Performance again exceeding plan. Strong parcels volumes in Belgium and Cross-border, along with resilient mail revenues, allow delivery of a solid quarter despite challenging market conditions and impacts of the compliance review.

Second quarter 2023 highlights

- Group operating income at 1,027.6 mEUR, in line with last year (-0.8%).
- Group adjusted EBIT at 68.7 mEUR (margin of 6.7%) down by -16.8%. Group reported EBIT at 65.5 mEUR.
- Belgium
  - Total operating income at 557.9 mEUR (up by +4.9%).
  - Underlying mail volume decline of -8.3% offset by positive price/mix impact.
  - Parcels volumes increased by +7.8% and price/mix impact of +5.3%.
  - -6.25 mEUR income impact from preliminary findings of compliance review of services provided to the Belgian State (similar to the first quarter 2023).
  - OPEX increase (+6.9%) driven by salary indexations and lower recoverable VAT.
  - Adjusted EBIT at 56.8 mEUR (10.2% margin) down by -5.9 mEUR (-9.5%) and reported EBIT at 56.7 mEUR. Stable EBIT when excluding compliance review impact.
- E-Logistics Eurasia
  - Total operating income at 163.3 mEUR (+15.3%) driven by the continued expansion of Radial EU and Active Ants (+17.9%), Cross-border sales increase supported by recent customer wins in Asia and IMX integration.
  - OPEX increase (+13.9%) from higher transport costs in line with volume development, IMX integration and higher payroll costs.
  - Adjusted EBIT at 8.9mEUR (5.5% margin), up by +1.8 mEUR (+24.9%). Reported EBIT at 8.1 mEUR (4.9% margin).
- E-Logistics North America
  - Total operating income at 330.0 mEUR down by -48.6 mEUR or -12.8% (-10.7% at constant exchange rate), reflecting lower volumes at Radial and Landmark US (Amazon insourcing).
  - Lower OPEX (-12.9% or -10.6% at constant exchange rate) from continued strong variable labor management and productivity gains.
  - Adjusted EBIT at 11.2 mEUR, down by -6.9 mEUR. Reported EBIT at 9.0 mEUR. EBIT margin dilution from ongoing pressure at Landmark.
- S&P reaffirms the long-& short-term credit rating at A/A-1, outlook stable.

CEO quote

Philippe Dartienne, CEO a.i. of bpostgroup: *"I am pleased to report our good set of results of the second quarter, demonstrating our resilience and strength amidst challenging conditions. Besides the dedication and collective effort of all our colleagues, our group results also reflect the effectiveness of our strategy, leveraging our portfolio and geographical diversification. While our operations in Belgium and Eurasia are performing well and ahead of plan, North America currently faces a softer economic environment but our continuous focus on productivity gains is helping us to weather these headwinds.*
We are firing on all cylinders and are making good progress on our management priorities set for the year. In Belgium we reached terms with the social partners on a collective labor agreement for 2023-2024, with a focus on the well-being of our people and the attractiveness of jobs in the field. Additionally, we achieved significant milestones in our e-commerce logistics expansion and sustainability endeavors, notably with the opening of a new cutting-edge fulfilment centre in Groningen for Radial Netherlands, the official launch of a state-of-the-art robotized site for Active Ants UK, and the achievement of the symbolic milestone of 1000 e-vans in our domestic fleet.
As we move forward, our focus now turns to the third quarter, awaiting the outcome of the press concession tender and getting a clearer view on the financial impacts of the ongoing compliance review; which will significantly reduce the current uncertainty surrounding the bpostgroup."

Management Priorities for 2023

Achievements of the First Half 2023
Strong financial results despite ongoing turmoil

- Belgium
  - Management and social partners concluded a CLA for '23-24, with a focus on well-being and job attractiveness
  - Reached symbolic milestone of 1,000 e-vans in our domestic fleet and added new Ecozone in Hasselt bringing total to 13 Ecozones
- E-Logistics Eurasia and North America
  - Opening of a cutting-edge fulfilment center in Groningen for Radial NL, official launch of a state-of-the-art robotized site for Active Ants UK and investment in additional capacity at Active Ants BE
  - Cross-border: Development of the Asia-Canada lane with volume impact as from 2H23 and improvement of lead-times in UK-NA lanes
  - Ongoing productivity and service improvement at Radial NA, matching labor to uncertain demand patterns from clients
- Group: Reinforcement of compliance programs

Focus and priorities for the remainder of the year
Continued focus on operational performance and execution of strategy

- Belgium
  - Press concessions: Aim to secure attribution of press concessions but also prepare for future under different scenarios
  - Prepare and execute the year-end peak
- E-Logistics Eurasia and North America
  - Cross-border: Roll-out of strategic growth plan leveraging synergies of the group geographical presence and last-mile strengths
  - Commercial efforts and pipeline development despite current weakness of retail environment
  - Year-end peak preparation at Radial NA has started: Focus on agility to manage ongoing demand volatility in inflationary environment
- Group: Provide clarity on impacts from compliance reviews

Outlook for 2023 – update of underlying parameters

Following preliminary results of the compliance review of the services provided to the Belgian State, bpostgroup had to withdraw its initial 2023 EBIT guidance of 240-260 mEUR on April 24, 2023 pending further legal and financial analysis.

While this analysis is still ongoing, bpostgroup nevertheless provides today - in light of the first half year results and based on current macro-economic assumptions for the rest of the year - an update of the parameters underlying the initial guidance, excluding any impact from the compliance review.

For Belgium, excluding any impact of the ongoing compliance review, the outlook is revised as follows:

- 4 to 6% growth[1] in total operating income (versus 3 to 5% initially), notably driven by:
  - Mail: an underlying Domestic mail volume decline expected between -8% and -10%, offset by price increase and mix impacts.
  - Parcel: a mid- to high-single-digit percentage volume growth and a mid-single-digit percentage price/mix impact (versus initially: a mid-single-digit percentage volume growth and a mid- to high-single-digit percentage price/mix impact)
- 7 to 9% adjusted EBIT margin (versus 6.5 to 8.5% initially) including higher payroll costs from full-year impact of the 2022-2023 salary indexations[2], higher energy costs, partly mitigated by some efficiency gains in operations and continued cost reduction initiatives.

For E-Logistics Eurasia, the outlook remains unchanged:

- Low double-digit percentage growth in total operating income, driven by:
  - Continued growth of Radial Europe and Active Ants, and
  - Growing Commercial Cross-Border activities incl. development of new lanes, more than offsetting structural decline in Postal.
- 3 to 5% adjusted EBIT margin reflecting a negative mix effect at Cross-Border and including scale-up of sales organization and start-up costs of new customers at Radial Europe and Active Ants.

For E-Logistics North America, the outlook is revised as follows:

- Low double-digit percentage decline[3] in total operating income (versus slightly lower initially) reflecting:
  - Amazon's insourcing at Landmark Global and general price pressure.
  - Lower growth momentum at Radial in current market conditions, and overcapacity leading to price pressures.
- 4 to 6% adjusted EBIT margin from tighter labor costs, labor management and costs measures, offsetting price pressures and higher opex and incremental depreciation and amortization from new sites.

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1 Excluding deconsolidation of Ubiway Retail
2 Based on latest monthly forecast, the next +2% salary indexation is expected to occur in January 2024 (versus October 2023 Initially), adding to the ones of February, April, June, September, December 2022 and January 2023. Monthly forecast of the Federal Planning Bureau is publicly available at https://www.plan.be/databases/17-en-consumer_price_index_inflation_forecasts
3 Assuming EUR/USD at 1.08 for 2023

Key figures[4]

2nd quarter (in million EUR)	Reported		Adjusted		
	2022	2023	2022	2023	% Δ
Total operating income	1,035.5	1,027.6	1,035.5	1,027.6	-0.8%
Operating expenses (excl. D&A)	884.8	884.7	884.8	884.7	0.0%
EBITDA	150.7	142.9	150.7	142.9	-5.2%
Depreciation and amortization	71.2	77.3	68.1	74.2	8.8%
EBIT	79.5	65.5	82.6	68.7	-16.8%
Margin (%)	*7.7%*	*6.4%*	*8.0%*	*6.7%*	
Result before tax	92.6	58.0	96.8	61.2	-36.9%
Income tax expense	24.7	14.8	25.5	15.6	-38.8%
Net result	67.8	43.2	71.4	45.6	-36.2%
FCF	(141.3)	(50.6)	(137.9)	(50.4)	-63.4%
Net debt/(Net cash) as of 30 June	572.8	420.8	572.8	420.8	-26.5%
CAPEX	39.5	23.8	39.5	23.8	-39.6%
Average FTE & Interims	38,086	37,514	38,086	37,514	-1.5%

First half (in million EUR)	Reported		Adjusted		
	2022	2023	2022	2023	% Δ
Total operating income	2,074.0	2,076.5	2,074.0	2,076.5	0.1%
Operating expenses (excl. D&A)	1,762.8	1,782.8	1,762.8	1,782.8	1.1%
EBITDA	311.1	293.7	311.1	293.7	-5.6%
Depreciation and amortization	141.6	153.7	135.6	147.4	8.7%
EBIT	169.5	140.0	175.5	146.3	-16.7%
Margin (%)	*8.2%*	*6.7%*	*8.5%*	*7.0%*	
Result before tax	177.6	122.9	184.8	129.2	-30.1%
Income tax expense	48.5	33.8	49.9	35.4	-29.1%
Net result	129.1	89.0	134.9	93.8	-30.4%
FCF	147.7	125.7	152.3	165.6	8.7%
Net debt/(Net cash) as of 30 June	572.8	420.8	572.8	420.8	-26.5%
CAPEX	66.0	80.3	66.0	80.3	21.7%
Average FTE & Interims	37,953	37,141	37,953	37,141	-2.1%

[4] Adjusted figures are not audited and definition of adjusted is included in section Alternative Performance Measures.

Group overview

Second quarter 2023

Compared to last year, total operating income slightly decreased by -7.9 mEUR (or -0.8%) to 1,027.6 mEUR:

- External operating income Belgium increased by +21.9 mEUR, mainly explained by strong parcel volumes and resilient mail revenues.
- External operating income of E-Logistics Eurasia increased by +20.2 mEUR mainly driven by strong Cross-border revenue growth fueled by recent customer wins, IMX integration and continued momentum in e-commerce fulfilment.
- E-Logistics North America external operating income decreased by -48.9 mEUR impacted by ongoing economic softness, market over-capacity and Amazon insourcing.
- Corporate external operating income decreased by -1.1 mEUR mainly driven by lower building sales.

Operating expenses (including D&A) slightly increased by -6.1 mEUR (or +0.6%) impacted by higher payroll cost (5 salary indexations in Belgium) despite decreased FTE, other inflation driven costs, lower recoverable VAT and higher depreciation. This increase was partially offset by lower opex in line with the revenue development of E-Logistics North America.

As a result the reported EBIT decreased by -14.0 mEUR.

Net financial result (i.e. net of financial income and financial costs) decreased by -21.7 mEUR primarily due to last year's one-off non-cash positive financial result related to IAS 19 employee benefits, which was triggered by the significant increase in discount rates at that time.

Income tax expense decreased by +9.9 mEUR compared to last year mainly due to the lower profit before tax.

Group net profit decreased by -24.7 mEUR at 43.2 mEUR compared to last year at 67.8 mEUR.

First Half 2023

Compared to last year, total operating income slightly increased by +2.5 mEUR (or +0.1%) to 2,076.5 mEUR.

- External operating income Belgium increased by +36.7 mEUR excluding the deconsolidation of Ubiway Retail (-21.6 mEUR), mainly driven by the strong parcels momentum in a challenging market and mail pricing which mitigated the volume decline.
- External operating income of E-Logistics Eurasia increased by +40.8 mEUR (or +14.8%), driven by continued growth at Radial and Active Ants, higher Cross-border revenues from recent customer wins and the IMX integration.
- E-Logistics North America external operating income decreased by -54.0 mEUR, mainly driven by economic softness, market over-capacity and Amazon insourcing.
- Corporate external operating income increased by +0.6 mEUR in line with a slight increase of sales buildings.

Operating expenses (including D&A) increased by -32.1 mEUR (or +1.7%) mainly driven by higher payroll cost (6 recent salary indexations in Belgium) despite decreased FTE, other inflation driven costs, lower recoverable VAT and higher depreciation. This increase was partially offset by lower opex in line with the revenue development E-Logistics North America and the deconsolidation of Ubiway Retail, which triggered lower material costs.

As a result the reported EBIT decreased by -29.6 mEUR at 140.0 mEUR compared to last year at 169.5 mEUR.

Net financial result (i.e. net of financial income and financial costs) decreased by -26.3 mEUR primarily due to last year's one-off non-cash positive financial result related to IAS 19 employee benefits, which was triggered by the significant increase in discount rates at that time.

Income tax expense decreased by +14.6 mEUR compared to last year mainly due to the lower profit before tax.

Group net profit decreased by -40.1 mEUR at 89.0 mEUR compared to last year at 129.1 mEUR.

Business Unit performance: Belgium

Belgium In million EUR	Year-to-date 2022	 2023	 % Δ	2nd quarter 2022	 2023	 % Δ
Transactional mail	377.3	385.5	2.2%	182.6	190.4	4.3%
Advertising mail	95.4	89.7	-6.0%	47.4	44.4	-6.4%
Press	171.0	176.2	3.0%	85.3	87.4	2.4%
Parcels Belgium	211.1	239.7	13.6%	105.1	118.9	13.2%
Proximity and convenience retail network	159.6	144.5	-9.5%	68.8	72.0	4.6%
Value added services	61.4	66.1	7.7%	30.0	33.6	11.8%
Intersegment operating income & other	24.8	22.6	-9.0%	12.5	11.2	-10.0%
TOTAL OPERATING INCOME	1,100.7	1,124.3	2.1%	531.8	557.9	4.9%
Operating expenses	921.3	961.7	4.4%	448.9	479.9	6.9%
EBITDA	179.4	162.6	-9.3%	82.9	78.0	-5.9%
Depreciation, amortization (reported)	41.8	42.4	1.4%	20.2	21.3	5.1%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	137.6	120.2	-12.6%	62.6	56.7	-9.5%
Margin (%)	*12.5%*	*10.7%*		*11.8%*	*10.2%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	137.9	120.5	-12.6%	62.8	56.8	-9.5%
Margin (%)	*12.5%*	*10.7%*		*11.8%*	*10.2%*	

Second quarter 2023

Total operating income in the second quarter 2023 amounted to 557.9 mEUR and showed an increase of +26.1 mEUR (or +4.9%), driven by strong parcel volumes and resilient mail revenues. Furthermore supported by higher intersegment revenues from inbound Cross-border volumes handled in the domestic network and partially offset by -6.25 mEUR impact (portfolio "other") reflecting preliminary findings of compliance review of services provided to the State.

Revenues from **Domestic mail** (i.e. Transactional, Advertising and Press combined) increased by +6.8 mEUR (or +2.2%) to 322.2 mEUR. **Transactional mail** noted an underlying volume decline of -8.5% for the quarter against -8.2% underlying volume decline for the second quarter 2022. **Advertising mail** realized an underlying volume decrease of -14.8% against -2.4% for the same period last year which was driven by continued market pressure further reinforced by a customer bankruptcy. **Press** revenues increased by +2.0 mEUR, supported by the integration of the press distributor Aldipress acquired on 30 September 2022 (+4.5 mEUR in the second quarter 2023).
Total Domestic mail volume decrease impacted revenues by -25.4 mEUR (-8.3% underlying volume decline against -7.5% in the second quarter of 2022) and was compensated by +27.8 mEUR net improvement in price and mix and by +4.5m EUR from the integration of Aldipress on 30 September 2022.

Belgium Evolution underlying volumes	Year-to-date 2022	 2023	2nd quarter 2022	 2023
Domestic mail	-6.4%	-8.6%	-7.5%	-8.3%
Transactional mail	-7.0%	-9.2%	-8.2%	-8.5%
Advertising mail	-2.3%	-13.3%	-2.4%	-14.8%
Press excl. Aldipress	-8.9%	-9.1%	-10.8%	-3.7%
Parcels volume	-13.9%	8.5%	-12.9%	7.8%

Parcels Belgium increased by +13.8 mEUR (or +13.2%) to 118.9 mEUR resulting from parcels volume increase of +7.8% against -12.9% in the same period last year and improved price/mix +5.3%. Parcel volume growth is reflecting successful Commercial Hunting Plan 2022 and no further Amazon's insourcing impact.

Proximity and convenience retail network increased by +3.1 mEUR (or +4.6%) to 72.0 mEUR mainly driven by the indexation in the 7th Management Contract.

Value added services amounted to 33.6 mEUR and showed an increase of +3.6 mEUR (or +11.8%) versus last year mainly due to higher revenues from fines solutions.

Operating expenses (including D&A) increased by -32.1 mEUR, mainly driven by higher payroll costs per FTE (+7.5% from 5 salary indexations), despite stable FTEs (higher parcel volumes offset by continued focus on productivity) and lower recoverable VAT.

Stable EBIT when excluding compliance review impact. Reported EBIT at 56.7 mEUR and adjusted EBIT at 56.8m EUR with a margin of 10.2%.

First half 2023

Total operating income in the first half of 2023 amounted to 1,124.3 mEUR and showed an increase of +23.6 mEUR (or +2.1%), driven by strong parcel volumes, resilient mail revenues and higher intersegment revenues from inbound Cross-border volumes handled in the domestic network. This increase was partially offset by -12.5 mEUR impact (portfolio “other”) reflecting preliminary findings of compliance review of services provided to the State.

Revenues from Domestic mail (i.e. Transactional, Advertising and Press combined) increased by +7.6 mEUR to 651.4 mEUR.
Transactional mail noted an underlying volume decline of -9.2% for the half year against -7.0% underlying volume decline for the first half 2022. Advertising mail driven by continued market pressure realized an underlying volume decrease of -13.3% against -2.3% for the same period last year. Press revenues increased by +5.1 mEUR, supported by the integration of the press distributor Aldipress acquired on 30 September 2022 (+8.4 mEUR).
Total Domestic mail volume decrease impacted revenues by -53.5 mEUR (-8.6% underlying volume decline against -6.4% in the first half 2022) and was almost compensated by the net improvement in price and mix which amounted to +52.7 mEUR, Aldipress contributed +8.4 mEUR to the operating income.

Belgium Evolution underlying volumes	1Q22	2Q22	3Q22	4Q22	FY 22	1Q23	2Q23	YTD 23
Domestic mail	-5.4%	-7.5%	-7.7%	-7.5%	-6.8%	-8.8%	-8.3%	-8.6%
Transactional mail	-5.8%	-8.2%	-6.2%	-6.7%	-6.5%	-9.9%	-8.5%	-9.2%
Advertising mail	-2.3%	-2.4%	-11.1%	-11.6%	-6.9%	-11.8%	-14.8%	-13.3%
Press excl. Aldipress	-7.1%	-10.8%	-10.5%	-5.4%	-8.4%	-9.5%	-3.7%	-9.1%
Parcels volume	-14.8%	-12.9%	-3.8%	+1.5%	-7.5%	+9.1%	7.8%	8.5%

Parcels Belgium increased by +28.6 mEUR (or +13.6%) to 239.7 mEUR mainly resulting from the volume increase of +8.5% (against -13.9% in the first half 2022) supported by the Commercial Hunting Plan of 2022.

Proximity and convenience retail network decreased by -15.1 mEUR (or -9.5%) to 144.5 mEUR. This decrease was mainly driven by the deconsolidation impact of Ubiway Retail as of the 1st March 2022 (-21.6 mEUR impact). Excluding the deconsolidation, revenues increased by +6.5 mEUR mainly driven by the indexation of the 7th Management Contract.

Value added services amounted to 66.1 mEUR and showed an increase of +4.7 mEUR (or +7.7%) versus last year due to higher revenues from fines solutions.

Operating expenses (including D&A) increased by 41.0 mEUR, mainly driven by higher payroll costs per FTE (+9.3% from 6 salary indexations) despite stable FTEs, lower recoverable VAT and other inflation driven cost increases (e.g. energy and rent), partially offset by lower material costs given the deconsolidation of Ubiway Retail.

Reported EBIT and adjusted EBIT respectively amounted to 120.2m EUR and to 120.5m EUR, down by -17.4m EUR (or -12.6%) with a margin of 10.7%. Slight decrease of EBIT when excluding the impact of the compliance review (-12.5 mEUR).

Business Unit performance: E-Logistics Eurasia

E-Logistics Eurasia	Year-to-date			2nd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
E-commerce logistics	130.5	142.6	9.3%	65.3	70.7	8.2%
Cross-border	144.3	172.9	19.8%	70.8	85.5	20.7%
Intersegment operating income & other	10.6	13.7	28.5%	5.5	7.1	29.5%
TOTAL OPERATING INCOME	285.5	329.2	15.3%	141.7	163.3	15.3%
Operating expenses	256.3	297.5	16.1%	128.8	146.7	13.9%
EBITDA	29.3	31.7	8.4%	12.8	16.6	29.6%
Depreciation, amortization (reported)	13.1	16.8	27.9%	6.4	8.5	33.7%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	16.2	15.0	-7.4%	6.4	8.1	25.5%
Margin (%)	*5.7%*	*4.5%*		*4.5%*	*4.9%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	17.6	16.7	-5.2%	7.1	8.9	24.9%
Margin (%)	*6.2%*	*5.1%*		*5.0%*	*5.5%*	

Second quarter 2023

Total operating income increased by 21.7 mEUR (or +15.3%) driven by strong Cross-border revenue growth fueled by recent customer wins, IMX integration and continued momentum in e-commerce-fulfilment.

E-commerce logistics operating income in the second quarter 2023 amounted to 70.7 mEUR, an increase of +5.4 mEUR (or +8.2%) compared to the same period of 2022. The revenue growth of Radial Europe and Active Ants of +17.9%, reflecting higher sales from existing customers and new customer onboardings. Lower volumes at DynaLogic mitigated by price indexations across all Dyna lines.

Cross-border operating income in the second quarter 2023 amounted to 85.5 mEUR, an increase of +14.7 mEUR (or +20.7%) compared to the same period of 2022, mainly driven by IMX integration as from July 2022 and recent customer wins in Asia. Year-over-year Asian Cross-border volumes are up by 35%, but nevertheless 47% lower compared to the COVID spike in the 2nd quarter of 2020 given the rail solution at that time as an alternative to air freight.

Operating expenses (including D&A) were up -20.0 mEUR, mainly due to higher transport costs in line with higher E-commerce logistics and Cross-border activities (including IMX integration and intersegment opex charged by Belgium) and higher payroll costs from inflation and higher volumes.

Reported EBIT and adjusted EBIT increased respectively by +1.6 mEUR and +1.8 mEUR compared to last year same period and respectively amounted to 8.1 mEUR (with a margin of 4.9%) and 8.9 mEUR (margin of 5.5%).

First half 2023

Total operating income increased by 43.7 mEUR (or +15.3%) and amounted to 329.2 mEUR.

E-commerce logistics operating income in the first half 2023 amounted to 142.6 mEUR, an increase of +12.1 mEUR (or +9.3%) compared to the same period of 2022. Revenue growth of Radial Europe and Active Ants of +18.7% from increased sales of existing customers and new customer onboardings. Furthermore, lower volumes at DynaLogic mitigated by price indexations across all Dyna lines.

Cross-border operating income in the first half 2023 amounted to 172.9 mEUR, an increase of +28.6 mEUR (or +19.8%) compared to the same period of 2022, mainly driven by IMX consolidation as from July 2022 and recent customer wins in Asia.

Operating expenses (including D&A) were up by -44.9 mEUR, mainly due to higher transport costs in line with higher E-commerce logistics and Cross-border activities (including IMX integration and intersegment opex charged by Belgium), higher payroll costs from inflation and higher volumes and E-commerce logistics expansion related expenses.

Reported EBIT decreased by -1.2 mEUR compared to last year same period and amounted to 15.0 mEUR (margin of 4.5%) while adjusted EBIT decreased by -0.9 mEUR and amounted to 16.7 mEUR (margin of 5.1%).

Business Unit performance: E-Logistics North America

E-Logistics North America	Year-to-date			2nd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
E-commerce logistics	719.7	664.5	-7.7%	377.3	328.1	-13.1%
Intersegment operating income & other	2.3	4.2	79.1%	1.2	2.0	59.0%
TOTAL OPERATING INCOME	722.0	668.6	-7.4%	378.6	330.0	-12.8%
Operating expenses	643.0	591.6	-8.0%	336.3	293.0	-12.9%
EBITDA	79.1	77.0	-2.6%	42.2	37.0	-12.4%
Depreciation, amortization (reported)	50.1	55.1	10.0%	26.3	27.9	6.2%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	29.0	21.9	-24.4%	15.9	9.0	-43.2%
Margin (%)	*4.0%*	*3.3%*		*4.2%*	*2.7%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	33.3	26.3	-21.1%	18.1	11.2	-38.2%
Margin (%)	*4.6%*	*3.9%*		*4.8%*	*3.4%*	

Second quarter 2023

Total operating income amounted to 330.0 mEUR and decreased by -48.6mEUR, this is a decrease of -12.8% (-10.7 % at constant exchange rate). Revenue development impacted by ongoing economic softness, market over-capacity and Amazon insourcing.

E-commerce logistics decreased by -49.3 mEUR to 328.1 mEUR (or -13.1%, -10.9% at constant exchange rate) mainly driven by lower revenues at Radial (-9.9% excluding exchange rate impact) resulting from slightly lower sales from existing customers and revenue churn from terminated contracts announced in 2022, which was partially offset by the contribution of new customer launches. Lower revenues at Landmark US reflecting Amazon's insourcing and general competitive pressure.

Radial North America (*)	Year-to-date			2nd quarter		
In million USD (Adjusted)	2022	2023	% Δ	2022	2023	% Δ
Total operating income	628.5	584.1	-7.1%	321.2	289.4	-9.9%
EBITDA	55.3	60.6	9.6%	28.5	29.4	3.1%
Profit from operating activities (EBIT)	13.0	15.5	18.7%	6.9	6.2	-10.0%

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

Operating expenses (including D&A) at 321.0 mEUR decreased by +41.7 mEUR (or -11.5%, or -9.2% at constant exchange rate) resulting from lower variable opex in line with revenue development and continuous strong variable labor management and productivity gains, resulting in improved variable contribution margin (+3% improvement year-on-year).

Reported EBIT amounted to 9.0 mEUR down by -6.9 mEUR (or -43.2%) with a margin of 2.7%, adjusted EBIT amounted to 11.2 mEUR (down by -6.9 mEUR or -38.2%) with a margin of 3.4%. Lower EBIT and margin dilution mainly reflecting revenue pressure at Landmark and lower fixed cost coverage, partly mitigated by productivity improvement at Radial.

First half 2023

Total operating income amounted to 668.6 mEUR and decreased by -53.4 mEUR (or -7.4%, -8.1% at constant exchange rate).

E-commerce logistics decreased by -55.3 mEUR to 664.5 mEUR or -7.7% (-7.1% at constant exchange rate) due to lower revenues at Radial (-7.1% excluding FX) and Landmark US reflecting Amazon's insourcing and general competitive pressure.

Operating expenses (including D&A) decreased by +46.3 mEUR (or -6.7%, or -7.3% at constant exchange rate) resulting from lower variable opex in line with revenue development and strong variable labor management and productivity gains.

Reported EBIT amounted to 21.9 mEUR down by -7.1 mEUR (or -24.4%) with a margin of 3.3%, adjusted EBIT amounted to 26.3 mEUR down by -7.0 mEUR or -21.1%, with a margin of 3.9%.

Business Unit performance: Corporate

Corporate In million EUR	Year-to-date 2022	 2023	 % Δ	2nd quarter 2022	 2023	 % Δ
External operating income	3.5	4.1	18.3%	2.7	1.6	-41.7%
Intersegment operating income	196.7	217.5	8.7%	96.4	110.3	14.4%
TOTAL OPERATING INCOME	200.1	221.7	10.8%	99.1	111.9	12.8%
Operating expenses	176.8	199.3	12.7%	86.3	100.5	16.4%
EBITDA	23.3	22.3	-4.2%	12.8	11.4	-11.2%
Depreciation, amortization (reported)	36.5	39.4	7.8%	18.3	19.6	7.1%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	(13.2)	(17.1)		(5.5)	(8.2)	
Margin (%)	*-6.6%*	*-7.7%*		*-5.5%*	*-7.3%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	(13.2)	(17.1)		(5.5)	(8.2)	
Margin (%)	*-6.6%*	*-7.7%*		*-5.5%*	*-7.3%*	

Second quarter 2023

External operating income in the second quarter 2023 decreased by -1.1 mEUR driven by lower building sales.

Increase in operating expenses (including D&A) by -15.4 mEUR (or +14.8%), reflecting amongst others (i) inflationary pressure on payroll costs (+7.5% from 5 salary indexations) mitigated by continued efforts on overhead reduction (-6.5% FTEs) and (ii) compliance related costs.

Reported & adjusted EBIT at -8.2 mEUR down by 2.7 mEUR.

First half 2023

External operating income in the first half 2023 increased by +0.6 mEUR driven by higher building sales.

Increase in operating expenses (including D&A) by +11.9%, reflecting amongst other inflationary pressure on payroll cost and compliance related costs.

Reported & adjusted EBIT at -17.1 mEUR down by -3.8 mEUR.

Cash flow statement

Second quarter 2023

2nd quarter (in million EUR)	Reported			Adjusted		
	2022	2023	% Δ	2022	2023	% Δ
Cash flow from operating activities	(99.1)	(27.6)	-72.2%	(95.7)	(27.3)	-71.4%
out of which CF from operating activities before Δ in WC & provisions	106.1	121.5	14.5%	106.1	121.5	14.5%
Cash flow from investing activities	(42.2)	(23.1)	-45.3%	(42.2)	(23.1)	-45.3%
Free cash flow	(141.3)	(50.6)	-	(137.9)	(50.4)	-63.4%
Financing activities	(132.6)	(121.7)	-8.2%	(132.6)	(121.7)	-8.2%
Net cash movement	(273.9)	(172.3)	-37.1%	(270.5)	(172.1)	-36.4%
Capex	39.5	23.8	-63.8%	39.5	23.8	-63.8%

In the second quarter 2023, the net cash outflow decreased compared to the same period last year by 101.6 mEUR to negative 172.3 mEUR. This decrease was mainly explained by lower EBITDA more than counterbalanced by lower corporate income tax prepayments, positive impact of payables balances, lower dividend and capex.

Reported and adjusted free cash flow amounted respectively to negative 50.6 mEUR and negative 50.4 mEUR.

Cash flow from operating activities before change in working capital and provisions increased by 15.4 mEUR compared to the second quarter 2022. The lower operating results were compensated by a lower corporate income tax prepayments.
Cash outflow related to collected proceeds due to Radial's clients was 3.2 mEUR lower (0.2 mEUR outflow in the second quarter 2023 compared to an outflow of 3.4 mEUR in the same period last year).
The variance in change in working capital and provisions (53.0 mEUR) was mainly explained by higher suppliers' balances.

Investing activities resulted in a cash outflow of 23.1 mEUR in the second quarter 2023, compared to a cash outflow of 42.2 mEUR for the same period last year. IMX group was acquired (11.0 mEUR) while the sale of bpost bank was settled (-5.1 mEUR) in the second quarter 2022. This was offset partially by lower proceeds from sale of assets (-2.4 mEUR).
Capex stood at 23.8 mEUR in the second quarter 2023 (decrease by 15.6 mEUR compared to last year) and was mainly spent on e-commerce logistics expansion (NL/US) and on domestic fleet and parcels capacity.

In the second quarter 2023 the cash outflow relating to financing activities amounted to -121.7 mEUR compared to -132.6 mEUR last year, mainly explained by a lower dividend payment (18.0 mEUR) partially offset by lease liabilities and interests on borrowings.

First half 2023

Year-to-date (in million EUR)	Reported			Adjusted		
	2022	2023	% Δ	2022	2023	% Δ
Cash flow from operating activities	73.2	203.0	-	77.8	242.9	-
out of which CF from operating activities before Δ in WC & provisions	284.0	271.4	-4.5%	284.0	271.4	-4.5%
Cash flow from investing activities	74.5	(77.3)	-203.8%	74.5	(77.3)	-203.8%
Free cash flow	147.7	125.7	-14.9%	152.3	165.6	8.7%
Financing activities	(164.1)	(155.7)	-5.1%	(164.1)	(155.7)	-5.1%
Net cash movement	(16.4)	(30.0)	83.4%	(11.8)	(30.0)	83.4%
Capex	66.0	80.3	21.7%	66.0	80.3	21.7%

In the first half 2023, the net cash outflow increased compared to the same period last year by 13.7 mEUR to 30.0 mEUR. This increase was driven by last year's sale of bpost bank and higher capex mainly compensated by positive working capital evolution.

Reported and adjusted free cash flow amounted respectively to 125.7 mEUR and 165.6 mEUR.

Cash flow from operating activities before change in working capital and provisions decreased by 12.7 mEUR compared to the first half 2022 as the negative adjusted EBITDA variation was partially compensated by lower corporate income tax prepayments. Cash outflow related to collected proceeds due to Radial's clients was 35.3 mEUR higher (39.9 mEUR outflow in the first half 2023 compared to an outflow of 4.6 mEUR in the same period last year) in line with the remittance calendar.
The variance in change in working capital and provisions (177.8 mEUR) was mainly explained by the different payment schedule of the SGEI compensation as per the 7th Management Contract and lower peak expenses in 2022 compared to 2021. Partially offset by the deferred payment of withholding taxes on payroll in the first quarter 2023 (-30.6 mEUR), a measure granted by the Belgian government in the context of the energy crisis.

Investing activities resulted in a cash outflow of 77.3 mEUR in the first half 2023, compared to a cash inflow of 74.5 mEUR for the same period last year. This evolution was mainly explained by the proceeds from the sale of bpost bank and Ubiway Retail (-146.9 mEUR including the reimbursement of the subordinate loan) in 2022 and higher capex in 2023 (-14.3 mEUR), and lower proceeds from sales of buildings in 2023 compensated by the acquisition of IMX group in 2022.
Capex stood at 80.3 mEUR in the first half 2023 and was mainly spent on e-commerce logistics expansion (US/NL) and in Belgium on fleet and parcels capacity. The increase compared to last year was in line with the capital allocation to purchase logistics real estate for Radial US instead of leasing (in line with capex guidance).

In 2023 the cash outflow relating to financing activities amounted to -155.7 mEUR compared to -164.1 mEUR last year, mainly explained by a lower dividend payment (+18.0 mEUR) and lease liabilities and interests on borrowings (-10.2 mEUR).

Interim Condensed Consolidated Financial Statements[5]

Interim Condensed Consolidated Income Statement

		Year-to-date		2nd quarter	
In million EUR	Notes	2022	2023	2022	2023
Revenue	5	2,063.7	2,069.0	1,029.7	1,018.1
Other operating income		10.3	7.5	5.8	9.4
TOTAL OPERATING INCOME		2,074.0	2,076.5	1,035.5	1,027.6
Material costs		(53.1)	(42.7)	(18.7)	(20.7)
Services and other goods	6	(886.9)	(869.4)	(455.1)	(429.5)
Payroll costs		(818.9)	(853.9)	(415.2)	(426.5)
Other operating expenses		(4.0)	(16.8)	4.2	(8.0)
Depreciation, amortization and impairment		(141.6)	(153.7)	(71.2)	(77.3)
TOTAL OPERATING EXPENSES		(1,904.4)	(1,936.5)	(956.0)	(962.0)
RESULT FROM OPERATING ACTIVITIES (EBIT)		169.5	140.0	79.5	65.5
Financial income		1.5	9.9	(1.8)	6.9
Financial costs		7.8	(27.1)	15.9	(14.4)
Remeasurement of assets held for sale at fair value less costs to sell		(1.2)	0.0	(1.2)	0.0
Share of results of associates and joint ventures		0.0	0.0	0.1	0.0
RESULT BEFORE TAX		177.6	122.9	92.6	58.0
Income tax expense		(48.5)	(33.8)	(24.7)	(14.8)
RESULT FOR THE PERIOD (EAT)		129.1	89.0	67.8	43.2
Attributable to:					
Equity holders of the parent		129.8	90.1	68.2	43.8
Non-controlling interests		(0.7)	(1.1)	(0.3)	(0.6)

EARNINGS PER SHARE

	Year-to-date		2nd quarter	
In EUR	2022	2023	2022	2023
► basic, result for the period attributable to ordinary equity holders of the parent	0.65	0.45	0.34	0.22
► diluted, result for the period attributable to ordinary equity holders of the parent	0.65	0.45	0.34	0.22

As far as bpost is concerned, no effects of dilution affect the net result attributable to ordinary equity holders and the weighted average number of ordinary shares as there are no dilutive potential shares in issuance.

[5] 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	2022	2023	2022	2023
RESULT OF THE PERIOD	129.1	89.0	67.8	43.2
OTHER COMPREHENSIVE INCOME				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Net gain/(loss) on hedge of a net investment	(11.4)	2.5	(8.9)	(0.1)
Net gain/(loss) on cash flow hedges	0.9	0.9	0.5	0.5
Gain/ (loss) on cash flow hedges	*1.2*	*1.2*	*0.6*	*0.6*
Income tax effect	*(0.3)*	*0.3*	*(0.2)*	*(0.2)*
Exchange differences on translation of foreign operations	73.4	(16.0)	55.4	1.6
NET OTHER COMPREHENSIVE INCOME/(LOSS) THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	62.9	(12.6)	47.0	2.0
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Remeasurement gain (losses) on defined benefit plans	2.2	0.1	2.2	0.1
Gross gain/ (loss) on defined benefit plans	*2.7*	*0.1*	*2.7*	*0.1*
Income tax effect	*(0.5)*	*(0.0)*	*(0.5)*	*(0.0)*
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	2.2	0.1	2.2	0.1
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	65.1	(12.5)	49.2	2.1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	194.2	76.5	117.0	45.2
Attributable to:				
Equity holders of the parent	194.9	77.6	117.4	45.8
Non-controlling interests	(0.7)	(1.1)	(0.3)	(0.6)

Interim Condensed Consolidated Statement of Financial Position

In million EUR	Notes	31 December 2022	30 June 2023
Assets			
Non-current assets			
Property, plant and equipment	7	1,398.9	1,391.2
Intangible assets	8	855.8	827.0
Shares in equity		0.1	0.1
Investments in associates and joint ventures		0.1	0.1
Investment properties		3.4	3.3
Deferred tax assets		18.4	14.1
Trade and other receivables		33.0	34.9
		2,309.6	2,270.7
Current assets			
Inventories		24.5	23.7
Income tax receivable		30.8	8.3
Trade and other receivables	9	941.3	775.0
Cash and cash equivalents		1,051.0	1,052.9
Derivative instruments	15	0.0	0.0
		2,047.7	1,859.9
Assets held for sale		1.0	0.6
TOTAL ASSETS		4,358.3	4,131.2
Equity and liabilities			
Issued capital		364.0	364.0
Reserves		401.3	553.9
Foreign currency translation		70.2	58.0
Retained earnings		231.7	89.0
Equity attributable to equity holders of the Parent		1,067.1	1,064.9
Equity attributable to non-controlling interests		(1.7)	(2.8)
TOTAL EQUITY		1,065.4	1,062.1
Non-current liabilities			
Interest-bearing loans and borrowings	10	1,180.9	1,154.8
Employee benefits	11	244.2	247.1
Trade and other payables	13	25.9	26.0
Provisions		15.2	15.1
Deferred tax liabilities		11.0	4.1
		1,477.2	1,447.1
Current liabilities			
Interest-bearing loans and borrowings	12	307.3	318.7
Bank overdrafts		0.4	(0.0)
Provisions		11.5	9.8
Income tax payable		2.4	2.0
Derivative instruments	14	(0.3)	0.1
Trade and other payables	13	1,494.4	1,291.3
		1,815.8	1,622.0
Liabilities directly associated with assets held for sale		0.0	0.0
TOTAL LIABILITIES		3,292.9	3,069.1
TOTAL EQUITY AND LIABILITIES		4,358.3	4,131.2

Interim Condensed Consolidated Statement of Changes in Equity

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT									
In million EUR	AUTHORIZED & ISSUED CAPITAL	CASH FLOW HEDGE RESERVE	REMEASUREMENT ON DEFINED BENEFIT PLANS	NET INVESTMENT HEDGE	FOREIGN CURRENCY TRANSLATION	OTHER RESERVES	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
AS AT 1 JANUARY 2022	364.0	(8.5)	15.1	(4.3)	36.6	231.6	250.2	884.8	0.5	885.3
Result of the year 2022	0.0	0.0	0.0	0.0	0.0	0.0	129.8	129.8	(0.7)	129.1
Other comprehensive income	0.0	0.9	2.2	(11.4)	73.4	250.2	(250.2)	65.1	0.0	65.1
TOTAL COMPREHENSIVE INCOME	0.0	0.9	2.2	(11.4)	73.4	250.2	(120.4)	194.9	(0.7)	194.2
Dividends (Pay-out)	0.0	0.0	0.0	0.0	0.0	(98.0)	0.0	(98.0)	0.0	(98.0)
Other	0.0	0.0	0.0	0.0	(0.2)	4.1	(0.7)	3.2	(1.0)	2.2
As at 30 June 2022	364.0	(7.6)	17.3	(15.7)	109.9	387.9	129.1	984.9	(1.2)	983.7
AS AT 1 JANUARY 2023	364.0	(6.6)	19.4	(12.1)	82.3	388.5	231.7	1,067.1	(1.7)	1,065.4
Result of the year 2023	0.0	0.0	0.0	0.0	0.0	0.0	90.1	90.1	(1.1)	89.0
Other comprehensive income	0.0	0.9	0.1	2.5	(16.0)	231.7	(231.7)	(12.5)	0.0	(12.5)
TOTAL COMPREHENSIVE INCOME	0.0	0.9	0.1	2.5	(16.0)	231.7	(141.6)	77.6	(1.1)	76.5
Dividends (Pay-out)	0.0	0.0	0.0	0.0	0.0	(80.0)	0.0	(80.0)	0.0	(80.0)
Other	0.0	0.0	(9.3)	0.0	1.3	9.2	(1.1)	0.2	0.0	0.2
As at 30 June 2023	364.0	(5.7)	10.2	(9.6)	67.6	549.3	89.0	1,064.9	(2.8)	1,062.1

Equity slightly decreased by -3.3 mEUR to 1,062.1 mEUR as at June 30, 2023 from 1,065.4 mEUR as at December 31, 2022. This decrease was mainly explained by the exchange differences on translation of foreign operations (-13.5 mEUR, mainly driven by the evolution of the exchange rate of the USD) and the payment of a dividend (80.0 mEUR), almost offset by the realized profit (89.0 mEUR), the remeasurement gains on post-employment benefits (0.1 mEUR) and the effective part of a cash-flow hedge entered into in 2018 in order to pre-hedge the interest rate risk of the bond (0.9 mEUR). The cash-flow hedge reserve is reclassified to profit or loss over the 8 years from the issuance date of the bond in July 2018.

Interim Condensed Consolidated Statement of Cash Flows

	Year-to-date		2nd quarter	
In million EUR	2022	2023	2022	2023
Operating activities				
Result before tax	177.6	122.9	92.6	58.0
Depreciation, amortization and impairment losses	141.6	153.2	71.2	76.8
Impairment on debtors	2.6	(3.4)	1.4	(1.9)
Gain on sale of property, plant and equipment	(1.9)	(1.4)	(1.9)	0.1
Gain on disposal of subsidiaries	0.0	0.0	0.0	0.0
Other non-cash items[6]	17.9	11.4	11.0	6.7
Change in employee benefit obligations	(19.6)	2.9	(19.4)	4.2
Share of results of associates and joint ventures	(0.0)	(0.0)	(0.1)	(0.0)
Income tax paid	(54.6)	(30.3)	(48.6)	(26.3)
Income tax received on previous years	20.5	16.1	0.0	3.9
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	284.0	271.4	106.1	121.5
Decrease/(increase) in trade and other receivables	94.3	144.7	(77.6)	(65.6)
Decrease/(increase) in inventories	0.3	0.8	(0.7)	(0.8)
Increase/(decrease) in trade and other payables	(300.4)	(172.2)	(123.8)	(80.3)
Increase/(decrease) in collected proceeds due to clients	(4.6)	(39.9)	(3.4)	(0.2)
Increase/(decrease) in provisions	(0.4)	(1.7)	0.1	(2.1)
NET CASH FROM OPERATING ACTIVITIES	73.2	203.0	(99.1)	(27.6)
Investing activities				
Proceeds from sale of property, plant and equipment	4.6	2.9	3.2	0.8
Disposal of subsidiaries, net of cash disposed of	121.9	0.0	5.1	0.0
Acquisition of property, plant and equipment	(58.9)	(76.9)	(34.8)	(22.1)
Acquisition of intangible assets	(7.0)	(3.3)	(4.6)	(1.7)
Loan from associate	25.0	0.0	0.0	0.0
Acquisition of subsidiaries, net of cash acquired	(11.0)	0.0	(11.0)	0.0
NET CASH USED IN INVESTING ACTIVITIES	74.5	(77.3)	(42.2)	(23.1)
Financing activities				
Proceeds from borrowings	50.0	0.1	50.0	(2.2)
Payments related to borrowings	(55.1)	(4.6)	(54.8)	(2.4)
Payments related to lease liabilities	(61.0)	(71.2)	(29.9)	(37.0)
Dividends paid	(98.0)	(80.0)	(98.0)	(80.0)
NET CASH FROM FINANCING ACTIVITIES	(164.1)	(155.7)	(132.6)	(121.7)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(16.4)	(30.0)	(273.9)	(172.3)
NET FOREIGN EXCHANGE DIFFERENCE	13.7	(3.2)	12.0	0.6
CASH CLASSIFIED AS ASSETS HELD FOR SALE				
Cash and cash equivalent less bank overdraft as of 1st January	907.5	1,050.6		
Cash and cash equivalent less bank overdraft and bpaid card balance as of 30th June	904.8	1,017.3		
MOVEMENTS BETWEEN 1st JANUARY AND 30th JUNE	(2.6)	(33.3)		

[6] Other non-cash items mainly comprises of finance costs/(income) excluding defined benefits obligations (IAS 19)

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, 2023 were authorized for issue in accordance with a resolution of the Board of Directors on August 3, 2023.

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.

bpostgroup 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 Anspachlaan/Boulevard Anspach 1, bus/boîte 1, 1000 Brussels. bpost shares are listed on 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, 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. bpost has prepared the financial statements on the basis that it will continue to operate as a going concern as there are no material uncertainties and there are sufficient resources to continue operations.

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 consolidated financial statements as at December 31, 2022.

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 consolidated financial statements for the year ended December 31, 2022, except for the adoption of new standards and interpretations effective as from January 1, 2023.

The following amendments to existing standards apply for the first time as from 2023:

- IFRS 17 – Insurance Contracts
- IAS 1 – Amendments and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- IAS 8 – Amendments – Definition of Accounting Estimates
- IAS 12 – Amendments – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- IAS 12 – Amendments – International Tax Reform – Pillar Two Model Rules

These amendments have no material impact on the interim consolidated financial statements.

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

3. Seasonality of operations

bpost revenue and earnings are affected by several seasonal fluctuations.

Pursuant to the 7th-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 ("press concession"). 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 and E-Logistics. For Radial North-America part of the E-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.

4. Operating segment

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

The business unit Belgium oversees the commercial activities related to Transactional, Advertising mail, Press and Parcels and the operational activities of collecting, transporting, sorting and distributing of addressed and non-addressed mail, printed documents, parcels, newspapers and periodicals in Belgium, as well periodicals in the Netherlands. Furthermore Belgium offers Value added services including document management and related activities and offers proximity and convenience retail through its retail network in Belgium composed out of post offices and postal points. 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 Services of General Economic Interest on behalf of the Belgian State (SGEI).

The business unit E-Logistics Eurasia oversees the commercial and operational activities related to e-commerce logistics (fulfillment, handling, distribution and return management) and Cross-border (inbound, outbound and import services) for parcels in Europe & Asia and for international mail worldwide. The business unit runs several operations centers across Europe. DynaGroup, Radial, Active Ants, Leen Menken and Landmark Global entities in Europe & Asia are part of this business unit.

The business unit E-Logistics North America is in charge of the commercial and operational activities related to e-commerce logistics (fulfillment, handling and distribution, return management, customer service and value-added technology services) in North America and Australia and Cross-border parcels and international mail in North America. Radial North-America and Landmark Global entities in North America are part of this business unit.

Corporate and Support units ("Corporate") consist out of the 3 support units and the corporate unit. The support units offer as a sole provider business solutions to the 3 business units and to Corporate and includes Finance & Accounting, Human Resources & Service Operations, IT & Digital. The Corporate unit includes Strategy, M&A, Legal, Regulatory and Corporate Secretary. The EBIT generated by the support units is recharged to the 3 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.

As corporate treasury, associates, joint ventures and tax are centrally managed for the group the net financial result, income tax and share of profit of associates and joint ventures are only disclosed at the level of the group.

The following tables present an overview of the segment results:

	Belgium		E-Logistics Eurasia		E-Logistics North America		Corporate		Eliminations		Group	
In million EUR	1H22	1H23	1H22	1H23	1H22	1H23	1H22	1H23	1H22	1H23	1H22	1H23
TOTAL OPERATING INCOME	1,100.7	1,124.3	285.5	329.2	722.0	668.6	200.1	221.7	(234.5)	(267.4)	2,074.0	2,076.5
Operating expenses	921.3	961.7	256.3	297.5	643.0	591.6	176.8	199.3	(234.5)	(267.4)	1,762.8	1,782.8
Depreciation, amortization	41.8	42.4	13.1	16.8	50.1	55.1	36.5	39.4			141.6	153.7
RESULT FROM OPERATING ACTIVITIES (EBIT)	137.6	120.2	16.2	15.0	29.0	21.9	(13.2)	(17.1)			169.5	140.0
Share of results of associates and joint ventures											0.1	
Remeasurement of assets held for sale at fair value less costs to sell	(1.0)						(0.2)				(1.2)	
Net financial result											9.2	(17.1)
Income tax expenses											(48.5)	(33.8)
RESULT FOR THE PERIOD (EAT)	136.5	120.2	16.2	15.0	29.0	21.9	(13.4)	(17.1)	0.0	0.0	129.1	89.0

	Belgium		E-Logistics Eurasia		E-Logistics North America		Corporate		Eliminations		Group	
In million EUR	2Q22	2Q23	2Q22	2Q23	2Q22	2Q23	2Q22	2Q23	2Q22	2Q23	2Q22	2Q23
TOTAL OPERATING INCOME	531.8	557.9	141.7	163.3	378.6	330.0	99.1	111.9	(115.6)	(135.5)	1,035.5	1,027.6
Operating expenses	448.9	479.9	128.8	146.7	336.3	293.0	86.3	100.5	(115.6)	(135.5)	884.8	884.7
Depreciation, amortization	20.2	21.3	6.4	8.5	26.3	27.9	18.3	19.6			71.2	77.3
RESULT FROM OPERATING ACTIVITIES (EBIT)	62.6	56.7	6.4	8.1	15.9	9.0	(5.5)	(8.2)			79.5	65.5
Share of results of associates and joint ventures											0.1	
Remeasurement of assets held for sale at fair value less costs to sell	(1.0)						(0.2)				(1.2)	
Net financial result											14.2	(7.5)
Income tax expenses											(24.7)	(14.8)
RESULT FOR THE PERIOD (EAT)	61.6	56.7	6.4	8.1	15.9	9.0	(5.6)	(8.2)	0.0	0.0	67.8	43.2

The tables presented below provide the disaggregation of bpost's revenue from contracts with customers.

Year-to-date	Total operating income			Revenue		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Belgium	1,075.9	1,090.9	1.4%	1,071.8	1,089.2	1.6%
Transactional mail	377.3	385.5	2.2%	377.0	385.5	2.2%
Advertising mail	95.4	89.7	-6.0%	95.4	89.7	-6.0%
Press	171.0	176.2	3.0%	168.1	176.2	4.8%
Parcels Belgium	211.1	239.7	13.6%	211.1	239.7	13.6%
Proximity and convenience retail network	159.6	144.5	-9.5%	159.0	144.5	-9.1%
Value added services	61.4	66.1	7.7%	61.3	66.1	7.8%
Other income	0.0	(10.8)	-	0.0	(12.5)	-
E-Logistics Eurasia	274.9	315.7	14.8%	274.7	315.3	14.8%
E-commerce logistics	130.5	142.6	9.3%	130.4	142.3	9.2%
Cross-border	144.3	172.9	19.8%	144.3	172.9	19.8%
Other income	0.0	0.1	-	0.0	0.0	-
E-Logistics North America	719.7	665.7	-7.5%	717.1	664.5	-7.3%
E-commerce logistics	719.7	664.5	-7.7%	717.1	664.5	-7.3%
Other income	0.0	1.3	-	0.0	0.0	-
Corporate & Supporting functions	3.5	4.1	18.3%	0.0	0.0	-
Total	2,074.0	2,076.5	0.1%	2,063.7	2,069.0	0.3%

2nd quarter	Total operating income			Revenue		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Belgium	519.3	541.2	4.2%	517.5	534.1	3.2%
Transactional mail	182.6	190.4	4.3%	182.5	190.4	4.2%
Advertising mail	47.4	44.4	-6.4%	47.4	44.4	-6.8%
Press	85.3	87.4	2.4%	83.8	87.4	4.1%
Parcels Belgium	105.1	118.9	13.2%	105.1	118.9	11.6%
Proximity and convenience retail network	68.8	72.0	4.6%	68.8	72.0	4.4%
Value added services	30.0	33.6	11.8%	30.0	33.6	10.8%
Other income	0.0	(5.5)	-	0.0	(12.5)	-
E-Logistics Eurasia	136.2	156.4	14.8%	136.2	156.0	14.5%
E-commerce logistics	65.3	70.7	8.2%	65.4	70.5	7.7%
Cross-border	70.8	85.5	20.7%	70.8	85.5	20.8%
Other income	0.0	0.1	-	0.0	0.0	-
E-Logistics North America	377.3	328.5	-13.0%	376.0	328.0	-12.7%
E-commerce logistics	377.3	328.1	-13.1%	376.0	328.1	-12.7%
Other income	0.0	0.4	-	0.0	0.0	-
Corporate & Supporting functions	2.7	1.6	-41.7%	0.0	0.0	-
Total	1,035.5	1,027.6	-0.8%	1,029.7	1,018.1	-1.1%

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	2022	2023	% Δ	2022	2023	% Δ
Belgium	1,189.2	1,215.4	2.2%	573.9	602.8	5.0%
Rest of Europe	150.7	160.7	6.6%	75.3	79.5	5.5%
USA	687.5	636.8	-7.4%	361.1	313.9	-13.1%
Rest of world	46.6	63.6	36.4%	25.1	31.4	25.2%
Total operating income	2,074.0	2,076.5	0.1%	1,035.5	1,027.6	-0.8%

	As of 31 December	As of 30 June	
In million EUR	2022	2023	% Δ
Belgium	933.4	905.4	-3.0%
Rest of Europe	257.2	259.4	0.9%
USA	1,043.3	1,032.6	-1.0%
Rest of world	57.1	74.2	30.1%
Total non-current assets	2,291.0	2,271.6	-0.8%

Total non-current assets presented above consist 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 Belgium segment, no single external customer exceeded 10% of bpost's operating income.

5. Revenue

	Year-to-date		2nd quarter	
In million EUR	2022	2023	2022	2023
Revenue excluding the SGEI remuneration	1,911.8	1,912.2	953.9	940.9
SGEI remuneration	151.9	156.8	75.8	77.3
Total revenue	2,063.7	2,069.0	1,029.7	1,018.1

Compared to last year revenue slightly increased by +0.4 mEUR to 1,912.2 mEUR. This increase was driven by the strong parcels volumes and resilient mail revenue in Belgium, as well as the strong Cross-border revenue growth and the continued expansion of Radial EU and Active Ants. This increase was almost offset by lower revenue in E-Logistics North America in line with lower volumes at Radial and Landmark US (Amazon insourcing).

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

6. Services and other goods

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

	Year-to-date			2nd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Rent and rental costs	50.2	53.5	6.5%	25.3	25.6	1.2%
Maintenance and repairs	48.4	51.4	6.1%	24.8	24.7	-0.2%
Energy delivery	30.9	41.3	33.7%	14.6	18.5	26.9%
Other goods	23.2	14.6	-37.1%	12.1	7.3	-40.2%
Postal and telecom costs	6.4	6.4	0.9%	2.4	3.2	35.6%
Insurance costs	14.3	15.0	5.5%	6.5	7.6	15.3%
Transport costs	391.9	369.5	-5.7%	201.8	180.5	-10.6%
Publicity and advertising	9.3	10.9	17.3%	5.3	6.0	13.9%
Consultancy	13.1	12.8	-2.3%	9.3	3.6	-61.1%
Interim employees	145.0	153.6	5.9%	75.2	79.2	5.3%
Third party remuneration, fees	102.3	97.2	-4.9%	50.8	50.8	0.0%
Other services	52.0	43.1	-17.2%	27.1	22.5	-16.9%
Total services and other goods	886.9	869.4	-2.0%	455.1	429.5	-5.6%

Services and other goods decreased by +17.5 mEUR (or 2.0%) to 869.4 mEUR as of June 30, 2023. This decrease was mainly explained by:

- Lower transport costs mainly explained by lower volumes at E-Logistics North America;
- Slightly lower third party remuneration fees mainly due to lower ICT expenses;
- Other services decreased mainly due to lower payment processing costs at E-Logistics North America driven by lower volumes;

and partially compensated by:

- Higher rent and rental costs due to higher cloud services and rent related costs of new warehouses;
- Maintenance and repairs increased due to higher maintenance costs for fleet and ICT;
- Higher energy costs due to higher energy prices;
- higher cost of interim employees.

7. Property, plant and equipment

Property, plant and equipment slightly decreased by -7.7 mEUR, or 0.6%, to 1,391.2 mEUR as of June 30, 2023. The decrease was mainly explained by the depreciation for 131.9 mEUR (including 73.2 mEUR related to IFRS 16 right of use assets), retirements and the evolution of the exchange rates outpaced the capital expenditures of 77.0 mEUR and right of use assets recognised for 71.3 mEUR.

8. Intangible assets

Intangible assets decreased by -28.7 mEUR, or 3.4%, to 827.0 mEUR as of June 30, 2023. The decrease was mainly due to the evolution of the exchange rates (-11.4 mEUR) and depreciation for -21.1 mEUR, partially offset by capital expenditures of 3.3 mEUR. At reporting date there were no indications that goodwill may be impaired. Impairment testing will be performed at year-end.

9. Current trade and other receivables

Current trade and other receivables decreased by 166.3 mEUR to 775.0 mEUR as per June 30, 2023. The decrease was mainly driven by the settlement of the press concession for the year 2022 and the peak sales of year-end 2022.

10. Non-current interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings decreased by 26.0 mEUR to 1,154.8 mEUR mainly due to the transfer to short term lease liabilities, impact of the exchange rates on the lease liabilities, partially compensated by new lease contracts.

11. Employee benefits

In million EUR	As of 31 December 2022	As of 30 June 2023
Post-employment benefits	17.3	16.7
Other long-term benefits	217.7	222.0
Termination benefits	9.2	8.4
Total employee benefits	244.2	247.1

Employee benefits slightly increased by 2.9 mEUR (or 1.2%) to 247.1 mEUR as of June 30, 2023. The increase mainly reflects:

- Service costs for 12.9 mEUR and interest costs for 4.3 mEUR,
- Financial actuarial loss for 1.2 mEUR due to changes in discount rates,
- And operational actuarial loss for an amount of 0.7 mEUR;

partially offset by :

- The payment of benefits for an amount of 16.1 mEUR,
- And a remeasurement gain on post-employment benefit plans of 0.1 mEUR (before tax), recognized through other comprehensive income.

12. Current interest-bearing loans and borrowings

Current interest-bearing loans and borrowings increased by 11.4 mEUR to 318.7 mEUR mainly due to the evolution of the lease liabilities.

13. Current trade and other payables

Current trade and other payables decreased by 203.1 mEUR to 1,291.3 mEUR as of June 2023. This decrease was mainly due to the decrease of the social and trade payables, partially offset by the advance payment received for the SGEI compensation and press concessions. The decrease of the trade payables was mainly a phasing element given the peak season at year end, whereas the decrease of the social payables was mainly due to the unwinding of the deferred payment of withholding taxes on payroll - a measure granted by the Belgian government in the context of the energy crisis in the fourth quarter of 2022 - and the payment of the 2022 full year social accruals (holiday pay, bonuses,…) in the first half 2023.

14. 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, 2023:

In million EUR As at 30 June 2023	Carrying amount	Fair value categorized: 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	25.7	0.0	25.7	0.0
Shares in equity	0.1	0.0	0.0	0.1
Current				
Financial assets[7]	1,823.9	0.0	1,823.9	0.0
Derivatives instruments - forex swap	0.0	0.0	0.0	0.0
Total financial assets	1,849.7	0.0	1,849.6	0.1
Financial liabilities measured at amortized cost (except for derivatives):				
Non-Current[8]				
Long-term bond	646.5	629.4	0.0	0.0
Financial liabilities	534.3	0.0	534.3	0.0
Current				
Derivatives instruments - forex swap	0.1	0.0	0.1	0.0
Derivatives instruments - forex forward	0.0	0.0	0.0	0.0
Financial liabilities[8]	1,610.0	0.0	1,610.0	0.0
Total financial liabilities	2,791.0	629.4	2,144.4	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 2023 the main financial liabilities consisted of:

- 650.0 mEUR bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%. In anticipation of this issuance, in February 2018 bpost entered into a forward interest rate swap for 10 years with a nominal amount of 600.0 mEUR to hedge the interest risk of the bond.
- USD 185.0m unsecured term loan (floating interest rate). This loan started on July 3, 2018 with a maturity of 3 years and has been extended in 2020 to July 2023 and furthermore in June 2023 to December 2023.
- Liabilities related to leases: 656.3 mEUR.
- Trade and other payables: 1,317.3 mEUR

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

[7] Cash & cash equivalents and trade and other receivables, except for contract costs.
[8] Interest-bearing loans and borrowings and trade and other payables.

15. Derivative financial instruments and hedging

Derivative instruments

bpost uses 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 600.0 mEUR. 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 650.0 mEUR 8-year bond. At that time, the interest rate swap was unwound and settled via a payment of 21.5 mEUR split between an effective part 20.0 mEUR and an ineffective part 1.5 mEUR. The ineffective part was booked in the income statement. The effective part of the cash-flow hedge (20.0 mEUR) has been recognized in other comprehensive income (amount net of tax is 14.8 mEUR) 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 2023 a net amount of 0.9 mEUR 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 143.0 mUSD, whereas the carrying amount converted into Euro amounted to 131.6 mEUR. At June 30, 2023 the net profit on the revaluation of the USD loan recognized in other comprehensive income and accumulated in the foreign currency translation reserve amounted to 2.5 mEUR. There was no ineffectiveness in 2023.

16. Contingent liabilities and contingent assets

General

This interim financial report should be read in conjunction with bpostgroup's annual financial statements as of December 31, 2022, complemented as set out below.

Internal compliance review relating to (public tender for) concession for distribution of newspapers and periodicals in Belgium

On August 10, 2022, the Chair of the bpost Board of Directors requested the Head of Compliance & Data Protection of bpost, with the support of the Head of Corporate Audit of bpost, to conduct an internal compliance review regarding the then ongoing public tender of the Belgian State for the distribution of recognized newspapers and periodicals in Belgium[9].

9 The Belgian State organized a first tendering procedure with respect to the distribution of recognized newspapers and periodicals in Belgium In 2014, following which the service concessions were awarded to bpost on October 16, 2015 to provide the services from January 1, 2016 until December 31, 2020. On June 3, 2016, the European Commission declared the arrangement in line with EU state aid rules. In December 2019, the Belgian Government decided to extend the service concessions until December 31, 2022. On September 2, 2021, the European Commission decided not to raise objections to the compensation granted to bpost relating to this extension of the service concessions on the grounds that it is compatible with the internal market.
In November 2022, the Belgian Government decided to extend the service concessions until December 31, 2023, at the conditions that apply for 2022, as specified in the current concessions. The process of submission of the extension to the European Commission for approval under State aid rules is ongoing.
Under the terms of the extension, the concession can be succeeded by a new concession after 2023. A tender procedure was launched on February 23, 2023. bpost submitted its first bid on June 8, 2023. An award decision is expected prior to the end of 2023. If the concession is not awarded to bpost, the addendum extending the current concession agreement provides for a six-month extension, until June 30, 2024, to ensure the transition between the service providers.

The compliance review started on August 28, 2022, focusing on the governance principles set forth in the Code of Conduct of bpostgroup and the specific compliance guidelines relating to this tender and was based, in terms of fact finding, (1) on questionnaires and interviews of the most relevant and senior persons working for bpost; and (2) relevant documents requested from the interviewees during their interviews. The preliminary results of the review, on September 27, 2022, did not reveal elements that indicated potential violations of applicable laws.

Early October 2022, new facts emerged that had not been disclosed to the compliance review team during the initial compliance review. This led the Chair of the Board of Directors, on October 7, 2022, to extend the initial compliance review and to proceed with a more extensive and intrusive review. A forensic search with an external forensic investigation firm was launched immediately thereafter. Based on the initial results of the forensic search, new interviews were held, and the scope of the forensic search was extended to other employees with a particular focus on any illegal information exchange or concerted practices.

The Board of Directors was informed of the initial results of the extended compliance review, revealing elements that indicated potential violations of bpostgroup's codes, policies and applicable laws. On October 24, 2022, the Board of Directors and the CEO mutually agreed that the CEO would temporarily step aside pending the review.

As the compliance review continued, it revealed non-compliance with bpostgroup's codes and policies as well as indications of non-compliance with applicable laws. The compliance review was also extended to the current concession for the distribution of newspapers and periodicals in Belgium, in relation to which it revealed elements that may indicate potential violations of applicable laws as well.

On December 9, 2022, the Board of Directors and the CEO decided to mutually terminate their collaboration.

Throughout the process, bpost was and continues to be assisted by external legal counsel and has cooperated, and continues to fully cooperate, with the competent authorities in order to preserve its interests.

Potential impact

Based on the information currently at its disposal and discussions with its legal advisors, bpost has the following view on the potential impact of the current results of the compliance review:

i. bpost understands that the Belgian Competition Authority (BCA) opened an investigation and has conducted inspections at the premises of a company active in the press distribution sector and of a press publisher, which are independent of bpost. bpost has cooperated, and continues to fully cooperate, with the ongoing investigation of the BCA. The progress made on the ongoing investigation of the BCA did not change bpost's assessment of the risk of a fine, which is currently assessed as possible but not probable.
ii. The Belgian Government announced its intention to conduct an audit on the compensation for the current press concession (2016-2020), which runs until end 2023 (or mid-2024 if the ongoing new tender is awarded to another party than bpost), and to re-claim any overcompensation. Whilst the costs associated with the service were reviewed and scrutinized on an ex-ante basis in the context of the European Commission's State aid review and on an ex-post basis by the College of Auditors (*College des Commissaires*) as part of the annual approval of the financial accounts, bpost is currently unable to assess the risks associated with this audit and its potential findings considering that, at the time of this interim financial report, bpost did not yet receive any information regarding the effective launch and scope of the audit. Any finding of overcompensation could, *inter alia*, lead to a claim for reimbursement of a part of the revenues charged for the service.
iii. Considering the self-cleaning measures taken by bpost, it is probable that contracting authorities will consider that bpost has demonstrated its reliability and will therefore allow bpost to participate in ongoing and future tendering procedures.
   Furthermore, consistent with past practice for similar matters, bpost considers the possibility that contracting authorities would reverse previous award decisions and terminate current contracts or concessions because of the results of the compliance review to be remote, without prejudice to the potential claims for overcompensation by the Belgian Governmental.
iv. bpost has also taken measures of cooperation with the public prosecutor so as to reduce risk of criminal enforcement.

Considering the various elements as explained in items i to iv above, i.e. both the uncertainty involved in the investigations by the BCA and the announced audit by the Belgian Government, as well as the cooperation and self-cleaning measures taken, bpost, supported by external legal counsel, continues to deem the exposure of a cash outflows in relation to the (public tender for) concession for the distribution of recognized newspapers and periodicals in Belgium possible but not probable. bpost is unable to provide any estimates at this stage.

Internal compliance reviews relating to cashier function Belgian Government (the so-called 679-accounts), handling of number plates, and processing of fines

As part of bpost's initiative to conduct targeted compliance reviews on certain services provided to the Belgian State beyond (the tender for) the concession with the Belgian State for the distribution of recognized newspapers and periodicals in Belgium (see above) in a risk-based manner, the Head of Compliance & Data Protection of bpost was requested, with the support of the Head of Corporate Audit of bpost, to conduct internal compliance reviews relating to the following tenders and public contracts with the Federal Government: the cashier function of the Belgian Government (the so-called 679-accounts), the handling of number plates, and the processing of fines. bpost is being assisted by external legal counsel.

The Board of Directors was informed of the initial results of the compliance reviews, which are being finalized, which revealed that bpost's margins on certain services provided to the Belgian State may not be deemed acceptable under applicable laws and that certain of the services may not have been contracted for in accordance with applicable laws.

The initial results of the compliance reviews further indicated that an in-depth economic assessment of the remuneration paid by the Belgian State for each of the three services is necessary to assess their compatibility with the applicable legal framework, and to determine whether there has been any overcompensation for any of the services. If such examination leads to the conclusion that there indeed has been overcompensation, bpost will reimburse such overcompensation. bpost has called upon an independent firm of economists and other state aid experts to assist with this assessment, which is currently ongoing. bpost will communicate on the outcome of such assessment if and when required in accordance with its regulatory duties.

Potential impact

Based on current information at its disposal and discussions with its legal and financial advisors, bpost has the following view on the potential impact of the current results of the further ongoing compliance reviews (which, for the avoidance of doubt does not yet include the results of the ongoing in-depth economic assessment):

i. As mentioned above, the Belgian Government announced its intention to conduct an audit on the compensation paid for the distribution services of the press and newspapers delivered by bpost and it cannot be excluded that the Belgian Government may seek to launch additional audits in connection with the other services provided by bpost. bpost is currently unable to assess the risks associated with any possible further Governmental audit and its potential findings considering that at the time of this interim financial report bpost did not yet receive any information regarding the launch and precise scope of the audit. Many other services offered by the bpost, which are not the subject of the review, are already subject to an effective ex-ante and ex-post cost review. Depending on the applicable regulatory framework and processes, findings of overcompensation could, *inter alia*, lead to a claim for reimbursement of a part of the revenues charged for the services.
ii. Considering the self-cleaning measures taken by bpost, it is probable that contracting authorities will consider that bpost has demonstrated its reliability and will therefore allow bpost to participate in ongoing and future tendering procedures if applicable.
Furthermore, consistent with past practice for similar matters, but subject to the outcome of the further compliance reviews and the further Governmental audit, bpost considers the possibility that contracting authorities would reverse previous award decisions and terminate current contracts or concessions because of the current preliminary results of the further compliance reviews to be remote, without prejudice to the potential claims for overcompensationby the Belgian Government.
iii. Considering the self-cleaning measures of cooperation with the public prosecutor's office, the likelihood of bpost being (criminally) prosecuted for the facts arising out of the further compliance reviews is assessed as possible but not probable.
iv. bpost will, in accordance with its internal policy, interact with relevant authorities at all levels as appropriate.

Whilst the analysis and initial conclusions diverge per service, bpost deems it, at the time of this interim financial report, probable that the preliminary results will be confirmed upon completion of the economic assessment and will probably result in a material adverse effect on bpost's results of operations or financial position.

i. The Board of Directors decided in 2023 to proceed to contract amendments related to the compensation for certain services concerned, resulting in reduced margins as from Q1 2023 and going forward. Preliminary estimates, pending further legal and financial analysis, indicate an adverse adjusted EBIT impact on the full-year 2023 outlook, in relation to the performance of the relevant services in 2023, in the range of 25-50 million euro. With respect to 2023, this range has been established by considering best- and worst-case scenarios for the services concerned based on the information at bpost's disposal at the time of the initial announcement regarding this matter (April 24, 2023). At the time of this interim financial report, current findings from the in-depth economic assessment do not allow to further narrow this range or provide additional sensitivities to this range. The results of the first and second quarter of 2023 include the lower end of this range, *i.e.*, an aggregate decrease of 12.5 million euro of revenues has been recognized at Belgium level in the first and second quarter 2023.

ii. With respect to the period before 2023, on which bpost also believes the risk for a cash-outflow is probable, - bpost is currently not able to provide more detailed information or any reliable estimate or range of estimates as to monetary impact for the reasons described below. Furthermore, bpost currently has no visibility on when any cash outflows may occur in this respect.

The monetary impact related to the relevant services in the past depends on many factors, of which the key ones are, depending on the services concerned:

iii. If and to which extent there is and was any overcompensation varies per services and depends on many factors, such as the applicable legal and regulatory frameworks (e.g. State Aid rules) for each separate contract over the duration of the various periods, the absence of the pre-determined margins acceptable under certain of the applicable laws, the relevant methodologies, the revenues charged for the relevant services, the duration of the relevant services, as well as the relevant lookback period. This assessment may result in different outcomes and can vary by year.

iv. Whether or not, and, if so, which, actions the competent authorities would take and the outcome thereof (noting that the Belgian Government has indicated that it may audit the compensation paid for services delivered by bpost).

Due to this large number of factors impacting the outcome of the analysis, the approach applied to arrive at a preliminary estimate for 2023 cannot be applied to determine the historic impact as it does not result in any meaningful range of outcomes.

17. Events after the reporting period

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

Limited review report

Report of the Joint Auditors to the board of directors of bpost SA de droit public / bpost NV van publiek recht on the review of the condensed consolidated interim financial information as at 30 June 2023 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 as at 30 June 2023, the interim condensed consolidated income statement, other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". 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 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 condensed consolidated interim financial information as at 30 June 2023 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Emphasis of matter – contingent liabilities

Without modifying our conclusion expressed above, we draw attention to Note 16 'Contingent Assets and Liabilities' of the accompanying condensed consolidated interim financial information which describes the investigations currently taking place regarding the award of the press concession to the Company as well as the various evaluations carried out by management and their potential impact on the Company's other contracts with the Belgian State.

Diegem, 3 August 2023

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

EY Bedrijfsrevisoren BV
Represented by

Han Wevers*
Partner
* Acting on behalf of a BV/ SRL

PVMD Réviseurs d'Entreprises SC
Represented by

A. Chaerels

Alain Chaerels
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 and adjusted operating free cash flow 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 20.0 mEUR 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.

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 E-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 E-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 volume: bpost defines the evolution of Parcels as the difference, expressed as a percentage, of the reported volumes between the current and prior comparable period of parcels processed by bpost SA/NV in the last mile delivery.

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 bpostgroup 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 mail 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	2022	2023	% Δ	2022	2023	% Δ
Total operating income	2,074.0	2,076.5	0.1%	1,035.5	1,027.6	-0.8%
ADJUSTED TOTAL OPERATING INCOME	2,074.0	2,076.5	0.1%	1,035.5	1,027.6	-0.8%

OPERATING EXPENSES

	Year-to-date			2nd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Total operating expenses excluding depreciation, amortization	(1,762.8)	(1,782.8)	1.1%	(884.8)	(884.7)	0.0%
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	(1,762.8)	(1,782.8)	1.1%	(884.8)	(884.7)	0.0%

EBITDA

	Year-to-date			2nd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
EBITDA	311.1	293.7	-5.6%	150.7	142.9	-5.2%
ADJUSTED EBITDA	311.1	293.7	-5.6%	150.7	142.9	-5.2%

EBIT

	Year-to-date			2nd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Result from operating activities (EBIT)	169.5	140.0	-17.4%	79.5	65.5	-17.6%
Non-cash impact of purchase price allocation (PPA) (1)	6.0	6.3	5.5%	3.1	3.2	3.0%
ADJUSTED RESULT FROM OPERATING ACTIVITIES (EBIT)	175.5	146.3	-16.7%	82.6	68.7	-16.8%

RESULT FOR THE PERIOD (EAT)

	Year-to-date			2nd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Result for the period	129.1	89.0	-31.1%	67.8	43.2	-36.4%
Non-cash impact of purchase price allocation (PPA)[1]	4.6	4.8	5.4%	2.3	2.4	3.0%
Remeasurement of assets held for sale at fair value less costs to sell [2]	1.2	-	-	1.2	-	-
ADJUSTED RESULT OF THE PERIOD	134.9	93.8	-30.4%	71.4	45.6	-36.2%

(1) In accordance with IFRS 3 and throughout the purchase price allocation (PPA) for several entities, bpostgroup 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.

(2) bpost executes an active portfolio management strategy to divest non-core assets and/or non-performing assets, so as to allocate capital to the fast growing e-commerce logistics market and to invest further in the opportunity of e-commerce logistics. In this context bpost finalised the sales process of Ubiway Retail in 2022 and as the fair value less costs to sell of Ubiway Retail was lower than the carrying value an additional write down of 1.0 mEUR was recorded. Furthermore in 2022 the sale of the participation of bpost bank to BNPPF was finalised and as the fair value less costs to sell was lower than the carrying value an additional write down of 0.2 mEUR was recorded.

Reconciliation of Reported free cash flow and adjusted free cash flow

	Year-to-date			2nd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Net Cash from operating activities	73.2	203.0	-	(99.1)	(27.6)	-72.2%
Net Cash used in investing activities	74.5	(77.3)	-	(42.2)	(23.1)	-45.3%
FREE CASH FLOW	147.7	125.7	-14.9%	(141.3)	(50.6)	-
Collected proceeds due to Radial's clients	4.6	39.9	-	3.4	0.2	-93.9%
ADJUSTED FREE CASH FLOW	152.3	165.6	8.7%	(137.9)	(50.4)	63.4%

Forward Looking Statements

The information in this document may include forward-looking statements[10], 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.

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

Glossary

- Capex: total amount invested in fixed assets
- Opex: Operating expenses
- 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
- D&A: Depreciation and amortization
- 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
- Belgium: Mail, Parcels and Retail business unit Belgium
- E-Logistics Eurasia: E-Logistics Europe & Asia
- E-Logistics N. Am.: E-Logistics North America
- SGEI: Services of General Economic Interest
- TCV: Total Contract Value