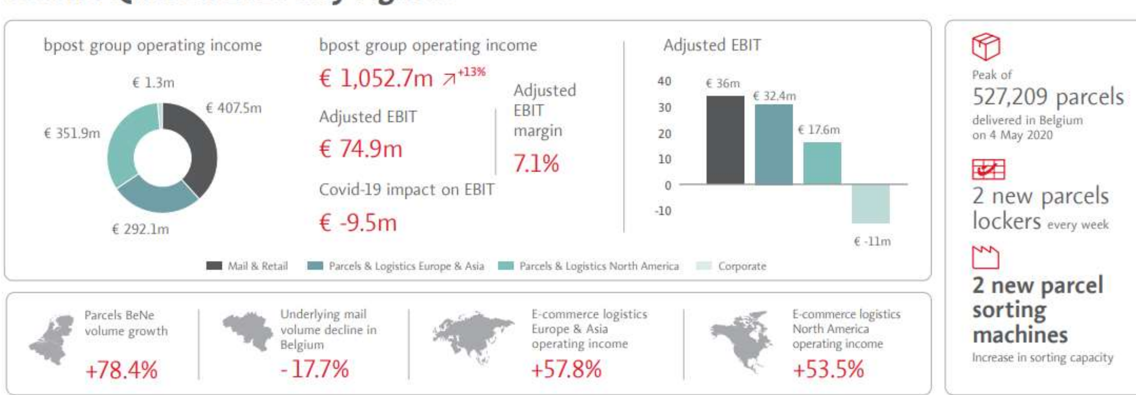
# Resilience over second quarter 2020 driven by Parcels & Logistics performance in North America and Eurasia

## Second quarter 2020 highlights

- Group operating income at EUR 1,052.7m, +12.5% compared with the same period last year and driven by strong Parcels BeNe and E-commerce logistics growth in both Europe and North America.
- Group reported EBIT at EUR 70.2m. Adjusted EBIT at EUR 74.9m (margin of 7.1%).
- Mail & Retail
    - Reported EBIT at EUR 35.4m. Adjusted EBIT at EUR 36.0m (7.7% margin), down by -51.9% mainly from mail evolution (-17.7% underlying mail volume decline) amplified by COVID-19.
    - M&R COVID-19 impact[1] estimated at EUR -37.0m.
- Parcels & Logistics Europe & Asia
    - Reported EBIT at EUR 31.6m. Adjusted EBIT at EUR 32.4m (11.0% margin), up EUR 13.0m (+67%) operationally excluding year-over-year negative evolution of terminal dues settlements. EBIT growth mainly driven by thriving e-commerce resulting in Parcels BeNe volume growth of +78.4%. Additional investments in parcels sorting capacity enable to structurally absorb higher peak volumes.
    - PaLo Eurasia COVID-19 impact[1] estimated at EUR +13.1m, delivering customer needs in challenging times.
- Parcels & Logistics North America
    - Reported EBIT at EUR 14.2m. Adjusted EBIT at EUR 17.6m (5.0% margin), up EUR 18.1m fully driven by Radial North America, which recorded high growth from existing customers and clients launched in 2019 (E-commerce Logistics operating income +53.5%).
    - PaLo N. America COVID-19 impact[1] estimated at EUR +16.5m, accelerating its performance during the crisis.
- Total COVID-19 impact[1] on Group EBIT estimated at EUR -9.5m for the second quarter 2020. Excluding COVID-19 and last year's gain on disposal of the HQ building (EUR 19.9m), second quarter 2020 EBIT was favourably impacted by targeted cost containment actions and cost phasing towards the second half of 2020.
- Outlook 2020. Based on the current situation and facts, the initial 2020 Group adjusted EBIT guidance range of EUR 240-270m is reconfirmed, if no second national or important local lockdown in 2020 or any event deriving from COVID-19 uncertainties materialises.
- Dividend 2020. The Board will recommend to the Annual Shareholders' Meeting not to grant a dividend on the results of FY20 to shareholders. bpost Group remains fully committed to delivering sustainable shareholder returns. Given the high level of uncertainty that still remains in light of COVID-19 and its impact on the overall economy, bpost Group's priority is in the current circumstances the strength of bpost's balance sheet, cash reserves and capacity to invest on the long term. A new dividend policy going forward will be decided by the Board when the longer term impact of the COVID-19 crisis becomes more clear.

### Second Quarter 2020 Key Figures




[1] All COVID-19 impacts mentioned in this interim financial report are best effort estimates based on actuals and are net results of both positive and negative impacts. Group impact includes EUR -2.0m at Corporate.

# CEO & Chairman quote

Jean-Paul Van Avermaet, CEO of bpost Group: *"We are still evolving in a very uncertain world. However, thanks to the considerable efforts of all our employees, the first half of the year allows us to reconfirm our initial 2020 group EBIT guidance. Visibility remains low, and the broad economic impact of COVID-19 will likely only be felt over the coming years. COVID-19 has triggered an acceleration of the digitizing world we are operating in. This is materializing through a significant increase in e-commerce penetration, as witnessed by our huge second quarter organic parcels volume growth above 78% and the steep acceleration in our E-commerce logistics revenues, both in the US at Radial as in Europe. At the same time, these results also confirm that the diversification strategy that bpost Group has put in place over the last years is a sound one for a viable future. bpost Group will remain an efficient mail operator in the domestic market, while growing in the areas of e-commerce logistics in Eurasia and North America, and capturing the strong development of last-mile parcels delivery in Belgium and The Netherlands. We continued to invest in e-commerce and parcel capacity in Belgium and abroad."*

François Cornelis, Chairman of the Board of Directors: *"Our prerogative under these exceptional circumstances, is to preserve a sound financial position in order to be able to face any new COVID-19 developments or downturn in the regional or global economies and to be able to continue to invest in the businesses of the future. Therefore, the Board of Directors will recommend to the Annual Shareholders' Meeting not to grant a dividend on the results of 2020 to shareholders. bpost Group remains fully committed to delivering sustainable shareholder returns. In light of the current circumstances the priority is the strength of bpost's balance sheet, cash reserves and capacity to invest on the long-term. A new long-term dividend and capital allocation policy will be decided by the Board when the longer-term impact of the COVID-19 crisis becomes more clear."*

# Activity update: Expansion e-commerce logistics in Poland and the Netherlands, increase capacity Belgium

### E-commerce logistics

bpost Group continues to develop its activities and position as a major player in e-commerce logistics in Europe through its two pillars, Radial Europe and Active Ants.

- Radial Europe
  Over the last months, Radial Europe expanded its capacity in Poland and Italy and was also the partner of choice of an important German customer for the full operational management of an e-commerce site.
  This growing network enables bpost Group to offer the best services to its partners and has recently enabled new customer wins in England, Poland and the Netherlands.
- Active Ants
  Active Ants will open a new center in Roosendaal in the autumn of 2020 as part of the growth of its e-commerce and fulfilment activities in the Netherlands. Deploying the most innovative technologies, the new site will process millions of packages per year for several hundreds of webshops.

### Increase of sorting capacities

As the growth of e-commerce continues, bpost Group has invested in the installation, during the summer of 2020, of two new sorting machines in the centers of Antwerp X and Brussels X. These machines will enable the Group to better respond to increases in volumes during future peak periods.

### Launch of exclusive SME webstore platform

During the lockdown for COVID-19, bpost Group launched on June 15, 2020 an exclusive platform for SMEs allowing a quick entry into e-commerce. The platform allows SMEs to build a web shop in a few clicks. SMEs are now able to sign up for a new all-in-one solution that capitalizes on bpost Group's full e-commerce logistics expertise to ensure a successful entry into online retailing.

### Sustainable logistics

bpost Group is committed to sustainable distribution by developing new solutions aimed at reducing the impact of parcel and letter delivery and transport on mobility and climate:

- July 2020, a "zero emission postcode" pilot project was launched for an eco-friendly last mile delivery of letters and parcels in collaboration with the city of Mechelen.
- In complementary with the rest of its network, bpost Group intends to grow the network of parcel lockers throughout Belgium, with an average of 2 new lockers each week.

## Outlook for 2020

Assuming no second national or important local lockdown in 2020, nor any event deriving from COVID-19 uncertainties, the adjusted Group EBIT between EUR 240-270m can be reconfirmed.

The contribution per Business Unit will differ from the initial outlook issued on March 17, 2020.

Gross capex will amount to EUR 150m maximum, compared to up to EUR 200m pre-COVID-19.

The Board will recommend to the Annual Shareholders' Meeting not to grant a dividend on the results of FY20 to shareholders. bpost Group remains fully committed to delivering sustainable shareholder returns. Given the high level of uncertainty that still remains in light of COVID-19 and its impact on the overall economy, bpost Group's priority is in the current circumstances the strength of bpost's balance sheet, cash reserves and capacity to invest on the long term. A new dividend policy going forward will be decided by the Board when the longer term impact of the COVID-19 crisis becomes more clear.

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# Key figures[2]

| 2nd quarter (in million EUR) | Reported | | Adjusted | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2019 | 2020 | % Δ |
| Total operating income | 935.7 | 1,052.7 | 935.7 | 1,052.7 | 12.5% |
| Operating expenses (excl. D&A) | 773.9 | 917.0 | 773.9 | 917.0 | 18.5% |
| EBITDA | 161.7 | 135.7 | 161.7 | 135.7 | -16.1% |
| Depreciation and amortization | 59.9 | 65.5 | 54.2 | 60.8 | 12.2% |
| EBIT | 101.8 | 70.2 | 107.5 | 74.9 | -30.3% |
| Margin (%) | *10.9%* | *6.7%* | *11.5%* | *7.1%* | |
| Profit before tax | 92.7 | 59.5 | 98.4 | 64.2 | -34.8% |
| Income tax expense | 29.3 | 15.9 | 29.8 | 16.1 | |
| Net profit | 63.4 | 43.6 | 68.6 | 48.0 | -30.0% |
| FCF | 4.5 | 113.2 | 18.5 | 44.1 | |
| Net Debt/ (Net cash) at 30 June | 692.5 | 539.5 | 692.5 | 539.5 | -22.1% |
| CAPEX | 25.8 | 24.9 | 25.8 | 24.9 | -3.5% |

| First half (in million EUR) | Reported | | Adjusted | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2019 | 2020 | % Δ |
| Total operating income | 1,842.5 | 1,987.3 | 1,842.5 | 1,987.3 | 7.9% |
| Operating expenses (excl. D&A) | 1,529.7 | 1,714.4 | 1,529.7 | 1,714.4 | 12.1% |
| EBITDA | 312.8 | 272.9 | 312.8 | 272.9 | -12.8% |
| Depreciation and amortization | 120.6 | 131.6 | 109.5 | 122.3 | 11.7% |
| EBIT | 192.2 | 141.3 | 203.3 | 150.6 | -25.9% |
| Margin (%) | *10.4%* | *7.1%* | *11.0%* | *7.6%* | |
| Profit before tax | 174.2 | 131.0 | 185.2 | 140.2 | -24.3% |
| Income tax expense | 60.6 | 39.5 | 61.6 | 40.0 | |
| Net profit | 113.5 | 91.5 | 123.7 | 100.3 | -18.9% |
| FCF | 190.6 | 307.4 | 213.9 | 290.3 | 35.7% |
| Net Debt/ (Net cash) at 30 June | 692.5 | 539.5 | 692.5 | 539.5 | -22.1% |
| CAPEX | 41.5 | 45.4 | 41.5 | 45.4 | 9.5% |

[2] Adjusted (previously called "Normalized") figures are not audited. Change of terminology "Adjusted" in order to align the label of this APM to the ESMA guidelines, definition and approach remain unchanged.

# Group overview

## Second quarter 2020

Compared to last year, total external operating income increased by EUR +117.1m to EUR 1,052.7m.

- Parcels & Logistics North America external operating income increased by EUR +113.9m, driven by growth at Radial from existing customers driven by COVID-19 and new customers launched in 2019.
- The revenue increase of Parcels & Logistics Europe & Asia (EUR +95.6m) was mainly driven by Parcels BeNe organic volume growth of 78.4% translating into EUR +58.4m revenue growth driven by thriving online sales during COVID-19 lockdown. Top-line development at E-commerce logistics and at Cross-border was strong and contributed respectively EUR +17.0m and EUR +20.2m to the increase.
- Mail & Retail external operating income declined by EUR -71.9m mainly as a result of -17.7% mail volume decline, largely due to COVID-19 impact on Transactional and Advertising mail. Proximity and convenience retail network revenue decline was driven by the deconsolidation of Alvadis and COVID-19 impact on Ubiway Retail.
- Corporate revenues decreased by EUR -20.5m, driven by lower building sales as in the second quarter of last year EUR 19.9m gain on the headquarter sale was realised.

Operating expenses including adjusted depreciation and amortization increased by EUR -149.6m, mainly driven by higher payroll, interims and transport costs driven by volume growth at Parcels & Logistics Europe & Asia and Parcels & Logistics North America and additional costs due to COVID-19.
The adjusted EBIT decreased by EUR -32.6m compared to last year. Total COVID-19 impact on Group EBIT estimated at EUR -9.5m for the second quarter 2020. The EBIT decrease at Mail & Retail of EUR -38.8m was partly compensated by the EBIT increase at Parcels & Logistics North America and at Parcels & Logistics Europe & Asia, respectively EUR +18.1m and EUR +8.8m.

Net financial result increased by EUR +0.8m compared to last year mainly due to lower non-cash financial charges related to IAS 19 employee benefits, partially offset by increase of the contingent liability for the remaining shares of Anthill.

Share of profit of associates and joint ventures decreased by EUR -2.4m compared to last year due to the decrease of the result of bpost bank mainly due to the COVID-19 impact.

Income tax expense decreased by EUR +13.5m compared to last year mainly due to the lower profit before tax and to the lower statutory tax rate in Belgium.

Group net profit stood at EUR 43.6m.

## First half 2020

Compared to last year, total external operating income increased by EUR 144.8m to EUR 1,987.3m.

- Parcels & Logistics North America external operating income increased by EUR +146.7m, driven by growth at Radial from existing customers driven by COVID-19 and new customers launched in 2019.
- The revenue increase of Parcels & Logistics Europe & Asia (EUR +114.3m) was mainly driven by Parcels BeNe organic volume growth of 50.0% translating into EUR +75.7m revenue growth driven by thriving online sales during COVID-19 lockdown.
- Mail & Retail external operating income declined by EUR -100.6m mainly as a result of -13.9% mail volume decline, largely due to COVID-19 impact on Transactional and Advertising mail. Proximity and convenience retail network revenue decline was driven by the deconsolidation of Alvadis and COVID-19 impact on Ubiway Retail.
- Corporate revenues decreased by EUR -15.7m, driven by lower building sales.

Operating expenses including adjusted depreciation and amortization increased by EUR -197.5m, mainly driven by higher payroll, interims and transport costs driven by volume growth at Parcels & Logistics Europe & Asia and Parcels & Logistics North America and additional costs due to COVID-19.
The adjusted EBIT decreased by EUR -52.7m compared to last year. Total COVID-19 impact on Group EBIT estimated at EUR -26.2m for the first half 2020.

Net financial result increased by EUR +4.0m mainly due to lower non-cash financial charges related to IAS 19 employee benefits, partially offset by increase of the contingent liability for the remaining shares of Anthill.

Share of profit of associates and joint ventures increased by EUR +3.7m compared to last year due to the increase of the result of bpost bank. This increase was mainly due to the profit realised on the partial sale of the bond portfolio in the first quarter of 2020, partly offset by the COVID-19 impact in the second quarter of the year.

Income tax expense decreased by EUR +21.2m compared to last year mainly due to the lower profit before tax and to the lower statutory tax rate in Belgium.

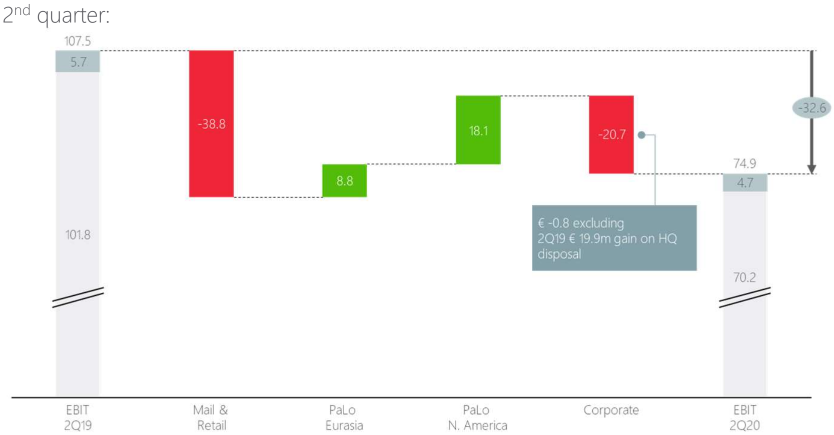
Group net profit stood at EUR 91.5m.

Adjusted contribution of the different business units for 2020 amounted to:

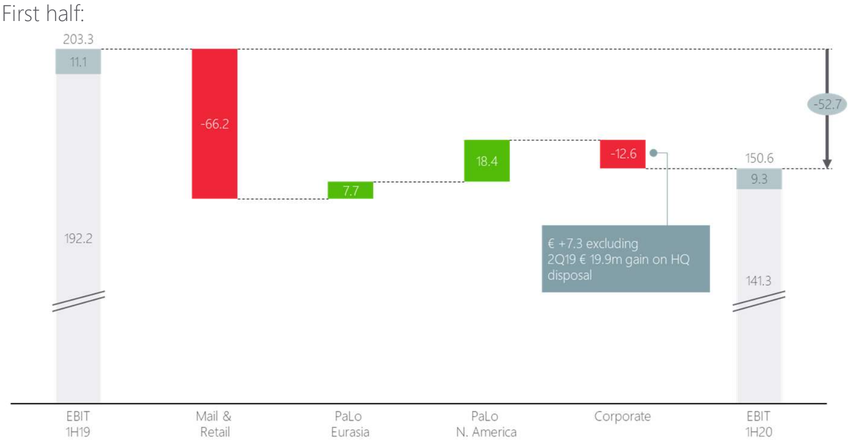
| | Year-to-date | | | 2nd quarter | | |
|---|---|---|---|---|---|---|
| In million EUR (adjusted) | Total operating income | EBIT | Margin (%) | Total operating income | EBIT | Margin (%) |
| Mail & Retail | 968.1 | 101.2 | 10.5% | 468.1 | 36.0 | 7.7% |
| Parcels & Logistics Europe & Asia | 508.4 | 49.3 | 9.7% | 294.9 | 32.4 | 11.0% |
| Parcels & Logistics North America | 615.2 | 10.1 | 1.6% | 353.9 | 17.6 | 5.0% |
| Corporate | 183.5 | (10.0) | -5.4% | 86.7 | (11.0) | -12.7% |
| Eliminations | (287.9) | | | (150.9) | | |
| Group | 1,987.3 | 150.6 | 7.6% | 1,052.7 | 74.9 | 7.1% |

Evolution of the EBIT contribution of the different business units was as follows:

2nd quarter:




First half:



# Business Unit performance: Mail & Retail

| Mail & Retail | Year-to-date | | | 2nd quarter | | |
|---|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 | Change % |
| External operating income | 965.9 | 865.2 | -10.4% | 479.4 | 407.5 | -15.0% |
| Transactional mail | 382.9 | 364.0 | -4.9% | 187.4 | 170.7 | -8.9% |
| Advertising mail | 121.1 | 85.3 | -29.6% | 60.2 | 37.5 | -37.7% |
| Press | 175.7 | 171.9 | -2.2% | 87.2 | 85.8 | -1.7% |
| Proximity and convenience retail network | 233.8 | 192.7 | -17.6% | 117.5 | 89.7 | -23.7% |
| Value added services | 52.4 | 51.3 | -2.0% | 27.1 | 23.9 | -11.8% |
| Intersegment operating income | 83.0 | 102.9 | 23.9% | 42.0 | 60.7 | 44.5% |
| TOTAL OPERATING INCOME | 1,048.9 | 968.1 | -7.7% | 521.4 | 468.1 | -10.2% |
| Operating expenses | 840.9 | 825.1 | -1.9% | 426.8 | 411.2 | -3.6% |
| EBITDA | 208.0 | 143.0 | -31.2% | 94.6 | 56.9 | -39.8% |
| Depreciation, amortization | 42.3 | 43.0 | 1.8% | 20.9 | 21.5 | 2.7% |
| PROFIT FROM OPERATING ACTIVITIES (EBIT Reported) | 165.7 | 100.0 | -39.6% | 73.7 | 35.4 | -51.9% |
| Margin (%) | *15.8%* | *10.3%* | | *14.1%* | *7.6%* | |
| PROFIT FROM OPERATING ACTIVITIES (EBIT Adjusted) | 167.4 | 101.2 | -39.6% | 74.8 | 36.0 | -51.9% |
| Margin (%) | *16.0%* | *10.5%* | | *14.4%* | *7.7%* | |
| Average FTE & Interims | 21,958 | 22,590 | 2.9% | 22,052 | 23,004 | 4.3% |

## Second quarter 2020

External operating income in the second quarter 2020 amounted to EUR 407.5m and showed a decrease of EUR -71.9m or -15.0% compared to the same period of 2019.

Revenues from Domestic Mail (i.e. Transactional, Advertising and Press combined) decreased by EUR -40.9m to EUR 293.9m. Underlying volume decline amounted to -17.7% (versus -7.9% full year 2019 underlying volume decline). This is composed of an underlying volume decline of -22.3% quarter-to-date May 2020 and -6.6% in June 2020. Transactional mail noted an underlying volume decline of -16.7% for the quarter (versus -9.2% full year 2019 underlying volume decline). The quarter-to-date May 2020 underlying volume decline amounted to -19.0%, all product categories were negatively impacted by the COVID-19 lockdown. The June 2020 underlying volume decline amounted to -8.9% driven by an overall catch-up in volumes post COVID-19 lockdown, particularly visible in smaller administrative mail volumes and registered letters. Advertising mail realized an underlying volume decrease of -26.6% for the quarter (versus -4.7% full year 2019 underlying volume decline). The quarter-to-date May 2020 underlying volume decline amounted to -37.0%, driven by COVID-19 lockdown of all non-essential retail until May 10 included. A gradual recovery was seen in food retail advertising as of the second half of April and certain other sectors as of May. June recorded a strong volume recovery in certain sectors due to a catch up, hence June 2020 underlying volume decline amounted to -4.2%. Press[3] volume decreased on an underlying basis by -8.0% (versus -6.5% full year 2019 underlying volume decline) driven by e-substitution and rationalization. Total Domestic Mail volume decline impacted revenues by EUR -51.0m and last year's elections had an impact of EUR -3.7m. These effects were only partly compensated by the net improvement in price and mix amounting to EUR +13.5m and a positive working days impact of EUR +0.4m.

[3] Following the merger of AMP with Burnonville the distribution of non-food to point of sales are reported as 'Press'. Revenue of the comparable period have been restated to reflect this change.

| Mail & Retail | Year-to-date | | 2nd quarter | |
|---|---|---|---|---|
| Evolution underlying Mail volumes | 2019 | 2020 | 2019 | 2020 |
| Domestic mail | -9.3% | -13.9% | -9.4% | -17.7% |
| Transactional mail | -10.5% | -12.8% | -11.1% | -16.7% |
| Advertising mail | -6.7% | -22.3% | -5.6% | -26.6% |
| Press | -8.0% | -6.6% | -6.7% | -8.0% |

Proximity and convenience retail network decreased by EUR -27.8m to EUR 89.7m. This decrease was mainly driven by the deconsolidation of Alvadis (EUR -7.8m) as of September 2019, the partial COVID-19 related closure of the network and reduced footfall impacting Ubiway Retail and lower banking & finance revenues due to less traffic in post offices and less ATM transactions.

Value added services amounted to EUR 23.9m and showed a decrease of EUR -3.2m versus last year due to the phasing out of e-ID activities, document management and European license plates.

Reported EBIT amounted to EUR 35.4m with a margin of 7.6% and showed a decrease of EUR -38.2m compared to the same period of 2019. The decrease in reported EBIT was driven by lower total operating income (EUR -53.2m), primarily due to domestic mail volume decline, Ubiway Retail decline and the deconsolidation of Alvadis partly offset by the higher - volume driven - reinvoicing to PaLo Eurasia. Operating expenses (including D&A) declined by EUR +15.0m. Higher opex was recorded relating to payroll and interim costs driven by (1) headcount from higher parcel volumes and absenteeism and (2) price from COVID-19 premium and salary indexation, and relating to specific COVID-19 operating expenses. These costs were fully compensated by lower material costs from Ubiway Retail including the impact from the deconsolidation of Alvadis, higher recoverable VAT, cost containment actions and cost phasing towards the second half of 2020 (e.g. holidays).
Adjusted EBIT amounted to EUR 36.0m with a margin of 7.7% and showed a decrease of EUR -38.8m compared to previous year.

COVID-19 had an estimated impact on EBIT of EUR -37.0m. This was mainly explained by the top-line development on domestic mail and retail as well as additional costs; COVID-19 premium, health and safety, increase in absenteeism and additional bad debt risk.

## First half 2020

External operating income amounted to EUR 865.2m and showed a decrease of EUR -100.6m or -10.4% compared to 2019.

Revenues from Domestic Mail (i.e. Transactional, Advertising and Press combined) decreased by EUR -58.5m to EUR 621.2m. Underlying volume decline amounted to -13.9%, with March 2020 to May 2020 at -20.1% due to COVID-19. Transactional mail noted an underlying volume decline of -12.8% for the year of which -16.7% from March to May 2020. During this period the COVID-19 lockdown negatively impacted all mail categories, in particular smaller administrative mail volume and registered letters. Excluding COVID-19, underlying mail volumes are subject to ongoing e-substitution and digitization. Advertising mail realized an underlying volume decrease of -22.3% for the year of which -36.2% from March to May 2020, mainly impacted by cancelled campaigns from COVID-19 lockdown of all non-essential retail from March 18, 2020 through May 10, 2020 and ban on promotions through April 3, 2020. Press volume decreased on an underlying basis by -6.6%, driven by e-substitution and rationalization.
Total Domestic Mail volume decline impacted revenues by EUR -80.1m and elections by EUR -3.7m. These effects were only partly compensated by the net improvement in price and mix amounting to EUR +24.0m and working days differences by EUR +1.4m.

Proximity and convenience retail network decreased by EUR -41.0m to EUR 192.7m. Excluding the impact of the deconsolidation of Alvadis as from September 2019 (EUR -15.3m), the decrease amounted to EUR -25.7m driven by lower Ubiway Retail revenues as a result of the COVID-19 related partial closure of the network and lower banking & finance revenues.

Value added services amounted to EUR 51.3m and showed a slight decrease of EUR -1.0m versus last year driven by the phase-out of the current e-ID activities provided by Certipost, lower revenues from European license plates, document management partly compensated by fines management.

Reported EBIT amounted to EUR 100.0m with a margin of 10.3% and showed a decrease of EUR -65.7m compared to 2019. The decrease of the reported EBIT was mainly driven by lower total operating income (EUR -80.7m), driven by domestic mail volume decline (EUR -58.5m), Ubiway Retail decline and the deconsolidation of Alvadis. This decrease was partly offset by the higher - volume driven - reinvoicing to PaLo Eurasia. Operating expenses (including D&A) decreased by EUR +15.1m. Higher payroll and interim costs and specific COVID-19 operating expenses were more than compensated by lower material costs from Ubiway Retail including the impact from the deconsolidation of Alvadis, higher recoverable VAT, cost containment actions and cost phasing towards the second half of 2020. Adjusted EBIT amounted to EUR 101.2m and showed a decline of EUR -66.2m compared to previous year.

COVID-19 impacted EBIT by an estimated EUR -51.4m. This is explained by the top-line development on domestic mail and retail as well as additional costs: COVID-19 premium, health and safety, increase in absenteeism and additional bad debt risk.

# Business Unit performance: Parcels & Logistics Europe & Asia

| Parcels & Logistics Europe & Asia | Year-to-date | | | 2nd quarter | | |
|---|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 | Change % |
| External operating income | 388.2 | 502.5 | 29.4% | 196.5 | 292.1 | 48.7% |
| Parcels BeNe | 178.4 | 254.1 | 42.4% | 91.0 | 149.4 | 64.2% |
| E-commerce logistics | 60.2 | 85.6 | 42.3% | 29.4 | 46.3 | 57.8% |
| Cross-border | 149.6 | 162.8 | 8.8% | 76.1 | 96.3 | 26.5% |
| Intersegment operating income | 10.0 | 5.9 | -41.5% | 4.9 | 2.8 | -42.2% |
| TOTAL OPERATING INCOME | 398.2 | 508.4 | 27.7% | 201.4 | 294.9 | 46.4% |
| Operating expenses | 348.3 | 450.0 | 29.2% | 173.6 | 257.8 | 48.5% |
| EBITDA | 49.9 | 58.4 | 17.1% | 27.9 | 37.1 | 33.2% |
| Depreciation, amortization | 11.2 | 10.6 | -5.4% | 5.5 | 5.5 | -0.2% |
| PROFIT FROM OPERATING ACTIVITIES (EBIT Reported) | 38.7 | 47.8 | 23.6% | 22.3 | 31.6 | 41.5% |
| Margin (%) | *9.7%* | *9.4%* | | *11.1%* | *10.7%* | |
| PROFIT FROM OPERATING ACTIVITIES (EBIT Adjusted) | 41.6 | 49.3 | 18.5% | 23.6 | 32.4 | 37.2% |
| Margin (%) | *10.4%* | *9.7%* | | *11.7%* | *11.0%* | |
| Average FTE & Interims | 3,141 | 3,640 | 15.9% | 3,153 | 3,845 | 21.9% |

## Second quarter 2020

External operating income in the second quarter 2020 amounted to EUR 292.1m and showed an increase of EUR +95.6m or 48.7% compared to the same period of 2019.

Parcels BeNe increased by EUR 58.4m (or +64.2%) to EUR 149.4m driven by thriving online sales during COVID-19 lockdown resulting in volume growth of +78.4%[4] year-over-year. Quarter-to-date May 2020 volumes were up by 80.6%, June 2020 +74.3%. COVID-19 revenue impact is estimated at EUR +44.2m.

| Parcels & Logistics Europe & Asia | Year-to-date | | 2nd quarter | |
|---|---|---|---|---|
| | 2019 | 2020 | 2019 | 2020 |
| Evolution Parcels BeNe volume | 17.3% | 50.0% | 17.7% | 78.4% |

E-commerce logistics operating income in the second quarter 2020 amounted to EUR 46.3m, an increase of EUR +17.0m compared to the same period of 2019. This increase was mainly driven by the positive COVID-19 impact (EUR +11.3m) at Radial Europe, Active Ants and DynaFresh and the integration of MCS Fulfilment (part of Active Ants) as from October 1, 2019, contributing EUR 2.9m.

Net favourable operating income impact from COVID-19 within Cross-border amounted to (EUR +15.4m). This was driven by a gradual ramp-up in Asian parcel volumes since May, evolving exponentially through June, resulting from rail traffic as an alternative to air freight. This increase was partly offset by COVID-19 linked revenue losses on other international parcel volumes and lower in- and outbound mail volumes. Excluding COVID-19, growth in the commercial business with Asia as main driver, was partially offset by unfavourable year-over-year evolution of terminal dues settlements (EUR -2.2m).

[4] Parcels volume growth is composed of former Domestic Parcels (i.e. pre new segment reporting since 2019) and Dynalogic volumes. This does not cover the full scope of Parcels BeNe since not all revenues included in Parcels BeNe can be expressed in volumes.

Reported EBIT in the second quarter 2020 amounted to EUR 31.6m and increased by EUR 9.3m compared to last year same period. Total operating income increased by EUR +93.5m (+46.4%) driven by a positive development in all revenue lines, especially Parcels BeNe (EUR +58.4m or +64.2%). Total positive COVID-19 operating income impact stood at EUR +70.9m. Excluding COVID-19 and the unfavourable year-over-year evolution of terminal dues (EUR -2.2m), revenues were up EUR +24.8m. Excluding the unfavourable year-over-year evolution of terminal dues settlements (EUR -2.0m), operating expenses (incl. D&A) were up EUR -82.2m (+45.4%). This was mainly explained by higher volume-linked variable costs translating into increased payroll, interim and transport costs across all business lines. Specific COVID-19 operating expenses also contributed to the year-over-year cost increase and include the premium, increase in absenteeism, health and safety measures and additional bad debt provisions. Adjusted EBIT in the second quarter 2020 amounted to EUR 32.4m and showed an increase of EUR +8.8m or 37.2% compared to the same period of 2019. Excluding the year-over-year terminal dues settlements (EUR -4.2m), adjusted EBIT was up EUR +13.0m (+67%) operationally.

COVID-19 had an estimated EBIT impact of EUR +13.1m, from COVID-19 driven revenue increase in all business lines partly offset by the aforementioned specific COVID-19 additional operating expenses.

## First half 2020

External operating income amounted to EUR 502.5m in 2020 and showed an increase of EUR +114.3m or 29.4% compared to 2019.

Parcels BeNe increased by EUR +75.7m, or +42.4%, driven by parcels volume growth of +50.0%[4] from thriving online sales during COVID-19 lockdown (March to May volumes up by 63.2%). COVID-19 revenue is estimated at EUR +44.7m.

E-commerce logistics amounted to EUR 85.6m, an increase of EUR +25.4m compared to 2019 mainly driven by positive COVID-19 impact (EUR +11.3m, all in the second quarter of 2020) at Radial Europe, Active Ants and DynaFresh. Further revenue growth driven by the integration of MCS Fulfilment (part of Active Ants) as from October 1, 2019, contributing EUR 5.2m year-to-date, and growth at Radial Europe from new customers gained in 2019.

Cross-border increased by EUR +13.2m to EUR 162.8m due to the net favourable operating income impact from COVID-19 (EUR +9.7m). This was driven by a gradual ramp-up in Asian parcel volumes since May, evolving exponentially through June, resulting from rail traffic as an alternative to air freight. This increase was partly offset by COVID-19 linked revenues losses on other international parcels volumes (UK and Rest of Europe) and lower in- and outbound mail volumes. Excluding COVID-19, growth in the commercial business with Asia as main driver, was partially offset by the unfavourable year-over-year evolution of terminal dues settlements (EUR -3.1m).

Reported EBIT amounted to EUR 47.8m and showed an increase of EUR +9.1m (+23.6%) compared to 2019. Total operating income increased by EUR +110.2m (+27.7%) driven by positive development in all revenue lines, especially Parcels BeNe (EUR +75.7m or +42.4%). Total positive COVID-19 operating income impact stood at EUR +65.7m. Excluding COVID-19 and the unfavourable year-over-year evolution of terminal dues (EUR -3.1m), operating income was up EUR +47.6m. Excluding the unfavourable impact of terminal dues settlements (EUR -2.5m) and the year-over-year VAT recovery (EUR -2.5m), operating expenses (incl. D&A) increased by EUR -96.1m (+26.3%). This increase was mainly due to higher payroll, interim and transport costs driven by volume growth across all business lines and specific COVID-19 operating expenses consisting of the premium, increase in absenteeism, health and safety measures, higher use of subcontractors and additional bad debt provisions. Adjusted EBIT amounted to EUR 49.3m and showed an increase of EUR +7.7m compared to 2019. Excluding the year-over-year additional VAT recovery and terminal dues settlements (together EUR -8.1m), adjusted EBIT was up by EUR +15.7m (+47%) operationally.

COVID-19 had an estimated EBIT impact of EUR +11.3m, from the COVID-19 driven operating income increase in all business lines partly offset by the aforementioned specific COVID-19 additional operating expenses.

# Business Unit performance: Parcels & Logistics North America

| Parcels & Logistics North America | Year-to-date | | | 2nd quarter | | |
|---|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 | Change % |
| External operating income | 465.1 | 611.8 | 31.5% | 238.0 | 351.9 | 47.9% |
| E-commerce logistics | 420.1 | 569.0 | 35.4% | 215.6 | 331.0 | 53.5% |
| International mail | 45.0 | 42.8 | -4.8% | 22.3 | 20.9 | -6.5% |
| Intersegment operating income | 2.5 | 3.3 | 36.7% | 1.1 | 2.0 | 85.4% |
| TOTAL OPERATING INCOME | 467.6 | 615.2 | 31.6% | 239.0 | 353.9 | 48.0% |
| Operating expenses | 449.2 | 569.1 | 26.7% | 226.5 | 318.2 | 40.5% |
| EBITDA | 18.4 | 46.1 | 150.4% | 12.6 | 35.7 | 184.4% |
| Depreciation, amortization | 33.2 | 42.7 | 28.4% | 16.4 | 21.5 | 31.4% |
| PROFIT FROM OPERATING ACTIVITIES (EBIT Reported) | (14.8) | 3.5 | | (3.8) | 14.2 | |
| Margin (%) | *-3.2%* | *0.6%* | | *-1.6%* | *4.0%* | |
| PROFIT FROM OPERATING ACTIVITIES (EBIT Adjusted) | (8.3) | 10.1 | | (0.5) | 17.6 | |
| Margin (%) | *-1.8%* | *1.6%* | | *-0.2%* | *5.0%* | |
| Average FTE & Interims | 7,168 | 8,422 | 17.5% | 6,986 | 9,399 | 34.5% |

## Second quarter 2020

External operating income in the second quarter 2020 amounted to EUR 351.9m and showed an increase of EUR +113.9m or +47.9% (+45.1% at constant exchange rate[5]) compared to the same period of 2019.

E-commerce logistics increased by EUR +115.4m to EUR 331.0m or +53.5% (+50.7% at constant exchange rate[5]). Revenue increase was mainly driven by Radial North America recording significant growth at existing customers (+49%) as well as new clients launched in 2019, slightly offset by client churn. Landmark also recorded higher sales from new and existing customers. COVID-19 related closures of customers' brick and mortar stores increased volume through E-commerce logistics. Total revenue impact is estimated at EUR +92.0m.

| Radial North America (*) | Year-to-date | | 2nd quarter | |
|---|---|---|---|---|
| In million USD (Adjusted) | 2019 | 2020 | 2019 | 2020 |
| Total operating income | 386.4 | 532.5 | 199.2 | 317.3 |
| EBITDA | 5.4 | 34.8 | 7.3 | 30.8 |
| Profit from operating activities (EBIT) | (20.1) | 0.7 | (4.9) | 13.6 |

(*) Business unit performance expressed in USD of the consolidated Radial entities held by bpost North America Holdings Inc.

International mail in the second quarter 2020 amounted to EUR 20.9m, a decrease of EUR -1.4m compared to the same period of 2019 or -6.5% (-8.5% at constant exchange rate[5]). A significant drop-off in the business mail segment was noted as a result of COVID-19. The COVID-19 revenue impact is estimated at EUR -2.0m, with the main negative impact seen in April 2020 and improving month by month thereafter.

Adjusted EBIT in the second quarter 2020 amounted to EUR 17.6m and showed an increase of EUR +18.1m, compared to the same period of 2019. Reported EBIT includes EUR 3.3m of amortization of intangible assets originating from the purchase price allocation and therefore amounted to EUR 14.2m with a margin of 4.0%. This is an increase of EUR +18.0m compared to the same period of 2019. The reported EBIT increase was mainly driven by higher total operating income, up EUR +114.8m

[5] Constant Exchange Rate: The reported figures in local currency of the prior comparable period are converted with the exchange rates applied for the current reported period.

or 48.0% (+45.3% at constant exchange rate[5]) mainly at Radial from growth of existing customers and customers launched in 2019. Total net COVID-19 revenue impact for North America is estimated at EUR +90.0m. Operating expenses (including D&A) increased by EUR -96.8m driven by higher variable costs from volume growth (primarily at Radial) and bad debt impact, as well as higher payroll costs, increased depreciation related to the 3 new fulfilment centres and COVID-19 additional expenses. International Mail was impacted by a year-over-year increase in transport costs.

COVID-19 impacted EBIT by an estimated EUR +16.5m, mainly related to additional e-commerce logistics volumes, partly offset by additional health and safety measures, increased transport costs relating to International Mail and bad debt.

## First half 2020

External operating income amounted to EUR 611.8m and showed an increase of EUR +146.7m or +31.5% (+28.5% at constant exchange rate[5]) compared to 2019.

E-commerce logistics increased by EUR +148.9m or +35.4% to EUR 569.0.m (+32.4% at constant exchange rate[5]). Revenue increase mainly driven by Radial North America recording significant growth of existing customers (+31%) driven by COVID-19 as well as new clients launched in 2019, slightly offset by client churn. COVID-19 estimated impact on revenues stood at EUR +92.0m.

International mail amounted to EUR 42.8m, a decrease of EUR -2.2m or -4.8% (-7.2% at constant exchange rate[5]), significant drop-off in business mail segment as a result of COVID-19. The COVID-19 impact on revenues is estimated at EUR -2.0m with the main negative impact seen in April 2020 and improving month by month thereafter.

Adjusted EBIT amounted to EUR 10.1m, an increase of EUR +18.4m compared to 2019. Reported EBIT includes EUR 6.6m of amortization of intangible assets originating from the purchase price allocation and therefore amounted to EUR 3.5m with a margin of 0.6%. This is an increase of EUR +18.3m compared to the first half of 2019. Higher total operating income (EUR +147.6m) was mainly driven by growth at Radial from existing customers and customers launched in 2019 with COVID-19 impact on revenues estimated at EUR +90.0m. Operating expenses (incl. D&A) increased by EUR -129.3m (+23.9% at constant exchange rate[5]) driven mainly by higher variable costs from volume growth (primarily at Radial) and bad debt impact, as well as increased depreciation related to the 3 new fulfilment centres and COVID-19 additional expenses. International Mail was impacted by year-over-year increase in transport costs.

COVID-19 impacted EBIT by an estimated EUR +16.2m, mainly related to additional e-commerce logistics volumes, partly offset by additional health and safety measures, increased transport costs relating to International Mail and bad debt.

# Business Unit performance: Corporate

| Corporate<br>In million EUR | Year-to-date<br>2019 | <br>2020 | <br>Change % | 2nd quarter<br>2019 | <br>2020 | <br>Change % |
|---|---|---|---|---|---|---|
| External operating income | 23.3 | 7.6 | -67.2% | 21.8 | 1.3 | -94.3% |
| Intersegment operating income | 177.8 | 175.9 | -1.1% | 93.0 | 85.4 | -8.2% |
| TOTAL OPERATING INCOME | 201.0 | 183.5 | -8.7% | 114.8 | 86.7 | -24.5% |
| Operating expenses | 164.5 | 158.2 | -3.9% | 88.1 | 80.6 | -8.5% |
| EBITDA | 36.5 | 25.3 | -30.6% | 26.7 | 6.0 | -77.5% |
| Depreciation, amortization | 33.8 | 35.3 | 4.3% | 17.1 | 17.0 | -0.3% |
| PROFIT FROM OPERATING ACTIVITIES (EBIT Reported) | 2.7 | (10.0) | | 9.6 | (11.0) | |
| Margin (%) | *1.3%* | *-5.4%* | | *8.4%* | *-12.7%* | |
| PROFIT FROM OPERATING ACTIVITIES (EBIT Adjusted) | 2.7 | (10.0) | | 9.6 | (11.0) | |
| Margin (%) | *1.3%* | *-5.4%* | | *8.4%* | *-12.7%* | |
| Average FTE & Interims | 1,634 | 1,623 | -0.7% | 1,629 | 1,605 | -1.5% |

## Second quarter 2020

External operating income in the second quarter 2020 decreased by EUR -20.5m to EUR 1.3m driven by lower building sales given the gain on headquarter Centre Monnaie building sale of EUR 19.9m in the second quarter of 2019, and slightly lower rental income.

Operating expenses (including D&A) decreased by EUR +7.6m driven by lower demand for services from the operational business units (EUR -7.6m intersegment operating income), namely due to lower demand for IT-related projects. Net of intersegment operating income, the operating expenses (including D&A) were flat as year-over-year negative VAT recovery (EUR -1.7m) and COVID-19 related costs were offset by lower project costs at corporate level, i.e. cost containment.

COVID-19 impacted EBIT by an estimated EUR -2.0m, mainly related to additional costs for health and safety measures. As a result reported EBIT and adjusted EBIT showed a decrease of EUR -20.7m year-over-year mainly driven by the lower external operating income (EUR -20.5m).

## First half 2020

External operating income decreased by EUR -15.7m to EUR 7.6m driven by lower buildings sale, due to the sale in second quarter of 2019 of the headquarters Centre Monnaie building (EUR 19.9m gain on disposal). This was partly offset by higher building sales in the first quarter 2020.

Operating expenses (including D&A) decreased by EUR +4.8m driven by lower demand for services from the operational business units (EUR -1.9m intersegment operating income), especially due to lower demand for IT-related projects. Net of intersegment operating income, the operating expenses (including D&A) were down due to lower project costs at corporate level (cost containment) more than offsetting negative year-over-year VAT recovery impact (EUR -1.7m) and additional COVID-19 related costs.

Reported EBIT and adjusted EBIT showed a decrease of EUR -12.7m mainly driven by lower external operating income (EUR -15.7m).

COVID-19 impacted EBIT by an estimated EUR -2.3m, mainly related to additional costs for health and safety measures.

# Cash flow statement

| | Year-to-date | | 2nd quarter | |
|---|---|---|---|---|
| In million EUR | 2019 | 2020 | 2019 | 2020 |
| Net cash from operating activities | 174.9 | 341.9 | (27.3) | 138.3 |
| Net cash used in investing activities | 15.7 | (34.5) | 31.8 | (25.1) |
| Net cash from financing activities | (104.9) | (51.0) | (60.8) | (24.4) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 85.7 | 256.4 | (56.3) | 88.8 |
| Free cash flow | 190.6 | 307.4 | 4.5 | 113.2 |

## Second quarter 2020

In the second quarter 2020, the net cash flow increased compared to the same period last year by EUR 145.1m to EUR 88.8m.

Free cash flow amounted to EUR 113.2m.

Cash flow from operating activities compared to the same period last year increased by EUR 165.6m to EUR 138.3m. The absence of tax prepayment in the second quarter 2020 (EUR 51.0m in the same period last year) as well as higher cash flows related to collected proceeds due to Radial's clients (EUR 69.0m inflow in the second quarter 2020 compared to an outflow of EUR 14.0m in the same period last year) contributed to the increased cash flow from operating activities. Excluding these elements, cash flow from operating activities increased by EUR 31.5m as the higher receivables following increased revenue were more than compensated by the positive impact of extended payment terms on working capital in COVID-19 period.

Investing activities resulted in a cash outflow of EUR 25.1m in the second quarter 2020, compared to a cash inflow of EUR 31.8m for the same period last year. The evolution in the second quarter was mainly explained by the proceeds of the sale of buildings (EUR -57.1m, mainly due to the sale of Centre Monnaie building in 2019) and M&A activities (EUR -0.7m) slightly offset by lower capex (EUR 0.9m). Capex stood at EUR 24.9m in the second quarter 2020 and was mainly spent on increasing capacity for parcels and e-commerce logistics at Radial North America, in Belgium (Parcels B2C) and the Netherlands (Active Ants) mainly.

In 2020 the cash outflow relating to financing activities amounted to EUR -24.4m compared to EUR -60.8m last year, mainly explained by the absence of dividend payment in the second quarter 2020 (EUR +50.0m) and the issuance of commercial papers (EUR -12.1m).

## First half 2020

In the first half 2020, the net cash flow increased compared to the same period last year by EUR 170.7m to EUR 256.4m.

Free cash flow amounted to EUR 307.4m.

Cash flow from operating activities compared to the same period last year increased by EUR 167.1m to EUR 341.9m. The first half 2020 benefited from a positive tax assessment on previous years (EUR +7.5m vs. EUR -13.8m in the first quarter 2019) and cash inflows related to collected proceeds due to Radial's clients (EUR +40.5m, high level of merchandise sale in COVID period). Furthermore the absence of tax prepayment had a positive impact on operating results (EUR +51.0m). Excluding these elements, cash flow from operating activities increased by EUR 54.3m as the positive impact of extended payment terms in payables was partially offset by lower operating results and negative impact of clients balance evolution.

Investing activities resulted in a cash outflow of EUR 34.5m in the first half 2020, compared to a cash inflow of EUR 15.7m for the same period last year. This was mainly explained by the proceeds of building sales (EUR -46.1m) combined with higher capital expenditures (EUR -3.9m). Capital expenditures amounted to EUR 45.4m compared to EUR 41.5m prior year, and were mainly spent on increasing capacity for parcels and e-commerce logistics at Radial North America, in Belgium (Parcels B2C) and the Netherlands (Active Ants).

In 2020 the cash outflow relating to financing activities amounted to EUR -51.0m compared to -104.9m last year, mainly explained by the absence of a dividend payment in 2020 (EUR +50.0m).

## Key events during the second quarter

On May 13, 2020, bpost Group held its Ordinary and Extraordinary Shareholders' Meetings

The Ordinary Shareholders' Meeting approved the Board of Directors' recommendation to limit the dividend on the 2019 financial results to the interim dividend of EUR 0.62 gross per share paid on December 9, 2019. Furthermore, the Meeting confirmed the appointment of Jean-Paul Van Avermaet as Director retroactively and renewed the non-executive director's mandate of Bernadette Lambrechts. Consequently, the Board of Directors consists of 11 members, of which 5 independent directors and 6 proposed by the Belgian State. The Extraordinary Shareholders' Meeting approved changes to the bpost NV/SA's articles of association in order to, inter alia, implement the new Belgian Code of companies and associations.

## Financial calendar

| | |
|---|---|
| 05.08.20 (09.00 CET) | Analyst Conference Call |
| 04.10.20 | Start of quiet period ahead of Q3/2020 results |
| 03.11.20 (17.45 CET) | Announcement Q3/2020 results |
| 04.11.20 (10.00 CET) | Analyst Conference Call |

# Interim Condensed Consolidated Financial Statements[6]

## Interim Condensed Consolidated Income Statement

| In million EUR | Notes | Year-to-date 2019 | Year-to-date 2020 | 2nd quarter 2019 | 2nd quarter 2020 |
|---|---|---|---|---|---|
| Revenue | 8 | 1,807.4 | 1,965.7 | 908.3 | 1,044.5 |
| Other operating income | | 35.1 | 21.5 | 27.3 | 8.2 |
| TOTAL OPERATING INCOME | | 1,842.5 | 1,987.3 | 935.7 | 1,052.7 |
| Material costs | | (120.8) | (98.6) | (62.2) | (46.8) |
| Services and other goods | 9 | (660.0) | (822.6) | (335.0) | (456.3) |
| Payroll costs | | (742.7) | (779.3) | (371.7) | (398.7) |
| Other operating expenses | | (6.1) | (13.9) | (5.0) | (15.2) |
| Depreciation, amortization | | (120.6) | (131.6) | (59.9) | (65.5) |
| TOTAL OPERATING EXPENSES | | (1,650.3) | (1,846.0) | (833.8) | (982.5) |
| PROFIT FROM OPERATING ACTIVITIES (EBIT) | | 192.2 | 141.3 | 101.8 | 70.2 |
| Financial income | | 2.1 | 5.2 | 0.7 | 2.8 |
| Financial costs | | (24.4) | (23.6) | (15.5) | (16.9) |
| Share of results of associates and joint ventures | | 4.3 | 8.0 | 5.7 | 3.3 |
| PROFIT BEFORE TAX | | 174.2 | 131.0 | 92.7 | 59.5 |
| Income tax expense | | (60.6) | (39.5) | (29.3) | (15.9) |
| PROFIT OF THE PERIOD | | 113.5 | 91.5 | 63.4 | 43.6 |
| Attribuable to: | | | | | |
| Owners of the Parent | | 113.5 | 91.2 | 63.3 | 43.4 |
| Non-controlling interests | | 0.0 | 0.3 | 0.1 | 0.2 |

EARNINGS PER SHARE

| In EUR | Year-to-date 2019 | Year-to-date 2020 | 2nd quarter 2019 | 2nd quarter 2020 |
|---|---|---|---|---|
| ►basic, profit for the year attributable to ordinary equity holders of the parent | 0.57 | 0.46 | 0.32 | 0.22 |
| ►diluted, profit for the year attributable to ordinary equity holders of the parent | 0.57 | 0.46 | 0.32 | 0.22 |

In accordance with IAS 33, diluted earnings per share amounts have to be calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

As far as bpost is concerned, no effects of dilution affect the net profit attributable to ordinary equity holders and the weighted average number of ordinary shares.

[6] The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting

## Interim Condensed Consolidated Statement of Other Comprehensive Income

| | Year-to-date | | 2nd quarter | |
|---|---|---|---|---|
| In million EUR | 2019 | 2020 | 2019 | 2020 |
| PROFIT FOR THE YEAR | 113.5 | 91.5 | 63.4 | 43.6 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | | |
| Change of other comprehensive income of associates | (7.3) | (11.9) | (4.0) | (1.9) |
| *Gross change of other comprehensive income of associates* | *(13.1)* | *(17.6)* | *(5.4)* | *(2.5)* |
| *Income tax effect* | *5.8* | *5.6* | *1.3* | *0.6* |
| Net gain/(loss) on hedge of a net investment | (0.8) | (0.4) | 1.6 | 2.8 |
| Net gain/(loss) on cash flow hedges | 0.9 | 0.9 | 0.4 | 0.5 |
| *Gain/ (loss) on cash flow hedges* | *1.2* | *1.2* | *0.6* | *0.6* |
| *Income tax effect* | *(0.4)* | *(0.3)* | *(0.2)* | *(0.2)* |
| Exchange differences on translation of foreign operations | 13.2 | 0.7 | (10.1) | (13.5) |
| NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS | 6.0 | (10.7) | (12.1) | (12.1) |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | | | | |
| Remeasurement gain (losses) on defined benefit plans | 1.0 | 0.9 | 1.0 | 0.9 |
| *Gross gain/ (loss) on defined benefit plans* | *1.5* | *1.2* | *1.5* | *1.2* |
| *Income tax effect* | *(0.5)* | *(0.3)* | *(0.5)* | *(0.3)* |
| NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS | 1.0 | 0.9 | 1.0 | 0.9 |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX | 7.0 | (9.7) | (11.1) | (11.2) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX | 120.5 | 81.8 | 52.3 | 32.4 |
| Attributable to: | | | | |
| Owners of the Parent | 120.5 | 81.5 | 52.2 | 32.2 |
| Non-controlling interest | 0.0 | 0.3 | 0.1 | 0.2 |

## Interim Condensed Consolidated Statement of Financial Position

| In million EUR | Notes | As of 31 December 2019 | As of 30 June 2020 |
|---|---|---|---|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 1,133.6 | 1,105.1 |
| Intangible assets | 11 | 898.3 | 890.4 |
| Investments in associates and joint ventures | 12 | 239.5 | 235.6 |
| Investment properties | | 5.0 | 3.1 |
| Deferred tax assets | | 27.3 | 26.0 |
| Trade and other receivables | | 41.5 | 42.6 |
| | | 2,345.1 | 2,302.8 |
| Current assets | | | |
| Inventories | | 34.7 | 36.1 |
| Income tax receivable | | 8.1 | 6.9 |
| Trade and other receivables | 13 | 717.6 | 596.0 |
| Cash and cash equivalents | 14 | 670.2 | 925.4 |
| | | 1,430.5 | 1,564.4 |
| Assets held for sale | | 1.4 | 3.1 |
| TOTAL ASSETS | | 3,777.1 | 3,870.2 |
| Equity and liabilities | | | |
| Issued capital | | 364.0 | 364.0 |
| Reserves | | 252.3 | 258.2 |
| Foreign currency translation | | 34.0 | 34.3 |
| Retained earnings | | 30.7 | 91.5 |
| Equity attributable to equity holders of the Parent | | 680.9 | 748.0 |
| Equity attributable to non-controlling interests | | 1.7 | 1.5 |
| TOTAL EQUITY | | 682.6 | 749.5 |
| Non-current liabilities | | | |
| Interest-bearing loans and borrowings | 15 | 1,176.8 | 1,182.6 |
| Employee benefits | 17 | 320.6 | 315.3 |
| Trade and other payables | 16 | 27.7 | 44.6 |
| Provisions | | 16.2 | 16.6 |
| Deferred tax liabilities | | 7.0 | 6.7 |
| | | 1,548.2 | 1,565.7 |
| Current liabilities | | | |
| Interest-bearing loans and borrowings | | 272.7 | 278.9 |
| Bank overdrafts | | 0.5 | 3.3 |
| Provisions | | 13.7 | 11.7 |
| Income tax payable | 18 | 7.3 | 43.9 |
| Derivative instruments | 20 | 1.3 | 0.4 |
| Trade and other payables | 19 | 1,250.9 | 1,216.8 |
| | | 1,546.3 | 1,555.0 |
| TOTAL LIABILITIES | | 3,094.5 | 3,120.7 |
| TOTAL EQUITY AND LIABILITIES | | 3,777.1 | 3,870.2 |

## Interim Condensed Consolidated Statement of Changes in Equity

| | ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| In million EUR | AUTHORIZED & ISSUED CAPITAL | TREASURY SHARES | OTHER RESERVES | FOREIGN CURRENCY TRANSLATION | RETAINED EARNINGS | TOTAL | NON-CONTROLLING INTERESTS | TOTAL EQUITY |
| AS PER 1 JANUARY 2019 | 364.0 | 0.0 | 271.4 | 12.7 | 51.6 | 699.7 | 2.5 | 702.3 |
| Profit for the year 2019 | | | | | 113.5 | 113.5 | 0.0 | 113.5 |
| Other comprehensive income | | | 46.2 | 12.4 | (51.6) | 7.0 | | 7.0 |
| TOTAL COMPREHENSIVE INCOME | 0.0 | 0.0 | 46.2 | 12.4 | 61.9 | 120.5 | 0.0 | 120.5 |
| Dividends (Pay-out) | | | (50.0) | | 0.0 | (50.0) | 0.0 | (50.0) |
| Other | | | (2.7) | | 0.0 | (2.7) | 0.2 | (2.5) |
| AS OF 30 JUNE 2019 | 364.0 | 0.0 | 264.9 | 25.1 | 113.5 | 767.6 | 2.7 | 770.3 |
| | | | | | | | | |
| AS PER 1 JANUARY 2020 | 364.0 | 0.0 | 252.3 | 34.0 | 30.7 | 680.9 | 1.7 | 682.6 |
| Profit for the year 2020 | | | | | 91.2 | 91.2 | 0.3 | 91.5 |
| Other comprehensive income | | | 20.6 | 0.3 | (30.7) | (9.7) | | (9.7) |
| TOTAL COMPREHENSIVE INCOME | 0.0 | 0.0 | 20.6 | 0.3 | 60.5 | 81.5 | 0.3 | 81.8 |
| Other | | | (14.7) | | 0.3 | (14.4) | (0.5) | (14.9) |
| AS OF 30 JUNE 2020 | 364.0 | 0.0 | 258.2 | 34.3 | 91.5 | 748.0 | 1.5 | 749.5 |

Equity increased by EUR 66.9, or 9.8%, to EUR 749.5m as of June 30, 2020 from EUR 682.6m as of December 31, 2019. The realized profit (EUR 91.5m), the exchange differences on translation of foreign operations (EUR 0.3m), the effective part of a cash-flow hedge entered into to hedge the cash flow risk of the bond (EUR 0.9m) and the remeasurement gains on post-employment benefits (EUR 0.9m) were partially offset by the fair value adjustment in respect of bpost bank's bond portfolio (EUR 11.9m) and the net impact of the integration of Active Ants International comprising the non-controlling interests and the recognition of the contingent consideration for the purchase of the remaining shares (EUR 14.7m). The cash-flow hedge reserve will be reclassified to profit or loss over the 8 years after the issuance date of the bond.

## Interim Condensed Consolidated Statement of Cash Flows

| | | Year-to-date | | 2nd quarter | |
|---|---|---|---|---|---|
| In million EUR | Notes | 2019 | 2020 | 2019 | 2020 |
| **Operating activities** | | | | | |
| Profit before tax | | 174.2 | 131.0 | 92.7 | 59.5 |
| Depreciation and amortization | | 120.6 | 131.6 | 59.9 | 65.5 |
| Impairment on bad debts | | 1.0 | 12.8 | 0.4 | 11.8 |
| Gain on sale of property, plant and equipment | | (20.6) | (5.4) | (20.6) | (0.5) |
| Other non-cash items | | 10.7 | 16.6 | 5.5 | 10.4 |
| Change in employee benefit obligations | 17 | 4.7 | (4.1) | 5.7 | (3.1) |
| Share of results of associates and joint ventures | 12 | (4.3) | (8.0) | (5.7) | (3.3) |
| Dividend received | | 0.0 | 0.0 | 0.0 | 0.0 |
| Income tax paid | | (58.6) | (8.9) | (55.7) | (5.1) |
| Income tax paid on previous years | | (13.8) | 7.5 | 0.0 | 0.0 |
| CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS | | 213.9 | 273.0 | 82.1 | 135.2 |
| Decrease/(increase) in trade and other receivables | | 170.8 | 99.9 | 10.5 | (71.0) |
| Decrease/(increase) in inventories | | 4.0 | (1.5) | 1.2 | 0.7 |
| Increase/(decrease) in trade and other payables | | (186.9) | (45.0) | (105.7) | 6.7 |
| Increase/(decrease) in collected proceeds due to clients | | (23.3) | 17.1 | (14.0) | 69.0 |
| Increase/(decrease) in provisions | | (3.6) | (1.6) | (1.5) | (2.3) |
| NET CASH FROM OPERATING ACTIVITIES | | 174.9 | 341.9 | (27.3) | 138.3 |
| | | | | | |
| **Investing activities** | | | | | |
| Proceeds from sale of property, plant and equipment | | 57.7 | 11.6 | 57.6 | 0.5 |
| Acquisition of property, plant and equipment | 10 | (30.1) | (31.5) | (20.7) | (16.5) |
| Acquisition of intangible assets | 11 | (11.4) | (13.9) | (5.2) | (8.4) |
| Acquisition of other investments | | 0.0 | 0.0 | 0.0 | 0.0 |
| Acquisition of subsidiaries, net of cash acquired | 5-6 | (0.5) | (0.7) | (0.0) | (0.7) |
| NET CASH USED IN INVESTING ACTIVITIES | | 15.7 | (34.5) | 31.8 | (25.1) |
| | | | | | |
| **Financing activities** | | | | | |
| Proceeds borrowings and lease liabilities | | 335.3 | 468.2 | 165.1 | 170.0 |
| Payments related to borrowings and lease liabilities | | (390.2) | (519.2) | (175.8) | (194.4) |
| Payments for derivative instruments | | 0.0 | 0.0 | 0.0 | 0.0 |
| Transactions with minorities | | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividends paid | | (50.0) | 0.0 | (50.0) | 0.0 |
| NET CASH FROM FINANCING ACTIVITIES | | (104.9) | (51.0) | (60.8) | (24.4) |
| | | | | | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 85.7 | 256.4 | (56.3) | 88.8 |
| NET FOREIGN EXCHANGE DIFFERENCE | | (3.7) | (4.0) | (6.0) | (5.7) |
| | | | | | |
| Cash and cash equivalent less bank overdraft as of 1st January | 14 | 680.1 | 669.7 | | |
| Cash and cash equivalent less bank overdraft as of 30 June | 14 | 762.1 | 922.1 | | |
| | | | | | |
| MOVEMENTS BETWEEN 1ST JANUARY AND 30 JUNE | | 82.0 | 252.4 | | |

# Notes to the Interim Condensed Consolidated Financial Statements

## 1. Corporate Information

The interim condensed consolidated financial statements of bpost for the first six months ended June 30, 2020 were authorized for issue in accordance with a resolution of the Board of Directors on August 4, 2020.

### Business activities

bpost NV/SA and its subsidiaries (hereinafter referred to as "bpost") provide national and international mail and parcels services comprising the collection, transport, sorting and distribution of addressed and non-addressed mail, printed documents, newspapers and parcels.

bpost NV/SA, through its subsidiaries and business units, also sells a range of other products and services, including postal, parcels, banking and financial products, e-commerce logistics, express delivery services, proximity and convenience services, document management and related activities. bpost also carries out Services of General Economic Interest ("SGEI") on behalf of the Belgian State.

### Legal status

bpost NV/SA is a limited liability company under public law. bpost has its registered office at Muntcentrum-Centre Monnaie, 1000 Brussels. bpost shares are listed on the NYSE-Euronext Brussels since June 21, 2013 (share ticker BPOST).

## 2. Basis for preparation and accounting policies

### Basis of preparation

These interim financial statements are subject to review by the independent auditor (see statement of limited review).

The interim condensed consolidated financial statements for the six months ended June 30, 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with bpost's annual financial statements as at December 31, 2019.

### Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of bpost's annual financial statements for the year ended December 31, 2019, except for the adoption of new standards and interpretations effective as from January 1, 2020.

The following amendments to existing standards apply for the first time as from 2020:

- IFRS 3 - Amendments – Definition of a Business: This amendment clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.
- IAS 1 and IAS 8 – Amendments - Definition of Material
- The Conceptual Framework for Financial Reporting issued on March 2018
- IFRS 9, IAS 39 and IFRS 7 - Amendments - Interest Rate Benchmark Reform

These amendments have no impact on the consolidated financial statements, except for amendments to IFRS 3, which may impact how bpost accounts for a business combination.

### Standards and Interpretations issued but not yet applied by bpost

The following standards, interpretations, amendments and revision issued but not yet effective or which are yet to become mandatory, have not been applied by bpost for the preparation of its interim condensed consolidated financial statements.

| Standard or interpretation | Effective for in reporting periods starting on or after |
|---|---|
| IFRS 16 – Amendments (*) – Leases COVID-19 – Related Rent Concessions | 1 June 2020 |
| IFRS 17 (*) - Insurance Contracts | 1 January 2023 |
| IAS 1 – Amendments (*) - Classification of Liabilities as Current or Non-current | 1 January 2022 |
| IFRS 3 - Amendments (*) - Reference to the Conceptual Framework | 1 January 2022 |
| IAS 16 - Amendments (*) - Proceeds before Intended Use | 1 January 2022 |
| IAS 37 - Amendments (*) - Onerous Contracts - Cost of Fulfilling a Contract | 1 January 2022 |
| Annual Improvements to IFRS Standards 2018-2020 (*) | 1 January 2022 |

(*) Not yet endorsed by the EU as per date of this report

bpost has not early adopted any other standard, interpretation, or amendment that was issued but is not yet effective.

## 3. Impact of COVID-19

The spread of the COVID-19 virus has an unprecedented impact on economic activity and society in general. During such crisis, the daily presence of bpost close to the citizens and its customers is of vital importance. Therefore, bpost Group has focused on the continuity of its universal postal service missions and its other national and international mail and parcels services while showing the utmost concern for the health and safety of its employees and customers.

The operational implications on bpost Group were the following so far:

- The closure of non-essential retail from March 13 until May 10, 2020 in Belgium, negatively impacted mail volumes, especially Advertising mail which recorded underlying volume decline at -36.2% over March through May 2020. Transactional mail was to a lesser extent hurt from general economic disruption. The impact mainly related to smaller administrative volumes from big senders and small and medium-sized enterprises (SMEs), and registered letters. Underlying volume decline in Transactional mail over March through May 2020 stood at -16.7%. In both Advertising and Transactional Mail, there is a visible recovery in mail volumes as of June.
- Ubiway retail stores, being located mostly in travel environments, saw a large impact on footfall, as well as a partial closure.
- The worldwide COVID-19 crisis created a shift to online shopping. This had a positive impact on most parcel & e-commerce activities.
- The exceptional circumstances of the lockdown have had also a significant impact on bpost Group's international service offering with the dispatch of letters and parcels to China being suspended since February 15, 2020 and to destinations outside Europe since March 19, 2020. Alternative solutions were found as from May, and on May 12, 2020 bpost Group resumed shipments to several major destinations outside Europe (i.e. the US, Canada, Brazil, Russia and China). Five additional destinations in Asia were added to the list on May 20, 2020. Beginning July 15, 2020 bpost resumed letter and parcel shipments to a further 26 destinations.

To limit the negative impact of COVID-19 on its results, bpost Group has put targeted cost containment actions in place particularly in discretionary spending. bpost Group is monitoring the evolution of COVID-19 and will continue to assess further impacts going forward. The main elements impacting the consolidated financial statements are mentioned hereunder:

## 3.1 Going concern and associated liquidity measures

The General Meeting of Shareholders held on May 13, 2020 decided to distribute a gross dividend per share on the results of full year 2019 of EUR 0.62. Since an interim dividend of EUR 0.62 gross per share was already paid on December 9, 2019, no further dividend on the results of full year 2019 was paid. In the present exceptional circumstances, the Board wanted to prioritize the strength of bpost Group's balance sheet and cash reserves for the long-term. Furthermore the initial capex budget of EUR 200.0m has been reduced to a maximum of EUR 150.0m.

Insights in the financing structure and the liquidity are disclosed in note 20 "financial assets and financial liabilities". At the end of June cash and cash equivalents amounted to EUR 925.4m, furthermore bpost has 2 undrawn revolving credit facilities for a total amount of EUR 375.0m and out of the external funding EUR 826.5m is long-term debt. Based upon the above and the net cash movement in the first half year (cash inflow 256.4m), bpost considers it has sufficient resources to continue operations for the next 12 months.

## 3.2 Goodwill

At reporting date, bpost group assessed if there was any indication of impairment and performed impairment testing of the goodwill as defined by IAS 36, which led to no impairment charges being recorded as of June 30, 2020.

COVID-19 and the lockdown had a positive impact on the economic performance of the CGU's (cash generating units) Parcel BeNe, E-commerce North America and E-commerce Europe and Asia due to increasing revenue only partly offset by increasing operational expenses. The performance of Proximity and convenience retail and International mail were negatively impacted by COVID-19, the lock down and the travel ban. Given the current uncertainty, different scenarios, incorporating assumptions on the main key assumption, were tested. In all scenarios, the recoverable amount remained higher than the carrying amount.

As in the annual impairment testing the recoverable amounts are based on the value in use with the EBITDA as the key assumption, EBITDA from the business plans and budget covering a period of 4 year used during year-end impairment testing were updated to incorporate the different scenarios. For the terminal value, management deemed the growth rate (Proximity and convenience retail network 0% and International mail 0%) still appropriate for the CGU's tested.

Management assessed if the discount rate (WACC), as applied during the annual impairment testing for the different cash generating units, increased and the likelihood this increase materially impacted the value in use. Although differences are noticed in the different components of the discount rate, globally they remain stable or are even below the discount rates applied during the annual impairment testing.

Similar worst case sensitivity testing analysis for the impairment testing (long term growth rate -1%, discount rate +0,5% and EBITDA margin -1% sensitivity testing) left sufficient headroom for the two CGU's tested.

## 3.3 Investments in associates and joint-ventures

COVID-19 had a negative impact on the net result of bpost bank. Beside the decrease in activities, 2.800 clients requested moratoria whereby the payment of the monthly instalments on their mortgage loans was suspended until the end of October 2020 (this deadline may be extended by two months) and for which bpost bank recognized a financial loss (impact after taxes at 50%) EUR 0.4m corresponding to the difference of the NPV of the contracts before and after the moratorium. Furthermore bpost bank made two additional provisions linked to a default risk due to COVID-19, EUR 0.4m (impact after taxes at 50%) due to a deterioration of macroeconomic conditions (higher unemployment and lower housing prices) and EUR 0.3m (impact after taxes at 50%) linked to an increase of probability of default of loans that are currently in moratorium for credit payments.

## 3.4 Expected credit loss

bpost recognizes an allowance for expected credit losses on all of its trade receivables based on the lifetime expected credit losses (ECL) model. In order to calculate the ECL rates, bpost uses a provision matrix based on adapted historical default rates per ageing category. Given the difficulty to assess the impact of COVID-19 on the ECL rates bpost has made use of a post-model overlay based on customer credit rating provided by an external credit rating agency. This led to an additional provision for bad debt of EUR 3.3m.

## 4. Seasonality of Operations

bpost revenue and earnings are affected by several seasonal fluctuations.

Pursuant to the 6th-management contract, bpost is the provider of certain SGEI. These consist among others of the maintenance of an extensive retail network and services such as the payment at home of pensions and the execution of financial postal services. In accordance with the Belgian State's commitment to the European Commission, the delivery of newspapers and periodicals is no longer part of the management contract. For the latter the Belgian State decided to award the contract of distribution of newspapers and periodicals after a public consultation of the market to bpost. The compensation on SGEI is based on a net avoided cost ("NAC") methodology and is being equally distributed over the four quarters. This methodology provides that compensation shall be based upon the difference in the net cost between bearing or not the provision of SGEI. The remuneration for the delivery of newspapers and periodicals consists of a flat amount (equally distributed over the four quarters) and a variable fee based upon the distributed volumes. This remuneration is subject to an ex-post calculation based upon the evolution of the costs basis of bpost. During the year calculations are made for the SGEI and the distribution of newspapers and periodicals to ensure the remuneration is in line with the amounts recorded.

The peak season beginning as of the month of December in Europe and around Thanksgiving in the US has a positive effect on the sales of Parcels BeNe and E-commerce logistics. For Radial North-America part of the Parcels and Logistics North America segment, a leading US player in integrated e-commerce logistics and omnichannel technology, the fourth quarter is traditionally the quarter with the highest revenue and earnings.

## 5. Change in scope of consolidation

### Creation of Active Ants International BV

On April 1st, 2020 Active Ants International BV was established in order to further expand the fulfilment business across Europe. bpost holds 75% of the shares for which bpost paid an amount of EUR 7.5m. Next to that the agreement foresees a call and put structure for the remaining shares (25%). The variable exercise price of the put has been recognized as a financial liability for a discounted amount of EUR 17.5m (corresponding to the maximum amount). Changes to the financial liability will be recognized in the income statement. Given the put option the company was consolidated within the Parcels & Logistics Europe & Asia operating segment using the full-integration method.

## 6. Business Combinations

### Acquisition of Freight4U Logistics BV

On April 3, 2020 bpost acquired 100% of shares of the company Freight 4U Logistics BV. Freight 4U Logistics is ground handler based in Brussels airport area with services including freight breakdown, sorting and processing of freight, import and export customs activities and freight forwarding. Revenues in 2019 amounted to EUR 2.8m. bpost paid an amount of EUR 0.2m for the acquisition of the shares of Freight 4U. In addition, the agreement foresees a contingent consideration based on the average EBITDA over the financial years 2021-2022, 2022-2023 or 2023-2024 which can amount up to maximum EUR 0.8m and for which no liability was foreseen. Transaction costs were expensed and are included in the operating expenses in 2020. The company was consolidated within the Parcels & Logistics Europe & Asia operating segment using the full-integration method as from April 2020.

The calculated goodwill is presented as follows:

| Fair value of the assets acquired and liabilities assumed in the acquired entity | In million EUR |
|---|---|
| Non-Current Assets | 0.1 |
| Property, plant and equipment | 0.1 |
| Current Assets | 0.5 |
| Trade and other receivables | 0.5 |
| Cash and cash equivalents | 0.0 |
| Non-Current Liabilities | 0.0 |
| Current Liabilities | (0.5) |
| Interest bearing loans and borrowings | (0.2) |
| Trade and other payables | (0.3) |
| FAIR VALUE OF NET ASSETS ACQUIRED | 0.0 |
| Goodwill arising on acquisition | 0.2 |
| PURCHASE CONSIDERATION TRANSFERRED | 0.2 |
| of which: | |
| - Cash paid | 0.2 |
| - Contingent consideration | 0.0 |

| Analysis of cash flows on acquisition | In million EUR |
|---|---|
| Net cash acquired with the subsidiary | 0.0 |
| Cash paid | (0.2) |
| NET CASH OUTFLOW | (0.2) |

The fair value of the current and non-current trade receivables amounted to EUR 0.5m and it is expected that the full contractual amounts can be collected.

In 2020 Freight 4U contributed to EUR 0.1m of revenue and EUR -0.1m to profit before tax from continuing operations of the Group.

The resulting goodwill of EUR 0.2m derives from future growth and expected synergies within the cross-border activities. None of the goodwill is expected to be deductible for income tax purposes.

## Contingent consideration for Anthill BV

In June 2020, bpost paid an amount of EUR 3.0m for 11.4% of the shares of Anthill in execution of the call option foreseen in the agreement of 2018. The fair value of the contingent consideration was recognized as a liability. The payment had no impact on the originally calculated goodwill nor on the result of the year.

Furthermore in June 2020, the agreement of March 2018 has been amended and the variable exercise price of the put for the remaining shares of Anthill BV (25.0%) has been reassessed, the total discounted outstanding liability per June 30, 2020 amounted to the maximum amount of EUR 13.3m. The increase of the contingent liability (EUR 3.9m) was recognized in the financial costs.

## Purchase Price Allocation for AtoZ Global BV and MCS Fulfilment BV

In September 2019 Active Ants acquired 100% of the shares of AtoZ Global BV and Multi-Channel Services Fulfilment BV. The group is active in the national and international distribution of packages or multi-channel services fulfilment, consisting of product storing, picking, packing, organization of transport activities, returns handling and shipping. Active Ants paid an amount of EUR 3.6m for the shares. Next to that, the agreement foresees a contingent consideration based upon the 2019 and 2020 revenues and a second one based upon the 2021 EBITDA margin, the fair-value of the contingent considerations are recognized for an amount of EUR 1.4m (maximum amount of EUR 1.9m) related to revenues target and EUR 0.4m (corresponding to maximum amount) related to EBITDA margin target. Transaction costs were expensed and are included in the operating expenses in 2019. The company was consolidated within the Parcels & Logistics Europe & Asia operating segment using the full-integration method as from October 2019. The calculated goodwill is presented as follows:

| Fair value of the assets acquired and liabilities assumed in the acquired entities | In million EUR |
|---|---|
| Non-Current Assets | 0.9 |
| Property, plant and equipment | 0.3 |
| Intangible assets | 0.7 |
| Current Assets | 1.5 |
| Trade and other receivables | 1.0 |
| Cash and cash equivalents | 0.5 |
| Non-Current Liabilities | (0.1) |
| Deferred tax liabilities | (0.1) |
| Current Liabilities | (0.9) |
| Trade and other payables | (0.9) |
| FAIR VALUE OF NET ASSETS ACQUIRED | 1.4 |
| Goodwill arising on acquisition | 4.0 |
| PURCHASE CONSIDERATION TRANSFERRED | 5.4 |
| of which: | |
| - Cash paid | 3.6 |
| - Contingent consideration | 1.8 |

| Analysis of cash flows on acquisition | In million EUR |
|---|---|
| Net cash acquired with the subsidiary | 0.5 |
| Cash paid in 2019 | (3.6) |
| NET CASH OUTFLOW | (3.1) |

The fair value of the current and non-current trade receivables amounted to EUR 1.0m and it is expected that the full contractual amounts can be collected.

The adjustment to fair value following the purchase price allocation consisted of the recognition of customer relationships (useful life 5 year) for an amount of EUR 0.7m.

In 2020 AtoZ and MCS contributed to EUR 6.0m of revenue and EUR 0.9m to profit before tax from continuing operations of the Group. In 2019 AtoZ and MCS contributed EUR 2.7m of revenue and EUR 0.3m to profit before tax from continuing operations of the Group.

The resulting goodwill of EUR 4.0m derives from future growth and expected synergies within the fulfilment activities. None of the goodwill is expected to be deductible for income tax purposes.

## 7. Operating Segment

bpost operates through three business units and support units providing services to these business units:

The business unit Mail & Retail ("M&R") oversees the operational activities of collecting, transporting, sorting and distributing of addressed and non-addressed mail and printed documents, in Belgium and offers these operational activities for parcels to other business units of bpost and oversees the activities related to:

- Transactional and Advertising mail;
- Press: regrouping the distribution of newspapers and periodicals to newsstands, distribution of newspapers and periodicals to addressees;
- Value added services: document management and related activities; and
- Proximity and convenience retail network: offering proximity and convenience retail through its retail network in Belgium composed of post offices, postal points and the Ubiway retail network of different branded shops. It also sells banking and financial products, as part of the Proximity and convenience retail network, under an agency agreement with bpost bank and AG Insurance.

The business unit also carries out SGEI on behalf of the Belgian State.

The business unit Parcels & Logistics Europe & Asia ("PaLo Eurasia") oversees:

- Parcels BeNe: the commercial and operational activities related to last-mile delivery and express delivery in Belgium and Netherlands and combines the last mile parcels delivery of bpost NV/SA and DynaLogic;
- E-commerce logistics Europe & Asia operating in fulfilment, handling, distribution and return management and combines Radial Europe, Anthill, DynaFix and Landmark entities in Europe and Asia; and
- Cross-border providing inbound, outbound and import services (custom duties) for parcels in Europe & Asia and for international mail worldwide.

The business unit runs several operations centers across Europe including, fulfilment and sorting centers and several Parcel hubs.

The business unit Parcels & Logistics North America ("PaLo N. Am.") is in charge of the commercial and operational activities related to:

- E-commerce logistics North America: operating in fulfilment, handling and distribution, return management, customer service and value-added technology services in North America (Radial and Apple Express) and Australia (FDM) and cross-border parcels services (Landmark US); and
- International mail: as full-service mail delivery provider in North America and combines MSI, IMEX and M.A.I.L.

Corporate and Support units ("Corporate") consist out of the 3 support units and the corporate unit. The support units offer business solutions to the business units and to Corporate and includes Finance & Accounting, Human Resources & Service Operations, ICT & Digital. The Corporate unit includes Strategy, M&A, Legal, Regulatory and Corporate Secretary. The EBIT generated by the support units is recharged to the business units as OPEX while the depreciation remains in Corporate. Revenues generated by the Support Units, including sales building are disclosed in Corporate.

As bpost identifies its CEO as the chief operating decision maker ("CODM"), the operating segments are based on the information provided to the CEO. bpost computes its profit from operating activities (EBIT) at the segment level and is measured consistently with the financial statements' accounting guidelines (IFRS). Assets and liabilities are not reported per segment to the CODM.

No operating segments have been aggregated to form the above reportable operating segments.

Services and products offered between legal entities are at arm's length whereas the service and products offered between business units of the same legal entity are generally based on incremental costs. Services provided by support units to business units of the same legal entity are based on full cost.

Corporate treasury, bpost bank and tax are centrally managed for the group. The net financial result, income tax and share of results of associates and joint ventures are only disclosed at the level of the group.

The following tables present an overview of the segment results:

| | M&R | | PaLo Eurasia | | PaLo N. Am. | | Corporate | | Eliminations | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| In million EUR | 1H19 | 1H20 | 1H19 | 1H20 | 1H19 | 1H20 | 1H19 | 1H20 | 1H19 | 1H20 | 1H19 | 1H20 |
| External operating income | 965.9 | 865.2 | 388.2 | 502.5 | 465.1 | 611.8 | 23.3 | 7.6 | | | 1,842.5 | 1,987.3 |
| Intersegment operating income | 83.0 | 102.9 | 10.0 | 5.9 | 2.5 | 3.3 | 177.8 | 175.9 | (273.2) | (287.9) | 0.0 | 0.0 |
| TOTAL OPERATING INCOME | 1,048.9 | 968.1 | 398.2 | 508.4 | 467.6 | 615.2 | 201.0 | 183.5 | (273.2) | (287.9) | 1,842.5 | 1,987.3 |
| Operating expenses | 840.9 | 825.1 | 348.3 | 450.0 | 449.2 | 569.1 | 164.5 | 158.2 | (273.2) | (287.9) | 1,529.7 | 1,714.4 |
| Depreciation, amortization | 42.3 | 43.0 | 11.2 | 10.6 | 33.2 | 42.7 | 33.8 | 35.3 | | | 120.6 | 131.6 |
| PROFIT FROM OPERATING ACTIVITIES (EBIT) | 165.7 | 100.0 | 38.7 | 47.8 | (14.8) | 3.5 | 2.7 | (10.0) | | | 192.2 | 141.3 |
| Share of profit of associates and joint ventures | | | | | | | | | | | 4.3 | 8.0 |
| Financial results | | | | | | | | | | | (22.3) | (18.4) |
| Income tax expenses | | | | | | | | | | | (60.6) | (39.5) |
| PROFIT OF THE PERIOD (EAT) | 165.7 | 100.0 | 38.7 | 47.8 | (14.8) | 3.5 | 2.7 | (10.0) | 0.0 | 0.0 | 113.5 | 91.5 |

| | M&R | | PaLo Eurasia | | PaLo N. Am. | | Corporate | | Eliminations | | Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| In million EUR | 2Q19 | 2Q20 | 2Q19 | 2Q20 | 2Q19 | 2Q20 | 2Q19 | 2Q20 | 2Q19 | 2Q20 | 2Q19 | 2Q20 |
| External operating income | 479.4 | 407.5 | 196.5 | 292.1 | 238.0 | 351.9 | 21.8 | 1.3 | | | 935.7 | 1,052.7 |
| Intersegment operating income | 42.0 | 60.7 | 4.9 | 2.8 | 1.1 | 2.0 | 93.0 | 85.4 | (141.0) | (150.9) | 0.0 | 0.0 |
| TOTAL OPERATING INCOME | 521.4 | 468.1 | 201.4 | 294.9 | 239.0 | 353.9 | 114.8 | 86.7 | (141.0) | (150.9) | 935.7 | 1,052.7 |
| Operating expenses | 426.8 | 411.2 | 173.6 | 257.8 | 226.5 | 318.2 | 88.1 | 80.6 | (141.0) | (150.9) | 773.9 | 917.0 |
| Depreciation, amortization | 20.9 | 21.5 | 5.5 | 5.5 | 16.4 | 21.5 | 17.1 | 17.0 | 0.0 | 0.0 | 59.9 | 65.5 |
| PROFIT FROM OPERATING ACTIVITIES (EBIT) | 73.7 | 35.4 | 22.3 | 31.6 | (3.8) | 14.2 | 9.6 | (11.0) | 0.0 | 0.0 | 101.8 | 70.2 |
| Share of profit of associates and joint ventures | | | | | | | | | | | 5.7 | 3.3 |
| Financial results | | | | | | | | | | | (14.8) | (14.0) |
| Income tax expenses | | | | | | | | | | | (29.3) | (15.9) |
| PROFIT OF THE PERIOD (EAT) | 73.7 | 35.4 | 22.3 | 31.6 | (3.8) | 14.2 | 9.6 | (11.0) | 0.0 | 0.0 | 63.4 | 43.6 |

The tables presented below provide an overview of the entity-wide disclosures and also cover the IFRS15 disclosure requirements.

The total operating income (excluding intersegment operating income), Revenue and Other Operating income, is measured on the same basis as the financial statement's accounting guidelines (IFRS) and business unit performance.

| Year-to-date | Total operating income | | | Revenue | |
|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 |
| Mail & Retail | 965.9 | 865.2 | -10.4% | 958.7 | 859.1 |
| Transactional mail | 382.9 | 364.0 | -4.9% | 382.9 | 363.8 |
| Advertising mail | 121.1 | 85.3 | -29.6% | 121.0 | 85.3 |
| Press | 175.7 | 171.9 | -2.2% | 172.3 | 168.6 |
| Proximity and convenience retail network | 233.8 | 192.7 | -17.6% | 230.6 | 190.1 |
| Value added services | 52.4 | 51.3 | -2.0% | 51.9 | 51.3 |
| Parcels & Logistics Europe & Asia | 388.2 | 502.5 | 29.4% | 387.7 | 502.5 |
| Parcels BeNe | 178.4 | 254.1 | 42.4% | 178.3 | 254.1 |
| E-commerce logistics | 60.2 | 85.6 | 42.3% | 59.7 | 85.6 |
| Cross border | 149.6 | 162.8 | 8.8% | 149.6 | 162.8 |
| Parcels & Logistics North America | 465.1 | 611.8 | 31.5% | 460.9 | 604.1 |
| E-commerce logistics | 420.1 | 569.0 | 35.4% | 415.9 | 561.3 |
| International mail | 45.0 | 42.8 | -4.8% | 45.0 | 42.8 |
| Corporate & Supporting functions | 23.3 | 7.6 | -67.2% | 0.0 | 0.0 |
| TOTAL | 1,842.5 | 1,987.3 | 7.9% | 1,807.4 | 1,965.7 |

| 2nd quarter | Total operating income | | | Revenue | |
|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 |
| Mail & Retail | 479.4 | 407.5 | -15.0% | 475.8 | 404.5 |
| Transactional mail | 187.4 | 170.7 | -8.9% | 187.4 | 170.6 |
| Advertising mail | 60.2 | 37.5 | -37.7% | 60.2 | 37.5 |
| Press | 87.2 | 85.8 | -1.7% | 85.5 | 84.1 |
| Proximity and convenience retail network | 117.5 | 89.7 | -23.7% | 115.9 | 88.5 |
| Value added services | 27.1 | 23.9 | -11.8% | 26.8 | 23.8 |
| Parcels & Logistics Europe & Asia | 196.5 | 292.1 | 48.7% | 196.2 | 292.1 |
| Parcels BeNe | 91.0 | 149.4 | 64.2% | 91.0 | 149.4 |
| E-commerce logistics | 29.4 | 46.3 | 57.8% | 29.1 | 46.4 |
| Cross border | 76.1 | 96.3 | 26.5% | 76.1 | 96.3 |
| Parcels & Logistics North America | 238.0 | 351.9 | 47.9% | 236.3 | 347.9 |
| E-commerce logistics | 215.6 | 331.0 | 53.5% | 214.0 | 327.0 |
| International mail | 22.3 | 20.9 | -6.5% | 22.3 | 20.9 |
| Corporate & Supporting functions | 21.8 | 1.3 | -94.3% | 0.0 | 0.0 |
| TOTAL | 935.7 | 1,052.7 | 12.5% | 908.3 | 1,044.5 |

The geographically split of total operating income (excluded intersegment operating income) and the non-current assets are attributed to Belgium, rest of Europe, United States of America and the rest of the world. The allocation per geographical location is based on the location of the entity generating the income or holding the net asset. Other operating income is allocated to several line items.

| | Year-to-date | | | 2nd quarter | |
|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 |
| Belgium | 1,250.4 | 1,200.9 | -4.0% | 633.9 | 601.8 |
| Rest of Europe | 121.2 | 153.2 | 26.4% | 60.2 | 80.9 |
| USA | 445.1 | 589.4 | 32.4% | 227.7 | 339.6 |
| Rest of world | 25.8 | 43.8 | 69.9% | 13.8 | 30.4 |
| TOTAL OPERATING INCOME | 1,842.5 | 1,987.3 | 7.9% | 935.7 | 1,052.7 |

| | As of 31 December | As of 30 June | |
|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % |
| Belgium | 977.2 | 930.7 | -4.8% |
| Rest of Europe | 180.1 | 192.6 | 6.9% |
| USA | 874.8 | 873.5 | -0.2% |
| Rest of world | 46.2 | 44.4 | -4.0% |
| TOTAL NON-CURRENT ASSETS | 2,078.4 | 2,041.2 | -1.8% |

Total non-current assets consist out of property, plant and equipment, intangible assets, investment properties and trade and other receivables (> 1year).

Excluding the compensation received from the Belgian federal government to provide the services as described in the management contract and press concessions, included in the Mail and Retail segment, no single external customer exceeded 10% of bpost's operating income.

## 8. Revenue

| | Year-to-date | | 2nd quarter | |
|---|---|---|---|---|
| In million EUR | 2019 | 2020 | 2019 | 2020 |
| Revenue excluding the SGEI remuneration | 1,670.4 | 1,828.9 | 840.6 | 976.2 |
| SGEI remuneration | 136.9 | 136.8 | 67.8 | 68.3 |
| TOTAL | 1,807.4 | 1,965.7 | 908.3 | 1,044.5 |

SGEI remuneration is disclosed under Press and Proximity and convenience retail network in the Mail and Retail segment.

## 9. Services and other goods

The table below presents a breakdown of services and other goods:

| | Year-to-date | | | 2nd quarter | | |
|---|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 | Change % |
| Rent and rental costs | 27.6 | 33.7 | 22.4% | 13.1 | 17.4 | 33.2% |
| Maintenance and repairs | 57.4 | 55.6 | -3.2% | 29.5 | 28.2 | -4.5% |
| Energy delivery | 22.6 | 21.2 | -6.1% | 11.0 | 9.3 | -15.6% |
| Other goods | 16.8 | 20.7 | 23.3% | 9.3 | 11.8 | 27.6% |
| Postal and telecom costs | 10.0 | 10.3 | 2.3% | 5.0 | 5.4 | 8.1% |
| Insurance costs | 11.8 | 12.0 | 1.5% | 5.9 | 5.9 | 0.9% |
| Transport costs | 303.7 | 404.7 | 33.2% | 153.9 | 233.6 | 51.8% |
| Publicity and advertising | 11.4 | 9.5 | -17.2% | 6.2 | 3.4 | -45.4% |
| Consultancy | 19.3 | 13.3 | -31.1% | 12.8 | 5.6 | -56.0% |
| Interim employees | 64.0 | 108.6 | 69.7% | 31.4 | 64.6 | - |
| Third party remuneration, fees | 68.3 | 73.0 | 6.8% | 33.7 | 34.9 | 3.5% |
| Other services | 47.1 | 60.2 | 27.8% | 23.3 | 36.1 | 55.0% |
| TOTAL | 660.0 | 822.6 | 24.6% | 335.0 | 456.3 | 36.2% |

Services and other goods increased by EUR 162.6m, or 24.6% to EUR 822.6m as of June 30, 2020. This increase was mainly explained by the increased number of interim employees (EUR 44.6m), higher transport costs (EUR 100.9m), increased costs for other goods (EUR 3.9m, mainly hand gels, disinfectants,…) and other services (EUR 13.1m, mainly due to increased payments processing fees on Radial US in line with increased volumes). The increase of these costs should be seen together with the increased revenues and result from higher volume of parcels and COVID-19.

## 10. Property, plant and equipment

Property, plant and equipment decreased by EUR 28.5m, or 2.5%, to EUR 1,105.1m as of June 30, 2020. The decrease was mainly explained by the depreciation for EUR 108.6m (including EUR 54.9m related to IFRS 16 right of use assets) and the transfer to assets held for sale for EUR 7.8m, partially offset by capital expenditures of EUR 31.5m, right of use assets recognised for EUR 54.7m (mainly due to new warehouses for Radial and Active Ants) and the evolution of the exchange rate.

## 11. Intangible assets

Intangible assets decreased by EUR 7.9m, or 0.9%, to EUR 890.4m as of June 30, 2020. The decrease was mainly due to the depreciation for EUR 22.9m partially offset by the capital expenditures of EUR 13.9m and the evolution of the exchange rate.

At reporting date, bpost group assessed if there was any indication of impairment and performed impairment testing of the goodwill as defined by IAS 36, which led to no impairment charges being recorded as of June 30, 2020 as disclosed in disclosure 3.2 goodwill.

## 12. Investments in associates and joint-ventures

Equity accounted investees decreased by EUR 3.9m, to EUR 235.6m as of June 30, 2020. bpost's share in the profit of bpost bank for EUR 8.1m was more than compensated by bpost's share in the loss of Jofico for EUR 0.1m and the decrease in the unrealized gain on the bond portfolio in the amount of EUR 11.9m recognized in other comprehensive income, due to a partial sale of the bond portfolio and the increase of the underlying yield curve by 8 basis points (bps) compared to December 31, 2019. As of June 30, 2020, investments in associates comprised net unrealized gains in respect of the bond portfolio in the amount of EUR 9.7m, which represented 4.1% of total investments in associates. The unrealized gains were generated by the lower level of interest rates compared to the acquisition yields of the bonds. Unrealized gains are not recognized in the income statement but are rather recognized directly in equity in other comprehensive income.

## 13. Current trade and other receivables

Current trade and other receivables decreased by EUR 121.6m to EUR 596.0m as per June 30, 2020. The decrease was mainly driven by the usual settlement of the SGEI receivable during the first quarter of the year.

In view of the high level of uncertainty in the short-term economic outlook with regard to the impact of Covid-19 on default risk of customers however, a post-model overlay was used to add an additional provision based on customer credit rating information.

## 14. Cash and cash equivalents

Cash and cash equivalents increased by EUR 255.2m to EUR 925.4m as of June 30, 2020, this increase was due to the free cash flow (EUR 307.4m, amongst other driven by the payment for the SGEI compensation during the first quarter of 2020 and the favourable evolution of the working capital), partially offset by the cash flow related to financing activities (EUR 51.0m).

## 15. Non-current interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings increased by EUR 5.8m to EUR 1,182.6m mainly due to the increase of long term lease liabilities.

## 16. Non-current trade and other payables

Non-current trade and other payables increased by EUR 16.9m to EUR 44.6m mainly due to recognition of the contingent liability for the remaining shares of Active Ants International BV. Active Ants International BV has been established in April 2020 and bpost holds 75% of the shares. For the remaining 25% of the shares a call and put structure is foreseen, the variable exercise price of the put has been recognized as a financial liability for a discounted amount of EUR 17.5m (corresponding to the maximum amount). Changes to the financial liability will be recognized in the income statement.

## 17. Employee benefits

| In million EUR | As of 31 December 2019 | As of 30 June 2020 |
|---|---|---|
| Post-employment benefits | (29.4) | (27.5) |
| Other long-term benefits | (282.2) | (279.9) |
| Termination benefits | (9.0) | (7.9) |
| TOTAL | (320.6) | (315.3) |

Employee benefits decreased by EUR 5.3m, or 1.7%, to EUR 315.3m as of June 30, 2020. The decrease mainly reflects:

- The payment of benefits for an amount of EUR 16.5m,
- Operational actuarial gains for an amount of EUR 0.3m,
- Financial actuarial gains of EUR 0.6m caused by changes in the discount rates,
- A remeasurement gain on defined benefit plans of EUR 1.2m (before tax), recognized trough other comprehensive income; partially offset by,
- Service costs for EUR 12.5m and interest costs for EUR 0.9m.

## 18. Income tax payable

Income tax payable increased by EUR 36.6m to EUR 43.9m mainly due to the absence of the advance tax payment in the second quarter of bpost NV/SA.

## 19. Current trade and other payables

Current trade and other payables decreased by EUR 34.0m to EUR 1,216.8m as of June, 2020. This decrease was due to the decrease of the trade payables by EUR 29.2m and the social payables by EUR 24.2m partially compensated by the increase of other payables by EUR 19.4m. The decrease of the trade payables was mainly explained by the cost containment actions (amongst other lower project costs at Corporate) in 2020, partially compensated by the positive impact of extended payment terms in COVID-19 period. The decrease of the social payables was mainly caused by the timing difference as 2019 full year social accruals (holiday pay, bonuses,…) have been paid during the first half of 2020. The increase of other payables was mainly due to the advance payment received from the Belgian State in respect of the SGEI compensation.

## 20. Financial assets and financial liabilities

The following table provides the fair value measurement hierarchy of bpost's financial assets and financial liabilities per June 30, 2020:

| In million EUR<br>As at 30 June 2020 | Carrying amount | Fair value categorized:<br>Quoted prices in active markets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable input (Level 3) |
|---|---|---|---|---|
| Financial assets measured at amortized cost | | | | |
| Non-Current | | | | |
| Financial assets | 39.1 | 0.0 | 39.1 | 0.0 |
| Investments securities | 0.0 | 0.0 | 0.0 | 0.0 |
| Current | | | | |
| Financial assets | 1,521.3 | 0.0 | 1,521.3 | 0.0 |
| Total financial assets | 1,560.4 | 0.0 | 1,560.4 | 0.0 |
| | | | | |
| Financial liabilities measured at amortized cost (except for derivatives): | | | | |
| Non-Current | | | | |
| Long-term bond | 643.1 | 660.6 | 0.0 | 0.0 |
| Financial liabilities | 584.1 | 0.0 | 584.1 | 0.0 |
| Current | | | | |
| Derivatives instruments - forex swap | 0.0 | 0.0 | 0.0 | 0.0 |
| Derivatives instruments - forex forward | 0.4 | 0.0 | 0.4 | 0.0 |
| Financial liabilities | 1,499.0 | 0.0 | 1,499.0 | 0.0 |
| Total financial liabilities | 2,726.6 | 660.6 | 2,083.5 | 0.0 |

The fair value of the non-current and current financial assets measured at amortised cost and the non-current and current financial liabilities measured at amortised cost, approximate their carrying amounts. As they are not measured at fair value in the statement of financial position their fair value should not be disclosed.

During the period there was no transfer between fair value hierarchy levels and there were no changes in the valuation techniques and inputs applied.

At the end of the second quarter 2020 the main financial liabilities consisted of:

- EUR 650m bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%.
- USD 185m unsecured term loan (floating interest rate). This loan started on July 3, 2018 with a maturity of 3 years with two possible extensions of one year each.
- EUR 27.3m EIB (European Investment Bank) loan which has an yearly reimbursement of EUR 9.1m.
- Outstanding commercial paper issued by bpost amounted to EUR 168.0m. The maturity of the different commercial papers ranges between 1 to 6 months. Given the current market conditions, bpost can benefit from negative interest rates. In July, bpost Group seized the opportunity of favorable market conditions to issue EUR 100m of commercial paper with a maturity of 7 months (until January 2021) and thus secured a major part of the short-term funding until the collection of the SGEI payment in January next year.
- The outstanding balance of liabilities related to leases amounted to 457.5 million EUR.

bpost has two undrawn revolving credit facilities for a total amount of EUR 375.0m. The syndicated facility amounts to EUR 300.0m, which expires in October 2022, has been extended in 2019 to October 2024 whereas the bilateral facility of EUR 75.0m, which expires in June 2023, has been extended in 2020 to June 2025 and allows for EUR and USD drawdowns. The interest rate of EUR 300.0m revolving credit facility changes according to bpost's sustainability rating as determined by an external party.

## 21. Derivative financial instruments and hedging

### Derivative instruments

bpost uses foreign exchange forward contracts and foreign exchange swap contracts to manage some of its exposures in foreign currencies. Those contracts have been underwritten in order to hedge the exchange rate risks linked to the intercompany loans granted by bpost to its subsidiaries.

### Interest Rate Swap

In February 2018, bpost entered into a forward starting Interest Rate Swap with a 10-year maturity and a nominal amount of EUR 600.0m. The transaction was contracted in order to hedge the interest rate risk on the contemplated issuance of a long-term bond to refinance the acquisition bridge loan entered into in November 2017 for the acquisition of Radial.
In July 2018, bpost issued a EUR 650.0m 8-year bond. At that time, the interest rate swap was unwound and settled via a payment of EUR 21.5m split between an effective part EUR 20.0m and an ineffective part EUR 1.5m. The ineffective part was booked in the income statement. The effective part of the cash-flow hedge (EUR 20.0m) has been recognized in other comprehensive income (amount net of tax is EUR 14.8m) as cash-flow hedge reserve. This cash-flow hedge is reclassified to profit or loss during the same periods as the long-term bonds' cash-flows will affect profit or loss over 8 years as from its issuance date. In 2020 a net amount of EUR 0.9 m has been reclassified to the income statement.

### Net investment hedge

In 2018 bpost entered into a USD term loan, with a maturity of 3 years with two possible extensions of one year each. To refinance the 2017 acquisition of Radial Holdings, LP, bpost, with EUR as its functional currency, borrowed along with the issuance of the bond in USD to mitigate the risk on foreign exchange rate differences on the foreign operations. Hence bpost performed a net investment hedge. Consequently, the effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income. The notional amount of the hedging amounted to USD 143.0m, whereas the carrying amount converted into Euro amounted to EUR 127.7m. At June 30, 2020 the net loss on the revaluation of the USD loan recognized in other comprehensive income and accumulated in the foreign currency translation reserve amounted to EUR 0.4m. There was no ineffectiveness in 2020.

## 22. Contingent liabilities and Contingent assets

The contingent liabilities and contingent assets are materially unchanged from those described in the note 6.30 of bpost's annual financial statements as at December 31, 2019. This interim financial report should be read in conjunction with bpost's annual financial statements as at December 31, 2019.

## 23. Events after the reporting period

No significant events impacting the Company's financial position have been observed after the statement of financial position date.

# Limited review report

Report of the Joint Auditors – Members of the Belgian Institute of Registered Auditors to bpost SA de droit public / bpost NV van publiek recht on the review of the interim condensed consolidated financial statements as of 30 June 2020 and for the six month period then ended

## Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of bpost SA de droit public / bpost NV van publiek recht (the "Company"), and its subsidiaries (collectively referred to as "the Group") as at 30 June 2020 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended, and explanatory notes, collectively, the "Interim Condensed Consolidated Financial Statements". These statements show a consolidated statement of financial position total of € 3,870.2 million and a consolidated profit for the six month period then ended of € 91.5 million.

The board of directors is responsible for the preparation and presentation of these Interim Condensed Consolidated Financial Statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34") as adopted for use in the European Union. Our responsibility is to express a conclusion on these Interim Condensed Consolidated Financial Statements based on our review.

## Scope of Review

We conducted our review in accordance the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" applicable to review engagements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Condensed Consolidated Financial Statements do not give a true and fair view of the financial position of the Group as at 30 June 2020, and of its financial performance and its cash flows for the six month period then ended in accordance with IAS 34.

## Emphasis matter – Covid-19

Without qualifying our review opinion, we draw your attention to the disclosures of the Interim Condensed Consolidated Financial Statements with regards to the consequences on the results of the Group of the measures taken relating to the Covid-19 virus. The continuous evolution around the Covid-19 virus creates an important uncertainty. The impact of these developments on the Group is disclosed in the Interim Condensed Consolidated Financial Statements and more specifically described in note 3 the impact of Covid-19 regarding the risks and uncertainties for the Group as a consequence of the measures taken relating to the Covid-19 virus.

Diegem, 4 August 2020

The Joint Auditors – Members of the Belgian Institute of Registered Auditors

| EY Bedrijfsrevisoren SRL<br>Represented by | PVMD Bedrijfsrevisoren CV<br>Represented by |
| --- | --- |
| Romuald Bilem*<br>Partner<br>* Acting on behalf of a BV/ SRL | Caroline Baert*<br>Partner |

# Alternative Performance Measures (unaudited)

bpost also analyses the performance of its activities in addition to the reported IFRS figures with alternative performance measures (APMs). The definitions of these alternative performance measures can be found below.

Alternative performance measures (or non-GAAP measures) are presented to enhance an investor's understanding of the operating and financial performance, to aid in forecasting and to facilitate meaningful comparison of the result between periods.

The presentation of alternative performance measures is not in conformity with IFRS and the APMs are not audited. The APMs may not be comparable to the APMs reported by other companies as those companies may compute their APMs differently from bpost.

The calculation of the Adjusted performance measure, Adjusted operating free cash flow and the bpost SA/NV Net Profit (BGAAP) can be found below the definitions. The APMs derived from items reported in the financial statements can be calculated with and reconciled directly to the items as disclosed in the definitions below.

Definitions

Adjusted performance (Adjusted operating income / Adjusted EBITDA/ Adjusted EBIT/ Adjusted EAT): bpost defines the Adjusted performance as operating income/EBITDA/EBIT/EAT excluding the adjusting items. Adjusting items represent significant income or expense items that due to their non-recurring character are excluded from performance analyses. bpost uses a consistent approach when determining if an income or expense item is adjusting and if it is significant enough to be excluded from the reported figures to obtain the adjusted ones. An adjusting item is deemed to be significant if it amounts to EUR 20m or more. All profits or losses on disposal of activities are adjusted whatever the amount they represent, as well as the year-to-date amortization and impairment on the intangible assets recognized throughout the Purchase Price Allocation (PPA) of the acquisitions. Reversals of provisions whose addition had been adjusted are also adjusted whatever the amount they represent. The reconciliation of the adjusted performance is available below the definitions.
bpost's management believes this measure provides the investor a better insight and comparability over time of the economic performance of bpost.

bpost SA/NV net profit (BGAAP): bpost defines bpost SA/NV net profit (BGAAP) as the non-consolidated profit (loss) following the Belgian General Accepted Accounting Principles after taxes and after transfer from/to untaxed reserves, this corresponds to the profit (loss) for the period available for appropriation (code #9905 of the BGAAP annual accounts). The detailed reconciliation from the consolidated IFRS profit of the year to the performance measure is available below the definitions.
bpost's management believes this measure provides the investor a better insight on the potential dividend to be distributed.

Constant exchange rate: bpost excludes in the performance at constant exchange rate the impact of the different exchange rates applied in different periods for the segment Parcels & Logistics North America. The reported figures in local currency of the prior comparable period are converted with the exchange rates applied for the current reported period.
bpost's management believes that the performance at constant exchange rate provides the investor an understanding of the operating performance of the entities part of the Parcels & Logistics North America segment.

CAPEX: capital expenditure for tangible and intangible assets including capitalised development costs, excluding right of use assets.

Earnings Before Interests, Taxes, Depreciation and Amortization (EBITDA): bpost defines EBITDA as Earnings from operating activities (EBIT) plus depreciations and amortizations and is derived from the consolidated income statement.

Net debt /(net cash): bpost defines Net debt / (net cash) as the non-current and current interest-bearing loans and borrowings plus bank overdrafts minus cash and cash equivalents and is derived from the consolidated statement of financial position.

Operating free cash flow (FCF) and Adjusted Operating free cash flow: bpost defines FCF as the sum of net cash from operating activities and net cash used in investing activities and is derived from the consolidated statement of cash flows.

Adjusted operating free cash flow is the operating free cash flow as defined excluding working capital impact of "the collected proceeds due to clients". The reconciliation is available below the definitions. In some cases, Radial performs the billing and receiving of payments on behalf of their customers. Under this arrangement, Radial routinely remits billed amounts back to the client, and performs periodical settlements with the client on amounts owed to or from Radial based on billings, fees, and amounts previously remitted. Adjusted operating free cash flows excludes the cash Radial received on behalf of their customers as Radial has no or little impact on the amount or the timing of these payments.

Evolution Parcels BeNe volume: bpost defines the evolution of Parcels BeNe as the difference, expressed as a percentage, of the reported volumes between the current and prior comparable period of the parcels processed by bpost SA/NV and DynaLogic.

Radial North America Performance in USD: bpost defines the performance of Radial North America as the Total operating income, EBITDA and EBIT expressed in USD following the consolidation of the group of Radial entities held by bpost North America Holdings Inc. Transactions between the group of Radial entities and other bpost group entities are not eliminated and are part of the Total operating income, EBITDA and EBIT.
bpost's management believes this measure provides the investor a better insight in the performance of Radial and the scale up of its US presence and the expanding of its product offering into value-added activities that cover the entire value chain in e-commerce logistics and omnichannel technology.

Underlying volume (Transactional mail, Advertising mail and Press): bpost defines underlying mail volume as the reported mail volume including some corrections, for example the impact of the number of working days and mail volumes related to elections.

## Reconciliation of Reported to Adjusted Financial Metrics

OPERATING INCOME

| | Year-to-date | | | 2nd quarter | | |
|---|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 | Change % |
| Total operating income | 1,842.5 | 1,987.3 | 7.9% | 935.7 | 1,052.7 | 12.5% |
| ADJUSTED TOTAL OPERATING INCOME | 1,842.5 | 1,987.3 | 7.9% | 935.7 | 1,052.7 | 12.5% |

OPERATING EXPENSES

| | Year-to-date | | | 2nd quarter | | |
|---|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 | Change % |
| Total operating expenses excluding depreciation, amortization | (1,529.7) | (1,714.4) | 12.1% | (773.9) | (917.0) | 18.5% |
| ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION | (1,529.7) | (1,714.4) | 12.1% | (773.9) | (917.0) | 18.5% |

EBITDA

| | Year-to-date | | | 2nd quarter | | |
|---|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 | Change % |
| EBITDA | 312.8 | 272.9 | -12.8% | 161.7 | 135.7 | -16.1% |
| ADJUSTED EBITDA | 312.8 | 272.9 | -12.8% | 161.7 | 135.7 | -16.1% |

EBIT

| | Year-to-date | | | 2nd quarter | | |
|---|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 | Change % |
| Profit from operating activities (EBIT) | 192.2 | 141.3 | -26.5% | 101.8 | 70.2 | -31.0% |
| Non-cash impact of purchase price allocation (PPA) (1) | 11.1 | 9.3 | -16.4% | 5.7 | 4.7 | -17.5% |
| ADJUSTED PROFIT FROM OPERATING ACTIVITIES (EBIT) | 203.3 | 150.6 | -25.9% | 107.5 | 74.9 | -30.3% |

PROFIT FOR THE YEAR (EAT)

| | Year-to-date | | | 2nd quarter | | |
|---|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 | Change % |
| Profit for the year | 113.5 | 91.5 | -19.4% | 63.4 | 43.6 | -31.2% |
| Non-cash impact of purchase price allocation (PPA) (1) | 10.2 | 8.8 | -13.9% | 5.3 | 4.4 | -16.2% |
| ADJUSTED PROFIT OF THE YEAR | 123.7 | 100.3 | -18.9% | 68.6 | 48.0 | -30.0% |

(1) In accordance with IFRS 3 and throughout the purchase price allocation (PPA) for several entities, bpost recognized several intangible assets (brand names, know-how, customer relationships…). The non-cash impact consisting of amortization charges on these intangible assets is being adjusted.

## Reconciliation of Reported free cash flow and adjusted free cash flow

| | Year-to-date | | | 2nd quarter | | |
|---|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 | Change % |
| Net Cash from operating activities | 174.9 | 341.9 | 95.5% | (27.3) | 138.3 | - |
| Net Cash used in investing activities | 15.7 | (34.5) | - | 31.8 | (25.1) | - |
| FREE CASH FLOW | 190.6 | 307.4 | 61.3% | 4.5 | 113.2 | - |
| Collected proceeds due to clients | (23.3) | 17.1 | - | (14.0) | 69.0 | - |
| ADJUSTED FREE CASH FLOW | 213.9 | 290.3 | 35.7% | 18.5 | 44.1 | - |

## From IFRS Consolidated Net Profit to Belgian GAAP Unconsolidated Net Profit

| | Year-to-date | | | 2nd quarter | | |
|---|---|---|---|---|---|---|
| In million EUR | 2019 | 2020 | Change % | 2019 | 2020 | Change % |
| IFRS Consolidated Net Profit | 113.5 | 91.5 | -19.4% | 63.4 | 43.6 | -31.2% |
| Results of subsidiaries and deconsolidation impacts | (5.8) | (17.8) | - | (8.1) | (11.6) | -43.0% |
| Differences in depreciation and impairments | (29.5) | 1.1 | - | (30.7) | (0.3) | 99.0% |
| Differences in recognition of provisions | (0.5) | 0.7 | - | (0.3) | 0.0 | - |
| Effects of IFRS 16 | 3.5 | 1.8 | -48.6% | 2.8 | (0.5) | - |
| Effects of IAS19 | 0.7 | (4.5) | - | 3.0 | (0.5) | - |
| Depreciation intangible assets PPA | 11.1 | 9.3 | -16.4% | 5.7 | 4.7 | -17.5% |
| Deferred taxes | 6.3 | 0.1 | -98.9% | 5.9 | (0.4) | - |
| Other | 0.8 | 9.3 | - | (1.6) | 4.8 | - |
| Belgian GAAP unconsolidated net profit available for appropriation | 100.2 | 91.5 | -8.6% | 40.1 | 39.7 | -0.9% |

bpost's unconsolidated profit after taxes prepared in accordance with Belgian GAAP can be derived from the consolidated IFRS profit after taxes in two stages.

The first stage consists of un-consolidating the profit after taxes under IFRS, i.e.:

- Subtracting the results of the subsidiaries, i.e. removing the profit after tax of the subsidiaries; and
- Eliminating any other income statement impact the subsidiaries had on bpost (such as impairments) and adding the dividends received from these subsidiaries.

The table below sets forth the breakdown of the above-mentioned impacts:

| | Year-to-date | | 2nd quarter | |
|---|---|---|---|---|
| In million EUR | 2019 | 2020 | 2019 | 2020 |
| Result of the Belgian fully consolidated subsidiaries (local GAAP) | (10.4) | (9.2) | (5.2) | (4.6) |
| Result of the international subsidiaries (local GAAP) | 15.7 | (7.6) | 3.9 | (15.9) |
| Share of results of associates and joint ventures (local GAAP) | (6.4) | (12.8) | (3.2) | (1.6) |
| Other deconsolidation impacts | (4.8) | 11.8 | (3.5) | 10.5 |
| TOTAL | (5.8) | (17.8) | (8.1) | (11.6) |

The second stage consists of deriving the Belgian GAAP figures from the IFRS figures and is achieved by reversing all IFRS adjustments made to local GAAP figures. These adjustments include, but are not limited to the following:

- Differences in the treatment of depreciation and impairments: Belgian GAAP allows useful lives (and hence depreciation rates) of fixed assets different from IFRS. Goodwill is amortized under Belgian GAAP while IFRS requires impairment testing for goodwill. IFRS also allows intangible assets to be recorded on the balance sheet under different conditions from Belgian GAAP.
- Recognition of provisions is subject to different criteria under Belgian GAAP and IFRS;
- IFRS requires that all future obligations to personnel be recorded as a liability under IAS 19, whereas Belgian GAAP has no such obligation. The movements in the IFRS liability are reflected on bpost's income statement under payroll costs or provisions, except for the impact of changes in the discount rates for the future obligations, which is recorded as a financial result.
- In accordance with IFRS 3 "business combinations" bpost performed the purchase price allocation (PPA) for several entities and recognized several intangible assets (brand names, know-how, customer relationships…).
- Deferred taxes require no accounting entries under Belgian GAAP but are recorded under IFRS.

## Statement of legal representatives

The CEO and CFO declare that to the best of their knowledge, the interim condensed consolidated financial statements, established in accordance with International Financial Reporting Standards ("IFRS"), as accepted by the European Union, give a true and fair view of the assets, financial position and results of bpost and of the entities included in the consolidation.

The financial report gives an accurate overview of the information that needs to be disclosed pursuant to article 13 of the Royal Decree of 14 November 2007.

## Forward Looking Statements

The information in this document may include forward-looking statements[7], which are based on current expectations and projections of management about future events. By their nature, forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of the Company. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, no assurance is given that such forward-looking statements will prove to have been correct. They speak only as at the date of the Presentation and the Company undertakes no obligation to update these forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

[7] as defined among others under the U.S. Private Securities Litigation Reform Act of 1995

# Glossary

- ADM: Alternating Distribution Model
- Capex: total amount invested in fixed assets.
- CMD: Capital Markets Day
- EAT: Earnings After Taxes
- EBIT: Earnings Before Interests and Taxes.
- EBITDA: Earnings Before Interests, Taxes, Depreciation and Amortization.
- Effective tax rate: Income tax expense / profit before tax.
- M&R: Mail and Retail business unit.
- PaLo Eurasia: Parcels & Logistics Europe & Asia.
- PaLo N. America: Parcels & Logistics North America.
- TCV: Total Contract Value