of the Corona pandemic and effects of other external market changes, trends or internal circumstances in the organisation has, however, become less evident during the Corona pandemic.

Operating income and operating result

In total, the Posten Group has not experienced significant negative financial consequences of the Corona pandemic.

The pandemic has probably brought permanent changes in the customers' shopping habits. Increased digitalisation and increased e-commerce have brought volume growth and result improvement for the Logistics segment, and the growth in e-commerce volumes has been high also in the periods when society reopened. The corporate market has improved in line with eased infection control measures. The pandemic has on the other hand resulted in challenges to the global supply chains, with delays and congestion in the networks. The lack of goods, delays in goods deliveries to businesses and under-capacity in the European drivers' market have contributed to increased costs for Posten.

For the Mail segment, the pandemic has accelerated the volume fall, especially for addressed mail. The effect has partly been compensated by high volumes from private mail and Norgespakken, i.a. due to less travel activities because of the pandemic.

Write-down of non-financial assets

Prognoses:

Annual impairment tests for goodwill and intangible assets in progress have been carried out in the fourth quarter. The prognoses applied in the impairment test have assumed a normalisation during 2022 in line with the most recent economic and market expectations. The prognoses have also been assessed against strategic goals, history, climate risk and other factors. There is still some uncertainty as to how long the situation will last, the economic effects, and the consequences of a recession in the economy following the crisis. This uncertainty has been taken into account in the sensitivity analyses for key assumptions.

Other assumptions (growth and required rate of return)

No specific Corona adjustments were made to the required rate of return. The various components of the required rate of return are estimated on the basis of updated information. Based on the criteria described in note 8, no need for a write-down of goodwill or intangible assets was uncovered in 2021.

Financial risk

Market risk

The Corona pandemic has led to significant changes in market prices, exchange rates and interest levels. Posten Norge uses financial instruments to manage market risk from the Group's ordinary operations, and variations in results due to these changes are therefore limited.

Credit risk

The Group's credit forum follows up the status of outstanding trade receivables, the development of the largest customers and any specific customer scenarios requiring an active decision. There was no significant negative change in outstanding trade receivables due as at 31 December 2021 compared with last year, and the Group had no significant credit exposure to one single counterparty as at 31 December 2021. The expected losses on receivables are provided for in accordance with an expected loss model and cover uncertain receivables to a reasonable degree.

Liquidity risk

The Group is solid and has a good liquidity reserve. The Group has covenants in connection with external financing, which were in compliance as at 31 December 2021 and at the publishing of the report. More information on financial risk, capital management and loan covenants is given in note 13.

Other changes in sources of estimation uncertainty

There is estimation uncertainty connected with the assessment of pension obligations. The present value of pension obligations depends on factors such as the discount rate, which is normally determined at the end of each year. The interest level was reduced in both the short and the long term at the start of the pandemic, but at the end of 2021 it was back to a more normalised level. The effect on the pension obligations as at 31 December 2021 was considered to be marginal .

Note 3 has more information on the Group's pension obligations.

NOTE 27 EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are events taking place between the end of the reporting period and the date when the financial statements are approved for publication. They can be events giving new knowledge about matters existing at the end of the reporting period and events concerning matters arising after the reporting period.

Events concerning matters arising after the reporting period

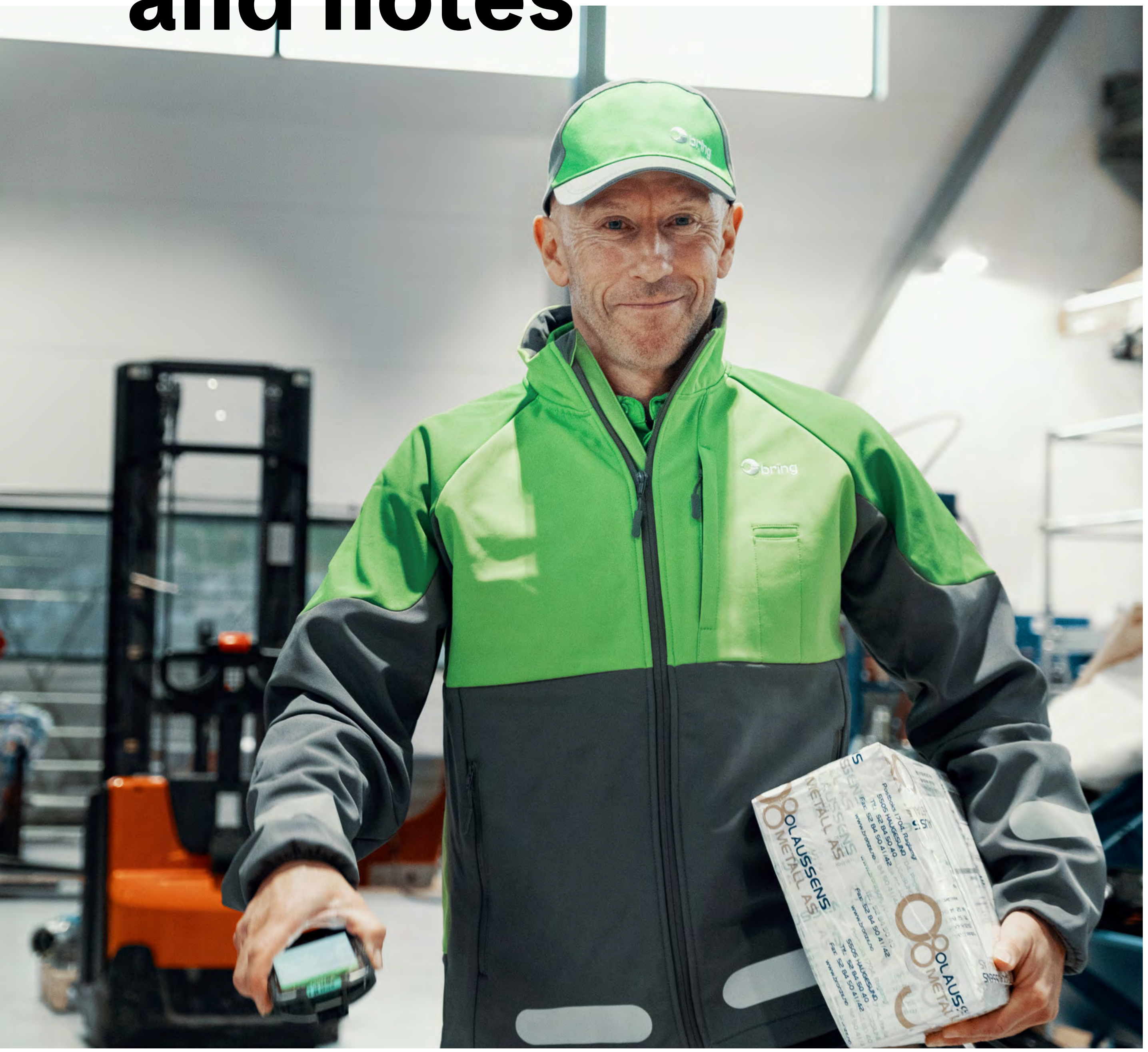
Ukraine was invaded by Russia on 24 February 2022, and has been under attack since then by Russian forces.

This serious situation contributes to increased uncertainty related to the Group's future estimates and economic growth prognoses.

The Group has no significant transactions with Russian or Ukrainian companies, and the war in Ukraine does not affect the Group's result or balance sheet for 2021.

Posten Norge AS

Financial statements and notes



INCOME STATEMENT

Amounts in MNOK

	Note	2021	2020
Revenue		**12 878**	**13 017**
Costs of goods and services		3 059	3 209
Payroll expenses	1,2	6 267	6 227
Depreciation and amortisation	7,8,16	948	939
Write-downs of intangible assets and tangible fixed assets	7,8,16	3	162
Other operating expenses	3	2 152	1 894
Operating expenses		**12 428**	**12 430**
Other income/(expenses)	4	(176)	29
Income from sale of shares in associated companies	9		121
Operating profit		**275**	**738**
Financial income	5	1 043	511
Financial expenses	5	413	656
Net financial income/(expense)		**631**	**(145)**
Profit before tax		**905**	**593**
Tax expense	6	70	100
Profit for the year		**836**	**492**

STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK

	Note	2021	2020
Profit for the year		**836**	**492**
Pension remeasurement	2,6	(12)	(27)
Items that will not be reclassified to income statement		**(12)**	**(27)**
Cash-flow hedging	6,18	1	(5)
Items that will be reclassified to income statement		**1**	**(5)**
Other comprehensive income/(loss)		**(11)**	**(32)**
Total comprehensive income/(loss)		**825**	**460**

BALANCE SHEET

Amounts in MNOK

	Note	31.12.2021	31.12.2020
ASSETS			
Intangible assets	7	1 118	1 044
Deferred tax assets	6	96	137
Tangible fixed assets	8	1 139	951
Right-of-use assets	16	6 872	6 926
Investments in subsidiaries	9	3 522	3 605
Investments in associated companies	9	16	16
Interest-bearing non-current receivables	11,13	1 167	1 382
Other financial non-current assets	9,11,19	127	167
Non-current assets		**14 058**	**14 227**
Interest-free current receivables	11,14,19	1 642	1 642
Interest-bearing current receivables	11,13	2 573	2 037
Liquid assets	11,15	3 351	4 574
Current assets		**7 565**	**8 254**
Assets		**21 623**	**22 481**
EQUITY AND LIABILITIES			
Share capital	20	3 120	3 120
Other equity		2 681	2 891
Equity		**5 801**	**6 011**
Provisions for liabilities	**10**	**613**	**664**
Non-current lease liabilities	11,16	6 868	6 903
Interest-bearing non-current liabilities	11,17,19	1 611	1 107
Interest-free non-current liabilities	11,18,19	7	15
Non-current liabilities		**8 486**	**8 026**
Current lease liabilities	11,16	591	559
Interest-bearing current liabilities	11,17,19	3 127	3 976
Interest-free current liabilities	10,11,18,19	2 976	3 179
Tax payable	6	30	67
Current liabilities		**6 723**	**7 780**
Equity and liabilities		**21 623**	**22 481**

Board meeting on 24 March 2022

Andreas Enger (Chair)

Anne Carine Tanum (Deputy Chair)

Tina Stiegler

Henrik Höjsgaard

Finn Kinserdal

Liv Fiksdahl

Gerd Øiahals

Lars Nilsen

Ann Elisabeth Wirgeness

Tove Gravdal Rundtom

Tone Wille (Group CEO)

STATEMENT OF CASH FLOWS

The Company prepares the statement of cash flows in accordance with 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.

Amounts in MNOK

	Note	2021	2020
Profit/(loss) before tax		905	593
Tax paid in the year	6	(63)	(58)
(Gain)/loss from sales of non-current assets and shares		(7)	(43)
Ordinary depreciation and write-downs	7,8,16	951	1 101
Write down of shares in subsidiaries	9	165	63
Gain from sale of associated companies			(108)
Dividends received from financial investments		(820)	(117)
Financial items without cash effect		216	201
Changes in receivables and payables		9	(37)
Changes in other working capital		(173)	161
Changes in other accruals [1]		(94)	(234)
Interest received		96	162
Interest paid		(329)	(364)
Cash flows from operating activities		**856**	**1 318**
Investments in non-current assets	7,8	(537)	(360)
Cash-effect from purchase of shares	9	(3)	(82)
Cash-effect from capital increases	9	(102)	(56)
Proceeds from sale of non-current assets	8	31	11
Cash-effect from sale of shares	9	19	8
Cash-effect from sale of associated companies	9		350
Dividends received from subsidiaries and associated companies		820	117
Changes in loans to subsidiaries	13		214
Changes in other financial non-current assets		220	(27)
Cash flows from investing activities		**448**	**175**
Payment of lease liabilities	16	(595)	(569)
Proceeds from non-current and current debt raised	17	1 200	
Repayment of borrowings	17	(1 111)	(779)
(Decrease)/increase in bank overdrafts	17	5	
Dividend paid	20	(1 060)	
Change in group account balance		(966)	610
Cash flows from financing activities		**(2 527)**	**(738)**
Change in liquid assets		**(1 223)**	**755**
Liquid assets at the start of the year		4 574	3 819
Liquid assets at the end of the year	**15**	**3 351**	**4 574**

1) In 2019, restructuring accruals were made that were paid out in 2020.

STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

	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 for the year				836	836	836
Other comprehensive result			1	(12)	(11)	(11)
Total comprehensive result			**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

	Share capital	Share premium reserves	Hedging reserve	Retained earnings	Other equity	Total equity
Equity 01.01.2020	**3 120**	**992**	**(1)**	**1 439**	**2 431**	**5 551**
Profit for the year				492	492	492
Other comprehensive result			(5)	(27)	(32)	(32)
Total comprehensive result			**(5)**	**466**	**460**	**460**
Equity at 31.12.2020	**3 120**	**992**	**(7)**	**1 906**	**2 891**	**6 011**

Notes for Posten Norge AS

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 and logistics in the Nordics. Posten Norge AS' address is Biskop Gunnerus gate 14, 0001 Oslo, Norway.

ACCOUNTING PRINCIPLES

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

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

The table below gives an overview of relevant accounting principles for the Group, with references to the applicable notes and accounting standards.

Accounting Principles	Associated statements and notes	IFRS/IAS standard
1. Changes in accounting principles and disclosures		IAS 8
2. Issued and amended standards not yet effective or lacking approval by the EU		IAS 8
3. Accounting estimates	Note 2 Pensions Note 4 Other income and expenses Note 6 Taxes Note 7 Intangible assets Note 10 Provisions for liabilities Note 16 Leases Note 24 Effects of the Corona pandemic	IAS 12, IAS 19, IAS 36, IAS 37, IFRS 16
4. Foreign currency translation	Statement of comprehensive income Statement of changes in equity	IAS 21
5. Revenue from contracts with customers		IFRS 15
6. Pensions	Note 2 Pensions	IAS 19
7. Taxes	Note 6 Taxes	IAS 12
8. Intangible assets	Note 7 Intangible assets	IAS 38
9. Tangible fixed assets	Note 8 Tangible fixed assets	IAS 16
10. Investments in subsidiaries and associated companies	Note 9 Investments in companies and businesses	IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 28
11. Write-downs of non-financial assets	Note 7 Intangible assets Note 8 Tangible fixed assets Note 9 Investments in companies and businesses Note 16 Leases	IAS 36
12. Provisions for liabilities	Note 4 Other income and expenses Note 10 Provisions for liabilities	IAS 19, IAS 37
13. Contingent liabilities and assets	Note 10 Provisions for liabilities	IAS 37
14. Financial instruments	Note 5 Financial income and financial expenses Note 11 Overview of financial assets and liabilities Note 12 Financial risk and capital management Note 13 Interest-bearing non-current and current receivables Note 14 Interest-free current receivables Note 15 Liquid assets Note 17 Interest-bearing non-current and current liabilities Note 18 Interest-free non-current and current liabilities Note 19 Derivatives and hedging	IFRS 7, IFRS 9, IFRS 13, IAS 32
15. Accounts receivable	Note 14 Interest-free current receivables	IFRS 7, IFRS 9, IFRS 13, IFRS 15, IAS 32
16. Cash and cash equivalents	Note 15 Liquid assets	IFRS 7, IFRS 9, IFRS 13, IAS 32
17. Leasing	Note 16 Leases	IFRS 16
18. Borrowings	Note 17 Interest-bearing non-current and current liabilities	IFRS 7, IFRS 9, IFRS 13, IAS 32
19. Equity	Statement of changes in equity Note 20 Equity	IAS 1
20. Events after the reporting period	Note 23 Regulatory issues Note 25 Events after the reporting period	IAS 10

1. CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURES

The accounting policies applied are consistent with previous years. In addition, the Company implemented some amended standards and interpretations published by the IASB (the International Accounting Standards Board) and approved by the EU, relevant for the business and effective from the accounting year that started on 1 January 2021. The implementation of these amended standards and interpretations has not resulted in significant changes to the financial statements.

2. ISSUED AND AMENDED STANDARDS NOT YET EFFECTIVE OR LACKING APPROVAL BY THE EU

The following standards and statements that are relevant for Posten Norge AS have been issued but have yet to take effect or lacked approval by the EU for the financial year 2021:

Amended IAS 1 related to the classification of loans as current and non-current debt

The change in IAS 1 Presentation of Financial Statements applies for financial statements starting after 1 January 2023. The changes will not lead to significant changes compared with the Company's present implementation of IAS 1.

3. ACCOUNTING ESTIMATES

The preparation of the Company's financial statements requires management to make estimates and assumptions affecting revenues, expenses, assets and liabilities, the accompanying notes and the disclosure of contingent liabilities. Management carries out significant accounting considerations (judgments) in applying the Company's accounting policies. Material critical accounting judgments will be described. Sources of estimation uncertainty and assumptions concerning the future that represent a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are described below:

3.1 Estimated impairment of assets

Impairment exists when the carrying value of an asset or cash generating unit (see definition in section 11) exceeds its recoverable amount. Calculations of recoverable amounts require the use of estimates. 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 note 7.

3.2 Pensions

There is also 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 (income) include the discount rate. The Company 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 Company 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.

Details are given in note 2.

3.3 Provisions

In determining the fair value of provisions for restructuring expenses and other provisions, assumptions and estimates are made in relation to discount rates, the expected settlement value and settlement date. Additional information is given in note 10.

3.4 Deferred tax assets

Deferred tax assets are carried in the balance sheet when it is probable that the Company will have sufficient taxable profits to utilise the tax benefit. Management's judgment is required to determine the size of the tax benefit to be utilised, based on the timing and value of future taxable profits. Note 6 has more details.

3.5 Leasing obligations (lease agreements)

The lease liability is based on the non-cancellable period of the lease (including the period of notice) and any options reasonably certain to be exercised. Several of the Company's significant lease agreements, particularly within property, include options for renewals of the agreements. The Company applies judgment in determining the lease period.

The determination of discount rate as a basis for calculating the present value of future lease obligations also require judgment. A methodology has been established for this process. Section 17 and note 16 have details.

4. FOREIGN CURRENCY TRANSLATION

4.1 Functional currency and presentation currency

The financial statements are presented in Norwegian kroner (NOK), which is also the Company's functional currency.

4.2 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 is determined.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

The recognition of income shall reflect the transfer of goods or services to the customer. Income 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.

According to the contracts applied, the Company's current delivery obligations are current (less than one year). Accordingly, the Company does not provide information about balance sheet items related to current deliveries.

Sales revenue is measured at the fair value of the consideration net of value-added tax and discounts.

Revenue is generated by transport services and the sale of postal services.

Transport services comprise national and international transport in addition to express and home deliveries. Transport services can include a number of associated additional services but are mainly considered to be one delivery obligation. 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 delivery point. The majority of the transport services are delivered within 1-7 days, and provisions are made for incomplete transport.

Letter services comprise the delivery of letter products and are primarily recognised over time. Letter services often have, however, 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. Letter services also comprise the sale of stamps, franking and international mail. The sale of stamps and Norgespakken are considered to be advance payments for the delivery of letter products and are recognised as income when the service delivery takes place. Franking machines (prepaid franking) are recognised on the basis of the customer's postage consumption, and other postage sales are recognised when the 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 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 and banking services recognised over time (monthly), and limited to an amount equalling the current year's estimated additional expenses regarding licensing requirements.

6. PENSIONS

The Company 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 growth 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 expensed 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 end of the reporting period, 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 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 the income statement in future periods.

7. TAXES

The tax expense comprises tax payable for the period and changes in deferred tax liabilities/assets. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or directly in equity.

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 an initial recognition of taxable non-depreciable goodwill
- deferred tax arising from an initial 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. 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.

If the authorities notify a change in the previous year's tax return, the change will normally be recognised as part of the current year's taxes.

8. 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. 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 but assessed for impairment annually (section 11 "Write-downs of non-financial assets" has a more detailed description). 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 not yet available for use are also tested for impairment.

8.1 Intangible assets: Development costs

The Company'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, can the expenses relating to development work be recognised in the balance sheet. Otherwise, the costs will be expensed as incurred.

8.2 Intangible assets: Goodwill

Goodwill arises on acquisitions of businesses and constitutes the excess value between the consideration and fair value of identifiable assets and liabilities at the time of the acquisition.

9. TANGIBLE FIXED ASSETS

Tangible fixed assets are recognised in the balance sheet at their acquisition cost net of accumulated depreciation and write-downs. 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 it is directly attributable. The acquisition cost of fixed assets is deconstructed when the asset consists of components that have different useful economic lives. Costs relating to normal maintenance and repairs are expensed when incurred. Costs concerning replacements and renewals which significantly increase the useful economic life of the fixed assets are recognised in the balance sheet.

Tangible fixed assets are depreciated down to their residual values on a straight-line basis over their estimated useful economic life. In determining the useful economic life, considerations are made concerning changes in external economic terms including changes in technology, regulations, markets and social habits. Depreciation starts from the date when the tangible fixed asset is available for its intended use. Land is not depreciated.

The assets' residual values (if any), depreciation method and useful lives are reviewed annually.

10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Posten Norge AS accounts for investments in subsidiaries and associated companies at historic cost.

11. 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.

The Company calculates future cash flows based on estimated results (forecasts and long-term plans) 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.

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 be so large as to exceed the value the asset would have had if no write-down had been recognised.

11.1 Impairment: Goodwill and other assets with indefinite useful lives

Goodwill, intangible assets with indefinite useful lives and intangible assets under development are subject to an impairment test annually, irrespective of whether any indications of impairment exist.

11.2 Impairment: Other assets with definite useful lives

An impairment test on other assets with definite useful lives is carried out when there are indications of impairment.

12. PROVISIONS FOR LIABILITIES

Provisions are recognised when the Company 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. Details on provisions for pension liabilities are provided in section 6.

12.1 Provisions: Restructuring

Restructuring expenses are costs incurred by the Company based on a decision that entails a significant change in the Company'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 programme has been determined and announced, and the costs are identifiable, quantifiable and not covered by corresponding income.

12.2 Provisions: Onerous contracts

A provision for onerous contracts is recognised when the Company's expected income from a contract is lower than the unavoidable expenses incurred to meet the obligations of the contract. As a main rule, the Company defines unavoidable expenses as direct costs related to the loss and does not include indirect costs in the estimated provision. A provision is generally made when a reliable estimate of the obligation amount can be made.

13. CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities include:

- possible liabilities resulting from past events whose existence depends on future events
- liabilities that have not been recognised because it is not probable that they will result in payments
- liabilities that cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the financial statements unless they have been acquired in a business combination. Such liabilities are provided for. Significant contingent liabilities are disclosed, unless it is unlikely that the liability will result in payments.

Contingent assets are not recognised in the financial statements but disclosed if it is probable that the Company will benefit from them.

14. FINANCIAL INSTRUMENTS

Financial instruments are recognised in the balance sheet when the Company 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 expired.

Financial instruments are initially measured at fair value at the settlement date, normally at transaction price. Subsequent measurements depend on the classification of the financial asset or liability. The classification is determined by the Company's business model for managing financial instruments and the characteristics of the cash flows of each instrument.

Financial assets are classified as subsequently measured at amortised cost, fair value over other 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.

The Company'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 income statement when not considered to be a form of repayment of capital from the company. Dividends, if applicable, are recognised in the income statement when they are approved in the distributing company, normally at the same time as the payment date. Purchases and sales of shares are recognised on the trading date.

None of the Company's financial liabilities is held for trading purposes. With the exception of a loans in a foreign currency (Japanese yen), the fair value option has not been applied, nor do the liabilities contain embedded derivatives. Accordingly, the Company's financial obligations are mainly classified as subsequently measured at amortised cost. The Company has applied the opportunity to use fair value options (FVO) for financial liabilities in a foreign currency (Japanese yen), as such a classification significantly reduces any inconsistency in the measurement between the obligation and related derivatives. Significant changes due to the Company's own credit risk are recognised in other comprehensive income.

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.

14.1 Financial instruments: Hedging

The Company uses derivatives to manage currency and interest rate risk.

The Company'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:

1. 1the derivative is applied to hedge an expected transaction or a recognised asset or obligation;
2. the hedge is earmarked and documented;
3. the requirement for hedge effectiveness is met

Hedge effectiveness is analysed on an ongoing basis and is met when:

1. there is a financial relation between the hedge object and instrument, i.e., the Company normally expects that the values systematically change in line with changes in the underlying risk
2. credit risk does not dominate changes in value, and
3. the degree of hedging reflects the actual quantity hedged and used to hedge.

Hedge accounting ceases when:

a. the hedging instrument expires, is sold, terminated or exercised; or
b. the hedge no longer meets the criteria for hedge accounting as described above.

<u>14.1.a Cash flow hedging</u>

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 gains or losses on the hedging instrument in equity will be reversed and recognised in the income statement immediately.

<u>14.1.b Fair value hedging</u>

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.

14.2 Financial instruments: Derivatives that are not hedging instruments

Derivatives not classified as hedging instruments are measured at fair value in the income statement. Changes in fair value of such derivatives are recognised in the income statement.

14.3 Impairment: Financial instruments

For financial assets measured at amortised cost, the Company makes a provision for expected credit loss. The Company either recognises the next twelve months' expected losses or the expected lifetime losses if there has been a significant increase in credit risk after the initial recognition of the financial asset. The method is primarily applied to the financing of and lending to the Company's subsidiaries. The assessment of change in credit risk is made in each reporting period. The risk drivers for internal loans include current and repeated defaults, developments in the utilisation of the limits of the Group's cash pool and instalment payment delays.

The Company's other 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 expected credit loss over the entire lifetime is recognised (by applying simple methods to estimate credit losses). The simplified model does not require any follow-up of changes in credit risk.

If an accrued (actual) credit loss has been established because the Company 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.

15. ACCOUNTS RECEIVABLE

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost, less provisions for losses. The Company uses a simplified method for provisions for expected credit losses on accounts receivable and measures the loss provision at an amount equivalent to the expected lifetime credit loss. Accrued (actual) credit losses reduce the accounts receivable's balance sheet value directly.

16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include liquid assets such as cash in hand and bank deposits. Cash and cash equivalents are current liquid investments that can be converted into a known amount in cash within three months and are subject to insignificant risk.

17. LEASING

17.1 Posten Norge AS as lessee

The Company 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 obligation is expensed.

Lease agreements that can be defined as "low value assets" are not capitalised. Current leases agreements, where the non-cancellable lease period is less than 12 months, are also directly expensed. The Company has chosen not to capitalise lease agreements for intangible assets.

Several of the Company'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.

<u>Assessment of agreements in the Company which comply with the standard's definition and requirement for recognition</u>

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 Company mainly concern contracts for buildings and terminals, in addition to the Company's car fleet.

Leasing of real-estate and vehicles will generally be encompassed by the definition in the standard and be classified as leases.

The Company has performed a review of various lease agreements and in particular assessed the treatment of them, in addition to contracts with transporters (transport agreements). Most of the transport agreements in the Company are either of such a character that no specific asset can be identified, or are current, and these agreements are therefore outside the definition of a lease according to the standard.

<u>Assessment of lease period</u>

Several of the Company's significant lease agreements, especially within real estate, include options for extending the lease agreements. The lease liability is based on the non-cancellable period of the lease (including the period of notice) and any options reasonably certain to be exercised. The Company assumes that "reasonably certain" is a probability level significantly higher than 50 percent.

In the consideration of whether the exercise of an option is reasonably certain, special weight has been attached to whether the asset is important for operations and part of the Company's strategic plans.

The Company has also taken into account the option's exercise date, as the degree of certainty decreases the further off the exercise date is.

<u>Assessment of lease payments</u>

Right-of-use assets and liabilities shall be measured at the present value of the lease payments.

Lease payments include 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.

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 Company's incremental borrowing rate is consistently applied and reflects:
1. the loan interest for the asset class in question, and
2. the length of the lease period.

17.2 Posten Norge AS as lessor
For contracts where the Company is lessor, each lease agreement is classified as either operating or finance. A lease agreement is as a finance lease if it in all material respects transfers all risks and rewards of the ownership of an underlying asset. A sublease agreement is considered a finance lease if the asset, or parts of it, is subleased for the major part of the remaining lease period in the main agreement.

Finance leases
For financial lease 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 de-recognises 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.

Operating leases
For operating leases, the Company recognises lease payments as other 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 Company recognises expenses incurred in the earning of the lease income as operating costs.

18. BORROWINGS
Loans are initially recognised at fair value when received, net of transaction costs incurred. In subsequent periods, the loans are recognised at amortised cost using the effective interest rate method. Amortised cost is the amount at which the financial obligation is measured initially less repayments (instalments, interest and service charges etc.), including effective interest.

19. EQUITY

19.1 Hedge reserve
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.

19.2 Equity transactions
Gain or loss from transactions with related parties is recognised directly in equity. Transaction costs directly related to equity transactions are recognised directly in equity net of taxes. Other transaction costs are recognised in the income statement.

20. EVENTS AFTER THE REPORTING PERIOD
New information about the Company's positions on the balance sheet date is considered in the financial statements. Events taking place after the balance sheet date that do not affect the Company's position on the balance sheet date, but will do so in the future, are disclosed if significant.

NOTE 1 PAYROLL EXPENSES AND OTHER REMUNERATION
The note shows the payroll expenses for employees and expensed remuneration to the Board and auditor of Posten Norge AS. Information about bonuses, pension schemes for executives and the statement on executives' salary and other remuneration is included in note 2 for the Group.

	2021	2020
Salaries	5 066	5 082
Social security tax	677	620
Pension expenses	389	381
Other benefits	135	143
Payroll expenses	**6 267**	**6 227**
Number of full-time equivalent positions	9 708	9 612
Number of employees 31.12	9 576	9 240

1) 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 positions / man-years in the row above.

Social security tax on pensions is classified as pension expenses (details in note 2).

	2021	2020
Board fees	**2 918**	**2 787**
Fees for the statutory audit	1 729	1 637
Fees for other attestation services	612	890
Fees for tax advisory services	177	232
Fees for other non-audit services	111	233
Total auditors' fees	**2 628**	**2 993**

(All amounts in TNOK and exclusive of VAT)

Auditors' fees concerned the audit firm EY. Details of remuneration to the Board and executives are given in note 2 for the Group.

Bonus schemes
Posten Norge AS has a bonus scheme for members of Group management, with the exception of the Group CEO.

In addition, Posten Norge AS has bonus-based remuneration for senior employees reporting to the group directors, other key personnel and sales personnel. Bonus payments are based on defined criteria for the entire Group, targets for the Group as well as individual goals. Upper limits have been set for bonus payments in the various schemes.

Pension schemes
Senior employees have the same pension schemes and pension terms as other employees in the Company (see "Statement on the determination of salaries and other remuneration to executives in the Posten Norge Group in 2021" in note 2 for the Group).

Loans and guarantees
No loans or guarantees were given to members of Group management.

NOTE 2 PENSIONS

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 section 3 "Accounting estimates" and section 6 "Pensions" in the Company's accounting principles.

	2021	2020
Pension costs:		
Present value of the pensions earned for the year	105	108
Net interest expense on net liability	17	16
Gross pension costs incl. social security tax (benefit based)	**123**	**124**
Interest element reclassified to finance items	(15)	(14)
Net pension costs incl. social security tax (benefit based)	**107**	**109**
Defined contribution pension schemes	376	368
Employee contributions	(94)	(96)
Total pension expenses included in the operating profit for the year	**389**	**381**
Defined contribution pension schemes		
Number of members	12 344	12 577
Share of salary	5,7-21,3%	5,7-21,3%
Net pension liabilities:		
Estimated accrued secured liabilities	(24)	(23)
Estimated value of the pension assets	23	23
Net estimated secured pension liabilities		
Estimated accrued unsecured pension liabilities	(568)	(591)
Net pension liabilities in balance sheet	**(569)**	**(591)**
Changes in liabilities:		
Net liabilities at 1.1.	(591)	(592)
Gross pension expenses	(123)	(119)
Premium payments and benefits paid	159	155
Changes in pension estimates recognised in other comprehensive income	(15)	(34)
Net pension liabilities at 31.12.	**(569)**	**(591)**

	2021	2020
Main categories of pension assets at fair value		
Equity instruments (shares, bonds)	3	2
Debt instruments	15	16
Property	3	3
Other assets	2	2
Total pension assets	**23**	**23**
Pension estimate gain/(loss) at 01.01.	**418**	**453**
Changes in discount rate, pension liabilities	7	(23)
Changes in other financial assumptions, pension liabilities	(13)	
Changes in other factors, pension liabilities	(10)	(12)
Changes in other factors, pension assets	1	1
Gain/(loss) for the year in total comprehensive income	**(15)**	**(34)**
Pension estimate gain/(loss) at 31.12.	**403**	**418**
Defined benefit pension schemes		
Number of members	3 764	3 952
Actuarial assumptions		
Discount rate	1,90%	1,70%
Expected salary regulation	2,75%	2,25%
Expected G regulation	2,50%	2,00%
Expected pension regulation	1,5-2,5 %	1,5-2,5%
Expected yield	3,10%	2,70%
Expected voluntary retirement (below 50 years)	4,00%	4,00%
Expected voluntary retirement (over 50 years)	1,50%	1,50%
Expected use of AFP	40-60 %	40-60%
Demographic assumptions on mortality rate	K2013	K2013

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 2021, the contribution rates were 5,7 percent for salaries up to 7,1 of the national insurance basic amount (G) and 21,3 percent for salaries in the interval 7,1 to 12 G. The rates had not changed in 2021.

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 2020, the scheme's pension fund amounted to approximately NOK 49,1 billion as at 31 December 2020. Income through premiums in 2020 was NOK 6,7 billion whilst payments were approximately NOK 3,4 billion.

The premium to Fellesordningen for the past years has been 2,5 percent of the employees' salary, but will increase to 2,6 percent from 1 January 2022. The total premium for the parent company in 2021 was MNOK 84 and is estimated to be MNOK 90 in 2022. The parent company's premium to the scheme is calculated as a share of Fellesordningen's premium income. In the past years, the parent company's share has been 1,2 percent.

"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 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) 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.

The background for the "sliter" supplement is that the life expectancy adjustment 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. So far, SO Spekter has not been a separate legal entity, but is part of Spekter and is financed from Spekter's operations, and has therefore not been accounted for in the member firms.

Spekter plans to transfer SO Spekter to an independent legal entity. The financial solution for the scheme is not ready and will not be determined before SO Spekter's Annual General Meeting on 16 June 2022. An alternative can be that SO Spekter is financed by annual payments from the member firms to cover expected costs in the coming year for employees who have been granted "sliter" supplements.

The "sliter" scheme is a multi-enterprise scheme and for this reason not carried in the company financial statements as at 31 December 2021. There is significant uncertainty related to the accounting effect for the member firms, primarily because the financial solution is not ready, but also because of the uncertainty as to how many employees will make use of the scheme. It is also uncertain how long the scheme will last, as only a limited amount in LO/NHO has been agreed for the use of this scheme. A final financing solution will be approved by the Annual General Meeting in June 2022 at the earliest, and a possible obligation will not be accounted for by Posten Norge AS or any subsidiaries that are members in SO Spekter until a final decision has been made. It is expected that the parent company will bear the most significant part of the obligation.

Based on data from the three age groups that have started to use the scheme, the best estimate is that the employees making use of the scheme in the years to come will be some 15-20 percent of those aged 62-64 years. For the next 10 years period, this implies some 450-600 employees will make use of the scheme, resulting in an estimated obligation of about MNOK 120-180. This is before any actuarial effects such as discounts and pension regulation.

Defined benefit schemes

The majority of the Company's benefit schemes relate to the fact that Posten Norge AS withdrew from the Norwegian Public Service Pension Fund (SPK) in January 2006, giving those employed at the transition date the right to various compensation and guarantee arrangements. The schemes were closed on that date, meaning that the obligations will be phased out over time. The pension assets in the schemes are managed by life insurance companies.

In 2010, it was decided to coordinate the public service pension with private AFP, which would reduce the pension from SPK for a significant number of employees in Posten. For this reason, a compensation scheme was agreed, and an obligation recorded in the balance sheet.

The Company has a disability pension without a paid-up policy, providing benefits corresponding to the maximum amount allowed pursuant to the Occupational Pension Act and is accounted for as a contribution scheme. The Company also has significant obligations concerning salaries in excess of 12 G. Pension obligations related to salaries in excess of 12 G and early retirement pensions are financed by the Company's operations.

Assumptions

Changes have been made to the financial assumptions for 2021, mainly in accordance with recommendations from the Norwegian Accounting Standards Board (NRS). Posten Norge AS used covered bonds (OMF) as its basis for the discount rate and set the rate to 1,9 percent in 2021 compared with 1,7 percent in 2020.

The estimate variation of MNOK -15 for 2021 was mainly due to significantly higher rates for salary and pension regulations, somewhat mitigated by a lower discount rate. The deviation in 2020 was mainly due to a lower discount rate and more active retired people as a consequence of the significant workforce reduction during the year. The retirement age for Norwegian employees is generally 67 years.

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 2021 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	(37)	43	24	(21)	(8)	9
Percentage change	-7%	8%	5%	-4%	-2%	2%

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. Higher inflation and salary development than the basis in the pension calculations will result in an increased obligation for the Company.

Expected premium payments and disbursements related to the Company's pension schemes amount to MNOK 67 in 2022. The weighted average duration of the Company's pension obligation as at 31 December 2021 was 25 years and had the following expected maturity structure:

	Amount	Percentage
Under 1 year	67	11%
1-2 years	59	10%
2-3 years	52	9%
3-4 years	47	8%
More than 5 years	366	62%
Total	**592**	**100%**

NOTE 3 OTHER OPERATING EXPENSES

Other operating expenses are costs not directly related to the sale of goods and services, salaries and personnel costs or depreciation/impairment.

	2021	2020
IT services	826	685
Other external services	363	302
Cost of premises	345	294
Other rental expenses	55	55
Tools, fixtures, operating materials	120	114
Repair and maintenance of equipment	99	101
Marketing	117	78
Insurance, guarantee and compensation expenses	40	64
Travel expenses	33	40
Accounting and payroll services	13	27
Telephone costs	33	36
Other expenses	107	98
Operating expenses	**2 152**	**1 894**

The increase in costs related to IT services and other external services was largely due to high project activity and increased parcel volumes. The project activity mainly related to commercial improvements of existing systems.

The change in cost of premises was basically a result of increased energy prices.

Higher marketing costs related to increased advertising, publicity and services from media bureaus in connection with Christmas campaign and the jubilee year.

Other expenses included freight, office and IT stationery, printing matter, membership dues and losses on receivables.

NOTE 4 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 sections 3 "Accounting estimates" and 12 "Provisions for liabilities" in the Company's accounting principles).

	2021	2020
Gain on sale of fixed assets and subsidiaries		18
Gain on subleases and termination of lease agreements	1	9
Restructuring expenses		(30)
Restructuring expenses (reversed)		106
Write-downs of shares in subsidiaries	(165)	(63)
Other expenses	(11)	(11)
Total other income/(expenses)	**(176)**	**29**

Gain on sale of fixed assets and subsidiaries

Gain on sale of fixed assets in 2020 mainly concerned the sale of the subsidiary Bring Frigo AS.

Restructuring costs

In 2020, a provision of MNOK 30 for restructuring costs was made related to the closing down of post offices replaced by Post in Shops. Reversed restructuring costs concerned reduced distribution frequency amounting to NOK 106. This was a consequence of new service products and more voluntary solutions than originally estimated. Total provisions for restructuring are shown in note 10.

Write-down of shares in subsidiaries

Write-downs of shares in subsidiaries in 2021 concerned the subsidiaries Frigoscandia AB (MNOK 160) and Bring Linehaul Bildrift AS (MNOK 5). In 2020, the amount mainly included write-downs of shares in the subsidiaries in Netlife Gruppen AS (MNOK 48) and Bring Express Suomi OY (MNOK 10). Note 9 has more information of write-downs of shares in subsidiaries.

Other expenses

Other expenses in 2021 mainly comprised costs in connection with the sale of Frigoscandia Sverige (formerly Bring Frigo Sverige) in the Logistics segment. Other income and expenses in 2020 were primarily costs in connection with the preparation of the sale of Frigoscandia Sverige.

NOTE 5 FINANCIAL INCOME/(EXPENSE)

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 section 14 "Financial instruments" in the Company's accounting principles).

	2021	2020
Interest income from group companies	48	60
Interest income	1	12
Interest income on financial subleases	9	10
Currency gains	30	126
Gain on derivatives	51	18
Gain on loans at fair value through profit and loss [1]	36	90
Dividends received	820	103
Other financial income	48	91
Financial income	**1 043**	**511**
Interest expenses to group companies	5	7
Interest expenses	52	72
Interest expenses on group lease obligations	209	214
Interest expenses on lease obligations	65	68
Currency losses	22	102
Loss on derivatives	41	175
Other financial expenses	18	17
Financial expenses	**413**	**656**
Net financial income/(expense)	**631**	**(145)**

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 19 has more information.

Interest income from group companies mainly related to loans and the group cash pool. Interest income in 2021 comprised interest on bank deposits. Other financial income included returns on market-based investments. Interest income on financial subleases is described in note 16.

Net currency gains, gains on loans at fair value and net gains on derivatives primarily concerned gains and losses 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 19 has details on derivatives.

Interest expenses were mostly interest costs on non-current financing. Lower interest costs compared with last year were a result of lower debt in 2021, and the average NIBOR interest being lower in 2021 compared with 2020. In 2021, interest expenses included in pension liabilities amounted to MNOK 15 for the Company. Details of interest expenses on lease obligations are given in note 16.

Dividends received were dividends from the subsidiaries Bring Mail Nordic AB, Bring Cargo Inrikes AB and Bring Parcels AB.

The Group's note 13 has details of financial risk and capital management.

NOTE 6 TAXES

The note details the authorities' taxation of the profit in the Company. The tax expense is calculated on the basis of the accounting result and is split into the period's tax payable and change in deferred tax/deferred tax assets. Deferred tax liabilities/assets arise when the accounting and taxable accruals differ (see also section 3 "Accounting estimates" and section 7 "Taxes" in the Company's accounting principles).

	2021	2020
Income tax		
Tax payable	26	71
Change in deferred tax/(deferred tax assets)	43	30
Tax expense	**70**	**100**
Tax payable for the year	30	67
Adjustments of payments in previous years	(4)	4
Tax payable	**26**	**71**
Effective tax rate in %	**8%**	**17%**
Reconciliation of the effective tax rate with the Norwegian tax rate:		
Profit before tax	905	593
22% tax	199	130
Write-down of shares in subsidiaries	36	14
Other non-deductible expenses	15	23
Non-taxable dividend	(180)	(26)
Non-taxable income		(43)
Adjustment previous years	(1)	2
Tax expense	**70**	**100**

	2021	2020
Changes in pension estimate	(3)	(8)
Cash flow hedging		(2)
Change in deferred tax recognised in comprehensive income for the year	**(3)**	**(9)**

The effective tax rate was 8 percent, mainly due to non-taxable income from dividends received of MNOK 820 (tax effect MNOK 180), offset by a non-deductible write-down of shares of MNOK 165 (tax effect MNOK 36).

Changes in deferred tax assets

	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/(tax assets) in the balance sheet	**(137)**	**43**	**(3)**	**(96)**

	01.01.2020	Recognised in income statement	Recognised in OCI	31.12.2020
Tangible fixed assets	67	(6)		62
Receivables	59	1		60
Currency	3	(1)		2
Pensions	(131)	9	(8)	(130)
Contribution fund	8	10		18
Provisions	(68)	41		(27)
Financial instruments	(1)		(2)	(3)
Lease agreements	(95)	(23)		(118)
Total deferred tax/(tax assets) in the balance sheet	**(158)**	**30**	**(9)**	**(137)**

There was no change in the ordinary tax rate during 2021.

Deferred tax assets were reduced by MNOK 40, mainly due to changed tangible fixed assets and a reduction in provisions of which previous restructuring provisions were largely paid in 2021, see note 10. This was partly offset by changes in net lease agreements carried in the balance sheet (see note 16).

NOTE 7 INTANGIBLE ASSETS

Intangible assets are non-physical assets and mainly concern capitalised IT development, including specially adapted software and goodwill in connection with acquisitions of businesses. Intangible assets and goodwill are subject to significant estimation uncertainty (see section 3 “Accounting estimates” and section 8 “Intangible assets” in the Company’s accounting principles).

	IT systems	Projects in progress	Goodwill	Total
Carrying amount 01.01.2021	**292**	**230**	**522**	**1 044**
Additions	18	149		167
Additions in-house developed intangible assets		7		7
Amortisation for the year	(101)			(101)
Transfers from projects in progress	66	(66)		
Carrying amount 31.12.2021	**276**	**320**	**522**	**1 118**
Acquisition cost 01.01.2021	2 314	346	522	3 181
Accumulated amortisation and write-downs 01.01.2021	(2 022)	(116)		(2 138)
Acquisition cost 31.12.2021	2 220	437	522	3 178
Accumulated amortisation and write-downs 31.12.2021	(1 944)	(116)		(2 060)
Carrying amount 31.12.2021	**276**	**320**	**522**	**1 118**
Depreciation method	Straight-line			
Useful life	3 - 10 years			

	IT systems	Projects in progress	Goodwill	Total
Carrying amount 01.01.2020	**361**	**242**	**522**	**1 125**
Additions	27	106		133
Additions in-house developed intangible assets		20		20
Amortisation for the year	(104)			(104)
Write-downs for the year	(21)	(110)		(131)
Transfers from projects in progress	28	(28)		
Carrying amount 31.12.2020	**292**	**230**	**522**	**1 044**
Acquisition cost 01.01.2020	2 248	263	522	3 033
Accumulated amortisation and write-downs 01.01.2020	(1 887)	(21)		(1 908)
Acquisition cost 31.12.2020	2 314	346	522	3 181
Accumulated amortisation and write-downs 31.12.2020	(2 022)	(116)		(2 138)
Carrying amount 31.12.2020	**292**	**230**	**522**	**1 044**
Depreciation method	Straight-line			
Useful life	3 - 10 years			

IT systems

Total intangible assets related to IT systems recognised in the balance sheet as at 31 December 2021 totalled MNOK 276 (MNOK 292 in 2020), of which approximately MNOK 125 related to group-shared ERP and HR systems, EPM system and data warehouse solutions. In addition, solutions for customs clearance, address and route registers, production support systems and several projects on web solutions were carried in the balance sheet.

For intangible assets with definite useful economic lives, the amortisation period was 3-10 years in 2021 (the same as in 2020). The depreciation period is based on an individual assessment of the useful economic life of each asset.

Projects in progress

Projects in progress as at 31 December 2021 amounted to MNOK 320 (MNOK 230 in 2020), of which approximately MNOK 125 concerned projects for developing new transport control systems. In addition, development related to reporting, warehouse and production support systems and the management of the Group’s infrastructure was carried in the balance sheet.

Write-down of IT systems and projects in progress

No impairment indicators were uncovered in 2021 and consequently there were no write-downs of IT systems. Impairment tests of projects in progress did not reveal any need for write-downs. In 2020, IT systems and projects in progress were written down by a total of MNOK 131.

Goodwill

Goodwill is allocated to cash-generating units. Goodwill in Posten Norge AS amounted to MNOK 522 as at 31 December 2021 (MNOK 522 in 2020), all related to E-commerce and logistics.

Impairment of goodwill

Goodwill is subject to annual impairment tests. If there are any indications of impairment during the year, goodwill is tested when these indications occur. The Company uses the value in use as the recoverable amount for goodwill.

Forecasts (operating results)

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.

In 2021, the cash-generating unit E-commerce and logistics achieved good profit margins due to high e-commerce volumes, cost-effective operations and further developed services. It is expected that strong competition and price pressure, together with a tendency towards services with higher cost levels, will contribute to somewhat lower margins in the forecast period. Increased environmental consciousness and expectations from society that the business community will change for a quicker transition to increased sustainability can affect the demand for logistics as a service. Significant cost elements are external service costs that are affected by price negotiations and inflation. Posten Norge AS is sensitive to fluctuations in market trends in Norway This is reflected in the division’s prognoses.

A too-late transition to more climate-friendly vehicles by suppliers, indadequate energy infrastructure and a shortage of available fossil-free vehicles may be risks for Posten in the time to come. Sustainability and environment is an integrated part of the Group’s strategy, and Posten has many concrete initiatives in this area (see Integrated report chapter 3).

Other assumptions (growth and required rate of return)

In the impairment tests, Posten’s starting point is the scenario “successful climate politics” where the maximum temperature in the Paris agreement is complied with, which is the basic scenario for Posten’s climate risk assessment. The impairment tests comprise considerations of areas particularly exposed to climate risk. Posten’s climate risk assessment is discussed in more detail in chapter 3 of the Integrated report.

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 rate in the areas where E-commerce and logistics oprates. The long-term growth rate applied in impairment tests in 2021 was 2,0 percent (1,5 percent in 2020).

The present value of future 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. The Group mainly operates in the Norwegian and Swedish markets with cash flows in Norwegian and Swedish kroner. The required rate of return for E-commerce and logistics is shown in the table below.

Overview of goodwill and key assumptions:

		Discount rate before tax (WACC)	
	Goodwill	2021	2020
E-commerce and logistics	522	8,0 %	8,0 %
Total	**522**		

Results of the impairment tests in 2021
Based on the criteria described above, no requirement for write-downs of goodwill items was uncovered as at 31 December 2021 (same as in 2020).

Sensitivity analyses
Sensitivity analyses were performed on key assumptions for the cash generating unit in the Company. Assumptions analysed were growth (reduced from 2,0 to 0 percent), the required rate of return (increase of 0,5 and 1 percentage point) and the forecast operating profit (EBIT) margin (reduced by 10 to 50 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.

NOTE 8 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 associated with mail and logistics terminals (see section 9 "Tangible fixed assets" in the Company's accounting principles).

	Machinery	Vehicles, furniture, equipment	Buildings and property	Plant under constr., machinery and installations	Plant under constr., buildings	Total
Carrying amount 01.01.2021	**539**	**333**	**45**	**34**	**1**	**951**
Additions	37	125	12	185	3	362
Disposals		(3)				(3)
Depreciation for the year	(60)	(101)	(8)			(169)
Write-downs for the year		(3)				(3)
Transfers from assets under construction	33	91	3	(124)	(3)	
Carrying amount 31.12.2021	**548**	**442**	**52**	**95**	**2**	**1 139**
Acquisition cost 01.01.2021	1 300	1 015	123	34	1	2 474
Accumulated depreciation and write-downs 01.01.2021	(762)	(682)	(79)			(1 523)
Acquisition cost 31.12.2021	1 348	1 093	133	95	2	2 670
Accumulated depreciation and write-downs 31.12.2021	(799)	(651)	(81)			(1 532)
Carrying amount 31.12.2021	**548**	**442**	**52**	**95**	**2**	**1 139**
Depreciation method	Straight-line	Straight-line	Straight-line			
Useful life	3 - 20 years	3 - 15 years	3 - 20 years			

	Machinery	Vehicles, furniture, equipment	Buildings and property	Plant under constr., machinery and installations	Plant under constr., buildings	Total
Carrying amount 01.01.2020	**537**	**328**	**52**	**16**	**1**	**933**
Additions	9	73	3	120	1	207
Disposals		(5)				(5)
Depreciation for the year	(58)	(101)	(10)			(169)
Write-downs for the year	(11)	(2)	(1)			(14)
Transfers from assets under construction	61	41	1	(102)	(1)	
Carrying amount 31.12.2020	**539**	**333**	**45**	**34**	**1**	**951**
Acquisition cost 01.01.2020	1 256	1 010	127	16	1	2 410
Accumulated depreciation and write-downs 01.01.2020	(719)	(682)	(75)			(1 476)
Acquisition cost 31.12.2020	1 300	1 015	123	34	1	2 474
Accumulated depreciation and write-downs 31.12.2020	(762)	(682)	(79)			(1 523)
Carrying amount 31.12.2020	**539**	**333**	**45**	**34**	**1**	**951**
Depreciation method	Straight-line	Straight-line	Straight-line			
Useful life	3 - 20 years	3 - 15 years	3 - 20 years			

Additions to tangible fixed assets
Approximately MNOK 86 of total additions of MNOK 362 in 2021 related to investments in new parcel boxes and MNOK 82 to automatic sorters. The rest mainly included other additions to mechanical mail and parcel processing equipment for mail and logistics terminals, IT, vehicles and furniture.

Stranded assets
An assessment was made as to whether Posten has assets exposed to significant environmental risk or climate risk ("stranded assets"). The review in 2021 did not identify any effects with an impact on the value of tangible fixed assets.

NOTE 9 INVESTMENTS IN COMPANIES AND BUSINESSES

In the financial statements of Posten Norge AS, investments in subsidiaries and associated companies are recognised at historic cost (see section 10 "Investments in subsidiaries and associated companies" in the Company's accounting principles).

Investments in subsidiaries

Subsidiary	Acquired/ established	Address	Primary activity	Voting and ownership 31.12.21	Book value 31.12.21	Book value 31.12.20
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%	537	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
Netlife 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 company	100%	50	
Bring Transportløsninger AS	30.06.2016	Oslo	Transport	100%	45	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	12
Espeland Transport AS	30.06.2016	Alvdal	Transport	100%	5	5
Bring Ventures AB	31.12.2020	Sweden	Venture company	100%	5	1
Bring Shared Services AB	07.06.2011	Sweden	Shared services	100%	1	1
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%		
Sold, liquidated and merged companies						
Frigoscandia AB (formerly Bring Frigo AB)	20.01.2006	Oslo	Transport	100% [1]		131
Total investments in subsidiaries					**3 522**	**3 605**

1) Voting and ownership before sale

See note 23 in the consolidated financial statements.

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 below shows write-downs and capital contributions made in 2021 and 2020.

2021	Write-downs	Capital contributions and contributions in kind
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**

2020	Write-downs	Capital contributions and contributions in kind
Bring Equipment AS		10
Bring Cargo International Norge AS		30
Bring Linehaul Bildrift AS	3	15
Bring Ventures AB		1
Netlife Gruppen AS	48	
Bring Express Suomi OY	10	
Bring Transportløsninger AS	2	
Total	**63**	**56**

The capital increases in Bring Ventures AS and Bring Ventures AB in 2021 were given in connection with the establishment of the companies. The capital increase in Frigoscandia AB (formerly Bring Frigo AB) in 2021 was provided to strengthen the equity in connection with the sale.

Investments in associated companies

	Acquired	Address	Primary activity	Voting and ownership 31.12.21	Book value 31.12.21	Book value 31.12.20
Norbjørn AS	17.12.2019	Tromsø	Sea transport	34%	16	16
Total					**16**	**16**

Shares and other investments

As at 31 December 2021, the Company had investments in other shares of MNOK 35 (MNOK 33 in 2020), classified as other financial non-current assets.

NOTE 10 PROVISIONS FOR LIABILITIES

The Company's provisions comprise provisions related to restructuring, pensions and other types of provisions (see also section 3 "Accounting estimates", section 12 "Provisions for liabilities" and section 13 "Contingent liabilities and assets" in the Company's accounting principles).

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

2020	Restructuring	Pension	Other	Total
Balance 01.01.	**413**	**592**	**11**	**1 016**
Provisions made during the year	30			30
Reversals of previous year's provisions	(106)			(106)
Provisions utilised during the year	(148)		(8)	(156)
Change in pension liabilities during the year		(1)		(1)
Balance 31.12.	**188**	**591**	**4**	**783**
Current part of provisions	119		1	119
Non-current part of provisions	69	591	3	664

Restructuring

Reversals of previous year's provision in 2020 of MNOK 106 related to the reduced distribution frequency. Utilised provisions during the year mainly related to payments in connection with the reduced distribution frequency (approximately MNOK 50) and route preparation (appr. MNOK 20).

The liabilities as at 31 December are specified below:

	2021	2020
Personnel related measures	87	186
Other measures		3
Total restructuring	**87**	**188**

Disbursements are expected to be MNOK 43 in 2022 and MNOK 44 in later years.

Pensions

Pensions are described in note 2.

Disputes

The Company has not noted any disputes with significant risk exposure in 2021.

NOTE 11 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 (see section 14 "Financial instruments" in the Company's accounting principles.)

		At fair value				At amortised cost		
2021	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	31.12.2021
Assets								
Interest-bearing non-current receivables	13					1 167		1 167
Other financial non-current assets	19	2	35	90		2		127
Interest-free current receivables	14,19	2		11	1	1 630		1 642
Interest-bearing current receivables	13					2 573		2 573
Liquid assets	15					3 351		3 351
Financial assets								**8 860**
Liabilities								
Non-current lease obligations	16						6 868	6 868
Interest-bearing non-current liabilities	17	2	389				1 222	1 611
Interest-free non-current liabilities	18,19	2			6		2	7
Current lease obligations	16						591	591
Interest-bearing current liabilities	17						3 127	3 127
Interest-free current liabilities, incl. tax payable	6,18,19	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

2020	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	31.12.2020
		At fair value				At amortised cost		
Assets								
Interest-bearing non-current receivables	13					1 382		1 382
Other financial non-current assets	19	2		126	7	35		167
Interest-free current receivables	14,19	2		3		1 640		1 642
Interest-bearing current receivables	13					2 037		2 037
Liquid assets	15					4 574		4 574
Financial assets								**9 803**
Liabilities								
Non-current lease obligations	16						6 903	6 903
Interest-bearing non-current liabilities	17	2	424				683	1 107
Interest-free non-current liabilities	18,19			2	11		2	15
Current lease obligations	16						559	559
Interest-bearing current liabilities	17						3 976	3 976
Interest-free current liabilities, incl. tax payable	6,18,19	2		9	2		3 235	3 245
Financial liabilities								**15 806**
Total value hierarchy level 1 (net)								
Total value hierarchy level 2 (net)			(424)	117	(6)			(313)
Total value hierarchy level 3 (net)								

1) Includes fair value option

The tables above are the basis for further information about financial assets and liabilities with references to the subsequent notes. In addition to showing the classification categories pursuant to IFRS 9, the tables also show the level at which the Company's financial instruments at fair value were assessed.

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.

No financial assets or liabilities have been reclassified in 2021 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 2021, and no registrations of financial assets or liabilities in or out of level 3.

Fair value of financial instruments measured at fair value in the balance sheet

The measurement of fair value of the Company's derivatives, investments in other shares 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 19 has details.

Fair value of financial instruments measured at amortised cost in the balance sheet

Information about fair value shall be provided in accordance with the disclosure requirements in IFRS 7, even though the assets or liabilities are not measured at fair value in the balance sheet.

The fair value of receivables and other financial liabilities as at 31 December 2021 was approximately the same as book value (amortised cost).

NOTE 12 FINANCIAL RISK AND CAPITAL MANAGEMENT

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.

The Group's note 13 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 the Group's note 19 provides detailed information about derivatives and hedging (see also section 14 "Financial instruments" in the Company's accounting principles).

NOTE 13 INTEREST-BEARING NON-CURRENT AND CURRENT RECEIVABLES

The note gives an overview of the Company's interest-bearing non-current and current receivables, including sublease receivables. Note 16 "Leases" has information about the Company's lease agreements, see also section 14 "Financial instruments" in the Group's accounting principles).

	2021	2020
Non-current loans to group companies	932	1 117
Non-current sublease receivables	229	259
Other non-current receivables	6	6
Interest-bearing non-current receivables	**1 167**	**1 382**
Current loans to group companies	2 456	1 895
Current sublease receivables	27	27
Other current receivables	89	115
Interest-bearing current receivables	**2 573**	**2 037**

Interest-bearing non-current and current receivables mainly include loans from Posten Norge AS to other group companies.

The change in interest-bearing non- current receivables was mainly due to 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 14 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 (see section 14 "Financial instruments" and section 15 "Accounts receivable" in the Company's accounting principles).

	2021	2020
Accounts receivable	1 024	1 045
Receivables from group companies	115	122
Accrued income	266	270
Prepaid expenses	150	153
Receivables from employees	2	1
Current derivatives	12	3
Other receivables	73	47
Interest-free current receivables	**1 642**	**1 642**
Accounts receivable by due date:		
Not due	918	935
0 - 30 days	90	104
31 - 60 days	14	12
61 - 90 days	5	1
Over 90 days	4	2
Provisions for losses on receivables	(7)	(9)
Total accounts receivable	**1 024**	**1 045**
Expected credit losses		
Balance at 01.01	9	7
Provisions made during the year	9	14
Actual losses recognised against provisions	(11)	(12)
Balance at 31.12	**7**	**9**
Total actual losses on receivables	**11**	**12**
Provisions for losses on receivables by:		
General provision	7	9

The Company's carrying amount of interest-free current receivables was approximately the same as the fair value as at 31 December 2021. 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. The Company applies the simplified method for provisions for expected credit losses on accounts receivable and measures the provision at an amount corresponding to the expected credit loss during their lifetime. This is derived from a combination of individual assessments and a general assessment based on due date analyses and historic data.

Accrued not billed income mainly included income related to foreign postal services. Other receivables primarily comprised receivables connected with social security refunds.

Note 19 "Derivatives and hedging" has information on current derivatives.

NOTE 15 LIQUID ASSETS

Liquid assets comprise cash in hand, bank deposits and current investments at low risk (see section 16 "Cash and cash equivalents" in the Company's accounting principles).

	2021	2020
Cash and cash equivalents	12	1 106
Current investments	3 338	3 468
Liquid assets	**3 351**	**4 574**

The reduction in liquid assets was mainly due to investments in operating equipment, instalments on leasing obligations and the payment of dividends of MNOK 1 060. This was partly compensated by received dividends from subsidiaries amounting to MNOK 820.

A group cash pool in Nordea is used in Norway, Sweden, Denmark and the UK, where in accordance with the agreements, Posten Norge AS is 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 2021, Posten had unutilised credit facilities on the cash pool account in Nordea of MNOK 495 out of a total facility of MNOK 500. In addition, Posten has an unutilised credit facility of MEUR 200.

The Company's current placements comprised market-based investments at low risk. The investments constituted an important part of the Group's liquidity reserve. Market-based investments are also described in note 12.

The Company has established a bank guarantee in Nordea with an upper limit of MNOK 280 to cover withheld tax for the employees in Posten Norge AS.

NOTE 16 LEASES

The note shows the lease agreements' effects on Posten Norge AS' financial position and earnings, both as lessee and lessor (see also section 17 "Leasing" in the Company's accounting principles).

1. Posten Norge AS as lessee

The Company's lease agreements primarily comprised the lease of office premises, buildings and vehicles.

The most significant right-of-use assets concerned Østlandsterminalen at Robsrud, Posten and Bring's logistics centre at Alnabru and Posthuset, Biskop Gunnerus' gate 14 A.

In addition, Posten Norge AS had almost 3 300 agreements for vehicles.

The following amounts concerning lease agreements were recognised in the balance sheet:

	2021	2020
Property	6 418	6 542
Vehicles	453	383
Machinery and eqipment	2	
Total right-of-use assets	**6 872**	**6 926**

Additions of right-of-use assets in 2021 amounted to MNOK 482 (MNOK 236 in 2020).

	2021	2020
Non-current lease obligations	6 868	6 903
Current lease obligations	591	559
Total lease obligations	**7 459**	**7 462**

	2021
Total lease obligations 01.01	**7 462**
New leases	482
Changes in existing leases	140
Lease payments	(899)
Interest cost	275
Total lease obligations 31.12	**7 459**

Total outgoing cash flows related to lease agreements in 2021 were MNOK 997 including interest payments (MNOK 962 in 2020), of which MNOK 595 (MNOK 569 in 2020) concerned net payments of lease obligations. The rest was current lease agreements and lease agreements of low value.

Company's undiscounted lease obligations by due date:

Less than 1 year	866
1-2 years	777
2-3 years	705
3-4 years	638
4-5 years	582
5-10 years	2 640
10-20 years	3 185
More than 20 years	1 120
Total non-discounted lease obligations at 31.12.2021	**10 514**

The following amounts concerning lease agreements were recognised in the income statement:

	2021	2020
Depreciation property	483	478
Depreciation vehicles	195	188
Depreciation machinery and eqipment	1	
Total depreciation	**678**	**666**
Write-downs property		17
Total write-downs		**17**
Interest costs on lease obligations	275	282
Costs related to current lease agreements	66	65
Costs related to lease agreements concerning assets of low value, non-current	32	24
Income from operational subleases of right-of-use assets	28	30

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 5.7 billion as at 31 December 2021 (NOK 6.0 billion in 2020). NOK 4.9 billion concerned lease agreements made with other companies in the Posten Group, as some properties are owned through investments in subsidiaries. The largest amounts relate to Østlandsterminalen at Robsrud, Posten and Bring's logistics centre at Alnabru and the terminal at Berger.

2. 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 primarily at the same terms as the principal agreement.

The Company had no other significant lease agreements.

Finance lease agreements

	2021	2020
Gain/(loss) from change in sublease agreements		15
Finance income on sublease receivables	10	10
Total loss from finance lease agreements	**10**	**25**

Maturity of the Company's non-discounted lease payments:

Less than 1 year	40
1-2 years	40
2-3 years	39
3-4 years	38
4-5 years	38
More than 5 years	112
Total non-discounted lease payments at 31.12.	307
Unearned finance income related to outstanding lease payments	(50)
Net sublease receivables at 31.12.2021[1)]	**256**

1) Net sublease receivables at 31 December 2020 were MNOK 286

NOTE 17 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 part of non-current liabilities due within one year are included in interest-bearing current liabilities (see section 14 "Financial instruments" and section 18 "Borrowings" in the Company's accounting principles).

	2021	2020
Bond loans	1 000	350
Liabilities to credit institutions	611	757
Other non-current liabilities		1
Interest-bearing non-current liabilities	**1 611**	**1 107**
Bond loans due within one year	350	1 000
Non-current liabilities to credit institutions due within one year	111	111
Certificate loans	500	300
Liabilities to group companies	2 161	2 565
Other current liabilities	5	
Interest-bearing current liabilities	**3 127**	**3 976**

In 2021, Posten Norge AS raised new long-term loans by issuing bonds amounting to MNOK 1 000. The bonds were issued as green bonds, and Posten is committed to use the loans on "green projects" exclusively (see chapter 3 in the Integrated report). Ordinary repayments and instalments on loans amounted to MNOK 1 111 in 2021.

As at 31 December 2021, Posten Norge AS had non-current liabilities (including the part of non-current debt due within one year) at fixed interest rates amounting to MNOK 683 at a weighted average interest rate of 2,4 percent, maturing in the period 2022- 2026. Posten Norge AS also had non-current liabilities at floating interest amounting to MNOK 1 389 (including the part of non-current debt due within one year) at a weighted average interest rate of 1,6 percent as at 31 December 2021, maturing in the period 2022 - 2026.

As at 31 December 2021, Posten Norge AS had certificate loans totalling MNOK 500 classified as current interest-bearing liabilities. The outstanding balance increased by MNOK 200 from 2020.

Liabilities to group companies concerned the group cash pool.

Note 13 has details of the maturity structure of the Group's loans and financial commitments.

Reconciliation of liabilities from financing activities

	2021	2020
Liabilities at 1.1.	**2 519**	**3 388**
Cash flows from debt raised	1 200	
Cash flows from repayment of borrowings	(1 111)	(779)
Cash flows from (decrease)/increase in bank overdrafts	5	
Change in fair value	(36)	(90)
Liabilities at 31.12.	**2 577**	**2 519**

NOTE 18 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 section 14 "Financial instruments" in the Company's accounting principles).

	2021	2020
Non-current derivatives	6	14
Other non-current liabilities	1	1
Interest-free non-current liabilities	**7**	**15**
Provisions for payroll expenses and public charges	1 431	1 453
Accounts payable	414	472
Provisions for accrued expenses	448	459
Prepaid revenue	462	456
Liabilities to group companies	96	79
Restructuring	43	119
Current derivatives	1	11
Other current liabilities	81	129
Interest-free current liabilities	**2 976**	**3 179**

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 included provisions for remuneration for Post in Shop services, provisions for foreign postal businesses, provisions for transport costs and provisions for maintenance and service related to the Company's vehicle fleet.

Prepaid revenue was mainly connected to advance billing of franking machines, income from foreign postal businesses and unused sold stamps.

Note 10 has details on restructuring costs.

Other current liabilities mainly comprised securities for financial instruments and other interest-free current liabilities.

NOTE 19 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 section 14 “Financial instruments” in the Company’s accounting principles).

2021	Assets	Liabilities	Nominal value[1]
a) Cash flow hedging			
Interest-rate swaps NOK	1	(6)	1 203
b) Other financial hedges (derivatives not included in hedge accounting according to IFRS)			
Interest-rate swaps NOK			100
Forward currency contracts SEK	11		453
Forward currency contracts EUR			
Combined interest-rate/currency swaps NOK	90		299
Total	**102**	**(6)**	

1) Amounts in transaction currencies

2020	Assets	Liabilities	Nominal value[1]
a) Cash flow hedging			
Interest-rate swaps NOK	7	(13)	1 008
b) Other financial hedges (derivatives not included in hedge accounting according to IFRS)			
Interest-rate swaps NOK		(2)	100
Forward currency contracts SEK	2	(9)	703
Forward currency contracts EUR			4
Combined interest-rate/currency swaps NOK	126		299
Total	**135**	**(24)**	

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 derivatives is described below.

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.

For all derivatives, the fair value is confirmed by the finance institutions with which the Company has made agreements.

a) Cash flow hedging

Interest rate swaps

In 2015, Posten Norge AS raised a bond loan of 7 years of MNOK 350 at a fixed coupon that in its entirety was swapped to floating interest in the same transaction. MNOK 88 was swapped back to fixed interest in 2015 and MNOK 100 in 2017.

In 2017, Posten Norge AS raised a bond loan of MNOK 1 000. The loan had a floating reference interest rate and was partly hedged by a fixed interest swap of MNOK 250. The loan and the related swap were paid back in September 2021. Posten Norge also 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 2021 was MNOK 333.

In November 2021, Posten Norge issued 5-year green bonds for in total MNOK 1 000 with floating (MNOK 300) and fixed (MNOK 700) interest rates. MNOK 500 of the MNOK 700 at fixed interest rate was swapped to floating interest rate on the date of the issuance.

Almost all critical terms (the dates for interest determination, calculation methods, reference interest rate 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 Company’s statement of changes in equity shows net movements in hedge reserves.

b) Other financial hedges (derivatives not included in hedging relations according to IFRS)

Forward currency contracts SEK and EUR

The Company uses forward currency contracts for hedging loans in Swedish kroner and euros from the parent company to foreign subsidiaries. The loans were paid back during the year, and as at 31 December 2021, the Company has no currency hedging of internal loans. Investments in foreign subsidiaries are hedged at group level by forward currency contracts in Posten Norge AS. As at 31 December 2021, the Company had entered into forward contracts of MSEK 453 (MSEK 653 in 2020).

Combined interest rate and currency swaps

In 2013, the Company 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 Company a loan in Norwegian kroner at floating interest.

Posten Norge AS 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 changes in the value of the combined interest rate and currency swap.

As at 31 December 2021, the loan from the Japanese life insurance company was recognised at MNOK 389 (MNOK 424 in 2020), a change in value since the borrowing date of MNOK 90. 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 -0,3 as at 31 December 2021.

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 2021, Posten Norge had received MEUR 7 from the counterparty. This is recognised as a current liability in the balance sheet.

NOTE 20 EQUITY

The shares in Posten Norge AS are owned in full by the Norwegian state, represented by the Ministry of Trade, Industry and Fisheries (see section 19 "Equity" in the Company's accounting principles).

As at 31 December 2021, 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 in the Group and Posten Norge AS shall be made. The proposed dividend for the accounting year 2021 is MNOK 1 315.
At the Annual General Meeting in June 2021, it was determined that a dividend of MNOK 1 060 be paid for the accounting year 2020. The dividend was paid in July 2021.

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.

	2021	2020
Guarantees for group companies	661	968
Other guarantees	43	6
Total guarantees	**704**	**974**

Guarantees for group companies primarily consisted of guarantees provided to 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.
The reduction in guarantees for group companies was mainly due to a reduction in guarantees in connection with the sale of Frigoscandia Sverige (formerly Bring Frigo Sverige).
Other guarantees are provided for remaining leasing and rent in connection with the sale of Frigoscandia Sverige and Bring Citymail Sweden AB.
As at 31 December 2021, Posten Norge AS had provided delivery guarantees to Equinor for Bring Cargo AS, and to the City of Stockholm and Swedish Broadcasting for Bring Courier & Express AB. No amounts have been set for these guarantees.
As a parent company, Posten Norge AS has provided general guarantees to support the subsidiaries financially. This applies to two subsidiaries in the form of a so-called letter of support. They expire during 2022.

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 9. In addition, Posten Norge AS has interests in associated companies (see note 9). 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.

	2021	2020
Sales of goods and services to		
Subsidiaries	1 574	1 405
Associated companies	1	1
Purchases of goods and services from		
Subsidiaries	525	565
Associated companies [1]	27	6
Lease payments for property from		
Subsidiaries	62	61
Lease payments for property to		
Subsidiaries	422	417

1) Transactions with the associated company Norbjørn AS amount to MNOK 25 in 2021

The balance sheet included the following amounts resulting from transactions with related parties:

	2021	2020
Finance sublease receivables	245	271
Accounts receivable	102	111
Other receivables	3 402	3 023
Lease obligations	5 449	5 577
Accounts payable	21	5
Other payables	2 236	2 639
Net	**(3 957)**	**(4 816)**

Other receivables and other liabilities
Other receivables and other liabilities mainly concerned the group cash pool and loans to subsidiaries (see notes 12 and 15).

Remuneration to the Board and management
Note 2 in the consolidated financial statements has information about the remuneration to the Board and management.

Some of the board members have board or executive positions in other enterprises. Some of the members of group management in Posten Norge AS also have board positions in other enterprises. 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. In that connection, the Ministry of Transport adjusted the requirements for the distribution time for domestic mail in Posten's licence. 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 2021.

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 2023.

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. This also applied for the legal obligation to offer basic bank services through Posten's rural mail network until this duty and service was terminated with effect from 1 July 2021. 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 2021, Posten received MNOK 566 for government procurements of commercially non-viable postal and banking services. This is in line with Posten's advance calculation. For 2020, Posten received MNOK 449 for government procurements of commercially non-viable postal and banking services. In accordance with the arrangement and Posten' recalculation, MNOK 58,5 (incl. interest of MNOK 0,5) in lower net costs was repaid to the state in December 2021. MNOK 28 of this was provided for in 2020, whereas MNOK 30 was provided for in 2021, giving a reduction in income in 2021. Accordingly, a total of MNOK 536 in government procurements of commercially non-viable postal and bank services was recognised as income for the accounting year 2021. In addition, MNOK 127,6 in government payment pursuant to the tender contract for newsletter distribution in rural districts was taken to income.

Basic banking services in the rural postal network
Posten's legal obligation to offer basic banking services in the rural postal network, ref. the Act on basic banking services through Posten Norge AS' sales network, was terminated by an annulment of the act effective from 1 July 2021 (ref. Prop.191 L (202-2032 and Rec. 644 L (2020-2021). Until 1 July 2021, the obligation was carried out through an agent agreement with DNB that expired when the obligation was terminated. The procurement of banking services in Posten's remaining sales network (post offices and Post in Shops) ended at the end of September 2020 when the agreement with DNB expired for this part of the network.

Future prospects
For 2022, the Norwegian Parliament granted MNOK 755 for government procurements of commercially non-viable postal services. The amount is in line with Posten's advance calculations and principally concerns net costs for mail distribution every other day (MNOK 749). In addition, MNOK 127,6 was granted for Posten's newspaper distribution in rural districts in accordance with the contract with the Ministry of Transport following a tender competition and the Ministry's exercise of the option on an extension to June 2023.

Mail distribution every other day, as implemented from July 2020, will not be 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.

In the autumn of 2019, the Norwegian Parliament approved a proposal to introduce VAT on all e-commerce import of goods, regardless of value, from 2020. 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 has been continued in 2022 and will remain in force until eventual annulment by the Ministry of Finance following assessments made by the Ministry of Finance in the revised national budget for 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.

NOTE 24 IMPACT OF THE CORONA PANDEMIC

The Group's note 26 describes the effects of the Corona pandemic, and this also applies for Posten Norge AS. The note describes the effect on operating income and operating result, write-downs of non-financial assets, financial risk and other changes in sources of estimation uncertainty. More information on write-downs of non-financial assets and changes in sources of estimation uncertainty for Posten Norge AS is provided in notes 2 and 7.

NOTE 25 EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are events taking place between the end of the reporting period and the date when the financial statements are approved for publication. They can be events giving new knowledge about matters existing at the end of the reporting period and events concerning matters arising after the reporting period.

Events concerning matters arising after the reporting period
Ukraine was invaded by Russia on 24 February 2022, and the country has been under attack by Russian forces since then. This serious situation contributes to increased uncertainty related to the Company's future estimates and economic growth prognoses.

Posten Norge AS has no significant transactions with Russian or Ukrainian companies, and the war in Ukraine does not affect the Company's result or balance sheet for 2021.

Alternative Performance Measures (APM)

Posten Norge Group

ALTERNATIVE PERFORMANCE MEASURES (APM) APPLIED IN THE 2021 ANNUAL REPORT

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

Organic growth

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

(Group)	Year 2021	Year 2020
+ Revenue (current year)	24 716	23 996
- Revenue (last year)	23 996	24 212
= Nominal change in revenue	**721**	**(216)**

	Year 2021	Year 2020
+ Nominal change in revenue	721	(216)
+/- Impact of exchange rates	307	(516)
+/- Acquisitions of companies	(81)	
+/- Sale of companies	329	868
+/- Change in government procurements	(13)	96
= Organic change in revenue	**1 262**	**232**

	Year 2021	Year 2020
+ Organic change in revenue	1 262	232
/ Adjusted revenue[1)]	23 666	23 575
= Organic growth	**5,3 %**	**1,0 %**

1) Adjustment of revenue for currency effects, acquisitions, government procurements and IFRS 16 effects.

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 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.

Group	Year 2021	Year 2020
+ Revenue	24 716	23 996
- Costs of goods and services	10 369	9 937
- Payroll expenses	8 600	8 523
- Other operating expenses	2 983	2 650
= EBITDA	**2 765**	**2 886**

	Year 2021	Year 2020
+ EBITDA	2 765	2 886
- Depreciation	1 240	1 463
= Adjusted operating profit	**1 525**	**1 423**

	Year 2021	Year 2020
+ Adjusted operating profit	1 525	1 423
/ Revenue	24 716	23 996
= Adjusted profit margin	**6,2 %**	**5,9 %**

	Year 2021	Year 2020
+ Adjusted profit margin	1 525	1 423
- Write-downs	68	169
+/- Other income and (expenses)	3	119
+ Share of profit or loss from associated companies	3	112
= Operating profit (EBIT)	**1 462**	**1 485**

	Year 2021	Year 2020
+ Operating profit (EBIT)	1 462	1 485
/ Revenue	24 716	23 996
= EBIT margin	**5,9 %**	**6,2 %**

Per segment

	Logistics	Mail	Other	Elimination	Group	Logistics	Mail	Other	Elimination	Group
	Year 2021	Year 2021	Year 2021	Year 2021	Year 2021	Year 2020	Year 2020	Year 2020	Year 2020	Year 2020
+ Revenue	19 952	5 620	1 439	(2 295)	24 716	18 571	6 041	1 295	(1 911)	23 996
- Costs of goods and services	13 487	4 437	1 750	(9 305)	10 369	12 564	4 705	2 140	(9 472)	9 937
- Payroll expenses	2 610	297	5 716	(23)	8 600	2 541	324	5 688	(30)	8 523
- Payroll expenses	1 547	219	(5 817)	7 033	2 983	1 150	302	(6 396)	7 591	2 650
= EBITDA	**2 308**	**667**	**(210)**		**2 765**	**2 316**	**710**	**(137)**		**2 886**

	Logistics	Mail	Other	Elimination	Group	Logistics	Mail	Other	Elimination	Group
	Year 2021	Year 2021	Year 2021	Year 2021	Year 2021	Year 2020	Year 2020	Year 2020	Year 2020	Year 2020
+ EBITDA	2 308	667	(210)		2 765	2 316	710	(137)		2 886
- Depreciation	831	380	28		1 240	1 049	384	33		1 463
=Adjusted operating profit	**1 477**	**287**	**(238)**		**1 525**	**1 268**	**326**	**(170)**		**1 423**

	Logistics	Mail	Other	Elimination	Group	Logistics	Mail	Other	Elimination	Group
	Year 2021	Year 2021	Year 2021	Year 2021	Year 2021	Year 2020	Year 2020	Year 2020	Year 2020	Year 2020
+ Adjusted operating profit	1 477	287	(238)		1 525	1 268	326	(170)		1 423
- Write-downs	67	1			68	137	31			169
+/- Other income and (expenses)	3				3	42	77			119
+ Share of profit or loss from associated companies	3				3	112				112
= Driftsresultat (EBIT)	**1 415**	**286**	**(239)**		**1 462**	**1 285**	**371**	**(170)**		**1 485**

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 an individual 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.

	31.12.2021	31.12.2020
+ Interest-bearing non-current liabilities	4 187	3 623
+ Interest-bearing current liabilities	1 636	2 037
- Commercial financial investments	3 338	3 468
- Cash	4	16
- Bank deposits corporate cash pool account		1 091
- Bank deposits	106	59
= Net interest-bearing debt/(receivables)	**2 376**	**1 027**

	31.12.2021	31.12.2020
+ Net interest-bearing debt/(receivables)	2 376	1 027
/ Equity on the balance sheet date	7 273	7 367
= Debt/equity ratio	**0,3**	**0,1**

	31.12.2021	31.12.2020
+ Net interest-bearing debt/(receivables)	2 376	1 027
/ EBITDA	2 765	2 886
= Net interest-bearing debt/(receivables)/EBITDA	**0,9**	**0,4**

	31.12.2021	31.12.2020
+ Commercial financial investments	3 338	3 468
+ Syndicate facility	1 998	2 932
- Certificate loans	500	300
= Non-current liquidity reserve	**4 836**	**6 100**

	31.12.2021	31.12.2020
Long-term liquidity reserve	4 836	6 100
+ Deposits on group account		1 091
+ Deposits outside group account	106	59
+ Bank overdraft not utilised	495	500
= Current liquidity reserve	**5 437**	**7 749**

Invested capital and return on invested capital (ROIC)

The Group creates value for the owners by investing cash today that contributes to increased cash flows in the future. Value is generated as long as the business is growing and achieves a higher return on its invested capital (ROIC) than the capital costs (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:

	31.12.2021	31.12.2020
+ Intangible assets	1 870	1 921
+ Tangible fixed assets	8 329	9 112
+ Current assets	7 429	7 873
- Total liquid assets	4 116	4 087
- Interest-bearing current assets	99	87
- Interest-free current liabilities	4 406	4 755
+ Tax payable	218	129
+ Dividends and group contributions	80	(1)
= Invested capital	**9 305**	**10 106**

Rolling 12 months' figures

	31.12.2021	31.12.2020
+ Last 12 months' accumulated adjusted operating profit	1 525	1 423
/ Invested capital	9 305	10 106
= Return on invested capital (ROIC)	**16,4 %**	**14,1 %**

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 table below:

	Year 2021	Year 2020
+ Total investments in owned tangible fixed assets	1 278	752
- Investments due to acquisitions	215	52
= Investments before acquisitions	**1 062**	**700**

	Year 2021	Year 2020
+ Profit after tax last 12 months	1 058	1 123
/ Average equity on balance sheet date[1)]	7 320	6 865
= Return on equity after tax (ROE)	**14,5 %**	**16,4 %**

1) (OB + CB)/2

	31.12.2021	31.12.2020
+ Equity at balance sheet date	7 273	7 367
/ Equity and liabilities (total capital)	18 342	19 643
= Equity ratio	**39,7 %**	**37,5 %**

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.

We also confirm that the Board of Directors' report provides a true and fair view of the development, performance and financial position of the business of the Group and the parent company, together with a description of the key risks and uncertainties that the Company is facing.

24 March 2022

Andreas Enger (Chair)

Anne Carine Tanum (Deputy Chair)

Tina Stiegler

Henrik Höjsgaard

Finn Kinserdal

Liv Fiksdahl

Gerd Øiahals

Lars Nilsen

Ann Elisabeth Wirgeness

Tove Gravdal Rundtom

Tone Wille (Group CEO)

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6a, 0191 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

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 2021 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 2021 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 2021. 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
The Group has goodwill amounting to MNOK 1 455 in the balance sheet. No goodwill was written down in the 2021 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.

Our audit response
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' section 3.1 and 10 in the accounting principles about estimated impairment of assets and intangibles and note 8 on intangible assets.

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, 24 March 2022
ERNST & YOUNG AS

Petter Larsen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

Postboks 1500 Sentrum, 0001 Oslo
www.postennorge.no

Følg oss på: