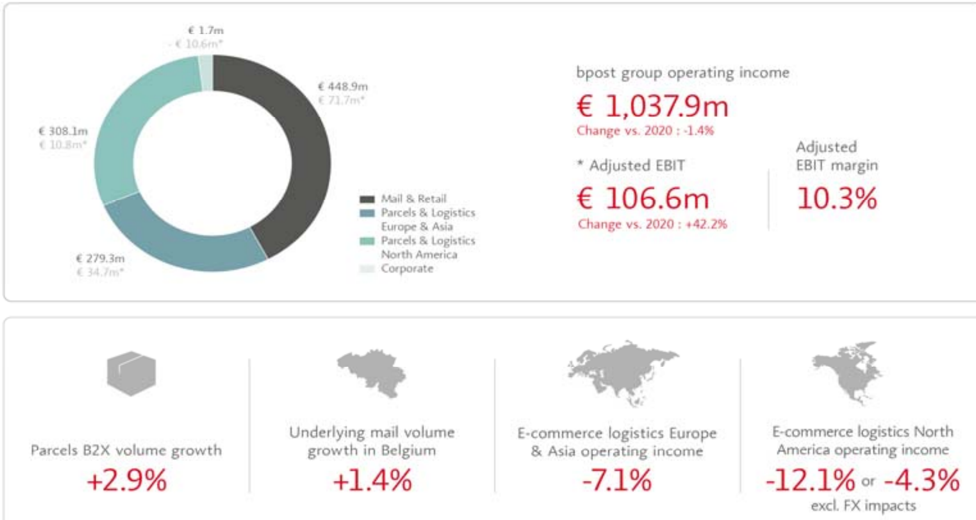
Compared to Q2 2020 COVID-19 lockdown, bpost delivers a strong second quarter driven by mail revenues and sustained e-commerce in Europe

Second quarter 2021 highlights

- Group operating income at EUR 1,037.9m, -1.4% compared with the same period last year and driven by mail revenues and sustained e-commerce in Europe. As anticipated, accelerating contribution of new customers at Radial NA did not yet compensate the non-recurring COVID-19 lockdown growth of the second quarter 2020.
- Group reported EBIT at EUR 103.4m. Group adjusted EBIT at EUR 106.6m (margin of 10.3%) increased by EUR +31.6m compared to prior year.
- Mail & Retail
    - Total operating income at EUR 508.1m (+8.5%) driven by volume rebound supported by one-off COVID-19 communication, positive mail price impact, Value added services & Retail profiting from soft comps of last year.
    - Reported EBIT at EUR 71.3m. Adjusted EBIT at EUR 71.7m (14.1% margin) up by EUR +35.7m doubling year-over-year.
    - Underlying mail volume growth of +1.4%.
- Parcels & Logistics Europe & Asia
    - Total operating income at EUR 283.4m (-3.9%) against high comparable base in the second quarter 2020.
    - Reported EBIT at EUR 34.0m. Adjusted EBIT at EUR 34.7m (12.2% margin), up EUR 2.3m (+7.1%) with margin improvement supported by benefits of operating leverage in the integrated network.
    - Despite volume growth of +2.9% from sustained online sales, operating income Parcels B2X decreased by -4.0% due to the negative price/mix of -6.9%, of which price impact of -2.8% from COVID-19 surcharges to customers in April and May 2020.
- Parcels & Logistics North America
    - Total operating income at EUR 309.8m (-12.5%, or -4.6% at constant exchange rate), reflecting Radial's non-recurring extra volumes of last year's pandemic lockdown where closures of customer's physical shops and temporarily soaring sales of sanitizers and related products increased volumes, slightly offset by new customers' contribution that started to accelerate in June.
    - Reported EBIT at EUR 8.7m. Adjusted EBIT at EUR 10.8m (3.5% margin), down by EUR -6.8m driven by lower operating income at Radial and wage pressure in the U.S.
- Outlook update for 2021 is revised upwards. In light of the strong second quarter results, and based on current assumptions of mail volume trend and normalization for COVID-19 e-commerce activities for the rest of the year, bpost now expects the group adjusted EBIT to be above EUR 340m.

Second Quarter 2021 Key Figures



CEO quote

Dirk Tirez, CEO of bpost group: *"Thanks to its 36,000 employees, bpost can deliver solid financials while developing the ambition to be one of the most sustainable postal and logistics operators in Europe from an economic, ecologic and social perspective. Compared to 2Q20 COVID lockdown, bpost delivers a strong quarter driven by mail revenues and sustained e-commerce in Europe. North America saw strong growth in new business partially offsetting the impact of non-recurring COVID lockdown same stores sales volume from 2Q20. The good results put bpost group in a position to upgrade its full year guidance which is to deliver "above EUR 340m" EBIT.*

The bpost management team embraces the continuity in governance to further execute on the management priorities, with the preparation of the end of year peak as absolute priority."

Management priorities

Progress in line with plan

The 2021 priorities as announced in 1Q21 have all progressed:

- Preparation of the end of year peak
- Cost reduction and operational efficiency in Mail & Retail Belgium
- Reduction in overhead and headquarters costs
- e-commerce logistics on both sides of the Atlantic
- Active portfolio management and capital allocation to booming e-commerce business

These initiatives are the focus of the CEO and executive team for the coming months. They aim at improving performance and predictability of bpost group.

bpost entrusted again by the Belgian Government

On July 23, 2021 the Belgian government approved a 7th management contract with bpost. The new management contract provides for a compensation for Services of General Economic Interest in the range of EUR 125-130m on an annual basis, subject to inflation. The services covered include:

- In line with 6th Management contract: retail network, distribution of pensions, election materials, etc.
- New services: digital public services to close the digital gap

After submission to and validation by the European Commission, the new contract will be effective for the 5-years period from January 1, 2022 to December 31, 2026. The new management contract is the result of several months of intense and fruitful collaboration with all stakeholders, and is evidence of the alignment of interests of the key bpost stakeholders.

Preparation of the end of year (EOY) peak

- Several measures have so far been taken to improve the preparation of the end of year peak: secured distribution and sorting capacity to capture growth vs. 2020 peak (including through temporary parcel sorting machinery in 2 sites)
- >50% increase from Dec '20 to Dec '21 of parcels absorption in regular mail rounds to reduce outsourcing to sub-contractors and increase operational leverage
- Fleet optimization measures including replacement of 1,000 short-term leases by long-term leases
- Ongoing optimization of 2nd distribution wave compared to Q4, 2020

Cost reduction and operational efficiency in Mail & Retail Belgium

- Ongoing capture of benefits of the Alternating Distribution Model (ADM)
- Productivity gains realized through restored reorganizations of mail offices (77 reorganizations in 2020, more than double planned in 2021)

Active portfolio management

Transfer of The Mail Group to Architect Equity was signed and closed on August 5, 2021. The active portfolio management team continues to look for opportunities to optimize the existing bpost portfolio.

Parcel operating model optimization
Launch of operational benchmarking and process optimization against best-in-class operators to further improve our operating model. Objective to translate parcels growth into best-in-class satisfaction and operating performance for profit growth. Appointment of Gerrit Mastenbroek as special advisor to the CEO to support operating model optimisation.

bpost ESG-Committee and sustainability commitments
bpost set up an ESG Committee with development of a bpost group ESG roadmap by year-end.
Ambition for bpost to become one of the greenest postal operators in Europe by 2030. Investments to accelerate this transition are captured within the capex envelope.

Outlook for 2021

In light of the second quarter results, and based on current assumptions of mail volume trend and normalization for COVID-19 e-commerce activities for the rest of the year, bpost raises its updated outlook for the current year 2021.

The group's total operating income for 2021 is expected to increase by a low- to mid-single-digit percentage compared to 2020, while group adjusted EBIT is now expected to be above EUR 340m.

For Mail & Retail, the outlook is revised as follows:

- Total operating income evolution to result from an underlying Domestic Mail volume decline expected up to -8%, an approved mail pricing of +6.0% expected to result in a price and mix impact of c. +7.0%, and an expected post COVID-19 recovery in Value added services.
- 8-10% adjusted EBIT margin.

For Parcels & Logistics Europe & Asia, the outlook remains unchanged:

- High-single-digit percentage growth in total operating income with parcels and e-commerce logistics volumes expected to normalize from elevated COVID-19 levels observed in 2020.
- Operating expenses will include investments to grow omni-commerce logistics in Europe.
- 9-11% adjusted EBIT margin.

For Parcels & Logistics North America, the outlook remains unchanged:

- Mid- to high-single-digit percentage growth in total operating income driven by Radial existing customers growth and new clients launches, normalized for 2020 COVID-19 spike.
- 4-5% adjusted EBIT margin.

Gross capex is still expected to be around EUR 200-220m, geared towards the strategy to grow omni-commerce logistics.

The dividend relative to the results of the year 2021 will be in the range of 30-50% of IFRS net profit, and will be payable in May 2022 after the General Shareholders' Meeting, in accordance with the new dividend policy.

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Key figures[1]

2nd quarter (in million EUR)	Reported		Adjusted		
	2020	2021	2020	2021	% Δ
Total operating income	1,052.7	1,037.9	1,052.7	1,037.9	-1.4%
Operating expenses (excl. D&A)	917.0	866.5	917.0	866.5	-5.5%
EBITDA	135.7	171.4	135.7	171.4	26.2%
Depreciation and amortization	65.5	68.0	60.8	64.8	6.6%
EBIT	70.2	103.4	74.9	106.6	42.2%
Margin (%)	*6.7%*	*10.0%*	*7.1%*	*10.3%*	
Result before tax	59.5	99.3	64.2	102.5	59.7%
Income tax expense	15.9	26.9	16.1	27.6	71.1%
Net result	43.6	72.4	48.0	74.9	55.9%
FCF	113.2	(60.9)	44.1	(60.7)	
Net Debt at 30 June	539.5	489.4	539.5	489.4	-9.3%
CAPEX	24.9	28.5	24.9	28.5	14.4%
Average FTE & Interims	37,853	38,221	37,853	38,221	1.0%

First half (in million EUR)	Reported		Adjusted		
	2020	2021	2020	2021	% Δ
Total operating income	1,987.3	2,057.8	1,987.3	2,057.8	3.5%
Operating expenses (excl. D&A)	1,714.4	1,709.2	1,714.4	1,709.2	-0.3%
EBITDA	272.9	348.6	272.9	348.6	27.7%
Depreciation and amortization	131.6	132.9	122.3	126.5	3.4%
EBIT	141.3	215.7	150.6	222.1	47.5%
Margin (%)	*7.1%*	*10.5%*	*7.6%*	*10.8%*	
Result before tax	131.0	209.0	140.2	215.5	53.6%
Income tax expense	39.5	56.0	40.0	57.6	44.0%
Net result	91.5	153.0	100.3	157.9	57.5%
FCF	307.4	86.5	290.3	99.3	-65.8%
Net Debt at 30 June	539.5	489.4	539.5	489.4	-9.3%
CAPEX	45.4	48.1	45.4	48.1	6.0%
Average FTE & Interims	36,274	37,911	36,274	37,911	4.5%

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

Group overview

Second quarter 2021

Compared to last year, total external operating income decreased by EUR -14.8m or -1.4% to EUR 1,037.9m.

- Mail & Retail external operating income increased by EUR +41.4m to EUR 448.9m mainly driven by mail volume rebound (underlying volume trend of +1.4%) and net improvement in price and mix, while also Retail and Value added services profited from last year's soft comparables due to COVID-19 lockdown.
- The external operating income decrease of Parcels & Logistics Europe & Asia (EUR -12.8m) to EUR 279.3m, E-commerce and cross border volumes surpassed last year's spike and were more than offset by the negative price-mix impact.
- Parcels & Logistics North America external operating income decreased by EUR -43.8 to EUR 308.1m, driven by the unfavourable exchange rate and the non-recurring extra volumes of the second quarter of 2020.
- Corporate external operating income remained flat (EUR +0.4m) at EUR 1.7m.

Operating expenses including depreciation and amortization decreased by EUR +48.0m, mainly driven by lower transport costs in line with the evolution of the activities of Cross border of Parcels & Logistics Europe & Asia and of Parcels & Logistics North America as well as some other variable costs and last year's non-recurring COVID-19 related expenses. As a result the reported EBIT increased by EUR +33.1m compared to last year.

Net financial result increased by EUR +10.0m compared to last year mainly due to lower non-cash financial charges related to IAS 19 employee benefits and the decrease of interests of financial liabilities due to last year's contingent liability for the remaining shares of Anthill.

Share of result of associates and joint ventures decreased by EUR -3.3m compared to last year and was mainly explained by the classification of the investment in bpost bank as assets held for sale as of the last quarter of 2020.

Income tax expense increased by EUR -11.0m compared to last year mainly due to the higher profit before tax. The effective tax rate is 27.1%.

Group net profit stood at EUR 72.4m and increased by EUR +28.8m compared to last year.

First half 2021

Compared to last year, total external operating income increased by EUR +70.5m to EUR 2,057.8m.

- Mail & Retail external operating income increased by EUR +30.5m mainly as a result of -3.5% mail volume decline, more than offset by the net improvement in price and mix of mail.
- The external operating income increase of Parcels & Logistics Europe & Asia (EUR +60.6m) driven by e-commerce development both domestically and abroad.
- Parcels & Logistics North America external operating income decreased by EUR -22.6m, driven by the unfavourable exchange rate and high comparables of the second quarter of 2020 given the lockdown.
- Corporate external operating income increased by EUR +2.0m, driven by higher building sales.

Operating expenses including depreciation and amortization slightly decreased by EUR +3.9m, as a result the EBIT increased by EUR +74.4m compared to last year.

Net financial result increased by EUR +11.7m mainly due to lower non-cash financial charges related to IAS 19 employee benefits and last years' contingent liability for the remaining shares of Anthill.

Share of result of associates and joint ventures decreased by EUR -8.0m compared to last year and was mainly explained by the classification of the investment in bpost bank as assets held for sale as of the last quarter of 2020.

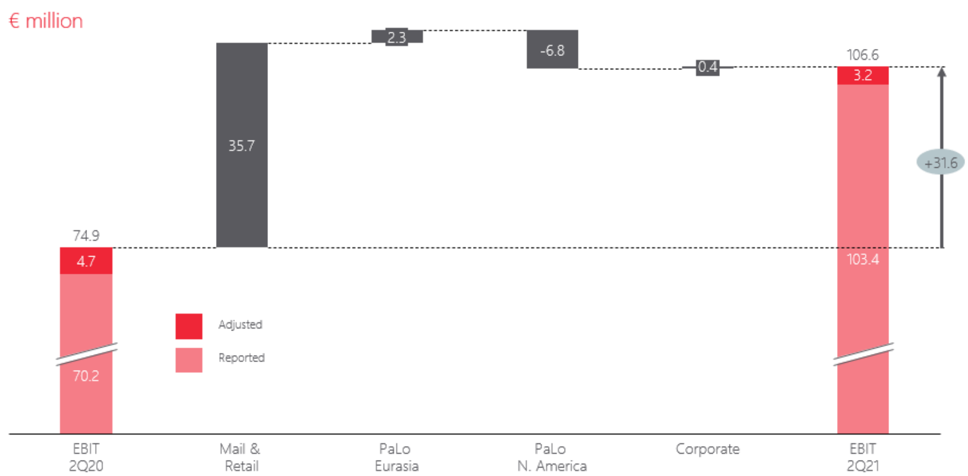
Income tax expense increased by EUR -16.6m compared to last year mainly due to the higher profit before tax. The effective tax rate is 26.8%.

Group net profit stood at EUR 153.0m and increased by EUR +61.5m compared to last year.

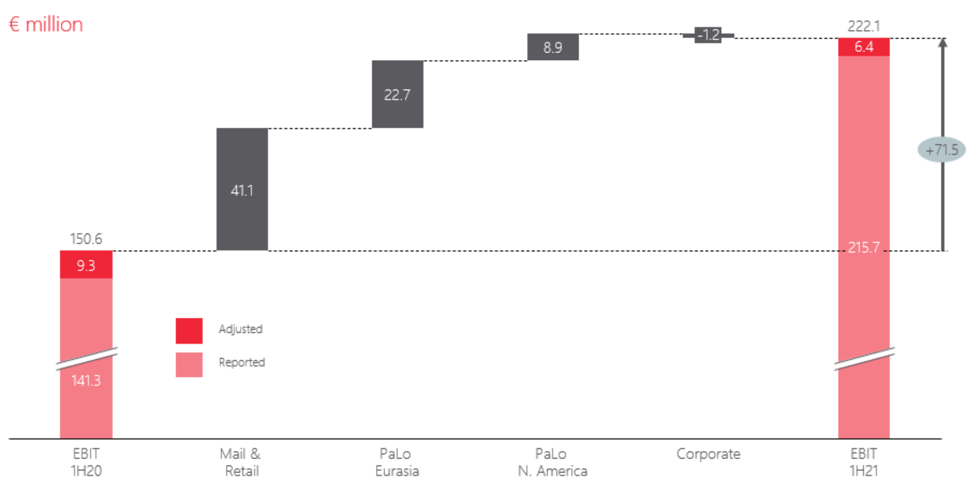
Adjusted contribution of the different business units for 2021 amounted to:

In million EUR (adjusted)	Year-to-date Total operating income	Year-to-date EBIT	Year-to-date Margin (%)	2nd quarter Total operating income	2nd quarter EBIT	2nd quarter Margin (%)
Mail & Retail	1,014.9	142.3	14.0%	508.1	71.7	14.1%
Parcels & Logistics Europe & Asia	571.2	72.0	12.6%	283.4	34.7	12.2%
Parcels & Logistics North America	591.9	19.0	3.2%	309.8	10.8	3.5%
Corporate	209.1	(11.2)	-5.4%	98.5	(10.6)	-10.7%
Eliminations	(329.2)	0.0	0.0	(161.9)	0.0	0.0
Group	2,057.8	222.1	10.8%	1,037.9	106.6	10.3%

Evolution of the EBIT contribution of the different business units was as follows:
2nd quarter:



First half:



Business Unit performance: Mail & Retail

Mail & Retail In million EUR	Year-to-date 2020	2021	Change %	2nd quarter 2020	2021	Change %
External operating income	865.2	895.8	3.5%	407.5	448.9	10.2%
Transactional mail	364.0	379.1	4.2%	170.7	188.9	10.7%
Advertising mail	85.3	95.9	12.5%	37.5	48.3	28.9%
Press	171.9	171.5	-0.2%	85.8	85.4	-0.4%
Proximity and convenience retail network	192.7	191.9	-0.5%	89.7	97.0	8.1%
Value added services	51.3	57.4	11.8%	23.9	29.2	22.3%
Intersegment operating income	102.9	119.1	15.8%	60.7	59.2	-2.4%
TOTAL OPERATING INCOME	968.1	1,014.9	4.8%	468.1	508.1	8.5%
Operating expenses	825.1	828.7	0.4%	411.2	414.2	0.7%
EBITDA	143.0	186.1	30.1%	56.9	93.9	65.0%
Depreciation, amortization (reported)	43.0	44.6	3.8%	21.5	22.6	5.4%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	100.0	141.5	41.5%	35.4	71.3	101.1%
Margin (%)	10.3%	13.9%		7.6%	14.0%	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	101.2	142.3	40.7%	36.0	71.7	99.0%
Margin (%)	10.5%	14.0%		7.7%	14.1%	

Second quarter 2021

Total operating income in the second quarter 2021 amounted to EUR 508.1m and showed an increase of EUR +39.9m or +8.5% compared to the same period 2020 as the **external operating income** showed an increase of EUR +41.4m or +10.2% compared to the same period of 2020. Top-line was driven by mail volume rebound and net improvement in price and mix, while Retail and Value added services also profited from last year's soft comparables due to COVID-19 lockdown.

Revenues from **Domestic Mail** (i.e. Transactional, Advertising and Press combined) increased by EUR +28.8m to EUR 322.7m. **Transactional mail** noted an underlying volume decline of -1.3% for the quarter against -16.7% underlying volume decline for the second quarter 2020, coming from negative impact of lockdown on all product categories. In line with the first quarter of 2021 Admin mail trend was supported by COVID-19 communication, estimated at about EUR +8.0m. There was no change in the known structural trends of continued e-substitution. **Advertising mail** realized an underlying volume increase of +15.6% against a soft comparable base of -26.6% last year. Quarter-to-date May 2021 underlying volume increase amounted to +22.3%, against soft comparable base of -37.0% from the lockdown of non-essential retail shops in 2020. June 2021 underlying volume increased by +4.2%, against tougher comparable base of -4.2% in June 2020 driven by volume recovery post lockdown. **Press** volume decreased on an underlying basis by -1.1% against -8.0% in the second quarter last year benefiting from a good performance in Periodicals.
Total Domestic Mail volume increase impacted revenues by EUR +3.3m (+1.4% underlying volume growth) against -17.7% in the second quarter 2020, working days had a positive impact of EUR +1.8m and the net improvement in price and mix amounted to EUR +23.7m.

Mail & Retail Evolution underlying Mail volumes	Year-to-date 2020	2021	2nd quarter 2020	2021
Domestic mail	-13.9%	-3.5%	-17.7%	+1.4%
Transactional mail	-12.8%	-5.8%	-16.7%	-1.3%
Advertising mail	-22.3%	+4.1%	-26.6%	+15.6%
Press	-6.6%	-1.0%	-8.0%	-1.1%

Proximity and convenience retail network increased by EUR +7.3m to EUR 97.0m. This increase was mainly driven by an increase in Ubiway retail revenues against lower revenues from reduced footfall in the second quarter 2020 as a result of COVID-19, especially in travel environment and a decline in banking & finance revenues due to the low interest rate environment, slightly compensated by increased ATM transactions.

Value added services amounted to EUR 29.2m and showed an increase of EUR +5.3m versus last year due to higher revenues from fines solutions and European license plates, which were negatively impacted during lockdown in the second quarter 2020. Furthermore additional revenues charged for setup and change requests in solutions contributed to this increase.

Operating expenses (including D&A) slightly increased by EUR -4.1m. Higher opex was recorded related to (1) higher payroll & interim costs driven by headcount and merit increases, (2) higher material costs at Ubiway and third party remuneration from higher Value added services and Proximity and convenience retail network revenues, together with (3) lower recoverable VAT, partly compensated by non-repeating COVID-19 specific opex in the second quarter of 2020 (including premium, health and safety measures and bad debt risk), the favourable evolution of the FTE wage mix and increased sorting activities cross-charged to PaLo Eurasia.

In line with the good mail performance, the progressive recovery of Ubiway Retail and Value added services and sustained parcels volumes which continued to contribute to the efficient use of the joint delivery network, reported EBIT amounted to EUR 71.3m with a margin of +14.0% (first quarter 2021 +13.9%) and showed an increase of EUR +35.8m compared to the same period of 2020. Adjusted EBIT amounted to EUR 71.7m with a margin of 14.1% and showed an increase of EUR +35.7m compared to previous year.

First half 2021

Total operating income in the first half 2021 amounted to EUR 1,014.9m and showed an increase of EUR +46.7m or +4.8% compared to the same period 2020. External operating income amounted to EUR 895.8m and contributed EUR +30.5m (or +3.5%) to this increase, whereas the higher – volume driven – intersegment operating income to PaLo Eurasia contributed EUR +16.2m to this increase.

Revenues from Domestic Mail (i.e. Transactional, Advertising and Press combined) increased by EUR +25.3m to EUR 646.5m. Underlying volume decline amounted to -3.5% compared to -13.9% last year, with March 2020 to May 2020 at -20.1% due to COVID-19. Transactional mail noted an underlying volume decline of -5.8% for the year compared to -12.8% last year of which -16.7% from March to May 2020. During this period the COVID-19 lockdown negatively impacted all mail categories, whereas in 2021 Admin mail was supported by COVID-19 communication (estimated at about EUR +13.0m). There was no change in the known structural trends of continued e-substitution. Advertising mail realized an underlying volume increase of +4.1% for the year compared to -22.3% of which -36.2% from March to May 2020, mainly impacted by cancelled campaigns from COVID-19 lockdown of all non-essential retail from March 18, 2020 through May 10, 2020 and ban on promotions through April 3, 2020. Press volume decreased on an underlying basis by -1.0%, benefiting from a good performance in Periodicals.
Total Domestic Mail volume decline impacted revenues by EUR -18.2m and was more than offset by the net improvement in price and mix amounting to EUR +42.6m and working days differences by EUR +0.9m.

Mail & Retail							
Evolution underlying Mail volumes	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	H1 YTD 21
Domestic mail	-9.9%	-17.7%	-8.2%	-11.8%	-7.8%	1.4%	-3.5%
Transactional mail	-8.8%	-16.7%	-8.3%	-10.8%	-9.6%	-1.3%	-5.8%
Advertising mail	-16.5%	-26.6%	-9.4%	-20.4%	-5.4%	15.6%	+4.1%
Press	-5.2%	-8.0%	-5.4%	-2.7%	-1.0%	-1.1%	-1.0%

Proximity and convenience retail network decreased by EUR -0.9m to EUR 191.9m. This decrease was due to slightly lower Ubiway Retail revenues and lower banking & finance revenues due to the low interest rate environment.

Value added services amounted to EUR 57.4m and showed an increase of EUR +6.1m versus last year driven by higher revenues from fines solutions and European license plates, which were negatively impacted during last year's lockdown. Furthermore additional revenues charged for setup and change requests in solutions contributed to this increase.

Operating expenses (including D&A) remained nearly stable (slight increase by EUR -5.3m). Higher payroll and interim costs were driven by (1) headcount from higher parcel volumes and (2) price impact amongst other from salary indexation, merit increases, CLA 2021-22 and vaccination; together with higher costs for fleet, lower recoverable VAT and higher third party remuneration in line with higher Value added services revenues. Compensated by the favourable evolution of the FTE wage mix, non-repeating COVID-19 specific opex in the first half year 2020 (including premium, health and safety measures and bad debt risk) and increased sorting activities cross-charged to PaLo Eurasia driven by growth in parcels volumes handled through the mail network.

As a result of the higher number of parcel volumes handled through the mail network and the lower than expected impact of domestic mail decline, reported EBIT amounted to EUR 141.5m with a margin of 13.9% and showed an increase of EUR +41.5m compared to 2020. Adjusted EBIT amounted to EUR 142.3m and showed an increase of EUR +41.1m compared to previous year.

Business Unit performance: Parcels & Logistics Europe & Asia

Parcels & Logistics Europe & Asia	Year-to-date			2nd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
External operating income	502.5	563.2	12.1%	292.1	279.3	-4.4%
Parcels BeNe	254.1	286.5	12.7%	149.4	140.8	-5.8%
E-commerce logistics	85.6	86.1	0.5%	46.3	43.0	-7.1%
Cross-border	162.8	190.6	17.1%	96.3	95.5	-0.9%
Intersegment operating income	5.9	8.0	37.4%	2.8	4.2	46.2%
TOTAL OPERATING INCOME	508.4	571.2	12.4%	294.9	283.4	-3.9%
Operating expenses	450.0	489.0	8.7%	257.8	243.4	-5.6%
EBITDA	58.4	82.2	40.8%	37.1	40.0	7.7%
Depreciation, amortization (reported)	10.6	11.7	10.1%	5.5	6.0	8.9%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	47.8	70.5	47.6%	31.6	34.0	7.5%
Margin (%)	9.4%	12.3%		10.7%	12.0%	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	49.3	72.0	46.2%	32.4	34.7	7.1%
Margin (%)	9.7%	12.6%		11.0%	12.2%	

Second quarter 2021

Total operating income decreased by EUR -11.5m (-3.9%) driven by the decrease of the external operating income. External operating income in the second quarter 2021 amounted to EUR 279.3m and showed a decrease of EUR -12.8m or -4.4% compared to the same period of 2020. E-commerce and cross border volumes surpassed last year's spike and were more than offset by the negative price-mix impact.

Parcels BeNe decreased by EUR -8.7m (or -5.8%) to EUR 140.8m against tough comparable base in the second quarter 2020 with a lockdown of non-essential retail shops until May 2020. Sustained online sales with a Parcels B2X volume growth of +2.9% (+79.3% in the second quarter of 2020) were more than offset by a negative price/mix of -6.9% driven by (1) price impact of -2.8% from one-off COVID-19 surcharges to customers in April and May 2020 and (2) mix impact of -4.1% from contractual top customers growing their volumes shares and lower volumes in prepaid products. Overall Parcels B2X revenues were down by -4.0%. Sales at Dynalogic not yet on level of COVID-19 uplift of the second quarter of 2020 and lower insurance volumes at Dynasure.

Parcels & Logistics Europe & Asia	Year-to-date		2nd quarter	
	2020	2021	2020	2021
Evolution Parcels B2X volume	+52.7%	+23.5%	+79.3%	+2.9%

E-commerce logistics operating income in the second quarter 2021 amounted to EUR 43.0m, a decrease of EUR -3.3m or -7.1% compared to the same period of 2020. This decrease was the result of Radial Europe and Active Ants revenue growth of +5.7% resulting from the onboarding of new customers at Radial Poland (new site opened in the third quarter 2020) and Radial Germany (third site opened in February 2021), together with continued organic growth at Active Ants from existing customers. This was offset by a decline in revenue at Leen Menken due to the loss of a contract in July 2020, which was offset at that time by COVID-19 growth.

Cross-border operating income in the second quarter 2021 amounted to EUR 95.5m, a decrease of EUR -0.8m compared to the same period of 2020. This flat revenue development (-0.9%) was driven by a continued revenue growth of cross-border commercial sales in the United Kingdom and the rest of Europe, partially compensated by a decline in growth of Asian parcel volumes evolving exponentially in June last year as a result of rail transport containers as an alternative to air freight. Offset by declining cross-border postal business where decline in inbound parcels versus COVID-19 uplift in the second quarter of 2020 did not compensate the decline in mail volumes.

Operating expenses (including D&A) were down EUR +13.9m or -5.3%, mainly thanks to lower volume-linked transport costs from Asian cross-border activities, non-repeating COVID-19 specific bad debt risk in the second quarter of 2020 and overall payroll and interim costs decreased mainly due to the lower variable labour costs at Leen Menken. This decrease was partially offset by higher costs from growing activities and E-commerce logistics expansion plan and by higher intersegment operating expenses charged by M&R driven by favourable channel mix evolution in distribution activities through the integrated last-mile mail & parcels network.

Therefore reported EBIT in the second quarter 2021 increased by EUR 2.4m compared to last year same period and amounted to EUR 34.0m with a margin of 12.0% (10.7% last year). Adjusted EBIT in the second quarter 2021 amounted to EUR 34.7m and showed an increase of EUR +2.3m or 7.1% compared to the same period of 2020 with a margin of 12.2% (11.0% last year).

First half 2021

Total operating income amounted to EUR 571.2m and increased by EUR 62.8m. External operating income amounted to EUR 563.2m in 2021 and showed an increase of EUR +60.6m or 12.1% compared to 2020 driven by e-commerce development both domestically and abroad.

Parcels BeNe increased by EUR +32.4m, or +12.7%, driven by parcels volume growth of +23.5%. Parcels B2X revenues were up by 17.8% driven by the volume growth of +23.5% of which +54.1% in the first quarter of 2021 against the pre COVID-19 first quarter of 2020 and +2.9% in the second quarter of 2021 against a tough lockdown comparable base in 2020. The negative price-mix impact of -5.6% was mainly driven by mix impact and to a smaller extent by the price impact from one-off COVID-19 surcharges to customers in April and May 2020.

Parcels & Logistics Europe & Asia	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21
Evolution Parcels B2X volume	+25.2%	+79.3%	+49.0%	+67.4%	+54.1%	+2.9%

E-commerce logistics amounted to EUR 86.1m, an increase of EUR +0.5m compared to 2020 mainly driven by Radial Europe and Active Ants revenue growth of +17.4% resulting from the onboarding of new customers at Radial Poland (new site opened in the third quarter 2020) and Radial Germany (third site opened in February 2021), together with continued organic growth at Active Ants from existing customers and positive impact of lockdown and closure of non-essential retail shops in the Netherlands in the first quarter of 2021. This was partially offset by a decline in revenue at Leen Menken due to the loss of a contract in July 2020.

Cross-border increased by EUR +27.8m to EUR 190.6m due to steady revenue growth of cross-border commercial sales in the United Kingdom and the rest of Europe, combined with slightly slower growth of Asian parcel volumes evolving exponentially in June last year as a result of rail transport. This increase was partially offset by declining cross-border postal business where inbound parcels could not compensate the decline in inbound mail volumes.

Operating expenses (including D&A) increased by EUR +40.0m, mainly explained by higher volume-linked variable costs translating into transport costs across all the business lines and higher intersegment operating expenses charged by M&R driven by strong parcels volumes growth in the integrated last-mile mail & parcels network. This increase was partially compensated by lower variable labour costs at Leen Menken and non-repeating COVID-19 specific opex in the first half year 2020 (including premium, health and safety measures and bad debt risk).

Reported EBIT and adjusted EBIT respectively amounted to EUR 70.5m and EUR 72.0m and respectively increased by +47.6% or EUR +22.8m and +46.2% or EUR +22.7m. The steep margin development was mainly explained by the strong growth in parcels volumes handled through the integrated network with benefits of scale of the existing rounds.

Business Unit performance: Parcels & Logistics North America

Parcels & Logistics North America	Year-to-date			2nd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
External operating income	611.8	589.3	-3.7%	351.9	308.1	-12.4%
E-commerce logistics	569.0	554.3	-2.6%	331.0	290.9	-12.1%
International mail	42.8	34.9	-18.5%	20.9	17.2	-17.6%
Intersegment operating income	3.3	2.6	-22.6%	2.0	1.6	-16.1%
TOTAL OPERATING INCOME	615.2	591.9	-3.8%	353.9	309.8	-12.5%
Operating expenses	569.1	537.2	-5.6%	318.2	280.5	-11.8%
EBITDA	46.1	54.6	18.4%	35.7	29.2	-18.2%
Depreciation, amortization (reported)	42.7	39.7	-6.8%	21.5	20.5	-4.5%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	3.5	14.9	328.1%	14.2	8.7	-38.8%
Margin (%)	*0.6%*	2.5%		*4.0%*	2.8%	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	10.1	19.0	88.1%	17.6	10.8	-38.6%
Margin (%)	*1.6%*	3.2%		*5.0%*	3.5%	

Second quarter 2021

Total operating income decreased by EUR -44.1m. This is a decrease of -12.5% (-4.6% at constant exchange rate) and amounted to EUR 309.8m. External operating income in the second quarter 2021 amounted to EUR 308.1m and showed a decrease of EUR -43.8m or-12.4% (-4.6% at constant exchange rate) compared to the same period of 2020. Apart from the unfavourable exchange rate, the contribution of Radial's new customers, which started to accelerate in June, could not yet compensate the non-recurring extra volumes of the second quarter of 2020.

E-commerce logistics decreased by EUR -40.1m to EUR 290.1m or -12.1% (-4.3% at constant exchange rate). Apart from the unfavourable exchange rate, the revenue decline was mainly driven by Radial recording (1) lower sales from existing customers (-10.7%) reflecting the non-repeating growth of last year's COVID-19 shutdown where closure of physical stores and temporarily soaring sales of sanitizers and related products increased volumes, (2) client churn from terminated contracts, partially offset by (3) gradual ramp-up of new customers launched in 2021 and accelerating through June. Landmark US and Apple Express recorded continued volume growth from higher e-commerce activities and new customers launched last year.

Radial North America (*)	Year-to-date		2nd quarter	
In million USD (Adjusted)	2020	2021	2020	2021
Total operating income	532.5	519.0	317.3	271.9
EBITDA	34.8	38.0	30.8	20.6
Profit from operating activities (EBIT)	0.7	2.1	13.6	2.1

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

International mail in the second quarter 2021 amounted to EUR 17.2m, a decrease by EUR -3.7m compared to the same period of 2020 or -17.6% (-9.8% at constant exchange rate). This decline was driven by lower volumes in the business mail segment, partially compensated by higher domestic parcels revenues.

Operating expenses (including D&A) decreased by EUR +38.6m or -11.4% (or -3.4% at constant exchange rate) due to lower volume-drive variable costs; transport costs, credit card fees, fraud chargebacks and labour costs, although the latter was impacted by the current wage rate pressure in the US. In addition lower bad debts expenses and cost containment in general also contributed to the decrease.

Reported EBIT amounted to EUR 8.7m (down by EUR -5.5m) and adjusted EBIT amounted to EUR 10.8m (down by EUR -6.8m) with a margin of 3.5%. The margin is growing quarter on quarter, adjusted EBIT margin of 2.9% in the first quarter of 2021. The EBIT decrease in particular at Radial was mainly due to lower sales against COVID-19 spike in the second quarter of 2020 and the unfavourable wage pressure in the US.

First half 2021

Total operating income amounted to EUR 591.9m, a decrease of EUR -23.3m or -3.8% compared to the same period of 2020. External operating income amounted to EUR 589.3m and showed a decrease of EUR -22.6m or -3.7%, mainly driven by the unfavourable exchange rate (+4.9% at constant exchange rate) compared to 2020.

E-commerce logistics decreased by EUR -14.7m or -2.6% to EUR 554.3m (+6.0% at constant exchange rate). Not taking into account the unfavourable exchange rate the revenues increased at Radial North America as a result of the continued growth from existing customers (+3.9%, of which +25.6% in the first quarter of 2021 against softer pre-lockdown comparable base in the first quarter of 2020 and of which -10.7% in the second quarter of 2021 reflecting the non-recurring extra volumes of the second quarter of 2020 lockdown growth), the gradual ramp-up of new customers launched in 2021 and accelerating through June, partially offset by client churn from terminated contracts. Apart from Radial North America, other business lines recorded strong volume growth from existing and new customers.

International mail amounted to EUR 34.9m, a decrease of EUR -7.9m or -18.5% (-10.8% at constant exchange rate) driven by lower volumes in the business mail segment, partially compensated by higher domestic parcels revenues.

Operating expenses (incl. D&A) decreased by EUR +34.7m or -5.7% (or +2.7% at constant exchange rate). Not taking into account the exchange rate, costs increased due to higher volume-driven costs as well as the wage rate pressure in the US.

Reported EBIT up by EUR +11.4m and amounted to EUR 14.9m, whereas adjusted EBIT up by EUR +8.9m and amounted to EUR 19.0m, driven by the positive evolution in E-commerce logistics, despite lower EBIT contribution at Radial in the second quarter of 2021 from lower sales against last year's COVID-19 spike and the unfavourable wage rate pressure.

Business Unit performance: Corporate

Corporate	Year-to-date			2nd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
External operating income	7.6	9.6	25.6%	1.3	1.7	32.2%
Intersegment operating income	175.9	199.5	13.4%	85.4	96.9	13.4%
TOTAL OPERATING INCOME	183.5	209.1	13.9%	86.7	98.5	13.7%
Operating expenses	158.2	183.5	16.0%	80.6	90.2	11.9%
EBITDA	25.3	25.6	1.0%	6.0	8.3	37.4%
Depreciation, amortization (reported)	35.3	36.8	4.2%	17.0	18.9	10.6%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	(10.0)	(11.2)		(11.0)	(10.6)	
Margin (%)	*-5.4%*	*-5.4%*		*-12.7%*	-10.7%	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	(10.0)	(11.2)		(11.0)	(10.6)	
Margin (%)	*-5.4%*	*-5.4%*		*-12.7%*	-10.7%	

Second quarter 2021

External operating income in the second quarter 2021 remained flat (EUR +0.4m).

Net operating expenses (including D&A) after intersegment operating income remained globally stable year-over-year.

Stable reported EBIT and adjusted EBIT at EUR -10.6m.

First half 2021

External operating income increased by EUR +2.0m to EUR 9.6m driven by higher buildings sales.

Net operating expenses (including D&A) after intersegment operating income increased by EUR -3.2m mainly driven by a phasing impact related to long-term employee benefits.

Reported EBIT and adjusted EBIT showed a decrease of EUR -1.2m to EUR -11.2m.

Cash flow statement

Second quarter 2021

2nd quarter (in million EUR)	Reported			Adjusted		
	2020	2021	Δ	2020	2021	Δ
Cash flow from operating activities	138.3	(32.5)	(170.8)	69.2	(32.3)	(101.5)
out of which CF from operating activities before Δ in WC & provisions	135.2	107.4	(27.8)	135.2	107.4	(27.8)
Cash flow from investing activities	(25.1)	(28.4)	(3.3)	(25.1)	(28.4)	(3.3)
Free cash flow	113.2	(60.9)	(174.1)	44.1	(60.7)	(104.8)
Financing activities	(24.4)	(28.6)	(4.3)	(24.4)	(28.6)	(4.3)
Net cash movement	88.8	(89.6)	(178.4)	19.8	(89.3)	(109.1)
Capex	24.9	28.5	3.6	24.9	28.5	3.6

bpost executes an active portfolio management strategy to divest non-core assets 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 decided to start up the sales process of the Mail Group (TMG). Hence cash of the TMG (EUR 3.3m) is classified as held for sale per June 30, 2021.

In the second quarter 2021, the net cash flow decreased compared to the same period last year by EUR 178.4m to negative EUR 89.6m. This decrease was mainly due to some phasing elements (tax prepayment and last year's extended payment terms which were unwound in the first quarter of 2021) as well as the evolution of the collected proceeds by Radial US on behalf of their clients.

Reported and adjusted free cash flow amounted respectively to negative EUR 60.9m and negative EUR 60.7m.

Cash flow from operating activities before change in working capital and provisions decreased by EUR 27.8m as the higher EBITDA (EUR +35.6m) was more than offset by amongst others increased tax prepayments by bpost and Alteris (EUR -58.0m), which is mainly a phasing element given the tax prepayment in the third quarter of 2020.
Cash flow related to collected proceeds due to Radial's clients was EUR 69.3m lower (EUR 0.2m outflow in the second quarter 2021 compared to an inflow of EUR 69.0m in the same period last year), due to the high level of merchandise sales during the COVID-19 peak in the second quarter of 2020.
The variance in change in working capital and provisions (EUR -73.7m) was mainly explained by the positive impact of extended payment terms on working capital in COVID-19 period in the second quarter 2020.

Investing activities resulted in a cash outflow of EUR 28.4m in the second quarter 2021, compared to a cash outflow of EUR 25.1m for the same period last year. The evolution in the second quarter was mainly explained by higher capex (EUR 3.6m). Capex stood at EUR 28.5m in the second quarter 2021 and was mainly spent on increasing capacity for parcels and e-commerce logistics at Radial North America, in Belgium (Parcels B2C and e-commerce) and Germany (Active Ants) mainly.

In 2021 the cash outflow relating to financing activities amounted to EUR -28.6m compared to EUR -24.4m last year, mainly explained by outflows related to lease liabilities (EUR -2.7m) and the issuance of commercial papers (EUR -1.6m).

First half 2021

First half (in million EUR)	Reported			Adjusted		
	2020	2021	Δ	2020	2021	Δ
Cash flow from operating activities	341.9	124.6	(217.4)	324.8	137.4	(187.4)
out of which CF from operating activities before Δ in WC & provisions	273.0	272.5	(0.5)	273.0	272.5	(0.5)
Cash flow from investing activities	(34.5)	(38.1)	(3.6)	(34.5)	(38.1)	(3.6)
Free cash flow	307.4	86.5	(221.0)	290.3	99.3	(191.0)
Financing activities	(51.0)	(222.2)	(171.2)	(51.0)	(222.2)	(171.2)
Net cash movement	256.4	(135.7)	(392.1)	239.3	(122.9)	(362.2)
Capex	45.4	48.1	2.7	45.4	48.1	2.7

bpost executes an active portfolio management strategy to divest non-core assets 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 decided to start up the sales process of the Mail Group (TMG). Hence cash of the TMG (EUR 3.3m) is classified as held for sale per June 30, 2021.

In the first half 2021, the net cash flow decreased compared to the same period last year by EUR 392.1m to negative EUR 135.7m. This decrease was mainly due to the decision not to roll over the maturing commercial paper in 2021, as well as some phasing elements (tax prepayment, last year's extended payment terms which were unwound in the first quarter of 2021 and the different payment schedule SGEI) as well as the evolution of the collected proceeds by Radial US on behalf of their clients.

Reported and adjusted free cash flow amounted respectively to EUR 86.5 and EUR 99.3m.

Cash flow from operating activities before change in working capital and provisions declined by EUR 0.5m driven by the higher EBITDA (EUR +75.7m) amongst others neutralized by increased tax prepayments by bpost and Alteris (EUR -58.0m), which is mainly a phasing element.
Cash flow related to collected proceeds due to Radial's clients was EUR 30.0m lower (EUR 12.8m outflow in the first half 2021 compared to an inflow of EUR 17.1m in the same period last year), due to the higher level of merchandise sales during the COVID-19 peak in the first half of 2020.
The variance in change in working capital and provisions (EUR -186.9m) was mainly explained by expected unwinding of extended payment terms with some suppliers initiated in 2020 at the beginning of the pandemic (out of which EUR -101.9m relating to transport costs in the US) combined with a different payment schedule of SGEI (EUR -80.5m received last year in January and paid in July this year). This was partially offset by increased collections in line with high sales peak in the fourth quarter 2020.

Investing activities resulted in a cash outflow of EUR 38.1m in the first half 2021, compared to a cash outflow of EUR 34.5m for the same period last year. This was mainly explained by higher capital expenditures (EUR -2.7m).
Capex stood at EUR 48.1m in the first half 2021 and was mainly spent on increasing capacity for parcels and e-commerce logistics at Radial North America, in Belgium (Parcels B2C and e-commerce) and Germany (Active Ants) mainly.

In 2021 the cash outflow relating to financing activities amounted to EUR -222.2m compared to -51.0m last year, as it was decided not to roll over the maturing commercial paper in 2021 (EUR -168.7m).

Key events

On July 23, 2021, the Belgian government approved the seventh management contract with bpost.

bpost will thus continue to provide the services as set out in the sixth management contract adding digital public services to close the digital gap in Belgium. After submission to and validation by the European Commission, the new contract runs from January 1, 2022 to December 31, 2026.
The calculation of bpost's remuneration for the execution of this contract is based on the same principles as those of the previous management contracts and is in line with European law. bpost receives a maximum compensation (excluding inflation) of EUR 126.42m for 2022, EUR 127.70m for 2023, EUR 129.54m for 2024, EUR 125.77m for 2025 and EUR 124.93m for 2026. These amounts will be increased with inflation on an annual cumulative basis. The fluctuation in the compensation during the term of the contract is based on forecasts of the net cost and the gains in efficiency with regard to SGEI. There is also a claw-back mechanism to avoid any risk of overcompensation.

On July 12, 2021, the Board of Directors unanimously appointed Dirk Tirez as the new CEO of bpost group.

Since March, Dirk was already Chief Executive Officer ad interim of bpost group. Dirk joined bpost in 2003 and was Chief Legal & Regulatory Officer and Company Secretary of bpost, member of the Group Executive Committee responsible for legal, regulatory, strategy and merger & acquisitions, and is Chairman of bpost bank. Dirk was selected from a strong pool of highly qualified candidates following a competitive search and selection process carried out by the Remuneration and Nomination Committee supported by the external executive search firm, Korn Ferry.

Low value consignment law on shopping outside the EU effective July 1, 2021.

New European Union law on shopping outside the EU came into force on July 1, 2021. Under the new law, goods that are imported from outside the EU are no longer given preferential treatment compared with goods that are sold within the EU. Before June 30, 2021, no VAT was payable on shipments from outside the EU containing goods with a combined value less than or equal to EUR 22. This means that VAT and any customs duties are charged on all goods purchased in non-EU online stores that arrive in Belgium from July 1, 2021.

On May 12, 2021, the General Shareholders' Meetings of bpost approved the 2020 financial results, the renewal of the mandate of one director and the appointment of 6 directors.

The Ordinary General Meeting of Shareholders approved the 2020 financial results of the company as well as the remuneration report for the financial year 2020, and granted discharge to the directors and statutory auditors for the exercise of their mandate. The Ordinary General Meeting also (i) terminated the mandate of Mr. Jean-Paul Van Avermaet as director with immediate effect, (ii) renewed the mandate of Mr. Jos Donvil as non-executive director for a term of 4 years, (iii) appointed Mr. Mohssin El Ghabri and Ms. Audrey Hanard as non-executive directors for a term of 4 years and (iv) appointed Mr. Lionel Desclée, Mr. Jules Noten, Ms. Sonja Rottiers and Ms. Sonja Willems as independent directors for a term of 4 years. After the Ordinary General Meeting of Shareholders, the board of directors appointed Ms. Audrey Hanard as chairwoman of the board.

Financial calendar

05.08.2021 (17.45 CET)	Announcement 2Q21 and half-year results
06.08.2021 (10.00 CET)	Analyst Conference Call
11.10.2021	Start of quiet period ahead of 3Q21 results
09.11.2021 (17.45 CET)	Announcement 3Q21 results
10.11.2021 (10.00 CET)	Analyst Conference Call

Interim Condensed Consolidated Financial Statements[2]

Interim Condensed Consolidated Income Statement

		Year-to-date		2nd quarter	
In million EUR	Notes	2020	2021	2020	2021
Revenue	6	1,965.7	2,037.8	1,044.5	1,030.3
Other operating income		21.5	20.0	8.2	7.6
TOTAL OPERATING INCOME		1,987.3	2,057.8	1,052.7	1,037.9
Material costs		(98.6)	(90.4)	(46.8)	(45.4)
Services and other goods	7	(822.6)	(819.0)	(456.3)	(419.9)
Payroll costs		(779.3)	(784.5)	(398.7)	(393.2)
Other operating expenses		(13.9)	(15.3)	(15.2)	(8.1)
Depreciation, amortization and impairment		(131.6)	(132.9)	(65.5)	(68.0)
TOTAL OPERATING EXPENSES		(1,846.0)	(1,842.1)	(982.5)	(934.5)
RESULT FROM OPERATING ACTIVITIES (EBIT)		141.3	215.7	70.2	103.4
Financial income		5.2	5.8	2.8	2.1
Financial costs		(23.6)	(12.4)	(16.9)	(6.2)
Share of results of associates and joint ventures		8.0	0,0	3.3	0,0
RESULT BEFORE TAX		131.0	209.0	59.5	99.3
Income tax expense		(39.5)	(56.0)	(15.9)	(26.9)
RESULT FOR THE PERIOD (EAT)		91.5	153.0	43.6	72.4
Attributable to:					
Equity holders of the parent		91.2	153.2	43.4	72.5
Non-controlling interests		0.3	(0.2)	0.2	(0.1)

EARNINGS PER SHARE

	Year-to-date		2nd quarter	
In EUR	2020	2021	2020	2021
►basic, result for the period attributable to ordinary equity holders of the parent	0.46	0.77	0.22	0.36
►diluted, result for the period attributable to ordinary equity holders of the parent	0.46	0.77	0.22	0.36

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

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

[2]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	2020	2021	2020	2021
RESULT OF THE PERIOD	91.5	153.0	43.6	72.4
OTHER COMPREHENSIVE INCOME				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Change of other comprehensive income of associates	(11.9)	0.0	(1.9)	0.0
Gross change of other comprehensive income of associates	*(17.6)*	*0.0*	*(2.5)*	*0.0*
Income tax effect	*5.6*	*0.0*	*0.6*	*0.0*
Net gain/(loss) on hedge of a net investment	(0.4)	(3.8)	2.8	1.6
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(1)	0.7	23.7	(13.5)	(9.8)
NET OTHER COMPREHENSIVE INCOME/(LOSS) THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	(10.7)	20.8	(12.1)	(7.7)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Remeasurement gain (losses) on defined benefit plans	0.9	1.5	0.9	1.5
Gross gain/ (loss) on defined benefit plans	*1.2*	*1.8*	*1.2*	*1.8*
Income tax effect	*(0.3)*	*(0.3)*	*(0.3)*	*(0.3)*
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	0.9	1.5	0.9	1.5
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(9.7)	22.3	(11.2)	(6.2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	81.8	175.3	32.4	66.2
Attributable to:				
Equity holders of the parent	81.5	175.5	32.2	66.3
Non-controlling interests	0.3	(0.2)	0.2	(0.1)

(1) Out of the EUR 23.7m YTD exchange differences on translation of foreign operations, EUR 0.3m are related to The Mail Group, which has been transferred to assets held for sale. The QTD exchange differences on translation of foreign operations related to The Mail Group amounts to EUR -0.2m. See note 12 for more details.

Interim Condensed Consolidated Statement of Financial Position

In million EUR	Notes	As at 31 December 2020	30 June 2021
Assets			
Non-current assets			
Property, plant and equipment	8	1,138.0	1,139.7
Intangible assets	9	771.7	775.0
Investments in associates and joint ventures		0.1	0.1
Investment properties		3.3	4.5
Deferred tax assets		45.6	42.8
Trade and other receivables		16.6	21.3
		1,975.2	1,983.3
Current assets			
Inventories		32.7	33.5
Income tax receivable		5.2	20.4
Trade and other receivables	10	810.0	693.6
Cash and cash equivalents	11	948.1	815.8
		1,796.0	1,563.3
Assets held for sale	12	103.3	123.7
TOTAL ASSETS		3,874.5	3,670.3
Equity and liabilities			
Issued capital		364.0	364.0
Reserves		249.8	222.7
Foreign currency translation		(17.6)	2.3
Retained earnings		(19.2)	153.0
Reserves of non-financial assets held for sale		5.6	16.0
Equity attributable to equity holders of the Parent		582.5	758.0
Equity attributable to non-controlling interests		1.3	1.0
TOTAL EQUITY		583.8	759.0
Non-current liabilities			
Interest-bearing loans and borrowings	13	1,165.0	1,190.1
Employee benefits	14	320.0	309.5
Trade and other payables		48.6	48.7
Provisions		13.3	13.5
Deferred tax liabilities		6.8	6.6
		1,553.6	1,568.4
Current liabilities			
Interest-bearing loans and borrowings	15	278.2	114.8
Provisions		13.7	9.9
Income tax payable		6.4	4.6
Derivative instruments	17	0.3	0.7
Trade and other payables	16	1,438.4	1,201.0
		1,737.1	1,331.0
Liabilities directly associated with assets held for sale	12	0.0	11.9
TOTAL LIABILITIES		3,290.7	2,911.4
TOTAL EQUITY AND LIABILITIES		3,874.5	3,670.3

Interim Condensed Consolidated Statement of Changes in Equity

In million EUR	AUTHORIZED & ISSUED CAPITAL	OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
AS AT 1 JANUARY 2020	364.0	252.3	34.0	30.7	680.9	1.7	682.6
Result for the period 2020	-	-	-	91.2	91.2	0.3	91.5
Other comprehensive income	-	20.6	0.3	(30.7)	(9.7)	-	(9.7)
TOTAL COMPREHENSIVE INCOME	-	20.6	0.3	60.5	81.5	0.3	81.8
Other	-	(14.7)	-	0.3	(14.4)	(0.5)	(14.9)
AT 30 JUNE 2020	364.0	258.2	34.3	91.5	748.0	1.5	749.5
AS AT 1 JANUARY 2021	364.0	255.4	(17.6)	(19.2)	582.5	1.3	583.8
Result for the period 2021	-	-	-	153.2	153.2	(0.2)	153.0
Other comprehensive income	-	(16.8)	19.9	19.2	22.3	-	22.3
TOTAL COMPREHENSIVE INCOME	-	(16.8)	19.9	172.4	175.5	(0.2)	175.3
Other	-	0.1	-	(0.2)	(0.1)	(0.1)	(0.2)
AT 30 JUNE 2021	364.0	238.7	2.3	153.0	758.0	1.0	759.0

Equity increased by EUR 175.2m, or 30.0%, to EUR 759.0m as of June 30, 2021 from EUR 583.8m as of December 31, 2020. This increase is explained by the realized profit (EUR 153.0m), the exchange differences on translation of foreign operations (EUR 19.9m), the remeasurement gains on post-employment benefits (EUR 1.5m) 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 (EUR 0.9m). 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	2020	2021	2020	2021
Operating activities				
Result before tax	131.0	209.0	59.5	99.3
Depreciation and amortization	131.6	132.9	65.5	68.0
Impairment on debtors	12.8	0.4	11.8	1.0
Gain on sale of property, plant and equipment	(5.4)	(7.9)	(0.5)	(0.7)
Other non-cash items	16.6	13.1	10.4	5.6
Change in employee benefit obligations	(4.1)	(8.7)	(3.1)	(7.1)
Share of results of associates and joint ventures	(8.0)	0.0	(3.3)	0.0
Income tax paid	(8.9)	(66.2)	(5.1)	(58.7)
Income tax paid on previous years	7.5	(0.1)	0.0	0.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	273.0	272.5	135.2	107.4
Decrease/(increase) in trade and other receivables	99.9	105.1	(71.0)	(63.1)
Decrease/(increase) in inventories	(1.5)	(1.0)	0.7	(2.1)
Increase/(decrease) in trade and other payables	(45.0)	(235.4)	6.7	(73.6)
Increase/(decrease) in collected proceeds due to clients	17.1	(12.8)	69.0	(0.2)
Increase/(decrease) in provisions	(1.6)	(3.7)	(2.3)	(0.9)
NET CASH FROM OPERATING ACTIVITIES	341.9	124.6	138.3	(32.5)
Investing activities				
Proceeds from sale of property, plant and equipment	11.6	11.3	0.5	1.3
Acquisition of property, plant and equipment	(31.5)	(40.1)	(16.5)	(23.4)
Acquisition of intangible assets	(13.9)	(8.1)	(8.4)	(5.1)
Acquisition of other investments	0.0	0.0	0.0	0.0
Acquisition of subsidiaries, net of cash acquired	(0.7)	(1.3)	(0.7)	(1.3)
NET CASH USED IN INVESTING ACTIVITIES	(34.5)	(38.1)	(25.1)	(28.4)
Financing activities				
Proceeds from borrowings	468.2	60.0	170.0	0.0
Payments related to borrowings	(467.8)	(226.5)	(169.2)	(0.8)
Payments related to lease liabilities	(51.5)	(55.7)	(25.2)	(27.9)
NET CASH FROM FINANCING ACTIVITIES	(51.0)	(222.2)	(24.4)	(28.6)
NET INCREASE IN CASH AND CASH EQUIVALENTS	256.4	(135.7)	88.8	(89.6)
NET FOREIGN EXCHANGE DIFFERENCE	(4.0)	6.6	(5.7)	(2.4)
CASH CLASSIFIED AS ASSETS HELD FOR SALE		(3.3)		(3.3)
Cash and cash equivalent less bank overdraft as of 1st January	669.7	948.1		
Cash and cash equivalent less bank overdraft as of 30 June	922.1	815.8		
MOVEMENTS BETWEEN 1ST JANUARY AND 30 JUNE	252.4	(132.3)		

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, 2021 were authorized for issue in accordance with a resolution of the Board of Directors on August 5, 2021.

Business activities

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

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

Legal status

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

2. Basis for preparation and accounting policies

Basis of preparation

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

The interim condensed consolidated financial statements for the six months ended June 30, 2021 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 for the next 12 months from the end of the reporting period.

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, 2020.

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, 2020, except for the adoption of amended standards effective as of January 1, 2021.

The following amendments to existing standards apply for the first time as from 2021:

- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Amendments – phase 2 - Interest Rate Benchmark Reform.

These amendments had no impact on the interim condensed consolidated financial statements.

Standards and Interpretations issued but not yet applied by bpost

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

Standard or interpretation	Effective for in reporting periods starting on or after
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
IFRS 3 - Amendments (*) - Reference to the Conceptual Framework	1 January 2022
IAS 16 - Amendments (*) - Proceeds before Intended Use	1 January 2022
IAS 37 - Amendments (*) - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
IAS 1 – Amendments (*) - Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17 - Insurance Contracts (*)	1 January 2023
IAS 1 – Amendments – Disclosure of Accounting Policies	1 January 2023
IAS 8 – Amendments – Definition of Accounting Estimates	1 January 2023

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

bpost has not early adopted any other standard, interpretation, or amendment that was issued but is not yet effective. The amendments do not have a material impact on bpost's interim condensed consolidated financial statements.

3. Seasonality of Operations

bpost revenue and earnings are affected by several seasonal fluctuations.

Pursuant to the 6th-management contract (extended from the 1st January 2021 until the entry into force of a new management contract), bpost is the provider of certain SGEI. These consist among others of the maintenance of an extensive retail network and services such as the payment at home of pensions and the execution of financial postal services. In accordance with the Belgian State's commitment to the European Commission, the delivery of newspapers and periodicals is no longer part of the management contract. For the latter the Belgian State decided to award the contract of distribution of newspapers and periodicals after a public consultation of the market to bpost. The compensation on SGEI is based on a net avoided cost ("NAC") methodology and is being equally distributed over the four quarters. This methodology provides that compensation shall be based upon the difference in the net cost between bearing or not the provision of SGEI. The remuneration for the delivery of newspapers and periodicals consists of a flat amount (equally distributed over the four quarters) and a variable fee based upon the distributed volumes. This remuneration is subject to an ex-post calculation based upon the evolution of the costs basis of bpost. During the year calculations are made for the SGEI and the distribution of newspapers and periodicals to ensure the remuneration is in line with the amounts recorded.

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

4. Business Combinations

Contingent consideration for AtoZ Global BV and MCS Fulfillment BV

In June 2021 Active Ants paid EUR 1.3m in execution of the contingent consideration agreement. The fair value of the contingent consideration was recognized as a liability. The payment had no impact on the originally calculated goodwill. The difference between the cash paid and the outstanding liability amounted to EUR 0.2m and was recognized in the income statement under other operating income within Parcels & Logistics Europe and Asia. The remaining contingent consideration, based on 2021 financial results and payable in 2022, is capped at EUR 0.4m.

5. Operating Segment

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

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

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

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

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

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

The business unit runs several operations centers across Europe including, fulfillment and sorting centers.

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

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

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

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

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

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

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

The following tables present an overview of the segment results:
First half:

	M&R		PaLo Eurasia		PaLo N. Am.		Corporate		Eliminations		Group	
In million EUR	1H20	1H21	1H20	1H21	1H20	1H21	1H20	1H21	1H20	1H21	1H20	1H21
External operating income	865.2	895.8	502.5	563.2	611.8	589.3	7.6	9.6			1,987.3	2,057.8
Intersegment operating income	102.9	119.1	5.9	8.0	3.3	2.6	175.9	199.5	(287.9)	(329.2)	0.0	0.0
TOTAL OPERATING INCOME	968.1	1,014.9	508.4	571.2	615.2	591.9	183.5	209.1	(287.9)	(329.2)	1,987.3	2,057.8
Operating expenses	825.1	828.7	450.0	489.0	569.1	537.2	158.2	183.5	(287.9)	(329.2)	1,714.4	1,709.2
Depreciation, amortization	43.0	44.6	10.6	11.7	42.7	39.7	35.3	36.8			131.6	132.9
RESULT FROM OPERATING ACTIVITIES (EBIT)	100.0	141.5	47.8	70.5	3.5	14.9	(10.0)	(11.2)	0.0	0.0	141.3	215.7
Share of results of associates and joint ventures											8.0	0.0
Net financial result											(18.4)	(6.6)
Income tax expenses											(39.5)	(56.0)
RESULT FOR THE PERIOD (EAT)	100.0	141.5	47.8	70.5	3.5	14.9	(10.0)	(11.2)	0.0	0.0	91.5	153.0

Second quarter:

	M&R		PaLo Eurasia		PaLo N. Am.		Corporate		Eliminations		Group	
In million EUR	2Q20	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20	2Q21	2Q20	2Q21
External operating income	407.5	448.9	292.1	279.3	351.9	308.1	1.3	1.7			1,052.7	1,037.9
Intersegment operating income	60.7	59.2	2.8	4.2	2.0	1.6	85.4	96.9	(150.9)	(161.9)	0.0	0.0
TOTAL OPERATING INCOME	468.1	508.1	294.9	283.4	353.9	309.8	86.7	98.5	(150.9)	(161.9)	1,052.7	1,037.9
Operating expenses	411.2	414.2	257.8	243.4	318.2	280.5	80.6	90.2	(150.9)	(161.9)	917.0	866.5
Depreciation, amortization	21.5	22.6	5.5	6.0	21.5	20.5	17.0	18.9			65.5	68.0
RESULT FROM OPERATING ACTIVITIES (EBIT)	35.4	71.3	31.6	34.0	14.2	8.7	(11.0)	(10.6)	0.0	0.0	70.2	103.4
Share of results of associates and joint ventures											3.3	0.0
Net financial result											(14.0)	(4.1)
Income tax expenses											(15.9)	(26.9)
RESULT FOR THE PERIOD (EAT)	35.4	71.3	31.6	34.0	14.2	8.7	(11.0)	(10.6)	0.0	0.0	43.6	72.4

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	2020	2021	Change %	2020	2021	Change %
Mail & Retail	865.2	895.8	3.5%	859.1	889.9	3.6%
Transactional mail	364.0	379.1	4.2%	363.8	378.7	4.1%
Advertising mail	85.3	95.9	12.5%	85.3	95.8	12.4%
Press	171.9	171.5	-0.2%	168.6	168.5	-0.1%
Proximity and convenience retail network	192.7	191.9	-0.5%	190.1	189.6	-0.3%
Value added services	51.3	57.4	11.8%	51.3	57.4	11.8%
Parcels & Logistics Europe & Asia	502.5	563.2	12.1%	502.5	562.7	12.0%
Parcels BeNe	254.1	286.5	12.7%	254.1	286.4	12.7%
E-commerce logistics	85.6	86.1	0.5%	85.6	85.9	0.3%
Cross border	162.8	190.6	17.1%	162.8	190.4	17.0%
Parcels & Logistics North America	611.8	589.3	-3.7%	604.1	585.1	-3.1%
E-commerce logistics	569.0	554.3	-2.6%	561.3	550.2	-2.0%
International mail	42.8	34.9	-18.5%	42.8	34.9	-18.5%
Corporate & Supporting functions	7.6	9.6	25.6%	0.0	0.0	-
Total	1,987.3	2,057.8	3.5%	1,965.7	2,037.8	3.7%

2nd quarter	Total operating income			Revenue		
In million EUR	2020	2021	Change %	2020	2021	Change %
Mail & Retail	407.5	448.9	10.2%	404.5	445.9	10.2%
Transactional mail	170.7	188.9	10.7%	170.6	188.7	10.7%
Advertising mail	37.5	48.3	28.9%	37.5	48.2	28.6%
Press	85.8	85.4	-0.4%	84.1	83.9	-0.3%
Proximity and convenience retail network	89.7	97.0	8.1%	88.5	95.8	8.3%
Value added services	23.9	29.2	22.3%	23.8	29.2	22.3%
Parcels & Logistics Europe & Asia	292.1	279.3	-4.4%	292.1	279.0	-4.1%
Parcels BeNe	149.4	140.8	-5.8%	149.4	140.7	-5.8%
E-commerce logistics	46.3	43.0	-7.1%	46.4	42.9	-7.6%
Cross border	96.3	95.5	-0.9%	96.3	95.4	-0.9%
Parcels & Logistics North America	351.9	308.1	-12.4%	347.9	305.4	-12.2%
E-commerce logistics	331.0	290.9	-12.1%	327.0	288.2	-11.9%
International mail	20.9	17.2	-17.6%	20.9	17.2	-17.6%
Corporate & Supporting functions	1.3	1.7	32.2%	0.0	0.0	-
Total	1,052.7	1,037.9	-1.4%	1,044.5	1,030.3	-1.4%

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	2020	2021	Change %	2020	2021
Belgium	1,200.9	1,287.1	7.2%	601.8	640.1
Rest of Europe	153.2	161.7	5.5%	80.9	80.4
USA	589.4	557.7	-5.4%	339.6	292.2
Rest of world	43.8	51.3	17.2%	30.4	25.1
Total operating income	1,987.3	2,057.8	3.5%	1,052.7	1,037.9

	As of 31 December	As of 30 June	
In million EUR	2020	2021	Change %
Belgium	885.8	864.0	-2.5%
Rest of Europe	194.7	190.7	-2.1%
USA	805.7	838.1	4.0%
Rest of world	43.5	47.7	9.8%
Total non-current assets	1,929.6	1,940.4	0.6%

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 Mail and Retail segment, no single external customer exceeded 10% of bpost's operating income.

6. Revenue

	Year-to-date		2nd quarter	
In million EUR	2020	2021	2020	2021
Revenue excluding the SGEI remuneration	1,828.9	1,898.9	976.2	961.3
SGEI remuneration	136.8	138.9	68.3	69.0
Total revenue	1,965.7	2,037.8	1,044.5	1,030.3

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

7. Services and other goods

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

	Year-to-date			2nd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
Rent and rental costs	33.7	40.9	21.2%	17.4	19.8	13.8%
Maintenance and repairs	55.6	54.5	-2.0%	28.2	26.8	-4.9%
Energy delivery	21.2	23.3	9.8%	9.3	11.3	21.9%
Other goods	20.7	17.5	-15.4%	11.8	9.2	-22.2%
Postal and telecom costs	10.3	10.4	1.1%	5.4	5.1	-6.1%
Insurance costs	12.0	15.2	26.6%	5.9	7.8	31.2%
Transport costs	404.7	380.1	-6.1%	233.6	193.0	-17.4%
Publicity and advertising	9.5	9.8	3.6%	3.4	4.4	28.7%
Consultancy	13.3	6.4	-51.8%	5.6	3.5	-38.7%
Interim employees	108.6	120.7	11.2%	64.6	69.8	8.2%
Third party remuneration, fees	73.0	91.0	24.7%	34.9	44.2	26.7%
Other services	60.2	49.2	-18.2%	36.1	24.9	-30.9%
Total services and other goods	822.6	819.0	-0.4%	456.3	419.9	-8.0%

Year to date services and other goods decreased by EUR 3.6m, or 0.4% to EUR 819.0m as of June 30, 2021. This decrease was mainly explained by

- Lower transport costs mainly due to lower transport costs within PaLo N. America due to impact of exchange rates and lower revenues, partially offset by higher transport costs within PaLo Eurasia in line with higher volumes of parcels;
- The decrease of other services was explained by lower payments processing fees on Radial US in line with decreased volumes;
- Lower consultancy costs in line with increased projects executed by bpost employees and cost containment;
- Additional third party remuneration fees explained mainly by some additional ICT project related costs to develop business;
- Higher rent and rental costs due to higher fleet rent costs for short term leases in order to manage higher volumes of parcels;
- The increased number of interim resulting from higher volumes of parcels, higher fulfilment activities and pressure on interim labour costs in the US.

8. Property, plant and equipment

Property, plant and equipment slightly increased by EUR 1.7m, or 0.1%, to EUR 1,139.7m as of June 30, 2021. The increase was mainly explained by capital expenditures of EUR 40.1m, right of use assets recognised for EUR 72.6m (mainly due to new warehouses, renewals on existing leases and fleet) and the evolution of the exchange rate partially offset by the depreciation for EUR 112.1m (including EUR 59.6m related to IFRS 16 right of use assets), the transfer to assets held for sale for EUR 6.8m including The Mail Group (EUR 5.2m) and investment properties for EUR 1.2m.

9. Intangible assets

Intangible assets slightly increased by EUR 3.4m, or 0.4%, to EUR 775.0m as of June 30, 2021. The increase was mainly due to by the capital expenditures of EUR 8.1m and the evolution of the exchange rate partially offset by the depreciation for EUR 20.7m and the transfer to assets held for sale for the Mail Group for EUR 2.2m.

At reporting date there were no indications, as defined by IAS 36, that goodwill may be impaired. There were no indications that the changes of the key assumptions, the discount rate and the long-term growth rate used to calculate the value in use, taken into consideration the actual performance of the CGU's, the long term interest and other market rates would decrease the recoverable amount resulting in a material impairment loss. There are no significant changes to the sensitivity information disclosed in the annual consolidated financial statements for year-end December 31, 2020.

10. Current trade and other receivables

Current trade and other receivables decreased by EUR 116.4m to EUR 693.6m as per June 30, 2021. The decrease was mainly driven by the payment of the SGEI for the delivery of newspapers and periodicals for the year 2020 and the peak sales of year-end 2020.

In view of the uncertainty in the short-term economic outlook with regard to the impact of COVID-19 on the default risk of customers, a post-model overlay was used in June 2020 to add an additional provision based on customer credit rating information. In the first half of the year 2021, there was no major movement in the provision.

11. Cash and cash equivalents

Cash and cash equivalents decreased by EUR 132.3m to EUR 815.8m as of June 30, 2021 mainly due to the closure in the first quarter of 2021 of the commercial paper program and last year's extended payment terms in the context of the pandemic which were unwound in the first quarter of 2021.

12. Assets held for sale

In million EUR	As of 31 December 2020	As of 30 June 2021
Assets		
Property, plant and equipment	3.3	1.4
bpost bank	100.0	100.0
The Mail Group	0.0	22.3
Assets held for sale	103.3	123.7
Liabilities		
The Mail Group	0.0	11.9
Liabilities directly linked to assets held for sale	0.0	11.9

Property, plant and equipment

These assets are retail outlets, offices or mail centers which are vacant as a consequence of the optimization of the post offices and mail centers network.

bpost bank

At the end of 2020 the investment in bpost bank has been transferred from investments in associates and joint ventures to assets held for sale at fair value less costs to sell given the agreement between bpost and BNP Paribas Fortis (BNPPF) to sell bpost's 50% participation in bpost bank to BNPPF.
Following the announcement of a new partnership model in December 2020, bpost and BNP Paribas Fortis signed on March 31, 2021 the agreement whereby BNP Paribas Fortis would acquire bpost's 50% holding in bpost bank at the end of this year to become its sole shareholder. Furthermore the agreement foresees a seven-year partnership, in which bpost will continue to provide financial services across its post office network. Nothing will change for bpost bank customers: they can continue

to expect the same outstanding service in the familiar and trusted post office setting. The whole transaction will be finalized by the end of 2021.

The Mail Group

bpost executes an active portfolio management strategy to divest non-core assets 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 decided to start up the sales process of the Mail Group (TMG). Hence assets and liabilities of the TMG were classified as held for sale per June 30, 2021 as the sale is expected to be completed within a year from reporting date. TMG is a full-service mail delivery provider handling business-critical mail, parcels and publications from customers located through North America and elsewhere. TMG includes Mail Services Incorporated (MSI), IMEX Global Solutions and M.A.I.L.. The fair value less costs to sell of TMG is higher than the carrying value, hence no write-down was necessary.
The major classes of assets and liabilities of TMG – part of the Parcels & Logistics North America operating segment - classified as held for sale were as follows :

In million EUR	2021
Assets	
Property, plant and equipment	5.2
Intangible assets	2.2
Deferred tax assets	1.5
Long term trade and other receivables	1.1
Inventories	0.2
Income tax receivable	0.7
Short term trade and other receivables	8.2
Cash and cash equivalents	3.3
Assets held for sale	22.3
Liabilities	
Long term interest-bearing loans and borrowings	3.0
Deferred tax liabilities	0.1
Short term interest-bearing loans and borrowings	1.6
Income tax payable	0.3
Short term trade and other payables	6.9
Liabilities directly linked to assets held for sale	11.9
Net assets directly associated with the disposal group	10.4

13. Non-current interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings increased by EUR 25.2m to EUR 1,190.1m mainly due to the increase of long term lease liabilities and the impact of the exchange rates.

14. Employee benefits

In million EUR	As of 31 December 2020	As of 30 June 2021
Post-employment benefits	26.8	24.6
Other long-term benefits	283.4	275.8
Termination benefits	9.8	9.2
Total employee benefits	320.0	309.5

Employee benefits decreased by EUR 10.5m, or 3.3%, to EUR 309.5m as of June 30, 2021. The decrease mainly reflects:

- The payment of benefits for an amount of EUR 15.9m,
- Operational actuarial gains for an amount of EUR 1.0m,
- Financial actuarial gains of EUR 5.2m caused by changes in the discount rates,
- A remeasurement gain on defined benefit plans of EUR 1.8m (before tax), recognized trough other comprehensive income;

  partially offset by,
- Service costs for EUR 12.9m and interest costs for EUR 0.5m.

15. Current interest-bearing loans and borrowings

Current interest-bearing loans and borrowings decreased by EUR 163.3m to EUR 114.8m mainly due to the decision of reimbursement of the maturing commercial paper during the first quarter 2021, in order to optimise our treasury. This decrease was partially offset by the increase in lease liability.

16. Current trade and other payables

Current trade and other payables decreased by EUR 237.4m to EUR 1,201.0m as of June 2021. This decrease was due to the decrease of the trade payables by EUR 126.4m, the social payables by EUR 65.3m and the other payables by EUR 45.7m. The decrease of the trade payables was mainly a phasing element given the peak season at year end. The decrease of the social payables was mainly caused by the timing difference as 2020 full year social accruals (holiday pay, bonuses,…) have been paid during the first half of 2021. The decrease of other payables was mainly due to the unwinding of some temporary initiatives set up in the context of the pandemic and lower deferred revenues given the peak season at year end.

17. 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, 2021:

In million EUR As at 30 June 2021	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	16.9	0.0	16.9	0.0
Current				
Financial assets	1,505.8	0.0	1,505.8	0.0
Total financial assets	1,522.7	0.0	1,522.7	0.0
Financial liabilities measured at amortized cost (except for derivatives):				
Non-Current				
Long-term bond	644.2	671.4	0.0	0.0
Financial liabilities	594.7	0.0	594.7	0.0
Current				
Derivatives instruments - forex swap	0.7	0.0	0.7	0.0
Derivatives instruments - forex forward	0.0	0.0	0.0	0.0
Financial liabilities	1,315.9	0.0	1,315.9	0.0
Total financial liabilities	2,555.4	671.4	1,911.2	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 2021 the main financial liabilities consisted of:

- EUR 650.0m bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%.
- USD 185.0m unsecured term loan (floating interest rate). This loan started on July 3, 2018 with a maturity of 3 years and it has been extended in 2020 to July 2023.
- EUR 18.2m EIB (European Investment Bank) loan which has an yearly reimbursement of EUR 9.1m.
- The outstanding balance of liabilities related to leases amounted to EUR 486.9m.

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

18. Derivative financial instruments and hedging

Derivative instruments

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

Interest Rate Swap

In February 2018, bpost entered into a forward starting Interest Rate Swap with a 10-year maturity and a nominal amount of EUR 600.0m. The transaction was contracted in order to hedge the interest rate risk on the contemplated issuance of a long-term bond to refinance the acquisition bridge loan entered into in November 2017 for the acquisition of Radial.
In July 2018, bpost issued a EUR 650.0m 8-year bond. At that time, the interest rate swap was unwound and settled via a payment of EUR 21.5m split between an effective part EUR 20.0m and an ineffective part EUR 1.5m. The ineffective part was booked in the income statement. The effective part of the cash-flow hedge (EUR 20.0m) has been recognized in other comprehensive income (amount net of tax is EUR 14.8m) as cash-flow hedge reserve. This cash-flow hedge is reclassified to profit or loss during the same periods as the long-term bonds' cash-flows will affect profit or loss over 8 years as from its issuance date. In 2021 a net amount of EUR 0.9m has been reclassified to the income statement.

Net investment hedge

In 2018 bpost entered into a USD term loan, with a maturity of 3 years with two possible extensions of one year each. To refinance the 2017 acquisition of Radial Holdings, LP, bpost, with EUR as its functional currency, borrowed along with the issuance of the bond in USD to mitigate the risk on foreign exchange rate differences on the foreign operations. Hence bpost performed a net investment hedge. Consequently, the effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income. The notional amount of the hedging amounted to USD 143.0m, whereas the carrying amount converted into Euro amounted to EUR 120.3m. At June 30, 2021 the net loss on the revaluation of the USD loan recognized in other comprehensive income and accumulated in the foreign currency translation reserve amounted to EUR 3.8m. There was no ineffectiveness in 2021.

19. Contingent liabilities and Contingent assets

The contingent liabilities and contingent assets are materially unchanged from those described in the note 6.32 of bpost's annual financial statements as at December 31, 2020. This interim financial report should be read in conjunction with bpost's annual financial statements as at December 31, 2020.

20. Events after the reporting period

On August 5, 2021, bpost US Holdings signed an agreement with Architect Equity for the sale of The Mail Group (IMEX Global Solutions LLC, M.A.I.L. Inc and Mail Services Inc). The Mail Group was transferred to assets held for sale in the second quarter of 2021. Further details on the sale will be disclosed in the third quarter 2021 financial report.

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 2021 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 2021, 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 2021 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.

Diegem, 5 August 2021

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

EY Bedrijfsrevisoren BV
Represented by

Han Wevers*
Partner

PVMD Réviseurs d'Entreprises SC
Represented by

A. CHAERELS

Alain Chaerels*
Partner

* Acting on behalf of a BV/ SRL

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. Given the new dividend policy, i.e. dividend pay-out ratio between 30-50% of IFRS net profit instead of a minimum of 85% of BGAAP net profit of bpost NV/SA unconsolidated, bpost will not report "bpost NV/SA net profit under BGAAP" anymore as an APM. The APMs derived from items reported in the financial statements can be calculated with and reconciled directly to the items as disclosed in the definitions below.

Definitions:

Adjusted performance (adjusted operating income/adjusted EBITDA/adjusted EBIT/adjusted EAT): bpost defines the adjusted performance as operating income/EBITDA/EBIT/EAT excluding the adjusting items. Adjusting items represent significant income or expense items that due to their non-recurring character are excluded from performance analyses. bpost uses a consistent approach when determining if an income or expense item is adjusting and if it is significant enough to be excluded from the reported figures to obtain the adjusted ones. An adjusting item is deemed to be significant if it amounts to EUR 20.0m 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 Parcels & Logistics North America. The reported figures in local currency of the prior comparable period are converted with the exchange rates applied for the current reported period.

bpost's management believes that the performance at constant exchange rate provides the investor an understanding of the operating performance of the entities part of the Parcels & Logistics North America segment.

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

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

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

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

Evolution Parcels B2X volume: bpost defines the evolution of Parcels B2X as the difference, expressed as a percentage, of the reported volumes between the current and prior comparable period of the B2X 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 bpost group entities are not eliminated and are part of the total operating income, EBITDA and EBIT.

bpost's management believes this measure provides the investor a better insight in the performance of Radial and the scale up of its US presence and the expanding of its product offering into value-added activities that cover the entire value chain in e-commerce logistics and omnichannel technology.

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

Reconciliation of reported to adjusted financial metrics

OPERATING INCOME

	Year-to-date			2nd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
Total operating income	1,987.3	2,057.8	3.5%	1,052.7	1,037.9	-1.4%
ADJUSTED TOTAL OPERATING INCOME	1,987.3	2,057.8	3.5%	1,052.7	1,037.9	-1.4%

OPERATING EXPENSES

	Year-to-date			2nd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
Total operating expenses excluding depreciation, amortization	(1,714.4)	(1,709.2)	-0.3%	(917.0)	(866.5)	-5.5%
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	(1,714.4)	(1,709.2)	-0.3%	(917.0)	(866.5)	-5.5%

EBITDA

	Year-to-date			2nd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
EBITDA	272.9	348.6	27.7%	135.7	171.4	26.2%
ADJUSTED EBITDA	272.9	348.6	27.7%	135.7	171.4	26.2%

EBIT

	Year-to-date			2nd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
Result from operating activities (EBIT)	141.3	215.7	52.7%	70.2	103.4	47.1%
Non-cash impact of purchase price allocation (PPA) (1)	9.3	6.4	-30.9%	4.7	3.2	-31.7%
ADJUSTED RESULT FROM OPERATING ACTIVITIES (EBIT)	150.6	222.1	47.5%	74.9	106.6	42.2%

RESULT FOR THE PERIOD (EAT)

	Year-to-date			2nd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
Result for the period	91.5	153.0	67.2%	43.6	72.4	66.1%
Non-cash impact of purchase price allocation (PPA) (1)	8.8	4.9	-44.0%	4.4	2.5	-44.5%
ADJUSTED RESULT OF THE PERIOD	100.3	157.9	57.5%	48.0	74.9	55.9%

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

Reconciliation of Reported free cash flow and adjusted free cash flow

	Year-to-date			2nd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
Net Cash from operating activities	341.9	124.6	-63.6%	138.3	(32.5)	
Net Cash used in investing activities	(34.5)	(38.1)	10.4%	(25.1)	(28.4)	13.2%
FREE CASH FLOW	307.4	86.5	-71.9%	113.2	(60.9)	
Collected proceeds due to clients	(17.1)	12.8	-174.9%	(69.0)	0.2	
ADJUSTED FREE CASH FLOW	290.3	99.3	-65.8%	44.1	(60.7)	

Statement of legal representatives

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

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

Forward Looking Statements

The information in this document may include forward-looking statements[3], 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.

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

Glossary

- ADM: Alternating Distribution Model
- Capex: total amount invested in fixed assets
- 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
- CMD: Capital Markets Day
- 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
- M&R: Mail and Retail business unit
- PaLo Eurasia: Parcels & Logistics Europe & Asia
- PaLo N. America: Parcels & Logistics North America
- TCV: Total Contract Value