



Quarterly Report



2nd quarter 2021
Posten Norge

Message from the CEO

Continued good volumes, good operations and good infection control have given Posten Norge good results in the first half-year 2021. In the second quarter, society gradually opened up after the pandemic. The pandemic has brought on new shopping habits continuing to provide high parcel volumes from e-commerce. Customer satisfaction is high, and the Group is gradually moving towards the green shift. Posten's efforts concentrate on service development and innovation.

Throughout the pandemic, Posten performed well on delivery quality. The growth rate within e-commerce was 35,6 percent in the first half-year compared with the same period last year (the 12 last months' increase was 45,3 percent), requiring that Posten quickly adapted and adjusted its services to new customer needs and infection control rules.

Adjusted operating profit in the first half-year was MNOK 809, a significant improvement from MNOK 386 in the same period last year. Adjusted operating margin in the first half-year was 6,7 percent compared with 3,3 percent last year. The considerable profit growth was a result of the increase in parcel volumes from e-commerce and home deliveries, combined with cost-effective operations and improved profitability within other logistic areas. At the same time, mail volumes continue to fall. Addressed mail declined 13,1 percent in the first half-year.

Posten is implementing a number of measures to realise the Group's three strategic main goals:

The customers' first choice. Posten is simplifying e-commerce by, for example, placing parcel boxes open 24 hours a day. As of June, 412 parcel boxes were placed on locations in Norway. In Sweden, Posten has entered into an agreement with iBoxen regarding parcel deliveries through their parcel boxes. Customer satisfaction and loyalty have a positive trend, and as per the second quarter, Net Promotor Score (NPS) was 51,8 compared with 47,8 last year.

Leading in technology and innovation. Posten is working at full speed on innovation and development. The Group's investments in the wholly integrated warehouse solution, "Shelfless", will strengthen its Nordic services. The Shelfless solution was put to use in Bring's fully automated logistics center at Berger outside Oslo in July, and in the second quarter, the building of a new fully automated warehouse solution in Stockholm started.

Posten has entered into an agreement with KS (the Norwegian Association of Local and Regional Authorities) to cooperate on radical innovation. The objective is to explore the possibilities for creating welfare in new ways in an interaction between Posten's range of services and nationwide network, and the needs of the municipalities and inhabitants. The Group is investing in ventures in order to learn about and be well positioned in new business and service areas. The most recent investment was in British OnBuy, which is Europe's fastest growing online market place.

Best in sustainable value creation. Posten made strong progress on the Norsk Bærekraftbarometer 2021 (a project showing the sustainability of enterprises seen from the customers' point of view). The result increased by 8,6 points compared with 2020 to 67,4, and Posten advanced from 83rd to 45th place. In one measure, the Group's increased use of renewable energy vehicles has reduced its own greenhouse emissions by 45 percent since 2012. Work has now started to establish new, ambitious goals for further reductions towards 2030 in line with the Paris agreement.

The main goals are made possible by competent and engaged employees. At the end of the second quarter, society was on its way back after the Corona pandemic. The Group reflects society and has few new infected and a high share of vaccinated employees. Infection control measures will be carried forward into the third quarter and will continue to comply with the authorities' recommendations. Absence due to sickness in the Group is declining and is at a record-low level of 5,8 as per the first half-year. On 22 May, Etterstad post office had an armed robbery. Nobody was physically injured, but all involved have been followed up by their leader and company health service.

The Group is experiencing rapid development, and the requirements for speed and the rate of change are increasing. In order to continue to lead the development in its industry, Posten needs to start using new and more flexible ways of working. A flexible working methodology will provide the organisation with increased speed and implementation power.

I wish to thank our engaged and competent employees for their efforts, which are totally vital for our success!

Tone Wille / Group CEO



Main features

The Group's turnover in the second quarter 2021 was MNOK 6 027, an increase of 3,4 percent compared with the second quarter 2020. Organic growth in the quarter was 6,7 percent. Adjusted operating profit in the quarter was MNOK 382, an improvement of MNOK 148 compared with 2020.

The Group's turnover in the first half-year 2021 was MNOK 12 026, an increase of MNOK 233 compared with the first half-year 2020. Organic growth was 5,3 percent. Adjusted operating profit in the first half-year 2021 was MNOK 809, an improvement of MNOK 422 compared with the same period in 2020.

The Logistics segment had a significant result improvement in the first half-year 2021 due to continued high e-commerce volumes and a positive development in the corporate segment. No tangible fixed assets were depreciated in the first half-year 2021 in Bring Frigo SE as a consequence of the fact that the subgroup was classified as held for sale in the accounts. This constituted approximately MNOK 86 in reduced depreciation in the first half-year 2021.

As expected, the Mail segment's profit development in the first half-year 2021 was negative. The volume fall was, however, partly compensated by lower production costs in the network and growth in the product "Norgespakken" and private mail (stamps).

The operating result (EBIT) in the first half-year 2021 was MNOK 820, an improvement of MNOK 378 compared with the first half-year 2020.

The financial result in the first half-year 2021 was MNOK 70 better than in the first half-year 2020. This was mainly due to valuation changes of financial instruments and lower interest costs.

The Group's profit before tax was MNOK 795 in the first half-year 2021, an improvement of MNOK 448 compared with the first half-year 2020. Profit after tax was MNOK 621, an improvement of MNOK 347 compared with the first half-year 2020.

Return on equity (ROE) in the first half-year of 2021 was 21,6 percent, an increase of 11,7 percentage points compared with the first half-year 2020. Return on invested capital (ROIC) in the first half-year of 2021 was 19,4 percent, an improvement of 10,5 percentage points compared with the first half-year 2020.

Profit development (unaudited)

Q2 2021	Q2 2020		YTD 2021	YTD 2020	Year 2020
6 027	5 830	Revenue	12 026	11 793	23 996
686	600	EBITDA	1 414	1 128	2 886
382	234	Adjusted operating profit	809	386	1 423
393	284	Operating profit (EBIT)	820	442	1 485
(32)	43	Net financial items	(25)	(95)	(141)
361	326	Profit before tax	795	347	1 344
269	264	Profit after tax	621	274	1 123

Alternative performance measures applied in the half-yearly report are described in the appendix to the report

See condensed financial statements

Key financial figures (unaudited)

		YTD 2021	YTD 2020	Year 2020
Adjusted profit-margin	%	6,7	3,3	5,9
Operating profit (EBIT) margin	%	6,8	3,7	6,2
Equity ratio	%	34,7	33,9	37,5
Return on invested capital/ROIC*	%	19,4	8,9	14,1
Return on equity (after tax)*	%	21,6	9,9	16,4
Net interest-bearing debt		1 033	3 554	1 027
Investments, excluding acquisitions		430	295	700

Alternative performance measures applied in the half-yearly report are described in the appendix to the report

*Last twelve months

Balance sheet (unaudited)

	30.06 2021	31.12 2020
ASSETS		
Non-current assets	10 681	10 644
Current assets	7 962	7 826
Held for sale assets	1 228	1 173
Assets	19 871	19 643
EQUITY AND LIABILITIES		
Equity	6 890	7 367
Provisions for liabilities	810	797
Non-current liabilities	3 532	3 639
Current liabilities	7 407	6 667
Held for sale liabilities	1 232	1 174
Equity and liabilities	19 871	19 643

As at 30 June 2021, the subgroup Bring Frigo Sweden was still classified as held for sale in the balance sheet, and assets and liabilities related to the subgroup are shown on separate lines in the statement.

The change in non-current assets was mainly a result of normal operational investments, the period's depreciation and foreign currency translation differences.

Current assets increased primarily as a consequence of earned income from foreign postal companies.

The reduction in non-current liabilities was mainly due to repayment of debt and fair value adjustment of long-term loans.

A dividend of MNOK 1 060 provided for as of 30 June 2021 was the primary reason for the increase in current liabilities.

Cash flows (unaudited)

Q2 2021	Q2 2020		YTD 2021	YTD 2020	Year 2020
565	424	Cash flows from operating activities	746	659	2 607
(227)	(175)	Cash flows used in investing activities	(388)	(315)	(299)
34	(115)	Cash flows used in financing activities	(372)	(479)	(1 630)
373	134	Change in liquid assets	(14)	(134)	677
4 225	3 735	Liquid assets at the beginning of the period	4 680	3 912	3 912
52	(24)	Currency differences	(16)	68	91
4 650	3 845	Liquid assets at the end of the period incl held for sale	4 650	3 845	4 680
(3)		Liquid assets classified as held for sale	(3)		(47)
4 646	3 845	Liquid assets at the end of the period	4 646	3 845	4 633

Cash flows from operating activities were positive in the second quarter and first half-year 2021. This was mainly due to a positive operating result before depreciation. Changes in other accruals, net interest payments and paid taxes reduced cash flows from operations.

The negative net cash flows from investing activities in the second quarter and first half-year 2021 were primarily a result of net investments in operating equipment and intangible assets and the Group's investments in shares. Investments in operating equipment and intangible assets included approximately MNOK 160 for buildings and property and MNOK 80 for IT solutions.

Cash flows used in financing activities in the first half-year 2021 concerned ordinary instalments on lease obligations and net down-payments of debt.

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 and includes the Group's thermo operations and express services.

Q2 2021	Q2 2020		YTD 2021	YTD 2020	Year 2020
4 833	4 480	Revenue	9 548	8 951	18 571
568	475	Operating profit before depreciation (EBITDA)	1 130	829	2 316
363	207	Adjusted operating profit	724	306	1 268
375	195	Segment operating profit (EBIT)	736	301	1 285

The Logistics segment's turnover increased by MNOK 597 (6,7 percent) in the first half-year 2021. Organic growth was 10,7 percent. The high growth in e-commerce to private consumers and home deliveries continued in the period, caused by changed shopping habits as a consequence of the Corona pandemic. The growth in e-commerce volume in the first half-year 2021 was 35,6 percent compared with the same period last year and 45,3 percent the last 12 months. The first wave of the pandemic resulted in a decline in volumes from the corporate market, but demand has picked up, and growth in the corporate market was 9,4 percent in the first half-year 2021.

Adjusted operating profit for the Logistics segment was MNOK 724 in the first half-year 2021, an improvement of MNOK 417 compared with the first half-year 2020. In addition to increased volumes, profitability improved considerably as a result of the focus on developing the range of services, more options for the customers and cost-effective operations. No tangible fixed assets were depreciated in the first half-year 2021 in Bring Frigo SE because the subgroup was classified as held for sale in the accounts. This constituted approximately MNOK 86 in reduced depreciation in the first half-year 2021. Operating profit (EBIT) was MNOK 736 in the first half-year 2021, MNOK 435 better than the same period last year.

MAIL

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

Q2 2021	Q2 2020		YTD 2021	YTD 2020	Year 2020
1 375	1 497	Revenue	2 843	3 128	6 041
134	145	Operating profit before depreciation (EBITDA)	304	345	710
45	48	Adjusted operating profit	123	142	326
45	128	Segment operating profit (EBIT)	122	223	371

The Mail segment's turnover fell by MNOK 284 (9,1 percent) in the first half-year 2021 due to the continued volume falls in addressed mail. The volume of addressed mail fell by 13,1 percent in the first half-year 2021, whereas the unaddressed mail volume was relatively stable with growth of 1,2 percent. The weak volume growth within unaddressed mail was due to the heavy volume fall in the spring of 2020 in connection with the lockdown of society. The product "Norgespakken" had a positive turnover growth of 16,1 percent in the first half-year 2021 compared with the same period last year.

Adjusted operating profit for the Mail segment was MNOK 123 in the first half-year 2021, a reduction of MNOK 19 compared with the first half-year 2020. 'Norgespakken' had a positive result development, due to volume growth and improved profitability. The operating result (EBIT) in the first half-year 2021 was MNOK 122, a reduction of MNOK 100 compared with the first half-year 2020. In the second quarter 2020, MNOK 106 of the provision related to reduced distribution frequency was reversed.

In the second quarter 2021, 93,4 percent of addressed mail was delivered within 3 days (93,0 percent for the first half-year). This was well above the licence requirement of 85 percent.

Other matters

HSE

Workforce

The Group's workforce as at 30 June 2021 was 12 911 full-time equivalents, a reduction of 534 full-time equivalents compared with the same period in 2020. In the Mail segment, the workforce decreased by 605 full-time equivalents, mainly related to reductions within mail distribution and production.

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. Absences due to sickness have declined significantly in recent years.

In the second quarter 2021, absence due to sickness in Posten was 5,5 percent, 0,2 percentage points lower than in the second quarter 2020. In the year to date, absence due to sickness was lower or at the same level as the corresponding month in 2020 in 5 out of 6 months. This was also reflected in absence due to sickness as a 12 months' trend, down at 5,8 percent. This was 0,2 percentage points lower than at year-end.

The total number of injuries per million worked hours (H2) was 8,3 in the second quarter this year, an increase of 2,8 compared with last year. The number of injuries in this period increased from 30 last year to 43 this year. H2 as a 12 months' trend increased from 7,0 at the turn of the year to 9,1 as per June. Most personal injuries occurred in the division Network Norway. The development was affected by the weather and driving conditions, and the majority of the instances constituted fall injuries. Together with the employees, the Group has implemented measures to reverse this trend. Injury analyses and competence upgrading in exposed areas are some of the measures.

The external environment

The Group has raised its ambitions and aims to be best in sustainable value creation, for example by being the greenest logistics supplier.

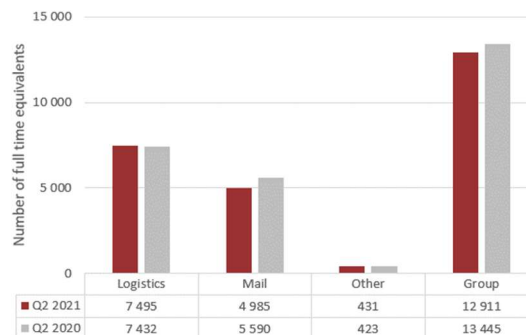
As part of these initiatives, the environmental goals have been revised, and new goals for the Group, including the entire value chain, were agreed in the second quarter 2021. By 2030, the Group shall reduce absolute CO2 emissions from its own vehicles and buildings, and its suppliers' emission intensity shall be reduced compared with 2020. There is also an ambition of net-zero emissions by 2050. The new environmental goal will be in line with what science considers necessary to avoid global heating in excess of 1,5 degrees. The goal will be made public when approved by the Science Based Target Initiative.

Regulatory issues

In accordance with the proposed government budget for 2021, the Norwegian Parliament has granted MNOK 566 to government procurements of commercially non-viable postal services and bank services in the rural mail districts for 2021. The amount is in accordance with Posten's pre-calculations. In the first half-year 2021, MNOK 282 was taken to income, in line with the amount granted.

For 2020, Posten received MNOK 449 in government procurements of commercially non-viable postal services. Posten's recalculation for 2020 resulted in a net lower cost of MNOK 47, of which MNOK 28 was provided for in 2020. The remaining MNOK 19 has been provided for in 2021, giving a reduction in income in 2021.

Posten's statutory obligation to offer basic bank services in the rural mail network was terminated with effect from 1 July 2021 following a law passed by the Norwegian Parliament on 14 June 2021. Posten's agreement with DNB regarding these services expired on the same date.



Future prospects

The Corona pandemic has driven the development of the Norwegian as well as the international economy in the last year. With a declining infection trend, increasingly more vaccinations and a gradual reopening of society, the economy will probably recover in the time to come. GNP growth for inland Norway at the end of June 2021 was back at approximately the same level as in February 2020, and in the second quarter 2021 all the quarter's months showed growth.¹ Activities are expected to increase significantly in the second half-year as a consequence of the reopening of society, and the growth in GNP for inland Norway in 2021 is estimated at 3,1 percent.² In Sweden, the positive development in the economy from the first quarter 2021 has further accelerated, and the estimate is now a growth of 4,4 percent in 2021.³

There is nevertheless continued uncertainty related to the further development in the economy both in Norway and internationally. It is expected that more infection control measures can be eased and that the economic activities will improve. A condition for this, however, is that infections do not pick up again and that the vaccines have a good effect on new virus mutations. Further restrictions and subsequent lockdowns can slow down the economic recovery in Norway and several other countries once more.

The volume fall in the Mail segment continued in the first half-year 2021. The transition to digital solutions is permanent and the present regulations allow only limited possibilities for further structural and operational adjustments to mail services. The combination of volume falls and the lack of opportunities for adjustments are expected to result in considerable profitability challenges in the years to come.

The strong growth in e-commerce and home deliveries continued in the first half-year 2021 and contributed to solid growth in the Logistics segment. Growth is expected to be normalised as society opens up again. The corporate market also had positive growth in the first half-year 2021, a trend expected to continue in line with the economic growth in the second half-year 2021.

Expectations of growth require new investments. In order to manage higher parcel volumes in the years to come, Posten has decided to expand Østlandsterminalen and thereby double the capacity for small parcels. In addition, Posten launched its large investment "Shelfless" in January, a wholly integrated warehouse solution including both storing, picking and packing and sending goods for the customers under the Bring label. The first fully automated warehouse at Berger outside Oslo opened in July, and a new Shelfless warehouse in Stockholm is under construction.

¹<https://www.ssb.no/nasjonalregnskap-og-konjunkturer/nasjonalregnskap/statistikk/nasjonalregnskap/artikler/gjenapning-ga-oppgang-i-fastlandsokonomien-i-2.kvartal>

² ssb.no, Konjunkturtendensene 2021/2, <https://www.ssb.no/nasjonalregnskap-og-konjunkturer/konjunkturer/statistikk/konjunkturtendensene/artikler-om-konjunkturtendensene/na-snur-det-normalisering-av-norsk-okonomi-i-vente>

³ konj.se, Konjunkturläget juni 2021, <https://www.konj.se/publikationer/konjunkturlaget/konjunkturlaget/2021-06-23-lagkonjunkturen-ar-over-i-slutet-av-2021-men-arbetsmarknaden-slapar-efter.html>



Financial Report



2nd quarter 2021
Posten Norge

Condensed income statement

Q2 2021	Q2 2020		Note	YTD 2021	YTD 2020	Year 2020
6 027	5 830	Revenue	1	12 026	11 793	23 996
2 455	2 409	Costs of goods and services		4 893	4 975	9 937
2 200	2 177	Payroll expenses		4 348	4 391	8 523
304	367	Depreciation and amortisation	2,3	606	741	1 463
3	56	Write-downs	2,3	3	58	169
686	644	Other operating expenses		1 370	1 300	2 650
5 647	5 652	Operating expenses		11 220	11 465	22 742
14	106	Other income and (expenses)	5	14	106	119
		Share of profit from associated companies		1	7	112
393	284	Operating profit	1	820	442	1 485
(32)	43	Net financial items		(25)	(95)	(141)
361	326	Profit before tax		795	347	1 344
93	62	Tax expense		174	73	221
269	264	Profit after tax		621	274	1 123
267	263	Controlling interests		618	270	1 119
2	1	Non-controlling interests		3	4	4

Condensed statement of comprehensive income

Q2 2021	Q2 2020		YTD 2021	YTD 2020	Year 2020
269	264	Profit after tax	621	274	1 123
		Pension remeasurement			(61)
		Items that will not be reclassified to income statement			(61)
51	(57)	Translation differences	(57)	157	63
(13)	1	Hedging of net investment	18	(45)	(46)
38	(56)	Total translation differences	(39)	112	17
1	(1)	Cash flow hedging	2	(6)	(5)
38	(57)	Items that will be reclassified to income statement	(37)	106	12
38	(57)	Other comprehensive income	(37)	106	(50)
307	208	Total comprehensive income	584	380	1 073
		Total comprehensive income is distributed as follows:			
305	206	Controlling interests	581	376	1 069
1	1	Non-controlling interests	3	4	4

Condensed balance sheet

	Note	30.06 2021	31.12 2020
ASSETS			
Intangible assets	2	1 838	1 823
Deferred tax asset		206	282
Tangible fixed assets	2	5 463	5 409
Right-of-use assets	3	2 878	2 854
Other financial assets	6	296	275
Non-current assets		10 681	10 644
Interest-free current receivables		3 211	3 067
Interest-bearing current receivables	6	104	125
Liquid assets	6	4 646	4 633
Current assets		7 962	7 826
Assets held for sale	7	1 228	1 173
Assets		19 871	19 643
EQUITY AND LIABILITIES			
Share capital		3 120	3 120
Other equity ¹⁾		3 758	4 237
Non-controlling interests		12	9
Equity		6 890	7 367
Provisions for liabilities		810	797
Non-current lease liabilities		2 502	2 515
Interest-bearing non-current liabilities	4, 6	1 020	1 108
Interest-free non-current liabilities	6	9	16
Non-current liabilities		3 532	3 639
Current lease liabilities		645	625
Interest-bearing current liabilities	4, 6	1 511	1 411
Interest-free current liabilities	6	5 053	4 420
Tax payable		198	210
Current liabilities		7 407	6 667
Liabilities held for sale	7	1 232	1 174
Equity and liabilities		19 871	19 643

1) Includes accumulated positive translation differences and hedging reserves related to held for sale operations

Condensed statement of changes in equity

	Controlling interests							Non-contr. interests	Total equity
	Share capital	Share premium reserves	Hedging reserve	Transl. diff.	Retained earnings	Other equity			
Equity 01.01.2021	3 120	992	(7)	283	2 969	4 237	9	7 367	
Profit for the period					618	618	3	621	
Other comprehensive result			2	(39)		(37)		(37)	
Total comprehensive result			2	(39)	618	581	3	584	
Dividend					(1 060)	(1 060)	(2)	(1 062)	
Other changes in equity					(1)	(1)	1		
Equity 30.06.2021	3 120	992	(4)	244	2 526	3 758	12	6 890	

	Controlling interests							Non-contr. interests	Total equity
	Share capital	Share premium reserves	Hedging reserve	Transl. diff.	Retained earnings	Other equity			
Equity 01.01.2020	3 120	992	(1)	279	1 907	3 177	66	6 363	
Profit for the period					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-contr. interests					(8)	(8)	(61)	(69)	
Other changes in equity				(13)	13				
Equity 31.12.2020	3 120	992	(7)	283	2 969	4 237	9	7 367	

As at 30 June 2021, the share capital consisted of 3 120 000 shares at a nominal value of NOK 1 000. All the company's shares are owned by the Norwegian State, represented by the Ministry of Trade, Industry and Fisheries.

At the Annual Shareholders' Meeting in June 2021, it was decided to distribute a dividend of MNOK 1 060, as proposed by the Board. The dividend was paid in July and is presented as a liability in the half-year accounts.

Condensed statement of cash flows

Q2 2021	Q2 2020		YTD 2021	YTD 2020	Year 2020
362	326	Profit before tax	795	347	1 344
(93)	(8)	Tax paid in period	(187)	(63)	(165)
(2)	(2)	(Gain)/loss from sales of tangible fixed assets and subsidiaries	(7)	(12)	(73)
306	423	Ordinary depreciation and write-downs	609	800	1 632
		Share of profit from associated companies	(1)	(7)	(112)
48	(15)	Financial items without cash flow effect	43	36	57
(16)	(205)	Changes in receivables and payables	(127)	(148)	30
(16)	76	Changes in other working capital	(281)	(37)	278
13	(140)	Changes in other accruals	(39)	(184)	(280)
13	24	Interest received	35	42	105
(49)	(57)	Interest paid	(95)	(113)	(209)
565	424	Cash flows from operating activities	746	659	2 607
(239)	(156)	Investments in non-current assets	(430)	(295)	(700)
(2)	(35)	Cash-effect from purchase of businesses	(28)	(35)	(97)
29	12	Proceeds from sales of non-current assets	68	54	133
		Cash-effect from sale of businesses		(68)	28
		Cash-effect from sale of associated companies		40	364
(15)	4	Changes in other financial non-current assets	2	(12)	(27)
(227)	(175)	Cash flows used in investing activities	(388)	(315)	(299)
(210)	(215)	Payment of lease liabilities	(416)	(429)	(851)
144	100	Proceeds from/Repayment of borrowings	(56)	(50)	(779)
100		Proceeds from non-current and current debt raised	100		
34	(115)	Cash flows used in financing activities	(372)	(479)	(1 630)
333	134	Change in liquid assets	(14)	(134)	677
4 225	3 735	Liquid assets at the beginning of the period	4 680	3 912	3 912
52	(24)	Currency differences ¹⁾	(16)	68	91
4 650	3 845	Liquid assets at the end of the period incl. held for sale	4 650	3 845	4 680
(3)		Liquid assets classified as held for sale	(3)		(47)
4 646	3 845	Liquid assets at the end of the period	4 646	3 845	4 633

1) Currency differences are presented on a separate line and numbers from 1st half 2020 have been reclassified.

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 2020 annual report.

Standards issued, but not yet effective:

There are no approved 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.

In other respects, the sources of uncertainty concerning estimates are the same as for the 2020 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 annual report for 2020 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 turnover 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 2020 annual report.

Revenue per segment

Q2 2021	Q2 2020	Revenue	YTD 2021	YTD 2020	Year 2020
4 766	4 426	External revenue	9 414	8 845	18 354
66	54	Internal revenue	133	105	216
4 833	4 480	Logistics	9 548	8 951	18 571
1 261	1 401	External revenue	2 612	2 946	5 641
114	95	Internal revenue	231	182	400
1 375	1 497	Mail	2 843	3 128	6 041
376	338	Internal revenue	746	666	1 295
376	339	Other	746	666	1 295
(557)	(486)	Eliminations	(1 112)	(951)	(1 911)
6 027	5 830	Group	12 026	11 793	23 996

Revenue categories (external revenue)

Q2 2021	Q2 2020	Deliveries over time*	YTD 2021	YTD 2020	Year 2020
2 438	2 159	Parcels and freight	4 747	4 090	8 938
2 327	2 268	Other logistics business	4 667	4 756	9 416
4 766	4 426	Logistics	9 414	8 845	18 354
1 139	1 217	Mail and banking services	2 349	2 576	5 117
122	185	Government procurements	263	369	523
1 261	1 401	Mail	2 612	2 946	5 641
		Other			
6 027	5 830	External revenue	12 026	11 793	23 996

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

Operating result (EBIT) per segment

Q2 2021	Q2 2020		YTD 2021	YTD 2020	Year 2020
		Operating profit before depreciation (EBITDA)			
568	475	Logistics	1 130	829	2 316
134	145	Mail	304	345	710
(17)	(18)	Other	(20)	(45)	(137)
686	600	Group	1 414	1 128	2 886

Q2 2021	Q2 2020		YTD 2021	YTD 2020	Year 2020
		Adjusted operating profit			
363	207	Logistics	724	306	1 268
45	48	Mail	123	142	326
(27)	(21)	Other	(38)	(62)	(170)
382	234	Group	809	386	1 423

Q2 2021	Q2 2020		YTD 2021	YTD 2020	Year 2020
		Operating profit (EBIT)			
375	195	Logistics	736	301	1 285
45	128	Mail	122	223	371
(27)	(39)	Other	(38)	(82)	(170)
393	284	Group	820	442	1 485

Investments per segment

	YTD 2021	YTD 2020	Year 2020
Investments			
Logistics	369	235	552
Mail	61	58	146
Other	1	1	3
Group	430	295	700

Note 2 Intangible assets and tangible fixed assets

	Intangible assets	Tangible assets
Carrying amount 01.01.2021	1 823	5 409
Additions	80	350
Disposals		(65)
Cost price adjustments/scraping		(4)
Depreciation	(51)	(218)
Write-downs		(3)
Translation differences	(14)	(7)
Carrying amount 30.06.2021	1 838	5 463

Investments in owned assets in the year to date amounted to MNOK 430, of which investments in IT-related solutions were MNOK 80. Approximately MNOK 159 of the MNOK 350 invested in tangible fixed assets related to buildings and property, and the rest mainly comprised terminal equipment, vehicles and other operating equipment. MNOK 369 of total investments concerned the Logistics segment.

Note 3 Leases

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

	30.06 2021	31.12 2020
Right-of-use assets	2 878	2 854
Non-current lease liabilities	2 502	2 515
Current lease liabilities	645	625
Lease liabilities	3 148	3 140

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

Q2 2021	Q2 2020		YTD 2021	YTD 2020	Year 2020
169	214	Depreciation	336	428	842
	12	Write-downs		12	12
30	34	Interest expense on lease liabilities	60	68	132

Note 4 Interest-bearing non-current and current liabilities

The Group's interest-bearing liabilities include:

	30.06 2021	31.12 2020
Bond loans	350	350
Liabilities to credit institutions	670	758
Interest-bearing non-current liabilities	1 020	1 108
First year's instalment on non-current liabilities	1 111	1 111
Certificate loans	400	300
Interest-bearing current liabilities	1 511	1 411

In the first half-year 2021, interest-bearing liabilities were reduced as a consequence of paid loan instalments and valuation adjustments of loans. Short-term interest-bearing debt increased due to new certificate loans.

As at 30 June 2021, none of the Group's credit facilities had been used. The average interest rate on Posten's outstanding interest-bearing liabilities was 1,28 percent as at 30 June 2021.

Note 5 Other income and expenses

Other income and expenses comprise significant income and costs of limited predictive value and include restructuring costs, significant gain and loss from ordinary sales of non-current assets in addition to other income or costs outside the Group's normal operations considered to have limited predictive value.

Q2 2021	Q2 2020		YTD 2021	YTD 2020	Year 2020
14	106	Restructuring costs(-)	14	106	76
		Gain/(loss) from sale of fixed assets			54
		Other income/(expenses)			(11)
14	106	Other income and (expenses)	14	106	119

Restructuring costs in the second quarter 2021 mainly concerned a reversed provision for restructuring in Bring Cargo Inrikes, where the criteria for a provision no longer applied. There were no other significant other income and expenses in 2021.

In 2020, a provision (cost reduction) for reduced distribution frequency that was partly counterbalanced by restructuring costs related to the closure of several post offices in the third quarter 2020 was reversed. The gain from the sale of fixed assets in 2020 mainly concerned the sale of Bring Freight Forwarding AB and operations in Bring Åkeri AB.

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 2020 annual report.

The Group had the following financial assets and liabilities measured at fair value as at 30 June 2021:

	At fair value (FV)			At amortised cost		30.06.2021
	Level	Fair value over profit or loss*	Derivatives at fair value over profit or loss	Derivatives at fair value over OCI	Receiv- ables	
Assets						
Interest-bearing non-current receivables					52	52
Other financial non-current assets	1, 2	101	93	4	16	215
Interest-free current receivables	2			2	3 209	3 211
Interest-bearing current receivables					104	104
Liquid assets					4 646	4 646
Financial assets						8 229
Liabilities						
Non-current lease liabilities						2 502
Interest-bearing non-current liabilities	2	392				629
Interest-free non-current liabilities	2		1	6		2
Current lease liabilities						645
Interest-bearing current liabilities						1 511
Interest-free current liabilities, incl. tax payable	2			4		5 246
Financial liabilities						10 939
Total value hierarchy level 1 (net)		35				35
Total value hierarchy level 2 (net)		(326)	92	(5)		(238)
Total value hierarchy level 3 (net)						

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

The Group had the following financial assets and liabilities measured at fair value as at 31 December 2020:

	At fair value (FV)			At amortised cost		31.12.2020
	Level	Fair value over profit or loss*	Derivatives at fair value over profit or loss	Receivables	Other financial liabilities	
Assets						
Interest-bearing non-current receivables				57		57
Other financial non-current assets	2		126	7	57	189
Interest-free current receivables	2			2	3 064	3 067
Interest-bearing current receivables					125	125
Liquid assets					4 633	4 633
Financial assets						8 072
Liabilities						
Non-current lease liabilities					2 515	2 515
Interest-bearing non-current liabilities	2	424			683	1 108
Interest-free non-current liabilities	2		2	11	2	16
Current lease liabilities					625	625
Interest-bearing current liabilities					1 411	1 411
Interest-free current liabilities, incl. tax payable	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)						

* 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

No significant acquisitions/disposals of companies or changes in the Group's structure took place in the first half-year 2021.

Held for sale

Bring Frigo Sverige AB with subsidiaries (Bring Frigo SE)

In December 2020, the Group introduced the subgroup Bring Frigo Sweden for sale in the market. At year-end 31 December 2020, Bring Frigo SE was classified as held for sale in the balance sheet.

Bids were received in March 2021, and on 29 March 2021, a sales agreement was made between Posten Norge AS and AURELIUS Development TwentyNine GmbH. On 26 April 2021, the Swedish competition authorities confirmed that there were no competitive obstacles for the transaction. The agreement between Posten Norge AS and Aurelius had a time limit for when the transaction should be carried out. The buyer did not comply with this time limit, and Posten Norge AS therefore chose to cancel the agreement with Aurelius. Bring Frigo AB remains an independent subsidiary of Posten Norge AS, and Posten Norge AS will continue to realise the plans for the company's future development.

Following this, Posten Norge AS started a new sales process for Bring Frigo SE in the second quarter 2021. The classification as held for sale has therefore been maintained in the balance sheet.

The estimated sales price is expected to exceed the carrying amount of the subgroup, and no loss has therefore been recorded on the reclassification to held for sale. Bring Frigo SE is part of the Logistics segment, operating an international network for temperate logistics in Sweden, Denmark, Finland, the Netherlands, France and Norway. This comprises means of transport for temperate transport, refrigerated and frozen storage and terminals designed for the transport of goods in a temperature-controlled network. In 2020, Bring Frigo had a turnover of approximately 2,4 billion Swedish kroner.

	30.06 2021	31.12 2020
ASSETS CLASSIFIED AS HELD FOR SALE		
Non-current assets	833	704
Current assets	395	468
Held for sale assets	1 228	1 173
LIABILITIES CLASSIFIED AS HELD FOR SALE		
Provisions for liabilities	254	259
Non-current liabilities	473	459
Current liabilities	505	457
Held for sale liabilities	1 232	1 174

No tangible fixed assets were depreciated in the first half-year 2021 in Bring Frigo SE as a consequence of the fact that the subgroup was classified as held for sale in the accounts. This constitutes approximately MNOK 86 in reduced depreciation in the first half-year 2021.

As at 30 June 2021, accumulated positive translation differences and hedging reserves recognised in equity related to business held for sale totalled MNOK 64.

Note 8 Impact of the Corona pandemic

Note 26 in the 2020 annual report describes the effects of the Corona pandemic, including the effect on operating income and result, write-downs of non-financial assets, financial risk and other changes in sources of estimation uncertainty.

The Corona pandemic has lasted for more than one year and has probably caused changes of a permanent character in shopping habits and trends. Increased digitalisation and increased e-commerce have given volume growth and profit improvement for the Group, and the growth in e-commerce volumes is still high in spite of the gradual reopening of society. The corporate market is also growing after a temporary recession due to the Corona pandemic. As expected, the digitalisation has accelerated the volume fall in the Mail segment, but in total, the Group does not perceive any significant negative financial consequences of the Corona pandemic as per the first half-year 2021.

There is still uncertainty related to the consequences of the Corona pandemic, and the financial consequences are closely followed up by the Group. The distinction between effects from the Corona pandemic and other external market changes, trends or internal circumstances in the organisation became less evident towards the end of 2020, and this trend has continued in the first half-year 2021.

No impairment indications for non-financial assets have been identified in the first half-year 2021.

Half-year declaration

We confirm that, to the best of our knowledge, the condensed half-year financial statements for the period 1 January to 30 June 2021 have been prepared in accordance with IAS 34 Interim Reporting, that the information provides a true and fair view of the Group's assets, liabilities, financial position and results as a whole, and that the half-year report gives a fair view of the information in section 5-6 (4) of the Norwegian Securities Trading Act.

Oslo, 26 August 2021

The Board of Posten Norge

Andreas Waage Enger

Chair

Anne Carine Tanum

Deputy chair

Liv Fiksdahl

Board member

Henrik Højsgaard

Board member

Finn Kinserdal

Board member

Lars Nilsen

Board member

Tove Gravdal Rundtom

Board member

Tina Vibeke Stiegler

Board member

Ann Elisabeth Wirgeness

Board member

Gerd Øiahals

Board member

Tone Wille

Group CEO

Alternative Performance Measures



2nd quarter 2021
Posten Norge

Alternative Performance Measures

2nd quarter 2021 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 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 half-yearly 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 2021	YTD 2020	Year 2020
+ Revenue (current year)	12 026	11 793	23 996
- Revenue (last year)	11 793	11 843	24 212
= Nominal change in revenue	233	(50)	(216)

	YTD 2021	YTD 2020	Year 2020
+ Nominal change in revenue	233	(50)	(216)
+/- Impact of exchange rates	95	(243)	(516)
+/- Acquisitions of companies			(0)
+/- Sale of companies*	195	389	868
+/- Change in government procurements	86	(102)	96
= Organic change in revenue	610	(6)	232

*Adjustment of revenue for sold business

	YTD 2021	YTD 2020	Year 2020
+ Organic change in revenue	610	(6)	232
/ Adjusted revenue*	11 597	11 448	23 575
= Organic growth	5,3 %	-0,1 %	1,0 %

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

Alternative Performance Measures

2nd quarter 2021 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 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 2021	YTD 2020	Year 2020
+ Revenue	12 026	11 793	23 996
- Costs of goods and services	4 893	4 975	9 937
- Payroll expenses	4 348	4 391	8 523
- Other operating expenses	1 370	1 300	2 650
= EBITDA	1 414	1 128	2 886

	YTD 2021	YTD 2020	Year 2020
+ EBITDA	1 414	1 128	2 886
- Depreciation	606	741	1 463
= Adjusted operating profit	809	386	1 423

	YTD 2021	YTD 2020	Year 2020
+ Adjusted operating profit	809	386	1 423
/ Revenue	12 026	11 793	23 996
= Adjusted profit margin	6,7 %	3,3 %	5,9 %

	YTD 2021	YTD 2020	Year 2020
+ Adjusted operating profit	809	386	1 423
- Write-downs	3	58	169
+/- Other income and (expenses)	14	106	119
+ Share of profit or loss from associated companies	1	7	112
= EBIT	820	442	1 485

	YTD 2021	YTD 2020	Year 2020
+ EBIT	820	442	1 485
/ Revenue	12 026	11 793	23 996
= EBIT margin	6,8 %	3,7%	6,2 %

Alternative Performance Measures

2nd quarter 2021 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 (without the effects of IFRS 16 Leases). 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 short- or long-term agreements and is a useful target figure in considering whether the Group has adequate liquidity to achieve the Group's approved strategy.

	30.06 2021	30.06 2021*	30.06 2020	31.12 2020
+ Interest-bearing non-current liabilities	3 523	1 033	5 403	3 623
+ Interest-bearing current liabilities	2 156	1 513	1 996	2 037
- Commercial financial investments	3 500	3 500	3 413	3 468
- Cash	11	11	64	16
- Bank deposits corporate cash-pool account	1 056	1 056	257	1 091
- Bank deposits	80	80	110	59
= Net interest-bearing debt/(receivables)	1 033	(2 100)	3 554	1 027

* Not including IFRS 16 effects

	30.06 2021	30.06 2021*	30.06 2020	31.12 2020
+ Net interest-bearing debt/(receivables)	1 033	(2 100)	3 554	1 027
/ Equity on the balance sheet date	6 930	6 896	6 741	7 367
= Debt/equity ratio	0,1	(0,3)	0,5	0,1

* Not including IFRS 16 effects

	30.06 2021	30.06 2021*	30.06 2020	31.12 2020
+ Net interest-bearing debt/(receivables)	1 033	(2 100)	3 554	1 027
/ EBITDA last twelve months	3 201	2 257	2 481	2 886
= Net interest-bearing debt/(receivables)/EBITDA	0,3	(0,9)	1,4	0,4

* Not including IFRS 16 effects

	30.06 2021	30.06 2020	31.12 2020
+ Commercial financial investments	3 500	3 413	3 468
+ Syndicate facility	2 848	3 055	2 932
- Certificate loans	400	400	300
= Non-current liquidity reserve	5 948	6 069	6 100

	30.06 2021	30.06 2020	31.12 2020
+ Non-current liquidity reserve	5 948	6 069	6 100
+/- Deposits on group account	1 057	256	1 091
+/- Deposits outside group account	79	111	59
+ Bank overdraft not utilised	500	500	500
= Current liquidity reserve	7 583	6 936	7 749

Invested capital and return on invested capital (ROIC)

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

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

	30.06 2021	30.06 2020	31.12 2020
+ Intangible assets	1 879	1 969	1 921
+ Tangible fixed assets	8 597	9 391	9 112
+ Current assets	7 779	7 710	7 873
- Total liquid assets	4 318	3 778	4 087
- Interest-bearing current assets	90	69	87
- Interest-free current liabilities	4 581	4 643	4 755
+ Tax payable	167	103	129
+ Dividends and group contributions	79	9	(1)
= Invested capital	9 513	10 692	10 106

*Last twelve months

	30.06 2021	30.06 2020	31.12 2020
+ Last 12 months' accumulated adjusted operating profit	1 845	956	1 423
/ Invested capital	9 513	10 692	10 106
= Return on invested capital (ROIC)	19,4 %	8,9 %	14,1 %

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 2021	YTD 2020	Year 2020
+ Total investments in owned tangible fixed assets	430	331	752
- Investments due to acquisitions		36	52
= Investments before acquisitions	430	295	700

	30.06 2021	30.06 2020	31.12 2020
+ Profit after tax last 12 months	1 470	630	1 123
/ Average equity on balance sheet date*	6 815	6 361	6 865
= Return on equity after tax (ROE)	21,6 %	9,9 %	16,4 %

*(OB+CB)/2

	30.06 2021	30.06 2020	31.12 2020
+ Equity on balance sheet date	6 890	6 741	7 367
/ Equity and liabilities (total capital)	19 871	19 898	19 643
= Equity ratio	34,7 %	33,9 %	37,5 %