posten

At the forefront of the future

Annual and sustainability report 2020

Posten Norway

In this report you can read about how we have created results and opportunities for people, the environment and society – through an unprecedented 2020.

Key figures	**2020**	2019	2018	2017	2016	2015
Operating revenues NOK million	**23 996**	24 212	23 894	24 678	24 772	25 074
Adjusted earnings (EBIT) NOK million	**1 423**	808	531	703	645	686
Adjusted operating margin percentage	**5.9%**	3.3%	2.2%	2.8%	2.6%	2.7%
Operating profit/loss (EBIT) NOK million	**1 485**	162	415	692	178	239
Profit before tax NOK million	**1 344**	21	366	621	230	151
Return on invested capital (ROIC) [1)] in %	**14.1%**	7.4%	7.3%	9.8%	9.0%	9.9%
Cash flow from operating activities	**2 607**	2 143	598	592	945	1 213
Equity [2]	**7 367**	6 363	6 481	6 375	5 912	5 926
Total assets [2]	**19 643**	19 867	16 071	16 962	15 299	16 097
Return on equity after tax (ROE), in %	**16.4%**	0.2%	3.9%	6.3%	0.7%	-1.0%
Equity to assets ratio in %	**37.5%**	32.0%	40.3%	37.6%	38.6%	36.8%
Debt ratio	**0.1**	0.6	0.0	0.0	0.1	0.0
Sickness absencein %	**6.0%**	5.9%	6.0%	5.9%	6.0%	6.1%
H2 injuries [3] rate	**7.0**	7.8	8.7	6.5	7.7	9.6
Registered near-accidents	**26 122**	33 273	33 126	38 552	42 879	41 756
CO_2-emissions (grammes) **per NOK earned**	**12.2**	13.9	14.4	14.6	15.6	18.8
Renewable energy sources in vehicles [4]	**1 577**	1 451	1 242	1 593	1 904	1 413
Parcels quantity in thousands [5]	**77 838**	59 945	53 649	50 586	51 198	48 194
Letters quantity addressed in thousands	**438 148**	542 793	602 764	685 454	763 103	857 743

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

[1] Calculated based on adjusted operating profit.
[2] The figures have been taken from published financial statements. The figures have not been restated in relation to changes to policies or other changes that have been made.
[3] The rate of work-related injuries per million working hours.
[4] See page 32
[5] Parcels to the private and business market in the Nordic region.

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01

About us

We shall be our customers' first choice by providing the best experience, delivered by the most committed and competent employees.

Extraordinary efforts in an extraordinary year

2020 has been a year characterised by the pandemic and the closure of society. Thanks to the fantastic efforts of the entire organisation, we have handled an extraordinary year in a good and proactive way for our customers, society and ourselves.

Our contingency plans were in place when Norway was shut down on 12 March 2020. This meant that we could mobilise quickly, and that our customers, partners and employees were informed about what to expect from us and the guidelines in force at an early stage.

I would say that so far we have handled the crisis in a good and proactive way. First and foremost, I am proud of how we have managed to ensure infection control while maintaining operations and high delivery quality. The internal mobilisation meant that we achieved a great deal in a short time, including contactless signing for collection and home delivery, and delivering groceries to the door all over the country in collaboration with Coop. By adapting to new needs quickly and smoothly, we have demonstrated our ever-growing ability to innovate in practice. We have always been aware of our important role in society, and this has gained renewed relevance and become even more visible during the corona pandemic.

A record adjusted operating profit of NOK 1 423 million has been achieved by an organisation running in high gear. Mail and goods deliveries are important social functions, and the demand for our services has increased sharply in the last year. E-commerce took off in earnest and in the Nordic region it has led to a 48% increase in parcel deliveries.

We have introduced new innovations, including the launch of unattended parcel boxes, the AMOI platform service and Urban Home Delivery with green, fast deliveries in major cities. We have also invested in new ventures. At the beginning of 2021, the Group was several years ahead of previous volume forecasts for the logistics segment.

Growth in e-commerce is expected to continue and the Group is increasing its capacity to handle larger volumes.

The largest restructuring in the Group's history was completed in 2020, with the transition to letter distribution every other day. The new Nordic parcel network that was established has given customers improved service and flexibility and now consists of approximately 7 000 distribution points in the Nordic region. We have sold the transport company Bring Freight Forwarding in Sweden. We have also chosen to cease operations in the Slovak company Bring Trucking and instead purchase transport capacity in the international market.

While we have moved at a breakneck pace in terms of both development and delivery speed, customers are more satisfied than ever. It makes me genuinely happy. We have strengthened our market positions in the Nordic region, and Posten's reputation is among the top 10 in Norway. The annual organisational survey indicated that employees are also satisfied even though the corona pandemic has affected their work situation. As a thank you for extra efforts in a demanding time, employees received an acknowledgement of NOK 5 000 before Christmas.

We have launched a new strategy leading up to 2023 and a new, ambitious target vision. The strategy sets a clear direction for our focus in the coming period. In short, we will continue to develop new, sustainable and innovative services that make us the customer's first choice, and we will adapt our operations and network to the market. This means that we will deliver the best customer experience and the industry's most attractive service portfolio, we will focus even more on technology and innovation, and through responsible value creation we will be the green choice.

For us, sustainability is about turning today's challenges into tomorrow's opportunities - for the world and for us. Every day, close to 13 000 employees contribute to creating long-term value for the environment, people and our own business. This creates competitiveness, dedication and internal pride. For a number of years, we have been at the forefront of electrifying the Norwegian transport industry by testing and using more environmentally friendly vehicles. Our goal for 2020 was for 24% of vehicles in the car fleet to be powered by renewable energy. I am very pleased that we exceeded that goal, achieving 26%.

Alliances and partnerships in sustainability are crucial in achieving the big picture goals. Among other things, it is important to make the necessary framework conditions visible. We have done this in dialogue with stakeholders in individual cases such as biofuel taxes, and in a larger context where several players in the business community work together. We are a member of Nordic CEOs and Skift. The latter consists of the most ambitious companies in Norway with regard to the climate, and I have the pleasure of sitting on the board. We have also been present with active participation during the Zero Conference.

The amazing work put in by the whole organisation is why we succeed in an extraordinary year: Our front line, with the drivers, postal delivery staff and employees at the collection points who went to “war” against an invisible opponent, with face masks, antibac and Plexiglas as their weapons. The terminal workers who handled record volumes week after week, those who dedicated themselves to launching new services, all those who have been working from home for a whole year, with all the issues this involves. We are part of the backbone of the infrastructure in the Nordic region, which is a region with many nooks and crannies, from north to south and east to west. I think this creates internal pride and makes us want to perform even better.

I would like to extend a big thank you to all our customers, partners and subcontractors who have trusted in us during this unprecedented year. And an equally big thank you to all our employees who have made an extraordinary effort while also dealing with the pandemic in an impressive way. Together we have proven that we take responsibility, are a team player and want to achieve more!

Posten Norge is a Nordic mail and logistics group. Our vision is "We make everyday life simpler and the world smaller".

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

No one knows Norway better

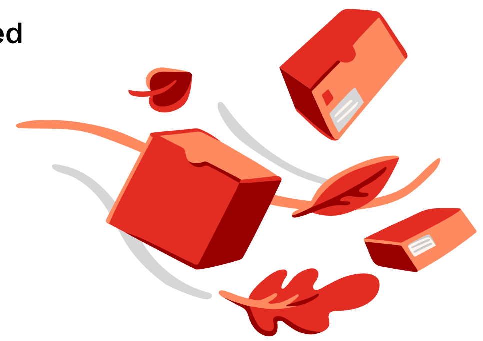
Bring is our service for the Nordic market
Bring provides solutions for corporate customers in the Nordic market and for private customers outside Norway.

Finding New Ways

In 2020, Posten was named

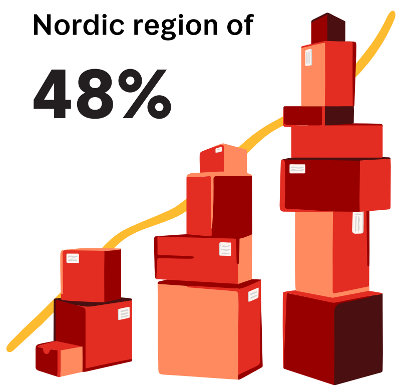
the most sustainable brand in our industry

in the Sustainable Brand Index



We have seen an increase in e-commerce in the Nordic region of

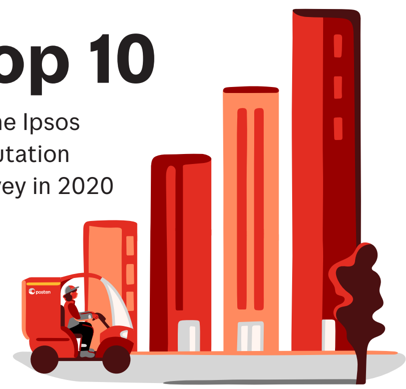
48%



...and customers put us in the

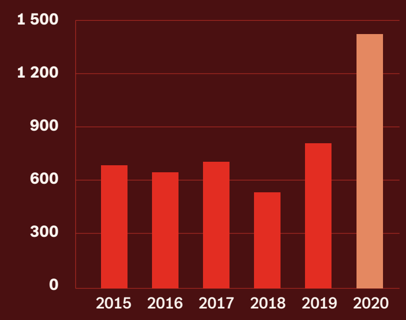
top 10

in the Ipsos reputation survey in 2020



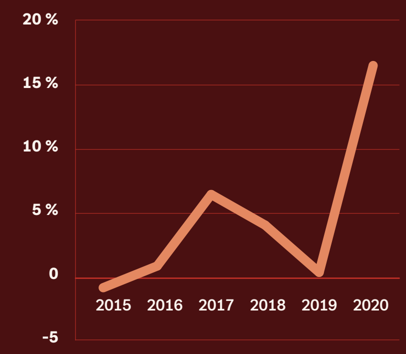
Adjusted operating profit

1 423 million



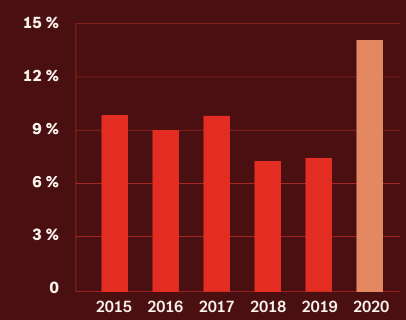
Return on equity after tax (ROE)

16.4%



Return on invested capital (ROIC)

14.1%



Finland: **41**
Sweden: **1 632**
Denmark: **260**
Norway: **10 597**

31% women

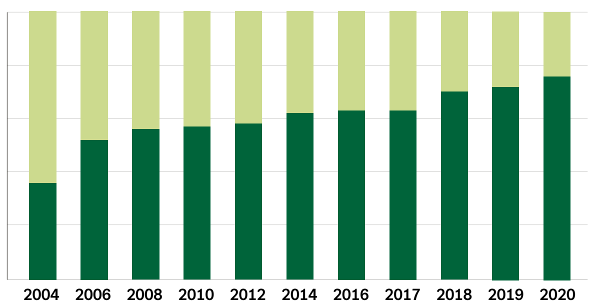
69% men

The proportion of turnover outside of Norway is

38%

Revenue by segment

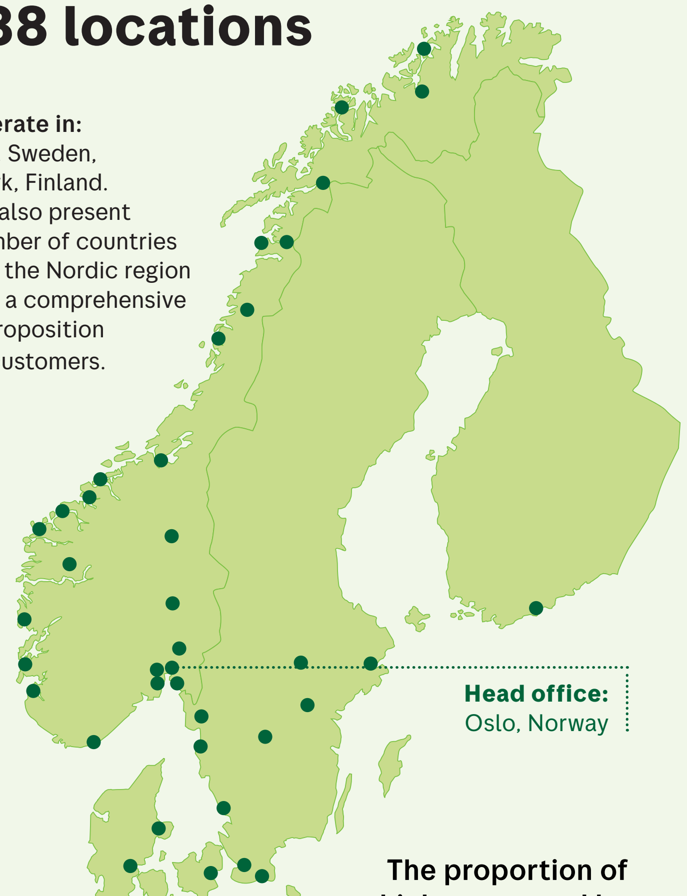
Mail: **24%**
Logistics: **76%**



The Nordic region is our home market and we have terminals

in 38 locations

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



The proportion of vehicles powered by renewable energy sources is

26%

Our parcel network now consists of over

7 000

distribution points in the Nordic region

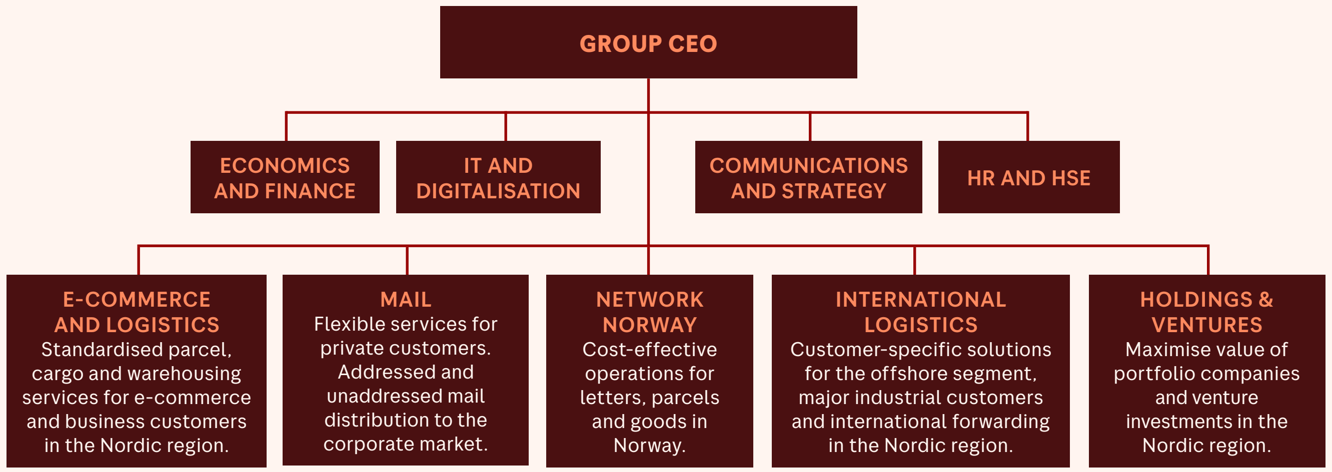
Posten Norge is organised as four divisions, a portfolio management unit and four corporate staff units.

Posten Norge AS is a limited liability company wholly-owned by the Norwegian government and is the parent company of the Group. The responsibility for managing the Government ownership lies with the Norwegian Ministry of Industry and Fisheries, where its ownership is based on business purposes. The Group is measured on the highest possible return over time. Furthermore, it is essential for the state that there is a provider that can meet society's need for nationwide postal services. Delivery of postal services is regulated by the Norwegian Postal Services Act, which lies under the Ministry of Transport and Communications.

The divisions are central units in the management and development of the Group. They have developed business strategies that support the Group's strategy. The divisions are responsible for developing and delivering services with the associated service and quality. Corporate staff members are professional driving forces who challenge and support business strategies. The corporate staff units have in particular been tasked with contributing to interaction and cooperation across the Group and with developing policies and best practice. Certain professional functions are centralised at a corporate level and provide services to the divisions and business areas.

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

Organisation chart



Tone Wille
Born: 1963

GROUP CEO
since October 2016
Previous positions: Director Economy and Finance (CFO)/IT Posten Norge AS, Director Finance and Corporate Governance Mail Division of Posten Norge AS, various managerial positions at Norfund, Elkem, GE Energy (Norway) and the Kværner Group
Education: Master of Economics and Business Administration
Offices held: Board Member Employers' Association Spekter and Skift

Irene Egset
Born: 1966

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

Morten Stødle
Born: 1962

DIGITALISATION AND IT
since October 2016
Previous positions: CIO Dyno Nobel AS, Vice President ABB Offshore Systems, CIO Umoe Oil and Gas, various IT Manager and Project Manager positions at Aker Engineering and Norwegian Petroleum Consultants
Education: Marketer
Offices held: Board Member Vestre Viken Hospital Trust

Alexandra Saab Bjertnæs
Born: 1971

COMMUNICATIONS AND STRATEGY
since June 2017
Previous positions: Director of Sales, Marketing and Customer Service Network Norway at Posten Norge AS, various managerial positions in sales and strategy at Posten Norge AS, and at Preco AS and Accenture
Education: Master of Business Administration
Offices held: Member of the Directorate The Polytechnic Society, Board Member The Polytechnic Society, Deputy Member AbsoluteSkills AS

Nina Christin Yttervik
Born: 1968

HR AND HSE
since March 2020
Previous positions: Director People & Organisation Snøhetta, Vice President HR Circle K Europe, Organisational Director Aftenposten, Senior Vice President HR BW Offshore, Head of Human Resources Enitel, HR Consultant Tine, Head of Office Norwegian Defence Materiel Agency
Education: Lawyer
Offices held: Board Member Digital Norway

Per Öhagen
Born: 1971

E-COMMERCE AND LOGISTICS
since January 2018
Previous positions: Global Director Hillebrand Group, CEO Lagena Distribution, CEO Sona Consulting AB, Supply Chain Manager Apoteket AB
Education: Master of Industrial Engineering and Business Logistics
Offices held: Chairman of the Board Öhagen Affärsutveckling AB

Christian Brandt
Born: 1964

MAIL
since October 2019
Previous positions: DSVP Sales & Business Development, Vice President Buis. Improvement, VP Supply Chain Development, various managerial positions within logistics and corporate development over 12 years at Prior Norway
Education: Master of Economics and Business Administration
Offices held: Member Advisory Board Mobility Lab Startup Lab

Hans-Øyvind Ryen
Born: 1975

NETWORK NORWAY
since August 2020
Previous positions: Director Operations Oslo, Akershus, Østfold, Regional Director Productions in South and West, Terminal Manager Drammen
Education: Degree in Economics

Erik Roth
Born: 1975

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

Thomas Tscherning
Born: 1961

HOLDINGS & VENTURES
since October 2019
Previous positions: Chief Executive Nordic Logistics Posten Norge AS, Manager for Parcel and Express Operations Nordic Logistics Division, Managing Director Box Delivery
Education: Education: Degree in Economics
Offices held: Chair of the Board Inzile AB

Our vision is to make a difference in people's everyday lives. Here are the most important events of 2020.

The corona pandemic: Rapid mobilisation

Posten and Bring are part of the national emergency preparedness system in Norway and Sweden. We have an important role in ensuring the transport and distribution of medicines, food and other critical goods to the population.

During the pandemic, the Group's priority has been to safeguard life and health. We mobilised quickly when Norway and Denmark shut down and introduced strict infection control measures in line with the authorities' recommendations at an early stage. Emergency preparedness and crisis management were quickly established and the organisation mobilised to make an extra effort. This has contributed to us maintaining stable and good operations during the pandemic, despite the fact that e-commerce has accelerated and led to a sharp increase in parcel volumes.

Our 12 919 employees have given their all throughout the unprecedented year 2020 and contributed to the supply chains for mail and goods functioning well in a time of crisis.

Simpler everyday life

In 2020, we launched a number of new services in the Nordic region.

Easily accessible distribution points are important to our customers. We have established our own distribution network in Sweden with 1 700 locations, in addition to 1 300 new points in Denmark.

We were the first to test parcel boxes in Denmark and have now also launched the service in Norway. In 2020, we installed 191 parcel boxes at 58 locations. The goal is to place 3 000 parcel boxes at 1 000 locations in Norway by 2021.

We launched AMOI, which is an online marketplace. You can order items from multiple stores and have them delivered together to your home on the same day. So far the service has been launched in Oslo, Asker and Stockholm.

With Urban Home Delivery, we want to make home delivery easier. The recipient controls the delivery and can make changes along the way. The service has been launched in Norway, Sweden and Denmark.

During the corona pandemic, we have developed and adapted several services to ensure the best possible infection control for our customers. Two examples are signature-free delivery and home delivery of food in collaboration with Coop.

Posten's CEO Tone Wille (centre) together with political adviser Inga Borud of Hamar Municipality and district manager Per Jakobsen during the opening of the new logistics centre in Hamar.

New, modern terminals with environmental solutions

We are constantly working to improve our terminal structure so that we can meet the strong growth in e-commerce.

We opened several new terminals in 2020:
In May, we moved into a new and greener logistics centre in Greve (Denmark). We have also opened new centres in Taulov (Denmark), Vestberga (Sweden) and Hamar (Norway). Common to all our new terminals is that the environment and climate are in focus in the design.

...and started the construction of Northern Norway's largest
Modern and sustainable solutions will also play a central role in the new facility in Tromsø. The facility will be part of our network for letter, parcel and goods handling. The construction of Northern Norway's largest logistics centre started in 2020, and will be operational by the end of 2021.

Parcel record in the Nordic region

We handled over half a million parcels each day in the Nordic region in connection with Black Friday.

Parcels from online shopping increased by some 48% in 2020.

Innovation and sustainability awards

This year, as last year, we ended up on the podium in the selection of Norway's most innovative companies in 2020, this time in second place. A professional jury headed by the magazine "InnoMag" is behind the award. Posten was also named the most sustainable brand in our industry in the Sustainable Brand Index in Norway. In Sweden, Bring is the brand that climbed the most, and is now in fourth place in our industry. We are also in the top ten in PwC's Climate Index 2020 and Deloitte's analysis of sustainability reports.

Rocket of the year in the reputation survey

Both Posten and Bring make a big leap in the Ipsos reputation survey, and each was named "rocket of the year" by the analysis company. Posten came in at 10th place - 11 places above last year's result. Bring sailed into 20th place, 15 places higher than last year. The results show that we have succeeded in developing and renewing Posten and Bring to meet new customer needs. We are very proud!

Mail every other day

On 1 July 2020, we switched to delivery of mail every other day. The transition has been successful, and is the biggest restructuring in Posten's history.

More "Beloved cities"

"Beloved city" is a collaborative project where electric vehicles carry parcels and goods to customers in the city centre, and carry waste back with them. The goal is reduced emissions, noise and traffic - and a better environment. In 2020, the concept was rolled out in Trondheim, which became the fourth "Beloved city" in the Nordic region.

Andreas Enger
Born: 1962

CHAIR OF THE BOARD
since 2019

CEO Höegh Autoliners

Education: Civil Engineer in Technical Cybernetics and MBA.

Offices held: Board Member of companies in the Höegh Group.

Previous experience: Nordic Head of Strategy and Innovation Deloitte, CEO and Executive Chair Peterson AS. Chair/Board Member Experience Jordan, Storebrand Life Insurance.

Anne Carine Tanum
Born: 1954

VICE-CHAIR
since 2019

Board Member since 2018

Education: Cand. Jur.

Offices held: Chair of the Board Avinor AS, The Norwegian National Opera & Ballet, Board Member Cappelen Damm and Try AS.

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

Tina Stiegler
Born: 1976

BOARD MEMBER
since 2019

EVP Umoe

Education: Master of Economics and Business Administration.

Offices held: Board Member of companies in the UMOE Group, Khrono and Santander Consumer Bank AS

Previous experience: EVP Next Media at Schibsted Media, advisor to start-up companies in Startup Lab. Board experience from, among others, Finn.no, Stavanger Aftenblad, Bergens Tidende, Mediehuset Fædrelandsvennen and E24.no.

Henrik Höjsgaard
Born: 1965

BOARD MEMBER
since 2018

Education: Higher Commercial Examination

Offices held: Chair of the Board LGT Logistics AB. Board Member Green Cargo AB.

Previous experience: CEO PostNord Logistics.

Finn Kinserdal
Born: 1960

BOARD MEMBER
since 2018

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

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

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

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

Liv Fiksdahl
Born: 1965

BOARD MEMBER
since 2018

Vice President Capgemini Norge AS

Education: Trondheim Business School.

Offices held: Board Member Scandinavian Airline Systems (SAS), Intrum AB and Arion Banki.

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

Gerd Øiahals
Born: 1961

BOARD MEMBER
Employee-elected
since 2020

Leader Norwegian Postal and Finance Workers' Union.

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

Employee of Posten since 1984.

Lars Nilsen
Born: 1961

BOARD MEMBER
Employee-elected
since 2016

Divisional Employee Representative Network Norway.

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

Employee of Posten since 1978.

Ann Elisabeth Wirgeness
Born: 1961

BOARD MEMBER
Employee-elected
since 2012

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

First Deputy Divisional Employee Representative Network Norway.

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

Employee of Posten since 1985.

Tove Gravdal Rundtom
Born: 1965

BOARD MEMBER
Employee-elected
since 2020

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

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

Employee of Posten since 1987.

The best result of all time in a year impacted by corona

2020 was characterised by a pandemic and the shutdown of society, which greatly affected the Group's operations, customers and employees. It became clear that mail and goods transport are socially critical functions.

A society that was intermittently shut down led to a sharp increase in online shopping and home delivery of goods. The Group has been working in a high gear and achieved the best ever operating profit of NOK 1 423 million, an improvement of NOK 614 million compared to 2019.

Increased demand for the Group's services from the e-commerce market and the effects of the corona pandemic resulted in 48% growth in parcels from online shopping. The Group has also had a positive development in the corporate market despite corona restrictions and businesses that were intermittently shut down. Over time, the Group has invested in capacity and networks which, together with good operations, have provided significant economies of scale in 2020.

The Board wishes to commend the organisation for having succeeded in achieving the best result in our history in a year ravaged by the corona pandemic. The Group has handled significant uncertainty, crisis preparedness, large volume changes and accelerated digitalisation.

Management was quick to appoint a crisis response team and mobilise efforts to deal with the corona pandemic. Emphasis was placed on establishing good infection control measures to take care of the Group's employees in the best possible way, as well as providing good information to employees, customers, the media and the authorities. Advice on infection control was followed in line with the health authorities' recommendations. New procedures were introduced, including for contactless delivery. The Group has only been affected by infection to a limited degree. At most, approximately 170 employees were off sick at the same time, and 850 were quarantined. There have been no major outbreaks at the Group's locations in 2020.

Revenue for 2020 was NOK 23 996 million. Organic growth was positive, at 1.0% for the Group. Organic growth was 7.6% for the logistics segment.

Operating profit (EBIT) in 2020 was NOK 1 485 million, compared with NOK 162 million in 2019. The increase in profit is due to growth in the logistics segment and our long-term commitment to exploit the opportunities provided by increased e-commerce. The logistics segment showed significant volume growth and higher profits as a result of the strong growth in parcels from online shopping and home delivery, combined with increased cost efficiency in operations. The mail segment again suffered a significant drop in volume and a sharp decline in earnings in 2020. The mail segment must adapt to new user needs, and in 2020 successfully completed the transition to letter delivery every other day. This is the biggest change ever made in the company's history.

For 374 years, Posten has delivered mail and parcels to the Norwegian people - increasingly in new ways, adapted to the needs of the market and to new technological possibilities. Innovative and sustainable development is therefore central to the Group's strategy. Digitalisation and e-commerce are driving growth in the logistics market and changing customers' behaviour. Market research shows that customers want faster, simpler, more flexible and precise delivery solutions. Posten therefore launched several new and innovative services in 2020, including delivery to parcel boxes, home delivery of groceries, Urban Home Delivery with green and fast deliveries in big cities, and the platform service AMOI.

In the last two years, Posten has topped the list of Norway's most innovative companies. A professional jury under the auspices of the innovation magazine InnoMag awarded Posten 1st place in 2019 and 2nd place in 2020. The award is a recognition of the Group's focus on innovation and provides inspiration for further efforts to develop new services and new delivery methods.

The Norwegian people have a high level of confidence in Posten. According to the Ipsos reputation survey Posten is among the top of 10 large Norwegian companies in 2020, with 74% having a good impression of the company. This is an increase of 12 percentage points from the previous year. People under the age of 25 are significantly more positive to Posten than other age groups. Bring came in at 20th place in the same reputation poll with an increase of 10 percentage points to 66%.

Customer satisfaction and loyalty are high and improving. Customer satisfaction increased to 70 (on a scale from 1-100 according to Ipsos) in 2020, from 69 the year before. Ongoing surveys are conducted among customers who have been in contact with various parts of the business. This is to systematise customer insight and implement improvements. Customer loyalty NPS (Net Promoter Score) was 45.3 in 2020, compared to 38.6 in 2019.

The Group offers customers full Nordic coverage. The parcel network was significantly expanded in 2020 and consists of approximately 7 000 distribution points in the Nordic region. In 2021, parcel boxes are planned for 1 000 new locations in Norway.

As a labour-intensive business, a health-promoting work environment is one of the Group's priority areas. Through long-term and systematic work on health, safety and the environment, the aim is for no one to be injured or sick as a result of their work. The number of injuries per million hours worked was reduced to 7.0, from 7.8 the year before. Employee satisfaction is high even though the corona pandemic has had a negative effect on the work situation. Sickness absence in 2020 ended at 6.0%, compared with 5.9% in 2019. The increase is attributed to the corona pandemic and the effect of corona-related absence.

MARKET DEVELOPMENT

The business consists of two segments: Logistics and Mail. The Logistics segment is largest and accounted for about 75% of the Group's revenues in 2020, while the Mail segment accounted for about 25%. Developments in 2020 have been characterised by the corona pandemic, and further information on the effects is detailed in Note 26 to the financial statements.

The Logistics segment is growing

The Logistics segment had revenues of NOK 18 571 million in 2020, an increase of 2% from the previous year. Organic growth was 7.6%. E-commerce volume increased by 48% in 2020. The strong growth in online shopping and home delivery came as a result of the impact of corona, increased competitiveness in Sweden through the establishment of our own distribution network and an improved service portfolio.

In the corporate market, the corona pandemic led to a decline in volume for some time, but demand gradually picked up in the second half of 2020.

To meet growth and increased demand, the Group has invested in increased capacity in 2020 with expansion of the network in Norway, the opening of new terminals in Denmark and Sweden, and establishment of a Nordic parcel network.

In 2020, the Group sold its ownership interest in Danske Fragtmænd. In addition, the thermal business in Bring Frigo Norway and the transport company Bring Freight Forwarding in Sweden have both been sold. The Group has also chosen to cease operations in the Slovak company Bring Trucking and will instead purchase transport capacity in the international market.

Restructuring and development in the mail segment

The mail segment had revenues of NOK 6 041 million in 2020, a reduction of 20.9% from the previous year. The volume of addressed mail fell by 19% in 2020, while the volume of unaddressed mail fell by 24%. The corona pandemic has led to increased digitalisation and this has major

negative consequences for volume and revenues. Termination of the tax exemption for imported goods under NOK 350 has also had a negative effect on volume.

The transition to digital solutions at small and medium-sized companies indicates that the fall in letter volume is of a permanent nature. The volume decline in unaddressed advertising was significant during the corona pandemic, but is expected to be smaller when society returns to normal. Posten won the Ministry of Transport and Communication's tender for newspaper distribution, and has distributed newspapers in rural Norway since July 2020.

DNB's agreement with Posten for banking services in Posten's distribution network was wound up on 31 August 2020. The part of the agreement that included banking services in the rural postal service was temporarily extended until 1 July 2021. In light of developments, the Ministry of Transport and Communications has proposed abolishing Posten's obligation to provide basic banking services in the rural postal network.

Posten's digital mailbox, Digipost, gained over 300 000 new users in 2020 and now has 2.4 million registered users. Digital mail volume increased by 16% to 39.3 million digital mail messages.

PROFITABILITY

The Group's operating profit (EBIT) was 1 485 million, which is an improvement of NOK 1 323 million compared with 2019. Strong growth in parcels from online shopping and home delivery, combined with increased cost efficiency in operations has a positive effect on the Group's performance, while a sharp fall in letter volumes has had a negative effect on profits. In 2019, a provision was made related to restructuring in the mail business, part of which were reversed in 2020.

The Group's profit before tax was NOK 1 344 million in 2020, an improvement of NOK 1 324 million from 2019.

The return on equity (ROE) was 16.4% in 2020, which is 16.2 percentage points higher than in 2019. The return on invested capital (ROIC) for 2020 was 14.1%, an improvement of 6.7 percentage points compared to 2019.

Improved earnings in Logistics

Adjusted operating profit for the Logistics segment was NOK 1 268 million for 2020, an improvement of NOK 805 million compared to 2019. Growth in e-commerce for private and home delivery, as well as gradual improvement in the corporate market has contributed to a significant increase in profits. Development of the service portfolio, as well as economies of scale and cost-effective operations, have also contributed to a significant improvement in profitability. Positive financial performance was also recorded in offshore and international forwarding.

Operating profit (EBIT) in 2020 was

NOK 1 285 million, which is NOK 921 million higher than in 2019. This also includes gains from divestments and investments, as well as an impairment for IT development.

Profits decline in Mail

The Mail segment had an adjusted operating profit of NOK 326 million in 2020, a reduction of NOK 310 million compared with 2019. Significant cost adjustments and restructuring were carried out in operations, including conversion to distribution every other day from July 2020. However, this was not sufficient to compensate for the large decline in volumes. Operating profit (EBIT) in 2020 amounted to NOK 371 million, an improvement of NOK 250 million compared with 2019. The operating profit in 2019 includes a provision for restructuring, which was partially reversed in 2020 after more voluntary solutions were accepted by employees than estimated.

In 2020, 92.5% of addressed mail was delivered within three days, which is well above the license requirement of 85%. The scheme for the Norwegian State's purchase of unprofitable statutory postal and banking services shall cover net additional costs related to statutory postal services which Posten would not offer based on business assessments. The Norwegian State's purchases of unprofitable statutory postal and banking services were recognised in revenue at NOK 523 million in 2020 (NOK 619 million in 2019), of which NOK 102 million was repayment for 2019. In addition, NOK 64 million was recognised in revenue for government payments in accordance with the tender contract for newspaper distribution in sparsely populated regions.

INVESTMENTS AND CASH FLOW

Cash flow from operating activities in 2020 was positive, at NOK 2 607 million, an increase of NOK 464 million from 2019. This was mainly due to positive operating profit before depreciation. Net cash flow from investing activities in 2020 was negative at NOK 299 million. This was mainly due to net investments and acquisitions, offset by payments from the sale of Danske Fragtmænd A/S and the sale of subsidiaries.

Net cash flow from financing activities in 2020 was negative at NOK 1 630 million, mainly as a result of lease payments, as well as ordinary instalments and repayment of debt.

FINANCIAL FREEDOM

In 2020, the Group had net financial expenses of NOK 141 million, which is at the same level as 2019. As of 31 December 2020, the Group had good long-term liquidity reserves of NOK 6.1 billion, compared with NOK 6.4 million the previous year. These reserves consisted of invested funds and available credit facilities. The Group places importance on financial flexibility and the ability to undertake strategically important investments.

As of 31 December 2020, the Group's equity amounted to NOK 7 367 million and the equity ratio was 37.5%, up from 32.0% the previous year.

A high equity ratio underpins the Group's solvency. In order to sustain financial capacity over time it is vital that the Group has the necessary regulatory freedom to adjust our Mail services in line with market developments so that costs can be adjusted in line with falling letter volumes. Alternatively, the Norwegian State will have to pay significantly more for the unprofitable statutory postal services that are ordered.

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

Debt covenants

Some of Posten's loan agreements contain debt covenants that limit net interest-bearing liabilities/EBITDA to a maximum of 3.5 and require a minimum equity ratio of 20%. Compliance with clauses is calculated based on the Group's accounting figures without the effects of IFRS 16 Leases.

Throughout 2020 and at the end of the year, the Group complied with clauses in the loan agreements.

RISK

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

As part of its corporate governance, the Board emphasizes good risk management and internal control. The Board evaluates the Group's total risk every six months and reviews the measures to be implemented. The risk assessment is included as an integral part in the Group's business processes. The emphasis is on a quantitative risk approach. Risk-mitigating measures are implemented to ensure that the Group achieves our goals, and these are regularly evaluated to ensure that they are having the desired effect. The Board and management actively follow up the Group's risk exposure within the areas of strategic, operating, financial and reputational risk, as well as information security. Climate risk will be added from this year.

The Group uses derivatives to manage market risks that arise as a result of ordinary operations. The derivatives uses are futures, interest rate swaps, currency swaps and combined interest rate and currency swaps. Detailed information about derivatives and hedging is provided in notes 13 and 20 to the annual financial statements. Risk management and internal control processes are described in more detail in the statement concerning the company's principles for corporate governance.

ALLOCATION OF THE PROFIT FOR THE YEAR

In 2020, the Group's profit after tax amounted to NOK 1 123 million, compared to NOK 13 million the previous year. Profit after tax in the parent company Posten Norway AS was NOK 492 million, compared with a negative result in 2019 of NOK -449 million.

The annual dividend is determined after an independent assessment of the Group's and the parent company's financial situation and future prospects is carried out.

The Board proposes that a dividend of NOK 560 million be distributed for 2020. The year's remaining profit will be transferred to other equity.

The actual dividend will be determined at the 2021 general meeting. The financial statements have been prepared on the basis of a going concern assumption. The Board confirms the validity of this assumption.

THE WORK OF THE BOARD

Good corporate governance is a prerequisite for the Group to be a profitable and vigorous company.

The Group complies with Norwegian standards and best practice for corporate governance, based on Norwegian law and the government's ownership policy at any given time.

A corporate governance report is included as part of the financial annual report. The rules of procedure for the Board are updated annually. The Board evaluates its work, qualifications, and methods. It also discusses relevant topics that require special follow-up, as well as the Board's own development and skills improvement.

In addition to being a decision-making and control body, the Board contributes to the development of the Group. This takes place in collaboration with the company's management and owner, through good insight into the Group's strategies, business models and value chain.

In 2020, the Board implemented a strategy process to strengthen the Group's positions in the Nordic market. Long-term trends and changes in the behaviour of customers and users affect the Group's operations and how we prioritize and invest in the years ahead to ensure competitiveness and development.

At the general meeting in 2020, all shareholder-appointed board members were re-elected. Following the election of employee representatives to the Board of Directors for the period 2020-2022, Gerd Øiahals was elected as a new board member to replace Odd Christian Øverland, while the others were re-elected.

The proportion of women on the Board has increased to 60%. Among the shareholder-appointed board members, the proportion of women is 50%. The Board supports work on diversity and equality, please refer to Chapter 2: Sustainability.

The Group's head office is in Oslo and our primary market is Norway. Our largest market outside Norway is Sweden.

FUTURE PROSPECTS

The Group has taken an active role and will contribute to sustainable development and be a driving force for Norway to reach its climate goals by 2030. Contributing to sustainable development is important in a global perspective and it makes the Group competitive.

The Group has chosen to focus its efforts on five of the United Nations Sustainable Development Goals. These are: no. 8 “Decent Work and Economic Growth”, no. 9 “Industry, Innovation and Infrastructure”, no. 11 “Sustainable Cities and Communities”, no. 13 “Climate Action”, no. 17 “Partnerships for the Goals”. The Board also refers to Chapter 2: Sustainability.

The market outlook indicates low growth in the Norwegian and international economy in 2021, but a gradual normalisation is expected during the year.

The record growth in online shopping and home delivery to private individuals will probably decrease somewhat, as the situation in society gradually returns to normal. However, the Group expects continued high growth in online shopping and home delivery to private individuals. New groups are shopping online and buying more than before.

The logistics market is changing rapidly and competition is intensifying further. The competition is Nordic and consists of international and local logistics players, new players from other industries, as well as platform companies with completely new business models.

The Group's vision is to make everyday life simpler and the world smaller. The level of ambition is being raised and the main goals are to be the customer's first choice, a leader in technology and innovation and best in sustainable value creation - made possible by our competent and committed employees. Our work on innovation and service development to meet new needs and increased expectations among customers is progressing well.

At the beginning of 2021, the Group is ahead of previous volume forecasts for the logistics segment. The Group is increasing its capacity to handle larger volumes. New terminals are being built in Tromsø, Kristiansand and Førde - and there are plans for a new terminal in Bergen.

The current framework conditions provide limited opportunities for further structural and operational adjustments for postal services, following the transition to letter delivery every other day from 2020. Posten continues to deliver small parcels in the mailbox every weekday in large parts of Norway. Unaddressed postal advertising is distributed on the days customers want - including Sundays.

For the Mail segment, the combination of an increasing decline in volume and lack of opportunities for adjustments, will result in profitability challenges in the years ahead. A sustainable postal service requires necessary adjustments be made to the service portfolio in line with changes in the market.

The people in the organisation are the Group's most important resource. A prerequisite for success is competent and committed employees. Invest will be made in human resources and critical competence - both for existing and new with workers. Flexible work processes are being introduced and new forms of work are developing after the corona pandemic.

The Board would like to thank the employees and employee representatives who have made an extra effort and ensured good operations with high delivery quality, as well as an excellent operating profit in 2020 - a year impacted by corona. The Board also expresses its thanks for good cooperation and joint responsibility in the development of the Group.

Board meeting 25 March 2021

Andreas Enger (chair)

Anne Carine Tanum (deputy chair)

Tina Stiegler | Henrik Höjsgaard | Finn Kinserdal | Liv Fiksdahl

Gerd Øiahals | Lars Nilsen | Ann Elisabeth Wirgeness | Tove Gravdal Rundtom

Tone Wille (CEO)

Our guiding mantra throughout history has been to be ahead of the curve.

1647
The Norwegian Postal Service is established.

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

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

1855
The first Norwegian stamp is issued.

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

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

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

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

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

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

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

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

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

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

2008
The Bring brand is launched and the Posten logo is modernised.

2008
We started our targeted efforts to reduce our CO_2 footprint.

2008
We introduce the tracking app.

2010
Posten develops an electric scooter for post distribution, Paxster, and today it is used by number of other postal companies.

2011
Digipost, the digital mailbox, is launched.

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

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

2018
Collaboration on emission-free delivery in city centres - "Beloved city" starts in Stockholm.

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

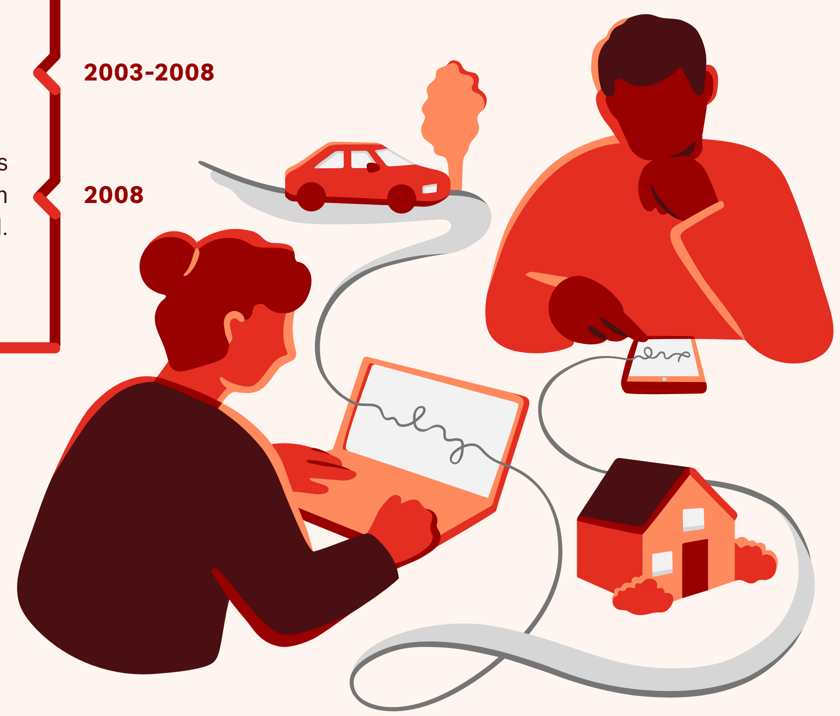
2018
Posten's own innovation hub opens and becomes central to service development.

2019
We are named Norway's most innovative company by a professional jury under the auspices of the magazine "Innomag".

2020
Launch of the Parcel Box, which allows you to pick up parcels closer to where you live or travel, at all hours of the day.

2020
We moved from delivering mail five days a week to every other day.

2021
Decision made to no longer purchase fossil fuel vans for use in cities from 2022.



The Nordic logistics operator that
- has created the best customer experience through insight and technology
- has a 100% green vehicle fleet
- is the most attractive employer

New Group strategy

In the driving seat

Our new strategy is ambitious and provides direction for the Group's future development.

Our three new main objectives will ensure that we continue to strive to achieve the Group's vision. We shall be:

- The customer's first choice
- At the forefront of technology and innovation
- Best at sustainable value creation

The targets are ambitious, specific and provide direction for the Group's development towards 2023. They are our "must win battles" and define what we need to prioritise and what it takes to win in the markets in which we operate.

Employees are the key

To be able to deliver on all the main objectives, people are essential. Employees are the key to our success. This is why employees, commitment and competence are an integral part of the whole target vision.

Our values

The values "Take responsibility", "Play for the team" and "Strive for more" state what should characterise us in our daily work: who we are and how we behave towards each other, our customers and partners.

Our customer promises

We want our customers to see us as an attractive partner and the preferred choice. Posten and Bring are two sides of the same coin. The strategic foundation is the same in terms of vision, main goals, values and how to meet our customers.

Our customer promises are:

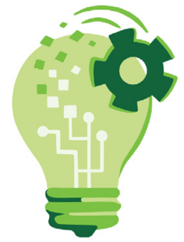
- Simple and reliable: We are a team player, deliver safely as agreed and make it easy to be a customer.
- Freedom of choice: We adapt to the customer's everyday life with new and smart solutions that give the customer freedom of choice.
- Environment: As a responsible social player and to continue to be relevant in the future, we will continue to be a driving force for the Nordic region to achieve its climate goals

Increased competitiveness

Our new target vision will ensure a high degree of proximity to the customer and a high degree of technological development. It is this combination that will give us the greatest possible competitiveness, regardless of how the market develops.

The customer's first choice

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



At the forefront of technology and innovation

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

Best at sustainable value creation

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

02

Sustainability

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

Best at sustainable value creation

To realise this goal, it is essential that we see our overall impact as a whole: How does our environment impact us – and how do we impact our environment.

We have worked systematically on sustainability since 2010 and it is an integral part of our business. It makes us competitive, creates commitment and internal pride and is required by our customers.

The impact of the environment on us

The Group's three main objectives build upon one another. In this chapter we look at our strategic work based on the main objective "Best at sustainable value creation". In order to provide a comprehensive and cohesive picture of the Group's overall impact, we have taken the areas where we can make a difference as our starting point. These are linked to the Group's strategy, which describes how we will the impact of the environment and the risks and opportunities that lie here.

Our impact on the environment

The United Nations Sustainable Development Goals have given the world a common direction for long-term development. Based on our stakeholders and the scope of our business, there are five goals that stand out. This is where we can make a positive difference that creates long-term values for the environment, people and our own business. We must be as relevant today and in the future as when we started 374 years ago, without destroying opportunities for future generations.

Increased collaboration is the key to success with the goals we have set ourselves.

UN´s Sustainable Development Goals	Where we make an impact and can make a difference	Our overall sustainability ambitions	Measured in (KPI)	2017	2018	2019	Results 2020	Goal 2020	Status	Goal 2021
8 DECENT WORK AND ECONOMIC GROWTH	We are a large employer, we have many subcontractors and we are responsible for employees having decent employment and working conditions as well as equal opportunities.	No one should be injured or sick as a result of working in the Group.	Sickness absence rate	5.9%	6.0%	5.9%	**6.0%**	5.8%		5.9%
			H2 injury rate	6.5	8.7	7.8	**7.0**	6.6		6.3
		The gender balance among managers shall reflect the gender balance in the Group.	Percentage of female managers in the Group	29%	28%	27%	**28%**	31%		31%
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Posten constitutes an important part of the infrastructure in the Nordic region. Innovation is essential to continue to be relevant in the future.	Drive innovation together with customers and be the leader in new value propositions for our markets.	Number of new solutions/ services to the market	-*	-*	-*	**29**	10		10
			Innovation capacity in the NHH innovation index	47.0	49.7	51.6	**51.9**	55.0		56.6
11 SUSTAINABLE CITIES AND COMMUNITIES	Cities account for 75% of global carbon emissions and zero emission transport is an important part of the goal of sustainable cities and societies.	We will have renewable "last mile" transport in selected Nordic cities and towns by 2023.	Proportion of vehicles running on renewable energy	-*	-*	-*	**26%**	24%		39%
13 CLIMATE ACTION	The transport sector is one of the largest emitters in climate accounting for the Nordic countries. This means that we have a great deal to contribute.	By 2025, we will only use renewable energy sources in our vehicles and buildings.	Reduction in CO_2e**	-*	-*	-*	**13 720**	10 600		-***

17 PARTNERSHIPS FOR THE GOALS

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

* New KPI from 2020.
** This calculated only the CO_2 effect of an increased share of vehicles running on renewable energy sources.
*** Removed from the KPI chart from 2021.

The greenest logistics provider

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

Our stakeholders believe we can exert influence in these areas:

- Greenhouse gas emissions
- Driving force for sustainable framework conditions
- Facilitator of the circular economy
- Material consumption and recycling
- Purchasing and investments in innovative companies, fixed assets and property.

Here you will find the results of our work in 2020. In the fact booklet “Sustainability at Posten” (attachment) you will find detailed information about guidelines, responsibilities and detailed tables.

GREENHOUSE GAS EMISSIONS

As a major transport and logistics player, we are part of the emissions problem - and part of the solution. We are present throughout the Nordic region, and the scope of our business contributes to significant emissions from vehicles and some from buildings. In addition, we make a significant contribution to local air pollution. There are also greenhouse gas emissions related to business travel, although this has been significantly reduced in 2020 as a result of the pandemic.

If the goals of the Paris Agreement are to be met, the transport sector must also reduce its emissions considerably. We will continue to drive the development of environmentally efficient vehicles in the future, by demanding, testing and implementing new solutions. The current goal of using only renewable energy sources in our vehicles and buildings by 2025 will be updated in 2021. We want to be “in the driver's seat” - and a driving force for the Nordic region to achieve its climate goals.

Our work on this can be linked to the United Nations Sustainable Development Goal 13 “Stopping Climate Change”, for example sub-goal 13.3.

Here's what we've done in 2020:

Renewable energy in terminals

We have a terminal structure that requires a lot of energy, and have therefore worked for several years to establish a new and modern structure. Several units are co-located, which reduces mileage between terminals. We purchase Guarantees of Origin to ensure the supply of renewable energy in Norway, Sweden and Denmark. We produce renewable energy at several of our buildings, including five terminals that have installed solar panels on the roofs. For all our new buildings, we follow the BREEAM-NOR certification standard.

Increased use of trains

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

Today's goal is to use only

renewable sources of energy

in our vehicles and buildings by 2025

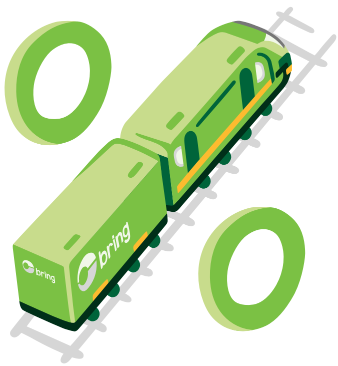
We have a total of

5 terminals with solar panels

which produce renewable energy

From 2019-2020 we increased the use of rail transport by

14.7%



8 427 trailers

were moved from road to rail, which on average is equivalent to

23 fewer

trailers on the road every day

In 2020, we transported 208 767 containers (TEU) on Norwegian and international railways, which is an increase of 14.7% compared to 2019. Over the past year, the demand for good and safe delivery options has increased internationally as a result of the Covid 19 pandemic.

Together with CargoNet, we have developed a train line between Halmstad/Malmö/Trelleborg and Oslo. This carries international freight volumes into Norway and on to the Norwegian railway network. In 2020, the Group covered 60% of the line's capacity and ensured that 8 427 trailers were moved from road to rail.

1 577 vehicles running on renewable energy

Posten and Bring currently have Norway's largest vehicle fleet of 1 577 fossil free vehicles. Several hub solutions have been established to enable the use of electric vans, cargo bicycles and mopeds. An increasing number of large electric vans are being used in the cities, which means that more services will be fossil free in the future. In 2020, we have:

- **29 electric bicycles.** Electric cargo bicycles are now being used in large cities throughout Norway, Sweden and Denmark.
- **489 electric mopeds.**
- **528 electric vans.** We have carried out one of the largest procurements in Norway, for 70 large electric vans for parcel distribution. Furthermore, about 50 smaller electric vans with a longer range than previous models have been ordered.
- We invested in the **two first mass-produced electric trucks,** both of which are in operation in Oslo city centre. We received support from ENOVA to invest in Norway's first electric truck from MAN and Scania. This is in addition to a truck tractor from Volvo running on liquefied biogas. We have begun to use vehicles from Inzile in Stockholm and signed a letter of intent to test vehicles from Volta.
- We have **529 vehicles running on different types of biofuel** that include biogas, HVO and RME[1].

In the reporting year, the Group over-delivered on its ambition of a 24% share of its vehicles running on renewable energy, achieving a share of 26%.

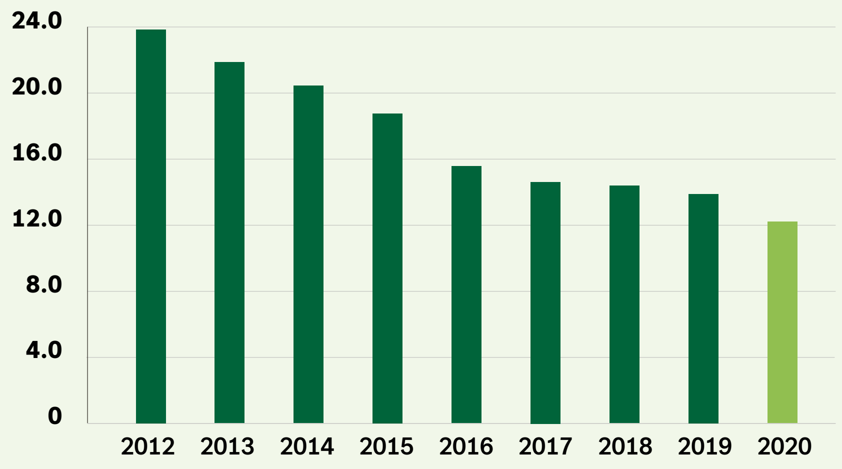
Highlighting climate measures

In order to highlight our climate measures for our customers, we have further developed the recipient interface in the parcel tracking app Glow so that we can show when a parcel is delivered with vehicles running on renewable energy.

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

Emission intensity

CO_2 emissions (grammes) per NOK earned



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

Our CO_2 emissions have been reduced by

45%

since 2012

...equivalent to one year's emissions from

116 282 passenger cars

Our assessment and the future

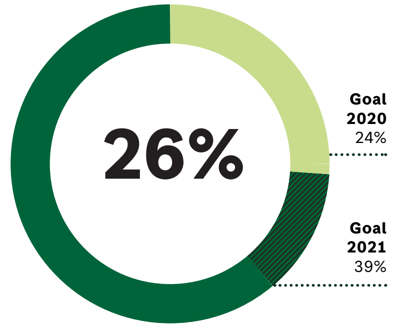
We will continue the positive development of reducing our climate footprint and demonstrating an even more climate-efficient provision of our services. The Group's turnover has been stable in recent years, but emissions have been reduced. This gives a positive development in emission intensity, emissions per NOK earned. In total, we have eliminated 240 845 tonnes of CO_2 since 2012. This corresponds to one year's emissions from 116 282 passenger cars.

The Group's climate and environmental work does not go unnoticed. In 2020, we were named the most sustainable brand in our industry in the Sustainable Brand Index (SB Index) in Norway, and in Sweden we were the brand that was the highest climber. The SB Index measures and analyses how sustainability effects brand-building, communication and business development. The Group is also mentioned in the PWC Climate Index, under category 2, for companies that can demonstrate a continuous reduction in greenhouse gases. In the Ipsos reputation survey, Posten was ranked second in the category "environmental awareness" within our industry.

Our customers are increasingly concerned with reducing the climate footprint, local pollution and managing the world's resources in a more sustainable way. Going forward, it will be important to adapt our vehicle fleet so we can offer green services. We will continue to work on establishing new goals for the Group's climate and environmental work. This will include increasing the number of cities where both letters and parcels are delivered using renewable energy sources.

In 2020, we changed the KPI for climate and the environment to address the number of vehicles that are fossil free, so that we have the proportion of vehicles running on renewable energy in addition to CO_2 reductions.

In 2020, the proportion of our vehicles running on renewable energy was



... and in the Glow recipient interface, the customer can see when a parcel is delivered with vehicles running on renewable energy

DRIVING FORCE FOR SUSTAINABLE FRAMEWORK CONDITIONS

Work towards sustainable framework conditions is particularly important in the climate and environmental area. Here, the Group has historically had a clear voice and we must continue to have one.

There are financial and strategic risks associated with the framework conditions that are not suited to new customer needs and the competitive situation. The company is engaged in the development of regulations, both nationally and internationally. We work to ensure good and equal competitive conditions for the logistics business, and we will act as a credible and constructive opinion leader in regulatory issues and other matters that directly affect the business. Creating an understanding of the need for restructuring and adaptation of the service portfolio in the mail segment is particularly important.

The work of being a driving force for sustainable framework conditions is important for fulfilling our role as a responsible logistics company in the Nordic region and provider of postal services in Norway.

This work supports, among other things, Sustainable Development Goal 17 “Partnership for the Goals”, sub-goal 17.17.

Here’s what we’ve done in 2020:

Highlighted and promoted necessary framework conditions

We work to highlight the framework conditions that are necessary visible through dialogue with different stakeholders. This includes public authorities, suppliers, interest groups and the business community. This is done in connection with individual cases, for example biofuel taxes and changes in the Postal Act, or in a larger context where several players in the business community work together.

We have worked to change framework conditions and highlight challenges and opportunities through activities under the auspices of the Zero Conference, Nordic CEOs and Skift. The latter consists of the most ambitious companies in Norway with regard to the climate, and Group CEO Tone Wille sits on the board.

Mail delivery every other day

From July 2020, we changed mail delivery distribution from five days a week to every other day (Monday-Friday). This is a necessary measure to ensure financial sustainability and avoid a sharp increase in Norwegian State’s purchase of unprofitable statutory postal services, but it is insufficient in the long term. The Ministry of Transport and Communications therefore carried out a study in 2020 on the future service level. This shall provide the best possible knowledge base for any changes in the Postal Act, which may facilitate further restructuring of the postal service. Posten has contributed to this work.

Equal competitive terms

A special topic in recent years has been the need for better enforcement of transport legislation, so that serious players, such as Posten and Bring, also have equal competitive conditions in practice as other players.

Letter of intent on charging infrastructure

As a large transport company, Posten can influence the framework conditions for the charging structure related to the electricity initiative and other environmental measures. We have previously entered into a letter of intent for the establishment of energy stations with biogas and hydrogen with the City of Oslo. In 2020, we have also signed similar agreements to establish a charging infrastructure for electric vehicles.

Our assessment and the future

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

In a declining letter market, we must continue the necessary restructuring of the business and adapt to new user needs. We are in the process of shaping the delivery network of the future in the Nordic region. Major changes in the provision of statutory postal services will require changes in the law.

We co-produce and coordinate letters, parcels and goods in a joint network in Norway. New services are being tested and launched to give the customer greater freedom of choice and a simpler everyday life. Goods that people shop for online, can be delivered to their home - outside or inside the door, or picked up at an increasing number of parcel delivery locations.

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

In 2020, we signed a letter of intent with the City of Oslo to

establish charging infrastructure for electric vehicles

Items people order can now be delivered to their home

outside or inside the door

or picked up at a increasing number of parcel delivery locations

FACILITATE THE CIRCULAR ECONOMY

The goal of the circular economy is to make the best possible use of all resources. The least possible should be disposed of as waste, but instead kept in a cycle where constant recycling leads to a reduced need to extract new raw materials. This is achieved through optimal utilisation of the resources that have already been extracted, and by avoiding pollution and emissions.

Circular models facilitate the longest possible lifespan for a product through reuse, repair, renovation and reproduction, and finally recycling. This helps maintain the value of the product and bring with it potential new business opportunities.

As a major logistics player, we have an important role in keeping raw materials in circulation. Another aspect is how we manage and use our resources ourselves. The industry exerts influence by setting requirements for circularity in the design of vehicles, services and packaging. Our work on this can be linked to the United Nations Sustainable Development Goal 9 "Industry, Innovation and Infrastructure", sub-goal 9.4.

Here's what we've done in 2020:

Pilot testing of circular services

We are looking at the possibility of reverse logistics. This involves extending the life of a product or raw material through reuse, reproduction or recycling. This could increase the demand for solutions in areas such as the return of used and defective products and the distribution of recyclable materials. We have gained insight into reverse logistics and tested new business models on a small scale. The goal has been to share the knowledge internally and develop specific proposals for concepts that can be tested. During the reporting year, we completed several pilot projects. For example, we have looked at how we can make it easier for people to repair and maintain their property. In another pilot, we tested how we can facilitate making it easier and more attractive for people to rent hiking equipment as needed.

Opportunity scenario for how we can make it easier for people

to repair and maintain their property

A new "Beloved city"

"Beloved city" is a collaboration between Bring, Ragn-Sells and KLP to utilise existing vehicles in the cities. The collaboration is a common solution where parcels are delivered and waste is collected using the same electric vehicle. The entire logistics chain is 100% electric. In 2020, "Beloved city" was established in Trondheim, so the solution is in operation in four Scandinavian cities.

Support services

Some of the Group's initiatives support the circular economy, without being directly related to the topic. These are crucial for the success of circular business models. Deployment of self-service and 24-hour parcel boxes helps make it easier for consumers to both send and receive parcels. Our parcel network now consists of about 7 000 distribution points in the Nordic region.

Our assessment and the future

Even though we are in the very beginning phase of working with the circular economy, we already have many exciting initiatives underway. At the same time as we work on the development of circular solutions, we are experiencing increased demand and requests for this concept from our customers and partners.

We have a unique opportunity to take part in the transition to a more circular economy through our network, expertise and size.

The deployment of self-service and 24-hour parcel boxes helps make it

easier for consumers to both send and receive parcels

Our parcel network now consists of over

7 000

distribution points in the Nordic region

MATERIAL CONSUMPTION AND RECYCLING

Different types and different quantities of waste are produced at all our offices/terminals. This arises from the handling of letters, parcels and goods and some packing of outgoing goods. Waste is also produced directly through our own activities at terminals, canteens, distribution points and in our office buildings. We can influence the amount of waste that occurs in our buildings and aim to reduce the waste in order to achieve the highest possible degree of separation at source. Furthermore, we can also influence material consumption and recycling through the environmental requirements we set for our procurements.

In this area, we can influence and encourage players to use sustainable materials, and ensure that used material is handled in a good way. Our work on this can be linked to the United Nations Sustainable Development Goal 13 "Stopping Climate Change", sub-goal 13.3.

Here's what we've done in 2020:

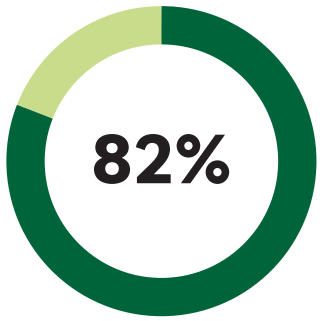
Waste plan and environmental report

A total of 36 of the Group's buildings are environmentally certified. This ensures focus on separation at source. A specific plan for waste management must be drawn up, separation at source must be facilitated and an annual environmental report produced for each building.

Reusable container

Posten and Bring largely use reusable load carriers, such as containers and transport cages, for parcels and letters. They are made of steel and plastic, which have a long service life. Waste that occurs in production is separated at source according to the principles that apply in each municipality. In this way, we contribute to the recycling of a large proportion of the waste that occurs.

In 2020, the Group achieved a source separation rate of



In the autumn of 2020 we received delivery of

380 retreaded tyres

for heavy goods vehicles in Norway

...this has saved the environment

19 tonnes of raw material

High degree of waste separation at source

The Group has the ambition to have the highest possible degree of waste separation at source. For many years we have had an even and high degree of separation at source. In 2020, 81.6% of the Group's waste was separated at source, which is at the same level as 2019. In a year of increased growth, we are very pleased that we have achieved this level of separation at source.

Retreaded tyres

The Group has entered into tyre agreements where arrangements are made for the purchase of retreaded tyres, where the core is reused and new tread is applied. By following through on this agreement we have implemented this process, and 380 retreaded tyres were delivered for heavy goods vehicles in Norway in the autumn. By buying retreaded tyres instead of brand-new ones, we save the environment 50 kilos of raw material per tyre (which is primarily steel, rubber and oil). 19 tonnes of raw material have thus been saved here.

Recycled polyester work uniforms

In a new Group contract for work uniforms, specific terms have been negotiated for the use of recycled polyester. This will be tested on an ongoing basis, and if it proves successful, all polyester in all garments will be replaced with recycled polyester.

Increased environmental focus at our terminals

The Group has entered into an agreement to optimise energy use at our terminals and reduce power consumption. New terminals being built in Tromsø and Kristiansand will be certified in accordance with BREEAM, at the "Very Good" level. BREEAM is the world's oldest, and Europe's leading, environmental certification tool for buildings.

Major investments have been made in connection with the installation of a heat pump at the terminals in Haugesund in Norway and Taulov in Denmark. Furthermore, solar panels have been installed at the terminal in Greve in Denmark, which is rented by Bring, which are guaranteed to provide a minimum of 300 000 kWh per year.

Our assessment and the future

The Group has achieved a stable high source separation rate over several years. This trend has continued in 2020, which we are very pleased about. No specific targets have been set for the degree of source separation.

PURCHASING AND INVESTMENTS IN INNOVATIVE COMPANIES, FIXED ASSETS AND PROPERTY

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

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

Here's what we've done in 2020:

Vans: Electricity replacing diesel

In 2020, we replaced 53 vans running on fossil fuel with electric ones. These drive an average of 15 800 km per year. Equivalent diesel vehicles emit an average of 160g/km, which results in a reduction in emissions of approximately 128 tonnes of CO_2. We have also placed an order for a further 317 electric vans with delivery in 2021.

53 vans

running on fossil fuel have been replaced with electric ones, which is equivalent to a reduction in emissions of approximately

120 tonnes of CO_2

Testing of fossil free trucks

In Norway, in 2020 we have received two smaller electric 7.5 tonne trucks, and a large electric three-axle truck for testing. In addition, an electric two-axle truck (19 tonnes) has been ordered, as well as a large truck that will run on liquefied biogas. Learning from these tests will be important for the Group's further investment in fossil free alternatives in Norway, including in heavier vehicles.

Ensuring good conditions for HVO[1] in Sweden

The Group seeks sustainable solutions both for its own and for its subcontractors' vehicles. Following a tender competition for HVO in Sweden at the end of 2020, arrangements have been made for competitive conditions so that subcontractors can fill up with biodiesel rather than diesel in 2021. It is estimated that up to 2.5 million litres of biodiesel will be used in 2021. This corresponds to a reduction of up to 3 400 tonnes of CO_2e.

Return agreement for electric mopeds

Paxster is an electric, one-single driver vehicle that has been in Posten's vehicle fleet for many years. We have approximately 500 of these and a return agreement has now been entered into with the manufacturer of these vehicles. Well-used vehicles are returned to the manufacturer, and then restored to "shiny and new" condition, before being sold in a market that does not have the same range and uptime requirements as Posten.

Securing buildings against climate change

Recent climate change is causing more acute events as a result of extreme precipitation, floods, avalanches and landslides. This will have an impact on the Group's properties and we must consider the location of the current terminals and the planning of where new ones will be located. Examples of measures that have been taken to meet climate change are to raise the plot of land in Tromsø by one metre due to the expected rise in sea levels. In Førde, we have increased the height of the embankment between us and the stream that previously flooded. We have made a flood path so that the building will not be hit if it should happen again.

Eco-labelling in procurements

Requirements are set for eco-labelling in a growing number of new procurements. This applies to envelopes, paper towels, toilet paper and cleaning products, among others. The types of eco-labels are the Nordic Swan Ecolabel, Good Environmental Choice, EU Ecolabel, FSC/PEFC or equivalent. The cleaning company, which accounts for 70% of cleaning undertaken in Norway, uses new innovative mops and cloths. This reduces chemical consumption by 90% and water consumption by 70%, which results in a reduction in CO_2 emissions of 72% compared with traditional cleaning methods. This corresponds to 3 tonnes of CO_2 per year per 1 000 square metres of floor area.

Our assessment and the future

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

This year, the Group has also gathered expertise in purchasing and the environment through a separate forum that meets on a monthly basis. The forum has become a success factor when it comes to ensuring a common, high level of competence. Work will continue this year to accommodate the new Group strategy of being the greenest logistics player.

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

A responsible social player and employer

This goal is about our role as a critical social function, which became very clear when the pandemic hit. It is also about decent working conditions for employees and our subcontractors.

Our stakeholders believe we can exert influence in these areas:

- Working conditions in the supply chain
- Safety, development and well-being of employees
- Viable local communities
- Diversity and equal opportunities

Here you will find the results of our work in 2020. In the fact booklet "Sustainability at Posten" (attachment) you will find detailed information about guidelines, responsibilities and detailed tables.

WORKING CONDITIONS IN THE SUPPLY CHAIN

For Posten and Bring, a sustainable supply chain is about working conditions, the environment and ethics being managed in a serious way by our suppliers. This means, among other things, that suppliers contribute to reducing climate emissions, that suppliers' employees have proper employment agreements, satisfactory wages, freedom of association, that work hours regulations are complied with and that employees' health and safety are safeguarded. We therefore work in a structured manner to ensure a responsible and sustainable supply chain.

The Group's business model is based on a combination of its own employees, drivers and terminals - and the use of suppliers. We purchase various services from approximately 15 000 suppliers in 40 countries. About 6 000 of these are external transport suppliers. The work is therefore important in several areas. We must give our customers confidence that they have a supplier that takes responsibility and ensures that we and our suppliers meet the customer's expectations for sustainable and responsible operations. The Group's requirements for and follow-up of suppliers' working conditions can be linked to the United Nations Sustainable Development Goal 8 "Decent work and economic growth" and in particular sub-goal 8.8.

Here's what we've done in 2020:

Screening and prioritisation of suppliers

Each year, we conduct an overall analysis to assess which suppliers have significant environmental and social impact. External transport service providers are considered to be a category with potentially significant adverse environmental and social impact. Most are assessed in relation to social criteria. This results in a risk-based priority list for further inspection/audit and follow-up.

We also identify high-risk categories for human rights violations and other social requirements. The transport services category consists of our direct suppliers that are closely linked to the business and provide services on our behalf. Other suppliers considered high risk are in the categories of electronics, office furniture and work clothes.

Suppliers' obligations

All new suppliers must accept and sign the Group's minimum requirements, the "Supplier Declaration concerning Ethical Standards". The Code of Conduct includes requirements for working conditions, human rights, wages, forced labour and freedom of organisation. For transport suppliers, which have a significant environmental impact, we require all new suppliers to sign the Group's environmental declaration.

Follow-up of suppliers

We evaluate our suppliers through background checks, self-evaluations, unannounced checks with driver interviews, vehicle checks and system audits of carriers.

In 2020, 81 spot checks related to wage and employment agreements were carried out as well as 26 system audits. These resulted in 21 carriers preparing improvement plans. 66 new self-evaluations were conducted by suppliers. In addition, various unannounced inspections were carried out on drivers and vehicles. In seven cases, the supplier relationship was terminated due to deviations related to breaches of the Code of Conduct for Suppliers. None of these are related to the environment or climate.

Our assessment and the future

Goals and goal achievement

The work is evaluated on an ongoing basis, with a formalised evaluation at the end of the year. The status of the

We buy different services from approximately

15 000

suppliers in

40 countries

...and around

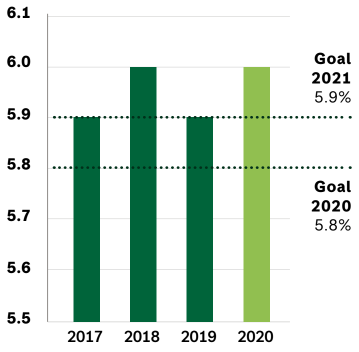
6 000

of these are external transport suppliers

We want to give **customers piece of mind** that have a supplier who takes responsibility and ensures that we and our suppliers meet customers' expectations for **sustainable and sound operation**

Sickness absence was

6%



... an increase of

0.1%

driven by Covid-19-related absence

We have initiated significant emergency preparedness work due to

Covid-19

...where we have, among other things, used resources on infection control and internal information, secured the working environment with regard to infection/prevention and the situation for those working from home

work is presented to the sustainability council in the supplier chain, the HR management group and the internal control committee. The Group's management also presents the status of the work to the Board.

The work in this area was also evaluated in various ways by external players in 2020:

1. In 2020, the Norwegian Digitalisation Agency published the report "Benchmarking the procurement function in state-owned enterprises: Overall report". This gave us good feedback and emphasises that Posten is one of three companies where the procurement functions have made most progress on corporate social responsibility.
2. In 2020, the Norwegian Safety Investigation Authority published a "Thematic report on serious accidents involving heavy goods vehicles: Framework conditions for ordering goods transport by road". The purpose of the report was "to register and assess attitudes to road traffic safety among those ordering transport assignments, as regards the choice of suppliers, the drawing up of contracts, the ordering of transport assignments and follow-up of suppliers." The Group was one of the companies included in the report. The findings in the report were anonymised. The dialogue with the Safety Investigation Authority gave us important input on areas for improvement, including those related to the procurement of transport services.
3. Several of our largest customers also carry out audits and give us feedback on improvements needed where necessary.

We are strengthening our ambitions in this area and the priority measures for 2021 are:

- Implement a new supplier management system
- Establish a climate program for transport suppliers
- Complete new Group processes for supplier management
- Initiate a system for digitised background checks on transport suppliers
- Offer e-learning courses for suppliers on our Code of Conduct for suppliers
- Establish a new plan against work-related crime among external transport suppliers
- Carry out audits and inspections according to the plan

SAFETY, DEVELOPMENT AND WELL-BEING OF EMPLOYEES

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

We have a goal that no one becomes sick or is injured from working in the Group. Safety, development and well-being for employees can be linked to the United Nations Sustainable Development Goal 8 "Decent Work and Economic Growth", sub-goal 8.8.

Here's what we've done in 2020:

Corona emergency preparedness

Extensive emergency preparedness work took place throughout 2020 to deal with the corona situation. We have used resources on infection control to maintain normal activities in the operational part of the business. Office employees have been and still are working from home. Maintaining a satisfactory physical work situation has been important for this group of employees, in addition to motivation and digital management.

The pandemic has had some impact on a sickness absence. There was a significant increase in March and April which resulted in an increase from 2019 of 0.1 percentage points.

Systematic safety work

Despite challenges related to corona, our systematic safety work continued. Travel restrictions have led to some of internal security audits being carried out digitally. The other measures have continued, such as investigating the most serious incidents, annual safety meetings and focusing on the registration of near-accidents. All the tools to be used in injury prevention work are gathered in a "Best practice" presentation aimed at HR / HSE advisers and managers at all levels. At the end of the year, a campaign was also launched against injuries from fall injuries, which is the type of incident that occurs most frequently.

Hired personnel and subcontractors are used to some extent to carry out work under our management at our terminals. These staff are given the necessary training through revisions of our "Safety Standard" and self-evaluations. Injuries which includes these groups will be registered in separate reporting from 2021.

Updated competence strategy

As a result of a new Group strategy, our competence strategy has been updated. Access to competent drivers, Lean and continuous improvement, chartering and logistics competence are increasingly considered critical competencies. We have also mapped other areas of competence considered to be particularly important to work with across the Group, such as:

- Analysis competence
- Social and emotional competence and management
- Service competence
- Agile and interdisciplinary competence
- Technological competence

Furthermore, a need has been identified to increase overall and commercial understanding, customer understanding and digital understanding among all employees. A roadmap has been drawn up for measures that are differentiated on the basis of the different target groups and needs. These will be implemented in the strategy period and will contribute to strengthening the Group's competitiveness.

Increased digital learning

We conduct systematic competence development through various courses and programmes for employees. Digital learning has been the most utilised form of learning in 2020 as a natural consequence of restrictions related to Covid-19. Several new digital learning initiatives have been made available to employees. Examples of digital courses that have been completed: Teams, Information security, Working environment for managers, Virtual collaboration and Effective coaching in everyday life.

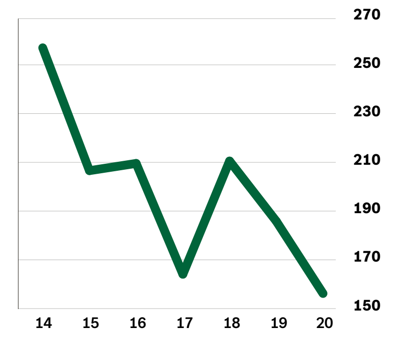
Sharing knowledge

The Group has chosen to join the non-profit organization Digital Norway. This collaboration gives us access to networks and sharing of knowledge across companies. This includes the development and sharing of free courses, webinars and digital meeting places.

Insight work has been carried out related to user experiences in processes for learning and development. The purpose has been to collect data and analyse user needs as input for future system support for learning. It has also provided valuable insight into process improvements and further work on operationalisation of the competence strategy. Retraining is offered to employees in

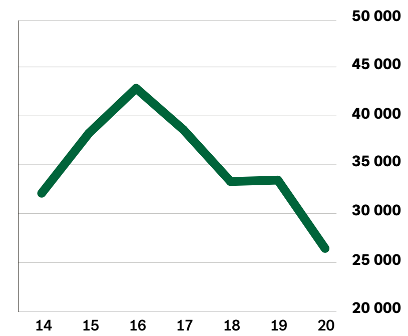
Number of accidents (H2 injuries)

156



Number of near-accidents

26 122



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

connection with restructuring.
We have also participated in voluntary work for competence sharing in collaboration with other companies and NHO with the aim of offering learning for those made unemployed as a result of the pandemic.

Over 700 leaders taking courses
The Group is working to develop its managers through management training. In 2020, we started implementing the "Manager Talent" development programme for all managers in the Group. The programme will increase individual and collective implementation capacity and help realise our strategies and goals. In addition to physical gatherings in the winter of 2020, parts of the programme have been conducted as digital meetings and webinars. The program will continue during 2021 with the emphasis on training in management skills in their own working day.

Involved and environmentally aware employees
We map conditions related to being employed by Posten and Bring through our annual organisational survey. The survey helps to measure commitment, well-being and frameworks for doing a good job. In 2020, all answers were obtained digitally, with all employees being given the opportunity to participate and a response rate of 89%. This year's survey returned a high score of 5.7 for the factor of competence, and 5.9 for the factor of commitment. Good dialogue with employee representatives is an important contribution to this work. 95.4% of staff work in the enterprise under a collective agreement.

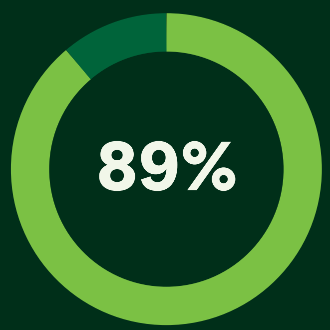
We also offer apprenticeships and trainee programmes. Apprentices and trainees add up-to-date professional competence to the operation. The goal of the trainee programme is, among other things, to attract and develop talent with critical competence. In 2020, our trainee programme attracted more applicants than ever before. We also have many apprentices in disciplines associated with our operational operations. 74.8% of our employees completed employee interviews in 2020.

Turnover
The Group had a turnover of permanent employees who left for various reasons of 18% in 2020. Among our employees in Norway, turnover was 14%, while for the rest of the Group it was 4%. It has been high in Norway as a result of the biggest restructuring in the Group's history - the change to mail delivery every other day.

Learning organisation
We strive to be a continuous learning organisation so that we can best meet customer requirements or expectations from managers and co-workers. To map our potential for improvement, we gather insights from our own employees through for example dialogue, organisational research and evaluation of learning measures. Furthermore, we have dialogue with our customers, partners and comparable companies.

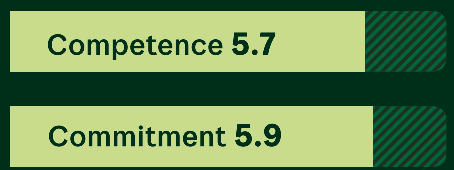
Our assessment and the future
Targeted efforts to develop important competence among different target groups are put at the top of agenda through the competence strategy. We have come a long way in implementing measures within some of the critical areas of expertise. For other areas, work is being done to operationalise the measures. This includes establishing an employer branding strategy, career paths, learning journeys and digital communication surfaces for learning that meet the needs of the competence strategy and insight into user needs.

The annual organisational survey had a response rate of



...it helps to measure commitment, well-being and frameworks for doing a good job

Our new strategic target vision is made possible by competent and committed employees, and the survey shows a high score on these factors:



During the reporting year, responses were obtained

digitally

The last few years have been characterised by good HSE results. The downward trend in sickness absence has levelled off somewhat, while the frequency of personal injuries has lessened in the last two years.

Systematic injury prevention, sickness absence follow-up and zero tolerance for discrimination have proven to be effective approaches.

The plan for the further development of the toolbox is:

- A new revised model for sickness absence follow-up will be introduced for the entire business in Norway.
  This is designed to strengthen efforts to prevent recurring and long-term sickness absence, among other things.
- We are further developing our system to make our work long-term sickness absence even more effective.
- Tools will be developed and piloted to prevent negative work exposure and strengthen positive working environment factors.

VIABLE LOCAL COMMUNITIES

For 374 years, Posten has conveyed messages, and later goods, domestically and internationally. Our infrastructure is important today in a Nordic, national and local perspective. We provide services throughout the Nordic region. In Norway we deliver to all residents and businesses, and have more than 300 local units. Most of our initiatives directly or indirectly affect local communities. These include service development, equipment selection, environmental focus and our internal business management. The Group impacts local communities via centrally developed solutions and concepts, as well as our local, daily operations.

We help to make it possible to live and work in all parts of the country through our physical and digital services. The value of our services has been enhanced during the pandemic period, as Posten and Bring have maintained deliveries in all parts of the country.

This work supports the United Nations Sustainable Development Goal 11 "Sustainable Cities and Communities", which aims to make cities and communities inclusive, safe, robust and sustainable. We are required by law to have operations all over the country, and therefore act as insurance and a supplier for other transport providers.

Here's what we've done in 2020:

AMOI - a digital, local marketplace
In June, Posten launched a solution that makes it easy for local stores to offer goods online, with the option of home delivery. The e-commerce platform AMOI gives local stores a new sales channel at a time when runnig a physical store is challenging. AMOI is owned and operated by Posten.

Newspaper delivery to all
From July 2020, Posten has been responsible for newspaper distribution in those parts of Norway where there are no other distributors, which is approximately 15% cent of the country's households. Posten won a tender competition under the auspices of the Ministry of Transport and Communications, thus ensuring the delivery of newspapers to all subscribers from Monday to Friday in these areas.

Collaboration with Coop
We launched a nationwide solution for the home delivery of groceries in collaboration with Coop in April. The solution makes it possible to order groceries via Coop's online store. The goods are picked up at the local Coop store and driven home by Posten. The solution is available to 2.2 million households, corresponding to 91% of Norway's households.

We provide services to all residents and businesses in the country and have more than

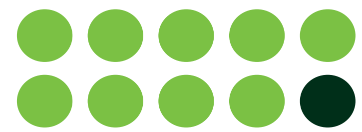
300 local units

in Norway

In collaboration with Coop, we launched a nationwide agreement for

home delivery

of groceries



...and the solution is available for

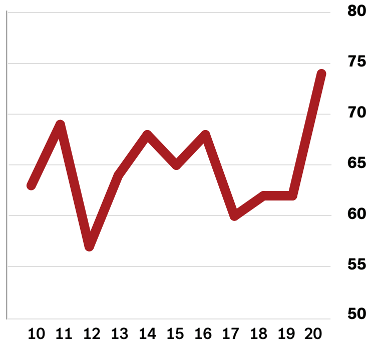
9 out of 10 households

in Norway

According to Ipsos,

74%

have a good impression of Posten



...this is 12 percentage points higher than last year, thus sending Posting up to

10th place out of the 108

companies in the report

Bring came in at

20th place

...which was

15 places

higher than last year

Satisfied customers

The Ipsos reputation survey for 2020 shows that our customers are more satisfied than ever. 74% of respondents said that they have a good impression of Posten, which ranks tenth out of the 108 companies in the report. This good result is a large improvement over the survey year before, when Posten ended with 62% and 21st place. Bring came in 20th place, 15 places higher than last year.

Our assessment and the future

2020 has been a demanding year for society in general. As individuals, we have had to change the way we relate to each other, our routines and our actions.Posten is pleased that we have been able to maintain stable operations throughout 2020 and thus take responsibility for nationally important infrastructure with the opportunity to reach everyone. We are proud to have developed new services and solutions that contribute to making everyday life easier for the country's inhabitants and businesses.

The government-appointed Demography Committee chaired by Victor Norman delivered its report in 2020. The report[1] points to a number of societal, demographic challenges in the years to come. These are especially linked to an aging population and ensuring sustainable local communities in rural Norway. With our national network it is natural for us to continue to examine how we can support these challenges and other societal needs in the best possible way.

DIVERSITY AND EQUAL OPPORTUNITIES

Equal opportunities are relevant throughout the Group and in all job categories. Our goal is for the gender balance among managers to mirror the gender balance in the Group as a whole, and for diversity within the Group to reflect diversity in society. We believe that diversity and inclusion pay off, both for increased innovation and better value creation. We are a responsible employer that creates the greatest possible competitiveness by utilising the total resource pool in society in the best possible way.

It is important to us to ensure good access to qualified employees by assessing all applicants regardless of gender, age or ethnicity. Our recruitment processes must be characterised by all applicants experiencing equal opportunities for employment, regardless of age, gender, sexual orientation or religious, ethnic and cultural background.

We strive to have a qualified candidate of each gender in the final interview. Furthermore, diversity is emphasized in the nominations for management programmes, in succession planning and project participation and we focus on making female leaders visible in internal channels. Through the work on increased diversity and gender equality, the Group contributes to the United Nations Sustainable Development Goals 8 "Decent Work and Economic Growth", sub-goal 8.8, and Sustainable Development Goal 5 "Gender Equality".

Here's what we've done in 2020:

Diversity in focus

At the end of 2020, the proportion of women in the Group was 31%. The proportion of female managers is 28%, the proportion of female managers at level 3 is 35% , and 40% of Group Management are women. The proportion of employees in the Group in Norway over 50 years is high. During the diversity work, we work to balance the age composition in management groups as well as increase the proportion of women, and managers are also challenged in these areas in succession planning.

[1] NOU 2020: 15 "Norway - Examination of the consequences of demographic challenges in rural areas"
[2] In 2021

Collaboration with Norwegian People's Aid

In collaboration with Norwegian People's Aid, the Group has been a racism-free zone since 2001. In 2020, this collaboration was renewed as "Rich in Diversity - a workplace for all" at a launch conference at which the CEO participated. Together with Norwegian People's Aid and Fagforbundet Post og Finans, we have held several meetings to look at both existing and potential measures to ensure diversity and inclusion. The parties have also planned for several activities such as courses on discrimination and diversity management. The internal launch of "Rich in diversity - a workplace for all" will also be conducted. This has been postponed until 2021 as a result of the corona pandemic.

Together for equal opportunities

Posten, and the other members of "Nordic CEOs for a sustainable future" have adopted equal opportunities as one of two priority sustainability areas. In addition, the Group conducted external measurement through the SHE Index in order to compare the Group's actual gender balance with other companies. We ended at 29th place out of 110 companies[2].

In the reporting year, all employees have been encouraged to complete a self-evaluation of their employer through Equality Check. We scored 4.5 out of a maximum of 5 (as of 31 December 2020).

The Group's unit for misconduct did not handle any cases concluding that discrimination had taken place during 2020.

Our assessment and the future

Through our measurements and reports, we see that the measures and our awareness of diversity are producing results. We must continue to work with gender balance at all managerial levels and improve the gender balance in operational positions. At present, we have no female managers in top-level operational positions, only in corporate staff units and the CEO.

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

In addition, we will work to increase the proportion of employees with a multicultural background in both management and corporate staff. We will continue to set clear goals and develop measures to realise our ambitions in this area. Our experience is that a clearly stated intolerance for discrimination has an effect. Therefore, we must continue with measures, defined target figures and reporting on diversity and gender equality.

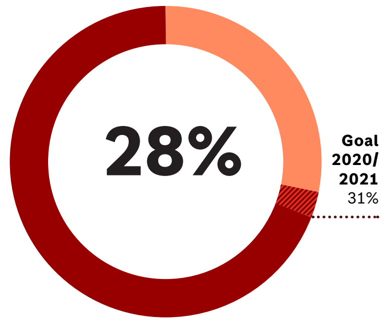
We work with diversity across other areas of discrimination (such as ethnicity, religion, disability, etc.) through, among other things, our hiring and recruitment processes where we have an active focus on hiring all qualified candidates regardless of background.

As a tool in this work, we collaborate with the unions and the Working Environment Committee to evaluate how Posten works on discrimination across different stages in our employment relationships. This work corresponds to the four-step model mentioned in the equal opportunities framework (see page 18 of the fact booklet).

The proportion of women in the Group is

31%

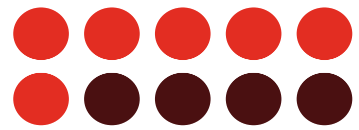
...and we have a proportion of female leaders of



...in addition,

40%

of Group Management consists of women, including our CEO



6 out of 10

of the Group's Board of Directors are women

We measure the Group's actual gender balance through the

SHE Index

...where we ended at

29th place

out of 110 companies

An efficient cost structure that contributes to long term value creation

The changes in the market require implementation power and speed. An important step on the way to becoming the best at sustainable development is to ensure long-term value development through efficient operations and profitable investments.

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

- Information security
- Anti-corruption, competition law and privacy
- Socio-economic value creation

Here you will find the results of our work in 2020. In the fact booklet "Sustainability at Posten" (attachment) you will find detailed information about guidelines, responsibilities and detailed tables.

INFORMATION SECURITY

Work on information security shall support and secure the operation of the business. Our delivery capacity depends on having the correct information throughout the entire value chain and that it is available when needed. Customers, partners, employees and recipients of postal and logistics services must experience that the Group provides adequate protection of their business data and personal information.

We must have the ability to prevent, detect and limit the consequences of undesirable information security incidents. The threat that the Group faces, due to both external and internal influences, is constantly changing. From a societal perspective, it is important to understand the risk that any stoppage of transport poses for other value chains in society. In line with the Group's development and use of new, digital solutions, the need to secure an increasing amount of data that is collected and managed by the Group is highlighted. Digital value chains are growing and are highly interdependent. A general development in society is increased expectations and demands from the authorities, customers and the population. Our work can be linked, inter alia, to the United Nations Sustainable Development Goal 8, "Decent Work and Economic Growth, sub-goals 8.2 and 8.8.

Here's what we've done in 2020:

<u>Holistic security</u>

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

Cyber attacks often exploit vulnerabilities where the value chain is weakest and then go on to impact more important business processes. It is important to understand how vulnerabilities affect each other through the value chain and to ensure efficient security management.

The corona pandemic has affected the current reporting year; both the way we use technology and the balance we have between work and private life. Security solutions have made remote work possible and helped maintain the Group's delivery capability.

<u>Competence and awareness</u>

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

In the current reporting year, the Group has strengthened its staff by one full-time equivalent position dedicated to working on training and communication of information security. Mandatory basic training has been introduced for all employees, and will be completed during the first quarter of 2021.

"National Security Month" is an annual campaign to increase knowledge about information security for business and the population. We have contributed by arranging a security seminar and a programme for discussion in departmental meetings.

Posten and Bring's brand names are often misused in online fraud

Mandatory basic training in information security

has been introduced for all employees, and will be completed during the first quarter of 2021

To help

understand and resist online fraud

and fraudulent requests, the Group has created a separate information page about this on the internet

...from its launch in September to the end of the year,

42 400

visits to these pages were recorded

External auditing of the Group's information security work during the reporting year concluded

that the implementation of information security is well taken care of

and that organisation and processes are appropriate

and fraudulent requests. To help understand and resist this threat, the Group has created a separate information page on the subject on our website. From its launch in September to the end of the year, 42 400 visits to these pages have been recorded. We also share information about this topic via customer service and social media.

Reported violations

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

For 2020, we can report the following from substantiated complaints received about customer privacy violations:

- The Group has received 12 complaints from customers or third parties and these have been confirmed by us. We have not received any complaints from regulators.
- In total, 14 cases have been identified where the customer's personal data has been leaked or lost. These were handled in accordance with applicable laws and guidelines. This is on a par with what one would expect given the threat picture in today's digital society.

External quality assurance of information security work

Cyber attacks are becoming more advanced and targeted. Examples from companies affected show that the consequences can be very serious. Based on this risk, an external audit of the Group's information security work was carried out during the reporting year.

The overall assessment concluded that the implementation of information security is well taken care of, and that organisation and processes are appropriate.

Technical intrusion tests were also conducted against the Group's IT systems which have helped us to detect vulnerabilities and rectify them. Our ability to detect information security breaches is based on the 24/7 Security Operation Centre (SOC) and the Incident Response Team (IRT), services that are constantly evolving.

Our assessment and the future

We have not experienced any serious security incidents in 2020 and we have received positive feedback from external audits that the security work is effective. We are aware that today's security solutions must be developed to support tomorrow's needs.

In order to fulfil the Group's goal of being the customer's first choice, as well as a leader in technology and innovation, we must make use of the opportunities that exist in cloud services and 5G, among other future-oriented solutions. On this basis, it is important that security work is supported by standardisation and the reuse of security functionality. The collaboration between suppliers, business, IT and security must ensure safeguards of our information values throughout the value chain and life cycle.

The Norwegian National Security Authority deems the vulnerability picture to be becoming increasingly complex. They make it clear that vulnerability reduction measures are central to preventing or minimising the impact of activities that threaten security in the digital space.

Risk management will be a prerequisite for being able to determine a correct and acceptable risk picture. In addition, we will work systematically on security measures that have the greatest effect in the time to come. We will also increasingly rely on benchmarking as a tool for measuring maturity and efficiencyin the information security field.

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

Going forward, it is important that we continueto work on good information and communication with employees, customers and partners, so that we can maintain a strong defence against a constantly changing threat picture. We will continue to develop and use new tools, as well as measure the effect of information security work.

ANTI-CORRUPTION, COMPETITION LAW AND PRIVACY

The Group has an explicit and clear stance on anti-corruption and anti-competitive practices. The Group has zero tolerance of corruption and distances itself completely from all conduct that may violate any anti-corruption legislation. We are relentlessly focused on maintaining a high standard of integrity. The Group demands that the same standard be followed by its subcontractors and partners. High integrity standards internally and externally help raise the bar for our entire industry, thereby contributing to good relationships with key partners. Inadequate compliance with integrity standards, such as violation of applicable anti-corruption and competition legislation, could cause significant reputational damage and have financial implications. Managers and other key personnel receive information on and training in the integrity standard to ensure a high level of competence internally within the organisation. These employees play a key role in communicating the requirements that will apply in the Group. Our goal is to prevent and uncover any violations of applicable anti-corruption and competition legislation. The Group shall have robust procedures for dealing with alleged violations of such legislation.

Here's what we've done in 2020:

The Group's risk-based approach

As part of the process for assessing the risk of violation of anti-corruption legislation, in 2020, as in previous years, an anonymous survey was carried out. It dealt with the topics of anti-corruption, anti-competitive practices and privacy. This year, the survey was sent to a somewhat smaller group than in previous years. The Group occasionally has assignments involving transportation in countries where corruption is widespread, which in itself could pose a risk. Throughout 2020, raising awareness in these parts of the business has followed the initiatives that have taken place for the Group in general.

Integrity programme developed

We have an integrity programme that helps to strengthen the Group's standard on ethics and integrity, including anti-corruption. Various tools have been developed to enable managers and other Group personnel take active ownership of, and comply with, applicable requirements. This effort will continue in 2021. The integrity programme is based on the Group's Code of Conduct, which was adopted in updated form by the Board in 2019. All new employees receive the Code of Conduct when they join the Group. The Code of Conduct is available to all employees on our intranet. Furthermore, we focus on the Code of Conduct through training seminar and other activities throughout the year. Surveys and general experience confirm that knowledge of the Code of Conduct is good.

Update of anti-corruption guidelines

In general, impartiality and conflicts of interest have been relevant themes throughout 2020, especially in view of extensive media coverage on many fronts. In 2020, the anti-corruption corporate action rule was supplemented with wording on impartiality and conflicts of interest, as well as other financial irregularities. The corporate action rule is thereby well integrated with the Group's other governing documents. An update of the Group's integrity handbook on the same topics will be published in 2021.

The Group's partners must undertake to comply with the Group's Code of Conduct for Suppliers, which stipulates, among other things, that corruption is not acceptable and that suppliers should actively combat all forms of corruption.

Updated guidelines on anti-competitive practices

In 2020, we completed a significant update and further development of the guidelines on anti-competitive practices, which together constitute a comprehensive set of guidelines. The guidelines have been communicated to senior executives and made available to all employees on the Group's intranet.

Employee training

The current anti-corruption guidelines were updated in 2019 and communicated to employees at all levels in the Group. Throughout 2020, the main focus has been on senior executives in the divisions and some subsidiaries. Training sessions, including dilemma training, were held throughout the year for all the Executive Vice Presidents' management teams.

During the reporting year, we conducted an internal audit of Executive Vice Presidents and corporate staff managers to verify knowledge of, and focus on, compliance with the Group's governing anti-corruption documents.

In the spring of 2020, a presentation on the topics of impartiality and conflicts of interest was held for Group Management and the Board of Directors. Dilemma training was also conducted with the board members.

There was also a focus on conducting training for employees who do not have access to a PC on a daily basis, similar to the training completed by employees who do use a PC.

Our assessment and the future

The Group regularly assesses whether our efforts on these issues are effective enough, including whether the guidelines are clear and whether these are sufficiently well-known within the Group. Such assessment is carried out annually, in parallel with the annual risk analysis, and involves evaluation tools such as an electronic employee survey.

In recent years, we have focused on the Code of Conduct and communicating its content to all employees. In addition, we have carried out e-learning and other training on key topics such as anti-corruption, conflicts of interest and whistleblowing. We believe this has reduced the risk of violation of the Code of Conduct.

Training will be further intensified through 2021. This will be tailored to take into account the risk profile of the relevant part of the business. An updated overall risk assessment will be prepared during 2021 in which the Group's various businesses are assessed against specific risks. Such risk assessment will incorporate the risk-based approach that has already been used for each part of the business.

There were no confirmed corruption incidents in 2020. The Group was not subjected to any fines or sanctions for non-compliance with competition legislation during 2020.

SOCIO-ECONOMIC VALUE CREATION

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

Here's what we've done in 2020:

Green financing

We work to develop and invest in long-term profitability. The financial risk of not contributing to the green transition is growing. New rules and demands are constantly being introduced by customers, while new demands are also being made by investors. In 2020, we started work on a framework for green financing. This defines green projects which can be financed in the form of green bonds, for example. An annual report of what has been financed will be produced. This is followed up by a separate committee consisting of members from HSE and Finance, in addition to the CFO. Posten's framework for green financing will also be assessed by an external party. The external party will review the framework and provide an assessment of the extent to which the Group's investment is sustainable. This is done through a rating in the form of "shades of green".

TCFD reporting

The Group also plans to report in accordance with the Task Force on Climate-related Finance Disclosure (TCFD), which is a report of the risk to the business given different climate scenarios. The reporting shall identify climate-related threats and opportunities by addressing issues related to four areas: management, strategy, risk management and goals, and methods. Scenarios related to climate change have been prepared and various types of risks have been assessed. This will be a topic that the divisions will include in the risk analysis.

Our assessment and the future

The strategic work on socio-economic value creation through, among other things, focus on the environment, was put on the agenda at an early stage and anchored in the Group strategy. We are happy with the work, but always want to improve.

This work will highlight Posten and Bring as green players for financial institutions. It is planned that the reporting of green financing will become an integral part of the Annual report and Sustainability report, and will include several areas such as finance, ESG and TCFD. The latter is fully reported in the Annual report and Sustainability report 2021.

03

Financials

We shall create a sustainable and efficient cost structure that contributes to long term value creation for the Group and our owners.

Corporate Governance

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

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

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

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

The Board must also provide information on corporate governance in accordance with section 3-3b of the Accounting Act. Section 16 contains a summary of where the information required by section 3-3b of the Accounting Act can be found.

SECTION 1 IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

The Board believes it is important to establish and further develop a high standard for corporate governance, equivalent to Norwegian standards for best practice, including the Code of Practice.(See nues.no)

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

Good corporate governance is a prerequisite for a profitable and vigorous company. The Board of Posten believes there is a clear link between good corporate governance and creating value for the company's owner.

SECTION 2 OPERATIONS

Section 3 of Posten's articles of association describes the company's operations. There it is stated that the company shall run postal and logistic operations on a commercial basis, as well as other activities directly related thereto. Section 3 of the company's articles of association further states that the company shall be a provider that can meet the society's need for nationwide postal services. The full text of the articles of association is available on postennorge.no.

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

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

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

The Group's shared core values create an important foundation for the business and the Board's work with regard to employees and its external environment, such as customers, suppliers and business partners. The shared values are: "take responsibility", "play for the team" and "strive for more". In addition to this platform of shared values, ethical guidelines and management principles have been established.

Posten believes it is important to take responsibility for how its activities impact people, the environment and society. This is achieved by reducing the impact of its activities on the external environment, as well as by developing the Group as an attractive workplace with a diverse and inclusive working environment. In the opinion of the Board, fulfilling its social responsibilities contributes to Posten's good reputation and positive development. Attitudes towards corporate social responsibility are described in the Board of Directors' Report and in the Group's sustainability report, in accordance with section 3-3b of the Accounting Act. The documents are available on the Group's website, see postennorge.no.

Posten's activities are labour-intensive. In total, the Group employs around 12 400 full-time equivalents. Health, Safety and the Environment (HSE) is therefore a high priority within corporate social responsibility work. The company's aim is to ensure that nobody is injured or becomes sick as a result of working in or for the Group. Continuous and targeted work is carried out on preventive and health-promoting measures.

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

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

Within this framework Posten has developed over the past decades into an industrial group that operates in the mail and logistics business areas with the Nordic region as its local market. The markets in which the Group operates are characterised by fierce competition and major technological and structural changes. These changes present Posten with significant challenges with regard to adapting to new customer requirements, competitiveness, market position and profitability.

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

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

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

SECTION 3 EQUITY AND DIVIDENDS

Capital structure

The Group's equity at 31 December 2020 was NOK 7 367 million, which results in a return on equity of 37.5%. The decline in letter volumes for addressed mail has increased in recent years and been further accelerated by the Covid-19 pandemic. At the same time, e-commerce has increased sharply, resulting in large volumes and good earnings in the logistics segment. This has led to a positive overall impact on the Group's profit and cash flow. It must be expected that the negative trend in mail volumes will continue, which poses a major risk to the Group's future cash flow and profit. In order to ensure the Group's financial freedom, it is necessary to have a satisfactory equity ratio and sufficient liquid assets. The Group's capital structure, including equity, is considered satisfactory and necessary in view of the Group's ability to implement the company's goals and strategies within an acceptable risk profile.

Dividends

Posten's general meeting is not bound by the Board's proposal concerning the payment of dividends, cf. section 20-4 (4) of the Limited Liability Companies Act, and the company is thus subject to the current dividend expectations. The government's expectation of annual dividends is 50% of Group profit after tax. Before the annual dividend is determined, an independent assessment of the Group's equity and liquidity must be carried out. The

Board of Directors shall carry out an overall assessment to determine a prudent dividend level.

SECTION 4 EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

All shares in Posten are owned by the Norwegian State. Due to Norwegian State-ownership, the Code of Practice's recommendation concerning share issues is not deemed relevant to Posten.

Information regarding transactions with related parties is provided in the annual report, see note 24.

SECTION 5 SHARES AND NEGOTIABILITY

All shares are owned by the Norwegian State.

Due to state ownership, the Board does not regard this section of the Code of Practice's as relevant to Posten.

SECTION 6 GENERAL MEETING

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

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

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

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

SECTION 7 NOMINATION COMMITTEE

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

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

SECTION 8 BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE

Composition of the Board of Directors

As the sole shareholder, the Norwegian state designates and selects all the shareholder-appointed Board members, including the Chair of the Board. There are currently six shareholder-appointed board members. There are no deputies for the shareholders' representatives on the Board.

By virtue of the agreement the employees have the right to elect up to four members of the Board.

Board members are elected for terms of two years at a time.

The Board members' backgrounds are described in the annual report and on the Group's website.

During 2020, two of the employee-elected board members have been replaced by new board members, while there have been no changes among the shareholder-elected board members. This means that the Board's composition in 2020 was as follows:

- From 1 January to 19 June: Six shareholder-appointed board members (three men and three women) and four employee-elected board members (two men and two women).
- From 19 June: Six shareholder-appointed board members (three men and three women) and four employee-elected board members (one man and three women).

Independence of the Board of Directors

The Board acts as a collegial body and not as individual representatives of various interest groups. The Board of Directors assesses the independence of its members on a continuous basis. As at 31 December 2020, all of the shareholder-appointed board members were deemed to be independent board members, since they were not considered to have commercial, family or other relationships that could be deemed to affect their evaluations or decisions as board members of Posten.

SECTION 9 THE WORK OF THE BOARD OF DIRECTORS

The Board's duties

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

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

The guidelines for the chief executive's work form part of the rules of procedure for the Board.

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

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

Posten's code of conduct does not allow Board members or employees to participate in or attempt to influence decisions when special circumstances exist that may weaken confidence in their independence. Anyone who becomes aware of potential conflicts of interest must immediately report this to their immediate superior.

The Board's work and its meetings are led by the Chair of the Board and based on presentations by the chief executive. The company expects these presentations to provide a good and satisfactory basis for considering matters. The Board has appointed a Vice-chair of the Board who functions as the chair if the Chair of the Board cannot or ought not lead the work of the Board.

The Board held a total of eight board meetings in 2020, of which one was an extraordinary board meeting.

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

The Board's audit committee

The Board has established an audit committee which is subject to a separate mandate. The audit committee consists of two shareholder-appointed Board members. The audit committee meets at least five times a year. The audit committee shall operate as a case preparation body for the Board and support the Board in carrying out its responsibility for financial reporting, risk management, internal control and external auditing. The committee's main duties are: to prepare the Board's follow-up work on reporting processes for the financial accounts (including ongoing contact with the company's external auditor regarding the audit of the annual financial statements), to supervise the systems for internal control and risk management and to supervise the work and independence of the external auditor.

The audit committee held 6 meetings in 2020.

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

The Board of Directors' remuneration committee

A remuneration committee has been established which is subject to a separate mandate. In 2020 the remuneration committee comprised the Chair of the Board and three Board members, of which one Board member is an employee representative. The remuneration committee holds regular meetings throughout the year. The committee prepares and recommends proposals to the Board related to remuneration for the chief executive. The committee otherwise contributes to the thorough and independent handling of remuneration issues for leading employees.

The remuneration committee held four meetings in 2020.

SECTION 10 RISK MANAGEMENT AND INTERNAL CONTROL

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

The Group's governing documents establish how the management and control of the Group shall be carried out. The documents set out group-wide requirements with regard to conduct in important areas and processes, including how the Group shall ensure the consideration of the outside world in value creation.

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

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

Each year an overall assessment of the Group's risk is conducted. This risk assessment is based on strategies, business plans and targets. The process is based on COSO's framework for risk management. The aim is to evaluate risks affecting strategy, finance, operations and reputation, as well as environmental risks and risks associated with information security. The results of this process are consolidated to form an assessment of the main risks to which the Group is exposed. An annual assessment of the willingness and capacity to assume risk is also conducted, which is described in the Group's risk assessment. Risk is managed partly through the operational management, partly through preventive measures from central control functions, and partly through independent, external supervision. The annual risk assessment is followed up with actions and recommendations in order to manage and control the individual risk factors and avoid events that can adversely affect the Group's operations and reputation.

Posten's consolidated financial statements are presented in accordance with the applicable IFRS regulations. The Group's reporting process for the financial accounts is described in the Group's governing documents, which includes procedures and rules for monthly, quarterly and annual reporting. The Group's accounting policies are described in more detail in the Group's accounting manual. The reporting and consolidation of financial accounting information is carried out in a common reporting system. The Group utilises a common Group account plan and the Group accounts department makes use of both built-in system controls and manual controls to ensure complete and consistent accounting information. The consolidation of accounting information takes place at multiple levels within the Group. Subsidiaries are responsible for their Group/Company accounts being reported in accordance with the Group's policies and routines.

The Group has established an advisory investment committee which handles all cases that entail investment and sales in accordance with specified authorisation limits.

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

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

A whistleblowing system has been established to ensure reports are properly received and followed up. The corporate unit for misconduct shall ensure that the reports are not met with negative reactions or sanctions. The Board's audit committee reviews the report from the Group's corporate unit for misconduct every six months. The audit committee informs the Board to the extent deemed necessary.

SECTION 11 REMUNERATION OF THE BOARD OF DIRECTORS

The board members' fees are set at the general meeting each year. Remuneration is not dependent on results and none of the shareholder-appointed board members has share options, a pension scheme or agreement on salary after leaving his/her position from the company. Details of the remuneration for board members in 2020 are presented in note 2 to the annual financial statements.

SECTION 12 REMUNERATION OF EXECUTIVE PERSONNEL

The Board has prepared a statement concerning the determination of salaries and other benefits for the chief executive and other senior executives. This statement is prepared in accordance with section 7 of the articles of association and builds upon the principles in the Government's guidelines for Norwegian State-ownership on this subject. The statement consists of two parts. Part one concerns the management remuneration policy that has been conducted in the preceding fiscal year, while part two contains guidelines for determining management salaries for the coming fiscal year.

The statement shall be presented to the ordinary general meeting.

The Board considers incentive systems to be an important tool for focusing management on increasing company profitability in line with the owner's interests. It is against this background that a bonus scheme for individuals in key positions has been established. Payment under these schemes will be covered by the company's business.

Information about total remuneration and the Board's statement concerning the determination of salaries and other benefits for executives, is included in note 2 to the annual financial statements.

SECTION 13 INFORMATION AND COMMUNICATIONS

The Group follows an open communications strategy to support the business strategies, goals and values. Good communication shall contribute to a good reputation, strong brands, satisfied customers and proud employees. Guidelines for a code of conduct have been established to ensure that Posten acts professionally and uniformly in its communications.

Financial information is reported quarterly at stipulated times as set out on the company's website in accordance with the Oslo Stock Exchange's information requirements.

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

SECTION 14 TAKE-OVERS

Posten deviates from this section of the Code of Practice. Posten is a limited liability company wholly-owned by the Norwegian state, and the Board therefore deems this section of the Code of Practice not to be relevant.

SECTION 15 AUDITOR

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

The auditor takes part in Board meetings that handle the annual financial statements in order to improve the Board's basis for making decisions. In the same or a separate meeting, the auditor presents the audit and gives his view of the Group's accounting policies, risk areas, internal control procedures and the Group's bookkeeping. The conclusions are presented in an annual, numbered letter to the board.

The Group's policy allows the use of the auditor in audit-related tasks that meet the applicable independence requirement, in addition to the statutory audit.

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

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

1. **"details of the recommendations and rules on corporate governance which cover the enterprise or which the enterprise otherwise decides to follow":** See the report's section 1 Implementation and reporting on corporate governance.
2. **"Information on where the recommendations and regulations mentioned in no. 1 are publicly available":** see the report's section 1 Implementation and reporting on corporate governance.
3. **"reasons for any non-compliance with the recommendations and rules mentioned in no. 1":** There are three instances of non-compliance described in detail in section 6 General meeting, section 7 Nomination committee, and section 14 Takeovers.
4. **"a description of the main elements in the company's, as well as the Group's if consolidated accounts are also prepared, systems for internal control and risk management related to the accounts reporting process":** see the report's section 10 Risk management and internal control.
5. **"provisions of the articles of association which fully or partly expand or exclude provisions of chapter 5 of the Public Limited Companies Act":** see the report's section 6 General meetings.
6. **"the composition of the Board of Directors, corporate assembly, representative and control committee; if applicable any working committee for these bodies, as well as a description of the main elements in the applicable instructions and guidelines for the bodies' and, if applicable, the committees' work":** see the report's section 8 The Board of Directors, composition and independence and section 9 The work of the board of directors.
7. **"provisions of the articles of association which regulate the appointment and replacement of Board members":** see the report's section 8 The Board of Directors: composition and independence.
8. **"provisions of the articles of association and powers of attorney which give the Board the power to decide that the company shall buy back or issue shares or equity certificates"** Posten does not have any provisions in the articles of association or powers of attorney that give the Board the power to decide that the company shall buy back or issue shares or equity certificates. See also the report's section 3 Equity and dividends and section 4 Equal treatment of shareholders and transactions with close associates.

Financial statements and notes

Posten Norge Group

INCOME STATEMENT

Amounts in MNOK

	Note	2020	2019
Revenue	1	**23 996**	**24 212**
Costs of goods and services		9 937	10 340
Payroll expenses	2	8 523	8 846
Depreciation and amortisation	8,9,17	1 463	1 552
Write-downs of intangible assets and tangible fixed assets	8,9,17	169	172
Other operating expenses	4	2 650	2 666
Operating expenses		**22 742**	**23 575**
Other income and (expenses)	5	119	(479)
Share of profit from associated companies	10	112	5
Operating profit		**1 485**	**162**
Financial income	6	455	398
Financial expenses	6	595	539
Net financial income/(expense)		**(141)**	**(142)**
Profit before tax		**1 344**	**21**
Tax expense	7	221	8
Profit for the year		**1 123**	**13**
Attributable to controlling interests		1 119	(2)
Attributable to non-controlling interests		4	15

STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK

	Note	2020	2019
Profit for the year		**1 123**	**13**
Pension remeasurement	3,7	(61)	(25)
Items that will not be reclassified to income statement		**(61)**	**(25)**
Translation differences		63	(45)
Hedging of net investment	7,20	(46)	21
Translation differences		**17**	**(23)**
Cash flow hedging	7,20	**(5)**	**2**
Items that will be reclassified to income statement		**12**	**(21)**
Other comprehensive income/(loss)		**(50)**	**(47)**
Total comprehensive income/(loss)		**1 073**	**(34)**
Total comprehensive income/(loss) is distributed as follows:			
Attributable to controlling interests		1 069	(48)
Attributable to non-controlling interests		4	15

BALANCE SHEET

Amounts in MNOK

	Note	31.12.2020	31.12.2019
ASSETS			
Intangible assets	8	1 823	1 897
Deferred tax assets	7	282	311
Tangible fixed assets	9	5 409	5 611
Right-of-use assets	17	2 854	3 821
Investments in associated companies	10	28	339
Interest-bearing non-current receivables	12,14	57	56
Other financial non-current assets	10,12,20	189	137
Non-current assets		**10 644**	**12 171**
Interest-free current receivables	12,15,20	3 067	3 740
Interest-bearing current receivables	12,14	125	44
Liquid assets	12,16	4 633	3 912
Current assets		**7 826**	**7 696**
Assets held for sale	23	1 173	
Assets		**19 643**	**19 867**
EQUITY AND LIABILITIES			
Share capital	21	3 120	3 120
Other equity[1)]	23	4 237	3 177
Non-controlling interests		9	66
Equity		**7 367**	**6 363**
Provisions for liabilities	**11**	**797**	**1 178**
Non-current lease liabilities	12,17	2 515	3 376
Interest-bearing non-current liabilities	12,18,20	1 108	2 220
Interest-free non-current liabilities	12,19,20	16	6
Non-current liabilities		**3 639**	**5 602**
Current lease liabilities	12,17	625	793
Interest-bearing current liabilities	12,18,20	1 411	1 178
Interest-free current liabilities	11,12,19,20	4 420	4 610
Tax payable	7	210	142
Current liabilities		**6 667**	**6 724**
Liabilities held for sale	23	1 174	
Equity and liabilities		**19 643**	**19 867**

1) Including accumulated positive translation differences and hedging reserves of MNOK 61 associated with operations held for sale

Board meeting on 25 March 2021

Andreas Enger (Chair)

Anne Carine Tanum (Deputy Chair)

Tina Stiegler

Henrik Höjsgaard

Finn Kinserdal

Liv Fiksdahl

Gerd Øiahals

Lars Nilsen

Ann Elisabeth Wirgeness

Tove Gravdal Rundtom

Tone Wille (Group CEO)

CASH FLOW STATEMENT

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

Amounts in MNOK

	Note	2020	2019
Profit before tax		1 344	21
Tax paid in the year	7	(165)	(92)
(Gain)/loss from sales of non-current assets and subsidiaries		(73)	(81)
Ordinary depreciation and write-downs	8,9,17	1 632	1 724
Share of profit from associated companies	10	(112)	(5)
Financial items without cash flow effect		57	126
Changes in receivables and payables		30	319
Changes in other working capital		278	(26)
Changes in other accruals[1)]		(280)	302
Interest received		105	121
Interest paid		(209)	(268)
Cash flows from operating activities		**2 607**	**2 143**
Investments in non-current assets	9	(700)	(646)
Cash effect from purchase of businesses	23	(97)	(7)
Cash effect from investments in associated companies	10		(16)
Proceeds from sale of non-current assets	9	133	243
Cash effect from sale of businesses	23	28	16
Cash effect from sale of associated companies	10	364	73
Changes in other financial non-current assets		(27)	
Cash flows used in investing activities		**(299)**	**(339)**
Payment of lease liabilities	17	(851)	(890)
Repayment of borrowings	18	(779)	(500)
Dividend paid	21		(124)
Cash flows used in financing activities		**(1 630)**	**(1 514)**
Change in liquid assets		**677**	**291**
Liquid assets at the start of the year		3 912	3 613
Currency differences		91	7
Liquid assets classified as held for sale	23	(47)	
Liquid assets at the end of the year	**16**	**4 633**	**3 912**

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

STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

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

	Share capital	Share premium reserves	Hedging reserve	Translation differences	Retained earnings	Other equity	Non-controlling Interests	Total equity
Equity 31.12.2018	**3 120**	**992**	**(3)**	**302**	**2 039**	**3 330**	**31**	**6 481**
Effect of change of principle (IFRS 16)					49	49		49
Equity 01.01.2019	**3 120**	**992**	**(3)**	**302**	**2 088**	**3 379**	**31**	**6 530**
Profit for the year					(2)	(2)	15	13
Other comprehensive result			2	(23)	(25)	(47)		(47)
Total comprehensive result			**2**	**(23)**	**(27)**	**(48)**	**15**	**(34)**
Dividend					(124)	(124)		(124)
Changes in non-controlling interests					9	9	4	13
Other changes in equity					(39)	(39)	17	(22)
Equity at 31.12.2019	**3 120**	**992**	**(1)**	**279**	**1 907**	**3 177**	**66**	**6 363**

Notes to the accounts for Posten Norge Group

POSTEN NORGE GROUP

Posten Norge AS was established as a company on 1 December 1996 and is today a Norwegian-registered limited liability company with the Norwegian state, represented by the Ministry of Trade, Industry and Fisheries as its sole shareholder. Posten Norge AS is a Nordic mail and logistics group developing and delivering overall solutions within mail, communication and logistics in the Nordics. Posten Norge AS' address is Biskop Gunnerus gate 14, 0001 Oslo, Norway.

ACCOUNTING PRINCIPLES

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

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

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

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

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

1. CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURES

The accounting policies applied are consistent with previous years. In addition, the Group implemented some amended standards and interpretations relevant for the business published by the IASB (International Accounting Standards Board) and approved by the EU, effective from the accounting year starting on 1 January 2020. The implementation of these amended standards and interpretations has not resulted in significant changes in the consolidated financial statements.

2. ISSUED AND AMENDED STANDARDS NOT YET EFFECTIVE OR LACKING APPROVAL BY THE EU

The following standards and statements that are relevant for Posten Norge have been issued but have yet to take effect or lacked approval by the EU for the financial year 2020:

Amended IAS 1 related to the classification of loans as short-term or long-term debt

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

3. ACCOUNTING ESTIMATES

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

3.1 Estimated impairment of assets

Impairment exists when the carrying value of an asset or cash generating unit (definition in section 13) exceeds its recoverable amount. Calculations of recoverable amounts require the use of estimates. There is uncertainty related to assumptions and parameters in connection with the estimation of future cash flows when evaluating impairment and the choice of discount rate in the calculation of the present value of the cash flows. These estimates are particularly relevant when assessing goodwill and other intangible assets. Details on the key assumptions used to determine the recoverable amount of a cash-generating unit, including sensitivity analyses, are provided in note 8.

3.2 Pensions

There is also uncertainty related to the estimation of pension liabilities. The present value of the pension liabilities depends on a number of factors determined by actuarial assumptions. Any changes in these assumptions will impact the carrying amount of pension liabilities.

Assumptions used in the calculation of net pension cost include the discount rate. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension liabilities. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Details are given in note 3.

3.3 Provisions

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

3.4 Deferred tax assets

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

3.5 Leasing obligations (lease agreements)

In accordance with IFRS 16, the non-cancellable lease period (including the period of notice) and any options reasonably certain to be exercised are recognised in the lease liability. Several of the Group's significant lease agreements, particularly within property, include options for renewals of the agreements. The Group applies judgment in determining the lease period.

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

4. FOREIGN CURRENCY TRANSLATIONS

4.1 Functional currency and presentation currency

The financial statements of the individual entities in the Group are measured using the currency of the economic environment in which the entity primarily operates (functional currency). The Group's presentation currency is Norwegian kroner, which is also the parent company's functional currency.

4.2 Transactions and balance sheet items

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

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

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

4.3 Subsidiaries and associated companies

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

5. CONSOLIDATION PRINCIPLES

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

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

5.1 Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration is measured at fair value of assets transferred, liabilities incurred, and equity interests issued. Identifiable assets, liabilities and contingent liabilities are initially recognised at fair value. The excess of the aggregate of the consideration transferred, non-controlling interests and any previous interests held, and the identifiable assets and liabilities, is classified as goodwill in the balance sheet. Should negative goodwill arise from a business combination, the identification and measurement of identifiable assets and liabilities is reassessed. Any negative goodwill that arises following this reassessment is recognised in the income statement immediately.

When agreements are made for additional consideration (contingent consideration) in connection with the acquisition of companies, the additional consideration is measured at fair value and included in the acquisition cost at the time of acquisition. The change in value of the additional consideration is only recognised as goodwill if the change is within 12 months and is a result of new or changed facts and circumstances existing at the time of acquisition. Other changes in value of the additional consideration are recognised in the income statement. The adjustments are measured at the exchange rate on the balance sheet date or at the rate when the adjustment occurred, if this differs from the balance sheet date.

Non-controlling interests in the acquired company are measured for each purchase, either at fair value or at its share of the acquired company's net assets. The proportion of equity related to non-controlling interests is shown on a separate line in the Group's equity. For non-controlling interests, the share of the profit/ loss for the year after tax is shown in the income statement and the share of other comprehensive income in total comprehensive income.

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

5.2 Associated companies

An associated company is an entity over which the Group has significant influence. Significant influence normally exists when the Group owns 20 to 50 percent of the voting capital.

Investments in associated companies are accounted for by the equity method. The investment is initially recognised at cost. For investments in associates, goodwill is included in the investment's cost. The Group's share of profit or loss is classified as operating income or expense. Received dividends reduce the investment's carrying value.

6. SEGMENT REPORTING

Reporting segments are aggregated from underlying operating segments based on an assessment of the risks and yields relating to the types of products or services, production processes, customer groups, distribution channels and statutory or other requirements, as well as management reporting. The division of reporting segments has been prepared in accordance with areas whose operating results are reviewed regularly by Posten's Board to enable the Board to make decisions about resources to be allocated to the segment and assess its performance. The Group defines Posten's Board as the chief decision maker.

The segments' accounting principles are the same as those used to prepare and present the consolidated financial statement.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

The recognition of income shall reflect the transfer of goods or services to the customer. In all segments, revenue is recognised when a customer achieves control over goods or services and thereby can determine the use of them and receive the benefits from the goods or services.

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

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

7.1 Revenue: Logistics segment

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

Transport services comprise national and international transport, together with express deliveries and home deliveries. Transport services can include a number of associated additional services but are mainly considered to be one delivery obligation. The services are taken to income over time, as the customer is considered to benefit from the fact that the goods are coming increasingly nearer the agreed delivery point. Most transport services are delivered within 1-7 days, and provisions are made for incomplete transport.

Warehouse services comprise several separate delivery obligations, including storage, handling and pick-up services in addition to the unloading of vehicles, sealing of pallets, installation/repair of equipment and construction of sales pallets. The distribution of transaction prices to each delivery obligation will normally be derived directly from an associated agreement. The storage of goods is recognised over time as the customer receives the benefit for each day the goods are stored. Storage handling is, however, recognised at the time when the service is delivered, and control is considered to be transferred to the customer.

7.2 Revenue: Mail segment

The segment's revenue is generated from the sale of letter products and banking services.

The delivery of letter products is mainly recognised over time. However, letter services often have very short delivery time, 1-2 days, and the recognition of income is therefore normally made when the letter is delivered to the post office/in the letter box. Letter services also comprise the sale of stamps, franking and international mail. The sale of stamps is considered to be advance payment for the sale of letter products and is recognised as income when the service delivery takes place. Franking machines (pre-paid franking) are recognised on the basis of the customer's postage consumption, and other postage sales are recognised when letter products are delivered. International mail comprises income from foreign postal services. This is currently recognised on the basis of the calculation of volumes and preliminary prices, and is adjusted the following year when final prices are received from the International Post Cooperation.

Fees for banking services are recognised based on performed banking services.

In addition, Posten is paid for government procurements of commercially non-viable postal and banking services, recognised over time (monthly) and limited to an amount equalling the current year's estimated additional expenses regarding licensing requirements.

8. PENSIONS

The Group has both defined contribution and defined benefit pension plans. The net pension expenses for the defined benefit pension plans comprise the pension contributions of the period, including future salary increases and the interest expense on the estimated pension liability, less the contributions from employees and estimated yield on the pension assets. For defined contribution plans, the premium less the employees' contribution is recognised as expenses when incurred.

The liability recognised in the balance sheet for the defined benefit pension plans is the present value of the defined benefit liability at the balance sheet date, less the fair value of plan assets. The gross liability is calculated by independent actuaries applying the "projected unit credit" method. When pension assets exceed pension liabilities, prepaid pensions are classified as a long-term asset in the balance sheet if it is likely that the excess value can be utilised or repaid. The recognition of pension funds is limited to the present value of all financial benefits that materialise in terms of refunds from the plan or reductions in future contributions to the plan. Net pension expenses are classified as payroll expenses in the income statement, except the interest element, which is classified as finance income/finance expenses. The effect on previously earned rights resulting from changes in the schemes' yields is recognised immediately in the income statement. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur and will not be reclassified to profit or loss in future periods.

9. TAXES

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

income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax payable is calculated on the basis of the taxable income for the year. The net deferred tax liability/asset is computed on the basis of temporary differences between the carrying amount and tax values of assets and liabilities and tax losses carried forward at the end of the financial year, with the exception of:

- deferred tax liabilities arising from the initial recognition of taxable non-depreciable goodwill
- deferred tax arising from a first-time recognition of an asset or liability in a transaction that
    - is not a business combination, and
    - on the transaction date, impacts neither the accounting profit nor taxable income (taxable loss)
- deferred tax concerning investments in subsidiaries, branches and associates where the parent company can control the time for reversing the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

Tax increasing and tax reducing temporary differences that are reversed or can be reversed are netted. Taxes are not offset across national borders. A deferred tax asset is recognised when it is probable that the company will have sufficient taxable profits to utilise the tax asset. Deferred tax liabilities and deferred tax assets that can be recognised in the balance sheet are stated at their nominal value and netted.

If authorities notify a change in the previous year's tax return, the expense will normally be recognised as part of the current year's taxes.

10. INTANGIBLE ASSETS

Intangible assets are recognised in the balance sheet if probable future economic benefits can be proven and attributed to the asset, and the cost of the asset can be reliably measured. Intangible assets are recognised in the balance sheet at their acquisition cost net of any accumulated depreciation and write-downs. Acquisition costs also include in-house payroll costs if the recognition criteria are met.

Goodwill and other intangible assets with indefinite useful lives are not amortised but assessed for impairment annually (section 13 "Write-downs of non-financial assets" has a more detailed description). Intangible assets with definite lives are amortised on a straight-line basis over their estimated useful economic life.

Amortisations start from the date when the intangible asset is available for its intended use. Intangible assets not yet available for use are also tested for impairment.

10.1 Intangible assets: Development costs

The Group's development costs mainly relate to the development of IT systems intended for internal use. Development costs are recognised in the balance sheet if all of the following criteria are met:

- The product or process is clearly defined, and cost elements can be identified and reliably measured
- The product's technical solution has been demonstrated
- The product or process will be sold or used in the business
- It is probable that the asset will generate future economic benefits
- Adequate technical, financial and other resources are available to complete the project

Only when all the criteria are met can the expenses relating to development work be recognised in the balance sheet. Otherwise, the costs will be expensed as incurred.

10.2 Intangible assets: Goodwill

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

11 TANGIBLE FIXED ASSETS

Tangible fixed assets are recognised in the balance sheet at their acquisition cost net of accumulated depreciation and impairment. The acquisition cost of fixed assets includes costs directly attributable to the acquisition, construction or installation of the assets. For larger investments involving a long manufacturing period, interest is capitalised as part of the acquisition cost if directly attributable. The acquisition cost of fixed assets is decomposed when the fixed asset consists of components that have different useful economic lives. Costs relating to normal maintenance and repairs are expensed when incurred. Costs relating to replacements and renewals which significantly increase the useful economic life of the fixed assets are recognised in the balance sheet.

Tangible fixed assets are depreciated down to their residual values on a straight-line basis over their estimated useful economic life. Depreciation starts from the date when the tangible fixed asset is available for its intended use. Land is not depreciated.

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

12. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

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

13. WRITE-DOWNS OF NON-FINANCIAL ASSETS

A write-down requirement exists if the carrying amount of a valuation unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less sales costs and value in use, where value in use is the present value of estimated cash flows relating to future use. If cash flows relating to an individual asset are independent of cash flows relating to other assets, the individual asset constitutes a valuation unit. If not, a valuation unit is identified at a higher level and is called a cash-generating unit. A cash-generating unit shall be defined consistently over time. A cash-generating unit is defined as the smallest identifiable group of assets generating incoming cash flows and shall essentially be independent of incoming cash flows from other assets or groups of assets.

The Group calculates future cash flows based on estimated results (forecasts and long-term plans) over a period of three years, adjusted for depreciation, investments and changes in working capital. The extrapolation period contains an extrapolation of the cash flows after the forecast period, using a constant growth rate. The present value of future cash flows is calculated using a weighted required rate of return of total capital and is calculated before tax.

With the exception of goodwill, write-downs recognised in prior periods are reversed if new information indicates that a write-down requirement no longer exists or has been reduced. However, a write-down is not reversed if it implies that the carrying amount exceeds the value that had been determined if no impairment loss had been recognised.

13.1 Impairment: Goodwill and other assets with indefinite useful lives

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

13.2 Impairment: Other assets with definite useful lives

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

14. PROVISIONS FOR LIABILITIES

Provisions are recognised when the Group has a present obligation (legal or actual) as a result of a past event, it is probable (more probable than not) that the liability will result in a financial settlement and the amount can be reliably measured. Provisions are reviewed on each balance sheet date, and their level reflects the best estimate of the liability. When the effect of the time value of money is material, the liability is recognised at the present value of future cash flows. Details on provisions for pension liabilities are provided in section 8.

14.1 Provisions: Restructuring

Restructuring expenses are costs incurred by the Group based on a decision that entails a significant change in the Group's defined business areas, either concerning the scope of the activities or the manner in which the business is operated. Provisions for restructuring are expensed when the programme has been determined and announced, and the costs are identifiable, quantifiable and not covered by corresponding revenues.

14.2 Provisions: Onerous contracts

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

15. CONTINGENT LIABILITIES AND ASSETS

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

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

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

16. FINANCIAL INSTRUMENTS

Financial instruments are recognised in the balance sheet when the Group has become a party to the instrument's contractual terms. Financial instruments are derecognised when the contractual rights or obligations have been fulfilled, cancelled, expired or transferred.

Financial instruments are initially measured at fair value at the settlement date, normally at the transaction price. Subsequent measurements depend on the classification of the financial asset or liability. The classification is determined by the Group's business model for managing financial instruments and the characteristics of the cash flows of each instrument.

Financial assets are classified as subsequently measured at either amortised cost, fair value over comprehensive income or fair value over profit and loss. Financial liabilities are classified as subsequently measured at either amortised cost or fair value over profit and loss.

The Group's financial assets mainly comprise debt instruments (receivables), and the Group has no significant equity instruments. The receivables' cash flows only include the principal and any interest, and all receivables are held only to receive contractual cash flows (no intention of sale exists). The receivables are classified as subsequently measured at amortised cost.

None of the Group's financial liabilities is held for trading purposes. With the exception of loans in foreign currency (Japanese yen), the fair value option has not been applied, nor do the liabilities contain embedded derivatives. Accordingly, the Group's financial obligations are basically classified as subsequently measured at amortised cost. The Group has applied the opportunity to use fair value options (FVO) for financial liabilities in foreign currency (Japanese yen), as such classification to a significant degree reduces any inconsistency in the measurement between the obligation and related derivatives. Significant changes due to the Group's own credit risk are recognised in other comprehensive income.

Financial instruments are classified as non-current when their expected realisation date is more than 12 months after the balance sheet date. Other financial instruments are classified as current assets or liabilities.

16.1 Financial instruments: Hedging

The Group uses derivatives to manage currency and interest rate risk. The Group's criteria for classifying a derivative as a hedging instrument, and either the whole or parts of an individual item or a group of items as a hedging object, are as follows:
1. the derivative is applied to hedge an expected transaction, a net investment in a foreign business or a recognised asset or obligation,
2. the hedge is earmarked and documented,
3. the requirement for hedge effectiveness is met.

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

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

<u>16.1.a Cash flow hedging</u>

The effective part of changes in fair value of a hedging instrument in a qualifying cash flow hedge is recognised in other comprehensive income. The ineffective part of the hedging instrument is recognised directly in the income statement.

If the hedged cash flow results in the recognition of an asset or liability, the gains and losses previously recognised in other comprehensive income are reclassified and recognised together with the asset or liability. For other cash flow hedges, gains and losses previously recognised in other comprehensive income and accumulated in equity are reclassified to the income statement in the same period as the cash flow constituting the hedged item is recognised. When a hedging instrument ceases to be highly effective, hedge accounting is prospectively discontinued. In this case, the accumulated gain or loss on a hedging instrument in equity will not be reversed until the hedged transaction actually occurs. If it is no longer expected that the hedged transaction will occur, previously accumulated gains or losses on the hedging instrument in equity will be reversed and recognised in the income statement immediately.

<u>16.1.b Hedging of net investment in a foreign entity</u>

The Group uses currency futures to hedge its net investments in foreign entities. Changes in currency futures that are designated as hedging instruments are recognised in other comprehensive income together with translation differences related to the investment until any sale of the investment, whereby the accumulated translation differences are recognised in the income statement. The ineffective part of the hedge instrument is recognised directly in the income statement.

16.1.c Fair value hedging
Derivatives that qualify as fair value hedges are measured at fair value, and changes in fair value are recognised in the income statement. Correspondingly, changes in fair value related to hedged risk in the hedged item are recognised in the income statement.

16.2 Financial instruments: Derivatives that are not hedging instruments
Derivatives not classified as hedging instruments are measured at fair value over profit and loss. Changes in fair value of such derivatives are recognised in the income statement.

16.3 Impairment: Financial instruments
For financial assets measured at amortised cost, the Group makes a provision for expected credit loss.

The Group's financial assets mainly comprise receivables, including trade receivables, without significant financing components. For financial assets without significant financing components, a simplified model is applied whereby the expected credit loss over the entire lifetime is recognised. The simplified model does not require any follow-up of credit risk.

If an accrued (actual) credit loss is established, because the Group cannot reasonably expect to recover the entire or parts of a financial asset, the financial asset's gross balance sheet value is directly reduced.

Write-downs of financial assets measured at amortised cost are recognised in the income statement.

17. ACCOUNTS RECEIVABLE
Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost, less provisions for losses. The Group applies a simplified method to provide for expected credit losses on the trade receivables and measures the loss provisions at an amount corresponding to the expected lifetime credit loss. Accrued (actual) credit losses reduce the trade receivables' balance sheet value directly.

18. CASH AND CASH EQUIVALENTS
Cash and cash equivalents include liquid assets like cash in hand and bank deposits. Cash and cash equivalents are short-term liquid investments that can be converted into a known amount in cash within three months and are subject to insignificant risk.

19. LEASING OBLIGATIONS (LEASE AGREEMENTS)

19.1 The Group as lessee
IFRS 16 Leases requires that the lessee capitalises lease agreements in order to reflect the value of the right-of-use asset and the corresponding lease obligation in the balance sheet. The lease obligation is measured at the present value of the lease payments, and the right-of-use asset is derived from this calculation. At subsequent measurements, the right-of-use asset is depreciated, whereas the lease obligation is reduced by instalment payments. In addition, interest of the lease obligation is expensed.

Lease agreements that can be defined as "low value assets" are not capitalised. Short-term lease agreements, where the non-cancellable lease period is less than 12 months, are also directly expensed. The Group has chosen not to apply IFRS 16 for intangible assets.

Several of the Group's lease agreements include other services and components such as shared costs, fuel and charges. Non-leasing components are separated from the lease agreement and recognised as operating costs in the consolidated financial statements.

Assessment of agreements in the Group complying with the standard's definition and requirement for recognition
In order to be within the scope of IFRS 16, the contract must satisfy the definition of a lease. The assets must be identifiable, and the lessee must have the right to control the use of the assets in a given period.

Significant agreements in the Group mainly concern rental contracts for buildings and terminals, in addition to the Group's car fleet.

Leasing of real estate and means of transport will generally be encompassed by the definition in the standard and be classified as leases.

The Group has performed a review of various lease agreements and in particular assessed the treatment of them, in addition to agreements with transporters (transport agreements). Most of the transport agreements in the Group are either of such a character that no specific asset can be identified, or are short-term, and these agreements are therefore outside the definition of a lease according to the standard.

Assessment of lease period
Several of the Group's significant lease agreements, especially within real estate, include options for extending the lease agreements. IFRS 16 requires that the non-cancellable lease period (including the period of notice) and any options reasonably certain to be exercised, be recognised in the lease liability. The Group assumes that "reasonably certain" is a probability level significantly higher than 50 percent.

In the consideration of whether the exercise of an option is reasonably certain, especial weight has been given to whether the asset is important for operations and part of the Group's strategic plans.

The Group has also taken into account the time of an option's exercise date, as the degree of certainty decreases the further off the exercise date is.

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

Lease payments include fixed payments and any payments varying by an index or interest rate, but not variable lease payments depending on the use of the asset.

Lease payments also include residual value guarantees, purchase options and any termination expenses. Wear and tear and any damage caused during ordinary use of the leased asset is expensed as incurred.

Discount rate
The present value of the lease payments shall be discounted at the lessee's incremental borrowing rate when the interest rate implicit in the lease cannot be easily determined. The method to determine the Group's incremental borrowing rate is consistently applied and reflects;

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

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

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

Operating leases
For operating leases, the Group recognises lease payments as other income, mainly on a straight-line basis, unless another systematic basis better reflects the pattern whereby the benefit of the underlying asset is reduced. The Group recognises expenses incurred in the earning of the lease income as costs.

20. LOANS
Loans are initially recognised at fair value when paid, net of transaction costs incurred. In subsequent periods, the loans are recognised at amortised cost using the effective interest method. Amortised cost is the amount at which the financial obligation is initially measured less repayments (instalments, interest and service charges), including effective interest.

21. EQUITY

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

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

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

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

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

NOTE 1 SEGMENTS

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

For financial reporting purposes, the Group has divided operations into two segments, Logistics and Mail. The split complies with international accounting standards (IFRS). Segment Logistics comprises division E-commerce and logistics and International logistics. Holdings & Ventures also reports as part of the segment. Segment Mail includes division Mail. Division Network Norway is divided between Segment Logistics and Segment Mail based on the type of services delivered to the two segments. The division shall ensure cost-effective operations for letters, parcels and freight in Norway.

The divisions are key units in the management of the Group and develop and implement business strategies within their own business areas, thereby supporting the group strategy. The divisions are responsible for developing and delivering services of high quality.

The segments include the following:

Segment Logistics comprises bulk and part loads, parcels, warehousing, home deliveries, express and temperature-regulated services. The transport services include national and international transport. The various services in the segment are described below.

Freight transport is the transport of goods over 35 kilos. Delivery can be by car, boat, train or plane, internationally and domestically. The service includes the following categories:

- Groupage and part loads, mostly transport on cars or trains
- Air cargo
- Routine deliveries to installations on the mainland and at sea on the Norwegian shelf
- Special transport with a carrying capacity of up to 130 tonnes
- Temperature-regulated transport

Sea transport comprises large shipments carried on ships in regular service.

Parcel transport is the transport of parcels both internationally and domestically. The service includes the following categories:

- Contract parcels, parcels directly to third parties
- Service parcels, parcels picked up by the recipient at the delivery point
- Parcels in the mailbox

Warehouse services comprise storage, handling and pick-up services in addition to the unloading of vehicles, sealing of pallets, installation/repair of equipment and construction of sales pallets. The service has the following categories:

- storage
- interim storage
- customs storage
- refrigerated and frozen storage

The segment is also responsible for the Group's Norwegian and international operation of vehicles and equipment.

Division E-commerce and logistics is responsible for all parcel products to e-commerce customers, in addition to groupage and part loads, home deliveries and warehousing in Norway.

Division International logistics operates the international freight traffic by road, railway, air and sea in addition to industrial direct freight and industry solutions for manufacturing and offshore customers. The division also manages the car fleet primarily for the logistics network in Norway to ensure competitive and cost-effective transport services.

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

Segment Mail comprises letter products (addressed and unaddressed) and banking services. The segment includes division Mail and operations in Bring Mail Nordic.

Division Mail is responsible for the traditional mail services in Norway (including services covered by licences). Services delivered by division Mail are mail and newspaper distribution, sale and customer service, Post-in-shops, post offices, rural postal services and postal business centres. In addition, the division shall be a driving force for the Group's efforts within digital services through services such as Digipost.

Other comprises the owner function and group-shared functions (group staffs). The Group has established group staffs with the responsibility for management, shared functions and technical development within HR, Communication, Strategy, Economy, Finance, Property, Legal and IT and Digitalisation. The group staffs develop and professionalise the technical environments in the Group, are driving forces and contribute to realise the business strategies.

Elimination: eliminations of internal transactions.

Internal revenue is revenue between the segments of the Group. The pricing of transactions with other segments is based on commercial terms as if the segments were independent parties. Internal revenue is eliminated against internal costs.

RESULTS PER SEGMENT

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

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

2019	Logistics	Post	Other	Eliminations	Group
External revenue	17 474	6 738			24 212
Internal revenue	653	896	1 340	(2 890)	
Total revenue	**18 127**	**7 634**	**1 340**	**(2 890)**	**24 212**
External expenses including depreciation	15 972	5 851	1 599		23 405
Internal expenses	1 693	1 147	30	(2 890)	
Write-downs of intangible assets and tangible fixed assets	91	66	15		172
Operating expenses	**17 756**	**7 063**	**1 643**	**(2 890)**	**23 575**
Other income and (expenses)	(20)	(441)	(18)		(479)
Share of profits from associated companies	13	(8)			5
Operating profit/(loss)	**364**	**120**	**(321)**		**162**
Net financial items					(142)
Taxes					8
Profit for the year					**13**

Revenue categories (external income)

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

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

DELIVERIES OVER TIME[1)]	2020	2019
Parcels and freight	8 938	8 435
Other Logistics business	9 416	9 040
Logistics	**18 354**	**17 474**
Mail and banking services	5 117	5 832
Government procurements	523	619
Other (mainly dialogue services)		286
Mail	**5 641**	**6 738**
External revenue	**23 996**	**24 212**

1) Some of the Group's services are delivered at a certain point of time. These services are not separated from income delivered over time, as they are considered insignificant

Geographical information

Posten Norge has its main office in Oslo, Norway, but has operations also in Sweden, Denmark, Finland, Belgium, France, Greece, Hong Kong, Italy, the Netherlands, Poland, Slovakia, Great Britain and Germany. The table below is an overview of the distribution of revenue and expenses between Norway, Sweden and other countries.

	2020	2019
External revenue		
Norway	14 788	15 306
Sweden	5 033	5 106
Other countries	4 174	3 800
Total revenue	**23 996**	**24 212**
Assets		
Norway	16 219	16 285
Sweden	2 238	2 676
Other countries	1 186	906
Total assets[1)]	**19 643**	**19 867**
Investments		
Norway	537	492
Sweden	111	85
Other countries	52	69
Total investments	**700**	**646**

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

INVESTMENTS PER SEGMENT

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

2019	Logistics	Mail	Other	Group
Investments in non-current assets	502	138	6	646
Depreciation	1 026	493	35	1 552
Write-downs	91	66	15	172

NOTE 2 PAYROLL EXPENSES AND OTHER REMUNERATION

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

	2020	2019
Salaries	6 849	6 998
Social security tax	961	1 029
Pension expenses	521	566
Other benefits	192	253
Payroll expenses	**8 523**	**8 846**
Number of full-time equivalent positions	12 377	13 995
Number of employees 31.12[1]	12 919	14 270

1) The number of employees is the number of permanent and temporary employees that generated salary expenses in December

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

	2020	2019
Board fees [1]	**2 847**	**2 732**
Fees for the statutory audit – Group auditor	7 547	6 749
Fees for the statutory audit to other audit firms	206	734
Fees for other attestation services	939	689
Fees for tax advisory services	336	192
Fees for other non-audit services	519	1 135
Total auditors' fees	**9 547**	**9 499**

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

Fees to the group auditor concerned the audit firm EY.

The Board of Directors

External board members have no pension schemes or other benefits other than board remuneration. Employee representatives only have pension schemes related to their employment in Posten Norge AS. The Annual General Meeting determines the remuneration to the Board of Directors of Posten Norge AS. The board fees for 2020 were approved in the Annual General Meeting on 19 June 2020, and the board members received the following remuneration:

2020

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

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

2019

Remuneration	Board fees	Audit Committee	Compensation Committee
Idar Kreutzer, Chair (until 30.06.2019) [2]	223		6
Andreas Enger, Chair (from 01.07.2019) [2]	229		6
Tove Andersen, Vice-Chair (until 30.06.2019) [3]	134	34	
Anne Carine Tanum, Vice-Chair [4]	249		5
Henrik Höjsgaard	225		5
Finn Kinserdal [5]	225	55	
Liv Fiksdahl	225		
Tina Stiegler (from 01.07.2019)	114	21	
Odd Christian Øverland, employee representative [1]	225		5
Ann Elisabeth Wirgeness, employee representative [1]	225		
Erling Andreas Wold, employee representative [1]	225		
Lars Nilsen, employee representative [1]	225		
Total	**2 524**	**110**	**28**

(All amounts in TNOK and exclusive of social security tax)
1) For employee representatives, the amounts only concern compensation for the board position stated
2) Leader of the Compensation Committee
3) Leader of the Audit Committee until 30.06.2019
4) Vice-Chair from 01.07.2019
5) Leader of the Audit Committee from 01.07.2019

Group management - compensation

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

2020

Group management	Basic pay[1]	Bonus earned 2020[2]	Salary and holiday pay paid in 2020[3]	Bonus paid (earned in 2019)[4]	Other benefits paid[5]	Pension cost	Period of notice	Severance pay agreement
Tone Wille [6]	5 510		5 665		289	121	6 mth.	No
Irene Egset [7]	3 254	760	3 347	696	192	121	6 mth.	No
Gro Bakstad (until 16.08.2020)	2 840		1 838	634	173	957	6 mth.	No
Hans Øyvind Ryen (deputised from 17.08.2020) [8]	2 650	220	990		47	126	6 mth.	No
Per Erik Roth [7]	2 440	533	2 717	168	7	121	6 mth.	No
Randi Løvland (until 29.02.2020) [9]	1 960		327		37	53	6 mth.	9 mth.
Nina Yttervik (from 01.03.2020) [7]	2 400	438	1 877		161	101	6 mth.	No
Per Öhagen [7]	3 457	918	3 531	867	192	121	6 mth.	No
Christian Brandt [7] [10]	2 543	563	2 586	525	254	121	6 mth.	No
Morten Stødle	2 562	599	2 642	573	176	121	6 mth.	No
Alexandra Saab Bjertnæs [7]	2 150	487	2 199	495	249	121	6 mth.	No
Thomas Tscherning [11]	3 280	646	3 257	682	23	1 087	6 mth.	9 mth.
Total	**35 045**	**5 250**	**30 976**	**4 639**	**1 799**	**3 170**		

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

2019

Group management	Basic pay[1]	Bonus earned 2019[2]	Salary and holiday pay paid in 2019[3]	Bonus paid (earned in 2018)[4]	Other benefits paid[5]	Pension cost	Period of notice	Severance pay agreement
Tone Wille [6]	5 418		5 440	805	289	119	6 mth.	No
Irene Egset (from 01.01.2019) [7] [8]	3 200	696	2 995	500	697	119	6 mth.	No
Gro Bakstad	2 840	634	2 874	434	243	1 526	6 mth.	No
Per Erik Roth [7]	2 400	168	2 411	344	168	119	6 mth.	No
Randi Løvland	1 960	451	1 986	338	227	316	6 mth.	9 mth.
Per Öhagen [7]	3 400	867	3 424	470	186	119	6 mth.	No
Christian Brandt (from 14.10.2019) [7]	2 500	118	538		57	26	6 mth.	No
Morten Stødle	2 520	573	2 587	549	185	119	6 mth.	No
Alexandra Saab Bjertnæs [7]	2 050	495	2 083	453	246	119	6 mth.	No
Thomas Tscherning [9]	2 940	621	3 253	583	85	937	6 mth.	9 mth.
Total	**29 228**	**4 622**	**27 591**	**4 477**	**2 381**	**3 520**		

(All amounts in TNOK and exclusive of social security tax)
1) Basic pay as at 31.12.2019 or at the time of leaving Group management
2) Earned bonus is for the year shown and for the period as a member of Group management, and as accrued in the accounts. Includes neither holiday pay nor social security tax
3) Salary and holiday pay paid out in the year shown
4) Bonus paid was earned and accrued in the previous year
5) Other benefits include all other benefits (cash and non-cash)received in the year, and include the taxable part of pension insurance premiums, free car and car allowance, pension compensation and electronic communication
6) The Group CEO's salary terms were set to MNOK 5,4 per year in addition to free phone/broadband, car compensation of TNOK 283 per year and parking at the office. She is also a member of the company's pension and personnel insurance schemes in line with the collective schemes prevailing in Posten Norge AS. The CEO's bonus scheme was terminated on 1 January 2019
7) Has an agreement for severance pay for up to one year if the non-compete clause comes into effect
8) Group director Irene Egset received a starting compensation of TNOK 500, reported under Other benefits.
9) Group director Thomas Tscherning received his salary in Swedish kroner, translated to NOK at an average exchange rate for the year of 0,9305

Bonus schemes

Posten Norge has a bonus scheme for members of Group management with the exception of the Group CEO. The scheme has two parts, one element based on the consolidated group results and one on individual results, with an upper limit of 6 months' salary. The final decision regarding bonuses is made by the CEO. In general, bonuses only paid to persons holding their positions as at 31 December.

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

Pension schemes

Group management has the same pension schemes and pension terms as other employees in the Group, ref. item 3.5 in the "Statement on the determination of salaries and other remuneration to executives in Posten Norge AS and Posten Norge AS' wholly owned subsidiaries".

There has been an exception for one executive joining Group management before 31 December 2006. This executive has had a defined benefit pension scheme of 66 percent based on operations with a retirement age of 64 years. This scheme was closed on 31 December 2006. The executive left the Group on 16 August 2020.

One member of Group management who started in 2009 has had a defined contribution pension based on operations, where the annual contribution is limited to 25 percent of the pension basis exceeding 12 G. The executive left the Group on 29 February 2020.

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

Severance pay

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

Loans and guarantees

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

STATEMENT ON THE DETERMINATION OF SALARIES AND OTHER REMUNERATION TO EXECUTIVES IN POSTEN NORGE AS AND POSTEN NORGE AS' WHOLLY OWNED SUBSIDIARIES

(Approved by the Board on 18 February 2021)

This statement is based on "Guidelines for salaries and other remuneration to executives in state enterprises and companies" (established by the Ministry of Trade, Industry and Fisheries effective from 13 February 2015) and has been prepared by the Board in accordance with the Articles of Association section 7, ref. the Public Limited Companies Act section 6-16a prevailing before 1 January 2021.

The declaration shall be reviewed in Posten Norge AS's Annual General Meeting. The declaration applies until the Board either repeals it or adopts a new declaration.

The declaration applies to the Group CEO and Group Directors reporting to the Group CEO (Group management). The statement correspondingly applies to the CEO and executives reporting to the CEOs in Posten Norge AS' wholly owned subsidiaries. These groups are called "senior employees".

The statement has two main parts. Part I deals with the executive remuneration policy that has been followed in the preceding financial year, ref. the Public Limited Companies Act section 6-16 a, first, third and fourth paragraphs. Part II contains guidelines for determining management salaries for the coming fiscal year, ref. the Public Limited Companies Act former section 6-16 a, second paragraph. The guidelines in Part II apply in full when new agreements are made in the coming financial year.

PART I POLICY EXECUTIVE REMUNERATION IN THE PREVIOUS YEAR

1. Posten Norge AS

The remuneration to senior employees in 2020 has been in accordance with "Statement of salaries and other remuneration to executives in Posten Norge AS and Posten Norge AS' wholly owned subsidiaries", adopted on 13 February 2020 (in the following, "last year's statement").

One new Group Director was employed in 2020. The terms of the agreement are in accordance with last year's statement.

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

Posten Norge AS' salary increase in 2020 was in line with the leading sector limit of 1,7 percent for both executives and employees. The Group CEO's salary was adjusted by 1,7 percent in 2020.

2. Posten Norge AS' wholly owned subsidiaries

Three senior employees in wholly-owned subsidiaries have agreements made before 13 February 2015 that deviate from the Norwegian state's guidelines, as they have retirement pension where the pension basis exceeds 12 G.

In other respects, the remuneration to senior employees in wholly owned subsidiaries in 2020 has been in accordance with the Norwegian state's guidelines.

No senior employees have shares or options, nor has any long-term incentive scheme for senior employees been established in wholly-owned subsidiaries.

PART II POLICY FOR EXECUTIVE REMUNERATION IN THE COMING YEAR

The guidelines in this Part II apply to Posten Norge AS. If not specifically stated in the text, the guidelines apply correspondingly to Posten Norge AS' wholly-owned subsidiaries.

1. Main principles for the executive remuneration policy

Total remuneration for leading employees in the Company shall be competitive, but not leading, compared with similar companies.

Posten Norge AS shall have adequate oversight and ensure that the statement of salaries is complied with in all companies for which the statement applies. The Board in each company shall be familiar with the total compensation for each executive.

2. Elements of executive pay

Basic salary

The main element of executive pay shall be the fixed salary.

The Board shall contribute to moderation in the remuneration of executives. On the employment of new Group Directors, the Compensation Committee is consulted before the remuneration is determined, in order to comply with this principle.

To support ongoing reviews of salary levels, market information about executive compensation shall be obtained every other year from a recognised international company with adequate statistics from Norway, Sweden and Denmark. The information shall be received in good time before the annual salary assessment. The market information is used both in recruiting new leaders and in the consideration of the annual salary adjustment for existing executives.

Variable salary

In accordance with the state's guidelines, individual agreements on variable salary with senior employees can be made on the basis of performance, with an economic framework of up to six months' wages. A system of variable salary (bonus scheme) must be transparent and clearly understandable.

All Group Directors have made agreements on such annual bonuses. The Group CEO has since a change in 2019 not had any variable salary. Posten's scheme has as a main rule a maximum bonus potential of 25 percent of the annual salary. There are three exceptions in the Group from this main rule today: one agreement with a Group Director has a maximum bonus potential of 30 percent, and in one of the wholly owned subsidiaries, two agreements fall outside the main rule: one with a maximum potential of four months' salary and one with a maximum bonus potential of six months' salary. Both the two agreements in the wholly-owned subsidiary are related to an ongoing sales process.

The annual goals set for the Group shall contribute to the highest possible value for the owner. The Board wants to set ambitious goals. Should all goals be reached, this will result in 75 percent of the maximum bonus achievement. In order to reach 100 percent, a predefined "stretch" must be accomplished. A smaller bonus share can be earned if one is close to the goal (50 percent, so-called "threshold"). Financial goals are set when the prognoses are approved by the Board and can be both common group goals and individual goals for each executive.

The individual goals shall be set for one year at a time and be described and based on objective, definable and measurable criteria on which the manager can have an influence.

The basis for calculating the bonus shall comprise both common group goals and individual goals for each manager. The objectives shall be linked to the results achieved supporting the Group's three main goals:

- The customer's first choice
- Leading in technology and innovation
- Best in creating sustainable value, made possible through competent and engaged employees

Objectives that contribute to reach the main goals will be within the following categories: economic/financial targets, HSE (Health, Safety and Environment), the external environment, customers, technology and innovation.

60 percent of the bonus shall be related to financial goals and 40 percent to other main goals. Bonus goals shall always include the Group's return on invested capital (ROIC) and at least one HSE target. The corporate goals for members of group management shall constitute between 60 and 100 percent of the bonus potential, and the individual targets between 0 and 40 percent. In wholly owned subsidiaries, the corporate goals shall constitute a minimum of 30 percent of the bonus potential.

The financial annual goals at the group level approved by the Board are the basis for the Group's ROIC goal. Should this goal be reached, it will result in 75 percent of the maximum bonus achievement. In order to reach 100 percent, a predefined "stretch", implying a higher result than the goal approved by the Board, must be accomplished. For Group Directors without direct profit responsibility, this goal will constitute 60 percent. For Group Directors with profit responsibility, the bonus goal shall be divided in two, one part based on ROiC for the Group and one part based on adjusted operating result for the director's own area.

In addition, the ability to deliver according to the owner's required rate of return is heavily emphasised when the Group's long-term plan is determined.

The annual non-economic targets are related to areas such as absence due to illness and injuries, in addition to sustainable value creation. For absence due to illness, the Group must achieve a 2 percent reduction in 2021 compared with the result for 2020 to reach a bonus of 75 percent. For H2 injuries, the Group must manage a 10 percent reduction to achieve a bonus of 75 percent.

The goal for sustainable value creation is related to the increase in the share of vehicles on renewable energy. The goal in this area is a demanding 38,8 percent of the Group's vehicles to be operated by renewable energy, which will give a bonus of 75 percent. Should the Group achieve an additional 10 percent reduction, this will give a bonus of 100 percent.

When the goal is qualitative, a description of the requirements for achieving 50, 75 or 100 percent bonus shall be prepared.

Should the Group achieve its financial goals, it is expected that an executive who has performed well will achieve a variable salary (bonus) of between 15 and 20 percent of the basic salary. This level is considered to be normal bonus terms in the market.

Other benefits

Senior employees may receive benefits in kind customary for comparable positions.

Insurance

Senior employees shall have the same level of insurance coverage as other employees.

Severance pay

Advance agreements can be made for a reasonable amount of severance pay for senior employees in Posten Norge AS, valid if the employee does not contest the notice. With the exception of advance agreements where the company's top executive waives employment protection, the size of the severance pay shall not be finally determined in the advance agreements.

Severance pay and salary in the period of notice shall not exceed 12 months' salary. On employment in a new position or income from a business where the person in question is the active owner, severance pay should be reduced by a proportionate amount calculated on the basis of the new annual income. The reduction can take effect only when the normal period of notice for the position has ended.

Severance pay is not applicable for voluntary resignations or if there are valid reasons for dismissal, or if during the severance period irregularities or omissions are discovered that can lead to liability, or if the individual is prosecuted for breaches of the law.

3. Options, share programmes

Senior employees shall not receive compensation in the form of share options or shares in the parent company or subsidiaries, or a cash bonus linked to an assessed growth in the value of the share.

4.Board remuneration

Senior employees shall not receive special compensation for board positions in other group companies.

5.Pension benefits

Senior employees shall have the same pension scheme and the same pension terms as other employees in the company. Posten Norge AS and the Norwegian wholly-owned subsidiaries shall have defined contribution schemes, where the pension basis shall not exceed 12G. For foreign wholly-owned subsidiaries, the individual national rules and practices shall be followed.

The employer's payments to the contribution scheme shall be made only in the period of employment, so that no costs are incurred after a senior employee has resigned from his/her position in the company.

NOTE 3 PENSIONS

The Group has both defined contribution and defined benefit plans. The defined benefit schemes are predictable for the employee, as the benefits have been agreed in advance. The premium payments depend on factors such as the members' service time, age and salary level. In the contribution schemes, the payments are determined as a percentage of the employee's salary. The size of the pension assets determines how much pension the employee is entitled to, and consequently, the employees bear the return risk on what has been paid into the scheme. The majority of the Group's pension schemes are defined as contribution plans. More information is available in section 3 "Accounting estimates" and 8 "Pensions" in the Group's accounting principles.

	2020	2019
Pension costs:		
Present value of the pensions earned for the year	118	126
Net interest expense on net liability	22	30
Plan changes recognised in income statement		3
Gross pension costs incl. social security tax (benefit based)	**140**	**159**
Employee contributions		(1)
Interest element reclassified to finance items	(20)	(27)
Net pension costs incl. social security tax (benefit based)	**119**	**131**
Defined contribution pension schemes	505	544
Employee contributions	(104)	(109)
Total pension expenses included in the operating profit for the year	**521**	**566**
Net pension liabilities:		
Estimated accrued secured liabilities	(640)	(564)
Estimated value of the pension assets	271	264
Net estimated secured pension liabilities	**(370)**	**(300)**
Estimated accrued unsecured pension liabilities	(605)	(600)
Classified as Held for sale	264	
Net pension liabilities in balance sheet	**(712)**	**(900)**
Pension liabilities recognised as provisions for liabilities	712	900
Changes in liabilities:		
Net liabilities at 1.1.	(900)	(882)
Gross pension expenses	(140)	(159)
Premium payments and benefits paid	166	166
Contributions from scheme members		1
Changes in pension estimates recognised in other comprehensive income	(78)	(32)
Translation differences	(24)	6
Classified as Held for sale	264	
Net pension liabilities at 31.12.	**(712)**	**(900)**

	2020	2019
Main categories of pension assets at fair value		
Equity instruments (shares, bonds)	181	171
Debt instruments	65	66
Property	18	16
Other assets	7	11
Total pension assets	**271**	**264**
Pension estimate gain at 01.01.	**513**	**545**
Changes in pension plan, pension liabilities		
Changes in discount rate, pension liabilities	(78)	(80)
Changes in other financial assumptions, pension liabilities	(1)	30
Changes in demographic assumptions, pension liabilities		15
Changes in other factors, pension liabilities	(5)	(7)
Changes in financial assumptions, pension assets	8	8
Changes in demographic assumptions, pension assets	(4)	2
Changes in other factors, pension assets	1	2
(Loss)/gain for the year in total comprehensive income	**(78)**	**(32)**
Pension estimate gain at 31.12.	**434**	**513**
Defined contribution pension schemes		
Number of members	15 419	16 651
Share of salary	1-45%	1-54%
Defined benefit pension schemes		
Actuarial assumptions		
Discount rate	1,1-1,7%	1,45-2,3%
Expected salary regulation	2-2,5%	2-2,5%
Expected G regulation	2-2,5%	2-2,5%
Expected pension regulation	1,2-2%	0,7-2%
Expected yield	1,4-2,7%	1,8-2,3%
Expected voluntary retirement (below 50 years)	4-5%	4-5%
Expected voluntary retirement (over 50 years)	1,5-5%	1,5-5%
Expected use of AFP	40-60%	40-60%
Demographic assumptions on mortality rate	K2013	K2013

Defined contribution schemes

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

The Norwegian subsidiaries generally have somewhat lower contribution rates and lower pension bases than the parent company (cf. note 2 for Posten Norge AS).

Some companies in the Group's Swedish operations had defined benefit schemes, which, pursuant to IAS 19, do not qualify for recognition in the balance sheet. In accordance with Swedish rules, the pension liability is covered by capital insurance and accounted for as a contribution scheme in the consolidated financial statements.

The defined contribution pension plans in Sweden and Denmark had variable contribution rates based on different calculation bases and rate ranges.

AFP (early retirement) scheme

On 1 January 2011, the parent company and most of the Norwegian subsidiaries transferred to a new AFP scheme (the joint scheme for AFP in the private sector). The new AFP scheme is a multiple company plan considered a defined benefit plan. For the time being, however, there is inadequate information available to measure the pension obligation in a reliable manner, and the scheme is therefore accounted for as a contribution plan.

Defined benefit schemes

The Group has pension schemes defined as benefit pension plans. Some of these schemes are nevertheless presented as contribution plans and expensed on a current basis. The majority of the Group's defined benefits schemes relate to the fact that Posten Norge AS withdrew from the Norwegian Public Service Pension Fund on 1 January 2006, giving those employed at the transition date the right to various compensation and guarantee schemes. These schemes were closed on that date, meaning that the obligations will be phased out over time (ref. note 2 for Posten Norge AS).

Pension funds in the Group basically relate to benefit schemes for subsidiaries of Bring Cargo in Great Britain.

Assumptions

For 2020, changes have been made to the financial assumptions, mainly in accordance with recommendations from the Norwegian Accounting Standards Board (NRS). Posten Norge uses covered bonds (OMF) as its basis for the discount rate. Posten has decided that covered bonds (OMF) in 2020 qualify as corporate bonds with adequate credit worthiness and market depth to be the basis for the discount rate under IAS 19.

The subsidiaries have principally applied the same long-term economic assumptions for benefit schemes as the parent company, but they are adjusted for country-specific macro-economic circumstances (ref. note 2 for Posten Norge AS).

Sensitivity

The table below shows estimated effects of changes in some assumptions for defined benefit pension schemes. The estimates are based on facts and circumstances at 31 December 2020 with the assumption that all other premises are unchanged. The actual figures can deviate from these estimates.

	Discount rate		Pension regulation		Voluntary retirement	
Change (percentage points)	1 %	-1 %	1 %	-1 %	1 %	-1 %
Change in gross pension liabilities (reduction)/increase	(146)	174	19	(9)	(11)	11
Percentage change	-16 %	19 %	2 %	-1 %	-1 %	1 %

NOTE 4 OTHER OPERATING EXPENSES

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

	2020	2019
IT services	732	706
Other external services	549	525
Cost of premises	481	483
Other rental expenses	81	93
Tools, fixtures, operating materials	130	114
Repair and maintenance of equipment	121	116
Insurance, guarantee and compensation expenses	128	127
Marketing	84	107
Travel expenses	89	157
Accounting and payroll services	42	45
Other expenses	211	192
Operating expenses	**2 650**	**2 666**

The increase in costs related to IT services and other external services is due to somewhat higher project activities. The reduced travel expenses are a result of an extended use of home office and web-based meetings.

Other expenses included telephone and postage, freight, office and IT stationery, publications, membership dues, losses on receivables and other operating expenses.

NOTE 5 OTHER INCOME AND EXPENSES

Other income and expenses comprise significant income and costs of limited predictive value and include restructuring costs and gains and losses on sales of fixed assets (details in sections 3 “Accounting estimates” and 14 “Provisions for liabilities” in the Group’s accounting principles).

	2020	2019
Restructuring expenses	76	(480)
Gains on sale of fixed assets and subsidiaries	54	80
Other expenses	(11)	(79)
Total other income/(expenses)	**119**	**(479)**

Restructuring expenses

In 2020, a provision of MNOK 106 from 2019 related to reduced distribution frequency was reversed (a cost reduction) due to new service products and several more voluntary solutions than originally estimated.

A provision for restructuring costs of MNOK 30 was made in 2020 related to the closing down of post offices to be replaced by Post-in-shop. In 2019, restructuring costs concerned provisions for reduced distribution frequency and restructuring of route preparation in the Mail segment, in addition to reorganisations of staff and support functions in connection with the new group structure.

Total provisions for restructuring are shown in note 11.

Gains on sale of fixed assets and subsidiaries

Gain on sale of fixed assets in 2020 mainly concerned the sale of the subsidiary Bring Freight Forwarding AB in the Logistics segment (note 23) and in 2019 primarily the sale of property in the Logistics segment.

Other income and expenses

Other income and expenses in 2020 mainly comprised costs in connection with the sales process for the subsidiary Bring Frigo AB in the Logistics segment. Note 23 has more information on companies held for sale.

In 2019, other income and expenses primarily constituted provisions for losses due to structural changes in the thermo business in the Logistics segment.

NOTE 6 FINANCIAL INCOME AND FINANCIAL EXPENSES

The note gives an overview of the Group's financial income and expenses, including income and costs related to the Group's financing, interest costs on lease obligations, translation currency effects from receivables and debt in foreign currencies, in addition to gains and losses from financial derivatives (ref. also section 16 "Financial instruments" in the Group's accounting principles).

	2020	2019
Interest income	15	18
Currency gains	257	252
Gain on derivatives	6	22
Gain on loans at fair value through profit and loss[1)]	90	
Other financial income	86	105
Financial income	**455**	**398**
Interest expenses	78	109
Interest expenses on lease obligations	132	145
Currency losses	260	255
Loss on derivatives	104	1
Loss on loans at fair value through profit and loss[1)]		6
Other financial expenses	21	23
Financial expenses	**595**	**539**
Net financial expense	**(141)**	**(142)**

1) Change in value on loans in Japanese yen where the "fair value option" has been applied, corresponding to value changes in combined interest rate and currency swaps recognised as "Loss on derivatives" in 2020 or "Gain on derivatives" in 2019. Note 20 has more information.

Interest income in 2020 comprised interest on bank deposits, and other financial income return on market-based investments and bond funds.

Net currency gains, gain on derivatives and net loss on derivatives are mainly a result of gains and losses caused by the development in the exchange rate between Norwegian and Swedish kroner, between Norwegian kroner and euros and between Norwegian kroner and yen. Details on derivatives are given in note 20.

Interest expenses were mostly interest costs on long-term financing. In 2020, interest expenses included interest costs on pension liabilities amounting to MNOK 20 for the Group. Details on interest expenses on lease obligations are given in note 17.

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

NOTE 7 TAXES

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

	2020	2019
Income tax		
Tax payable	205	119
Change in deferred tax/(deferred tax assets)	16	(110)
Tax expense	**221**	**8**
Tax payable for the year	210	142
Adjustments of payments in previous years	(5)	(22)
Tax payable	**205**	**119**
Effective tax rate in %	**17%**	**37%**
Reconciliation of the effective tax rate with the Norwegian tax rate:		
Profit before tax	1 344	21
22% tax	296	5
Write-down of goodwill		23
Non-deductible expenses	67	41
Non-taxable income	(33)	(9)
Profit share in associated companies after tax	(24)	(3)
Effect from tax rates in other countries	(2)	
Effect of change in tax rate recognised in income statement	(1)	
Adjustment previous years	(5)	(28)
Change in deferred tax assets not recognised in balance sheet	(77)	(22)
Tax expense	**221**	**8**

	2020	2019
Changes in pension estimates	(17)	(7)
Result of hedging of foreign entities	(13)	6
Cash flow hedging	(2)	1
Change in deferred tax recognised in other comprehensive income for the year	**(32)**	**(1)**

The effective tax rate was 17 percent, a reduction from last year's 37 percent. The reason for the change is an increase in non-taxable gains on sales of subsidiaries and shares in associated companies. In addition, the Group has recognised a significantly larger part of deferred tax assets not previously recorded in the balance sheet, related to losses carried forward now expected to be utilised against group contributions to be received in 2021.

Changes in deferred tax assets

	01.01.2020	Recognised in income statement	Effect from different tax rates	Recognised in OCI	Additions, purchased subsidiaries	Other[1]	Translation differences	Classified as Held for sale	31.12.2020
Tangible fixed assets	36	(19)			9		(1)	14	39
Gains and losses account	(48)	(19)							(67)
Receivables	7	1							8
Currency	3	(1)							2
Pensions	(173)	7		(17)			(3)	31	(155)
Contribution fund	8	10							18
Provisions	(62)	46					(4)	4	(15)
Financial instruments	(1)	13		(15)					(3)
Lease agreements	(75)	(8)				(1)			(84)
Other		5				11	1	(4)	14
Tax losses carried forward	(399)	52	3			(27)	(36)	93	(263)
Total deferred tax assets	**(701)**	**88**	**3**	**(32)**	**9**	**36**	**(43)**	**136**	**(507)**
Total deferred tax assets not recognised in balance sheet	390	(76)	(1)			(25)	38	(107)	224
Total deferred tax assets in balance sheet	**(311)**	**13**	**3**	**(32)**	**9**	**11**	**(5)**	**30**	**(282)**

1) The changes to Tax losses carried forward and Total deferred tax assets not recognised in balance sheet are related to companies that have been sold by the Group

	01.01.2019	Recognised in income statement	Effect from different tax rates [1]	Recognised in OCI	Additions, purchased subsidiaries	Other[2]	Translation differences	Classified as Held for sale	31.12.2019
Tangible fixed assets	34	3							36
Gains and losses account	(33)	(15)							(48)
Receivables	(1)	(21)				29			7
Currency		3							3
Pensions	(169)	3		(7)					(173)
Contribution fund	8								8
Provisions	(57)	(79)				73	1		(62)
Financial instruments	(9)	1		7					(1)
Lease agreements	11	17				(103)			(75)
Other	3					(2)			
Tax losses carried forward	(397)	(24)	1			12	9		(399)
Total deferred tax assets	**(610)**	**(112)**	**1**	**(1)**		**10**	**11**		**(701)**
Total deferred tax assets not recognised in balance sheet	396	2	(1)			3	(10)		390
Total deferred tax assets in balance sheet	**(214)**	**(110)**		**(1)**		**13**	**1**		**(311)**

1) The column includes the effect of change in tax rate recognised in the income statement and in other comprehensive income of MNOK – 1 and MNOK 2, respectively.
2)The effects of the change to IFRS 16 in 2019 were shown on one line. In 2020 these have been allocated to receivables, provisions and lease agreements. These amounts have been adjusted in column 'Other' in 2019 to get the correct opening balances in 2020

There has been no change in the ordinary tax rate for companies domiciled in Norway, but some minor changes in other countries. The tax rate of 22 percent is the basis in the calculation of the value of deferred tax assets for the Group's Norwegian companies.

Deferred tax assets were reduced by MNOK 29 of which MNOK 30 are deferred tax assets transferred to held for sale. Tax losses carried forward were significantly reduced due to good results in 2020. The effect of this was counterbalanced by the increase in deferred tax assets in Sweden previously not carried in the balance sheet, related to tax losses carried forward which are expected to be utilised against group contributions in 2021.

An assessment was made of companies with deferred tax assets concerning recognition in the balance sheet. Deferred tax assets not re cognised mainly comprised tax losses carried forward in Sweden and Denmark. Losses carried forward included in the basis for deferred tax assets carried in the balance sheet were recognised on the basis of expected future profits and opportunities for group contribution. There is no time limit related to the losses.

NOTE 8 INTANGIBLE ASSETS

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

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

	IT systems	Projects in progress	Goodwill	Total
Carrying amount 01.01.2019	**335**	**353**	**1 361**	**2 049**
Additions	93	16		109
Additions in-house developed intangible assets		18		18
Amortisation for the year	(139)			(139)
Write-downs for the year	(13)	(15)	(102)	(130)
Adjustments to cost price/scrapping	(1)			(1)
Translation differences	(1)		(9)	(10)
Transfers from projects in progress	125	(125)		
Carrying amount 31.12.2019	**399**	**248**	**1 250**	**1 897**
Acquisition cost 01.01.2019	2 381	359	3 108	5 849
Accumulated amortisation and write-downs 01.01.2019	(2 046)	(6)	(1 748)	(3 800)
Acquisition cost 31.12.2019	2 396	269	3 030	5 688
Accumulated amortisation and write-downs 31.12.2019	(1 997)	(21)	(1 779)	(3 792)
Carrying amount 31.12.2019	**399**	**248**	**1 250**	**1 897**
Depreciation method	Straight-line			
Useful life	3 - 10 years			

IT systems

Total intangible assets related to IT development recognised in the balance sheet at 31 December 2020 constituted MNOK 309, of which MNOK 292 concerned Posten Norge AS. Approximately MNOK 120 constituted group-shared ERP and HR systems, EPM system and data warehouse solutions. Digital web solutions for customers and a group-shared CRM system had a recorded value of MNOK 38. In addition, a solution for secure digital mail, solutions related to address and route registers, production support systems and several projects on web solutions were carried in the balance sheet.

For intangible assets with definite useful economic lives, the amortisation period for the Group was 3-10 years in 2020 (the same as in 2019) depending on the useful economic life of each individual component based on an individual assessment.

Projects in progress

Projects in progress at 31 December 2020 amounted to MNOK 230, of which approximately MNOK 100 concerned projects for developing a new transport control system. In addition, development related to reporting and production support systems and the management of the Group's infrastructure were carried in the balance sheet.

Write-downs of IT systems and projects in progress

In 2020, IT systems and projects in progress were written down by a total of MNOK 131, of which MNOK 110 concerned projects in progress, mainly related to the development of a new transport control system in the Logistics segment. In 2019, corresponding write-downs of IT systems and projects in progress amounted to MNOK 28.

Goodwill

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

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

1) From 2020, Netlife Gruppen reports as part of the Logistics segment

	Opening balance 01.01.19	Additions	Group transfers	Write-downs	Translation differences	Closing balance 31.12.19
Posten Norge AS - division E-commerce and logistics	522					522
Bring Cargo	180					180
Bring Cargo International Sverige	213				(6)	207
Bring Intermodal (form. Bring Linehaul)	10					10
Bring Express Norge	135		(135)			
Bring Express Sverige	56		(56)			
Bring Express Danmark	42		(42)			
Bring E-commerce & Logistics			102		(1)	101
Bring Courier & Express			131		(1)	131
Bring Frigo Sverige	42			(42)	(1)	
Total Logistics segment	**1 200**			**(42)**	**(8)**	**1 150**
Netlife Gruppen	135			(60)		75
Bring Mail Nordic	26				(1)	25
Total Mail segment	**161**			**(60)**	**(1)**	**100**
Posten Norge Group	**1 361**			**(102)**	**(9)**	**1 250**

Additions to goodwill

There were no additions in 2020 (nor in 2019).

Details on acquisitions and sales of companies, together with other changes in the Group's structure, are given in note 23.

Impairment of goodwill

Goodwill is subject to annual impairment tests. If there are any indications of impairment during the year, goodwill is tested when these indications occur. The Group uses the value in use as the recoverable amount for goodwill. Information on impairment tests carried out in 2020 is also given in note 26 Impact of the Corona pandemic.

Forecasts (operating results)

Future cash flows are calculated on the basis of estimated results over a period of three years, adjusted for depreciation, investments and changes in working capital. Forecasts and long-term plans for group entities are prepared and approved by management based on the most recent available general economic indicators and market expectations, considered against strategic goals, historical and other factors.

In the Logistics segment, profit margins are characterised by strong competition and price pressure. Several efforts are under way to increase cost-effectiveness in the segment. Hence, the Group's forecasts for the Logistics segment include profitability improvements. Significant cost elements are external service costs that are affected by price negotiations and inflation. The Group is sensitive to fluctuations in market trends in Norway and the Nordic countries, especially related to the Logistics segment. This is reflected in the growth rates of the Group entities.

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

Other assumptions (growth and required rate of return).

The extrapolation period contains a calculation of cash flows after the forecast period, using a constant growth rate. Growth rates do not exceed the long-term average rate in the areas where the Group operates. For the Logistics segment, the long-term growth rate applied in impairment tests in 2020 was 1,5 percent (2 percent in 2019).

The present value of future cash flows is calculated using a weighted required rate of return of total capital for each segment before tax. The required rate of return for equity is calculated by using the capital asset pricing model (CAPM). The required rate of return for debt is estimated on the basis of long-term risk-free interest with the addition of a credit margin derived from the Group's marginal long-term interest rate on loans. The Group's required rate of return per segment is assessed each year for significant changes in factors that affect the requirement. The Group mainly operates in the Norwegian and Swedish markets with cash flows in Norwegian and Swedish kroner. The required rate of return per segment is stated in the table below.

Overview of goodwill and key assumptions per segment:

Segment	Goodwill	Discount rate before tax (WACC) 2020	Discount rate before tax (WACC) 2019
Logistics [1]	1 256	8% (9,0%)	8,4% (8,8%)
Mail	28	8,4 %	8,8 %
Total Group	**1 284**		

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

Results of the impairment tests in 2020

Based on the criteria described above, no requirement for write-downs of goodwill items was uncovered as at 31 December 2020. In 2019, a total of MNOK 102 related to goodwill was written down, of which MNOK 42 related to Bring Frigo Sweden and MNOK 60 related to Netlife Gruppen.

Sensitivity analyses

Sensitivity analyses were performed on key assumptions for the cash generating units in the Group. Assumptions analysed were growth, the required rate of return and the operating profit (EBIT) margin.

When changing the growth assumptions (reduced from 1,5 to 0 percent), required rate of return (increased by 0,5 and 1 percent) and forecasted EBIT (reduced by 10 to 50 percent), the analyses showed a write-down requirement for the cash generating unit Netlife Gruppen. The test for Netlife Gruppen was sensitive for changes in forecast EBIT, and halving this would have implied an increased requirement for a write-down of approximately MNOK 10.

For other cash generating units, no additional need for write-downs was identified.

NOTE 9 TANGIBLE FIXED ASSETS

Tangible fixed assets comprise various types of property and operating equipment needed for the type of business conducted by the Group. The largest values are represented by mail and logistics terminals (ref. section 11 "Tangible fixed assets" in the Group's accounting principles).

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

	Machinery	Vehicles, furniture, equipment	Buildings and property	Plant under constr., machinery and installations	Plant under constr., buildings	Total
Carrying amount 01.01.2019	**534**	**949**	**4 022**	**117**	**191**	**5 812**
Effects of change of principle (IFRS 16)		(12)	(10)	(1)		(23)
Additions	16	267	57	92	86	519
Disposals	(3)	(74)	(67)			(144)
Depreciation for the year	(82)	(246)	(174)			(503)
Write-downs for the year		(10)				(10)
Adjustment to cost price/scrapping	1	(27)	(3)			(29)
Translation differences	(1)	(5)	(4)	(1)		(12)
Transfers from assets under construction	122	55	206	(176)	(206)	1
Carrying amount 31.12.2019	**587**	**898**	**4 025**	**31**	**71**	**5 611**
Acquisition cost 01.01.2019	1 399	2 624	5 484	117	191	9 815
Accumulated depreciation and write-downs 01.01.2019	(865)	(1 675)	(1 462)			(4 002)
Acquisition cost 31.12.2019	1 415	2 543	5 689	31	71	9 750
Accumulated depreciation and write-downs 31.12.2019	(828)	(1 646)	(1 665)			(4 139)
Carrying amount 31.12.2019	**587**	**898**	**4 025**	**31**	**71**	**5 611**
Depreciation method	Linear	Linear	Linear			
Useful life	3 - 20 years	3 - 15 years	3 - 50 years			

Additions of tangible fixed assets

A significant part of the investments in the last two years comprised new buildings and production equipment in connection with the establishment of a new nationwide logistics network and a new joint terminal structure. A new terminal structure of in total 19 terminals was determined to support interaction and establish an integrated value chain between parcels and freight, with the objective of reducing the total cost level and securing the necessary competitive power. 16 of the terminals have started operations, and the 3 remaining will be ready during 2021/24. The largest projects in 2020 concerned building new logistics centres in Kristiansand and Tromsø.

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

In December 2017, the Group purchased a site in Tromsø in Breivika. The site will be used to build a new production building for parcels and freight and will be finalised in the summer of 2021. The planned cost of the building is approximately MNOK 300. As at 31 December 2020, the plant had a balance sheet value of MNOK 107.

In the first quarter of 2020, two companies with two sites in Kristiansand were purchased, where a new terminal is to be built. The plant is under construction and will be finalised in the fourth quarter of 2021. The building has a cost framework of MNOK 280, and the carrying amount of the plant as at 31 December 2020 was MNOK 35.

Disposals of tangible fixed assets

This year's disposals of tangible fixed assets (including the sale of companies) totalled MNOK 156, and mainly concerned disposals of transport vehicles.

Further information on acquisitions/sales of businesses is provided in note 23.

Other matters

Interest on building loans

Tangible fixed assets in the Group included capitalised building loan interest amounting to MNOK 87 at 31 December 2020 (MNOK 97 at 31 December 2019), and mainly related to the terminal at Robsrud (Østlandsterminalen) and the logistics centre at Alnabru in Oslo. There were no additions to building loan interest in the balance sheet in 2020.

Insurance
The Group has secured significant parts of the business and property through traditional insurance coverage. For vehicles, the Group only has statutory liability coverage. The Group is self-insured for the part concerning collision damage waiver.

NOTE 10 INVESTMENTS IN COMPANIES AND BUSINESSES

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

Investments in associated companies

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

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

Entity	Country/city	Ownership share	Book value 01.01.19	Additions/ disposals 2019 incl. transl.diff.	Share of profit/(loss) 2019	Change in transl. diff.	Book value 31.12.19
Danske Fragtmænd A/S	Denmark	26%	393	(86)	11	(4)	313
Materiallageret AS	Longyearbyen	34%	9		1		10
Norbjørn AS	Tromsø	34%		16			16
Other			2	5	(7)		
Associated companies			**404**	**(65)**	**5**	**(4)**	**339**

Danske Fragtmænd A/S

Danske Fragtmænd AS is the largest logistics company for domestic transport of goods in Denmark. Posten Norge AS' ownership in Danske Fragtmænd A/S was acquired in July 2013. Posten Norge AS had a buy-back agreement of the shares in Danske Fragtmænd A/S over a period of 5 years, with the addition of interest. In 2020, Posten's remaining shares in the company were sold back for MNOK 364, and the Group no longer has any shares in the company.

Posten Norge AS' ownership share in Danske Fragtmænd A/S was recognised in the Group's balance sheet at the following values:

Year	Book value 01.01	Disposals incl. transl. diff	Profit share	Translation differences	Book value 31.12
2020	313	(349)		36	
2019	393	(86)	11	(4)	313

At the end of 2019, recognised translation differences amounted to MNOK 59. Until the sales date, additional translation differences of MNOK 36 were recognised. In total in 2020. MNOK 95 was reclassified from other comprehensive income at the sale of shares in the company. The final settlement of the sale gave a gain of MNOK 15. Total gain in the income statement was MNOK 110.

Final settlement on the sale of Dansk Fragtmænd A/S

	2020
Sales sum including extraordinary dividend	364
Book value incl. translation differences	349
Gain on final settlement	**15**
Translation differences reclassified to income statement	95
Total gain	**110**

Condensed financial information for associated companies (100 percent basis)

Company	Assets	Liabilities	Equity	Turnover	Profit for the year
Norbjørn AS	39	4	35	23	4
Materiallageret AS	30	4	26	10	4

Shares and other investments

As at 31 December 2020, the Group had investments in other shares of MNOK 43, classified as other financial non-current assets.

NOTE 11 PROVISIONS FOR LIABILITIES

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

	Restructuring	Pension	Other	Total
Balance 01.01.2019	**109**	**882**	**371**	**1 362**
Effects of change of principle (IFRS 16)	(53)		(281)	(334)
Provisions made during the year	489			489
Reversals of previous year's provisions	(9)		(1)	(10)
Translation differences	(1)	(6)	1	(6)
Provisions utilised during the year	(102)		(47)	(149)
Change in pension liabilities during the year		24		24
Balance 31.12.2019	**432**	**900**	**43**	**1 375**
Provisions made during the year	30		7	36
Reversals of previous year's provisions	(106)			(106)
Interest effect from discounting	(2)			(2)
Translation differences	2	24		25
Provisions utilised during the year	(163)		(31)	(194)
Change in pension liabilities during the year		51		51
Liabilities classified as Held for sale		(264)		(264)
Balance 31.12.2020	**192**	**712**	**19**	**923**
Current part of provisions	119		8	127
Non-current part of provisions	73	712	10	797

Restructuring

MNOK 27 of this year's provision of MNOK 30 concerned personnel related measures and MNOK 3 other measures. In 2020, because of new service products and more voluntary solutions than initially estimated, a reversal of MNOK 106 was made of a provision related to reduced distribution frequency. The utilised provision during the year included payments related to distribution frequency of approximately MNOK 65, route preparation of appr. MNOK 60 and reorganisation of staff and support functions of appr. MNOK 20. The remainder was payments of gift pensions, severance pay and other reorganisation provisions.

The liabilities as at 31 December are specified below:

	2020	2019
Personnel related measures	188	426
Other measures	4	6
Total restructuring	**192**	**432**

The disbursements in the Group are expected to be MNOK 119 in 2021 and MNOK 73 in later years. Note 5 has more information.

Pension

Pensions are described in note 3.

Disputes

No disputes with significant risk exposure for the Group have been noted in 2020.

NOTE 12 OVERVIEW OF FINANCIAL ASSETS AND LIABILITIES

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

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

			At fair value			At amortised cost		
2019	Note	Valuation hierarchy level	Fair value over income statement (FVO)	Derivatives at fair value over income statement	Derivatives at fair value over OCI	Receivables	Other financial liabilities	31.12.2019
Assets								
Interest-bearing non-current receivables	14					56		56
Other financial non-current assets	20	2		118	4	15		137
Interest-free current receivables	15,20	2		100	4	3 636		3 740
Interest-bearing current receivables	14					44		44
Liquid assets	16					3 912		3 912
Financial assets								**7 880**
Liabilities								
Non-current lease obligations	17						3 376	3 376
Interest-bearing non-current liabilities	18	2	415				1 805	2 220
Interest-free non-current liabilities	19,20	2			4		2	6
Current lease obligations	17						793	793
Interest-bearing current liabilities	18	2	247				931	1 178
Interest-free current liabilities, incl. tax payable	7,19,20	2		5	7		4 740	4 753
Financial liabilities								**12 325**
Total value hierarchy level 1 (net)								
Total value hierarchy level 2 (net)			(663)	213	(3)			(454)
Total value hierarchy level 3 (net)								

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

Information on fair value

Applied methods for determining fair value are defined in three categories reflecting varying levels of valuation uncertainty, based on the measurement method's objectivity:

Level 1: Use of listed prices in active markets.

Level 2: Use of valuation methods with observable market data as input.

Level 3: Use of valuation methods where input is based on a significant degree of non-observable market data.

No financial assets or liabilities have been reclassified in 2020 in such a way that the valuation method has been changed from amortised cost to fair value, or vice versa. There were no transfers between level 1 and level 2 of fair value measurements in 2020, and no registrations of financial assets or liabilities in or out of level 3.

Fair value of financial instruments measured at fair value in the balance sheet

The fair value of the Group's derivatives and loans in foreign currency (Japanese yen), where the fair value option (FVO) pursuant to IFRS 9 has been applied, was measured on the basis of sources described in level 2. Note 20 has details.

Fair value of financial instruments measured at amortised cost in the balance sheet

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

The fair value of receivables and other financial liabilities at 31 December 2020 was approximately the same as book value (amortised cost).

NOTE 13 FINANCIAL RISK AND CAPITAL MANAGEMENT

The note describes the Group's financial risks, including market risk (currency and interest rate risk), credit risk and liquidity risk. The Group utilises derivatives to reduce market risk. Note 20 provides detailed information about derivatives and hedging (ref. also section 16 "Financial instruments" in the Group's accounting principles).

Posten Norge has a centralised finance function with the principal objective to secure the Group's financial flexibility, as well as monitoring and managing financial risk.

Risk categories

Financial risk comprises

1. Market risk: Arises as a consequence of the Group's open positions in currency and interest rate instruments. The risk is related to variations in profit or loss due to changes in market prices or exchange rates.

2. Credit risk: Risk of loss caused by a counterparty/customer who fails to fulfil his/her payment obligations to the Group. Credit risk concerns all financial assets with counterparties/customers, mainly trade accounts receivable, interest-bearing securities, granted but not yet utilised credit/overdraft facilities, as well as counterparty risk from derivatives and currency contracts.

3. Liquidity risk: The risk that the Group cannot fulfil its financial obligations.

1. Market risk

Use of financial derivatives and risk management strategy

Financial derivatives are agreements used to determine interest terms, exchange rates and values of equity instruments for specific periods. Financial derivatives in Posten Norge are used to manage market risk arising from the Group's ordinary operations.

The following derivatives are used by the Group for hedging purposes:

Futures: An agreement to purchase/sell currency on a future date at a predetermined rate. Posten Norge primarily uses currency futures to hedge investments in and loans to subsidiaries in foreign currencies, in addition to income and costs in foreign currency.

Swaps: Agreement where two parties exchange cash flows over an agreed period. The most important forms of swaps utilised by Posten Norge are:

- **Interest-rate swaps:** Exchange of interest rate terms related to an agreed principal for a determined period. In the agreed period, the parties in the swap exchange fixed and floating interest in the same currency.
- **Currency swaps:** An agreement between two parties to exchange one currency with another, with an agreement to exchange these back again on a future date at an agreed rate.
- **Combined interest rate and currency swaps:** The parties exchange both currency and interest rate terms.

Currency risk

The currency risk is limited by reducing the effects of changes in the exchange rate by using forward contracts. Foreign currency balances in bank accounts are minimised at the subsidiary level and are actively managed at Group level in order to avoid large positive/negative effects.

The Group's most important exchange rates:	Exchange rate 01.01.2020	Average exchange rate 2020	Exchange rate 31.12.2020
Swedish kroner (SEK)	0,944	1,023	1,044
Danish kroner (DKK)	1,320	1,439	1,407
Euro (EUR)	9,864	10,726	10,470
British pound (GBP)	11,594	12,064	11,646
US Dollar (USD)	8,780	9,415	8,533

As the Norwegian krone (NOK) is the Group's functional and presentation currency, Posten Norge is exposed to currency risks for the Group's net investments in foreign businesses. In order to reduce this currency risk, Posten Norge enters into forward contracts.

The parent company finances the subsidiaries by providing long-term financing in the subsidiaries' functional currencies. As a consequence, the parent company is exposed to currency risk if the loans are made in currencies other than the Norwegian krone. Forward contracts are used to manage this exposure.

The Group has net income from foreign mail companies for the distribution of mail in Norway. This results in income in currency, mainly euros. At the end of 2020, this exposure was not secured.

Interest rate risk

Interest rate risk is mainly related to the Group's debt portfolio. This type of risk is managed at group level. The Group's goal is to have 20-70 percent of the long-term loan portfolio at fixed interest rates ((including the first year's instalment on long-term debt, but excluding lease obligations, value adjustments of loans and other interest-bearing debt). As at 31 December 2020, fixed interest agreements totalled MNOK 758 (36 percent) of the Group's long-term interest-bearing debt (MNOK 961 in 2019). In addition, the Group has entered into two interest rate swaps with a future start date resulting in fixed interest terms for one loan that at 31 December 2020 had floating interest. Note 20 has details.

2020 Sensitivity analysis market risk

	Purchase currency	Currency amount	Sales currency	Currency amount	Maturity	Effect of changes +/- 20% (NOK)[1]	
						Through income statement	Through OCI
Hedging of investments in foreign entities	NOK	680	SEK	653	2021		137
Hedging of currency loans to subsidiaries	NOK	49	SEK	50	2021	10	
Hedging of currency loan from subsidiaries	NOK	37	EUR	4	2021	7	

1) Foreign exchange rate at 31.12.2020

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

2) Net interest-bearing debt (receivable) with floating interest rates is calculated as interest-bearing debt with floating interest rates reduced by liquid assets.
The accounting effects of changes in market risk are recognised in the income statement or other comprehensive income, depending on where the effect was first recognised.

2019 Sensitivity analysis market risk

	Purchase currency	Currency amount	Sales currency	Currency amount	Maturity	Effect of changes +/- 20% (NOK)[1]	
						Through income statement	Through OCI
Hedging of investments in foreign entities	NOK	617	SEK	653	2020		124
Hedging of currency loans to subsidiaries	NOK	47	SEK	50	2020	9	
Hedging of currency loan from subsidiaries	NOK	70	EUR	7	2020	14	

1) Foreign exchange rate at 31.12.2019

	Carrying amount	Effect of change +/- 100 basis points
	Through income statement	Through OCI
Net interest-bearing debt (receivable) with floating interest rate[2]	(1 612)	(16)

2) Net interest-bearing debt (receivable) with floating interest rates is calculated as interest-bearing debt with floating interest rates reduced by liquid assets.
The accounting effects of changes in market risk are recognised in the income statement or other comprehensive income, depending on where the effect was first recognised.

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

The currency sensitivity shows the effect in the income statement or other comprehensive income by changing the exchange rate at 31 December 2020 by +/- 20 percent. Forward currency contracts related to hedging foreign investments are recognised in other comprehensive income, whereas value changes in forward contracts related to loans in foreign currencies are recognised in the income statement in total, as this will offset the effect of currency gain/losses on the loans recognised in the income statement.

The interest rate sensitivity shows the effect in the income statement of changes in the floating interest rate of +/- 1 percentage point for the Group's net interest-bearing liabilities excluding lease obligations.

2. Credit risk

The Group has the following guidelines to reduce credit risk:

Trade accounts receivable

The Group has policies to ensure that credit sales are made only to customers with satisfactory payment ability, and that outstanding amounts do no exceed established credit limits. Note 15 has details. As at 31 December 2020, the Group has no significant credit exposure to one single counterparty.

As a consequence of the uncertainty related to the Corona pandemic, there has been extra emphasis on the follow-up of the Group's outstanding receivables from March. Measures including the use of analytical tools and close follow-up resulted in a reduction of outstanding receivables maturing throughout the year. The effects of the Corona pandemic are described in note 26.

Market-based investments

As part of its liquidity management, the Group has invested heavily in interest funds. As at 31 December 2020, the Group had NOK 3,5 billion invested in various interest funds (NOK 3,4 billion in 2019). According to the Group's guidelines, interest funds used shall be liquid and have a rating of BBB- at a minimum. Note 16 has details.

Bank deposits

The Group's principal bank connection has an AA- rating.

Derivatives

To reduce credit risk, the Group has guidelines to enter into derivative contracts only with counterparties with ratings equal to or better than A-. To reduce credit risk further, the Group made a CSA (Credit Support Annex) agreement for one of the derivatives related to a loan in Japanese yen (note 20 has details).

Overdraft facilities

The Group has an agreement on overdraft facilities, which had not been utilised at 31 December 2020. The overdraft facility has been agreed with a Nordic bank syndicate, where all the participants have a rating equal to or better than A-. The facility was renegotiated in 2015 and runs for 5 years with a mutual option to extend for two additional years. The option for the first year's extension was exercised in 2016 for the year 2021, and the option for the second year's extension in 2017 for 2022. The overdraft facility amounted to MEUR 350 in the agreement's five first years, reducing to MEUR 280 in 2021 and 2022.

Maximum risk exposure

As the Group did not have financial assets outside the balance sheet at 31 December 2020, the maximum risk exposure is considered to be represented by the book value of the financial assets in the balance sheet. Note 15 specifies the current interest-free receivables including trade accounts receivable by age and the provision for losses on receivables.

The Group had not guaranteed for third-party debt at 31 December 2020 (ref. note 22 concerning guarantees).

3. Liquidity risk

Available liquidity and any currency exposure are followed up by the Group's centralised finance function on a daily basis. The Group's short¬-term capital requirement is covered by overdraft and certificate loans.

The table below shows the maturity structure of the Group's debt exclusive of leasing obligations. The maturity structure for the Group's leasing obligations is included in note 17.

Maturity structure of the Group's loans/financial obligations

	2021	2022	2023	2024	Total
Debt to credit institutions [1]	411	111	410	111	**1 043**
Bond loans	1 000	350			**1 350**
Financial derivatives (interest rate swaps) [2]	3	1	3	2	**8**
Financial derivatives (currency futures) [2]	6				**6**
Other debt excl. financial derivatives	4 618				**4 618**
Total Group	**6 037**	**462**	**412**	**113**	**7 025**
Expected future interest payments [3]	32	16	8	1	**58**
Average interest rate					**1,52%**

1) The change in value of the loan in Japanese yen of MNOK 126 is offset in the table by currency swaps, ref. note 20 for further information.
2) Includes derivatives recognised as assets.
3) Based on interest rate level at 31.12.2020

Capital management

The Group has centralised the management of the capital structure and the overall responsibility for the Group's liquidity management. This shall secure an effective use of the Group's capital, financial safety and flexibility.

The Group's goal is to achieve maximum accessibility, flexibility and return on the Group's liquid assets and at the same time limit credit risk. This is achieved by concentrating all available liquidity in the Group's cash pool, and by having a conservative investment profile, with emphasis on liquidity.

In order to secure the Group financial flexibility, targets for the liquidity reserve have been defined. The liquidity reserve comprises market-based investments and unutilised overdraft facilities less certificate loans and shall constitute a minimum of 15 percent of the Group's revenue for the last 12 months. The Group's long-term liquidity reserve at 31 December 2020 was 6,1 billion kroner (6,4 billion kroner in 2019), corresponding to 25,4 per-cent of the Group's revenue.

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

Subsidiaries are not permitted to raise external financing but receive funding from the Group through long-term intercompany loans or overdraft facilities and short-term credit facilities within the Group's cash pool system.

The Group measures capital utilisation by using the debt ratio, i.e., net interest-bearing debt divided by equity. Net interest-bearing debt comprises interest-bearing current and non-current liabilities less liquid assets in the form of cash, bank deposits and short-term investments.

In addition, net interest-bearing debt divided by operating result before depreciation (EBITDA) is used to measure whether the operating profit is adequate to service the Group's external debt. There were no changes in the Group's goals, principles or processes related to capital management during 2020.

Key figures for capital management

	2020	2020 [1]	2019
Interest-bearing debt	5 660	2 537	7 567
Interest-bearing liquid assets	4 633	4 633	3 912
Net interest-bearing debt	1 027	(2 097)	3 655
Total equity	7 367	7 440	6 363
Total capital	19 643	16 216	19 867
Debt ratio	**0,1**	**(0,3)**	**0,6**
Equity ratio	**37,5 %**	**45,9 %**	**32,0 %**
Operating profit before depreciation (EBITDA)	2 886	1 953	2 361
Net debt/operating profit before depreciation (EBITDA)	**0,4**	**(1,1)**	**1,5**

1) Excluding effects of IFRS 16. Financial leases included in accordance with IAS 17

Debt covenants

The Group has debt covenants in connection with external financing. Compliance with the covenants is calculated on the basis of the Group's accounting figures without effects from IFRS 16 Leases.

The Group's overdraft facility of MEUR 280 as at 31 December 2020 has a clause stating that net interest-bearing debt cannot exceed 3,5 times 12 months' rolling operating result before depreciation (EBITDA). As at 31 December 2020, the Group had a net interest-bearing receivable, corresponding to 1,1 times operating result before depreciation (EBITDA) without IFRS 16 effects.

In addition, Posten Norge has loan agreements with clauses requiring an equity ratio of 20 percent at a minimum. As at 31 December 2020, the Group had an equity ratio of 46 percent without IFRS 16 effects.

The following covenants also apply to the majority of the loan agreements:

"Change of control": a minimum of 51 percent public ownership

"Negative pledge": a prohibition on mortgage assets

"Cross default": a default in one agreement means that all agreements are deemed in default.

Violating the terms of covenants can result in a demand to repay all interest-bearing debt or to renegotiate the loan agreements.

There are no clauses regarding annual regulations of the levels of debt covenants in the loan agreements. The level of the financial key ratios in the covenants is followed up and reported to management on a regular basis.

The Group has throughout 2020 and at the end of the year complied with the covenants in the loan agreements.

NOTE 14 INTEREST-BEARING NON-CURRENT AND CURRENT RECEIVABLES

The note gives an overview of the Group's interest-bearing non-current and current receivables, including sublease receivables (ref. section 16 "Financial instruments" in the Group's accounting principles).

	2020	2019
Long-term sublease receivables	49	39
Other non-current receivables	8	17
Interest-bearing non-current receivables	**57**	**56**
Current sublease receivables	6	7
Other current receivables	119	37
Interest-bearing current receivables	**125**	**44**

The Group's other interest-bearing current receivables mainly comprised prepayments toa deposit fund and a premium fund in Storebrand for Posten Norge AS. Note 17 Leasing obligations (lease agreements) has information on the Group's lease agreements.

NOTE 15 INTEREST-FREE CURRENT RECEIVABLES

The note gives an overview of the Group's interest-free current receivables, including trade receivables, together with the ageing of receivables and the provision for losses (ref. section 16 "Financial instruments" and section 17 "Accounts receivable" in the Group's accounting principles).

	2020	2019
Accounts receivable	2 431	2 838
Accrued income	314	419
Prepaid expenses	227	238
Receivables from employees	3	4
Short-term derivatives	3	104
Other receivables	90	137
Interest-free current receivables	**3 067**	**3 740**
Accounts receivable by due date:		
Not due	2 202	2 377
0 - 30 days	208	384
31 - 60 days	29	29
61 - 90 days	9	33
Over 90 days	44	66
Provisions for losses on receivables	(61)	(50)
Total accounts receivable	**2 431**	**2 838**
Expected credit losses		
Balance at 01.01	50	39
Provisions made during the year	29	44
Actual losses recognised against provisions	(16)	(26)
(Over)/underfunded accruals in previous years	2	(6)
Classified as Held for sale	(4)	
Balance at 31.12	**61**	**50**
Total actual losses on receivables	28	26
Provisions for losses on receivables by:		
Individual receivables	41	42
General provision	20	8
Total	**61**	**50**

The Group's carrying amount of interest-free current receivables was approximately the same as their fair value at 31 December 2020. The Group had no significant credit risk relating to one individual contracting party, or to several contracting parties that could be regarded as one group due to similarities in credit risk.

The Group has guidelines to ensure that credit sales are made only to customers with adequate payment ability and that outstanding amounts do not exceed established credit limits. The Group applies the simplified method for provisions for expected credit losses on accounts receivable, and measures the provision at an amount corresponding to the expected credit loss during their lifetime. This is derived from a combination of individual assessments and a general assessment based on due-date analyses and historical data.

Other interest-free receivables are due within one year, and their nominal value is considered to be the same as fair value.

Accrued income mainly includes income related to foreign postal services and unbilled but delivered logistics services.

Other receivables primarily comprised receivables connected with foreign value added tax, social security refunds and receivables associated with bank services and Post-in-Shops.

Short-term derivatives are described in note 20 Derivatives and hedging.

NOTE 16 LIQUID ASSETS

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

	2020	2019
Cash and cash equivalents	1 166	533
Short-term investments	3 468	3 378
Liquid assets	**4 633**	**3 912**

The improved liquidity is mainly due to positive effects from better operating results, in addition to proceeds from the sale of operations and shares in Danske Fragtmænd A/S. Instalments on debt were also paid.

A corporate cash pool in Nordea is used in Norway, Sweden, Denmark and the UK, where in accordance with the agreements, Posten Norge AS is the group account holder. The banks can settle withdrawals and deposits against each other, and the net position will accordingly represent the balance between the bank and the group account holder.

As at 31 December 2020, Posten had unutilised credit facilities on the cash pool account in Nordea of MNOK 500.

The Group's short-term investments consisted of investments in liquid interest funds at low risk. The investments constituted an important part of the Group's liquidity reserve. Note 13 also has information about market-based investments and interest funds.

The Group has a bank guarantee in Nordea, limited to MNOK 550, to cover the employees' withheld tax.

NOTE 17 LEASING OBLIGATIONS (LEASE AGREEMENTS)

The note shows effects of the Group's lease agreements on the Group's financial position and earnings, both as lessee and lessor (ref. also section 19 "Leasing" in the Group's accounting principles).

1. The Group as lessee

The Group's lease agreements primarily concerned the lease of buildings, office premise and vehicles.

Most of the right-of-use assets regarded the lease of the Group's main office in Posthuset, Biskop Gunnerus' gate 14A, terminals in Norway and Sweden and buildings in the warehouse business. In addition, the Group had almost 7 000 lease agreements for vehicles.

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

	2020	2019
Property	2 269	3 026
Vehicles	584	793
Machines	1	2
Total right-of-use assets	**2 854**	**3 821**

Additions of right-of-use assets in 2020 amounted to MNOK 591 (MNOK 829 in 2019).

	2020	2019
Non-current lease obligations	2 515	3 376
Current lease obligations	625	793
Total lease obligations	**3 140**	**4 168**

The reduction in total right-ofuse assets and lease obligations from 2019 was primarily a consequence of the fact that the subgroup Bring Frigo Sweden was classified as held for sale as at 31 December 2020 (ref. note 23 Changes to group structure).

Group's undiscounted lease obligations by due date:

Less than 1 year	716
1-2 years	582
2-3 years	453
3-4 years	354
4-5 years	303
5-10 years	897
10-20 years	270
More than 20 years	17
Total non-discounted lease obligations at 31.12.2020	**3 593**

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

	2020	2019
Depreciation property	481	497
Depreciation vehicles	360	412
Depreciation machines	1	1
Total depreciation	**842**	**910**
Write-downs property	12	31
Total write-downs	**12**	**31**
Interest costs on lease obligations	132	145
Costs related to current lease agreements	116	125
Costs related to lease agreements concerning assets of low value, non-current	38	18
Income from operational subleases of right-of-use assets	46	25
Gain/(loss) from sales and lease-back transactions		52

Total outgoing cash flows related to lease agreements in 2020 were MNOK 1 146 (MNOK 1 203 in 2019), of which MNOK 851 (MNOK 890 in 2019) concerned payment of lease obligations, and the rest was payments of interest, short-term lease agreements and lease agreements of low value.

Options to renew a lease agreement

The Group's lease agreements of property have lease periods normally varying between 3 and 25 years. Several of the agreements have a renewal option that can be exercised during the agreement's last period. When the agreement is made, the Group considers whether it seems reasonable that the option to renew will be exercised. The Group's potential future lease payments connected with renewal options not included in the lease obligations amounted to MNOK 1 501 (gross) as at 31 December 2020. Approximately half of this amount concerns the logistics terminals at Berger and in Ålesund, in addition to a thermo warehouse in Denmark.

2. The Group as lessor

In 2020, the Group had some minor rental agreements related to office buildings and properties not in use by the Group. There were also various agreements relating to vehicles, primarily short-term contracts.

None of these agreements is considered significant for the Group.

NOTE 18 INTEREST-BEARING NON-CURRENT AND CURRENT LIABILITIES

Interest-bearing non-current and current liabilities comprise debt to credit institutions, bond loans, certificate loans and other interest-bearing debt. Non-current liabilities are split between fixed interest and floating interest. Planned down-payments and the first year's instalment of interest-bearing non-current liabilities are included in current liabilities (ref. also section 16 "Financial instruments" and section 20 "Borrowings" in the Group's accounting principles).

Interest-bearing non-current liabilities

	2020	2019
Liabilities at fixed interest		
Liabilities to credit institutions	307	139
Bond loans	188	438
Total non-current liabilities at fixed interest	**495**	**577**
Liabilities at floating interest		
Liabilities to credit institutions	450	721
Bond loans	163	913
Other non-current liabilities	1	10
Total non-current liabilities at floating interest	**614**	**1 644**
Interest-bearing non-current liabilities	**1 108**	**2 220**

Interest-bearing current liabilities

	2020	2019
First year's instalment on non-current liabilities	1 111	778
Certificate loan	300	400
Interest-bearing current liabilities	**1 411**	**1 178**

The Group did not raise any new long-term loans in 2020. Repayments and ordinary instalments on loans amounted to MNOK 779.

As at 31 December 2020, the Group had non-current liabilities (including the first year's instalment on long-term debt) at fixed interest rates amounting to MNOK 800. They had a weighted average interest rate of 2,3 percent and mature in the period 2021 2024. The Group also had non-current liabilities at floating interest amounting to MNOK 1 419 (including the first year's instalment on long-term debt) with a weighted average interest rate of 1,3 percent as 31 December 2020, maturing in the period 2021-2024.

As at 31 December 2020, the Group had certificate loans totalling MNOK 300. The certificate loans were classified as current interest-bearing liabilities, and the outstanding balance was reduced by MNOK 100 from 2019.

Note 13 Financial risk and capital management has details on the instalment profiles for liabilities.

Reconciliation of liabilities from financing activities

	2020	2019
Liabilities at 01.01	**3 388**	**3 882**
Cash flows from financing activities	(779)	(500)
Change in fair value	(90)	6
Liabilities at 31.12.	**2 519**	**3 388**

NOTE 19 INTEREST-FREE NON-CURRENT AND CURRENT LIABILITIES

The Group's interest-free liabilities mainly comprised short-term items such as trade accounts payable, other provisions concerning salaries, public charges and other incurred expense (ref. section 16 "Financial instruments" in the Group's accounting principles).

	2020	2019
Non-current derivatives	14	4
Other non-current liabilities	2	2
Interest-free non-current liabilities	**16**	**6**
Provisions for payroll expenses and public charges	1 875	1 860
Accounts payable	989	1 079
Provisions for accrued expenses	801	897
Prepaid revenue	471	387
Restructuring	119	197
Current derivatives	11	12
Other current liabilities	153	177
Interest-free current liabilities	**4 420**	**4 610**

Provisions for salary expenses and public charges mainly comprised provisions for holiday pay, earned but unpaid salaries and public dues.

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

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

Note 11 has details on provisions for restructuring costs.

Other current liabilities mainly comprised securities for financial instruments.

NOTE 20 DERIVATIVES AND HEDGING

All derivatives are used in the hedging of currency and interest rate risk. The value of the derivatives fluctuates in relation to the underlying prices, and the note shows the fair value of open derivatives at the balance sheet date (ref. also section 16 "Financial instruments" in the Group's accounting principles).

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

1) Amounts in transaction currencies

2019	Assets	Liabilities	Nominal value[1]
a) Cash flow hedging			
Interest-rate swaps NOK	5	(4)	1 283
b) Hedging of net investment			
Forward currency contracts SEK	3	(7)	653
c) Other financial hedges (derivatives not included in hedge accounting according to IFRS)			
Interest-rate swaps NOK	1	(4)	248
Forward currency contracts SEK		(1)	50
Forward currency contracts EUR	1		7
Combined interest-rate/currency swaps NOK	216		447
Total	**226**	**(17)**	

1) Amounts in transaction currencies

The derivatives in the table above are classified by type of hedging for accounting purposes, and the objective of the derivatives is described below.

Information on fair value

The fair value of forward currency contracts is determined by applying the forward exchange rate on the balance sheet date.

The fair value of interest rate and currency swaps is primarily determined by discounting future cash flows at discount rates derived from observable market data.

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

a) Cash flow hedging

Interest rate swaps

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

In 2017, Posten Norge raised a bond loan of MNOK 1 000 with maturity on 28 September 2021. The loan has a floating reference interest rate and was partly hedged by a fixed interest swap of MNOK 250.

Posten Norge also entered into an amortising bilateral loan with floating interest terms and maturity on 16 December 2024. In 2018, approximately half of the loan was hedged with two fixed interest swaps with a future start date in 3 years. Accordingly, the loan had floating interest terms for 3 years and fixed terms for about half of the loan from December 2020.

Almost all critical terms (the dates for interest determination, calculation methods, reference interest rate etc.) related to the derivatives described above are in accordance with underlying loan agreements. The cash flows of the interest rate swaps will therefore in all material respects correspond with the interest payments on the loans. Hence, there are no significant sources for hedging ineffectiveness.

Hedge reserve in equity

The Group's statement of changes in equity shows net movements in hedge reserves.

b) Hedging of net investment in foreign entities

Posten Norge uses forward currency contracts for hedging investments in foreign subsidiaries and has entered into rolling forward contracts totalling MSEK 653 in 2020 (the same as in 2019). The changes in the value of the contracts including realised loss/gain due to settlements on roll-over are recognised in other comprehensive income and offset the translation differences from the investments until the investments are disposed of. In 2020, this constituted a loss of MNOK 60 (a gain of MNOK 27 in 2019). If the hedges become ineffective, the change in value is recognised in the income statement. In 2020, no hedging ineffectiveness was recognised in the income statement (none in 2019).

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

Forward contracts SEK and EUR

Posten Norge uses forward currency contracts in Swedish kroner and euros for hedging loans in currencies from the parent company to foreign subsidiaries. Rolling forward contracts totalled MSEK 50 and MEUR 3.5 as at 31 December 2020. The changes in value are recognised in the income statement and will offset changes in the loans taken through the income statement caused by currency fluctuations.

Combined interest rate and currency swaps

In 2008 and 2013, the Group entered into long-term loan agreements with Japanese life insurance companies of 3 and 5 billion Japanese yen, respectively, at fixed interest rate terms. At the same time, combined interest rate and currency swap agreements were made, effectively giving the Group loans in Norwegian kroner with floating interest. The loan from 2008 was paid down in 2020.

Posten Norge has made use of the "fair value option" in IFRS 9 for measuring these loans. Changes in interest rates or exchange rates resulting in changes in the value of the Japanese yen denominated loans measured in Norwegian kroner correspond to changes in the value of the combined interest rate and currency swaps.

As at 31 December 2020, the value of the loan from the Japanese life insurance company was MNOK 424 (MNOK 415 in 2019), a change in value since the borrowing date of MNOK 126. This change in value corresponds to the interest and currency swap agreements, and the derivative is recognised as an asset.

An interest swap for approximately one third of the loan of 5 billion Japanese yen partly converted the loan to fixed interest. The interest rate swap has the same maturity date as the loan, but does not qualify for hedge accounting. In the table of derivatives and hedging relationships, it is included in the line "interest rate swaps" at a fair value of MNOK -2 as at 31 December 2020.

Upon entering into the loan agreement of 5 billion Japanese yen in 2013 and the combined interest rate and currency swap, Posten Norge also made a CSA (Credit Support Annex) agreement. This agreement defines how two swap counterparties shall act when the value of a swap changes in favour of one of the parties during the swap period. A deposit shall be paid/received to reduce the credit risk if the swap's value exceeds the threshold value (MEUR 2). The swap's value is measured monthly, and if the value in one of the parties' favour is larger than MEUR 2, the excess value shall be paid into the counterparty's account. As at 31 December 2020, Posten Norge had received MEUR 10 from the counter-party. This is recognised as a current liability in the balance sheet.

NOTE 21 EQUITY

The shares in the parent company Posten Norge AS are owned in full by the Norwegian state, represented by the Ministry of Trade, Industry and Fisheries. In Norwegian groups of companies, it is the share capital in the parent company that is significant, and equity is the basis and limitation for distributing dividends (ref. section 20 “Equity” in the Group’s accounting principles).

As at 31 December 2020, the share capital consisted of 3 120 000 shares at a nominal value of NOK 1 000.

Before the annual dividend is determined, an independent evaluation of the financial situation in the Group and future prospects shall be made. The proposed dividend for the accounting year 2020 is MNOK 560.

At the Annual General Meeting in June 2020, it was determined that no dividends be distributed for the accounting year 2019.

The owner’s return on capital requirement is 9 percent after tax.

NOTE 22 GUARANTEES/ASSETS PLEDGED AS SECURITY

The Group has provided various guarantees, including rental guarantees, contract guarantees, debt guarantees, and other payment guarantees, in connection with current operations. The Group has not pledged property of any significant value.

	2020	2019
Guarantees for group companies	996	832
Other guarantees	20	22
Total guarantees	**1 016**	**854**

Guarantees for group companies’ debt primarily consisted of guarantees provided by Posten Norge AS to its subsidiaries in Norway and Sweden related to the rental of premises and vehicles. Posten Norge AS has also given Nordea a guarantee indemnifying the bank for any payments in connection with bank guarantees provided for the Group’s subsidiaries. Bring Cargo AS has guaranteed fuel purchases for the subsidiary Bring Trucking a.s.

The increase in guarantees for group companies was mainly due to guarantees for leased vehicles.

Posten Norge AS has provided Equinor with a delivery guarantee for Bring Cargo AS, and the City of Stockholm for Bring Courier & Express AB. No amounts have been set for these guarantees.

NOTE 23 CHANGES TO GROUP STRUCTURE

The note provides information about significant changes in Group structure including the acquisition and disposal of companies and businesses (ref. section 5 “Consolidation principles” in the Group’s accounting principles).

The following changes in the Group’s structure have taken place in 2020:

Companies established and acquired in 2020

Posten Eiendom

In the first quarter of 2020, Posten Eiendom AS acquired the companies Posten Eiendom Kristiansand I AS and Posten Eiendom Kristiansand II AS for a total of MNOK 32. In the third quarter of 2020, the companies were merged, with Kristiansand I AS as the acquiring company. The company owns a site in Kristiansand on which the Group plans to build a new terminal.

Posten Eiendom AS acquired the company KOV 1 AS for MNOK 6 in the third quarter. The company owns a site in Bergen and is part of the Group’s plans to build a new terminal in Bergen.

The acquisitions can be summarised as follows:

	Purchase price	Purchase price - Group goodwill	Total purchase price
Assets/land	9	43	52
Provisions for liabilities - deferred tax		9	9
Non-curent liabilities	4		4
Total liabilities	5	9	14
Total purchase price	4	32	38
Net cash outflows			**(38)**

Non-controlling owner interests acquired in 2020

In 2020, the Group bought out the non-controlling interests in Bring Polarbase AS and Netlife Gruppen AS for a total of MNOK 53. The transactions are accounted for as equity transactions. After this, the Group owns 100 percent of these companies.

The following companies were sold out of the Group or liquidated in 2020

Bring Freight Forwarding AB

In December 2020, Posten Norge AS sold Bring Freight Forwarding AB and operations in Bring Åkeri AB to Sandahls-bolagen Sweden AB. Bring Freight Forwarding is engaged in domestic transport in Sweden and has warehouse operations based in Vårgårda and Vara. Turnover amounts to approximately MSEK 250 per year.

	2020
Sale price[1]	135
Book value of net assets	76
Gain/final settlement	**59**
Of which Minority Interests' share	(16)
Translation differences taken to Income statement	13
Total gain	**54**

1) Group's share of the sale price was MNOK 101

Bring Frigo AS

In December 2019, Posten Norge entered into an agreement for the sale of the thermo business Bring Frigo AS to Nor-Log Gruppen AS, and the sale was effected with accounting effect from 1 February 2020. The effects of the sale were recognised in 2019. Bring Frigo's operations comprised transport and logistics solutions for temperature-control led freight domestically as well as abroad and had a turnover of nearly MNOK 980 in 2019.

	2020
Sale price[1]	35
Book value of net assets	77
Loss on sale	**(42)**
Transaction costs	(22)
Provisions as at 31.12.2019	65
Total loss	

1) Settlement was made in the form of shares in Nor-Log

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

	Bring Frigo AS	Bring Freight Forwarding AS	Other companies[1]	Total
Assets:				
Right-of-use assets	174	52	9	235
Tangible fixed assets		4	3	7
Other financial non-current assets	4	72		76
Non-current assets	**178**	**129**	**12**	**318**
Interest-bearing current receivables	68	3		71
Interest-free current receivables	115	50	5	171
Current assets	**183**	**53**	**5**	**231**
Total assets	**361**	**182**	**17**	**560**
Liabilities				
Long-term lease liabilities	168	42	2	213
Non-current liabilities	**168**	**42**	**2**	**213**
Interest-bearing current liabilities		26	9	35
Interest-free current liabilities	116	32	4	151
Current liabilities	**116**	**64**	**12**	**192**
Total liabilities	**284**	**104**	**15**	**403**

1) Bring Warehousing AB and Posten Eiendom Førde AS.

Held for sale

Bring Frigo Sverige AB with subsidiaries (Bring Frigo SE)

In December 2020, the Group put the subgroup Bring Frigo Sweden up for sale, and indicative biddings from several buyers were received in January 2021. At year-end 31 December 2020, Bring Frigo SE was classified as held for sale in the balance sheet. The estimated sales price is expected to exceed the carrying value of the subgroup. Accordingly, no loss provision was made at the reclassification to held for sale.

Bring Frigo SE is part of the Logistics segment and operates a network for temperate logistics. This comprises vehicles for temperate transport, refrigerated and frozen warehousing and terminals adapted for the transport of goods in a temperature-controlled network.

	31.12.2020
ASSETS HELD FOR SALE	
Intangible assets	30
Deferred tax assets	30
Tangible fixed assets	138
Right-of-use assets	506
Non-current assets	**704**
Interest-free current receivables	419
Interest-bearing current receivables	3
Liquid assets	47
Current assets	**468**
TOTAL ASSETS HELD FOR SALE	**1 173**
LIABILITIES HELD FOR SALE	
Provisions for liabilities	**264**
Non-current liabilities	**459**
Current lease liabilities	144
Interest-free current liabilities	305
Tax payable	2
Current liabilities	**451**
TOTAL LIABILITIES HELD FOR SALE	**1 174**

As at 31 December 2020, accumulated positive translation differences and hedge reserves recognised in equity related to held for sale amounted to MNOK 61.

The process is expected to be finalised during the first half-year of 2021.

Other changes to group structure in 2020

- Posten Eiendom Bergen was demerged into 7 companies as part of the Group's plans to build a new terminal in Bergen.
- Bring Logistic AB and Smartpak AB were merged with Bring Parcels AB as part of simplifying the Group's structure
- Bring Cargo AS bought out the non-controlling owner interests in Bring Polarbase AS, after which the companies were merged.
- As part of the reorganisation of the Group and establishing a new group structure, some business combinations were carried out in January 2020 in order to adjust the businesses to the new structure and strategy. Businesses were transferred between the Norwegian, Swedish and Danish companies in Bring Courier & Express and Bring E-commerce & Logistics, in addition to transferring activities from Bring Cargo AS to Bring Cargo International AS.

NOTE 24 RELATED PARTIES

Two parties are related if one party can influence the other party's decisions. Relations with related parties are considered to be normal in business.

Posten Norge AS is the parent company and has direct and indirect control of approximately 80 companies, mainly in the Nordics. Directly owned subsidiaries are shown in note 9 in the financial statements for Posten Norge AS.

The Group has ownership shares in associated companies, accounted for in accordance with the equity method.

In 2020, there were no significant transactions with associated companies, or major balances with them as at 31 December 2020.

Internal trade in the Group is carried out in accordance with separate agreements and at arm's length terms. Shared costs in Posten Norge AS are distributed among the group companies in accordance with various formulas that vary depending on the type of cost.

Some of the board members had board or executive positions in other enterprises. The Group is not aware of transactions where these positions could have had any influence.

NOTE 25 REGULATORY ISSUES

Regulatory issues describe relevant matters and regulations not mentioned in other notes.

Postal regulations

Postal regulations comprise the Postal Services Act with associated regulations and the delivery requirements of the licence awarded to Posten.

In line with the Norwegian Parliament's amendment of the Postal Services Act in the spring of 2019, Posten's ordinary mail distribution to letter boxes was reduced to every other day from July 2020.

At the same time, the Ministry of Transport adjusted the requirements for the distribution time for domestic mail in Posten's licence. At least 85 percent of the mail shall be delivered within three weekdays after posting and at least 97 percent within five weekdays.

After the transition to mail distribution every other day, newspaper distribution takes place 6 days a week in areas without any alternative newspaper distribution. Posten won the tender for week-days in a competition arranged by the Ministry of Transport, in competition with two other parties.

Product accounts and government procurements of commercially non-viable postal services

In accordance with the Postal Services Act, Posten shall maintain product accounts for regulatory purposes. The accounts shall be submitted to the Norwegian Communications Authority annually. Posten's appointed auditor performs control procedures and issues a statement confirming that the accounts have been prepared in accordance with the requirements.

Posten's net costs related to the duty to deliver postal services that are commercially non-viable shall, pursuant to the Postal Services Act, be covered by government procurements granted over the state budget. This also applies for basic bank services through Posten's rural mail network. The annual advance grant to government procurements is adjusted the following year based on a recalculation of the requirement according to the final product accounts. The recalculation shall secure against over or under compensation.

For 2020, Posten received MNOK 449 for government procurements of commercially non-viable postal and banking services. This was in line with Posten's pre-calculation. In accordance with later estimates, the Group has recognised MNOK 421 as income for 2020.

The result effect of the final settlement of government procurements of commercially non-viable mail and banking services for 2019 was MNOK 104.1 in 2020, including interest of MNOK 2.1. The amount was a supplementary payment from the state to Posten due to higher net costs for the services than those constituting the basis for the prepayment.

In 2020, a total of MNOK 523 was recognised as income for the government procurements of commercially non-viable postal and banking services. In addition, MNOK 64 was taken to income for government payment pursuant to the tender contract of newspaper distribution in sparsely populated areas.

Basic banking services in the rural postal network

Posten is obliged to offer basic banking services in the rural postal network, ref. the act on basic banking services through Posten Norge AS' sales network. The obligation is met through an agent agreement with DNB. The procurement of banking services in Posten's remaining sales network (post offices and Post-in-Shops) ended at the end of September 2020 when the agreement with DNB expired for this part of the network.

Future prospects

For 2021, the Norwegian Parliament

granted MNOK 566 for government procurements of commercially non-viable postal services. The amount is in line with Posten's advance calculations and principally concerns net costs for mail distribution every other day (MNOK 538).

Mail distribution every other day, as implemented from July 2020, will not be adequate to ensure acceptable profitability. The postal services must be further adjusted in line with changed market conditions and customer needs. In 2020, the Ministry of Transport and Communications received studies on the consequences of further reductions in government procurements in order to have a best possible knowledge basis for any suggested changes. For Posten it is vital that the government reimburses Posten for the net costs of the commercially non-viable services if no room is allowed for continued adjustments to the service level in line with falling mail volumes and changes in customer needs.

In the autumn of 2019, the Norwegian Parliament approved the proposal to introduce VAT on all e-commerce import of goods, regardless of value, from 2020. In that connection, a simplified registration and reporting solution (VOEC – VAT on E-commerce) was established for foreign suppliers for calculating and paying VAT on goods up to a value of NOK 3 000. At the same time, a transitional arrangement was set up, meaningthat low value goods up to NOK 350 be exempt from declaration, assumed to expire on 1 July 2021. Posten cooperates with the customs and duty authorities to secure effective and consumer-friendly duty/VAT handling when the transition period expires.

Posten's agreement with DNB on banking services in the rural postal network expires at the end of June 2021. On 3 February 2021, the Ministry of Transport distributed for public review a proposal for an amendment to the act. Should the amendment be passed, Posten's obligation to offer such services in the rural postal network will end.

NOTE 26 IMPACT OF THE CORONA PANDEMIC

In March 2020, the World Health Organisation (WHO) declared Covid-19 (the Corona virus) to be a pandemic. The pandemic spread to large parts of the world and has affected all parts of society strongly. Strict restrictions were introduced for the population in Norway and the other Nordic countries. National infection control measures have since then been adjusted to the infection situation and consequently eased in periods with low infection levels, but tightened again with rising levels, or replaced by local restrictions in areas with larger outbreaks. At the end of the year, the infection level had increased again with the subsequent lock-down of society.

The financial consequences of the Corona pandemic have been closely followed up by the Group. The periodical normalisation of society has resulted in less negative financial consequences of the Corona pandemic. The distinction between effects from the Corona pandemic and other external market changes, trends or internal circumstances in the organisation has become less obvious in the second half-year of 2020.

Operating income and operating result

The development showed that for the Logistics segment in the first half-year 2020, the largest negative consequence concerned the corporate market. The negative consequences were, however, declining, and in the second half-year 2020 there were few indications that revenue or profit for the segment were significantly affected. The negative consequences were also compensated by significant growth within private parcel volumes and home deliveries.

In the Mail segment, the pandemic has had negative consequences for addressed as well as unaddressed mail due to the increased fall in volumes. The negative trends have lessened in the second half-year 2020 also in this area.

In the business sector, Norwegian and Nordic authorities have introduced several initiatives in order to safeguard jobs. Delays of payment of public dues and relief of duties have been granted. Reduced social security tax of four percentage points for the third term in Norway resulted in cost savings of approximately MNOK 50 for the Group.

Write-down of non-financial assets

<u>Prognoses</u>

The restrictions introduced as a consequence of the pandemic, and the negative effects they have had on the Group's turnover and operations, were indicators of a fall in value in the first half-year. Updated impairment tests for relevant areas were carried out in the second quarter 2020. The situation was mainly unchanged or improved for these areas in the second half-year, and no additional indications of any fall in value have been identified. Irrespective of this, annual impairment tests for goodwill and intangible assets under development were carried out in the fourth quarter.

The forecasts used in the impairment tests assumed a gradual normalisation during 2021 in line with the most recent general terms and market expectations and were also assessed against strategic goals, history and other factors. There is still some uncertainty about how long the situation will last, the financial consequences and any consequences of a recession in the economy following the crisis. The uncertainty was assessed by sensitivity analyses.

<u>Other assumptions (growth and required rate of return)</u>

No specific Covid-19 adjustments were made to the required rate of return. The various components of the required rate of return were, however, estimated on the basis of updated information. The Group updated the long-term growth rates correspondingly. The required rate of return applied in the impairment tests for goodwill was 8,0 and 8,4 in the Logistics and Mail segments, respectively, whereas the long-term growth rate was 1,5 percent and 0,0 percent (goodwill within mail is not related to traditional mail services).

Based on the criteria described above, no need for a write-down of goodwill was uncovered in 2020. A total of MNOK 131 in intangible assets under development was written down, but this was not related to the Corona pandemic (note 8 has details and sensitivity analyses).

Financial risk

<u>Market risk</u>

The Corona pandemic has led to large changes in market prices, exchange rates and interest levels. The Group has significant investments in bond funds. As at 31 December 2020, the Group had 3,5 billion kroner invested in various bond funds (3,4 billion kroner at 31 December 2019). Unrealised gains in 2020 totalled MNOK 90. Posten Norge uses financial instruments to manage market risk from the Group's ordinary operations, and variations in results due to these changes are therefore limited.

<u>Credit risk</u>

Several of the Group's customers are affected by the pandemic, and this increases the uncertainty related to the customers' operations and liquidity. The Group's credit forum assesses the status of outstanding trade receivables and the development of the largest customers, in addition to specific customer scenarios requiring an active decision. Of total outstanding trade receivables there was no significant negative change in receivables due as at 31 December 2020 compared with 31 December 2019. The expected losses on receivables are provided for in accordance with an expected loss model and cover uncertain receivables to a reasonable degree.

<u>Liquidity risk</u>

The Group is solid and has a good liquidity reserve.

The Group has covenants in connection with external financing. Covenant compliance is calculated based on the Group's accounting figures without the effects of IFRS 16 Leases. Financial covenants are complied with as at 31 December 2020 and the publishing of the report.

Details of financial risk, capital management and loan covenants are given in note 13.

Other changes in sources of estimation uncertainty

There is estimation uncertainty connected with the assessment of pension obligations. The present value of pension obligations depends on factors such as the discount rate, which is normally determined at the end of each year. As a consequence of the Corona pandemic, the interest level is significantly reduced in both the short and the long term. This has resulted in an increase in the Group's pension obligations in the balance sheet, a total increase of MNOK 75 (before the classification of Bring Frigo Sweden as held for sale).
Note 3 has more information on the Group's pension obligations.

Financial statements and notes

Posten Norge AS

INCOME STATEMENT

Amounts in MNOK

	Note	2020	2019
Revenue		**13 017**	**13 202**
Costs of goods and services		3 209	3 063
Payroll expenses	1	6 227	6 620
Depreciation and amortisation	7,8,16	939	1 034
Write-downs of intangible assets and tangible fixed assets	7,8,16	162	24
Other operating expenses	3	1 894	1 904
Operating expenses		**12 430**	**12 644**
Other income and (expenses)	4	29	(874)
Income from sale of shares in associated companies	9	121	19
Operating profit		**738**	**(297)**
Financial income	5	511	314
Financial expenses	5	656	501
Net financial income/(expense)		**(145)**	**(187)**
Profit before tax		**593**	**(484)**
Tax expense	6	100	(35)
Profit for the year		**492**	**(449)**

STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK

	Note	2020	2019
Profit for the year		**492**	**(449)**
Pension remeasurement	2,6	(27)	
Items that will not be reclassified to income statement		**(27)**	
Cash flow hedging	6,18	(5)	2
Items that will be reclassified to income statement		**(5)**	**2**
Other comprehensive income/(loss)		**(32)**	**2**
Total comprehensive income/(loss)		**460**	**(447)**

BALANCE SHEET

Amounts in MNOK

	Note	31.12.2020	31.12.2019
ASSETS			
Intangible assets	7	1 044	1 125
Deferred tax assets	6	137	158
Tangible fixed assets	8	951	933
Right-of-use assets	16	6 926	7 452
Investments in subsidiaries	9	3 605	3 562
Investments in associated companies	9	16	258
Interest-bearing non-current receivables	11,13	1 382	1 474
Other financial non-current assets	9,11,19	167	125
Non-current assets		**14 227**	**15 088**
Interest-free current receivables	11,14,19	1 642	1 804
Interest-bearing current receivables	11,13	2 037	2 086
Liquid assets	11,15	4 574	3 819
Current assets		**8 254**	**7 709**
Assets		**22 481**	**22 797**
EQUITY AND LIABILITIES			
Share capital	20	3 120	3 120
Other equity		2 891	2 431
Equity		**6 011**	**5 551**
Provisions for liabilities	**10**	**664**	**825**
Non-current lease liabilities	11,16	6 903	7 302
Interest-bearing non-current liabilities	11,17,19	1 107	2 210
Interest-free non-current liabilities	11,18,19	15	6
Non-current liabilities		**8 026**	**9 518**
Current lease liabilities	11,16	559	580
Interest-bearing current liabilities	11,17,19	3 976	3 138
Interest-free current liabilities	10,11,18,19	3 179	3 130
Tax payable	6	67	54
Current liabilities		**7 780**	**6 902**
Equity and liabilities		**22 481**	**22 797**

Board meeting on 25 March 2021

Andreas Enger (Chair)

Anne Carine Tanum (Deputy Chair)

Tina Stiegler

Henrik Höjsgaard

Finn Kinserdal

Liv Fiksdahl

Gerd Øiahals

Lars Nilsen

Ann Elisabeth Wirgeness

Tove Gravdal Rundtom

Tone Wille (Group CEO)

STATEMENT OF CASH FLOWS

The Company prepares the statement of cash flows in accordance with the indirect method, i.e., cash flows from investments and financing activities are reported gross, whereas the accounting result is reconciled against net cash flows from operating activities.

Amounts in MNOK

	Note	2020	2019
Profit/(loss) before tax		593	(484)
Tax paid in the year	6	(58)	(57)
(Gain)/loss from sales of non-current assets and shares		(43)	(9)
Ordinary depreciation and write-downs	7,8,16	1 101	1 058
Write down of shares in subsidiaries	9	63	424
Gain from sale of associated companies		(108)	
Dividends received from financial investments		(117)	
Financial items without cash effect		201	176
Changes in receivables and payables		(37)	219
Changes in other working capital		161	(152)
Changes in other accruals[1]		(234)	349
Interest received		162	200
Interest paid		(364)	(410)
Cash flows from operating activities		**1 318**	**1 612**
Investments in non-current assets	7,8	(360)	(275)
Cash effect from purchase of shares	9	(138)	(148)
Cash effect from investments in associated companies	9		(16)
Proceeds from sale of non-current assets	8	11	22
Cash effect from sale of shares	9	8	
Cash effect from sale of associated companies	9	350	73
Dividends received from subsidiaries		117	
Changes in loans to subsidiaries	13	214	265
Changes in other financial non-current assets		(27)	(2)
Cash flows used in investing activities		**175**	**(81)**
Payment of lease liabilities	16	(569)	(603)
Repayment of borrowings	17	(779)	(500)
Dividend paid	20		(124)
Change in balance group account		610	298
Cash flows used in financing activities		**(738)**	**(1 227)**
Change in liquid assets		**755**	**304**
Liquid assets at the start of the year		3 819	3 515
Liquid assets at the end of the year	**15**	**4 574**	**3 819**

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

STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

	Share capital	Share premium reserves	Hedging reserve	Retained earnings	Other equity	Total equity
Equity 01.01.2020	**3 120**	**992**	**(1)**	**1 439**	**2 431**	**5 551**
Profit for the year				492	492	492
Other comprehensive result			(5)	(27)	(32)	(32)
Total comprehensive result			**(5)**	**466**	**460**	**460**
Equity 31.12.2020	**3 120**	**992**	**(7)**	**1 906**	**2 891**	**6 011**

	Share capital	Share premium reserves	Hedging reserve	Retained earnings	Other equity	Total equity
Equity 31.12.2018	**3 120**	**992**	**(3)**	**1 595**	**2 584**	**5 704**
Effect of change of principle (IFRS 16)				6	6	6
Equity 01.01.2019	**3 120**	**992**	**(3)**	**1 601**	**2 589**	**5 709**
Profit for the year				(449)	(449)	(449)
Other comprehensive result			2		2	2
Total comprehensive result			**2**	**(449)**	**(447)**	**(447)**
Dividend				(124)	(124)	(124)
Other changes in equity[1]				412	412	412
Equity at 31.12.2019	**3 120**	**992**	**(1)**	**1 439**	**2 431**	**5 551**

1) Gain on transaction with related party at fair value

Notes for Posten Norge AS

POSTEN NORGE AS

Posten Norge AS was established as a company on 1 December 1996 and is today a Norwegian-registered limited liability company with the Norwegian state, represented by the Ministry of Trade, Industry and Fisheries as its sole shareholder.

Posten Norge AS is a Nordic mail and logistics group developing and delivering overall solutions within mail and logistics in the Nordics. Posten Norge AS' address is Biskop Gunnerus gate 14, 0001 Oslo, Norway.

ACCOUNTING PRINCIPLES

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

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

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

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

Accounting Principles	Associated note(s)	IFRS/IAS standard
1. Changes in accounting principles and disclosures		IAS 8
2. Issued and amended standards not yet effective or lacking approval by the EU		IAS 8
3. Accounting estimates	Note 2 Pensions Note 4 Other income and expenses Note 6 Taxes Note 7 Intangible assets Note 10 Provisions for liabilities Note 16 Leasing obligations (lease agreements) Note 24 Effects of the Corona pandemic	IAS 12, IAS 19, IAS 36, IAS 37, IFRS 16
4. Foreign currency translation		IAS 21
5. Revenue from contracts with customers		IFRS 15
6. Pensions	Note 2 Pensions	IAS 19
7. Taxes	Note 6 Taxes	IAS 12
8. Intangible assets	Note 7 Intangible assets	IAS 38
9. Tangible fixed assets	Note 8 Tangible fixed assets	IAS 16
10. Investments in subsidiaries and associated companies	Note 9 Investments in companies and businesses	IFRS 10, IFRS 11, IFRS 12, IAS 27, IAS 28
11. Write-downs of non-financial assets	Note 7 Intangible assets Note 8 Tangible fixed assets Note 9 Investments in companies and businesses Note 16 Leasing obligations (lease agreements)	IAS 36
12. Provisions for liabilities	Note 4 Other income and expenses Note 10 Provisions for liabilities	IAS 19, IAS 37
13. Contingent liabilities and assets	Note 10 Provisions for liabilities	IAS 37
14. Financial instruments	Note 5 Financial income and financial expenses Note 11 Overview of financial assets and liabilities Note 12 Financial risk and capital management Note 13 Interest-bearing non-current and current receivables Note 14 Interest-free current receivables Note 15 Liquid assets Note 17 Interest-bearing non-current and current liabilities Note 18 Interest-free non-current and current liabilities Note 19 Derivatives and hedging	IFRS 7, IFRS 9, IFRS 13, IAS 32
15. Accounts receivable	Note 14 Interest-free current receivables	IFRS 7, IFRS 9, IFRS 13, IFRS 15, IAS 32
16. Cash and cash equivalents	Note 15 Liquid assets	IFRS 7, IFRS 9, IFRS 13, IAS 32
17. Leasing	Note 16 Leasing obligations (lease agreements)	IFRS 16
18. Borrowings	Note 17 Interest-bearing non-current and current liabilities	IFRS 7, IFRS 9, IFRS 13, IAS 32
19. Equity	Statement of changes in equity Note 20 Equity	IAS 1
20. Events after the reporting period	Note 23 Regulatory issues	IAS 10

1. CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURES

The accounting policies applied are consistent with previous years. In addition, the Company implemented some amended standards and interpretations published by the IASB (the International Accounting Standards Board) and approved by the EU, relevant for the business and effective from the accounting year starting on 1 January 2020. The implementation of these amended standards and interpretations has not resulted in significant changes to the financial statements.

2. ISSUED AND AMENDED STANDARDS NOT YET EFFECTIVE OR LACKING APPROVAL BY THE EU

The following standards and statements that are relevant for Posten Norge AS have been issued but have yet to take effect or lacked approval by the EU for the financial year 2020:

Amended IAS 1 related to the classification of loans as short-term or long-term debt
The change in IAS 1 Presentation of Financial Statements applies for financial statements starting after 1 January 2023. The changes will not lead to significant changes compared with the Company's present implementation of IAS 1.

3. ACCOUNTING ESTIMATES

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

3.1 Estimated impairment of assets

Impairment exists when the carrying value of an asset or cash generating unit (see definition in section 11) exceeds its recoverable amount. Calculations of recoverable amounts require the use of estimates. There is uncertainty related to assumptions and parameters in connection with the estimation of future cash flows when evaluating impairment and the choice of discount rate in the calculation of the present value of the cash flows. These estimates are particularly relevant when assessing goodwill and other intangible assets. Details of the key assumptions used to determine the recoverable amount of a cash-generating unit, including sensitivity analyses, are provided in note 7.

3.2 Pensions

There is also uncertainty related to the estimation of pension liabilities. The present value of the pension liabilities depends on a number of factors determined by actuarial assumptions. Any changes in these assumptions will impact the carrying amount of pension liabilities.

Assumptions used in the calculation of net pension cost include the discount rate. The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension liabilities.

In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Details are given in note 2.

3.3 Provisions

In determining the fair value of provisions for restructuring expenses and other provisions, assumptions and estimates are made in relation to discount rates, the expected settlement value and settlement date. Additional information is given in note 10.

3.4 Deferred tax assets

Deferred tax assets are carried in the balance sheet when it is probable that the Company will have sufficient taxable profits to utilise the tax benefit. Management's judgment is required to determine the size of the tax benefit to be utilised, based on the timing and value of future taxable profits. Note 6 has more details.

3.5 Leasing obligations (lease agreements)

In accordance with IFRS 16, the non-cancellable lease period (including the period of notice) and any options reasonably certain to be exercised are recognised in the lease liability. Several of the Company's significant lease agreements, particularly within property, include options for renewals of the agreements. The Company applies judgment in determining the lease period.

The determination of discount rate as a basis for calculating future lease obligations also require judgment. A methodology has been established for this process. Section 17 and note 16 have details.

4. FOREIGN CURRENCY TRANSLATION

4.1 Functional currency and presentation currency

The financial statements are presented in Norwegian kroner (NOK), which is also the Company's functional currency.

4.2 Transactions and balance sheet items

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

On the balance sheet date, monetary balances in foreign are translated at the exchange rate applicable on the balance sheet date. Foreign exchange gains and losses resulting from the settlement and translation of monetary items are recognised as finance income and finance costs, respectively.

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

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

The recognition of income shall reflect the transfer of goods or services to the customer. Income is recognised when a customer achieves control over goods or services and thereby can determine the use of them and receive the benefits from the goods or services.

According to the contracts applied, the Company's current delivery obligations are short-term (less than one year). Accordingly, the Company does not provide information about balance sheet items related to current deliveries.

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

Revenue is generated by transport services, the sale of postal services and banking services:

Transport services comprise national and international transport, mainly the transport of parcels and goods. They can include a number of associated additional services but are mainly considered to be one delivery obligation. The services are taken to income over time, as the customer is considered to benefit from the fact that the goods are coming increasingly nearer the delivery point. The majority of the transport services are delivered within 1-7 days, and provisions are made for incomplete transport.

Letter services comprise the delivery of letter products and are primarily recognised over time. Letter services often have, however, very short delivery time, 1-2 days, and the recognition of income is therefore normally made when the letter is delivered to the post office/ in the letter box. Letter services also comprise the sale of stamps, franking and international mail. The sale of stamps is considered to be advance payments for the sale of letter products and is recognised as income when the service delivery takes place. Franking machines (pre-paid franking) are recognised on the basis of the customer's postage consumption, and other postage sales are recognised when letter products are delivered. International mail comprises income from foreign postal services in accordance with ordinary terminal fee agreements. This is currently recognised on the basis of the calculation of volumes and preliminary prices and is adjusted the following year when final prices are received from the International Post Cooperation.

Fees for banking services are recognised on the basis of performed banking services.

In addition, Posten is paid for government procurements of commercially non-viable postal services recognised over time (monthly), and limited to an amount equalling the current year's estimated additional expenses regarding licensing requirements.

6. PENSIONS

The Company has both defined contribution and defined benefit pension plans. The net pension expenses for the defined benefit pension plans comprise the pension contributions of the period, including future salary increases and the interest expense on the estimated pension liability, less the contributions from employees and estimated yield on the pension assets. For defined contribution plans, the premium less the employees' contribution is recognised as an expense when incurred.

The liability recognised in the balance sheet for the defined benefit pension plans is the present value of the defined benefit liability at the end of the reporting period, less the fair value of plan assets. The gross liability is calculated by independent actuaries applying the "projected unit credit" method. When pension assets exceed pension liabilities, prepaid pensions are classified as a long-term asset in the balance sheet if it is likely that the excess value can be utilised or repaid. The recognition of pension funds is limited to the present value of all financial benefits that materialise in terms of refunds from the plan or reductions in future contributions to the plan. Net pension expenses are classified as payroll expenses in the income statement, except the interest element, which is classified as finance income/finance expenses. The effect on previously earned rights resulting from changes in the schemes' yields is recognised immediately in the income statement. Actuarial gains and losses are recognised in other comprehensive income in the period in which they occur and will not be reclassified to profit or loss in future periods.

7. TAXES

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

Tax payable is calculated on the basis of the taxable income for the year. The net deferred tax liability/asset is computed on the basis of temporary differences between the carrying amount and tax values of assets and liabilities and tax losses carried forward at the end of the financial year, with the exception of:

- deferred tax liabilities arising from initial recognition of taxable non-depreciable goodwill
- deferred tax arising from a first-time recognition of an asset or liability in a transaction that
  - is not a business combination, and
  - on the transaction date impacts neither the accounting profit nor taxable income (taxable loss).

Tax increasing and tax reducing tem- porary differences that are reversed or can be reversed are offset against each other. A deferred tax asset is re- cognised when it is probable that the Company will have sufficient taxable profits to utilise the tax asset.

Deferred tax liabilities and deferred tax assets that can be recognised in the balance sheet are stated at their nominal value and netted.

If authorities notify a change in the previous year's tax return, the change will normally be recognised as part of the current year's taxes.

8. INTANGIBLE ASSETS

Intangible assets are recognised in the balance sheet if probable future economic benefits can be proven and attributed to the asset, and the cost of the asset can be reliably measured. Intangible assets are recognised in the balance sheet at their acquisition cost net of any accumulated depreciation and write-downs. Acquisition costs also include in-house payroll costs if the recognition criteria are met.

Goodwill and other intangible assets with indefinite useful lives are not amortised but assessed for impairment annually (section 11 "Write-downs of non-financial assets" has a more detailed description). Intangible assets with definite lives are amortised on a straight-line basis over their estimated useful economic life. Amortisations start from the date when the intangible asset is available for its intended use. Intangible assets not yet available for use are also tested for impairment.

8.1 Intangible assets: Development costs

The Company's development costs mainly relate to the development of IT systems intended for internal use. Development costs are recognised in the balance sheet if all of the following criteria are met:

- The product or process is clearly defined, and cost elements can be identified and measured reliably
- The product's technical solution has been demonstrated
- The product or process will be sold or used in the business
- It is probable that the asset will generate future economic benefits
- Adequate technical, financial and other resources are available to complete the project.

Only when all the criteria are met can the expenses relating to development work be recognised in the balance sheet. Otherwise the costs will be expensed as incurred.

8.2 Intangible assets: Goodwill

Goodwill arises on acquisitions of businesses and constitutes the excess value between the consideration and fair value of identifiable assets and liabilities at the time of the acquisition.

9. TANGIBLE FIXED ASSETS

Tangible fixed assets are recognised in the balance sheet at their acquisition cost net of accumulated depreciation and impairment. The acquisition cost of fixed assets includes costs directly attributable to the acquisition, construction or installation of the assets. For larger investments involving a long manufacturing period, interest is capitalised as part of the acquisition cost if they are directly attributable. The acquisition cost of fixed assets is broken down when the fixed asset consists of components that have different useful economic lives. Costs relating to normal maintenance and repairs are expensed when incurred. Costs concerning replacements and renewals which significantly increase the useful economic life of the fixed assets are recognised in the balance sheet.

Tangible fixed assets are depreciated down to their residual values on a straight-line basis over their estimated useful economic life. Depreciation starts from the date when the tangible fixed asset is available for its intended use. Land is not depreciated.

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

10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Posten Norge AS accounts for invest- ments in subsidiaries and associated companies at historical cost.

11. WRITE-DOWNS OF NON-FINANCIAL ASSETS

A write-down requirement exists if the carrying amount of a valuation unit exceeds its recoverable amount. The recoverable amount is the higher of fair value less sales costs and value in use, where value in use is the present value of estimated cash flows relating to future use. If cash flows relating to an individual asset are independent of cash flows relating to other assets, the individual asset constitutes a valuation unit. If not, a valuation unit is identified at a higher level and is called a cash-generating unit. A cash-generating unit shall be defined consistently over time. A cash-generating unit is defined as the smallest identifiable group of assets generating incoming cash flows and shall essentially be independent of incoming cash flows from other assets or groups of assets.

The Company calculates future cash flows based on estimated results (forecasts and long-term plans) over a period of three years, adjusted for depreciation, investments and changes in working capital. The extrapolation period contains an extrapolation of the cash flows after the forecast period, using a constant growth rate. The present value of future cash flows is calculated using a weighted required rate of return of total capital and is calculated before tax.

With the exception of goodwill, write-downs recognised in prior periods are reversed if new information indicates that an impairment no longer exists or has been reduced. However, a write-down reversal cannot be so large as to exceed the value the asset would have had if no write-down had been recognised.

11.1 Impairment: Goodwill and other assets with indefinite useful lives

Goodwill, intangible assets with indefinite useful lives and intangible assets under development are subject to an impairment test annually, irrespective of whether any indications of impairment exist.

11.2 Impairment: Other assets with definite useful lives

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

12. PROVISIONS FOR LIABILITIES

Provisions are recognised when the Company has a present obligation (legal or actual) as a result of a past event, it is probable (more probable than not) that the liability will result in a financial settlement, and the amount can be reliably measured. Provisions are reviewed on each balance sheet date, and their level reflects the best estimate of the liability. When the effect of the time value of money is material, the liability is recognised at the present value of future cash flows. Details on provisions for pension liabilities are provided in section 6 "Pensions".

12.1 Provisions: Restructuring

Restructuring expenses are costs incurred by the Company based on a decision that entails a significant change in the Company's defined business areas, either concerning the scope of the activities or the manner in which the business is operated.

Provisions for restructuring are expensed when the programme has been determined and announced, and the costs are identifiable, quantifiable and not covered by corresponding revenues.

12.2 Provisions: Onerous contracts

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

13. CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities include:

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

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

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

14. FINANCIAL INSTRUMENTS

Financial instruments are recognised in the balance sheet when the Company has become a party to the instrument's contractual terms. Financial instruments are derecognised when the contractual rights or obligations have been fulfilled, cancelled or transferred, or have expired.

Financial instruments are initially measured at fair value at the settlement date, normally at transaction price. Subsequent measurements depend on the classification of the financial asset or liability. The classification is determined by the Company's business model for managing financial instruments and the characteristics of the cash flows of each instrument.

Financial assets are classified as subsequently measured at amortised cost, fair value over other comprehensive income or fair value over profit and loss. Financial liabilities are classified as subsequently measured at either amortised cost or fair value over profit and loss.

The Company's financial assets mainly comprise debt instruments (receivables), and the Company has no significant equity instruments. The receivables' cash flows only include the principal and any interest, and all receivables are held only to receive contractual cash flows (no intention of sale exists). The receivables are classified as subsequently measured at amortised cost.

None of the Company's financial liabilities is held for trading purposes. With the exception of loans in foreign currency (Japanese yen), the fair value option has not been applied, nor do the liabilities contain embedded derivatives. Accordingly, the Company's financial obligations are mainly classified as subsequently measured at amortised cost. The Company has applied the opportunity to use fair value options (FVO) for financial liabilities in foreign currency (Japanese yen), as such a classification significantly reduces any inconsistency in the measurement between the obligation and related derivatives. Significant changes due to the Company's own credit risk are recognised in other comprehensive income.

Financial instruments are classified as non-current when their expected realisation date is more than 12 months after the balance sheet date. Other financial instruments are classified as current.

14.1 Financial instruments: Hedging

The Company uses derivatives to manage currency and interest rate risk.

The Company's criteria for classifying a derivative as a hedging instrument, and either the whole or parts of an individual item or a group of items as a hedging object, are as follows:

1. the derivative is applied to hedge an expected transaction or a recognised asset or obligation;
2. the hedge is earmarked and documented;
3. the requirement for hedge effectiveness is met.

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

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

Hedge accounting ceases when:

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

14.1.a Cash flow hedging

The effective part of changes in fair value of a hedging instrument in a qu- alifying cash flow hedge is recognised in other comprehensive income. The ineffective part of the hedging instrument is recognised directly in the income statement.

If the hedged cash flow results in the recognition of an asset or liability, the gains and losses previously recognised in other comprehensive income are reclassified and recognised together with the asset or liability. For other cash flow hedges, gains and losses previously recognised in other comprehensive income and accumulated in equity are reclassified to the income statement in the same period as the cash flow constituting the hedged item is recognised.

When a hedging instrument ceases to be highly effective, hedge accounting is prospectively discontinued. In this case, the accumulated gain or loss on a hedging instrument in equity will not be reversed until the hedged transaction actually occurs. If it is no longer expected that the hedged transaction will occur, previously accumulated gains or losses on the hedging instrument in equity will be reversed and recognised in the income statement immediately.

14.1.b Fair value hedging

Derivatives that qualify as fair value hedges are measured at fair value, and changes in fair value are recognised in the income statement. Correspondingly, changes in fair value related to hedged risk in the hedged item are recognised in the income statement.

14.2 Financial instruments: Derivatives that are not hedging instruments

Derivatives not classified as hedging instruments are measured at fair value in the income statement. Changes in fair value of such derivatives are recognised in the income statement.

14.3 Impairment: Financial instruments

For financial assets measured at amortised cost, the Company makes a provision for expected credit loss.

The Company either recognises the next twelve months' expected losses or the expected lifetime losses if

there has been a significant increase in credit risk after the initial recognition of the financial asset.

The method is primarily applied to the financing of and lending to the Company's subsidiaries. The assessment of change in credit risk is made in each reporting period. The risk drivers for internal loans include short-term and repeated defaults, developments in the utilisation of the limits of the Group cash pool and instalment payment delays.

The Company's other financial assets mainly comprise receivables, including trade receivables, without significant financing components. For financial assets without significant financing components, a simplified model is applied, whereby expected credit loss over the entire lifetime is recognised. The simplified model does not require any follow-up of changes in credit risk.

If an accrued (actual) credit loss is established because the Company cannot reasonably expect to recover the entire or parts of a financial asset, the financial asset's gross balance sheet value is directly reduced.

Write-downs of financial assets measured at amortised cost are recognised in the income statement.

15. ACCOUNTS RECEIVABLE

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost, less provisions for losses. The Company uses a simplified method for provisions for expected credit losses on accounts receivable and measures the loss provision at an amount equivalent to the expected lifetime credit loss. Accrued (actual) credit losses reduce the accounts receivable's balance sheet value directly.

16. CASH AND CASH EQUIVALENTS

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

17. LEASING OBLIGATIONS (LEASE AGREEMENTS)

17.1 Posten Norge AS as lessee

IFRS 16 Leases requires that the lessee capitalises lease agreements in order to reflect the value of the right-of-use asset and the corresponding lease obligation in the balance sheet. The lease obligation is measured at the present value of the lease payments, and the right-of-use asset is derived from this calculation. At subsequent measurements, the right-of-use asset is depreciated, whereas the lease obligation is reduced by instalment payments. In addition, interest on the obligation is expensed.

Lease agreements that can be defined as "low value assets" are not capitalised. Short-term lease agreements, where the non-cancellable lease period is less than 12 months, are also directly expensed. The Company has chosen not to apply IFRS 16 for intangible assets.

Several of the Company's lease agreements include other services and components such as shared costs, fuel and charges. Non-leasing components are separated from the lease agreement and recognised as operating costs.

Assessment of agreements in the Company which comply with the standard's definition and requirement for recognition

In order to be within the scope of IFRS 16, the contract must satisfy the definition of a lease. The assets must be identifiable, and the lessee must have the right to control the use of the assets in a given period.

Significant agreements in the Company mainly concern contracts for buildings and terminals, in addition to the Company's car fleet.

These will generally be encompassed by the definition in the standard and be classified as leases.

The Company has performed a review of various contracts and in particular assessed the treatment of them, in addition to agreements with transporters (transport agreements).

Most of the transport agreements in the Company are either of such a character that no specific asset can be identified, or are short-term, and these agreements are therefore outside the definition of a lease according to the standard.

Assessment of lease period

Several of the Company's significant lease agreements, especially within real estate, include options for extending the lease agreements. IFRS 16 requires that the non-cancellable lease period (including the period of notice), and any options reasonably certain to be exercised, be recognised in the lease liability. The Company assumes that "reasonably certain" is a probability level significantly higher than 50 percent.

In the consideration of whether the exercise of an option is reasonably certain, special weight has been attached to whether the asset is important for operations and part of the Company's strategic plans.

The Company has also taken into account the option's exercise date, as the degree of certainty decreases the further off the exercise date is.

Assessment of lease payments

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

Lease payments include fixed payments and any payments subject to index or interest rate variations, but not lease payments that vary depending on the use of the asset.

Lease payments also include residual value guarantees, purchase options and any termination expenses.

Wear and tear and any damage caused during ordinary use of the leased asset is expensed as incurred.

Discount rates

The present value of the lease payments shall be discounted at the lessee's incremental borrowing rate when the interest rate implicit in the lease cannot be easily determined. The method to determine the Company's incremental borrowing rate is consistently applied and reflects:

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

17.2 Posten Norge AS as lessor

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

Finance leases

For financial lease agreements, the Company recognises a sublease in the balance sheet at the implementation date at an amount corresponding to the net investment in the lease agreement.

The lease agreement's implicit interest rate shall be applied at the initial measurement of the net investment. For subleases, the discount rate in the main agreement can be applied if the sublease agreement's implicit interest rate cannot be easily determined. Lease payments included in the measurement comprise fixed payments and any payments subject to index or interest rate variations, but not lease payments that vary depending on the use of the asset. In addition, lease payments include residual value guarantees, purchase options and any termination costs.

When a sublease is classified as a financial lease agreement, the Company de-recognises the right-of-use asset and recognises the net investment as a sublease receivable. Any difference between the value of the right-of-use asset and the sublease receivable is recognised directly in the income statement.

At subsequent measurements, the Company recognises finance income on the sublease receivable based on a pattern reflecting a periodic return.

Operating leases

For operating leases, the Company recognises lease payments as other income, mainly on a straight-line bases, unless another systematic basis better reflects the pattern whereby the benefit of the underlying asset is reduced. The Company recognises expenses incurred in the earning of the lease income as costs.

18. LOANS

Loans are initially recognised at fair value when paid, net of transaction costs incurred. In subsequent periods, the loans are recognised at amortised cost using the effective interest rate method. Amortised cost is the amount at which the financial obligation is measured initially less repayments (instalments, interest and service charges etc.), including effective interest.

19. EQUITY

19.1 Hedge reserve

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

19.2 Costs related to equity transactions

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

20. EVENTS AFTER THE REPORTING PERIOD

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

NOTE 1 PAYROLL EXPENSES AND OTHER REMUNERATION

The note shows the payroll expenses for employees and expensed remunerations to the Board, executives and auditor of Posten Norge AS. Information about bonuses, pension schemes for executives and the statement on executives' remunerations is included in note 2 for the Group.

	2020	2019
Salaries	5 082	5 309
Social security tax	620	701
Pension expenses	381	436
Other benefits	143	173
Payroll expenses	**6 227**	**6 620**
Number of full-time equivalent positions	8 854	10 268
Number of employees 31.12[1)]	9 240	10 422

1) The number of employees is the number of permanent and temporary employees that generated salary expenses in December

Social security tax on pensions is classified as pension expenses (details in note 2).

	2020	2019
Board fees	**2 787**	**2 662**
Fees for the statutory audit	1 637	1 551
Fees for other attestation services	890	676
Fees for tax advisory services	232	146
Fees for other non-audit services	233	366
Total auditors' fees	**2 993**	**2 739**

(All amounts in TNOK and exclusive of VAT)

Auditors' fees concerned the audit firm EY. Details on remuneration to the Board and executives are given in the consolidated accounts' note 2.

Bonus schemes

Posten Norge AS has a bonus scheme for members of Group management, with the exception of the Group CEO.

In addition, Posten Norge AS has bonus-based remuneration for senior employees reporting to the group directors, other key personnel and sales personnel. Bonus payments are based on defined criteria for the entire Group, targets for the Group as well as indi- vidual goals. Upper limits have been set for bonus payments in the various schemes.

Pension schemes

Senior employees mainly have the same pension schemes and pension terms as other employees in the Company, ref. note 2 for the Group and "Statement on the determination of salaries and other remuneration to executives in Posten Norge AS and Posten Norge AS' wholly owned subsidiaries" in the same note. Individuals employed after 31 December 2006 belong to a self-insured defined contribution scheme. For employees with salaries exceeding 12 G, the annual contributions are limited to 25 percent of the pension basis in excess of 12 G. This scheme was closed in February 2015.

Loans and guarantees

No loans or guarantees were given to members of Group management.

NOTE 2 PENSIONS

The Company has both defined contribution and defined benefit plans. The defined benefit schemes are predictable for the employee as the benefits have been agreed in advance. The premium payments depend on factors such as the members' service time, age and salary level. In the contribution schemes, the payments are determined as a percentage of the employee's salary. The size of the pension assets determines how much pension the employee is entitled to, and consequently the employees bear the return risk on what has been paid into the scheme. More information is available in section 3 "Accounting estimates" and section 6 "Pensions" in the Company's accounting principles.

	2020	2019
Pension costs:		
Present value of the pensions earned for the year	108	115
Net interest expense on net liability	16	23
Plan changes recognised in income statement		3
Gross pension costs incl. social security tax (benefit based)	**124**	**142**
Employee contributions		(1)
Interest element reclassified to finance items	(14)	(20)
Net pension costs incl. social security tax (benefit based)	**109**	**121**
Defined contribution pension schemes	368	418
Employee contributions	(96)	(102)
Total pension expenses included in the operating profit for the year	**381**	**436**
Net pension liabilities:		
Estimated accrued secured liabilities	(23)	(23)
Estimated value of the pension assets	23	22
Net estimated secured pension liabilities		**(1)**
Estimated accrued unsecured pension liabilities	(591)	(592)
Net pension liabilities in balance sheet	**(591)**	**(592)**
Changes in liabilities:		
Net liabilities at 1.1.	(592)	(608)
Gross pension expenses	(119)	(142)
Premium payments and benefits paid	155	157
Contributions from scheme members		1
Changes in pension estimates recognised in other comprehensive income	(34)	
Net pension liabilities at 31.12.	**(591)**	**(592)**

	2020	2019
Main categories of pension assets at fair value		
Equity instruments (shares, bonds)	2	3
Debt instruments	16	14
Property	3	3
Other assets	2	2
Total pension assets	**23**	**22**
Pension estimate gain/(loss) at 01.01.	**453**	**453**
Changes in discount rate, pension liabilities	(23)	(13)
Changes in other financial assumptions, pension liabilities		13
Changes in demographic assumptions, pension liabilities		7
Changes in other factors, pension liabilities	(12)	(6)
Changes in other factors, pension assets	1	(1)
Gain/(loss) for the year in total comprehensive income	**(34)**	
Pension estimate gain/(loss) at 31.12.	**418**	**453**
Defined contribution pension schemes		
Number of members	12 577	13 946
Share of salary	5,7-21,3%	5,7-21,3%
Defined benefit pension schemes		
Actuarial assumptions		
Discount rate	1,70%	2,30%
Expected salary regulation	2,25%	2,25%
Expected G regulation	2,00%	2,00%
Expected pension regulation	1,5-2,5%	1,5-2,5%
Expected yield	2,70%	2,30%
Expected voluntary retirement (below 50 years)	4,00%	4,00%
Expected voluntary retirement (over 50 years)	1,50%	1,50%
Expected use of AFP	40-60%	40-60%
Demographic assumptions on mortality rate	K2013	K2013

Contribution schemes

Most of the Company's pension costs are contribution pensions and disability pensions where the amount paid to the pension supplier annually is expensed in the income statement. The employees contribute through salary deductions.

For 2020, the contribution rates were 5,7 percent for salaries up to 7,1 of the national insurance basic amount (G) and 21,3 percent for salaries in the interval 7,1 to 12 G.

AFP (early retirement) scheme

On 1 January 2011, the Company transferred to a new AFP scheme (the joint scheme for AFP in the private sector, ref. note 3 for the Group).

Employees who continue to be members of the Norwegian Public Service Pension Fund (SPK) have retained their rights in accordance with the AFP scheme in the public sector.

Defined benefit schemes

The majority of the Company's benefit schemes relate to the fact that Posten Norge AS withdrew from the Norwegian Public Service Pension Fund (SPK) in January 2006, giving those employed at the transition date the right to various compensation and guarantee arrangements. The schemes were closed at this time, meaning that the obligations will be phased out over time. The pension assets in the schemes are managed by life insurance companies.

In 2010, it was decided to coordinate the public service pension with the private benefit scheme (AFP), which would reduce the pension from SPK for a significant number of employees in Posten. For this reason, a compensation scheme was agreed, and an obligation recorded in the balance sheet.

The Company has a disability pension without a paid-up policy, providing benefits corresponding to the maximum amount allowed pursuant to the Occupational Pension Act and is accounted for as a contribution scheme. The Company also has significant obligations concerning salaries in excess of 12 G. Pension obligations related to salaries in excess of 12 G and early retirement pensions are financed by the Company's operations.

Assumptions

For 2020, changes have been made to the financial assumptions, mainly in accordance with recommendations from the Norwegian Accounting Standards Board (NRS). Posten Norge AS uses covered bonds (OMF) as its basis for the discount rate and set the rate to 1,7 percent in 2020 compared with 2,3 percent in 2019.

The estimate variation of MNOK 34 for 2020 is mainly due to a lower discount rate and more active retired people as a consequence of the significant workforce reductions during the year. In 2019, the change in discount rate was offset by the difference between estimated and actual take-up tendency and retirement age.

The retirement age for Norwegian employees is generally 67 years.

Sensitivity

The table below shows estimated effects of changes in some assumptions for defined benefit pension schemes. The estimates are based on facts and circumstances at 31 December 2020 with the assumption that all other premises are unchanged. The actual figures can deviate from these estimates.

	Discount rate		Pension regulation		Voluntary retirement	
Change (percentage points)	1%	-1%	1%	-1%	1%	-1%
Change in gross pension liabilities (reduction)/ increase	(39)	45	24	(21)	(9)	10
Percentage change	-7%	8%	4%	-4%	-2%	2%

NOTE 3 OTHER OPERATING EXPENSES

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

	2020	2019
IT services	685	676
Other external services	302	279
Cost of premises	294	311
Other rental expenses	55	72
Tools, fixtures, operating materials	114	96
Repair and maintenance of equipment	101	99
Marketing	78	98
Insurance, guarantee and compensation expenses	64	54
Travel expenses	40	67
Accounting and payroll services	27	33
Telephone costs	36	35
Other expenses	98	83
Operating expenses	**1 894**	**1 904**

The increase in costs related to IT services and other external services is due to some increase in project activities. The reduction in travel expenses is a consequence of extended use of home offices and web-based meetings.

Other expenses included freight, stationery, IT equipment, publications, membership dues, losses on receivables and other operating expenses.

NOTE 4 OTHER INCOME AND EXPENSES

Other income and expenses comprise significant income and costs of limited predictive value, and include restructuring costs, write-downs of shares and gains and losses on sales of tangible fixed assets (see sections 3 "Accounting estimates" and 12 "Provisions" in the Company's accounting principles).

	2020	2019
Restructuring expenses	76	(443)
Gain/(loss) on sale of fixed assets and subsidiaries	18	8
Gain/(losses) on subleases and termination of lease agreements	9	(18)
Other income/(expenses)	(74)	(421)
Total other income/(expenses)	**29**	**(874)**

Restructuring

In 2020, a provision of MNOK 106 from 2019 related to reduced distribution frequency was reversed (a cost reduction) due to new service products and several more voluntary solutions than originally estimated.

A provision of MNOK 30 was made in 2020 for restructuring costs related to the closing down of post offices to be replaced by Post-in-shop. In 2019, restructuring costs concerned provisions for reduced distribution frequency and restructuring of route preparation in the Mail segment, in addition to reorganisations of staff and support functions.

Total provisions for restructuring are shown in note 10.

Gain on sale of fixed assets and subsidiaries

Gain on sale of fixed assets in 2020 mainly concerned the sale of the subsidiary Bring Frigo AS.

Other income and expenses

Other income and expenses in 2020 primarily comprised costs in connection with the write-down of shares in the subsidiary Netlife Gruppen AS of MNOK 48 and Bring Express Suomi OY of MNOK 10, in addition to costs for the sales process of the subsidiary Bring Frigo AB.

Note 9 has more information on write-downs of shares in subsidiaries.

Other income and expenses in 2019 mostly concerned write-downs of shares in subsidiaries of MNOK 424, primarily shares in Bring Frigo AB, Netlife Gruppen AS and Bring Cargo International A/S.

NOTE 5 FINANCIAL INCOME AND FINANCIAL EXPENSES

The note gives an overview of the Company's financial income and expenses, including income and costs related to the Company's financing, interest costs on lease obligations, currency effects from receivables and debt in foreign currencies, in addition to gains and losses from financial derivatives (ref. section 14 "Financial instruments" in the Company's accounting principles).

	2020	2019
Interest income from group companies	60	75
Interest income	12	10
Interest income on financial subleases	10	11
Currency gains	126	50
Gain on derivatives	18	63
Gain on loans at fair value through profit and loss[1]	90	
Dividends received	103	
Other financial income	91	105
Financial income	**511**	**314**
Interest expenses to group companies	7	17
Interest expenses	72	102
Interest expenses on group lease obligations	214	211
Interest expenses on lease obligations	68	80
Currency losses	102	51
Loss on derivatives	175	15
Loss on loans at fair value through profit and loss[1]		6
Other financial expenses	17	19
Financial expenses	**656**	**501**
Net financial expense	**(145)**	**(187)**

1) Change in value on loans in Japanese yen where the "fair value option" has been applied, corresponding to value changes in combined interest rate and currency swaps recognised as "Loss on derivatives" in 2020 or "Gain on derivatives" in 2019. Note 19 has more information.

Interest income from group companies mainly related to loans and the group cash pool. Interest income in 2020 primarily comprised interest on bank deposits. Other financial income included returns on market-based investments. Interest income on financial subleases is described in note 16.

Net currency gains on loans and net losses on derivatives primarily concerned gains and losses as a result of the currency development between Norwegian and Swedish kroner, between Norwegian kroner and euros and between Norwegian kroner and Japanese yen.

Note 19 has details on derivatives. Interest expenses mainly concerned long-term financing. In 2020, this included interest costs on pension obligations constituting MNOK 14 for the Company. Interest expenses on lease obligations are described in note 16.

Dividends received relates to dividends from the subsidiary Bring Parcels AB.

The Group's note 13 has details of the Group's financial risk and capital management.

NOTE 6 TAXES

The note details the authorities' taxation of the profit in the Company. The tax expense is calculated on the basis of the accounting result and is split into the period's tax payable and change in deferred tax/deferred tax assets. Deferred tax liabilities/assets arise when the accounting and taxable accruals differ (ref. also section 3 "Accounting estimates" and section 7 "Taxes" in the Company's accounting principles).

	2020	2019
Income tax		
Tax payable	71	33
Change in deferred tax/(deferred tax assets)	30	(68)
Tax expense	**100**	**(35)**
Tax payable for the year	67	54
Adjustments of payments in previous years	4	(22)
Tax payable	**71**	**33**
Effective tax rate in %	**17%**	**7%**
Reconciliation of the effective tax rate with the Norwegian tax rate:		
Profit before tax	593	(484)
22% tax	130	(107)
Write-down of shares in subsidiaries	14	93
Other non-deductible expenses	23	9
Non-taxable income	(69)	(9)
Adjustment previous years	2	(22)
Tax expense	**100**	**(35)**

	2020	2019
Changes in pension estimate	(8)	
Cash flow hedging	(2)	1
Change in deferred tax recognised in comprehensive income for the year	**(9)**	**1**

The effective tax rate was 17 percent, mainly due to non-taxable income from dividends received and gain on the sale of shares, in addition to a write-down of shares of MNOK 63 (tax effect MNOK 14) and other non-deductible costs.

Changes in deferred tax assets

	01.01.2020	Recognised in income statement	Recognised in OCI	31.12.2020
Tangible fixed assets	67	(6)		62
Receivables	59	1		60
Currency	3	(1)		2
Pensions	(131)	9	(8)	(130)
Contribution fund	8	10		18
Provisions	(68)	41		(27)
Financial instruments	(1)		(2)	(3)
Lease agreements	(95)	(23)		(118)
Total deferred tax/(tax assets) in the balance sheet	**(158)**	**30**	**(9)**	**(137)**

	01.01.2019	Recognised in income statement	Recognised in OCI	31.12.2019
Tangible fixed assets	53	13		67
Gains and losses	2	(2)		
Receivables	(4)	63		59
Currency		3		3
Pensions	(134)	3		(131)
Contribution fund	8			8
Provisions	(7)	(63)		(68)
Financial instruments	(10)	7	1	(1)
Lease agreements		(95)		(95)
Total deferred tax/(tax assets) in the balance sheet	**(90)**	**(68)**	**1**	**(158)**

There has been no change in the ordinary tax rate during 2020.

Deferred tax assets were reduced by MNOK 21, mainly due to a reduction in provisions following payments in 2020 of restructuring provisions, ref. note 10. This was partly offset by changes in net lease agreements carried in the balance sheet (ref. note 16).

There has been no change in the tax rate from 2019.

NOTE 7 INTANGIBLE ASSETS

Intangible assets are non-physical assets and mainly concern capitalised IT development, including specially adapted software, and goodwill in connection with acquisitions of businesses. Intangible assets and goodwill are subject to significant estimation uncertainty (ref. section 3 "Accounting estimates" and section 8 "Intangible assets" in the Company's accounting principles).

	IT systems	Projects in progress	Goodwill	Total
Carrying amount 01.01.2020	**361**	**242**	**522**	**1 125**
Additions	27	106		133
Additions in-house developed intangible assets		20		20
Amortisation for the year	(104)			(104)
Write-downs for the year	(21)	(110)		(131)
Transfers from projects in progress	28	(28)		
Carrying amount 31.12.2020	**292**	**230**	**522**	**1 044**
Acquisition cost 01.01.2020	2 248	263	522	3 033
Accumulated amortisation and write-downs 01.01.2020	(1 887)	(21)		(1 908)
Acquisition cost 31.12.2020	2 314	346	522	3 181
Accumulated amortisation and write-downs 31.12.2020	(2 022)	(116)		(2 138)
Carrying amount 31.12.2020	**292**	**230**	**522**	**1 044**
Depreciation method	Straight-line			
Useful life	3 - 10 years			

	IT systems	Projects in progress	Goodwill	Total
Carrying amount 01.01.2019	**291**	**349**	**522**	**1 162**
Additions	84	12		96
Additions in-house developed intangible assets		18		18
Amortisation for the year	(127)			(127)
Write-downs for the year	(8)	(15)		(23)
Adjustments to cost price/scrapping	(1)			(1)
Transfers from projects in progress	122	(122)		
Carrying amount 31.12.2019	**361**	**242**	**522**	**1 125**
Acquisition cost 01.01.2019	2 091	355	522	2 968
Accumulated amortisation and write-downs 01.01.2019	(1 800)	(6)		(1 806)
Acquisition cost 31.12.2019	2 248	263	522	3 033
Accumulated amortisation and write-downs 31.12.2019	(1 887)	(21)		(1 908)
Carrying amount 31.12.2019	**361**	**242**	**522**	**1 125**
Depreciation method	Straight-line			
Useful life	3 - 10 years			

IT systems

Total intangible assets related to IT development recognised in the balance sheet at 31 December 2020 constituted MNOK 292. Approximately MNOK 120 constituted group-shared ERP and HR systems, EPM system and data warehouse solutions. Digital web solutions for customers and a group-shared CRM system had a recorded value of MNOK 38. In addition, a solution for secure digital mail, solutions related to address and route registers, production support systems and several projects on web solutions were carried in the balance sheet.

For intangible assets with definite useful economic lives, the amortisation period was 3-10 years in 2020 (the same as in 2019) depending on the useful economic life of each individual component based on an individual assessment.

Projects in progress

Projects in progress at 31 December 2020 amounted to MNOK 230, of which approximately MNOK 100 concerned projects for developing a new group-shared transport control system. In addition, development related to reporting and production support systems and the management of the Group's infrastructure were carried in the balance sheet.

Write-downs of IT systems and projects in progress

In 2020, IT systems and projects in progress were written down by a total of MNOK 131, of which MNOK 110 concerned projects in progress, mainly related to the development of a new transport control system in the Logistics segment. In 2019, corresponding write-downs of IT systems and projects in progress amounted to MNOK 23.

Goodwill

Goodwill is allocated to cash-generating units. Goodwill in Posten Norge AS amounted to MNOK 522 as at 31 December 2020 (MNOK 522 in 2019), all related to E-commerce and logistics.

Impairment of goodwill

Goodwill is subject to annual impairment tests. If there are any indications of impairment during the year, goodwill is tested when such indications occur. The Company uses the value in use as the recoverable amount for goodwill.

Forecasts (operating result)

Future cash flows are calculated on the basis of estimated results over a period of three years, adjusted for depreciation, investments and changes in working capital. Forecasts and long-term plans for group entities are prepared and approved by management based on the most recent available general economic indicators and market expectations, considered against strategic goals, historical and other factors.

In the cash-generating entity E-commerce and logistics, profit margins are characterised by strong competition and price pressure. Several initiatives to increase cost-effectiveness in the segment have been taken, and forecasts therefore include profitability improvements. Significant cost elements are external service costs that are affected by price negotiations and inflation. Market trends in Norway affect the Logistics segment in Posten Norge AS. This is reflected in the growth rates of the cash-generating unit.

Other assumptions (growth and required rate of return)

The extrapolation period contains a calculation of cash flows after the forecast period, using a constant growth rate. Growth rates do not exceed the long-term average rate in the areas in which E-commerce and logistics operate. The long-term growth rate applied in impairment tests in 2020 was 1,5 percent (2 percent in 2019).

The present value of future cash flows is calculated using a weighted required rate of return of total capital for the division before tax. The required rate of return for equity is calculated by using the capital asset pricing model (CAPM). The required rate of return for debt is estimated on the basis of long-term risk-free interest with the addition of a credit margin derived from the Group's average long-term interest rate on loans. The required rate of return is assessed each year for significant changes in factors that affect the requirement. The required rate of return for E-commerce and logistics is stated in the table below.

Overview of goodwill and key assumptions:

	Goodwill	Discount rate before tax (WACC) 2020	2019
E-handel og Logistikk	522	8,0 %	8,4 %
Total	**522**		

Results of the impairment tests in 2020

Based on the criteria described above, no requirement for write-downs of goodwill items was uncovered as at 31 December 2020 (as in 2019).

Sensitivity analyses

Sensitivity analyses were performed on key assumptions for the cash generating unit in the Company. Assumptions analysed were growth (reduced to 1 and 0 percent), the required rate of return (increase of 0,5 and 1 percentage point) and the forecast operating profit (EBIT) margin (reduced by 10 to 50 percent). No write-down requirement was identified. The value in use is considered to be significantly higher than the carrying amount for the cash-generating unit.

NOTE 8 TANGIBLE FIXED ASSETS

Tangible fixed assets comprise various types of property and operating equipment needed for the type of business conducted by the Company. The largest values are represented by mail and logistics terminals (ref. section 9 "Tangible fixed assets" in the Company's accounting principles).

	Machinery	Vehicles, furniture, equipment	Buildings and property	Plant under constr., machinery and installations	Plant under constr., buildings	Total
Carrying amount 01.01.2020	**537**	**328**	**52**	**16**	**1**	**933**
Additions	9	73	3	120	1	207
Disposals		(5)				(5)
Depreciation for the year	(58)	(101)	(10)			(169)
Write-downs for the year	(11)	(2)	(1)			(14)
Adjustment to cost price/scrapping						
Transfers from assets under construction	61	41	1	(102)	(1)	
Carrying amount 31.12.2020	**539**	**333**	**45**	**34**	**1**	**951**
Acquisition cost 01.01.2020	1 256	1 010	127	16	1	2 410
Accumulated depreciation and write-downs 01.01.2020	(719)	(682)	(75)			(1 476)
Acquisition cost 31.12.2020	1 300	1 015	123	34	1	2 474
Accumulated depreciation and write-downs 31.12.2020	(762)	(682)	(79)			(1 523)
Carrying amount 31.12.2020	**539**	**333**	**44**	**34**	**1**	**951**
Depreciation method	Straight-line	Straight-line	Straight-line			
Useful life	3 - 20 years	3 - 15 years	3 - 20 years			

	Machinery	Vehicles, furniture, equipment	Buildings and property	Plant under constr., machinery and installations	Plant under constr., buildings	Total
Carrying amount 01.01.2019	**478**	**369**	**51**	**88**	**1**	**987**
Additions	11	60	7	79	4	161
Disposals		(15)				(15)
Depreciation for the year	(74)	(116)	(11)			(200)
Write-downs for the year		(1)				(1)
Adjustment to cost price/scrapping		1				1
Transfers from assets under construction	122	29	5	(151)	(5)	
Carrying amount 31.12.2019	**537**	**328**	**52**	**16**	**1**	**933**
Acquisition cost 01.01.2019	1 231	1 148	127	88	1	2 594
Accumulated depreciation and write-downs 01.01.2019	(753)	(779)	(76)			(1 607)
Acquisition cost 31.12.2019	1 256	1 010	127	16	1	2 410
Accumulated depreciation and write-downs 31.12.2019	(719)	(682)	(75)			(1 476)
Carrying amount 31.12.2019	**537**	**328**	**52**	**16**	**1**	**933**
Depreciation method	Straight-line	Straight-line	Straight-line			
Useful life	3 - 20 years	3 - 15 years	3 - 20 years			

Additions to tangible fixed assets

Approximately MNOK 42 of total additions of MNOK 207 was investments in new hand terminals. The rest concerned mechanical mail and parcel processing equipment for mail and logistics terminals, ICT, transport equipment and furniture.

NOTE 9 INVESTMENTS IN COMPANIES AND BUSINESSES

In the financial statements of Posten Norge AS, investments in subsidiaries and associated companies are recognised at historical cost (ref. section 10 "Investments in subsidiaries and associated companies" in the Company's accounting principles).

Investments in subsidiaries

Subsidiary	Acquired/ established	Address	Primary activity	Voting and ownership 31.12.20	Book value 31.12.20	Book value 31.12.19
Bring Cargo AS	10.06.2004	Oslo	Transport	100%	1 137	1 137
Posten & Bring Holding 1 AS	07.10.2019	Oslo	Transport	100%	546	546
Posten & Bring Holding 2 AS	07.10.2019	Oslo	Transport	100%	537	537
Posten Eiendom Robsrud AS	08.06.2006	Oslo	Property	100%	480	480
Bring Cargo International AB	23.03.2011	Sweden	Transport	100%	233	233
Bring Frigo AB	20.01.2006	Sweden	Transport	100%	131	131
Bring Parcels AB	1999/2008	Sweden	Transport	100%	91	91
Netlife Gruppen AS	31.07.2016	Oslo	Dialogue services	100%	87	85
Bring Mail Nordic AB	01.09.2005	Sweden	Mail	100%	86	86
Bring Warehousing AS	12.04.2000	Oslo	Third-party logistics	100%	62	62
Posten Eiendom Alnabru AS	01.01.2008	Oslo	Property	100%	57	57
Bring Transportløsninger AS	30.06.2016	Oslo	Transport	100%	45	47
Bring Intermodal AS[1]	2000/2009	Jaren	Transport	100%	37	37
Bring Cargo International Norge AS	24.09.2019	Oslo	Transport	100%	30	
Bring Express Suomi OY	01.07.2003	Finland	Transport	100%	16	26
Bring Linehaul Bildrift AS	31.05.2020	Oslo	Transport	100%	12	
Bring Equipment AS	31.10.2019	Oslo	Transport	100%	10	
Espeland Transport AS	30.06.2016	Alvdal	Transport	100%	5	5
Bring Shared Services AB	07.06.2011	Sweden	Shared services	100%	1	1
Bring Ventures AB	31.12.2020	Sweden	Venture company	100%	1	
Bring Cargo International A/S	18.11.2010	Denmark	Transport	100%		
Bring Cargo Inrikes AB	30.11.2012	Sweden	Transport	100%		
Posten Eiendom AS	08.06.2006	Oslo	Property	100%		
Posten Eiendom Bodø AS	04.05.2015	Oslo	Property	100%		
Posten Eiendom Molde AS	04.05.2015	Oslo	Property	100%		
Bring AS	08.03.2005	Oslo	None	100%		
Sold, liquidated and merged companies						
Bring Frigo AS	01.01.2006	Oslo	Transport	100%		
Bring Logistik AB	31.10.2011	Sweden	Shared services	100%		
Total investments in subsidiaries					**3 605**	**3 562**

1) formerly Bring Linehaul AS

Ref. note 23 in the consolidated financial statements.

Capital contribution and write-downs of shares

For those companies where the carrying value of the shares exceeded the value in use of net assets, subsidiaries were written down. Capital contributions were also given to some companies and accounted for as additions to the investment. The table below shows write-downs and capital contributions made in 2020 and 2019.

2020	Write-downs	Capital contributions and contributions in kind
Bring Equipment AS		10
Bring Cargo International Norge AS		30
Bring Linehaul Bildrift AS	3	15
Bring Ventures AB		1
Netlife Gruppen AS	48	
Bring Express Suomi OY	10	
Bring Transportløsninger AS	2	
Total	**63**	**56**

2019	Write-downs	Capital contributions and contributions in kind
Bring Frigo AB	225	67
Bring Cargo International A/S	72	72
Netlife Gruppen AS	120	
Bring Express Suomi OY	5	
Espeland Transport AS	2	
Posten & Bring Holding 1 AS		546
Posten & Bring Holding 2 AS		537
Total	**424**	**1 222**

The capital contributions to Bring Equipment AS, Bring Cargo International Norge AS and Bring Linehaul Bildrift AS were given as the companies started up full operations after business combinations. The capital contribution to Bring Ventures was given in connection with the establishment of the company.

Posten Norge AS bought out the non-controlling owner interests in Netlife Gruppen AS for MNOK 50 in 2020 and now owns 100 percent of the company.

Investments in associated companies

	Acquired	Address	Primary activity	Voting and ownership 31.12.20	Book value 31.12.20	Book value 31.12.19
Danske Fragtmænd A/S	04.07.2013	Denmark	Transport			242
Norbjørn AS	17.12.2019	Tromsø	Sea transport	34%	16	16
Total					**16**	**258**

Posten Norge AS had a buy-back agreement of the shares in Danske Fragtmænd A/S over a period of 5 years, with the addition of interest. In 2020, Posten's remaining shares in the company were sold back for MNOK 364 (of which MNOK 14 constituted extraordinary dividends), and the Company no longer has any shares in the company.

At the end of 2019, the recorded value of Danske Fragtmænd A/S was MNOK 242. The record gain was MNOK 121.

Shares and other investments

As at 31 December 2020, the Company had investments in other shares of MNOK 33, classified as other financial non-current assets.

NOTE 10 PROVISIONS FOR LIABILITIES

The Company's provisions comprise provisions related to restructuring, pensions and other types of provisions (ref. also section 3 "Accounting estimates", section 12 "Provisions" and section 13 "Contingent liabilities and assets" in the Company's accounting principles).

	Restructuring	Pension	Other	Total
Balance 01.01.2019	**79**	**608**	**28**	**715**
Effects of change of principle (IFRS 16)	(30)		(3)	(33)
Provisions made during the year	452			452
Reversals of previous year's provisions	(9)		(1)	(10)
Provisions utilised during the year	(79)		(12)	(92)
Change in pension liabilities during the year		(16)		(16)
Balance 31.12.2019	**413**	**592**	**11**	**1 016**
Provisions made during the year	30			30
Reversals of previous year's provisions	(106)			(106)
Provisions utilised during the year	(148)		(8)	(156)
Change in pension liabilities during the year		(1)		(1)
Balance 31.12.2020	**188**	**591**	**4**	**783**
Current part of provisions	119		1	119
Non-current part of provisions	69	591	3	664

Restructuring

MNOK 27 of this year's provision of MNOK 30 concerned personnel measures and MNOK 3 other measures. In 2020, because of new service products and more voluntary solutions than initially estimated, a reversal of MNOK 106 was made of a provision related to reduced distribution frequency. The utilised provision during the year included payments related to distribution frequency of approximately MNOK 65, route preparation of appr. MNOK 60 and reorganisation of staff and support functions of appr. MNOK 20.

The liabilities as at 31 December are specified below:

	2020	2019
Personnel related measures	186	410
Other measures	3	3
Total restructuring	**188**	**413**

The disbursements are expected to be MNOK 119 in 2021 and MNOK 69 in later years. Note 4 has more information.

Pensions

Pensions are described in note 2.

Disputes

The Company has not noted any disputes with significant risk exposure in 2020.

NOTE 11 OVERVIEW OF FINANCIAL ASSETS AND LIABILITIES

The note gives an overview of the Company's classification of financial assets and liabilities and their carrying amounts (ref. section 14 "Financial instruments" in the Company's accounting principles.)

			At fair value			At amortised cost		
2020	Note	Valuation hierarchy level	Fair value over income statement (FVO)	Derivatives at fair value over income statement	Derivatives at fair value over OCI	Receivables	Other financial liabilities	31.12.2020
Assets								
Interest-bearing non-current receivables	13					1 382		1 382
Other financial non-current assets	19	2		126	7	35		167
Interest-free current receivables	14,19	2		3		1 640		1 642
Interest-bearing current receivables	13					2 037		2 037
Liquid assets	15					4 574		4 574
Financial assets								**9 803**
Liabilities								
Non-current lease obligations	16						6 903	6 903
Interest-bearing non-current liabilities	17	2	424				683	1 107
Interest-free non-current liabilities	18,19			2	11		2	15
Current lease obligations	16						559	559
Interest-bearing current liabilities	17						3 976	3 976
Interest-free current liabilities, incl. tax payable	6,18,19	2		9	2		3 235	3 245
Financial liabilities								**15 806**
Total value hierarchy level 1 (net)								
Total value hierarchy level 2 (net)			(424)	117	(6)			(313)
Total value hierarchy level 3 (net)								

			At fair value			At amortised cost		
2019	Note	Valuation hierarchy level	Fair value over income statement (FVO)	Derivatives at fair value over income statement	Derivatives at fair value over OCI	Receivables	Other financial liabilities	31.12.2019
Assets								
Interest-bearing non-current receivables	13					1 474		1 474
Other financial non-current assets	19	2		118	4	3		125
Interest-free current receivables	14,19	2		100	4	1 700		1 804
Interest-bearing current receivables	13					2 086		2 086
Liquid assets	15					3 819		3 819
Financial assets								**9 303**
Liabilities								
Non-current lease obligations	16						7 302	7 302
Interest-bearing non-current liabilities	17	2	415				1 794	2 210
Interest-free non-current liabilities	18,19	2			4		2	6
Current lease obligations	16						580	580
Interest-bearing current liabilities	17	2	247				2 890	3 138
Interest-free current liabilities, incl. tax payable	6,18,19	2		12			3 161	3 174
Financial liabilities								**16 409**
Total value hierarchy level 1 (net)								
Total value hierarchy level 2 (net)			(663)	205	4			(454)
Total value hierarchy level 3 (net)								

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

Information on fair value

Applied methods for determining fair value are defined in three categories reflecting varying levels of valuation uncertainty, based on the measure- ment method's objectivity:
Level 1: Use of listed prices in active markets.
Level 2: Use of valuation methods with observable market data as input.
Level 3: Use of valuation methods where input is based on a significant degree of non-observable market data.

No financial assets or liabilities have been reclassified in 2020 in such a way that the valuation method has been changed from amortised cost to fair value, or vice versa. There were no transfers between level 1 and level 2 of fair value measurements in 2020, and no registrations of financial assets or liabilities in or out of level 3.

Fair value of financial instruments measured at fair value in the balance sheet

The fair value of the Company's derivatives and loans in foreign currency (Japanese yen), where the fair value option (FVO) pursuant to IFRS 9 has been applied, was measured on the basis of sources described in level 2. Note 19 has details.

Fair value of financial instruments measured at amortised cost in the balance sheet
Information about fair value shall be provided in accordance with the disclosure requirements of IFRS 7, even though the assets or liabilities are not measured at fair value in the balance sheet.
The fair value of receivables and other financial liabilities at 31 December 2020 was approximately the same as book value (amortised cost).

NOTE 12 FINANCIAL RISK AND CAPITAL MANAGEMENT

Posten Norge has a centralised finance function with the principal objective of securing the Group's financial flexibility, as well as monitoring and managing financial risk.

The Group's note 13 describes the Group's financial risks and applies to Posten Norge AS, including market risk (currency and interest rate risk), credit risk and liquidity risk. The Company uses derivatives to reduce market risk, and Group note 19 provides detailed information about derivatives and hedging (see also section 14 "Financial instruments" in the Company's accounting principles).

NOTE 13 INTEREST-BEARING NON-CURRENT AND CURRENT RECEIVABLES

The note gives an overview of the Company's interest-bearing non-current and current receivables, including sublease receivables. Non-current and current receivables mainly comprise loans from Posten Norge AS to other group companies (ref. section 14 "Financial instruments" in the Group's accounting principles). The note also includes current and non-current financial sublease receivables.

	2020	2019
Non-current loans to group companies	1 117	1 204
Long-term sublease receivables	259	257
Other non-current receivables	6	13
Interest-bearing non-current receivables	**1 382**	**1 474**
Current loans to group companies	1 895	2 026
Current sublease receivables	27	24
Other current receivables	115	35
Interest-bearing current receivables	**2 037**	**2 086**

The change in interest-bearing non-current receivables is mainly due to a reduction in loans to Posten's property companies and changed classification of Posten's loans to subsidiaries.
Current loans to group companies include receivables concerning the group cash pool system and the first year's instalment of non-current loans.
The Company's other interest-bearing current receivables mainly comprise prepayments to deposit and premium funds in Storebrand.
Note 16 Leasing obligations (lease agreements) has information on the Company's financial sublease receivables.

NOTE 14 INTEREST-FREE CURRENT RECEIVABLES

The note gives an overview of the Company's interest-free current receivables, including trade receivables, together with the ageing of receivables and the provision for losses (ref. section 14 "Financial instruments" and section 15 "Accounts receivable" in the Company's accounting principles).

	2020	2019
Accounts receivable	1 045	1 019
Receivables from group companies	122	167
Accrued income	270	348
Prepaid expenses	153	118
Receivables from employees	1	1
Short-term derivatives	3	104
Other receivables	42	41
Interest-free current receivables	**1 637**	**1 798**
Accounts receivable by due date:		
Not due	935	850
0 - 30 days	104	140
31 - 60 days	12	9
61 - 90 days	1	14
Over 90 days	2	12
Provisions for losses on receivables	(9)	(7)
Total accounts receivable	**1 045**	**1 019**
Expected credit losses		
Balance at 01.01	7	6
Provisions made during the year	17	22
Actual losses recognised against provisions	(12)	(19)
(Over)/underfunded accruals in previous years	(3)	(2)
Balance at 31.12	**9**	**7**
Total actual losses on receivables	**12**	**19**
Provisions for losses on receivables by:		
General provision	9	7

The Company's carrying amount of interest-free current receivables was approximately the same as their fair value as at 31 December 2020. The Company had no significant credit risk relating to one individual contracting party, or to several contracting parties that could be regarded as one group due to similarities in credit risk. The Company has guidelines to ensure that credit sales are carried out only to customers with adequate payment ability and that outstanding amounts do not exceed established credit limits. The Company applies the simplified method for provisions for expected credit losses on accounts receivable and measures the provision at an amount corresponding to the expected credit loss during their lifetime. This is derived from a combination of individual assessments and a general assessment based on due date analyses and historical data.
Accrued income mainly includes income related to foreign postal services. Other receivables primarily comprised receivables connected with social security refunds and receivables associated with bank services and Post-in-Shops.
Note 19 "Derivatives and hedging" has information on short-term derivatives.

NOTE 15 LIQUID ASSETS

Liquid assets comprise cash in hand, bank deposits and short-term investments at low risk (ref. section 16 "Cash and cash equivalents" in the company's accounting principles).

	2020	2019
Cash and cash equivalents	1 106	441
Short-term investments	3 468	3 378
Liquid assets	**4 574**	**3 819**

The improved liquidity is mainly due to positive effects from improved operating profits compared with 2019 in addition to the sale of shares in an associated company. Instalments on debt were also paid.

A corporate cash pool in Nordea is used in Norway, Sweden, Denmark and the UK, where in accordance with the agreements Posten Norge AS is the group account holder. The banks can settle withdrawals and deposits against each other, and the net position will accordingly represent the balance between the bank and the group account holder.

As at 31 December 2020, Posten had unused credit facilities on the cash pool account in Nordea of MNOK 500.

The Company's short-term investments consisted of investments in liquid interest funds at low risk. The investments constituted an important part of the Company's liquidity reserve. Note 12 has more information on market-based investments and interest funds.

The Company has established a bank guarantee in Nordea, limited to MNOK 550, to cover the employees' withheld tax.

NOTE 16 LEASING OBLIGATIONS (LEASE AGREEMENTS)

The note shows lease agreements' effects on Posten Norge AS' financial position and earning, both as lessee and lessor (ref. also section 17 "Lease obligations (lease agreements)" in the Company's accounting principles.

1. Posten Norge AS as lessee

The Company's lease agreements primarily comprised the lease of office premises, buildings and vehicles.

The most significant lease agreements concerned Østlandsterminalen at Robsrud, Posten and Bring's logistics centre at Alnabru and Posthuset, Biskop Gunnerus' gate 14 A.

In addition, Posten Norge AS had almost 4 000 lease agreements for vehicles.

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

	2020	2019
Property	6 542	7 058
Vehicles	383	394
Total right-of-use assets	**6 926**	**7 452**

Additions of right-of-use assets in 2020 amounted to MNOK 236 (MNOK 745 in 2019).

	2020	2019
Non-current lease obligations	6 903	7 302
Current lease obligations	559	580
Total lease obligations	**7 462**	**7 882**

Company's undiscounted lease obligations by due date:

Less than 1 year	787
1-2 years	704
2-3 years	620
3-4 years	566
4-5 years	528
5-10 years	2 444
10-20 years	3 293
More than 20 years	1 259
Total non-discounted lease obligations at 31.12.2020	**10 202**

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

	2020	2019
Depreciation property	478	499
Depreciation vehicles	188	208
Total depreciation	**666**	**707**
Write-downs property	17	
Total write-downs	**17**	
Interest costs on lease obligations	282	291
Costs related to current lease agreements	65	45
Costs related to lease agreements concerning assets of low value, non-current	24	13
Income from operational subleases of right-of-use assets	30	19

Total outgoing cash flows related to lease agreements in 2020 were MNOK 962 (MNOK 976 in 2019), of which MNOK 563 (MNOK 603 in 2019) concerned down payments of lease obligations, and the rest was payments of interest, short-term lease agreements and lease agreements of low value.

Options to renew a lease agreement

The Company's property lease agreements have lease periods normally varying between 3 and 25 years. Several of the agreements have a renewal option that can be exercised during the agreement's last period. When the agreement is made, the Company considers whether it seems reasonable that the option to renew will be exercised. The Company's potential future lease payments not included in the lease obligation connected with renewal options amounted to NOK 6,0 billion (undiscounted) as at 31 December 2020 (5,9 billion kroner in 2019), of which NOK 5,0 billion concerned lease agreements made with other companies in the Posten Group, as some properties are owned through investments in subsidiaries. The largest amounts concern Østlands-terminalen at Robsrud, Posten and Bring's logistics centre at Alnabru and the terminal at Berger.

2. Posten Norge AS as lessor

In 2017, Posten Norge AS entered into an agreement with Bergerterminalen AS to lease a newly built terminal at Berger. The building is used for warehousing, and was in 2020 subleased to the subsidiary Bring Warehousing AS. The sublease agreement has primarily the same terms as the principal agreement.

The Company had no other significant lease agreements.

Finance lease agreements

	2020	2019
Gain/(loss) from change in sublease agreements	15	(16)
Finance income on sublease receivables	10	11
Total gain/(loss) from finance lease agreements	**25**	**(5)**

Maturity of the Company's non-discounted lease payments:

Less than 1 year	39
1-2 years	39
2-3 years	39
3-4 years	38
4-5 years	37
More than 5 years	146
Total non-discounted lease payments at 31.12.	339
Unearned finance income related to outstanding lease payments	(53)
Net sublease receivables at 31.12.2020[1)]	**286**

1) Net sublease receivables at 31 December 2019 were MNOK 282

NOTE 17 INTEREST-BEARING NON-CURRENT AND CURRENT LIABILITIES

Interest-bearing non-current and current liabilities comprise debt to credit institutions, bond loans, certificate loans and other interest-bearing debt. Non-current liabilities are split between fixed interest and floating interest. Planned down payments and the first year's instalment of interest-bearing non-current liabilities are included in interest-bearing current liabilities (ref. section 14 "Financial instruments" and section 18 "Loans" in the Company's accounting principles).

Interest-bearing non-current liabilities

	2020	2019
Liabilities at fixed interest		
Liabilities to credit institutions	307	139
Bond loans	188	438
Total non-current liabilities at fixed interest	**495**	**577**
Liabilities at floating interest		
Liabilities to credit institutions	450	721
Bond loans	163	913
Total non-current liabilities at floating interest	**613**	**1 633**
Interest-bearing non-current liabilities	**1 107**	**2 210**

Interest-bearing current liabilities

	2020	2019
First year's instalment on non-current liabilities	1 111	778
Certificate loan	300	400
Liabilities to group companies	2 565	1 960
Interest-bearing current liabilities	**3 976**	**3 138**

Posten Norge AS did not raise any new long-term loans in 2020. Ordinary instalments and down payments on loans amounted to MNOK 779.

As at 31 December 2020, Posten Norge AS had non-current liabilities (including the first year's instalment on long-term debt) at fixed interest rates amounting to MNOK 800.

They had a weighted average interest rate of 2,3 percent and mature in the period 2021 - 2024. Posten Norge AS also had non-current liabilities (including the first year's instalment on long-term debt) of MNOK 1 419 at floating interest at a weighted average interest rate of 1,3 percent at 31 December 2020, maturing in the period 2021-2024.

As at 31 December 2020, Posten Norge AS had certificate loans totalling MNOK 300. The certificate loans were classified as current interest-bearing liabilities, and the outstanding balance was reduced by MNOK 100 from 2019.

Liabilities to group companies concerned the group cash pool.

Group note 12 has information on the instalment profiles for liabilities.

Reconciliation of liabilities from financing activities

	2020	2019
Liabilities at 01.01	**3 388**	**3 882**
Cash flows from financing activities	(779)	(500)
Change in fair value	(90)	6
Liabilities at 31.12	**2 519**	**3 388**

NOTE 18 INTEREST-FREE NON-CURRENT AND CURRENT LIABILITIES

Interest-free liabilities mainly comprised short-term items such as trade accounts payable, other provisions concerning salaries, public charges and other incurred expenses (ref. section 14 "Financial instruments" in the Company's accounting principles).

	2020	2019
Non-current derivatives	14	4
Other non-current liabilities	1	2
Interest-free non-current liabilities	**15**	**6**
Provisions for payroll expenses and public charges	1 453	1 424
Accounts payable	472	441
Provisions for accrued expenses	459	509
Prepaid revenue	456	366
Liabilities to group companies	79	76
Restructuring	119	189
Current derivatives	11	12
Other current liabilities	129	113
Interest-free current liabilities	**3 179**	**3 130**

Provisions for salary expenses and public charges mainly comprised provisions for holiday pay, earned but unpaid salaries and public dues.

The provision for accrued expenses included provisions for remuneration for "Post-in-Shop" services, provisions for foreign postal businesses as well as provisions for transport costs and maintenance and service related to the Company's vehicle fleet.

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

Note 10 has details on restructuring costs.

Other current liabilities mainly comprised securities for financial instruments.

NOTE 19 DERIVATIVES AND HEDGING

All derivatives are used in the hedging of currency and interest rate risk. The value of the derivatives fluctuates in relation to the underlying prices, and the note shows the fair value of open derivatives at the balance sheet date (ref. section 14 "Financial instruments" in the Company's accounting principles).

2020	Assets	Liabilities	Nominal value[1)]
a) Cash flow hedging			
Interest-rate swaps NOK	7	(13)	1 008
b) Other financial hedges (derivatives not included in hedge accounting according to IFRS)			
Interest-rate swaps NOK		(2)	100
Forward currency contracts SEK	2	(9)	703
Forward currency contracts EUR			4
Combined interest-rate/currency swaps NOK	126		299
Total	**135**	**(24)**	

1) Amounts in transaction currencies

2019	Assets	Liabilities	Nominal value[1)]
a) Cash flow hedging			
Interest-rate swaps NOK	5	(4)	1 283
b) Other financial hedges (derivatives not included in hedge accounting according to IFRS)			
Interest-rate swaps NOK	1	(4)	248
Forward currency contracts SEK	3	(8)	703
Forward currency contracts EUR	1		7
Combined interest-rate/currency swaps NOK	216		447
Total	**226**	**(17)**	

1) Amounts in transaction currencies

The derivatives in the table above are classified by type of hedging for accounting purposes, and the objective of the derivatives is described below.

Information on fair value

The fair value of forward currency contracts is determined by applying the forward exchange rate on the balance sheet date.

The fair value of interest rate and currency swaps is primarily determined by discounting future cash flows at discount rates derived from observable market data.

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

a) Cash flow hedging

Interest rate swaps

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

In 2017, Posten Norge raised a bond loan of MNOK 1 000 with maturity on 28 September 2021. The loan has a floating reference interest and was partly hedged by a fixed interest swap of MNOK 250. Posten Norge also entered into an amortising bilateral loan with floating interest terms and maturity on 16 December 2024. In 2018, approximately half of the loan was hedged with two fixed interest swaps with a future start date in 3 years. Accordingly, the loan had floating interest terms for 3 years and fixed terms for about half of the loan from December 2020.

Almost all critical terms (the dates for interest determination, calculation methods, reference interest rate etc.) related to the derivatives described above are in accordance with underlying loan agreements. The cash flows of the interest rate swaps will therefore in all material respects correspond with the interest payments on the loans. Hence, there are no significant sources for hedging ineffectiveness.

Hedge reserve in equity

The Company's statement of changes in equity shows net movements in hedge reserves.

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

Forward contracts SEK and EUR

The Company uses forward currency contracts in Swedish kroner and euros for hedging loans in currencies from the Company to foreign subsidiaries. Rolling forward contracts totalled MSEK 50 and MEUR 3,5 as at 31 December 2020. The changes in value are recognised in the income statement and will offset changes in the loans taken trough the income statement caused by currency fluctuations.

Investments in foreign subsidiaries are hedged at group level by forward currency contracts in Posten Norge AS. As at 31 December 2020, the Company has made forward contract of MSEK 653 (the same as in 2019).

Combined interest rate and currency swaps

In 2008 and 2013, the company entered into long-term loan agreements with Japanese life insurance companies of 3 and 5 billion Japanese yen, respectively, at fixed interest rate terms. At the same time, combined interest rate and currency swap agreements were made, effectively giving the Company loans in Norwegian kroner with floating interest. The loan from 2008 was paid down in 2020.

Posten Norge has made use of the "fair value option"(FVO) in IFRS 9 for measuring these loans. Changes in interest rates or exchange rates resulting in changes in the value of the Japanese yen denominated loans measured in Norwegian kroner are offset by changes in the value of the combined interest rate and currency swaps.

As at 31 December 2020, the value of the loan from the Japanese life insurance company was MNOK 424 (MNOK 415 in 2019), a change in value since the borrowing date of MNOK 126. This change in value corresponds to the interest and currency swap agreements, and the derivative is recognised as an asset.

An interest swap for approximately one third of the loan of 5 billion Japanese yen partly converted the loan to fixed interest. The interest rate swap has the same maturity date as the loan, but does not qualify for hedge accounting. In the table of derivatives and hedging relationships, it is included in the line "interest rate swaps" at a fair value of MNOK -2 as at 31 December 2020.

Upon entering into the loan agreement of 5 billion Japanese yen in 2013 and the combined interest rate and currency swap, the Company made a CSA (Credit Support Annex) agreement. This agreement defines how two swap counterparties shall act when the value of a swap changes in favour of one of the parties during the swap period. A deposit shall be paid/received to reduce the credit risk if the swap's value exceeds the threshold value (MEUR 2). The swap's value is measured monthly, and if the value in one of the parties' favour is larger than MEUR 2, the excess value shall be paid into the counterparty's account. As at 31 December 2020, the Company had received MEUR 10 from the counter-party. This is recognised as a current liability in the balance sheet.

NOTE 20 EQUITY

The shares in Posten Norge AS are owned in full by the Norwegian state, represented by the Ministry of Trade, Industry and Fisheries (ref. section 19 "Equity" in the Company's accounting principles).

As at 31 December 2020, the share capital consisted of 3 120 000 shares at a nominal value of NOK 1 000.

Before the annual dividend is determined, an independent evaluation of the financial situation and future prospects in the Group and Posten Norge AS shall be made. The proposed dividend for the accounting year 2020 is MNOK 560.

At the Annual General Meeting in June 2020, it was determined that no dividends be distributed for the accounting year 2019.

NOTE 21 GUARANTEES/ASSETS PLEDGED AS SECURITY

The Company has provided various guarantees, including rental guarantees, contract guarantees, debt guarantees, and other payment guarantees, in connection with current operations. The Company has not pledged property of any significant value.

	2020	2019
Guarantees for group companies	968	677
Other guarantees	6	9
Total guarantees	**974**	**686**

In total, guarantees have increased since last year due to an increase of guarantees to subsidiaries for leased vehicles.

As at 31 December 2020, Posten Norge AS has provided delivery guarantees to Equinor for Bring Cargo AS and the City of Stockholm for Bring Courier & Express AB. No amounts are attached to these guarantees.

As the parent company, Posten Norge AS has provided general guarantees to support the subsidiaries financially. This applies to nine subsidiaries in all, in the form of a so-called "Letter of Support". They all expire in the first half of 2021.

Ref. also the Group's note 22 Guarantees/assets pledged as security.

NOTE 22 RELATED PARTIES

Two parties are related if one party can influence the other party's decisions. Relations with related parties are considered normal in business.

The Company's related parties are primarily subsidiaries in the Group with which Posten Norge AS has transactions. Posten Norge AS is the parent company and has direct and indirect control of approximately 80 companies, primarily in the Nordics.

Directly owned subsidiaries are shown in note 9. In addition, Posten Norge AS has interests in associated companies (see note 9). The table below shows transactions with subsidiaries and other related parties.

Internal trade in the Group is carried out in accordance with separate agreements and at arm's length terms. Shared costs in Posten Norge AS are distributed between the group companies in accordance with various formulas which vary depending on the type of cost.

	2020	2019
Purchases of goods and services from		
Subsidiaries	565	530
Associated companies	6	
Sales of goods and services to		
Subsidiaries	1 405	1 525
Associated companies	1	
Lease payments for property to		
Subsidiaries	417	390
Lease payments for property from		
Subsidiaries	61	75

The balance sheet included the following amounts resulting from transactions with related parties:

	2020	2019
Finance sublease receivables	271	282
Accounts receivable	111	138
Other receivables	3 023	3 259
Lease obligations	5 577	5 660
Accounts payable	5	26
Other payables	2 639	2 010
Net	**(4 816)**	**(4 017)**

Other receivables and other liabilities

Other receivables and other liabilities mainly concerned the cash pool system and loans to subsidiaries (ref. notes 13 and 15).

Remuneration to the Board and management

Notes 2 and 3 in the consolidated financial statements have information about the remuneration to the Board and management.

Some of the board members have board or executive positions in other enterprises. Some of the members of group management in Posten Norge AS have board positions in other enterprises. Posten Norge AS is not aware of transactions where these positions could have had any influence.

NOTE 23 REGULATORY ISSUES

Regulatory issues describe relevant matters and regulations not mentioned in other notes.

Postal regulations

Postal regulations comprise the Postal Services Act with associated regulations and the delivery requirements of the licence awarded to Posten.

In line with the Norwegian Parliament's amendment of the Postal Services Act in the spring of 2019, Posten's ordinary mail distribution to letter boxes was reduced to every other weekday from July 2020.

At the same time, the Ministry of Transport adjusted the requirements for the distribution time for domestic mail in Posten's licence. At least 85 percent of the mail shall be delivered within three weekdays after posting and at least 97 percent within five weekdays.

After the transition to mail distribution every other day, newspaper distribution takes place 6 days a week in areas without any alternative newspaper distribution.

Posten won the tender for weekdays in a competition arranged by the Ministry of Transport, in competition with two other parties.

Product accounts and government procurements of commercially non-viable postal services

In accordance with the Postal Services Act, Posten shall maintain product accounts for regulatory purposes. The accounts shall be submitted to the Norwegian Communications Authority annually. Posten's appointed auditor performs control procedures and issues a statement confirming that the accounts have been prepared in accordance with the requirements.

Posten's net costs related to the duty to deliver postal services that are commercially non-viable shall, pursuant to the Postal Services Act, be covered by government procurements granted over the state budget. This also applies for basic bank services through Posten's rural mail network. The annual advance grant to government procurements is adjusted the following year based on a recalculation of the requirement according to the final product accounts. The recalculation shall secure against over or under compensation.

For 2020, Posten received MNOK 449 for government procurements of commercially non-viable postal and banking services. This was in line with Posten's pre-calculation. In accordance with later estimates, the Group has recognised MNOK 421 as income for 2020.

The result effect of the final settlement of government procurements of commercially non-viable mail and banking services for 2019 was MNOK 104.1 in 2020, including interest of MNOK 2.1. The amount was a supplementary payment from the state to Posten due to higher net costs for the services than those constituting the basis for the prepayment.

In 2020, a total of MNOK 523 was recognised as income for the government procurements of commercially non-viable postal and banking services. In addition, MNOK 64 was taken to income for government payment pursuant to the tender contract of newspaper distribution in sparsely populated areas.

Basic banking services in the rural postal network

Posten is obliged to offer basic banking services in the rural postal network, ref. the act on basic banking services through Posten Norge AS' sales network. The obligation is met through an agent agreement with DNB. The procurement of banking services in Posten's remaining sales network (post offices and Post-in-shops) ended at the end of September 2020 when the agreement with DNB expired for this part of the network.

Future prospects

For 2021, the Norwegian Parliament granted MNOK 566 to government procurements of commercially non-viable postal services. The amount is in line with Posten's advance calculations and principally concerns net costs for mail distribution every other day (MNOK 538).

Mail distribution every other day, as implemented from July 2020 will, not be adequate to ensure adequate profitability. The postal services must be further adjusted in line with changed market conditions and customer needs. In 2020, the Ministry of Transport and Commu- nications received studies on the consequences of further reductions in government procurements in order to have a best possible knowledge basis for any suggested changes. For Posten it is vital that the government reimburses Posten for the net costs of the commercially non-viable services if no room is allowed for continued adjustments to the service level in line with falling mail volumes and changes in customer needs.

In the autumn of 2019, the Norwegian Parliament approved the proposal to introduce VAT on all e-commerce import of goods, regardless of value, from 2020. In that connection, a simplified registration and reporting solution (VOEC – VAT on E-commerce) was established for foreign suppliers for calculating and paying VAT on goods up to a value of NOK 3 000 . At the same time, a transitional arrangement was set up, meaning that low value goods up to NOK 350 be exempt from declaration, assumed to expire on 1 July 2021. Posten cooperates with the customs and duty authorities to secure a best possible effective and consumer-friendly duty/VAT handling when the transition period transpires.

Posten's agreement with DNB on banking services in the rural postal network expires at the end of June 2021. On 3 February 2021, the Ministry of Transport distributed for public review a proposal for an amendment to the act. Should the amendment be passed, Posten's obligation to offer such services in the rural postal network will end.

NOTE 24 IMPACT OF THE CORONA PANDEMIC

The Group's note 26 describes the effects of the Corona pandemic, and this also applies for Posten Norge AS. The note describes the effect on operating income and operating result, write-downs of non-financial assets, financial risk and other changes in sources of estimation uncertainty. More information on write-downs of non-financial assets and changes in sources of estimation uncertainty for Posten Norge AS is provided in note 7 and note 2.

Alternative Performance Measures (APM)

Posten Norge Group

ALTERNATIVE PERFORMANCE MEASURES (APM) APPLIED IN THE 2020 ANNUAL REPORT

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

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

Organic growth

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

	Year 2020	Year 2019
+ Revenue (current year)	23 996	24 212
- Revenue (last year)	24 212	23 894
= Nominal change in revenue	**(216)**	**317**

	Year 2020	Year 2019
+ Nominal change in revenue	(216)	317
+/- Impact of exchange rates	(516)	(42)
+/- Acquisitions of companies		(44)
+/- Sale of companies1)	868	251
+/- Change in government procurements	96	(83)
+/- IFRS 16 effects		31
= Organic change in revenue	**232**	**430**

1) Adjustment of revenue for companies sold

	Year 2020	Year 2019
+ Organic change in revenue	232	430
/ Adjusted revenue2)	23 575	24 073
= Organic growth	**1,0 %**	**1,8%**

2) Adjustment of revenue for currency effects, acquisitions, government procurements and IFRS 16 effects.

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

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

Profit/loss before depreciation, financial items and tax (EBITDA) are important financial parameters for the Group and the basis for "adjusted operating profit/ loss". The adjusted operating profit/ loss is EBITDA before write-downs and other income and expenses, but includes depreciation. Operating profit/loss (EBIT) includes the Group's write-downs, other income and expenses, and income from associated companies.

The target figures are valuable for the users of Posten's financial information, including management, the Board and external parties. 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, gains and losses on the sale of non-current assets and other income and costs outside the Group's normal operations 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.

	Year 2020	Year 2019
+ Revenue	23 996	24 212
- Costs of goods and services	9 937	10 340
- Payroll expenses	8 523	8 846
- Other operating expenses	2 650	2 666
= EBITDA	**2 886**	**2 361**

	Year 2020	Year 2019
+ EBITDA	2 886	2 361
- Depreciation	1 463	1 552
= Adjusted operating profit	**1 423**	**808**

	Year 2020	Year 2019
+ Adjusted operating profit	1 423	808
/ Revenue	23 996	24 212
= Adjusted profit margin	**5,9 %**	**3,3%**

	Year 2020	Year 2019
+ Adjusted profit margin	1 423	808
- Write-downs	169	172
+/- Other income and (expenses)	119	(479)
+ Share of profit or loss from associated companies	112	5
= Operating profit (EBIT)	**1 485**	**162**

	Year 2020	Year 2019
+ Operating profit (EBIT)	1 485	162
/ Revenue	23 996	24 212
= EBIT margin	**6,2 %**	**0,7%**

Net interest-bearing debt (NIBD) and liquidity reserve

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

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

Net interest-bearing debt comprises both short-term and long-term interest-bearing debt reduced by commercial financial investments and cash and cash equivalents.

The Group has covenants in conne- ction with external financing. Compli- ance with the covenants is calculated on the basis of the Group's accounting figures (without the effect of IFRS 16 Leases), of which net liabilities/ EBITDA is one. The debt ratio shows the share of equity related to both short- and long-term debt.

The Group's liquidity reserve includes all assets available to finance operations and investments. It is allocated to amounts available according to agreements in the short and longer term and as such is a useful target in considering whether the Group has adequate liquidity to achieve the Group's approved strategy.

	31.12.2020	31.12.2020[1]	31.12.2019
+ Interest-bearing non-current liabilities	3 623	1 123	5 596
+ Interest-bearing current liabilities	2 037	1 413	1 971
- Commercial financial investments	3 468	3 468	3 378
- Cash	16	16	60
- Bank deposits corporate cash pool account	1 095	1 095	382
- Bank deposits	55	55	91
= Net interest-bearing debt/(receivables)	**1 027**	**(2 097)**	**3 655**

1) Not including IFRS effects. Financial leases included as per IAS 17.

	31.12.2020	31.12.2020[1]	31.12.2019
+ Net interest-bearing debt/(receivables)	1 027	(2 097)	3 655
/ Equity on the balance sheet date	7 367	7 440	6 363
= Debt/equity ratio	**0,1**	**(0,3)**	**0,6**

1) Not including IFRS effects

	31.12.2020	31.12.2020[1]	31.12.2019
+ Net interest-bearing debt/(receivables)	1 027	(2 097)	3 655
/ EBITDA	2 886	1 953	2 361
= Net interest-bearing debt/(receivables)/EBITDA	**0,4**	**(1,1)**	**1,5**

1) Not including IFRS effects

	31.12.2020	31.12.2019
+ Commercial financial investments	3 468	3 378
+ Syndicate facility	2 932	3 452
- Certificate loans	300	400
= Long-term liquidity reserve	**6 100**	**6 430**

	31.12.2020	31.12.2019
+ Long-term liquidity reserve	6 100	6 430
+ Deposits on group account	1 091	381
+ Deposits outside group account	59	92
+ Bank overdraft not utilised	500	500
= Short-term liquidity reserve	**7 749**	**7 404**

Invested capital and return on invested capital (ROIC)

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

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

	31.12.2020	31.12.2019
+ Intangible assets	1 921	2 023
+ Tangible fixed assets	9 112	9 535
+ Current assets	7 873	7 574
- Total liquid assets	4 087	3 654
- Interest-bearing current assets	87	59
- Interest-free current liabilities	4 755	4 525
+ Tax payable	129	83
+ Dividends and group contributions	(1)	8
= Invested capital	**10 106**	**10 985**

Rolling 12 months' figures

	31.12.2020	31.12.2019
+ Last 12 months' accumulated adjusted operating profit	1 423	808
/ Invested capital	10 106	10 985
= Return on invested capital (ROIC)	**14,1 %**	**7,4%**

Other alternative performance measures

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

	Year 2020	Year 2019
+ Total investments in owned tangible fixed assets	752	646
- Investments due to acquisitions	52	
= Investments before acquisitions	**700**	**646**

	31.12.2020	31.12.2019
+ Profit after tax last 12 months	1 123	13
/ Average equity on balance sheet date[1]	6 865	6 422
= Return on equity after tax (ROE)	**16,4 %**	**0,2%**

1) (Opening + closing balance)/2

	31.12.2020	31.12.2019
+ Equity at balance sheet date	7 367	6 363
/ Equity and liabilities (total capital)	19 643	19 867
= Equity ratio	**37,5 %**	**32,0%**

Statement of the Board of Directors

We confirm that, to the best of our knowledge, the financial statements have been prepared in accordance with approved accounting standards and give a true and fair view of the Group and parent company's consolidated assets, liabilities, financial position and results of operations.

We also confirm that the Board of Directors' report provides a true and fair view of the development, performance and financial position of the business of the Group and the parent company, together with a description of the key risks and uncertainties that the Company is facing.

25 March 2021

Andreas Enger (Chair)

Anne Carine Tanum (Deputy Chair)

Tina Stiegler

Henrik Höjsgaard

Finn Kinserdal

Liv Fiksdahl

Gerd Øiahals

Lars Nilsen

Ann Elisabeth Wirgeness

Tove Gravdal Rundtom

Tone Wille (Group CEO)

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Posten Norge AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Posten Norge AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheets as at 31 December 2020, income statement, statements of comprehensive income, the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Impairment of Goodwill

The Group has goodwill amounting to MNOK 1 284 in the balance sheet. No goodwill was written down in the 2020 consolidated financial statements.

The Group's impairment tests require management to exercise judgment on estimates of future cash flows and the determination of discount rates. Due to the significance of goodwill in the financial statements, historically weak earnings in part of the logistics business and the uncertainty related to estimates of future cash flows, the Group's impairment tests of goodwill have been a key audit matter.

We evaluated key assumptions in the impairment models, including growth, revenues and margins based on prognoses approved by management. We considered the discount rate based on available information

on risk free rate, market risk premium and beta values for comparable companies. We considered the mathematical accuracy of the models and the sensitivity of the assumptions applied. We tested the consistency of the application of key assumptions and evaluated the Group's accuracy in previous years' impairment tests.

We refer to the consolidated financial statements' section 3.1 and 10 in the accounting principles about estimated impairment of assets and intangibles and note 8 on intangible assets.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than* Audits *or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 25 March 2021
ERNST & YOUNG AS

Petter Larsen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

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Følg oss på: