Group underlying performance exceeding plan in seasonally softer quarter marked by continued adverse conditions. Resilient Belgium backed by strong parcel volumes, along with improved profits in Eurasia, mitigates North America revenue pressure.

Third quarter 2023 highlights

- Group operating income at 978.5 mEUR, -4.2% compared to last year.
- Group adjusted EBIT at 28.1 mEUR (margin of 2.9%) or at 23.1 mEUR excluding 5.0 mEUR downward revision of 2023 impact of repricing services to the Belgian State[1]. Group reported EBIT at -50.1 mEUR, impacted by the provision of 75.0 mEUR related to overcompensation (see note 3).
- Belgium
  - Total operating income at 538.4 mEUR (+6.2%).
  - Underlying mail volume decline of -8.2%, nearly offset by positive price/mix impact.
  - Parcels volumes increased by +5.5% and price/mix impact of +6.6%.
  - Higher opex (+20.8%) due to the provision related to overcompensation of 75.0 mEUR.
  - This provision explains the reported EBIT at -49.2 mEUR, whereas the adjusted - amongst other for this provision - EBIT at 25.9 mEUR (4.8% margin). +5.0m EUR impact of downward revision of 2023 repricing services to the Belgian State.
- E-Logistics Eurasia
  - Total operating income at 151.6 mEUR (-2.4%) driven by lower cross-border sales reflecting adverse UK market conditions, and softer growth from recent customer wins in Asia, partially offset by continued expansion of Radial EU and Active Ants (+11%).
  - Lower opex (-6.8%) from lower transport costs in line with volume development and stable payroll costs.
  - Reported EBIT at 7.1 mEUR (+4.7%) and adjusted EBIT at 7.9 mEUR (5.2% margin).
- E-Logistics North America
  - Total operating income at 310.3 mEUR, (-17.6% or -10.8% at constant exchange rate), reflecting lower volumes at Radial and Landmark US (Amazon insourcing).
  - Lower opex from lower variable costs including continued strong labor management and productivity gains, and 7.1 mEUR bad debt provision in the third quarter 2022.
  - Reported EBIT at 2.3 mEUR (0.8% margin) and adjusted EBIT at 4.5 mEUR (1.5% margin).

1 The 2023 annualized negative EBIT impact of repricing license plates, 679 accounts and traffic fines has been reduced to 10 mEUR compared to 12.5 mEUR already recorded end of June 2023.

CEO quote

Philippe Dartienne, CEO a.i. of bpostgroup: "*Considering the seasonality and the traditionally softer summer months in the third quarter, we have once again delivered good results, exceeding our plan at Group level. This accomplishment comes within a soft and challenging market backdrop. I would like to thank all our employees for their dedicated efforts in achieving these solid financial and operational results.*

In line with our commitments, we have made significant progress in recent months, allowing bpostgroup and its employees to look ahead with increased confidence. We have finalized all our compliance reviews and now have a clearer view on the financial impacts, enabling us to reinstate our group EBIT guidance for 2023. Additionally, this week, we warmly welcome Chris Peeters, our new Group CEO.

Our focus is now on the fourth quarter and the year-end peak season; we are well-prepared to tackle this challenge despite market's uncertainties, notably in North America where volumes are currently under pressure. As the clock is ticking, bpostgroup and all its employees in Belgium are also eagerly awaiting the outcome of the press concession tender, which would further reduce the surrounding uncertainty and allow us to move forward with visibility ahead."

2023 group EBIT outlook

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.

Following the recent update on compliance reviews, bpostgroup is now in a position to reinstate a group EBIT guidance for 2023.

Despite North American market headwinds and compliance reviews impacts, bpost today expects the group adjusted EBIT to be above 240 mEUR.

The group's total operating income for 2023 is now expected to decrease by a low-single digit percentage[2,4].

For Belgium, including the 10 mEUR negative impact related to the 2023 State services repricing, the outlook is revised as follows:

- 4 to 5% growth[2] in total operating income, notably driven by:
    - Mail: an underlying Domestic mail volume decline expected between -8% and -9%, 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.
- 7 to 9% adjusted EBIT margin including higher payroll costs from full-year impact of the 2022-2023 salary indexations[3], higher energy costs and compliance reviews related costs, partly mitigated by some efficiency gains in operations and continued cost reduction initiatives.

For E-Logistics Eurasia:

- 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.
- 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:

- Low double-digit percentage decline[4] 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 and ongoing churn.
- 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.

Group EBIT will include higher payroll costs at Corporate level and operating expenses to support the ongoing group transformation, as well as impacts from the compliance reviews.

Gross capex is now expected to be around 170 mEUR, reflecting discipline in difficult market conditions.

For more information:
Antoine Lebecq T. +32 2 276 2985 (IR)
Veerle Van Mierlo T. +32 472 920229 (Media)

corporate.bpost.be/investors
investor.relations@bpost.be
veerle.vanmierlo@bpost.be

---

2 Excluding deconsolidation of Ubiway Retail
3 Next +2% salary indexation to occur in December 2023, adding to the ones of February, April, June, September, December 2022 and January 2023. Monthly forecasts of the Federal Planning Bureau is available at https://www.plan.be/databases/17-en-consumer_price_index_inflation_forecasts
4 Assuming EUR/USD at 1.08 for 2023

Key figures[5]

3rd quarter (in million EUR)	Reported		Adjusted		
	2022	2023	2022	2023	% Δ
Total operating income	1,021.9	978.5	1,021.9	978.5	-4.2%
Operating expenses (excl. D&A)	923.6	948.0	923.6	873.0	-5.5%
EBITDA	98.3	30.5	98.3	105.5	7.3%
Depreciation and amortization	75.5	80.6	72.3	77.4	7.1%
EBIT	22.8	(50.1)	26.0	28.1	8.0%
Margin (%)	*2.2%*	*-5.1%*	*2.5%*	*2.9%*	
Result before tax	29.1	(46.6)	32.3	31.6	-2.2%
Income tax expense	4.4	10.1	5.2	12.0	-
Net result	24.7	(56.7)	27.1	19.5	-28.0%
FCF	(32.1)	(23.3)	3.9	(31.9)	-
Net debt/(Net cash) as of 30 September	670.9	507.9	670.9	507.9	-24.3%
CAPEX	47.0	26.4	47.0	26.4	-43.8%
Average FTE & Interims	38,768	37,474	38,768	37,474	-3.3%

Year-to-date (in million EUR)	Reported		Adjusted		
	2022	2023	2022	2023	% Δ
Total operating income	3,095.9	3,055.0	3,095.9	3,055.0	-1.3%
Operating expenses (excl. D&A)	2,686.5	2,730.8	2,686.5	2,655.8	-1.1%
EBITDA	409.4	324.2	409.4	399.2	-2.5%
Depreciation and amortization	217.1	234.3	207.9	224.8	8.1%
EBIT	192.3	89.9	201.5	174.4	-13.5%
Margin (%)	*6.2%*	*2.9%*	*6.5%*	5.7%	
Result before tax	206.7	76.3	217.1	160.8	-25.9%
Income tax expense	52.8	43.9	55.1	47.4	-13.9%
Net result	153.8	32.3	162.0	113.3	-30.0%
FCF	115.7	102.3	156.3	133.7	-14.5%
Net debt/(Net cash) as of 30 September	670.9	507.9	670.9	507.9	-24.3%
CAPEX	113.0	106.7	113.0	106.7	-5.6%
Average FTE & Interims	38,224	37,252	38,224	37,252	-2.5%

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

Group overview

Third quarter 2023

Compared to last year, total operating income decreased by -43.4 mEUR or -4.2% to 978.5 mEUR:

- External operating income Belgium increased by +27.9 mEUR, driven by parcel volume growth and beneficial price mix across mail and parcels.
- Mixed revenue development across businesses resulting in stable external operating income of E-Logistics Eurasia (-4.0 mEUR).
- Revenue pressure in a North American market that remains difficult. External operating income of E-Logistics North America decreased by -66.7 mEUR,
- Corporate external operating income slightly decreased by -0.8 mEUR.

Operating expenses (including D&A) increased by -29.5 mEUR (or +2.9%), this increase was mainly driven by the provision of 75.0 mEUR related to overcompensation. Excluding this provision, operating expenses (including D&A) decreased by +45.5 mEUR. This decrease was mainly driven by lower opex in line with revenue development E-Logistics North America and last year's provision of 7.1 mEUR following a dispute with a terminated customer at Radial US.

Mainly as a result of the provision related to overcompensation reported EBIT decreased by -72.9 mEUR and amounted to -50.1 mEUR. Adjusted EBIT (amongst other adjusted for the provision related to overcompensation) slightly increased by 2.1 mEUR and amounted to 28.1 mEUR.

Net financial result (i.e. net of financial income and financial costs) decreased by -2.8 mEUR mainly due to last year's non-cash positive financial result related to IAS 19 employee benefits triggered by the significant increase in discount rates at that time, partially offset by the gain on the contingent liability for the remaining shares (25%) of Active Ants bought in 2023.

Income tax expense increased by -5.7 mEUR compared to last year. Note that the provision of 75.0 mEUR related to overcompensation is already net of corporate income taxes; the provision – except for the compound interest – is not tax deductible.

Group net profit at -56.7 mEUR, decreased by -81.4 mEUR compared to last year mainly due to the provision related to overcompensation. Adjusted group net profit amounted to 19.5 mEUR.

First nine months of 2023

Compared to last year, total operating income decreased by -40.9 mEUR or -1.3% to 3,055.0 mEUR, driven by E-Logistics North America.

- External operating income Belgium increased by +64.6 mEUR excluding the deconsolidation of Ubiway Retail (-21.6 mEUR), driven by strong parcel volumes and mail pricing which mitigated the volume decline.
- External operating income of E-Logistics Eurasia increased by +36.8 mEUR or +8.7% mainly driven by the continued growth at Radial and Active Ants, higher Cross-border revenues amongst other complete year IMX integration.
- E-Logistics North America external operating income decreased by -120.6 mEUR or -11.0%, at constant exchange rate revenues decreased by -9.0%, reflecting lower volumes at Radial and Landmark US (Amazon insourcing).
- Corporate external operating income slightly decreased by -0.2 mEUR.

Operating expenses (including D&A) increased by -61.5 mEUR (or +2.1%), excluding the provision related to overcompensation operating expenses (including D&A) slightly decreased by +13.5 mEUR. This decrease mainly driven by lower opex in line with revenue development E-Logistics North America, last year's bad debt provision at Radial US and the deconsolidation of Ubiway Retail triggering lower material costs. This decrease was partially offset by higher payroll cost (impact inflation, despite decreased FTE), lower recoverable VAT and higher depreciation.

Reported EBIT amounted to 89.9 mEUR and decreased by -102.4 mEUR compared to last year, excluding the provision related to overcompensation reported EBIT decreased by -27.4 mEUR. Adjusted EBIT amounted to 174.4 mEUR and decreased by -13.5% compared to last year.

Net financial result (i.e. net of financial income and financial costs) decreased by -29.1 mEUR mainly 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, and was partially offset by the gain on the contingent liability for the remaining shares (25%) of Active Ants bought in 2023.

Income tax expense decreased by +8.9 mEUR compared to last year mainly due to the lower profit before tax. Note that the provision for overcompensation is already net of corporate income taxes; the provision – except for the compound interest – is not tax deductible.

Group net profit decreased by -121.5 mEUR, to a large extent due to the provision for overcompensation, compared to last year at 32.3 mEUR.

Business Unit performance: Belgium

Belgium In million EUR	Year-to-date 2022	 2023	 % Δ	3rd quarter 2022	 2023	 % Δ
Transactional mail	547.0	557.6	1.9%	169.7	172.1	1.4%
Advertising mail	138.4	130.4	-5.8%	42.9	40.7	-5.3%
Press	251.3	260.4	3.6%	80.3	84.3	5.0%
Parcels Belgium	314.3	355.3	13.1%	103.2	115.6	12.1%
Proximity and convenience retail network	228.4	215.9	-5.5%	68.8	71.4	3.8%
Value added services	91.4	99.0	8.3%	30.1	32.9	9.5%
Intersegment operating income & other	37.1	44.1	18.9%	12.2	21.5	75.4%
TOTAL OPERATING INCOME	1,607.9	1,662.7	3.4%	507.2	538.4	6.2%
Operating expenses	1,389.2	1,526.8	9.9%	468.0	565.2	20.8%
EBITDA	218.6	135.9	-37.8%	39.2	(26.7)	-
Depreciation, amortization (reported)	62.3	64.9	4.1%	20.5	22.4	9.5%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	156.3	71.0	-54.6%	18.7	(49.2)	-
Margin (%)	9.7%	4.3%		3.7%	-9.1%	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	156.7	146.4	-6.6%	18.9	25.9	37.5%
Margin (%)	9.7%	8.8%		3.7%	4.8%	

Third quarter 2023

Total operating income in the third quarter 2023 amounted to 538.4 mEUR and showed an increase of +31.2 mEUR or +6.2% driven by strong parcel volumes and resilient mail revenues. Additionally, intersegment revenues increased from inbound Cross-border volumes handled in the domestic network and +5.0m reversal (other revenue) from downward revision of 2023 impact of repricing services (license plates, 679 accounts and traffic fines) to the State.

Revenues from **Domestic mail** (i.e. Transactional, Advertising and Press combined) slightly increased by +4.1 mEUR to 297.0 mEUR. **Transactional mail** noted an underlying volume decline of -9.2% for the quarter against -6.2% last year, as last year Admin mail was supported by COVID-19 communication (estimated at 5.0 mEUR). **Advertising mail** had an underlying volume decrease of -12.3% against -11.1% last year. **Press** revenues increased by +4.0 mEUR, supported by the integration of the press distributor Aldipress acquired on 30 September 2022 (+ 4.9 mEUR in the third quarter 2023).

Total Domestic mail volume decrease impacted revenues by -23.2mEUR (-8.2% underlying volume decline against -7.7% in the third quarter of 2022) and was compensated by +22.4 mEUR net improvement in price and mix and by +4.9m EUR from the integration of Aldipress on 30 September 2022.

Belgium Evolution underlying volumes	Year-to-date 2022	 2023	3rd quarter 2022	 2023
Domestic mail	-6.8%	-8.5%	-7.7%	-8.2%
Transactional mail	-6.7%	-9.2%	-6.2%	-9.2%
Advertising mail	-5.2%	-13.0%	-11.1%	-12.3%
Press excl. Aldipress	-9.4%	-8.7%	-10.5%	-7.9%
Parcels volume	-10.8%	+7.5%	-3.8%	+5.5%

Parcels Belgium increased by +12.4 mEUR (or +12.1%) to 115.6 mEUR resulting from parcels volume increase of +5.5% against -3.8% in the same period last year mainly reflecting successful Commercial Hunting Plan 2022 and price/mix of +6.6% offset by weak apparel sales momentum from warmer weather patterns in September 2023.

Proximity and convenience retail network increased by +2.6 mEUR (or +3.8%) to 71.4 mEUR, mainly driven by the indexation in the 7th Management Contract.

Value added services amounted to 32.9 mEUR and showed an increase of +2.9 mEUR versus last year mainly due to higher revenues from fines solutions.

Operating expenses (including D&A) increased by -99.2 mEUR (or +20.3%). This increase was mainly driven by the provision related to overcompensation (75.0 mEUR), higher payroll costs per FTE (+5.4% from 3 salary indexations) and stable FTEs despite higher parcel volumes.

Reported EBIT decreased by -67.9 mEUR and adjusted EBIT increased by +7.1 mEUR. Excluding the +5.0 mEUR benefit from the adjusted repricing impact, adjusted EBIT increased year over year by 2.1 mEUR.

First nine months of 2023

Total operating income in the first nine month of 2023 amounted to 1,662.7 mEUR and showed an increase of +54.9 mEUR or +3.4%, driven by strong parcel volumes, resilient mail revenues, indexation 7th Management Contract and higher intersegment revenues from inbound Cross-border volumes handled in the domestic network. This increase was partially offset by -7.5 mEUR impact (in "Intersegment income and other", annualized -10.0 mEUR), reflecting bpost's current assessment of 2023 repricing of license plates, 679 accounts and traffic fines to the State as well as the deconsolidation of Ubiway Retail (-21.6 mEUR).

Revenues from Domestic mail (i.e. Transactional, Advertising and Press combined) increased by +11.7 mEUR to 948.4 mEUR. Transactional mail noted an underlying volume decline of -9.2% for the year against -6.7% year-to-date 2022, last year Admin mail was supported by COVID-19 communication. Advertising mail, driven by continued market pressure, faced an underlying volume decrease of –13.0% against -5.2% for the same period last year. Press revenues increased by +9.1 mEUR, supported by the integration of the press distributor Aldipress acquired on 30 September 2022 (+13.3 mEUR).

Total Domestic mail volume decrease impacted revenues by -76.7 mEUR (-8.5% underlying volume decline against -6.8% in 2022) and was almost compensated by +75.1 mEUR net improvement in price and mix and by +13.3m EUR from the integration of Aldipress on 30 September 2022.

Belgium Evolution underlying volumes	1Q22	2Q22	3Q22	4Q22	FY22	1Q23	2Q23	3Q23	YTD 23
Domestic mail	-5.4%	-7.5%	-7.7%	-7.5%	-6.8%	-8.8%	-8.3%	-8.2%	-8.5%
Transactional mail	-5.8%	-8.2%	-6.2%	-6.7%	-6.5%	-9.9%	-8.5%	-9.2%	-9.2%
Advertising mail	-2.3%	-2.4%	-11.1%	-11.6%	-6.9%	-11.8%	-14.8%	-12.3%	-13.0%
Press excl. Aldipress	-7.1%	-10.8%	-10.5%	-5.4%	-8.4%	-9.5%	-3.7%	-7.9%	-8.7%
Parcels volume	-14.8%	-12.9%	-3.8%	+1.5%	-7.5%	+9.1%	+7.8%	+5.5%	+7.5%

Parcels Belgium increased by +41.1 mEUR (or +13.1%) to 355.3 mEUR resulting mainly from parcels volume increase of +7.5% (versus -10.8% last year) supported by the Commercial Hunting Plan of 2022.

Proximity and convenience retail network decreased by -12.5 mEUR to 215.9 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 +9.1 mEUR mainly driven by the indexation of the 7th Management Contract.

Value added services amounted to 99.0 mEUR and showed an increase of +7.6 mEUR versus last year due to higher revenues from fines solutions.

Operating expenses (including D&A) increased by -140.2 mEUR or +9.7%, mainly driven by the provision related to overcompensation (75.0 mEUR), higher payroll costs and interim costs per FTE (due to salary indexations) and lower recoverable VAT, partially offset by lower material costs given the deconsolidation of Ubiway Retail.

Reported EBIT decreased by -85.3 mEUR mainly due to the provision for overcompensation. Adjusted EBIT decreased by -10.3mEUR with a margin of 8.8%, slight decrease of EBIT when excluding the impact repricing services (-7.5 mEUR).

Business Unit performance: E-Logistics Eurasia

E-Logistics Eurasia	Year-to-date			3rd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
E-commerce logistics	197.9	211.6	7.0%	67.3	69.0	2.5%
Cross-border	226.4	248.9	10.0%	82.0	76.0	-7.4%
Intersegment operating income & other	16.5	20.2	22.4%	5.9	6.6	11.3%
TOTAL OPERATING INCOME	440.8	480.8	9.1%	155.3	151.6	-2.4%
Operating expenses	400.8	432.2	7.8%	144.6	134.7	-6.8%
EBITDA	40.0	48.6	21.6%	10.7	16.9	58.0%
Depreciation, amortization (reported)	20.1	26.6	32.1%	7.0	9.8	39.9%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	19.8	22.0	11.1%	3.7	7.1	92.6%
Margin (%)	4.5%	4.6%		2.4%	4.7%	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	22.0	24.6	11.9%	4.4	7.9	80.6%
Margin (%)	5.0%	5.1%		2.8%	5.2%	

Third quarter 2023

Total operating income amounted to 151.6 mEUR and decreased by -3.7 mEUR (-2.4%), mixed revenue development across businesses resulting in stable topline operationally (i.e. when excluding impact consolidation of IMX).

E-commerce logistics operating income in the third quarter 2023 amounted to 69.0 mEUR, an increase of +1.7 mEUR or +2.5% compared to the same period of 2022. Revenue growth of Radial Europe and Active Ants of +11.0% reflecting higher sales from existing customers and new customer onboardings from international expansion was partially offset by lower volumes across all Dyna lines, only partially mitigated by price indexations.

Cross-border operating income in the third quarter 2023 amounted to 76.0 mEUR, a decrease of -6.0 mEUR (or -7.4%) compared to the same period of 2022, mainly driven by adverse UK market conditions, IMX consolidation as from July 2022 (4 months of revenue in the third quarter 2022 after acquisition on May 31, 2022), partially offset by continuous growth from recent customer wins in Asia, though at a slower pace than previous quarters.

Operating expenses (including D&A) were down +7.1 mEUR or -4.7%, mainly explained by lower transport costs in line with lower Cross-border activities overall and favorable mix, offsetting higher intersegment opex charged by Belgium, stable payroll costs reflecting inflationary pressures balanced by lower FTE.

Reported EBIT increased by +3.4 mEUR and adjusted EBIT increased by +3.5 mEUR compared to last year same period and respectively amounted to 7.1 mEUR and 7.9 mEUR (margin of 5.2%).

First nine months of 2023

Total operating income increased by +40.0 mEUR (or +9.1%) and amounted to 480.8 mEUR.

E-commerce logistics operating income in the first nine months 2023 amounted to 211.6 mEUR, an increase of +13.8 mEUR or +7.0% compared to the same period of 2022. This increase was mainly driven by the revenue growth of Radial Europe and Active Ants of +16.1%, mainly from increased sales of existing customers and new customer onboardings.

Cross-border operating income in the first nine months 2023 amounted to 248.9 mEUR, an increase of +22.6 mEUR (or +10.0%) compared to the same period of 2022, mainly driven by IMX consolidation as from July 2022 and customer wins in Asia.

Operating expenses (including D&A) were up -37.8 mEUR or +9.0%, mainly due to higher intersegment opex charged by Belgium, higher payroll costs from inflation, higher depreciation and E-commerce logistics expansion related expenses.

Reported EBIT increased by +2.2 mEUR and adjusted EBIT increased by +2.6 mEUR compared to last year same period and respectively amounted to 22.0 mEUR and 24.6 mEUR (margin 5.1%).

Business Unit performance: E-Logistics North America

E-Logistics North America	Year-to-date			3rd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
E-commerce logistics	1,094.7	972.7	-11.1%	375.0	308.3	-17.8%
Intersegment operating income & other	3.8	6.1	61.5%	1.5	2.0	33.9%
TOTAL OPERATING INCOME	1,098.5	978.9	-10.9%	376.5	310.3	-17.6%
Operating expenses	982.6	871.2	-11.3%	339.6	279.5	-17.7%
EBITDA	115.9	107.7	-7.1%	36.8	30.7	-16.7%
Depreciation, amortization (reported)	78.8	83.5	5.9%	28.7	28.4	-1.2%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	37.1	24.3	-34.7%	8.1	2.3	-71.3%
Margin (%)	3.4%	2.5%		2.2%	0.8%	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	43.8	30.8	-29.7%	10.5	4.5	-57.0%
Margin (%)	4.0%	3.1%		2.8%	1.5%	

Third quarter 2023

Total operating income amounted to 310.3 mEUR and decreased by -66.2 mEUR (-17.6%, or -10.8% at constant exchange rate).

E-commerce logistics decreased by -66.7 mEUR to 308.3 mEUR or -17.8%. At constant exchange rate operating income decreased by -11.0% resulting from lower revenues at Radial (-10.1% excluding FX) as contribution of new customer launches was more than offset by lower sales from existing customers and accelerating revenue churn from terminated contracts announced in 2022 and 2023 and lower revenues at Landmark US reflecting Amazon's insourcing and general competitive pressure.

Radial North America (*)	Year-to-date		3rd quarter	
In million USD (Adjusted)	2022	2023	2022	2023
Total operating income	924.4	924.8	295.9	265.9
EBITDA	76.4	73.2	21.1	20.8
Profit from operating activities (EBIT)	12.2	12.2	(0.8)	(2.6)

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

Operating expenses (including D&A) decreased by +60.4 mEUR or -16.4% (or -9.4% at constant exchange rate) resulting from lower variable opex in line with revenue development, continued strong variable labor management and productivity gains, leading to variable contribution margin improvement and the provision of 7.1 mEUR in the third quarter 2022 reflecting a dispute with an exiting customer.

Reported EBIT amounted to 2.3 mEUR down by -5.8 mEUR (or -71.3%) with a margin of 0.8%, **adjusted EBIT** amounted to 4.5 mEUR (down by -6.0 mEUR or -57.0%) with a margin of 1.5%. Lower EBIT and margin dilution mainly reflecting revenue pressure at Landmark and lower fixed cost coverage, partly mitigated by productivity improvement at Radial.

First nine months of 2023

Total operating income amounted to 978.9 mEUR and decreased by -119.6 mEUR, or -10.9% (-9.0% at constant exchange rate).

E-commerce logistics decreased by -122.0 mEUR to 972.7 mEUR or -11.1% (-8.9% at constant exchange rate) due to lower revenues at Radial and Landmark US reflecting Amazon's insourcing and general competitive pressure.

Operating expenses (including D&A) decreased by +106.7 mEUR or -10.1% (or -8.0% at constant exchange rate) resulting from lower variable opex in line with revenue development, strong variable labor management and productivity gains and last year's provision of 7.1 mEUR following a dispute with a terminated customer.

Reported EBIT amounted to 24.3 mEUR down by -12.9 mEUR (or -34.7%) with a margin of 2.5%, adjusted EBIT amounted to 30.8 mEUR (down by -13.0 mEUR) with a margin of 3.1%.

Business Unit performance: Corporate

Corporate In million EUR	Year-to-date 2022	 2023	 % Δ	3rd quarter 2022	 2023	 % Δ
External operating income	6.1	6.0	-2.6%	2.7	1.9	-30.0%
Intersegment operating income	294.8	318.5	8.0%	98.2	101.0	2.9%
TOTAL OPERATING INCOME	300.9	324.5	7.8%	100.8	102.8	2.0%
Operating expenses	266.1	292.6	10.0%	89.3	93.3	4.5%
EBITDA	34.9	31.9	-8.5%	11.5	9.5	-17.3%
Depreciation, amortization (reported)	55.8	59.3	6.3%	19.3	19.9	3.4%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	(21.0)	(27.5)	31.0%	(7.7)	(10.4)	34.3%
Margin (%)	-7.0%	-8.5%		-7.7%	-10.1%	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	(21.0)	(27.5)	31.0%	(7.7)	(10.4)	34.3%
Margin (%)	-7.0%	-8.5%		-7.7%	-10.1%	

Third quarter 2023

External operating income in the third quarter 2023 slightly decreased (-0.8 mEUR) compared to last year mainly from lower building sales.

Higher operating expenses (including D&A) +4.7 mEUR or +4.3%, reflecting amongst others inflationary pressure on payroll costs (+5.4% from 3 salary indexations) mitigated by continued efforts on overhead reduction (-4.4% FTE) and compliance reviews related costs.

Reported & adjusted EBIT at -10.4 mEUR down by -2.7 mEUR.

First nine months of 2023

External operating income in the first nine months 2023 slightly decreased by -0.2 mEUR driven by lower building sales.

Increase in operating expenses (including D&A) by +9.3%, reflecting amongst other inflationary pressure on payroll cost and compliance related costs.

Reported & adjusted EBIT at -27.5 mEUR down by -6.5 mEUR.

Cash flow statement

Third quarter 2023

3rd quarter (in million EUR)	Reported			Adjusted		
	2022	2023	Δ	2022	2023	Δ
Cash flow from operating activities	15.1	12.9	-2.2	51.1	4.4	-46.7
out of which CF from operating activities before Δ in WC & provisions	91.7	25.1	-66.6	91.7	25.1	-66.6
Cash flow from investing activities	(47.2)	(36.3)	10.9	(47.2)	(36.3)	10.9
Free cash flow	(32.1)	(23.3)	8.7	3.9	(31.9)	-35.8
Financing activities	(50.5)	(58.1)	-7.6	(50.5)	(58.1)	-7.6
Net cash movement	(82.5)	(81.4)	1.1	(46.5)	(90.0)	-43.5
Capex	47.0	26.4		47.0	26.4	

In the third quarter 2023, the net cash flow remained stable compared to the same period last year at negative 81.4 mEUR. The negative variance in the working capital evolution explained by phasing elements was compensated by collected proceeds due to clients and lower capex.

Reported and adjusted free cash flow amounted respectively to negative 23.3 mEUR and negative 31.9 mEUR.

Cash flow from operating activities before change in working capital and provisions decreased by 66.6 mEUR compared to the third quarter 2022, mainly explained by the negative EBITDA variation (in turn mainly due to the provision related to overcompensation 75.0 mEUR)) and lower income taxes paid (10.4 mEUR).
Cash flow related to collected proceeds due to Radial's clients was 44.6 mEUR higher (8.6 mEUR inflow in the third quarter 2023 compared to an outflow of 36.0 mEUR in the same period last year).
The variance in change in working capital and provisions (19.9 mEUR) was mainly explained by the 75.0 mEUR provision related to overcompensation recorded in the third quarter 2023 partially counterbalanced by lower supplier balances.

Investing activities resulted in a cash outflow of 36.3 mEUR in the third quarter 2023, compared to a cash outflow of 47.2 mEUR for the same period last year. The evolution in the third quarter 2023 was mainly explained by lower capex (+20.6 mEUR) and M&A activities including the acquisition of the remaining shares in Active Ants group in 2023 (-11.0 mEUR) and the acquisition of Aldipress (+1.8 mEUR) in 2022.
Capex stood at 26.4 mEUR in the third quarter 2023 and was mainly spent on international e-commerce logistics and on domestic fleet, mail infrastructure and parcels capacity.

In the third quarter 2023 the cash outflow relating to financing activities amounted to -58.1 mEUR compared to -50.5 mEUR last year, mainly explained by lease liabilities.

First nine months of 2023

Year-to-date (in million EUR)	Reported			Adjusted		
	2022	2023	Δ	2022	2023	Δ
Cash flow from operating activities	88.3	216.0	127.7	128.9	247.3	118.4
out of which CF from operating activities before Δ in WC & provisions	375.8	296.5	-79.3	375.8	296.5	-79.3
Cash flow from investing activities	27.4	(113.6)	-141.0	27.4	(113.6)	-141.0
Free cash flow	115.7	102.3	-13.3	156.3	133.7	-22.6
Financing activities	(214.6)	(213.8)	0.8	(214.6)	(213.8)	0.8
Net cash movement	(98.9)	(111.5)	-12.6	(58.3)	(80.1)	-21.8
Capex	113.0	106.7		113.0	106.7	

In the first nine months of 2023, the net cash outflow increased compared to the same period last year by 12.6 mEUR to 111.5 mEUR. This increase was driven by last year's sale of bpost bank partially compensated by positive working capital evolution.

Reported and adjusted free cash flow amounted respectively to 102.3 mEUR and 133.7 mEUR.

Cash flow from operating activities before change in working capital and provisions decreased by 79.3 mEUR compared to the first nine months of 2022 as the negative EBITDA variation – amongst other due to the provision for the overcompensation - was partially compensated by lower corporate income tax prepayments.
Cash outflow related to collected proceeds due to Radial's clients was 9.3 mEUR lower (31.4 mEUR outflow in the first nine months of 2023 compared to an outflow of 40.6 mEUR in the same period last year).
The variance in change in working capital and provisions (197.7 mEUR) was mainly explained by the different payment schedule of the SGEI compensation as per the 7th Management Contract combined with the 75.0 mEUR provision related to overcompensation recorded in the third quarter 2023 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 113.6 mEUR in the first nine months of 2023, compared to a cash inflow of 27.4 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 subordinated loan) in 2022 and lower proceeds from sales of buildings in 2023 (2.3 mEUR) compensated by lower capex in 2023 (6.3 mEUR).
Capex stood at 106.7 mEUR in the first nine months of 2023 and was mainly spent on e-commerce logistics expansion (US/EU) 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 -213.8 mEUR compared to -214.6 mEUR last year, mainly explained by a lower dividend payment (+17.7 mEUR) and higher payments related to lease liabilities and interests on borrowings (-17.0 mEUR).

.

Unaudited Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Income Statement (unaudited)

	Year-to-date		3rd quarter	
In million EUR	2022	2023	2022	2023
Revenue	3,080.3	3,044.1	1,016.6	975.1
Other operating income	15.6	10.8	5.3	3.4
TOTAL OPERATING INCOME	3,095.9	3,055.0	1,021.9	978.5
Material costs	(72.2)	(62.4)	(19.1)	(19.7)
Services and other goods	(1,346.4)	(1,279.0)	(459.5)	(409.6)
Payroll costs	(1,250.1)	(1,286.8)	(431.2)	(432.9)
Other operating expenses	(17.7)	(102.7)	(13.8)	(85.9)
Depreciation, amortization and impairment	(217.1)	(234.3)	(75.5)	(80.6)
TOTAL OPERATING EXPENSES	(2,903.5)	(2,965.1)	(999.1)	(1,028.6)
RESULT FROM OPERATING ACTIVITIES (EBIT)	192.3	89.9	22.8	(50.1)
Financial income	19.3	28.7	17.8	18.8
Financial costs	(3.8)	(42.3)	(11.6)	(15.3)
Remeasurement of assets held for sale at fair value less costs to sell	(1.2)	0.0	0.0	0.0
Share of results of associates and joint ventures	0.0	0.0	0.0	0.0
RESULT BEFORE TAX	206.7	76.3	29.1	(46.6)
Income tax expense	(52.8)	(43.9)	(4.4)	(10.1)
RESULT FOR THE PERIOD (EAT)	153.8	32.3	24.7	(56.7)
Attributable to:				
Equity holders of the parent	154.7	33.5	24.9	(56.6)
Non-controlling interests	(0.9)	(1.2)	(0.2)	(0.1)

EARNINGS PER SHARE

	Year-to-date		3rd quarter	
In EUR	2022	2023	2022	2023
► basic, result for the period attributable to ordinary equity holders of the parent	0.77	0.17	0.12	(0.28)
► diluted, result for the period attributable to ordinary equity holders of the parent	0.77	0.17	0.12	(0.28)

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.

Interim Condensed Consolidated Statement of Financial Position

In million EUR	31 December 2022 (audited)	30 September 2023 (unaudited)
Assets		
Non-current assets		
Property, plant and equipment	1,398.9	1,392.0
Intangible assets	855.8	835.5
Shares in equity	0.1	0.1
Investments in associates and joint ventures	0.1	0.1
Investment properties	3.4	3.4
Deferred tax assets	18.4	20.7
Trade and other receivables	33.0	37.7
	2,309.6	2,289.5
Current assets		
Inventories	24.5	25.5
Income tax receivable	30.8	6.9
Trade and other receivables	941.3	785.9
Cash and cash equivalents	1,051.0	973.7
Derivative instruments	0.0	0.0
	2,047.7	1,792.1
Assets held for sale	1.0	0.6
TOTAL ASSETS	4,358.3	4,082.2
Equity and liabilities		
Issued capital	364.0	364.0
Reserves	401.3	552.1
Foreign currency translation	70.2	75.1
Retained earnings	231.7	32.3
Equity attributable to equity holders of the Parent	1,067.1	1,023.5
Equity attributable to non-controlling interests	(1.7)	(0.7)
TOTAL EQUITY	1,065.4	1,022.8
Non-current liabilities		
Interest-bearing loans and borrowings	1,180.9	1,160.0
Employee benefits	244.2	245.5
Trade and other payables	25.9	7.7
Provisions	15.2	14.7
Deferred tax liabilities	11.0	9.8
	1,477.2	1,437.6
Current liabilities		
Interest-bearing loans and borrowings	307.3	321.6
Bank overdrafts	0.4	0.0
Provisions	11.5	88.0
Income tax payable	2.4	2.5
Derivative instruments	(0.3)	0.3
Trade and other payables	1,494.4	1,209.4
	1,815.8	1,621.8
TOTAL LIABILITIES	3,292.9	3,059.4
TOTAL EQUITY AND LIABILITIES	4,358.3	4,082.2

Property, plant and equipment slightly decreased as the capital expenditure and the new right-of-use assets were offset by the depreciation.

Intangible assets decreased due to the depreciation, partially offset by capital expenditures.

The decrease of trade and other receivables was mainly driven by the settlement of the press concession for the year 2022 and the peak sales of year-end 2022.

Cash & cash equivalents decreased amongst others due to the payment of dividends (80.3 mEUR).

The decrease of equity was mainly explained by payment of dividends (80.3 mEUR), partially offset by the realized profit and the exchange differences on translation of foreign operations.

The decrease of trade and other payables was mainly due to the reversal of the liability related to the remaining shares of Active Ants and the decrease of social and trade payables. The decrease of trade payables was mainly a phasing element given the peak season at year end, whereas the decrease of 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 of 2023.

The increase of provisions is in line with the finalisation and communication by bpost of the results of three compliance reviews (traffic fines, 679 accounts and licence plates) for which bpost has taken a provision of 75.0 mEUR. Based on its in-depth legal and economic assessment, bpost believes that such number constitutes the overcompensation to be repaid to the Belgian State over the past years for the three contracts.

Interim Condensed Consolidated Statement of Cash Flows (unaudited)

	Year-to-date		3rd quarter	
In million EUR	2022	2023	2022	2023
Operating activities				
Result before tax	206.7	76.3	29.1	(46.6)
Depreciation, amortization and impairment losses	217.1	220.0	75.5	66.8
Impairment on debtors	10.6	(3.5)	8.0	(0.1)
Gain on sale of property, plant and equipment	(3.0)	(3.3)	(1.1)	(1.9)
Gain on disposal of subsidiaries	0.0	0.0	0.0	0.0
Other non-cash items	28.7	28.0	10.8	16.6
Change in employee benefit obligations	(31.6)	1.3	(12.0)	(1.6)
Remeasurement of assets held for sale at fair value less costs to sell	0.0	0.0	0.0	0.0
Share of results of associates and joint ventures	(0.0)	(0.0)	(0.0)	0.0
Income tax (paid)/received	(73.1)	(39.7)	(18.5)	(9.4)
Income tax (paid)/received on previous years	20.5	17.4	0.0	1.4
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	375.8	296.5	91.7	25.1
Decrease/(increase) in trade and other receivables	6.9	138.2	(87.4)	(6.5)
Decrease/(increase) in inventories	(1.5)	(1.0)	(1.8)	(1.8)
Increase/(decrease) in trade and other payables	(249.6)	(262.3)	50.8	(90.2)
Increase/(decrease) in collected proceeds due to clients	(40.6)	(31.4)	(36.0)	8.6
Increase/(decrease) in provisions	(2.7)	76.0	(2.3)	77.7
NET CASH FROM OPERATING ACTIVITIES	88.3	216.0	15.1	12.9
Investing activities				
Proceeds from sale of property, plant and equipment	6.3	4.1	1.7	1.2
Disposal of subsidiaries, net of cash disposed of	121.9	0.0	0.0	0.0
Acquisition of property, plant and equipment	(101.6)	(99.6)	(42.7)	(22.7)
Acquisition of intangible assets	(11.3)	(7.0)	(4.3)	(3.7)
Loan to associate	25.0	0.0	0.0	0.0
Acquisition of subsidiaries, net of cash acquired	(12.8)	(11.0)	(1.8)	(11.0)
NET CASH USED IN INVESTING ACTIVITIES	27.4	(113.6)	(47.2)	(36.3)
Financing activities				
Proceeds from borrowings	50.0	0.5	0.0	0.4
Payments related to borrowings	(53.8)	0.0	0.0	0.0
Interests related to borrowings	(10.5)	(14.7)	(9.2)	(10.1)
Payments related to lease liabilities	(102.3)	(119.3)	(41.3)	(48.1)
Dividends paid	(98.0)	(80.3)	0.0	(0.3)
NET CASH FROM FINANCING ACTIVITIES	(214.6)	(213.8)	(50.5)	(58.1)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(98.9)	(111.5)	(82.5)	(81.4)
NET FOREIGN EXCHANGE DIFFERENCE	24.3	0.6	10.5	3.9
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 September	832.8	1,048.5		
MOVEMENTS BETWEEN 1st JANUARY AND 30th SEPTEMBER	(74.6)	(110.8)		

Notes to the interim Condensed Consolidated Financial Statements

1. Basis for preparation and accounting policies

The interim condensed consolidated financial statements of bpost have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use by the European Union. 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.

The interim financial statements have not been subject to review by the independent auditor. 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 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. There are no IFRS standards, amendments or interpretations taking effect for the first time for the financial year beginning 1 January 2023 that have a material impact on the 2023 accounts of bpost.

2. Contingent liabilities and contingent assets

This press release should be read in conjunction with bpostgroup's annual financial statements as of December 31, 2022, complemented for the internal compliance review relating to (the public tender for) the concession for distribution of newspapers and periodicals in Belgium as set out below.

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[6].

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.

6 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.

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 is conducting 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 has announced its intention 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 it is still ongoing. bpost has offered its cooperation to the Belgian State with respect to this ongoing audit.
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 Government.
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, bpost, supported by external legal counsel, continues to deem the exposure of a cash outflow in relation to the (public tender for) the 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.

3. Provisions related to compliance reviews

At the start of this year, bpost has voluntarily launched 3 compliance reviews, following the compliance review conducted in 2022 with regard to (the tender for) the concession for the delivery of newspapers and magazines in Belgium. This specifically concerns the processing of traffic fines, the management of 679 accounts, and the delivery/cancellation of licence plates.

A thorough investigation was carried out, using external experts and forensic investigative methods. The main findings have in the meanwhile been shared with the relevant public services, in spirit of a close cooperation and resolution.

Certain compliance reviews revealed malpractices and potential financial risks, whereby a limited number of people inside and outside the company acted against the applicable laws and regulation, and without appropriate control.

Traffic fines (Cross Border Fines – CBF)

Background

Since 2006, bpost is managing the administrative and financial processes for handling traffic fines on behalf of the Federal Public Service of Justice (FPS Justice), initially focusing solely on national fines, and since 2015, extending its services to international fines. These services comprise sending fines, business process outsourcing tasks (including amongst others a call center, back office operations, and returns handling) as well as the management of the IT platform and further IT developments. The provision of these services has significantly contributed to modernizing and professionalizing the management of traffic fines.

These services were initially included in the fourth Management Contract, and continued to be part of the following Management Contracts. The compensation of these services was subsequently set out in Deepening Convention and various other agreements.

Main findings

1. The compensation received by bpost may in part constitute unlawful State aid. The services of the CBF were set out in Management Contracts, but their compensation was set in separate agreements and were not covered by State aid decisions declaring the compensation for the relevant Management Contracts compatible.
2. The investigation also reveals that various other services were included in the Deepening Conventions that are strictly speaking separate from the services for the collection of traffic fines. The majority of these services are linked to the maintenance of the ICT platform, as well as the recruitment of consultants.
3. bpost made a mistake in calculating the costs for the office space put at the disposal for the CBF services and did not communicate this mistake once when it was discovered but allocated the funds to other services provided in the context of the CBF project.

Next steps

bpost is discussing the findings with the FPS Justice to mutually determine the necessary remedial measures. bpost will refund any excess compensation received. The compensation for the period until the new tender is awarded will also be reviewed. Within these discussions, there will also be a need to delineate in detail the nature and scope of the services to be provided to avoid unrelated services being performed under the operation of the fines system.

679 accounts

Background

Since 1912, bpost has managed the bank accounts for the government and more than 200 public agencies (such as VAT payments).

The FPS Finance entrusted this historical service to bpost on the basis of contracts without initiating a tender procedure. A tender procedure is currently ongoing and on 31 March 2023 the bpost/speos consortium was one of the three candidates selected to participate.

Main findings

1. The compensation received by bpost may be partly considered to be unlawful State aid.
2. Some bpost employees drew up a presentation of costs that were incorrect and without involving the Legal and Financial departments of the company. The purpose of this cost presentation was to justify the level of compensation during the negotiations on the prolongation of this service with the FPS Finance.

Next steps

bpost is in the process of discussing the findings with FPS Finance and will take further action to mutually determine the necessary remedial measures. bpost will refund any excess compensation received. The existing compensation will also be revised for the period up to the award of the new contract.

Licence plates (European Licence Plates – ELP)

Background

The ELP services encompass the production and the delivery of the number plates and the related registration certificate for new and used cars in Belgium. They also involve cancellation of licence plates and the collection of payment for relevant services. The bpost/speos consortium won the contract for these services in two successive tenders, launched by DIV (Vehicle Registration Department of the Ministry of Mobility) in 2010 and 2019.

Main findings

1. No practices restricting the competition law were found within the framework of the two tenders under which the concession was awarded. The tender resulted in competitive pricing which is also confirmed by a pricing benchmark.
2. bpost failed to comply with the service level agreements (SLAs) on a number of occasions and should therefore pay the contractually foreseen fines.

Next steps

bpost is in the process of discussing the findings with the FPS Mobility and will take further action to establish the justified nature of the concession conditions (including the compensation).

Financial considerations

Besides the finalization of the internal compliance reviews, bpost, supported by independent economists and legal experts, has concluded an in-depth legal and economic assessment regarding the remuneration paid by the Belgian State for the three services. This does not cover the press concession, for which reference is made to the paragraphs above.

The next phase, involving resolution efforts with the relevant ministries, is now ongoing. The timing of the outcome of this process is highly uncertain and depends on various elements that are outside the control of bpost. Awaiting full resolution on the relevant files, bpost's current assessment leads to the following financial considerations:

- As part of its commitment to repay any overcompensation, bpost recorded a provision of 75 mEUR in the third quarter of 2023. The provision, as is customary concerning the repayment of State Aid, is already net of corporate income taxes paid on the incompatible aid principal amount. As a result, this amount is not tax deductible at the moment of its recognition and as a one-off exceeding the threshold of 20 mEUR, as defined in bpost's Alternative Performance Measures, this provision will be excluded through the Adjusted Financials. Based on its in-depth legal and economic assessment, bpost believes that such number constitutes the overcompensation to be repaid to the Belgian State over the past years for the three contracts. Such number remains preliminary, as it does not yet reflect the views of the Belgian State. bpost will provide an update as soon as it would become apparent that the conclusion of the resolution efforts would result in a materially higher amount.
- Concerning the annualized negative EBIT impact in 2023 of repricing the services to the three ministries, the annual accrual has been reduced to 10 mEUR based on bpost's own in-depth legal and economic assessment. This replaces the accrual made further to the preliminary estimates as initially communicated on April 24, 2023. Such number remains preliminary as it does not yet reflect the views of the Belgian State. The final repricing impact will depend on the conclusion of the resolution efforts.

4. Events after the reporting period

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

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 the 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			3rd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Total operating income	3,095.9	3,055.0	-1.3%	1,021.9	978.5	-4.2%
ADJUSTED TOTAL OPERATING INCOME	3,095.9	3,055.0	-1.3%	1,021.9	978.5	-4.2%

OPERATING EXPENSES

	Year-to-date			3rd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Total operating expenses excluding depreciation, amortization	(2,686.5)	(2,730.8)	1.6%	(923.6)	(948.0)	2.6%
Provision related to overcompensation (3)	0.0	75.0	-	0.0	75.0	-
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	(2,686.5)	(2,655.8)	-1.1%	(923.6)	(873.0)	-5.5%

EBITDA

	Year-to-date			3rd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
EBITDA	409.4	324.2	-20.8%	98.3	30.5	-69.0%
Provision related to overcompensation (3)	0.0	75.0	-	0.0	75.0	-
ADJUSTED EBITDA	409.4	399.2	-2.5%	98.3	105.5	7.3%

EBIT

	Year-to-date			3rd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Result from operating activities (EBIT)	192.3	89.9	-53.3%	22.8	(50.1)	-
Provision related to overcompensation (3)	0.0	75.0	-	0.0	75.0	-
Non-cash impact of purchase price allocation (PPA) (2)	9.2	9.5	3.2%	3.2	3.2	-0.7%
ADJUSTED RESULT FROM OPERATING ACTIVITIES (EBIT)	201.5	174.4	-13.5%	26.0	28.1	8.0%

RESULT FOR THE PERIOD (EAT)

	Year-to-date			3rd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Result for the period	153.8	32.3	-79.0%	24.7	(56.7)	-
Remeasurement of assets held for sale at fair value less costs to sell (1)	1.2	0.0	-	0.0	0.0	-
Non-cash impact of purchase price allocation (PPA) (2)	7.0	7.2	3.1%	2.4	2.4	-1.1%
Provision related to overcompensation (3)	0.0	73.8	-	0.0	73.8	-
ADJUSTED RESULT OF THE PERIOD	162.0	113.3	-30.0%	27.1	19.5	-28.0%

(1) 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 started up in 2021 and finalised the sales process of Ubiway Retail in 2022. As the fair value less costs to sell of Ubiway Retail was lower than the carrying value an initial write down of 6.3 mEUR in 2021 was recorded and an additional write down of 1.0 mEUR was recorded in 2022. 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.

(2) 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.

(3) In 2023 bpost had voluntary launched 3 compliance reviews concerning the processing of traffic fines, the management of 679 accounts, and the delivery/cancellation of licence plates and concluded an in-dept legal and economic assessment regarding the remuneration paid by the Belgian State for these 3 services. As part of bpost's commitment to repay any overcompensation, a provision of 75.0 mEUR has been recorded. The provision, as is customary concerning the repayment of State Aid, is already net of corporate income taxes paid on the incompatible aid principal amount. As a result, the amount except for the compound interest is not tax deductible. In line with the definition of adjusting items within the APMs and as this provision exceeds the threshold of 20.0 mEUR, this provision is being adjusted.

Reconciliation of reported free cash flow and adjusted free cash flow

	Year-to-date			3rd quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Net Cash from operating activities	88.3	216.0	-	15.1	12.9	-14.4%
Net Cash used in investing activities	27.4	(113.6)	-	(47.2)	(36.3)	-23.1%
FREE CASH FLOW	115.7	102.3	-11.5%	(32.1)	(23.3)	-27.2%
Collected proceeds due to Radial's clients	40.6	31.4	-22.8%	36.0	(8.6)	-
ADJUSTED FREE CASH FLOW	156.3	133.7	-14.5%	3.9	(31.9)	-

Forward Looking Statements

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

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

Glossary

- 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