



Quarterly Report



3rd quarter 2021
Posten Norge

Message from the CEO

Posten Group had a strong result improvement in the first three quarters of 2021. We are also pleased about the fact that the quarter ended with the reopening of Norway and the Nordics after the Corona pandemic. The Group managed well during the pandemic and succeeded in maintaining good operations and high quality in its deliveries.

The reopening after the Corona pandemic is expected to bring increased demand for transport and logistic services in the corporate market. In the private market, new shopping habits will probably be of a permanent character even though the growth in e-commerce parcels declined in the third quarter. The parcel growth from e-commerce increased by 27,1 percent in the first three quarters of 2021 compared with the same period last year (the increase in the last 12 months was 35,7 percent).

Adjusted operating profit at the end of the third quarter was MNOK 1 211, a strong improvement from MNOK 818 at the same time last year. Adjusted operating margin was 6,7 percent compared with 4,7 percent last year, a result of the growth 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 11,7 percent in the first three quarters of 2021 compared with the same period last year.

The Group's three main goals are made possible by **competent and engaged employees**. We are now focusing on a large-scale increase in skill-levels, including the programme "40 hours smarter", where the individual employee can set aside 40 hours per year for self-development and competence development. Our new hybrid working day will entail more flexibility and freedom of choice – adjusted to the teams' various needs. The Group's trend of absence due to sickness on a 12 months' basis has been stable with 5,7 percent as per the third quarter.

The customers' first choice. We are working actively with developing customer dialogue and new services. In order to strengthen the range of services and meet the competition in the private market, we have introduced a new "Norgespakke" (0-5 kg), which is reasonably priced and easy to use. The new Posten app offers new tasks in addition to parcel tracing, such as buying a Norgespakke, opening a parcel box, getting a collection code, ordering home delivery and find opening hours at pick-up points. Customer satisfaction and loyalty is at a high level.

Leading in technology and innovation. Work has started to ensure that the Group is well positioned for the busy season of the year for trade and e-commerce with Black Friday and Christmas. The network is upgraded and new terminals are put into use.

In October, Bring strengthened its position in the Swedish e-commerce market by investing in the logtech-company DreamLogistic AB. Through this investment, Bring is associated with Sweden's fastest-growing 3PL company and combines smart technology and logistics that strengthen the range of services.

Best in sustainable value creation. Posten is raising its climate ambitions in Oslo and has established a wholly-electric distribution point, Oslo City HUB, at Filipstad. In Copenhagen, Bring has moved to CO2-free distribution. In Sweden, Bring has started cooperating with Einride on electrifying linehaul between the largest cities. When the first six electric lorries are put to use next year, the CO2-emissions will be reduced by 78 percent on these routes.

We have tested the first electric lorry from Oslo to Tromsø to gain knowledge about loading patterns and lorry-range under various conditions.

The Group continues its focus on moving goods by train in Norway and internationally. We have been successful with our solutions in the international large-scale customer segment, contributing to increasingly more trailers passing the border on rails.

In my view, the Group has been strengthened by the Corona pandemic. We bring with us positive experiences from new ways of working and solving customers' needs. We are increasing capacity in the networks and have full speed ahead in an increasingly green direction.

Tone Wille / Group CEO



Main features

The Group's revenue in the third quarter 2021 was MNOK 5 913, an increase of 5,8 percent compared with the third quarter 2020. Organic growth in the quarter was 5,4 percent. Adjusted operating profit in the quarter was MNOK 402, a decline of MNOK 30 compared with 2020.

The Group's revenue in the first three quarters of 2021 was MNOK 17 939, an increase of MNOK 557 compared with the same period in 2020. Organic growth was 5,4 percent. Adjusted operating profit in the first three quarters of 2021 was MNOK 1 211, an improvement of MNOK 393 compared with the same period in 2020.

The Logistics segment's result increased significantly due to continued high e-commerce volumes and a considerable improvement in profitability, in addition to a positive development in the corporate segment. No tangible fixed assets were depreciated in the first three quarters of 2021 in Bring Frigo SE due to the subgroup being classified as held for sale in the accounts. This constituted approximately MNOK 131 in reduced depreciation in the first three quarters of 2021.

The Mail segment also had a good result development in the first three quarters of 2021, driven by improved profitability within addressed mail and growth in the service "Norgespakken".

The operating result (EBIT) in the first three quarters of 2021 was MNOK 1 222, an improvement of MNOK 270 compared with the same period in 2020. The increase was due to an improved adjusted operating result in 2021 compared with the same period in 2020. Additionally, a gain on the sale of Danske Fragtmænd A/S amounting to MNOK 110 was taken to income in 2020.

The financial result in the first three quarters of 2021 was MNOK 37 higher than last year. This was mainly due to valuation changes in financial instruments and lower interest costs.

The Group's profit before tax was MNOK 1 444 in the first three quarters of 2021, an improvement of MNOK 308 compared with the same period in 2020. Profit after tax was MNOK 863, an improvement of MNOK 193 compared with the same period in 2020.

Return on equity (ROE) in the first three quarters of 2021 was 18,5 percent, an increase of 5,3 percentage points compared with the same period in 2020. Return on invested capital (ROIC) was 19,5 percent, an improvement of 9,0 percentage points compared with the same period in 2020.

Profit development (unaudited)

Q3 2021	Q3 2020		YTD 2021	YTD 2020	Year 2020
5 913	5 588	Revenue	17 939	17 381	23 996
710	792	EBITDA	2 125	1 920	2 886
402	431	Adjusted operating profit	1 211	818	1 423
402	510	Operating profit (EBIT)	1 222	952	1 485
(54)	(21)	Net financial items	(79)	(116)	(141)
348	489	Profit before tax	1 144	836	1 344
242	396	Profit after tax	863	670	1 123

Alternative performance measures applied in the quarterly 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	4,7	5,9
Operating profit (EBIT) margin	%	6,8	5,5	6,2
Equity ratio	%	37,7	36,5	37,5
Return on invested capital/ROIC*	%	19,5	10,5	14,1
Return on equity (after tax)*	%	18,5	13,3	16,4
Net interest-bearing debt		2 132	2 222	1 027
Investments, excluding acquisitions		720	430	700

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

*Last twelve months

Balance sheet (unaudited)

	30.09 2021	31.12 2020
ASSETS		
Non-current assets	10 748	10 644
Current assets	6 925	7 826
Held for sale assets	1 245	1 173
Assets	18 917	19 643
EQUITY AND LIABILITIES		
Equity	7 125	7 367
Provisions for liabilities	800	797
Non-current liabilities	3 140	3 639
Current liabilities	6 684	6 667
Held for sale liabilities	1 168	1 174
Equity and liabilities	18 917	19 643

As at 30 September 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 reduced primarily due to the payment of a dividend by Posten Norge AS amounting to MNOK 1 060.

The reduction in equity was due to the dividend payment by Posten Norge AS of MNOK 1 060, which was partly compensated by a positive result in the first three quarters of 2021.

The reduction in non-current liabilities mainly concerned the reclassification of a bond loan of MNOK 350 to current liabilities and down-payments of debt to credit institutions.

Current liabilities were at the same level as at year-end. Current interest-bearing liabilities increased due to the reclassification of the bond loan of MNOK 350 from non-current to current liabilities, in addition to an increased bank overdraft. An obligation loan of MNOK 1 000 was repaid in September 2021. New certificate loans of net MNOK 1 050 were raised in the first three quarters of 2021. Current interest-free liabilities reduced due to lower trade payables and public duties payable.

Cash flows (unaudited)

Q3 2021	Q3 2020		YTD 2021	YTD 2020	Year 2020
425	912	Cash flows from operating activities	1 171	1 571	2 607
(276)	209	Cash flows used in investing activities	(664)	(105)	(299)
(1 190)	(681)	Cash flows used in financing activities	(1 562)	(1 160)	(1 630)
(1 041)	440	Change in liquid assets	(1 055)	(306)	677
4 650	3 845	Liquid assets at the beginning of the period	4 680	3 912	3 912
(9)	20	Currency differences	(25)	88	91
3 600	4 305	Liquid assets at the end of the period incl. held for sale	3 600	4 305	4 680
(14)		Liquid assets classified as held for sale	(14)		(47)
3 586	4 305	Liquid assets at the end of the period	3 586	4 305	4 633

Cash flows from operating activities were positive in the first three quarters of 2021. This was mainly due to a positive operating result before depreciation. Paid taxes, increased trade receivables, reduced trade payable and public duties payable reduced cash flows from operations.

The negative net cash flows from investing activities in the first three quarters of 2021 were primarily a result of net investments in operating equipment and intangible assets.

Cash flows used in financing activities in the first three quarters of 2021 concerned net down-payments of debt, ordinary instalments on lease obligations and the dividend payment.

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.

Q3 2021	Q3 2020		YTD 2021	YTD 2020	Year 2020
4 842	4 480	Revenue	14 388	13 433	18 571
572	689	Operating profit before depreciation (EBITDA)	1 703	1 518	2 316
366	425	Adjusted operating profit	1 089	732	1 268
366	538	Segment operating profit (EBIT)	1 102	839	1 285

The Logistics segment's revenue increased by MNOK 955 (7,1 percent) in the first three quarters of 2021. Organic growth was 10,9 percent. The growth in e-commerce to private consumers and home deliveries continued to be the strongest driver in the segment, caused by changed shopping habits during the Corona pandemic. The growth in e-commerce volume in the first three quarters of 2021 was 27,1 percent compared with the same period last year and 35,7 percent in the last 12 months. The first wave of the pandemic resulted in a decline in volumes to the corporate market, but demand picked up, and growth in parcels to the corporate market was 5,6 percent in the first three quarters of 2021.

Adjusted operating profit for the Logistics segment was MNOK 1 089 in the first three quarters of 2021, an improvement of MNOK 358 compared with the same period in 2020. In addition to increased volumes, profitability improved considerably as a result of the development of the range of services, more options for the customers and cost-effective operations. No tangible fixed assets were depreciated in the first three quarters of 2021 in Bring Frigo SE due to the subgroup being classified as held for sale in the accounts. This constituted approximately MNOK 131 in reduced depreciation in the first three quarters of 2021.

The operating profit (EBIT) was MNOK 1 102 in the first three quarters of 2021, MNOK 263 higher than the same period last year. The increase was due to improved operating profit in 2021 compared with the same period in 2020. In addition, a gain on the sale of Danske Fragtmænd A/S of MNOK 110 was taken to income in 2020.

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.

Q3 2021	Q3 2020		YTD 2021	YTD 2020	Year 2020
1 242	1 252	Revenue	4 085	4 379	6 041
162	88	Operating profit before depreciation (EBITDA)	466	433	710
63	(3)	Adjusted operating profit	186	139	326
63	(37)	Segment operating profit (EBIT)	185	186	371

The Mail segment's revenue fell by MNOK 294 (6,7 percent) in the first three quarters of 2021 due to the continued volume falls in addressed mail. The volume of addressed mail fell by 11,7 percent in the first three quarters of 2021, whereas the unaddressed mail volume was relatively stable with a growth of 1,5 percent. Parts of the growth in unaddressed mail were due to sendings in connection with the general election. "Norgespakken" had positive revenue growth of 9,1 percent in the first three quarters of 2021 compared with the same period last year.

Adjusted operating profit for the Mail segment was MNOK 186 in the first three quarters of 2021, an increase of MNOK 47 compared with the same period in 2020. The improvement was mainly driven by addressed mail that, in spite of volume falls, had a positive cost development, and the product "Norgespakken" with a positive result development due to volume growth as well as improved profitability.

The operating result (EBIT) in the first three quarters of 2021 was MNOK 185, at the same level as the same period in 2020. In 2020, restructuring costs of MNOK 76 were reversed, of which MNOK 106 related to reduced distribution frequency.

In the third quarter 2021, 93,6 percent of addressed mail was delivered within 3 days, compared with 93,2 percent in the same period in 2020. This was well above the licence requirement of 85 percent.

Other matters

HSE

Workforce

The Group's workforce as at 30 September 2021 was 12 588 full-time equivalents, a reduction of 10 full-time equivalents compared with the same period in 2020.

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.

Injuries as well as absences due to sickness have declined significantly in recent years.

In the third quarter 2021, absence due to sickness in Posten was 5,6 percent, the same level as in the third quarter 2020. In the first four months of 2021 in particular, absences were considerably lower than the corresponding months last year. Absence due to sickness in the five last months has been on the same level as the corresponding months last year. This is also reflected in absence due to sickness the last 12 months, down at 5,7 percent. This was 0,3 percentage points lower than at year end. The low absence level is partly due to good infection control during the pandemic.

The total number of injuries per million worked hours (H2) was 6,5 in the third quarter this year, an increase of 0,1 compared with last year. The number of injuries in this period declined from 34 last year to 33 this year. H2 as a 12 months' trend increased from 7,0 at the turn of the year to 9,4 as per September. Long-term and systematic measures are being implemented to reduce the injury frequency. HSE training was initiated from the turn of the months August/September, and the subject is HSE risk and how to convey this to each individual employee, focusing on change in behaviour. Targeted activities for the employees are also carried out on a continuous basis, such as an ongoing campaign to reduce fall injuries, which is the most frequent reason for injuries.

The external environment

An important measure in the Group's climate and environmental strategy is to speed up the change over to environmentally-effective vehicles, enabling the Group to offer fossil free distribution in 40 Nordic cities and between selected cities. Newly finalised acquisitions show that Posten is well under way to fulfilling the strategy: 97 percent of in total 350 vans are electric and 60 percent of approximately 100 heavier vehicles are fossil free. Oslo City HUB has been opened, and all distribution of parcels by vans is now emission-free in the centre of Oslo.

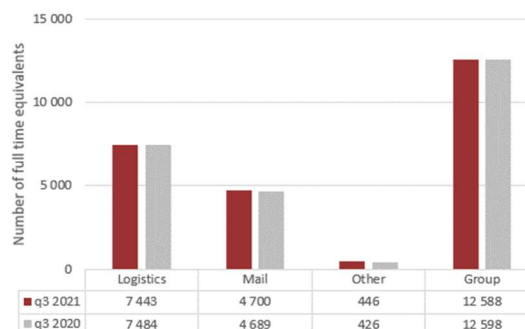
In the third quarter, an electric lorry was driven from Oslo to Tromsø. The purpose was to focus on commercial loading infrastructure for heavy vehicles and to test the vehicle under various topographical and weather conditions. This will be the world's most northern electric lorry, and will be used in ordinary operations in Tromsø during the winter.

Regulatory issues

In the proposed governmental budget for 2022, the former government proposed MNOK 755 for government procurements of commercially non-viable postal services. The amount is 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. At the same time, the Ministry of Transport gave notice that the expenses for government procurements of commercially non-viable postal services are expected to increase considerably in the time to come and could exceed 1 billion kroner in a few years if the non-viable distribution service is maintained as it is today.

By the end of the third quarter, MNOK 423 in government procurements of commercially non-viable postal services and bank services in the rural districts had been taken to income for 2021. The amount is in line with the Parliament's grant.

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 58, of which MNOK 28 was provided for in 2020. MNOK 30 has been provided for in 2021, giving a reduction of income in 2021. The final settlement will be discussed in the Norwegian Parliament in December 2021.



Future prospects

The reopening of society is well under way, and the upturn in the Norwegian economy continues. In June, GNP for inland Norway was back at approximately the same level as before the pandemic struck Norway. After summer, increased vaccination and relief of the Corona restrictions have contributed to a further improvement in economic activity, and the GNP growth for inland Norway has now been estimated at 3.6 percent in 2021. In Sweden, the economy has continued to improve, and the estimate is now a growth of 4.7 percent in 2021.

It is expected that the economic growth will increase significantly in 2022. There is, however, still uncertainty related to the further development in the economy in both Norway and internationally, and the Corona situation continues to be unpredictable. More restrictions and consequent lockdowns can once more slow down the economic recovery both in Norway and other countries. The Corona pandemic has also resulted in challenges in the global distribution chains, with delays and congestion in the networks including harbours, container ships and lorries. This is expected to increase towards Christmas and can affect Posten in terms of shortage of goods and delays in deliveries to businesses, in addition to undercapacity in the European driver market.

As expected, the mail volumes have developed negatively, but lower operating costs have compensated for the volume fall, and the results in the Mail segment have developed positively. There are, nevertheless, limited possibilities for additional structural and operational adjustments to the mail services in the time to come, and the combination of volume falls and non-existent possibilities for adjustment are expected to challenge profitability in the segment in the years to come.

The economic trends are normally an important indicator of the development in the Logistics segment. The Corona pandemic and related lockdowns of society have, however, at times contributed to parcel volumes on the same level as Black Week and Christmas. The growth in e-commerce and home deliveries has gradually normalised in line with the reopening. The volume development in the time to come is expected to be back at pre-pandemic growth rates. The corporate market has also had a positive growth so far this year. More cost-effective operations have resulted in a considerable improvement of profitability in the Logistics segment, and this is expected to continue.

Investments in upgrading the network are made on a continuous basis to meet the expectations of further growth. The launch of the wholly integrated warehouse solution "Shelfless" was carried out according to plan, and the first fully automated warehouse at Berger outside Oslo opened in July. A new Shelfless warehouse in Stockholm is under construction. Investments are also made in more sustainable and innovative services to give larger freedom of choice for the customers and to strengthen the competitive power in the time to come.



Financial Report



3rd quarter 2021
Posten Norge

Condensed income statement

Q3 2021	Q3 2020		Note	YTD 2021	YTD 2020	Year 2020
5 913	5 588	Revenue	1	17 939	17 381	23 996
2 583	2 317	Costs of goods and services		7 476	7 292	9 937
1 917	1 858	Payroll expenses		6 265	6 249	8 523
308	360	Depreciation and amortisation	2,3	914	1 102	1 463
	(5)	Write-downs	2,3	3	53	169
703	622	Other operating expenses		2 073	1 922	2 650
5 511	5 152	Operating expenses		16 732	16 617	22 742
	(29)	Other income and (expenses)	5	14	77	119
	103	Share of profit from associated companies		1	111	112
402	510	Operating profit	1	1 222	952	1 485
(54)	(21)	Net financial items		(79)	(116)	(141)
348	489	Profit before tax		1 144	836	1 344
106	94	Tax expense		280	167	221
242	396	Profit after tax		863	670	1 123
239	393	Controlling interests		857	663	1 119
3	2	Non-controlling interests		6	7	4

Condensed statement of comprehensive income

Q3 2021	Q3 2020		YTD 2021	YTD 2020	Year 2020
242	396	Profit after tax	863	670	1 123
		Pension remeasurement			(61)
		Items that will not be reclassified to income statement			(61)
(7)	(50)	Translation differences	(64)	107	63
2	(5)	Hedging of net investment	20	(50)	(46)
(5)	(55)	Total translation differences	(44)	57	17
1		Cash flow hedging	3	(6)	(5)
(4)	(55)	Items that will be reclassified to income statement	(41)	51	12
(4)	(55)	Other comprehensive income	(41)	51	(50)
238	341	Total comprehensive income	823	721	1 073
		Total comprehensive income is distributed as follows:			
235	338	Controlling interests	817	714	1 069
3	2	Non-controlling interests	6	7	4

Condensed balance sheet

	Note	30.09 2021	31.12 2020
ASSETS			
Intangible assets	2	1 850	1 823
Deferred tax asset		210	282
Tangible fixed assets	2	5 572	5 409
Right-of-use assets	3	2 831	2 854
Other financial assets	6	285	275
Non-current assets		10 748	10 644
Interest-free current receivables		3 256	3 067
Interest-bearing current receivables	6	83	125
Liquid assets	6	3 586	4 633
Current assets		6 925	7 826
Assets held for sale	7	1 245	1 173
Assets		18 917	19 643
EQUITY AND LIABILITIES			
Share capital		3 120	3 120
Other equity ¹⁾		3 991	4 237
Non-controlling interests		15	9
Equity		7 125	7 367
Provisions for liabilities		800	797
Non-current lease liabilities		2 461	2 515
Interest-bearing non-current liabilities	4, 6	673	1 108
Interest-free non-current liabilities	6	5	16
Non-current liabilities		3 140	3 639
Current lease liabilities		638	625
Interest-bearing current liabilities	4, 6	1 945	1 411
Interest-free current liabilities	6	3 833	4 420
Tax payable		268	210
Current liabilities		6 684	6 667
Liabilities held for sale	7	1 168	1 174
Equity and liabilities		18 917	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					857	857	6	863	
Other comprehensive result			3	(44)		(41)		(41)	
Total comprehensive result			3	(44)	857	817	6	823	
Dividend					(1 060)	(1 060)	(2)	(1 062)	
Other changes in equity					(3)	(3)	1	(2)	
Equity 30.09.2021	3 120	992	(3)	239	2 763	3 991	15	7 125	

	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 September 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 the third quarter 2021.

Condensed statement of cash flows

Q3 2021	Q3 2020		YTD 2021	YTD 2020	Year 2020
348	489	Profit before tax	1 144	836	1 344
(7)	(71)	Tax paid in period	(194)	(134)	(165)
(10)	2	(Gain)/loss from sales of tangible fixed assets	(17)	(9)	(73)
308	355	Ordinary depreciation and write-downs	917	1 155	1 632
	(103)	Share of profit from associated companies	(1)	(111)	(112)
51	16	Financial items without cash flow effect	94	52	57
(80)		Changes in receivables and payables	(207)	(148)	30
(153)	274	Changes in other working capital	(434)	236	278
(4)	(40)	Changes in other accruals	(43)	(224)	(280)
14	39	Interest received	48	81	105
(42)	(51)	Interest paid	(137)	(164)	(209)
425	912	Cash flows from operating activities	1 171	1 571	2 607
(290)	(136)	Investments in non-current assets	(720)	(430)	(700)
(16)	(13)	Cash-effect from purchase of businesses	(44)	(47)	(97)
6	33	Proceeds from sales of non-current assets	74	87	133
29	(5)	Cash-effect from sale of businesses	29	(73)	28
	323	Cash-effect from sale of associated companies		364	364
(5)	6	Changes in other financial non-current assets	(2)	(5)	(27)
(276)	209	Cash flows used in investing activities	(664)	(105)	(299)
(212)	(207)	Payment of lease liabilities	(628)	(636)	(851)
950	100	Proceeds from non-current and current debt raised	1 050	100	
(1 000)	(573)	Repayment of borrowings	(1 056)	(623)	(779)
131		Decrease/increase in bank overdraft	131		
(1 060)		Dividends paid	(1 060)		
(1 190)	(681)	Cash flows used in financing activities	(1 562)	(1 160)	(1 630)
(1 041)	440	Change in liquid assets	(1 055)	306	677
4 650	3 845	Liquid assets at the beginning of the period	4 680	3 912	3 912
(9)	20	Currency differences ¹⁾	(25)	88	91
3 600	4 305	Liquid assets at the end of the period incl. held for sale	3 600	4 305	4 680
(14)		Liquid assets classified as held for sale	(14)		(47)
3 586	4 305	Liquid assets at the end of the period	3 586	4 305	4 633

1) Currency differences are presented on a separate line and numbers from Q3 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 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 2020 annual report.

Revenue per segment

Q3 2021	Q3 2020	Revenue	YTD 2021	YTD 2020	Year 2020
4 772	4 428	External revenue	14 185	13 276	18 354
70	52	Internal revenue	203	157	216
4 842	4 480	Logistics	14 388	13 433	18 571
1 141	1 160	External revenue	3 753	4 106	5 641
101	91	Internal revenue	332	274	400
1 242	1 252	Mail	4 085	4 379	6 041
369	331	Internal revenue	1 115	998	1 295
369	331	Other	1 115	998	1 295
(539)	(474)	Eliminations	(1 650)	(1 429)	(1 911)
5 913	5 588	Group	17 939	17 381	23 996

Revenue categories (external revenue)

Q3 2021	Q3 2020	Deliveries over time*	YTD 2021	YTD 2020	Year 2020
2 258	2 274	Parcels and freight	7 005	6 324	8 938
2 514	2 153	Other logistics business	7 180	6 952	9 416
4 772	4 428	Logistics	14 185	13 276	18 354
1 011	1 134	Mail and banking services	3 361	3 711	5 117
130	26	Government procurements	393	395	523
1 141	1 160	Mail	3 753	4 106	5 641
		Other			
5 913	5 588	External revenue	17 939	17 381	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

Q3 2021	Q3 2020		YTD 2021	YTD 2020	Year 2020
		Operating profit before depreciation (EBITDA)			
572	689	Logistics	1 703	1 518	2 316
162	88	Mail	466	433	710
(24)	16	Other	(44)	(30)	(137)
710	792	Group	2 125	1 920	2 886

Q3 2021	Q3 2020		YTD 2021	YTD 2020	Year 2020
		Adjusted operating profit			
366	425	Logistics	1 089	732	1 268
63	(3)	Mail	186	139	326
(26)	9	Other	(64)	(53)	(170)
402	431	Group	1 211	818	1 423

Q3 2021	Q3 2020		YTD 2021	YTD 2020	Year 2020
		Operating profit (EBIT)			
366	538	Logistics	1 102	839	1 285
63	(37)	Mail	185	186	371
(26)	9	Other	(64)	(73)	(170)
402	510	Group	1 222	952	1 485

Investments per segment

	YTD 2021	YTD 2020	Year 2020
Investments			
Logistics	617	338	552
Mail	103	91	146
Other		1	3
Group	720	430	700

Note 2 Intangible assets and tangible fixed assets

	Intangible assets	Tangible assets
Carrying amount 01.01.2021	1 823	5 409
Additions	122	598
Disposals		(71)
Disposals from sales of subsidiaries		(26)
Cost price adjustments/scraping		(2)
Depreciation	(80)	(325)
Write-downs		(3)
Translation differences	(16)	(8)
Carrying amount 30.09.2021	1 850	5 572

Investments in owned assets in the year to date amounted to MNOK 720, of which investments in IT-related solutions were MNOK 122. Approximately MNOK 237 of the MNOK 598 invested in tangible fixed assets related to buildings and property, and the rest mainly comprised terminal equipment, vehicles and other operating equipment. MNOK 617 of total investments concerned the Logistics segment.

Note 3 Leases

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

	30.09 2021	31.12 2020
Right-of-use assets	2 831	2 854
Non-current lease liabilities	2 461	2 515
Current lease liabilities	638	625
Lease liabilities	3 099	3 140

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

Q3 2021	Q3 2020		YTD 2021	YTD 2020	Year 2020
173	208	Depreciation	510	636	842
	(5)	Write-downs		8	12
29	31	Interest expense on lease liabilities	90	100	132

Note 4 Interest-bearing non-current and current liabilities

The Group's interest-bearing liabilities include:

	30.09 2021	31.12 2020
Bond loans		350
Liabilities to credit institutions	674	758
Interest-bearing non-current liabilities	674	1 108
First year's instalment on non-current liabilities	111	111
Bond loans	350	1 000
Certificate loans	1 350	300
Other current liabilities	134	
Interest-bearing current liabilities	1 945	1 411

In September 2021, the bond loan of MNOK 350 due in one year was reclassified to current interest-bearing liabilities. The bond loan of MNOK 1 000 was repaid in September 2021. In addition, net new certificate loans of MNOK 1 050 were raised in the first three quarters of the year.

The increase in current interest-bearing liabilities was due to the reclassification of the bond loan of MNOK 350 from non-current and utilisation of the bank overdraft in the group account scheme of MNOK 131.

As at 30 September 2021, none of the Group's other overdraft facilities had been used. The average interest rate on Posten's outstanding interest-bearing liabilities was 1,07 percent as at 30 September 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.

Q3 2021	Q3 2020		YTD 2021	YTD 2020	Year 2020
	(29)	Restructuring costs(-)	14	76	76
		Gain/(loss) from sale of fixed assets			54
		Other income/(expenses)			(11)
	(29)	Other income and (expenses)	14	77	119

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

The restructuring costs in the third quarter 2020 concerned the closure of several post offices before the change-over to Post in Shops. In 2020, a provision (cost reduction) for reduced distribution frequency of MNOK 106 was reversed, partly counterbalanced by restructuring costs related to the closure of several post offices in the third quarter 2020.

Gain from the sale of fixed assets in 2020 mainly concerned the sale of Bring Freight Forwarding AB and operations in Bring Åkeri AB. Other income and expenses in 2020 basically related to costs connected with the preparation for the sale of Bring Frigo Sverige (note 7).

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 September 2021:

	Level	At fair value (FV)			At amortised cost		30.09.2021
		Fair value over profit or loss*	Derivatives at fair value over profit or loss	Derivatives at fair value over OCI	Receivables	Other financial liabilities	
Assets							
Interest-bearing non-current receivables					53		53
Other financial non-current assets	1, 2	90	97	0	17		203
Interest-free current receivables	2			5	3 250		3 256
Interest-bearing current receivables					83		83
Liquid assets					3 586		3 586
Financial assets							7 180
Liabilities							
Non-current lease liabilities						2 461	2 461
Interest-bearing non-current liabilities	2	396				278	674
Interest-free non-current liabilities	2		1	3		2	5
Current lease liabilities						638	638
Interest-bearing current liabilities						1 945	1 945
Interest-free current liabilities, incl. tax payable	2			2		4 099	4 101
Financial liabilities							9 824
Total value hierarchy level 1 (net)		2					35
Total value hierarchy level 2 (net)		(307)	96	1			(244)
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	Derivatives at fair value over OCI	Receivables	
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
Interest-bearing non-current liabilities	2	424				683
Interest-free non-current liabilities	2		2	11		2
Current lease liabilities						625
Interest-bearing current liabilities						1 411
Interest-free current liabilities, incl. tax payable	2		3	7		4 620
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 three quarters of 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.

A bid was received March 2021, and on 29 March 2021, a sales agreement was made between Posten Norge AS and AURELIUS Development TwentyNine GmbH. 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.

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. It is expected that the sale will be carried out in the fourth quarter 2021.

No loss has 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 revenues of approximately 2.4 billion Swedish kroner.

	30.09 2021	31.12 2020
ASSETS CLASSIFIED AS HELD FOR SALE		
Non-current assets	804	704
Current assets	442	468
Held for sale assets	1 245	1 173
LIABILITIES CLASSIFIED AS HELD FOR SALE		
Provisions for liabilities	251	259
Non-current liabilities	441	459
Current liabilities	477	457
Held for sale liabilities	1 168	1 174

Tangible fixed assets in Bring Frigo SE were not depreciated in the first three quarters of 2021 as the subgroup was classified as held for sale in the accounts. This constituted approximately MNOK 131 in reduced depreciation as per the third quarter 2021.

As at 30 September 2021, accumulated positive translation differences and hedging reserves recognised in equity related to business held for sale totalled MNOK 62.

Note 8 Events after the reporting period

“Events after the reporting period” are the events, both favourable and unfavourable, that take place between the end of the reporting period and the date the financial statements are approved for publication.

Events concerning matters after the reporting period

Acquisition of business

In the middle of October 2021, the Group signed an agreement for the acquisition of 75 percent of the shares in the company DreamLogistics with subsidiaries. The purchase amount for the shares is approximately MSEK 210. According to a preliminary purchase price allocation, the purchase amount will primarily be allocated to goodwill.

DreamLogistics is a logtech business specialising in automated warehouse solutions linking IT and logistics. DreamLogistics has 350 employees and revenues of more than MSEK 300.

Note 9 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 one and a half years and has probably caused permanent changes 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 reopening of society. The corporate market is also growing after a temporary recession due to the Corona pandemic. As expected, 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 third quarter 2021.

There is still uncertainty related to the consequences of the Corona pandemic, and the financial consequences are closely followed up by the Group.

No impairment indications for non-financial assets have been identified in the first three quarters of 2021.

Alternative Performance Measures



3rd quarter 2021
Posten Norge

Alternative Performance Measures

3rd 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)	17 939	17 381	23 996
- Revenue (last year)	17 381	17 721	24 212
= Nominal change in revenue	557	(340)	(216)

	YTD 2021	YTD 2020	Year 2020
+ Nominal change in revenue	557	(340)	(216)
+/- Impact of exchange rates	154	(378)	(516)
+/- Acquisitions of companies			(0)
+/- Sale of companies*	247	645	868
+/- Change in government procurements	(30)	6	96
= Organic change in revenue	929	(68)	232

*Adjustment of revenue for sold business

	YTD 2021	YTD 2020	Year 2020
+ Organic change in revenue	929	(68)	232
/ Adjusted revenue*	17 134	17 008	23 575
= Organic growth	5,4 %	(0,4 %)	1,0 %

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

Alternative Performance Measures

3rd 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	17 939	17 381	23 996
- Costs of goods and services	7 476	7 292	9 937
- Payroll expenses	6 265	6 249	8 523
- Other operating expenses	2 073	1 922	2 650
= EBITDA	2 125	1 920	2 886

	YTD 2021	YTD 2020	Year 2020
+ EBITDA	2 125	1 920	2 886
- Depreciation	914	1 102	1 463
= Adjusted operating profit	1 211	818	1 423

	YTD 2021	YTD 2020	Year 2020
+ Adjusted operating profit	1 211	818	1 423
/ Revenue	17 939	17 381	23 996
= Adjusted profit margin	6,7 %	4,7 %	5,9 %

	YTD 2021	YTD 2020	Year 2020
+ Adjusted operating profit	1 211	818	1 423
- Write-downs	3	53	169
+/- Other income and (expenses)	14	77	119
+ Share of profit or loss from associated companies	1	111	112
= EBIT	1 222	952	1 485

	YTD 2021	YTD 2020	Year 2020
+ EBIT	1 222	952	1 485
/ Revenue	17 939	17 381	23 996
= EBIT margin	6,8 %	5,5 %	6,2 %

Alternative Performance Measures

3rd 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.

	30.09 2021	30.09 2021*	30.09 2020	31.12 2020
+ Interest-bearing non-current liabilities	3 135	686	4 167	3 623
+ Interest-bearing current liabilities	2 583	1 947	2 359	2 037
- Commercial financial investments	3 512	3 512	3 447	3 468
- Cash	4	4	18	16
- Bank deposits corporate cash-pool account			708	1 091
- Bank deposits	69	69	131	59
= Net interest-bearing debt/(receivables)	2 132	(953)	2 222	1 027

* Not including IFRS 16 effects

	30.09 2021	30.09 2021*	30.09 2020	31.12 2020
+ Net interest-bearing debt/(receivables)	2 132	(953)	2 222	1 027
/ Equity on the balance sheet date	7 125	7 114	7 075	7 367
= Debt/equity ratio	0,3	(0,1)	0,3	0,1

* Not including IFRS 16 effects

	30.09 2021	30.09 2021*	30.09 2020	31.12 2020
+ Net interest-bearing debt/(receivables)	2 132	(953)	2 222	1 027
/ EBITDA last twelve months	3 091	2 177	2 593	2 886
= Net interest-bearing debt/(receivables)/EBITDA	0,7	(0,4)	0,9	0,4

* Not including IFRS 16 effects

	30.09 2021	30.09 2020	31.12 2020
+ Commercial financial investments	3 512	3 447	3 468
+ Syndicate facility	2 846	3 108	2 932
- Certificate loans	1 350	500	300
= Non-current liquidity reserve	5 008	6 055	6 100

	30.09 2021	30.09 2020	31.12 2020
+ Non-current liquidity reserve	5 008	6 055	6 100
+/- Deposits on group account		705	1 091
+/- Deposits outside group account	69	116	59
+ Bank overdraft not utilised	369	500	500
= Current liquidity reserve	5 447	7 377	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:

	30.09 2021	30.09 2020	31.12 2020
+ Intangible assets	1 860	1 947	1 921
+ Tangible fixed assets	8 428	9 281	9 112
+ Current assets	7 546	7 826	7 873
- Total liquid assets	4 223	3 947	4 087
- Interest-bearing current assets	100	73	87
- Interest-free current liabilities	4 456	4 686	4 755
+ Tax payable	194	121	129
+ Dividends and group contributions	80	(1)	(1)
= Invested capital	9 328	10 469	10 106

*Last twelve months

	30.09 2021	30.09 2020	31.12 2020
+ Last 12 months' accumulated adjusted operating profit	1 815	1 096	1 423
/ Invested capital	9 328	10 469	10 106
= Return on invested capital (ROIC)	19,5 %	10,5 %	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	720	473	752
- Investments due to acquisitions		42	52
= Investments before acquisitions	720	430	700

	30.09 2021	30.09 2020	31.12 2020
+ Profit after tax last 12 months	1 316	878	1 123
/ Average equity on balance sheet date*	7 100	6 607	6 865
= Return on equity after tax (ROE)	18,5 %	13,3 %	16,4 %

*(OB+CB)/2

	30.09 2021	30.09 2020	31.12 2020
+ Equity on balance sheet date	7 125	7 075	7 367
/ Equity and liabilities (total capital)	18 917	19 395	19 643
= Equity ratio	37,7 %	36,5 %	37,5 %