Quarterly Report

1st quarter 2022
Posten Norge

posten

Message from the CEO

Posten delivered good results in a declining e-commerce market. Uncertainty characterised the quarter and affects future market prospects.

In the last two years, the Corona pandemic has dominated the development in the Norwegian and international economies. 2022 started with a lockdown before society could be reopened after the Corona pandemic. Russia's invasion of Ukraine and the ongoing acts of war have reduced the prospects of economic growth and intensified the challenges within the raw material and finance markets, supply chains and international transport.

Adjusted operating profit in the first quarter 2022 was MNOK 144, compared with MNOK 427 last year. The first quarter 2021 was a historically good quarter as Covid-19 led to record-high volumes within e-commerce. In the first quarter 2022, we achieved weak growth in a falling e-commerce market. In addition to volume effects, the result was affected by a shift towards services with lower margins and increased energy and transport costs.

On 17 January, we celebrated our 375th anniversary - the country's oldest company. Since 1647, Posten's main task has been to deliver to households and businesses.

In the first quarter, we continued our targeted efforts and development to realise the Group's three main strategic goals:

The customers' first choice
In a turbulent market situation, we delivered high quality and developed the range of services. The result was increasingly more satisfied and loyal customers. Customer loyalty measured by the Net Promotor Score (NPS) showed good progress and was 54,1 in the first quarter compared with 53,6 in the first quarter 2021.

We will invest in increased capacity and effectiveness in the logistics network. A site has been purchased in Moss to realise building plans for a new, large terminal from 2025.

Posten's Christmas movie "When Harry met Santa" was crowned the best advertising film of the year as the winner of Gullfisken 2021, and we received the honorary award Gullblyanten.

Leading in technology and innovation
Once again, in 2021, Posten was named the most innovative company by the innovation magasine InnoMag. The jury emphasised Posten's continuous flow of new innovations in addition to efforts on sustainable development.

In the first quarter, we extended our Nordic offering with, to take one example, the B2C-service "Redirect" where the recipient can easily redirect a parcel delivery whilst it is under way.

Best in sustainable value creation
Europe's largest brand study on sustainability, the Sustainable Brand Index, showed that Norwegians consider Posten to be the most sustainable brand within the parcel and logistics industry. Bring came second in the same study.

The change to electric vehicles continues. 177 new electric vans will replace diesel mail vans, and in the first quarter an agreement was signed with Volvo for the purchase of heavier electric vehicles.

The Group's main goals were **made possible by competent and engaged employees.** The Group's activity was high and the market was affected by large changes, and the organisation demonstrated its ability to cope with this in a good manner. Absence due to sickness as a 12 months' trend increased to 6,5 percent in March as a consequence of high Corona-related absence. The number of personal injuries declined and the 12 months' injury frequency (H2) continued its positive development, falling to 8,0 in March.

Once again, I wish to thank to all employees for their great efforts.

Tone Wille */ Group CEO*

Main features

The Group's revenue in the first quarter 2022 was MNOK 5 637, a reduction of 6,0 percent compared with the first quarter 2021. Frigoscandia Sverige, sold at the end of 2021, had a turnover of MNOK 567 in the first quarter 2021. Organic growth in the first quarter 2022 was 3,6 percent. Adjusted operating profit in the quarter was MNOK 144, a decline of MNOK 283 compared with the first quarter 2021.

The Logistics segment's result in the first quarter 2022 declined compared with last year's record quarter. A shift towards services with lower margins, in addition to increased energy and transport costs, affected the result for the first quarter 2022.

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

The operating result (EBIT) in the first quarter 2022 was MNOK 106, a reduction of MNOK 320 compared with the first quarter 2021.

The financial result in the first quarter 2022 fell by MNOK 41 compared with the first quarter 2021. The reduction was mainly due to unrealised losses on fund investments as a consequence of the fall in the finance markets.

The Group's profit before tax was MNOK 73 in the first quarter 2022, a reduction of MNOK 361 compared with the same period in 2021. Profit after tax was MNOK 56, a reduction of MNOK 297 compared with the same period in 2021.

Return on equity (ROE) in the first quarter 2022 was 10,2 percent, a reduction of 10,5 percentage points compared with the same period in 2021. Return on invested capital (ROIC) in the first quarter 2022 was 12,9 percent, a reduction of 4,5 percentage points compared with the first quarter 2021.

Profit development (unaudited)

Q1 2022	Q1 2021		Year 2021
5 637	5 999	Revenue	24 716
473	729	EBITDA	2 765
144	427	Adjusted operating profit	1 525
106	426	Operating profit (EBIT)	1 462
(34)	7	Net financial items	(109)
73	434	Profit before tax	1 352
56	**353**	**Profit after tax**	**1 058**

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

See condensed financial statements

Key financial figures (unaudited)

		Q1 2022	Q1 2021	Year 2021
Adjusted profit margin	%	2,6	7,1	6,2
Operating profit (EBIT) margin	%	1,9	7,1	5,9
Equity ratio	%	39,0	39,6	39,7
Return on invested capital/ROIC*	%	12,9	17,4	16,4
Return on equity (after tax)*	%	10,2	20,7	14,5
Net interest-bearing debt (receivable)		3 104	1 236	2 376
Investments, excluding acquisitions		226	191	1 062

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

*Last twelve months

Balance sheet (unaudited)

	31.03 2022	31.12 2021
ASSETS		
Non-current assets	11 522	11 266
Current assets	7 107	7 077
Assets	**18 628**	**18 342**
EQUITY AND LIABILITIES		
Equity	7 260	7 273
Provisions for liabilities	782	725
Non-current liabilities	4 023	4 195
Current liabilities	6 563	6 149
Equity and liabilities	**18 628**	**18 342**

The increase in non-current assets was mainly due to increased right-of-use assets due to new leasing agreements, in addition to investments in terminals, machinery and IT related projects. This was partly offset by a reclassification to current assets of financial instruments due in one year.

The change in current assets was affected by an increase in other current receivables and the reclassification of financial instruments, which was to some degree offset by reduced trade receivables.

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

Current liabilities increased primarily as a consequence of new certificate loans, increased overdrafts and the reclassification of loans and related financial instruments to current liabilities. This was partly offset by reduced trade payables and provisions for taxes and charges.

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

Cash flows (unaudited)

Q1 2022	Q1 2021		Year 2021
14	181	Cash flows from operating activities	1 837
(290)	(161)	Cash flows used in investing activities	(1 189)
291	(406)	Cash flows used in financing activities	(1 823)
15	**(387)**	**Change in liquid assets**	**(1 175)**
3 448	4 680	Liquid assets at the beginning of the period	4 680
(36)	(68)	Currency differences	(57)
3 426	**4 225**	**Liquid assets at the end of the period incl. held for sale**	**3 448**
	(47)	Liquid assets classified as held for sale	
3 426	**4 178**	**Liquid assets at the end of the period**	**3 448**

Cash flows from operating activities were MNOK 14 in the first quarter 2022, mainly due to the positive operating result before depreciation. Reduced trade receivables and increased other current liabilities contributed on the positive side, whereas paid taxes, increased other receivables and reduced trade payables, provisions and public duties payable reduced the cash flows.

The negative net cash flows from investing activities of MNOK 290 in the first quarter 2022 were primarily a result of net investments in operating equipment. The Group also acquired the property companies Kongsåsen Eiendom AS and Posten Eiendom Borgeskogen AS (formerly Kongsåsen Eiendom I AS) in addition to 34 percent of the shares in Borlaug & Brosvik Transport AS in the first quarter.

Cash flows from financing activities amounting to MNOK 291 in the first quarter 2022 were mainly due to increased overdrafts and a new certificate loan, partly offset by ordinary instalments on leasing obligations.

Market and development per segment (unaudited)

LOGISTICS

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

Q1 2022	Q1 2021		Year 2021
4 472	4 715	Revenue	19 952
447	563	Operating profit before depreciation (EBITDA)	2 308
228	361	Adjusted operating profit	1 477
228	**361**	**Segment operating profit (EBIT)**	**1 415**

The Logistics segment's revenue declined by MNOK 243 (5,2 percent) in the first quarter 2022 compared with the first quarter 2021. Frigoscandia Sverige, sold at the end of 2021, had a turnover of MNOK 567 in the first quarter 2021. Organic growth for the Logistics segment in the quarter was 8,3 percent. The market growth for e-commerce was negative in the first quarter 2022, but Posten nevertheless increased its parcel volumes by 0,4 percent compared with the first quarter 2021. The market growth in the corporate market is closely tied to the general economic activity, and uncertainty and turbulence in the market contributed to the negative growth of 2,1 percent in the first quarter 2022 for Posten's corporate market.

Adjusted operating profit for the Logistics segment was MNOK 228 in the first quarter 2022, a reduction of MNOK 133 compared with the first quarter 2021. The decline in results was due to reduced volumes, a shift towards less profitable services and increased energy and transport costs.

MAIL

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

Q1 2022	Q1 2021		Year 2021
1 367	1 468	Revenue	5 620
79	170	Operating profit before depreciation (EBITDA)	667
(24)	78	Adjusted operating result	287
(62)	**77**	**Segment operating result (EBIT)**	**286**

The Mail segment's revenue fell by MNOK 101 (6,9 percent) in the first quarter 2022 compared with the first quarter 2021, mainly caused by the continued volume fall in addressed mail, where the volume fell by 11,3 percent in the first quarter 2022. New customer relationships contributed to increase the volume for unaddressed mail by 20,9 percent compared with the same period in 2021. Norgespakken had positive volume growth of 28,9 percent in the first quarter 2022 compared with the first quarter 2021.

Adjusted operating result for the Mail segment was negative by MNOK 24 in the first quarter 2022, a reduction of MNOK 102 compared with the first quarter 2021. Reduced costs compensated for some of the volume decline, and the product Norgespakken contributed positively due to volume growth.

The operating result (EBIT) in the first quarter 2022 was negative MNOK 62, a reduction of MNOK 139 compared with the same period in 2021. Other expenses in the first quarter 2022 amounted to MNOK 38, of which MNOK 36 concerned a provision for moving the mail production and route clearance from Bodø and Tromsø to Østlandsterminal in 2023.

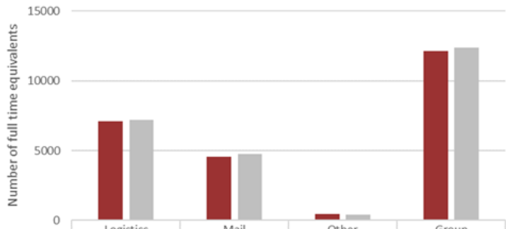
In the first quarter 2022, 91,6 percent of addressed mail was delivered within 3 days, well above the licence requirement of 85 percent.

Other matters

HSE

Workforce

The Group's workforce as at 31 March 2022 was 12 126 full-time equivalents, a reduction of 257 full-time equivalents compared with the same period in 2021. The reduction was mainly due to the sale of Frigoscandia Sverige, to some degree offset by increased activity and the purchase of businesses. The reduction concerned both the Logistics and Mail segments.



	Logistics	Mail	Other	Group
Q1 2022	7 083	4 577	466	12 126
Q1 2021	7 203	4 756	424	12 383

Absence due to sickness and injuries

Posten's ambition is to maintain a working environment focusing on health where nobody gets injured or sick as a consequence of their work. The Group's focus on systematic HSE initiatives has had positive results in the last years.

In the first quarter 2022, absence due to sickness in the Posten Group was 8,0 percent, 2,1 percentage points higher than in the same period in 2021. The removal of Corona restrictions and a high infection rate in society contributed to high infection numbers, and Corona-related absence due to sickness constituted 1,9 percentage points of the total absence due to sickness. In total, absence due to sickness in the last 12 months was 6,5 percent, 0,5 percentage points higher than at year-end.

The total number of injuries per million worked hours (H2) as a 12 months' trend was 8,0 in March 2022, a reduction of 1,3 from year-end and a reduction of 0,3 compared with the same period last year. The number of injuries in the quarter declined from 71 in the first quarter 2021 to 41 in the first quarter 2022. Targeted work over time and focus on preventive efforts concerning injuries have given positive results. Most injuries occurred in division Nettverk Norge, where several measures have been implemented.

The external environment

The Group's goal is to be best in sustainable value creation in the logistics industry. In spite of considerable growth for Posten in 2021, the climate accounts for the Group showed that the greenhouse gas emissions were reduced by 12 percent. In total, the emissions have now been reduced by 51 percent since 2012. Europe's largest brand study, the Sustainable Brand Index, recently found that Norwegians once more consider Posten to be the most sustainable brand in the parcel and logistics industry. Bring took second place in the same study.

Posten has accelerated phasing out fossil-fuel vehicles and has ordered 65 electric and 65 biogas-driven lorries. 177 fossil-fuel vans will be withdrawn from use earlier than planned and replaced by electric vans. As of the first quarter, the renewable share was 35 percent.

Regulatory issues

In the government budget for 2022, MNOK 755 was granted for government procurements of commercially non-viable postal services. The amount was in accordance with Posten's pre-calculations. In addition, MNOK 127,6 was allocated to Posten for newspaper distribution in the rural districts in accordance with the agreement with the Ministry of Transport and Communication after a tender competition and the Ministry's exercise of an option for an extension through June 2023.

As a consequence of Russia's attack on Ukraine and the following sanction regime, Posten has terminated all deliveries of freight and parcels to Russia and Belarus, with the exception of parcel and mail deliveries subject to Norway's delivery obligation pursuant to the Universal Postal Union. At the end of April, Posten also introduced free forwarding of aid packages from Norway to Ukraine and correspondingly for deliveries of parcels and letters form Ukraine to Norway (exempt from terminal charges, effective from 1 January 2022).

Future prospects

In the last two years, the Corona pandemic has dominated the development in the Norwegian and international economies. A high degree of vaccination and a milder variant of Omicron contributed to the full reopening of society in the beginning of the year. Russia's invasion of Ukraine and the West's response in the form of heavy sanctions have reduced the prospects of economic growth in 2022. Substantial geopolitical turbulence is creating an extraordinary uncertainty about the future development in both the Norwegian and international economies, and the GNP growth estimate for mainland Norway for 2022 was reduced from 4,1 percent to 3,6 percent at the end of March.[1] The assumption for the growth estimate is that the war in Ukraine will not last for long. The consequences for the Norwegian economy could be worse if the war should be long-lasting and escalate to a serious conflict in Europe. In Sweden the estimate for growth is 3,3 percent for 2022, adjusted down from 3,5 percent.[2]

The war in Ukraine has intensified and prolonged the challenges in the global logistics and supply chains that arose in connection with the pandemic. Together with new infection waves in China and the resulting lockdowns and delayed deliveries, there are few indications of improvements in the short term concerning the challenges of deficiencies and delayed deliveries of operating equipment, deliveries of goods to customers, or the under-capacity in the European drivers' market.

The economic trends and circumstances affecting the Nordic consumers' purchasing power are important indicators for the development of the Group's logistics services. The Corona pandemic and resulting lockdowns have contributed to high parcel volumes both within and outside traditional high seasons for logistics and parcels. In the first quarter of the year, private consumption declined. A shift towards the purchase of services following the reopening of society, weakened purchasing power as a result of increased prices of food, energy and fuel, and the expectation of frequent interest rate increases in 2022 have directly affected the demand for logistic services.

The logistics market is also changing rapidly, and competition in the Nordic mail and logistics market is becoming tighter. Large, existing participants are competing for market share with acquisitions and new business models, and new and technology-driven players emerge regularly. This can contribute to affect both the price level and customer requirements.

In the last years, the Mail segment has maintained good result margins through structural measures and ongoing improvements, despite the continued fall in mail volumes. The present regulatory framework offers limited opportunities for additional adjustments to mail services. The expectation of continued volume falls nevertheless requires further adjustments in order to avoid profitability challenges in the Mail segment in future years.

In spite of increased uncertainty, economic growth is expected in the years to come. Together with a continued shift from shops to e-commerce, this will contribute to maintaining high demand for predictable and sustainable mail and logistics services. Posten's goal is to be the customers' first choice, leading in technology and innovation and best in sustainable value creation. This requires a high investment pace, even in periods with considerable uncertainty. In 2022, development of new businesses and services such as Shelfless and AMOI will continue.. The service range will be improved by initiatives such as doubling the number of locations with parcel boxes, investments in increased capacity in the logistics network, and developing new services and concepts for the future. As a large transport and logistics company, Posten will also continue to lead in sustainability and be a driving force in helping the Nordic area to reach its climate goals.

1 Ssb.no, Kunjunkturtendensene 2022/03:
https://www.ssb.no/nasjonalregnskap-og-konjunkturer/konjunkturer/statistikk/konjunkturtendensene
2 Konj.se, Konjunkturläget mars 2022:
https://www.konj.se/publikationer/konjunkturlaget/konjunkturlaget/2022-03-30-svensk-ekonomi-star-stark-trots-kriget.html

Financial Report

1st quarter 2022

Posten Norge

Condensed income statement

Q1 2022	Q1 2021		Note	Year 2021
5 637	**5 999**	**Revenue**	**1**	**24 716**
2 358	2 438	Costs of goods and services		10 369
2 107	2 148	Payroll expenses		8 600
329	302	Depreciation and amortisation	2,3	1 240
	1	Write-downs	2,3	68
698	684	Other operating expenses		2 983
5 492	**5 573**	**Operating expenses**		**23 260**
(38)		Other income/expenses	5	3
		Share of profit from associated companies		3
106	**426**	**Operating profit**	**1**	**1 462**
(34)	7	Net financial items		(109)
73	**434**	**Profit before tax**		**1 352**
16	81	Tax expense		294
56	**353**	**Profit after tax**		**1 058**
55	351	Controlling interests		1 051
1	1	Non-controlling interests		7

Condensed statement of comprehensive income

Q1 2022	Q1 2021		Year 2021
56	**353**	**Profit after tax**	**1 058**
		Pension remeasurement	12
		Items that will not be reclassified to the income statement	**12**
(65)	(108)	Translation differences	(160)
13	31	Hedging of net investment	26
(51)	**(77)**	**Total translation differences**	**(134)**
(15)	**1**	**Cash flow hedging**	**1**
(66)	**(75)**	**Items that will be reclassified to the income statement**	**(133)**
(66)	**(75)**	**Other comprehensive income**	**(121)**
(10)	**277**	**Total comprehensive income**	**937**
		Total comprehensive income is distributed as follows:	
(11)	276	Controlling interests	930
1	1	Non-controlling interests	7

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

Condensed balance sheet

	Note	31.03 2022	31.12 2021
ASSETS			
Intangible assets	2	2 089	2 079
Deferred tax asset		169	179
Tangible fixed assets	2	5 841	5 743
Right-of-use assets	3	3 169	2 981
Other financial assets	6	253	283
Non-current assets		**11 522**	**11 266**
Interest-free current receivables	6	3 565	3 530
Interest-bearing current receivables	6	115	99
Liquid assets	6	3 426	3 448
Current assets		**7 107**	**7 077**
Assets		**18 628**	**18 342**
EQUITY AND LIABILITIES			
Share capital		3 120	3 120
Other equity		4 094	4 104
Non-controlling interests		46	49
Equity		**7 260**	**7 273**
Provisions for liabilities		**782**	**725**
Non-current lease liabilities	3, 6	2 767	2 570
Interest-bearing non-current liabilities	4, 6	1 231	1 618
Interest-free non-current liabilities	6	25	7
Non-current liabilities		**4 023**	**4 195**
Current lease liabilities	3, 6	697	667
Interest-bearing current liabilities	4, 6	1 836	969
Interest-free current liabilities	6	3 964	4 294
Tax payable		66	218
Current liabilities		**6 563**	**6 149**
Equity and liabilities		**18 628**	**18 342**

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

Condensed statement of changes in equity

	Controlling interests							
	Share capital	Share premium reserves	Hedging reserve	Transl. diff.	Retained earnings	Other equity	Non-contr. interests	Total equity
Equity 01.01.2022	**3 120**	**992**	**(6)**	**149**	**2 969**	**4 104**	**49**	**7 273**
Profit for the period					55	55	1	56
Other comprehensive result			(15)	(51)		(66)		(66)
Total comprehensive result			**(15)**	**(51)**	**55**	**(11)**	**1**	**(10)**
Transaction non-contr. interests					2	2	(4)	(2)
Other changes in equity					(1)	(1)		(1)
Equity 31.03.2022	**3 120**	**992**	**(20)**	**98**	**3 024**	**4 094**	**46**	**7 260**

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

As at 31 March 2022, the share capital consisted of 3 120 000 shares at a nominal value of NOK 1 000. All the company's shares are owned by the Norwegian State, represented by the Ministry of Trade, Industry and Fisheries.

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

Condensed statement of cash flows

Q1 2022	Q1 2021		Year 2021
73	434	Profit before tax	1 352
(152)	(94)	Tax paid in period	(189)
(5)	(4)	(Gain)/loss from sales of tangible fixed assets andsubsidiary	(22)
329	302	Ordinary depreciation and write-downs	1 308
		Share of profit from associated companies	(3)
51	(5)	Financial items without cash flow effect	135
25	(111)	Changes in receivables and payables	(280)
(244)	(265)	Changes in other working capital	(258)
(8)	(52)	Changes in other accruals	(80)
1	22	Interest received	51
(54)	(46)	Interest paid	(177)
14	**181**	**Cash flows from operating activities**	**1 837**
(226)	(191)	Investments in non-current assets	(1 062)
(51)	(26)	Cash-effect from purchase of businesses	(187)
(15)		Cash-effect from purchase of associated companies	
(5)		Cash-effect from purchases and sales of other shares	(44)
4	38	Proceeds from sale of tangible fixed assets	88
6		Cash-effect from sale of businesses	30
(3)	17	Changes in other financial non-current assets	(14)
(290)	**(161)**	**Cash flows used in investing activities**	**(1 189)**
(179)	(206)	Payment of lease liabilities	(857)
250		Proceeds from non-current and current debt raised	1 200
	(200)	Repayment of borrowings	(1 111)
220		(Decrease)/increase in bank overdraft	5
		Dividends paid	(1 060)
291	**(406)**	**Cash flows used in financing activities**	**(1 823)**
15	**(387)**	**Change in liquid assets**	**(1 175)**
3 448	4 680	Liquid assets at the beginning of the period	4 680
(36)	(68)	Currency differences[1)]	(57)
3 426	**4 225**	**Liquid assets at the end of the period incl. held for sale**	**3 448**
	(47)	Liquid assets classified as held for sale	
3 426	**4 178**	**Liquid assets at the end of the period**	**3 448**

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

SELECTED ADDITIONAL INFORMATION

General

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

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

Accounting principles

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

Standards issued, but not yet effective:

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

Estimates and assessments

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

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

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

NOTES TO THE ACCOUNTS

Note 1 Segments

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

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

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

Revenue per segment

Q1 2022	Q1 2021	Revenue	Year 2021
4 375	4 649	External revenue	19 562
96	67	Internal revenue	390
4 472	**4 715**	**Logistics**	**19 952**
1 262	1 351	External revenue	5 154
106	117	Internal revenue	467
1 367	**1 468**	**Mail**	**5 620**
373	370	Internal revenue	1 439
373	**370**	**Other**	**1 439**
(574)	(555)	Eliminations	(2 295)
5 637	**5 999**	**Group**	**24 716**

Revenue categories

Q1 2022	Q1 2021	Deliveries over time*	Year 2021
1 947	1 941	Parcel services	7 943
2 387	2 173	Freight and forwarding	9 189
138	601	Other logistics business	2 819
4 472	**4 715**	**Logistics**	**19 952**
875	984	Addressed/Unaddressed mail	3 715
174	141	Government procurements	536
91	102	Norgespakke	393
227	241	Other mail business	976
1 367	**1 468**	**Mail**	**5 620**
373	**370**	**Other**	**1 439**
(574)	(555)	Eliminations	(2 295)
5 637	**5 999**	**External revenue**	**24 716**

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

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

Operating result (EBIT) per segment

Q1 2022	Q1 2021	Operating profit before depreciation (EBITDA)	Year 2021
447	563	Logistics	2 308
79	170	Mail	667
(52)	(3)	Other	(210)
473	**729**	**Group**	**2 765**

Q1 2022	Q1 2021	Adjusted operating profit	Year 2021
228	361	Logistics	1 477
(24)	78	Mail	287
(60)	(11)	Other	(238)
144	**427**	**Group**	**1 525**

Q1 2022	Q1 2021	Operating profit (EBIT)	Year 2021
228	361	Logistics	1 415
(62)	77	Mail	286
(60)	(11)	Other	(239)
106	**426**	**Group**	**1 462**

Investments per segment

Investments	YTD 2022	YTD 2021	Year 2021
Logistics	171	168	895
Mail	56	23	167
Other		1	
Group	**226**	**191**	**1 062**

Note 2 Intangible assets and tangible fixed assets

	Intangible assets	Tangible assets
Carrying amount 01.01.2022	**2 079**	**5 743**
Additions	59	167
Additions from acquisitions of companies		59
Depreciation	(30)	(117)
Translation differences	(20)	(9)
Carrying amount 31.12.2022	**2 089**	**5 841**

Investments in owned assets so far in 2022 amounted to MNOK 226, of which investments in IT-related solutions constituted MNOK 59. Approximately MNOK 56 of the MNOK 167 invested in tangible fixed assets related to buildings and property, and the rest mainly comprised terminal equipment, vehicles and other operating equipment. MNOK 171 of total investments concerned the Logistics segment.

Note 3 Leases

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

	31.03 2022	31.12 2021
Right-of-use assets	**3 169**	**2 981**
Non-current lease liabilities	2 767	2 570
Current lease liabilities	697	667
Lease liabilities	**3 464**	**3 237**

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

Q1 2022	Q1 2021		Year 2021
182	167	Depreciation	695
		Write-downs	64
27	30	Interest expense on lease liabilities	120

Note 4 Interest-bearing non-current and current liabilities

The Group's interest-bearing liabilities include:

	31.03 2022	31.12 2021
Bond loans	1 000	1 000
Liabilities to credit institutions	222	611
Other non-current liabilities	9	7
Interest-bearing non-current liabilities	**1 231**	**1 618**
First year's instalment on bond loans	350	350
Long-term debt to credit institutions due within one year	472	111
Certificate loans	750	500
Other current liabilities	264	8
Interest-bearing current liabilities	**1 836**	**969**

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

Certificate loans increased by net MNOK 250 in the first quarter 2022.

As at 31 March 2022, MNOK 225 was utilised of the Group's bank overdraft. None of the Group's other overdraft facilities had been utilised. The weighted average interest rate on Posten's outstanding interest-bearing liabilities was 1,86 percent as at 31 March 2022.

Note 5 Other income and expenses

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

Q1 2022	Q1 2021		Year 2021
(36)		Restructuring costs	
		Reversed restructuring costs	14
(2)		Other income/(expenses)	(11)
(38)		**Other income and (expenses)**	**3**

As a consequence of the continued fall in letter volumes, the Group has decided to change mail production in North Norway. This means moving the letter production and route clearance from Bodø and Tromsø to Østlandsterminalen, effective from 1 April 2023. The workforce will be reduced by approximately 80 FTEs, and employees will be offered restructuring measures such as gift pensions and severance packages. Restructuring costs in the first quarter 2022 mainly related to this.

Reversed restructuring costs in 2021 related to a provision (cost reduction) for restructuring in Bring Cargo Inrikes, where the criteria for a provision no longer applied.

Other expenses in the first quarter 2021 were sales costs in connection with the sale of Frigoscandia Sweden (formerly Bring Frigo Sweden) in the Logistics segment.

Note 6 Fair value measurement

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

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

		At fair value (FV)			At amortised cost		
	Level	Fair value over profit or loss*	Derivatives at fair value over profit or loss	Derivatives at fair value over OCI	Receivables	Other financial liabilities	31.03.2022
Assets							
Interest-bearing non-current receivables					81		81
Other financial non-current assets	1, 2	103			22		125
Interest-free current receivables	2		62	23	3 480		3 565
Interest-bearing current receivables					115		115
Liquid assets					3 426		3 426
Total financial assets							**7 313**
Liabilities							
Non-current lease liabilities						2 767	2 767
Interest-bearing non-current liabilities						1 231	1 231
Interest-free non-current liabilities	2			24		1	25
Current lease liabilities						697	697
Interest-bearing current liabilities	2	361				1 475	1 836
Interest-free current liabilities, incl. tax payable						4 030	4 030
Total financial liabilities							**10 586**
Total value hierarchy level 1 (net)		2					2
Total value hierarchy level 2 (net)		(259)	62	(1)			(198)
Total value hierarchy level 3 (net)							

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

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

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

		At fair value (FV)			At amortised cost		
	Level	Fair value over profit or loss*	Derivatives at fair value over profit or loss	Derivatives at fair value over OCI	Receivables	Other financial liabilities	31.12.2021
Assets							
Interest-bearing non-current receivables					51		51
Other financial non-current assets	1, 2	90	90		21		201
Interest-free current receivables	2			12	3 518		3 530
Interest-bearing current receivables					99		99
Liquid assets					3 448		3 448
Total financial assets							**7 328**
Liabilities							
Non-current lease liabilities						2 570	2 570
Interest-bearing non-current liabilities	2	389				1 229	1 618
Interest-free non-current liabilities	2			6		2	7
Current lease liabilities						667	667
Interest-bearing current liabilities						969	969
Interest-free current liabilities, incl. tax payable	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)							

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

Level 1: Listed prices
Level 2: Other observable input, directly or indirectly
Level 3: Non-observable input

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

Note 7 Changes in the Group's structure

There were no significant changes to the Group's structure in the first quarter 2022.

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

Note 8 Other matters

Russia invaded Ukraine on 24 February 2022, and since then Ukraine has been under attack from Russian forces. The war in Ukraine has contributed to increased uncertainty about the future economic development both in Norway and internationally.

The war in Ukraine has intensified and prolonged the challenges in the global logistics and supply chains that arose in connection with the pandemic. Together with new infection waves in China and the resulting lockdowns and delayed deliveries, there are few indications of improvement in the short term concerning challenges with deficiencies and delayed deliveries of operating equipment, goods to customers, or the under-capacity in the European drivers' market. Posten's future estimates and economic growth estimates are affected by these circumstances. A review of results and forecasts as per the first quarter 2022 did not identify any indicators of a fall in asset values.

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

Alternative Performance Measures

Quarterly Report

1st quarter 2022

Posten Norge

Alternative Performance Measures

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

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

Organic growth

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

		YTD 2022	YTD 2021	Year 2021
+	Revenue (current year)	5 637	5 999	24 716
-	Revenue (last year)	5 999	5 964	23 996
=	**Nominal change in revenue**	**(363)**	**36**	**721**

		YTD 2022	YTD 2021	Year 2021
+	Nominal change in revenue	(363)	36	721
+/-	Impact of exchange rates	77	(18)	307
+/-	Acquisition of companies	(78)		(81)
+/-	Sale of companies*	597	130	329
+/-	Change in government procurements	(33)	43	(13)
=	**Organic change in revenue**	**200**	**190**	**1 262**

*Adjustment of revenue for sold business

		YTD 2022	YTD 2021	Year 2021
+	Organic change in revenue	200	190	1 262
/	Adjusted revenue*	5 841	5 834	23 666
=	**Organic growth**	**3,6%**	**3,3%**	**5,3%**

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

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

Alternative Performance Measures

1st quarter 2022 Posten Norge

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

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

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

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

		YTD 2022	YTD 2021	Year 2021
+	Revenue	5 637	5 999	24 716
-	Costs of goods and services	2 358	2 438	10 369
-	Payroll expenses	2 107	2 148	8 600
-	Other operating expenses	698	684	2 983
=	**EBITDA**	**473**	**729**	**2 765**

		YTD 2022	YTD 2021	Year 2021
+	EBITDA	473	729	2 765
-	Depreciation	329	302	1 240
=	**Adjusted operating profit**	**144**	**427**	**1 525**

		YTD 2022	YTD 2021	Year 2021
+	Adjusted operating profit	144	427	1 525
/	Revenue	5 637	5 999	24 716
=	**Adjusted profit margin**	**2,6 %**	**7,1 %**	**6,2 %**

		YTD 2022	YTD 2021	Year 2021
+	Adjusted operating profit	144	427	1 525
-	Write-downs		1	68
+/-	Other income and (expenses)	(38)		3
+	Share of profit or loss from associated companies			3
=	**EBIT**	**106**	**426**	**1 462**

		YTD 2022	YTD 2021	Year 2021
+	EBIT	106	426	1 462
/	Revenue	5 637	5 999	24 716
=	**EBIT margin**	**1,9 %**	**7,1 %**	**5,9 %**

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

Alternative Performance Measures

1st quarter 2022 Posten Norge

Net interest-bearing debt (NIBD) and liquidity reserve

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

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

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

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

		31.03 2022	31.03 2021	31.12 2021
+	Interest-bearing non-current liabilities	3 998	3 558	4 187
+	Interest-bearing current liabilities	2 533	1 856	1 636
-	Commercial financial investments	3 323	3 488	3 338
-	Cash	3	14	4
-	Bank deposits corporate cash-pool account		627	
-	Bank deposits	102	49	106
=	**Net interest-bearing debt/(receivables)**	**3 104**	**1 236**	**2 376**

		31.03 2022	31.03 2021	31.12 2021
+	Net interest-bearing debt/(receivables)	3 104	1 236	2 376
/	Equity on the balance sheet date	7 260	7 642	7 273
=	**Debt/equity ratio**	**0,4**	**0,2**	**0,3**

		31.03 2022	31.03 2021	31.12 2021
+	Net interest-bearing debt/(receivables)	3 104	1 236	2 376
/	EBITDA last twelve months	2 509	3 087	2 765
=	**Net interest-bearing debt/(receivables)/EBITDA**	**1,2**	**0,4**	**0,9**

		31.03 2022	31.03 2021	31.12 2021
+	Commercial financial investments	3 323	3 488	3 338
+	Syndicate facility	1 942	2 799	1 998
-	Certificate loans	750	100	500
=	**Non-current liquidity reserve**	**4 515**	**6 187**	**4 836**

		31.03 2022	31.03 2021	31.12 2021
+	Non-current liquidity reserve	4 515	6 187	4 836
+/-	Deposits on group account		627	
+/-	Deposits outside group account	102	49	106
+	Bank overdraft not utilised	275	500	495
=	**Current liquidity reserve**	**4 891**	**7 363**	**5 437**

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

Invested capital and return on invested capital (ROIC)

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

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

		31.03 2022	31.03 2021	31.12 2021
+	Intangible assets	1 929	1 904	1 870
+	Tangible fixed assets	8 466	8 840	8 329
+	Current assets	7 276	7 809	7 429
-	Total liquid assets	3 865	4 223	4 116
-	Interest-bearing current assets	100	88	99
-	Interest-free current liabilities	4 351	4 625	4 406
+	Tax payable	207	141	218
+	Dividends and group contributions	82	(2)	80
=	**Invested capital**	**9 644**	**9 756**	**9 305**

*Last twelve months

		31.03 2022	31.03 2021	31.12 2021
+	Last 12 months' accumulated adjusted operating profit	1 242	1 697	1 525
/	Invested capital	9 644	9 756	9 305
=	**Return on invested capital (ROIC)**	**12,9 %**	**17,4 %**	**16,4 %**

Other alternative performance measures

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

		YTD 2022	YTD 2021	Year 2021
+	Total investments in owned tangible fixed assets	285	191	1 278
-	Investments due to acquisitions	59		215
=	**Investments before acquisitions**	**226**	**191**	**1 062**

		31.03 2022	31.03 2021	31.12 2021
+	Profit after tax last 12 months	761	1 466	1 058
/	Average equity on balance sheet date*	7 451	7 089	7 320
=	**Return on equity after tax (ROE)**	**10,2 %**	**20,7 %**	**14,5 %**

*(OB+CB)/2

		31.03 2022	31.03 2021	31.12 2021
+	Equity on balance sheet date	7 260	7 642	7 273
/	Equity and liabilities (total capital)	18 628	19 286	18 342
=	**Equity ratio**	**39,0 %**	**39,6 %**	**39,7 %**

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