Second quarter exceeds initial guidance. Results supported by resilient mail revenues, growth at Radial North America and implementation of management actions to mitigate unfavourable macro-economic environment and support long-term growth

Second quarter 2022 highlights

- Group operating income at 1,035.5 mEUR, in line with last year (-0.2%).
- Group adjusted EBIT at 82.6 mEUR (margin of 8.0%) down by -22.5% compared to high comps of 2Q21. Group reported EBIT at 79.5 mEUR.
- Belgium
  - Total operating income at 531.8 mEUR (-8.7% or -3.1% excluding Ubiway Retail)
  - Parcels volumes decreased by -12.9% against high comps (or -2.9% excl. Amazon impact).
  - Underlying mail volume decline of -7.5%, mitigated by positive mail price/mix impact.
  - Stable opex; higher energy costs, 4 recent salary indexations mitigated by FTE's reduction and higher recoverable VAT.
  - Adjusted EBIT at 62.8 mEUR (11.8% margin) down by -21.7 mEUR (-25.7%) and reported EBIT at 62.6 mEUR.
- E-Logistics Eurasia
  - Total operating income at 141.7 mEUR (-16.9%) driven by the continued expansion of Radial EU and Active Ants (+12.8%) offset by ongoing pressure on Asian cross-border and Dyna volumes.
  - Lower opex (-10.3%) in line with lower Cross-border and Dyna volume, partially offset by inflation and e-commerce logistics growth and expansion costs.
  - Adjusted EBIT at 7.1mEUR (5.0% margin), down by -14.7 mEUR (-67.4%) due to different product mix in cross-border volumes for destination Belgium. Reported EBIT at 6.4 mEUR.
- E-Logistics North America
  - Total operating income at 378.6 mEUR (+8.2% at constant exchange rate), reflecting Radial's growth (+18.3%) driven by customers launched in 2021. Excluding the deconsolidation of the Mail Group +14.6% at constant exchange rate.
  - Adjusted EBIT at 18.1 mEUR, up by +7.4 mEUR with improved margin, mainly thanks to Radial's contribution. Reported EBIT at 15.9 mEUR.

CEO quote

Dirk Tirez, CEO of bpostgroup: *"I would like to thank all my colleagues for delivering this second quarter results. There is a strong momentum across the group and the immediate actions taken by the management to counter the ongoing macro-economic pressures have been paying off in this quarter.*
Today, with one additional quarter behind us and with the results of these measures, we are now is a position to revise downwards the risk to our initial guidance from "up to 40 mEUR" to "up to 25 mEUR" despite continued market disruptions.
While stronger headwinds from inflation, salary indexations, transport and energy costs, and consumer confidence persist globally and still bring uncertainty for the following quarters, we continue to take measures at all levels in order to phase and mitigate these adverse impacts whilst positioning our business for success in the mid-term."

Outlook for 2022

Whereas the first quarter financial performance was in line with our initial guidance, the second quarter outperforms our full year 2022 EBIT initial guidance of 280-310 mEUR issued on February 24, 2022, notably thanks to the successful implementation of the measures explained in May with the results of the first quarter.

However, unfavourable macro-economic environment persists and still brings uncertainty:
- rising inflation in Belgium and internationally, resulting in even stronger headwinds than anticipated in May (e.g. Belgian payroll and salary indexations: the additional 17 mEUR cost vs. guidance has in the meantime increased to 24.5 mEUR due to future salary indexation now expected to occur earlier in the year).
- uncertain consumer behaviour linked to inflation impact on discretionary spending on the back of a potential recession, and post-pandemic parcel volume normalization.

Stronger headwinds and consumer behaviour remain a source of uncertainty for the third quarter (historically a softer quarter with lower volumes during the summer period) and for the peak of the fourth quarter 2022.

As a result, bpost now revises downwards the potential downside risk to the initial guidance from "up to 40 mEUR" to "up to 25 mEUR" based on current perspective on overall market conditions.

Management continues to take actions with increased sales efforts, price increases where appropriate and cost reductions.

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

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

Key figures[1]

2nd quarter (in million EUR)	Reported		Adjusted		
	2021	2022	2021	2022	% Δ
Total operating income	1,037.9	1,035.5	1,037.9	1,035.5	-0.2%
Operating expenses (excl. D&A)	866.5	884.8	866.5	884.8	2.1%
EBITDA	171.4	150.7	171.4	150.7	-12.1%
Depreciation and amortization	68.0	71.2	64.8	68.1	5.2%
EBIT	103.4	79.5	106.6	82.6	-22.5%
Margin (%)	*10.0%*	*7.7%*	*10.3%*	*8.0%*	
Result before tax	99.3	92.6	102.5	96.8	-5.5%
Income tax expense	26.9	24.7	27.6	25.5	-7.7%
Net result	72.4	67.8	74.9	71.4	-4.7%
FCF	(60.9)	(141.3)	(60.7)	(137.9)	-
Net debt/(Net cash) as of 30 June	489.4	572.8	489.4	572.8	17.1%
CAPEX	28.5	39.5	28.5	39.5	38.7%
Average FTE & Interims	38,221	38,086	38,221	38,086	-0.4%

First half (in million EUR)	Reported		Adjusted		
	2021	2022	2021	2022	% Δ
Total operating income	2,057.8	2,074.0	2,057.8	2,074.0	0.8%
Operating expenses (excl. D&A)	1,709.2	1,762.8	1,709.2	1,762.8	3.1%
EBITDA	348.6	311.1	348.6	311.1	-10.8%
Depreciation and amortization	132.9	141.6	126.5	135.6	7.2%
EBIT	215.7	169.5	222.1	175.5	-21.0%
Margin (%)	*10.5%*	*8.2%*	*10.8%*	*8.5%*	
Result before tax	209.0	177.6	215.5	184.8	-14.2%
Income tax expense	56.0	48.5	57.6	49.9	
Net result	153.0	129.1	157.9	134.9	-14.6%
FCF	86.5	147.7	99.3	152.3	53.4%
Net debt/(Net cash) as of 30 June	489.4	572.8	489.4	572.8	17.1%
CAPEX	48.1	66.0	48.1	66.0	257.7%
Average FTE & Interims	37,911	37,953	37,911	37,953	0.1%

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

Group overview

Second quarter 2022

Compared to last year, **total operating income** slightly decreased by -2.4 mEUR or -0.2% to 1,035.5 mEUR, supported by E-Logistics North America:

- External operating income Belgium decreased by -45.8 mEUR, mainly explained by the deconsolidation of Ubiway Retail (-33.9 mEUR), the mail volume decline and the continued pressure on parcels.
- External operating income of E-Logistics Eurasia decreased by -26.9 mEUR mainly driven by the anticipated decline in revenue from continued pressure on Asian volumes following new VAT regulation and continued pressure on Dyna volumes.
- E-Logistics North America external operating income increased by +69.2 mEUR driven by Radial's new customers launched in 2021 (or +86.0 mEUR excluding the deconsolidation of the Mail Group).
- Corporate external operating income increased by +1.0 mEUR in line with higher sales buildings.

Operating expenses (including D&A) increased by -21.4 mEUR (or +2.3%) impacted by higher variable opex in line with revenue development E-Logistics North America (interim costs, transport costs), higher payroll cost (4 recent salary indexations in Belgium, continued wage rate pressure in fulfilment in the US) and energy costs, partially offset by lower material costs mainly due to the deconsolidation of Ubiway Retail, higher recoverable VAT and lower opex in line with the revenue development E-Logistics Eurasia.

As a result the **reported EBIT** decreased by -23.9 mEUR.

Net financial result (i.e. net of financial income and financial costs) increased by +18.3 mEUR mainly due to lower non-cash financial charges related to IAS 19 employee benefits in line with the increased discount rates.

Income tax expense decreased by +2.1 mEUR compared to last year mainly due to the lower profit before tax.

Group net profit decreased by -4.6 mEUR compared to last year at 67.8 mEUR.

First Half 2022

Compared to last year, **total operating income** increased by +16.2 mEUR or +0.8% to 2,074.0 mEUR, driven by E-Logistics North America.

- External operating income Belgium decreased by -56.6 mEUR or -5.0%, mainly explained by the deconsolidation of Ubiway Retail (-43.2 mEUR) and the continued pressure on parcels.
- External operating income of E-Logistics Eurasia decreased by -51.6 mEUR or -15.8% mainly driven by the anticipated decline in revenue from continued pressure on Asian volumes following new VAT regulation and continued pressure on Dyna volumes.
- E-Logistics North America external operating income increased by +130.5 mEUR mainly driven by Radial's new customers launched in 2021 (or +165.1 mEUR excluding the deconsolidation of the Mail Group).
- Corporate external operating income decreased by -6.1 mEUR in line with lower sales buildings.

Operating expenses (including D&A) increased by -62.3 mEUR impacted by higher variable opex in line with revenue development E-Logistics North America (interim costs, transport costs), higher payroll cost (4 recent salary indexations in Belgium, continued wage rate pressure in fulfilment in the US), higher IT costs (to accelerate the transformation of bpostgroup) and energy costs, partially offset by lower material costs mainly due to the deconsolidation of Ubiway Retail, higher recoverable VAT and lower opex in line with the revenue development E-Logistics Eurasia.

As a result the **reported EBIT** decreased by -46.2 mEUR compared to last year.

Net financial result (i.e. net of financial income and financial costs) increased by +15.9 mEUR mainly due to lower non-cash financial charges related to IAS 19 employee benefits in line with the increased discount rates.

Income tax expense decreased by +7.6 mEUR compared to last year mainly due to the lower profit before tax.

Group net profit decreased by -23.9 mEUR compared to last year at 129.1 mEUR.

Business Unit performance: Belgium

Belgium In million EUR	Year-to-date 2021	 2022	 Change %	2nd quarter 2021	 2022	 Change%
External operating income	1,132.4	1,075.9	-5.0%	565.1	519.3	-8.1%
Transactional mail	379.1	377.3	-0.5%	188.9	182.6	-3.3%
Advertising mail	95.9	95.4	-0.5%	48.3	47.4	-1.8%
Press	171.5	171.0	-0.3%	85.4	85.3	-0.1%
Parcels Belgium	236.4	211.1	-10.7%	116.1	105.1	-9.5%
Proximity and convenience retail network	192.1	159.6	-16.9%	97.1	68.8	-29.1%
Value added services	57.4	61.4	6.9%	29.2	30.0	2.8%
Intersegment operating income	34.9	24.8	-28.9%	17.6	12.5	-29.2%
TOTAL OPERATING INCOME	1,167.3	1,100.7	-5.7%	582.7	531.8	-8.7%
Operating expenses	946.8	921.3	-2.7%	475.6	448.9	-5.6%
EBITDA	220.5	179.4	-18.7%	107.1	82.9	-22.6%
Depreciation, amortization (reported)	45.4	41.8	-7.9%	23.0	20.2	-12.1%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	175.2	137.6	-21.4%	84.1	62.6	-25.5%
Margin (%)	*15.0%*	*12.5%*		*14.4%*	*11.8%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	176.0	137.9	-21.7%	84.5	62.8	-25.7%
Margin (%)	*15.1%*	*12.5%*		*14.5%*	*11.8%*	

Second quarter 2022

Total operating income in the second quarter 2022 amounted to 531.8 mEUR and showed a decrease of -51.0 mEUR or -8.7% (or -17.0 mEUR excluding the deconsolidation of Ubiway Retail) compared to the same period 2021 as the **external operating income** amounted to 519.3 mEUR and showed a decrease of -45.8 mEUR or -8.1% compared to the same period of 2021. Lower intersegment income (-5.1 mEUR or -29.2%) reflects lower Cross-border volumes handled in the network.

Revenues from **Domestic mail** (i.e. Transactional, Advertising and Press combined) decreased by -7.3 mEUR to 315.4 mEUR. **Transactional mail** noted an underlying volume decline of -8.2% for the quarter against -1.3% underlying volume decline for the second quarter 2021. Admin mail trend was very limited supported by COVID-19 communication in the second quarter 2022 (estimated at <1.0 mEUR vs 8.0 mEUR in the second quarter 2021). There was no change in the known structural trends of continued e-substitution. **Advertising mail** realized an underlying volume decrease of -2.4% against +15.6% for the same period last year which was driven by the volume recovery post lockdown. **Press** volume decreased on an underlying basis by -10.8%, compared to -7.1% in the first quarter of 2022 and against -1.1% in the second quarter last year.
Total Domestic mail volume decrease impacted revenues by -20.3 mEUR (-7.5% underlying volume decline against +1.4% in the second quarter of 2021) and was partially compensated by +13.0 mEUR net improvement in price and mix.

Belgium Evolution underlying volumes	Year-to-date 2021	 2022	2nd quarter 2021	 2022
Domestic mail	-3.5%	-6.4%	+1.4%	-7.5%
Transactional mail	-5.8%	-7.0%	-1.3%	-8.2%
Advertising mail	+4.1%	-2.3%	+15.6%	-2.4%
Press	-1.0%	-8.9%	-1.1%	-10.8%
Parcels B2X volume	+23.5%	-13.9%	+2.9%	-12.9%

Parcels Belgium decreased by -11.0 mEUR (or -9.5%) to 105.1 mEUR resulting from parcels volume decline of -12.9% against high comps including lockdown in April 2021. Underlying volume decline of -2.9% excluding Amazon's insourcing (-55.6% quarter year-over-year) vs. -8.1% in the first quarter of 2022, supported by resilient demand in Fashion in May & June 2022.

Proximity and convenience retail network decreased by -28.3 mEUR to 68.8 mEUR. This decrease was mainly driven by the deconsolidation impact of Ubiway Retail as of the 1st March 2022 (-33.9 mEUR impact). Excluding the deconsolidation, revenues increased by +5.6 mEUR or +8.9% mainly driven by the new Management Contract.

Value added services amounted to 30.0 mEUR and showed an increase of +0.8 mEUR versus last year mainly due to slightly higher revenues from fines solutions.

Operating expenses (including D&A) decreased by +29.5 mEUR and remained nearly stable (-4.5 mEUR) when excluding Ubiway Retail impact despite inflationary pressure, mainly driven by lower fleet and subcontractor costs, less FTE's (~ -780 FTE or -3.3%, excluding Ubiway Retail) from lower parcels volumes, execution of dedicated management actions and higher recoverable VAT. This decrease was offset by higher energy costs and higher payroll costs per FTE (4 recent salary indexations of +2% and change in night shift regulation).

Driven by lower volumes and inflationary impacts on energy and payroll costs, mitigated by accelerated FTE's reduction, **reported EBIT** and **adjusted EBIT** decreased and respectively amounted to 62.6 mEUR and 62.8 mEUR with a margin of 11.8%.

First half 2022

Total operating income in the first half of 2022 amounted to 1,100.7 mEUR and showed a decrease of -66.6 mEUR or -5.7% (or -23.4 mEUR excluding the deconsolidation of Ubiway Retail) compared to the same period 2021 as the **external operating income** amounted to 1,075.9 mEUR and showed a decrease of -56.6 mEUR or -5.0% compared to the same period of 2021. Lower intersegment income (-10.1 mEUR or -28.9%) reflects lower Cross-border volumes handled in the network.

Revenues from **Domestic mail** (i.e. Transactional, Advertising and Press combined) decreased by -2.7 mEUR to 643.8 mEUR.
Transactional mail noted an underlying volume decline of -7.0% for the half year against -5.8% underlying volume decline for the first half 2021, year-over-year impact COVID communication around -8.0 mEUR. There was no change in the known structural trends of continued e-substitution. **Advertising mail** realized an underlying volume decrease of -2.3% against +4.1% for the same period last year, which was driven by the volume recovery post lockdown. **Press** volume decreased on an underlying basis by -8.9% against -1.0% in the first half last year.
Total Domestic mail volume decrease impacted revenues by -34.9 mEUR (-6.4% underlying volume decline against -3.5% in the first half 2021) and was almost compensated by +0.9 mEUR working day impact and the net improvement in price and mix which amounted to +31.3 mEUR.

Belgium Evolution underlying volumes	1Q21	2Q21	3Q21	4Q21	YTD 21	1Q22	2Q22	YTD 22
Domestic mail	-7.8%	+1.4%	-7.5%	-8.9%	-5.9%	-5.4%	-7.5%	-6.4%
Transactional mail	-9.6%	-1.3%	-9.5%	-11.1%	-8.0%	-5.8%	-8.2%	-7.0%
Advertising mail	-5.4%	+15.6%	-2.9%	-1.1%	+0.9%	-2.3%	-2.4%	-2.3%
Press	-1.0%	-1.1%	-3.4%	-8.4%	-3.5%	-7.1%	-10.8%	-8.9%
Parcels B2X volume	+54.1%	+2.9%	+8.9%	-7.5%	+10.3%	-14.8%	-12.9%	-13.9%

Parcels Belgium decreased by -25.3 mEUR (or -10.7%) to 211.1 mEUR resulting from parcels volume decline of -13.9% against high comps of +23.5% in the first half 2021 and reflecting Amazon's insourcing.

Proximity and convenience retail network decreased by -32.4 mEUR to 159.6 mEUR. This decrease was mainly driven by the deconsolidation impact of Ubiway Retail as of the 1st March 2022 (-43.2 mEUR impact). Excluding the deconsolidation, revenues increased by +10.7 mEUR or +8.4% mainly driven by the new Management Contract.

Value added services amounted to 61.4 mEUR and showed an increase of +3.9 mEUR versus last year due to higher revenues from fines solutions and additional revenues charged for setup and change requests in solutions.

Operating expenses (including D&A) decreased by +29.1 mEUR, mainly driven by lower fleet and subcontractor costs, less FTE's from lower parcels volumes and execution of dedicated management actions. Furthermore lower material costs in line with deconsolidation of Ubiway Retail and higher recoverable VAT. This decrease was partially offset by higher energy costs and higher payroll costs per FTE (4 recent salary indexations of +2% and change in night shift regulation).

Driven by lower volumes and inflationary impacts on payroll and energy costs, reported EBIT and adjusted EBIT decreased and respectively amounted to 137.6 mEUR and 137.9 mEUR with a margin of 12.5%.

Business Unit performance: E-Logistics Eurasia

E-Logistics Eurasia	Year-to-date			2nd quarter		
In million EUR	2021	2022	Change %	2021	2022	Change%
External operating income	326.5	274.9	-15.8%	163.0	136.2	-16.5%
E-commerce logistics	136.0	130.5	-4.0%	67.6	65.3	-3.3%
Cross-border	190.6	144.3	-24.3%	95.5	70.8	-25.8%
Intersegment operating income	13.9	10.6	-23.6%	7.4	5.5	-25.6%
TOTAL OPERATING INCOME	340.5	285.5	-16.1%	170.4	141.7	-16.9%
Operating expenses	292.6	256.3	-12.4%	143.7	128.8	-10.3%
EBITDA	47.8	29.3	-38.8%	26.8	12.8	-52.1%
Depreciation, amortization (reported)	11.0	13.1	19.7%	5.6	6.4	14.1%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	36.9	16.2	-56.2%	21.2	6.4	-69.7%
Margin (%)	*10.8%*	*5.7%*		*12.4%*	*4.5%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	38.3	17.6	-54.1%	21.9	7.1	-67.4%
Margin (%)	11.3%	*6.2%*		*12.8%*	*5.0%*	

Second quarter 2022

Total operating income decreased by -28.8 mEUR (-16.9%) driven by the decrease of the external operating income by -26.9 mEUR or -16.5% compared to the same period of 2021. This decrease was mainly due to Cross-border (-24.6 mEUR).

E-commerce logistics operating income in the second quarter 2022 amounted to 65.3 mEUR, a decrease of -2.2 mEUR or -3.3% compared to the same period of 2021. The revenue growth of Radial Europe and Active Ants of +12.8%, from new customer onboardings and sales of existing customers starting to pick-up in May-June 2022, was offset by a decline in revenue at DynaLogic due to lower consumer confidence and at DynaFix/Sure due to less devices to be repaired.

Cross-border operating income in the second quarter 2022 amounted to 70.8 mEUR, a decrease of -24.6 mEUR (or -25.8%) compared to the same period of 2021, mainly driven by lower Asian volumes still not recovering from the new VAT regulation (as from the 1st of July 2021) and impacted by recent COVID lockdowns in China and Ukraine war. Note that the level of the Asian cross-border sales of the second quarter of 2022 are in line with the last 3 quarters.

Operating expenses (including D&A) were down +14.0 mEUR or -9.4%, mainly thanks to lower transport costs and lower intersegment opex charged by Belgium due to lower Asian volumes, lower material costs, lower interims and transport costs in line with lower volumes at Dyna, partially offset by higher payroll costs from inflation and recent sites openings, in line with expansion and strategic development initiatives.

Reported EBIT and adjusted EBIT decreased by -14.7 mEUR compared to last year same period and respectively amounted to 6.4 mEUR and 7.1 mEUR, mainly driven by lower cross-border and personalized logistics volumes, different product mix in cross-border volumes for destination Belgium and higher payroll costs.

First half 2022

Total operating income decreased by -54.9 mEUR (-16.1%) driven by the decrease of the external operating income by -51.6 mEUR or -15.8% compared to the same period of 2021. This decrease was mainly due to Cross-border (-46.2 mEUR).

E-commerce logistics operating income in the first half 2022 amounted to 130.5 mEUR, a decrease of -5.4 mEUR or -4.0% compared to the same period of 2021. The revenue growth of Radial Europe and Active Ants of +12.1%, mainly from new customer onboardings, was offset by a decline in revenue at DynaLogic due to lower consumer confidence and at DynaFix/Sure due to a shortage of electronic spare parts and less devices to be repaired.

Cross-border operating income in the first half 2022 amounted to 144.3 mEUR, a decrease of -46.2 mEUR (or -24.3%) compared to the same period of 2021, mainly driven by lower Asian volumes still not recovering from the new VAT regulation (as from the 1st of July 2021) and impacted by recent COVID lockdowns in China.

Operating expenses (including D&A) were down +34.2 mEUR or -11.3%, mainly thanks to lower transport costs and lower intersegment opex charged by Belgium due to lower Asian volumes, lower material costs, lower interims and transport costs in line with lower volumes at Dyna, partially offset by higher payroll costs from inflation and recent sites openings, in line with expansion and strategic development initiatives.

Reported EBIT and adjusted EBIT decreased by -20.7 mEUR compared to last year same period and respectively amounted to 16.2 mEUR and 17.6 mEUR.

Business Unit performance: E-Logistics North America

E-Logistics North America	Year-to-date			2nd quarter		
In million EUR	2021	2022	Change %	2021	2022	Change%
External operating income	589.3	719.7	22.1%	308.1	377.3	22.5%
E-commerce logistics	554.3	719.7	29.8%	290.9	377.3	29.7%
International mail	34.9	0.0	-100.0%	17.2	0.0	-100.0%
Intersegment operating income	2.6	2.3	-10.5%	1.6	1.2	-25.3%
TOTAL OPERATING INCOME	591.9	722.0	22.0%	309.8	378.6	22.2%
Operating expenses	537.2	643.0	19.7%	280.5	336.3	19.9%
EBITDA	54.6	79.1	44.8%	29.2	42.2	44.5%
Depreciation, amortization (reported)	39.7	50.1	26.0%	20.5	26.3	28.1%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	14.9	29.0	94.8%	8.7	15.9	82.9%
Margin (%)	*2.5%*	*4.0%*		*2.8%*	*4.2%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	19.0	33.3	75.2%	10.8	18.1	68.4%
Margin (%)	*3.2%*	*4.6%*		*3.5%*	*4.8%*	

Second quarter 2022

Total operating income amounted to 378.6 mEUR and increased by +68.8mEUR, this is an increase of +22.2% (+8.2% at constant exchange rate). Excluding the divestment of the Mail Group as of August 5, 2021 total operating income increased by 86.0 mEUR. **External operating income** in the second quarter 2022 amounted to 377.3 mEUR and showed an increase of +69.2 mEUR or +22.5% (+8.5% at constant exchange rate) compared to the same period of 2021, reflecting mainly the continued strong revenue development of Radial's new customers launched in 2021.

E-commerce logistics increased by +86.4 mEUR to 377.3 mEUR or +29.7% (+14.9% at constant exchange rate) mainly driven by Radial from new customers contribution, launched in 2021 and accelerating since June 2021 onwards. Compared to the second quarter of 2021 and 2019 the operating income of Radial respectively increased by 18% and 61% from structural e-commerce logistics growth and the expansion plan. Furthermore operating income of Radial is in line with the COVID-boosted second quarter of 2020. Landmark US and Apple Express recorded continued volume growth from existing customers and new customers won in 2021.

Radial North America (*)	Year-to-date		2nd quarter	
In million USD (Adjusted)	2021	2022	2021	2022
Total operating income	519.0	628.5	271.9	321.2
EBITDA	38.0	55.3	20.6	28.5
Profit from operating activities (EBIT)	2.1	13.0	2.1	6.9

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

The decline of **International mail** was driven by the divestment and deconsolidation of the Mail Group as of August 5, 2021.

Operating expenses (including D&A) increased by -61.6 mEUR or +20.5% (or +6.5% at constant exchange rate) resulting from higher variable opex in line with revenue development, including labor costs from continued wage rate pressure in fulfilment (mitigated by higher productivity) and higher costs from new sites openings, mitigated by lower selling, general and administrative expenses.

Reported EBIT amounted to 15.9 mEUR up by +7.2 mEUR (or +82.9%) with a margin of 4.2%, **adjusted EBIT** amounted to 18.1 mEUR (up by +7.4 mEUR or +68.4%) with improved margin of 4.8%. The sharp EBIT uplift was driven by the strong performance at Radial.

First half 2022

Total operating income amounted to 722.0 mEUR and increased by +130.2 mEUR, this is an increase of +22.0% (+10.7% at constant exchange rate). Excluding the divestment of the Mail Group as of August 5, 2021 total operating income increased by 165.1 mEUR. External operating income in the first half 2022 amounted to 719.7 mEUR and showed an increase of +130.5 mEUR or +22.1% (+10.8% at constant exchange rate) compared to the same period of 2021, reflecting mainly the continued strong revenue development of Radial's new customers launched in 2021.

E-commerce logistics increased by +165.4 mEUR to 719.7 mEUR or +29.8% (+17.8% at constant exchange rate) mainly driven by Radial from new customers contribution launched in 2021. Landmark US and Apple Express recorded continued volume growth from existing customers and new customers won in 2021.

The decline of International mail was driven by the divestment and deconsolidation of the Mail Group as of August 5, 2021.

Operating expenses (including D&A) increased by -116.1 mEUR or +20.1% (or +8.9% at constant exchange rate) resulting from higher variable opex in line with revenue development, including labour costs from continued wage rate pressure in fulfilment, mitigated by higher productivity, and higher costs from new sites openings.

Reported EBIT amounted to 29.0 mEUR up by +14.1 mEUR (or +94.8%) with a margin of 4.0%, adjusted EBIT amounted to 33.3 mEUR (up by +14.3 mEUR) with improved margin of 4.6%.

Business Unit performance: Corporate

Corporate In million EUR	Year-to-date 2021	 2022	 Change %	2nd quarter 2021	 2022	 Change%
External operating income	9.6	3.5	-63.7%	1.7	2.7	62.7%
Intersegment operating income	199.5	196.7	-1.4%	96.9	96.4	-0.4%
TOTAL OPERATING INCOME	209.1	200.1	-4.3%	98.5	99.1	0.6%
Operating expenses	183.5	176.8	-3.6%	90.2	86.3	-4.3%
EBITDA	25.6	23.3	-8.8%	8.3	12.8	54.8%
Depreciation, amortization (reported)	36.8	36.5	-0.7%	18.9	18.3	-3.0%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	(11.2)	(13.2)	17.8%	(10.6)	(5.5)	
Margin (%)	*-5.4%*	*-6.6%*		*-10.7%*	*-5.5%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	(11.2)	(13.2)	17.8%	(10.6)	(5.5)	
Margin (%)	*-5.4%*	*-6.6%*		*-10.7%*	*-5.5%*	

Second quarter 2022

External operating income in the second quarter 2022 increased by +1.0 mEUR driven by higher building sales.

Decrease in operating expenses (including D&A) by -4.1%, notably driven by overhead reduction (-3.8% FTE).

Reported & adjusted EBIT at -5.5 mEUR up by 5.1 mEUR.

First half 2022

External operating income in the first half 2022 decreased by -6.1 mEUR driven by lower building sales.

Decrease in operating expenses (including D&A) by -3.1%.

Reported & adjusted EBIT at -13.2 mEUR down by -2.0 mEUR.

Cash flow statement

Second quarter 2022

2nd quarter (in million EUR)	Reported			Adjusted		
	2021	2022	Δ	2021	2022	Δ
Cash flow from operating activities	(32.5)	(99.1)	(66.6)	(32.3)	(95.7)	(63.5)
out of which CF from operating activities before Δ in WC & provisions	107.4	106.1	(1.3)	107.4	106.1	(1.3)
Cash flow from investing activities	(28.4)	(42.2)	(13.8)	(28.4)	(42.2)	(13.8)
Free cash flow	(60.9)	(141.3)	(80.4)	(60.7)	(137.9)	(77.2)
Financing activities	(28.6)	(132.6)	(104.0)	(28.6)	(132.6)	(104.0)
Net cash movement	(89.6)	(273.9)	(184.3)	(89.3)	(270.5)	(181.2)
Capex	28.5	39.5	11.0	28.5	39.5	11.0

In the second quarter 2022, the net cash outflow increased compared to the same period last year by 184.3 mEUR to negative 273.9 mEUR. This increase was mainly due to a dividend payment in 2022 and the negative variance in the working capital evolution.

Reported and adjusted free cash flow amounted respectively to negative 141.3 mEUR and negative 137.9 mEUR.

Cash flow from operating activities before change in working capital and provisions remained stable compared to the second quarter 2021. The lower operational results were compensated by a favourable settlement in corporate income tax payments.
Cash outflow related to collected proceeds due to Radial's clients was 3.1 mEUR higher (3.4 mEUR outflow in the second quarter 2022 compared to an outflow of 0.2 mEUR in the same period last year).
The variance in change in working capital and provisions (-62.2 mEUR) was mainly explained by a different payment schedule of terminal dues and lower suppliers' balances.

Investing activities resulted in a cash outflow of 42.2 mEUR in the second quarter 2022, compared to a cash outflow of 28.4 mEUR for the same period last year. The evolution in the second quarter 2022 was mainly explained by higher capex (-11.0 mEUR) and the acquisition of IMX group (-11.0 mEUR) in the second quarter 2022 partially offset by settlement of the sale of bpost bank (5.1 mEUR) and the higher proceeds from sale of assets (1.9 mEUR).
Capex stood at 39.5 mEUR in the second quarter 2022 and was mainly spent on e-commerce logistics growth of Radial US and optimization of the Belgium network.

In the second quarter 2022 the cash outflow relating to financing activities amounted to -132.6 mEUR compared to -28.6 mEUR last year, mainly explained by a dividend payment in the second quarter 2022 (-98.0 mEUR).

First half 2022

Year-to-date (in million EUR)	Reported			Adjusted		
	2021	2022	Δ	2021	2022	Δ
Cash flow from operating activities	124.6	73.2	(51.4)	137.4	77.8	(59.6)
out of which CF from operating activities before Δ in WC & provisions	272.5	284.0	11.5	272.5	284.0	11.5
Cash flow from investing activities	(38.1)	74.5	112.6	(38.1)	74.5	112.6
Free cash flow	86.5	147.7	61.3	99.3	152.3	53.0
Financing activities	(222.2)	(164.1)	58.1	(222.2)	(164.1)	58.1
Net cash movement	(135.7)	(16.4)	119.3	(122.9)	(11.8)	111.1
Capex	48.1	66.0	17.8	48.1	66.0	17.8

In the first half 2022, the net cash outflow decreased compared to the same period last year by 119.3 mEUR to 16.4 mEUR. This decrease was mainly due to the sale of bpost bank and last year's decision not to roll over maturing commercial papers, partially offset by a dividend payment in 2022. Note that in the context of the sales process of the Mail Group, the cash of the Mail Group (3.3 mEUR) has been classified as held for sale per June 30, 2021.

Reported and adjusted free cash flow amounted respectively to 147.7 mEUR and 152.3 mEUR.

Cash flow from operating activities before change in working capital and provisions increased compared to the first half 2021. The negative adjusted EBITDA variation was compensated by a favourable settlement in corporate income tax payments.
Cash flow related to collected proceeds due to Radial's clients was 8.2 mEUR higher (4.6 mEUR outflow in the first half 2022 compared to an outflow of 12.8 mEUR in the same period last year) in line with the remittance calendar.
The variance in change in working capital and provisions (-71.1 mEUR) was mainly explained by decreased suppliers' balances and a different payment schedule of terminal dues partially offset by last year's unwinding of extended payment terms with some suppliers initiated at the beginning of the pandemic.

Investing activities resulted in a cash inflow of 74.5 mEUR in the first half 2022, compared to a cash outflow of 38.1 mEUR for the same period last year. The evolution in the first half 2022 was mainly explained by the settlement of the sale of bpost bank and Ubiway Retail (146.9 mEUR including the reimbursement of the subordinated loan granted to bpost bank) partially offset by higher capex (-17.8 mEUR), M&A activities (-9.7 mEUR) and the lower proceeds from sale of assets (-6.6 mEUR).
Capex stood at 66.0 mEUR in the first half 2022 and was mainly spent on the continued e-commerce logistics expansion of Radial, and Active Ants, and on the optimization of the Belgium network.

In 2022 the cash outflow relating to financing activities amounted to -164.1 mEUR compared to -222.2 mEUR last year, mainly explained by the decision not to roll over maturing commercial paper in 2021 (+165.0 mEUR) partially offset by a dividend payment in 2022 (-98.0 mEUR).

Interim Condensed Consolidated Financial Statements[2]

Interim Condensed Consolidated Income Statement

		Year-to-date		2nd quarter	
In million EUR	Notes	2021	2022	2021	2022
Revenue	6	2,037.8	2,063.7	1,030.3	1,029.7
Other operating income		20.0	10.3	7.6	5.8
TOTAL OPERATING INCOME		2,057.8	2,074.0	1,037.9	1,035.5
Material costs		(90.4)	(53.1)	(45.4)	(18.7)
Services and other goods	7	(819.0)	(886.9)	(419.9)	(455.1)
Payroll costs		(784.5)	(818.9)	(393.2)	(415.2)
Other operating expenses		(15.3)	(4.0)	(8.1)	4.2
Depreciation, amortization and impairment		(132.9)	(141.6)	(68.0)	(71.2)
TOTAL OPERATING EXPENSES		(1,842.1)	(1,904.4)	(934.5)	(956.0)
RESULT FROM OPERATING ACTIVITIES (EBIT)		215.7	169.5	103.4	79.5
Financial income		5.8	1.5	2.1	(1.8)
Financial costs		(12.4)	7.8	(6.2)	15.9
Remeasurement of assets held for sale at fair value less costs to sell		0.0	(1.2)	0.0	(1.2)
Share of results of associates and joint ventures		(0.0)	0.0	(0.0)	0.1
RESULT BEFORE TAX		209.0	177.6	99.3	92.6
Income tax expense		(56.0)	(48.5)	(26.9)	(24.7)
RESULT FOR THE PERIOD (EAT)		153.0	129.1	72.4	67.8
Attributable to:					
Equity holders of the parent		153.2	129.8	72.5	68.2
Non-controlling interests		(0.2)	(0.7)	(0.1)	(0.3)

EARNINGS PER SHARE

	Year-to-date		2nd quarter	
In EUR	2021	2022	2021	2022
▶ basic, result for the period attributable to ordinary equity holders of the parent	0.77	0.65	0.36	0.34
▶ diluted, result for the period attributable to ordinary equity holders of the parent	0.77	0.65	0.36	0.34

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	2021	2022	2021	2022
RESULT OF THE PERIOD	153.0	129.1	72.4	67.8
OTHER COMPREHENSIVE INCOME				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Net gain/(loss) on hedge of a net investment	(3.8)	(11.4)	1.6	(8.9)
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	23.7	73.4	(9.8)	55.4
NET OTHER COMPREHENSIVE INCOME/(LOSS) THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	20.8	62.9	(7.7)	47.0
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Remeasurement gain (losses) on defined benefit plans	1.5	2.2	1.5	2.2
Gross gain/ (loss) on defined benefit plans	*1.8*	*2.7*	*1.8*	*2.7*
Income tax effect	*(0.3)*	*(0.5)*	*(0.3)*	*(0.5)*
NET OTHER COMPREHENSIVE INCOME/(LOSS) NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS	1.5	2.2	1.5	2.2
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	22.3	65.1	(6.2)	49.2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	175.3	194.2	66.2	117.0
Attributable to:				
Equity holders of the parent	175.5	194.9	66.3	117.4
Non-controlling interests	(0.2)	(0.7)	(0.1)	(0.3)

Interim Condensed Consolidated Statement of Financial Position

In million EUR	Notes	31 December 2021	30 June 2022
Assets			
Non-current assets			
Property, plant and equipment	8	1,263.5	1,355.4
Intangible assets	9	797.0	854.3
Investments in associates and joint ventures		0.0	0.1
Investment properties		4.2	3.9
Deferred tax assets		32.8	28.1
Trade and other receivables		23.9	31.1
		2,121.3	2,272.9
Current assets			
Inventories		20.7	21.2
Income tax receivable		16.1	12.2
Trade and other receivables	10	912.4	824.4
Cash and cash equivalents		907.5	905.3
		1,856.8	1,763.1
Assets held for sale	11	163.3	0.8
TOTAL ASSETS		4,141.3	4,036.8
Equity and liabilities			
Issued capital		364.0	364.0
Other reserves		238.2	397.6
Foreign currency translation		32.4	94.2
Retained earnings		250.2	129.1
Equity attributable to equity holders of the Parent		884.8	984.9
Equity attributable to non-controlling interests		0.5	(1.2)
TOTAL EQUITY		885.3	983.7
Non-current liabilities			
Interest-bearing loans and borrowings	12	1,261.2	1,336.2
Employee benefits	13	298.2	276.0
Trade and other payables		33.3	33.7
Provisions		14.7	14.8
Deferred tax liabilities		6.4	6.2
		1,613.9	1,667.0
Current liabilities			
Interest-bearing loans and borrowings	14	116.4	141.3
Bank overdrafts		0.0	0.5
Provisions		11.1	10.6
Income tax payable		3.6	2.8
Derivative instruments	17	0.3	0.1
Trade and other payables	15	1,470.9	1,230.8
		1,602.4	1,386.1
Liabilities directly associated with assets held for sale	11	39.7	0.0
TOTAL LIABILITIES		3,256.0	3,053.0
TOTAL EQUITY AND LIABILITIES		4,141.3	4,036.8

Interim Condensed Consolidated Statement of Changes in Equity

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT						
In million EUR	AUTHORIZED & ISSUED CAPITAL	OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
AS PER 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)
AS OF 30 JUNE 2021	364.0	238.7	2.3	153.0	758.0	1.0	759.0
AS PER 1 JANUARY 2022	364.0	238.2	32.4	250.2	884.8	0.5	885.3
Result for the period 2022	-	-	-	129.8	129.8	(0.7)	129.1
Other comprehensive income	-	253.5	61.8	(250.2)	65.1	-	65.1
TOTAL COMPREHENSIVE INCOME	-	253.5	61.8	(120.4)	194.9	(0.7)	194.2
Dividends (Pay-out)	-	(98.0)	-	-	(98.0)	-	(98.0)
Other	-	3.9	-	(0.7)	3.2	(1.0)	2.2
AS OF 30 JUNE 2022	364.0	397.6	94.2	129.1	984.9	(1.2)	983.7

Equity increased by 98.4 mEUR, or 11.1%, to 983.7 mEUR as of June 30, 2022 from 885.3 mEUR as of December 31, 2021. This increase was mainly explained by the realized profit (129.1 mEUR), the exchange differences on translation of foreign operations (62.0 mEUR, mainly driven by the evolution of the exchange rate of the USD), the remeasurement gains on post-employment benefits (2.2 mEUR) and the effective part of a cash-flow hedge entered into in 2018 in order to pre-hedge the interest rate risk of the bond (0.9 mEUR), partially offset by the payment of a dividend (98.0 mEUR). The cash-flow hedge reserve is reclassified to profit or loss over the 8 years from the issuance date of the bond in July 2018.

Interim Condensed Consolidated Statement of Cash Flows

In million EUR	Year-to-date 2021	Year-to-date 2022	2nd quarter 2021	2nd quarter 2022
Operating activities				
Result before tax	209.0	177.6	99.3	92.6
Depreciation, amortization and impairment losses	132.9	141.6	68.0	71.2
Impairment on debtors	0.4	2.6	1.0	1.4
Gain on sale of property, plant and equipment	(7.9)	(1.9)	(0.7)	(1.9)
Gain on disposal of subsidiaries	0.0	0.0	0.0	0.0
Other non-cash items	13.1	17.9	5.6	11.0
Change in employee benefit obligations	(8.7)	(19.6)	(7.1)	(19.4)
Share of results of associates and joint ventures	0.0	(0.0)	0.0	(0.1)
Income tax (paid)/received	(66.2)	(54.6)	(58.7)	(48.6)
Income tax (paid)/received on previous years	(0.1)	20.5	0.0	0.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	272.5	284.0	107.4	106.1
Decrease/(increase) in trade and other receivables	105.1	94.3	(63.1)	(77.6)
Decrease/(increase) in inventories	(1.0)	0.3	(2.1)	(0.7)
Increase/(decrease) in trade and other payables	(235.4)	(300.4)	(73.6)	(123.8)
Increase/(decrease) in collected proceeds due to clients	(12.8)	(4.6)	(0.2)	(3.4)
Increase/(decrease) in provisions	(3.7)	(0.4)	(0.9)	0.1
NET CASH FROM OPERATING ACTIVITIES	124.6	73.2	(32.5)	(99.1)
Investing activities				
Proceeds from sale of property, plant and equipment	11.3	4.6	1.3	3.2
Disposal of subsidiaries, net of cash disposed of	0.0	121.9	0.0	5.1
Acquisition of property, plant and equipment	(40.1)	(58.9)	(23.4)	(34.8)
Acquisition of intangible assets	(8.1)	(7.0)	(5.1)	(4.6)
Loan from associate	0.0	25.0	(0.0)	0.0
Acquisition of subsidiaries, net of cash acquired	(1.3)	(11.0)	(1.3)	(11.0)
NET CASH USED IN INVESTING ACTIVITIES	(38.1)	74.5	(28.4)	(42.2)
Financing activities				
Proceeds from borrowings	60.0	50.0	0.0	50.0
Payments related to borrowings	(226.5)	(55.1)	(0.8)	(54.8)
Payments related to lease liabilities	(55.7)	(61.0)	(27.9)	(29.9)
Dividends paid	0.0	(98.0)	0.0	(98.0)
NET CASH FROM FINANCING ACTIVITIES	(222.2)	(164.1)	(28.6)	(132.6)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(135.7)	(16.4)	(89.6)	(273.9)
NET FOREIGN EXCHANGE DIFFERENCE	6.6	13.7	(2.4)	12.0
CASH CLASSIFIED AS ASSETS HELD FOR SALE	(3.3)		(3.3)	
Cash and cash equivalent less bank overdraft as of 1st January	948.1	907.5		
Cash and cash equivalent less bank overdraft as of 30th June	911.0	904.8		
MOVEMENTS BETWEEN 1st JANUARY AND 30th JUNE	(132.3)	(2.6)		

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, 2022 were authorized for issue in accordance with a resolution of the Board of Directors on August 4, 2022.

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 Anspachlaan/Boulevard Anspach 1, bus/boîte 1, 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, 2022 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. Although bpost has no direct activities in Ukraine or Russia, bpost is being affected by the macroeconomic implications of the war (inflation, price increases, lower consumer spending impacting e-commerce and discount rates). bpost is monitoring this evolution and will continue to assess further impacts going forward.

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, 2021.

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, 2021, except for the adoption of new standards and interpretations effective as from January 1, 2022.

The following amendments to existing standards apply for the first time as from 2022:

- IFRS 3 - Amendments – Reference to the Conceptual Framework
- IAS 16 – Amendments – Property, Plant and Equipment: Proceeds before Intended Use
- IAS 37 – Amendments – Onerous Contracts – Costs of Fulfilling a Contract
- IFRS 1 – AIP – First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 – AIP – Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities
- IAS 41 – AIP - Agriculture – Taxation in fair value measurements

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

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

3. Seasonality of operations

bpost revenue and earnings are affected by several seasonal fluctuations.

Pursuant to the 7th-management contract bpost is the provider of certain SGEI. These consist among others of the maintenance of an extensive retail network and services such as the payment at home of pensions and the execution of financial postal services. In accordance with the Belgian State's commitment to the European Commission, the delivery of newspapers and periodicals is no longer part of the management contract. For the latter the Belgian State decided to award the contract of distribution of newspapers and periodicals after a public consultation of the market to bpost. The compensation on SGEI is based on a net avoided cost ("NAC") methodology and is being equally distributed over the four quarters. This methodology provides that compensation shall be based upon the difference in the net cost between bearing or not the provision of SGEI. The remuneration for the delivery of newspapers and periodicals consists of a flat amount (equally distributed over the four quarters) and a variable fee based upon the distributed volumes. This remuneration is subject to an ex-post calculation based upon the evolution of the costs basis of bpost. During the year calculations are made for the SGEI and the distribution of newspapers and periodicals to ensure the remuneration is in line with the amounts recorded.

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

4. Business combinations

Sale of Ubiway Retail

On February 28, 2022 bpost, Ubiway and Golden Palace finalised the sale of Ubiway Retail. The sales price amounted to 2.8 mEUR resulting in an additional impairment in 2022 of 1.0 mEUR to bring the carrying value of the net assets to their fair value less costs to sell, recognized within the Belgium business unit. At the date of the sale, Ubiway (part of bpostgroup) emitted a 2.0 mEUR loan with a maturity date in 2026 to Ubiway Retail, which has been recorded as a non-current trade receivable. To limit the possible credit risk, guarantees have been provided by Golden Palace.

Acquisition of IMX

On May 31, 2022 (acquisition date) bpost signed a share purchase agreement for the acquisition of 68.59% of Marceau 1. Marceau 1 is a holding company owning IMX France and IMX GmbH. Both entities offer a wide range of cross-border delivery and return solutions for e-tailers via direct sales approach and for SME and individuals through its proprietary digital solutions "Happy-Post", "ColisExpat" and "Shopiles". The purchase price for 68.59% of the shares amounted to 15.5 mEUR. Next to that, the agreement foresees a call and put structure for the remaining shares (31.41%) which can amount up to 12.7 mEUR based upon the adjusted EBITDA of the year 2022 and 2023. The company was consolidated using the full-integration method as June 2022 with the first P&L figures consolidated as of 1st of July within the E-Logistics Eurasia business unit, consequently the business combination is presented as of bpost obtains a 100% interest in Marceau 1. The transaction costs related to this acquisition are included in the operating expenses of 2022. The fair value of assets acquired and liabilities assumed at acquisition date could not be assessed yet. Consequently, the determination of the carrying amount of the acquired entity and the purchase price allocation of the acquisition are still under review and will be fully disclosed later on, the provisional goodwill amounts to 18.7 mEUR.

5. Operating segment

In 2021 the Board of Directors of bpost approved bpostgroup's ambition to become a growth company as an e-commerce logistics player, in Belgium as well as in Europe and the United States. Effective as of January 1, 2022 bpost's internal structure changed to face the transformation, amongst others the bundling of the parcel activities and Mail & Retail activities into one Belgium business unit. This implies a new business unit structure with: Belgium, E-Logistics Eurasia and E-Logistics North America, replacing Mail & Retail, Parcels & Logistics Eurasia and Parcels & Logistics North America. This new structure allows to recognize different strategic imperatives, namely transform Belgium, build E-Logistics Eurasia and grow E-Logistics North America and allows full P&L accountability at business unit level. Changes are limited and consist of moving the Belgian parcels

out of Parcels & Logistics Eurasia to Belgium, next to the existing Mail & Retail business. On the other hand regroup Dynalogic and Dynasure together with Radial Europe, Active Ants, Leen Menken and Dynafix in E-Logistics Eurasia.
bpost operates through three business units and support units providing services to these business units:

The business unit Belgium oversees the commercial activities related to Transactional, Advertising mail, Press and Parcels and the operational activities of collecting, transporting, sorting and distributing of addressed and non-addressed mail, printed documents, newspapers, periodicals and parcels in Belgium. Furthermore Belgium offers Value added services including document management and related activities and offers proximity and convenience retail through its retail network in Belgium composed out of post offices and postal points. It also sells banking and financial products, as part of the Proximity and convenience retail network, under an agency agreement with bpost bank and AG Insurance. The business unit also carries out Services of General Economic Interest on behalf of the Belgian State (SGEI).

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

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

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

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

No operating segments have been aggregated to form the above reportable operating segments.
Services and products offered between legal entities are at arm's length whereas the service and products offered between business units of the same legal entity are generally based on incremental costs. Services provided by support units to business units of the same legal entity are based on full cost.

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

The following tables present an overview of the segment results:

	Belgium		E-Logistics Eurasia		E-Logistics North America		Corporate		Eliminations		Group	
In million EUR	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22	1H21	1H22
External operating income	1,132.4	1,075.9	326.5	274.9	589.3	719.7	9.6	3.5			2,057.8	2,074.0
Intersegment operating income	34.9	24.8	13.9	10.6	2.6	2.3	199.5	196.7	(250.9)	(234.5)	0.0	0.0
TOTAL OPERATING INCOME	1,167.3	1,100.7	340.5	285.5	591.9	722.0	209.1	200.1	(250.9)	(234.5)	2,057.8	2,074.0
Operating expenses	946.8	921.3	292.6	256.3	537.2	643.0	183.5	176.8	(250.9)	(234.5)	1,709.2	1,762.8
Depreciation, amortization	45.4	41.8	11.0	13.1	39.7	50.1	36.8	36.5			132.9	141.6
RESULT FROM OPERATING ACTIVITIES (EBIT)	175.2	137.6	36.9	16.2	14.9	29.0	(11.2)	(13.2)			215.7	169.5
Share of results of associates and joint ventures											(0.0)	0.1
Remeasurement of assets held for sale at fair value less costs to sell		(1.0)						(0.2)			0.0	(1.2)
Net financial result											(6.6)	9.2
Income tax expenses											(56.0)	(48.5)
RESULT FOR THE PERIOD (EAT)	175.2	136.5	36.9	16.2	14.9	29.0	(11.2)	(13.4)	0.0	0.0	153.0	129.1

	Belgium		E-Logistics Eurasia		E-Logistics North America		Corporate		Eliminations		Group	
In million EUR	2Q21	2Q22	2Q21	2Q22	2Q21	2Q22	2Q21	2Q22	2Q21	2Q22	2Q21	2Q22
External operating income	565.1	519.3	163.0	136.2	308.1	377.3	1.7	2.7			1,037.9	1,035.5
Intersegment operating income	17.6	12.5	7.4	5.5	1.6	1.2	96.9	96.4	(123.5)	(115.6)	0.0	0.0
TOTAL OPERATING INCOME	582.7	531.8	170.4	141.7	309.8	378.6	98.5	99.1	(123.5)	(115.6)	1,037.9	1,035.5
Operating expenses	475.6	448.9	143.7	128.8	280.5	336.3	90.2	86.3	(123.5)	(115.6)	866.5	884.8
Depreciation, amortization	23.0	20.2	5.6	6.4	20.5	26.3	18.9	18.3			68.0	71.2
RESULT FROM OPERATING ACTIVITIES (EBIT)	84.1	62.6	21.2	6.4	8.7	15.9	(10.6)	(5.5)			103.4	79.5
Share of results of associates and joint ventures											(0.0)	0.1
Remeasurement of assets held for sale at fair value less costs to sell		(1.0)						(0.2)			0.0	(1.2)
Net financial result											(4.1)	14.2
Income tax expenses											(26.9)	(24.7)
RESULT FOR THE PERIOD (EAT)	84.1	61.6	21.2	6.4	8.7	15.9	(10.6)	(5.6)	0.0	0.0	72.4	67.8

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	2021	2022	Change %	2021	2022	Change %
Belgium	1,132.4	1,075.9	-5.0%	1,126.6	1,071.8	-4.9%
Transactional mail	379.1	377.3	-0.5%	378.7	377.0	-48.3%
Advertising mail	95.9	95.4	-0.5%	95.8	95.4	-0.4%
Press	171.5	171.0	-0.3%	168.5	168.1	-0.3%
Parcels Belgium	236.4	211.1	-10.7%	236.4	211.1	-10.7%
Proximity and convenience retail network	192.1	159.6	-16.9%	189.8	159.0	-157.9%
Value added services	57.4	61.4	6.9%	57.4	61.3	6.8%
E-Logistics Eurasia	326.5	274.9	-15.8%	326.1	274.7	-15.8%
E-commerce logistics	136.0	130.5	-4.0%	135.7	130.4	-3.9%
Cross border	190.6	144.3	-24.3%	190.4	144.3	-24.2%
E-Logistics North America	589.3	719.7	22.1%	585.1	717.1	22.6%
E-commerce logistics	554.3	719.7	29.8%	550.2	717.1	51.0%
International mail	34.9	0.0	-100.0%	34.9	0.0	-100.0%
Corporate & Supporting functions	9.6	3.5	-63.7%	(0.0)	(0.0)	-95.3%
Total	2,057.8	2,074.0	0.8%	2,037.8	2,063.7	1.3%

2nd quarter	Total operating income			Revenue		
In million EUR	2021	2022	Change %	2021	2022	Change %
Belgium	565.1	519.3	-8.1%	562.1	517.5	-7.9%
Transactional mail	188.9	182.6	-3.3%	188.7	182.5	-3.3%
Advertising mail	48.3	47.4	-1.8%	48.2	47.4	-1.6%
Press	85.4	85.3	-0.1%	83.9	83.8	-0.1%
Parcels Belgium	116.1	105.1	-9.5%	116.1	105.1	-9.5%
Proximity and convenience retail network	97.1	68.8	-29.1%	96.0	68.8	-28.3%
Value added services	29.2	30.0	2.8%	29.2	30.0	2.7%
E-Logistics Eurasia	163.0	136.2	-16.5%	162.8	136.2	-16.3%
E-commerce logistics	67.6	65.3	-3.3%	67.3	65.4	-2.9%
Cross border	95.5	70.8	-25.8%	95.4	70.8	-25.8%
E-Logistics North America	308.1	377.3	22.5%	305.4	376.0	23.1%
E-commerce logistics	290.9	377.3	29.7%	288.2	376.0	30.4%
International mail	17.2	0.0	-100.0%	17.2	0.0	-100.0%
Corporate & Supporting functions	1.7	2.7	62.7%	(0.0)	0.0	-100.0%
Total	1,037.9	1,035.5	-0.2%	1,030.3	1,029.7	-0.1%

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

	Year-to-date			2nd quarter	
In million EUR	2021	2022	Change %	2021	2022
Belgium	1,287.1	1,189.2	-7.6%	640.1	573.9
Rest of Europe	161.7	150.7	-6.8%	80.4	75.3
USA	557.7	687.5	23.3%	292.2	361.1
Rest of world	51.3	46.6	-9.1%	25.1	25.1
Total operating income	2,057.8	2,074.0	0.8%	1,037.9	1,035.5

	As of 31 December	As of 30 June	
In million EUR	2021	2022	Change %
Belgium	921.6	939.9	2.0%
Rest of Europe	206.4	187.3	-9.3%
USA	915.1	1,062.7	16.1%
Rest of world	45.3	54.8	20.9%
Total non-current assets	2,088.5	2,244.7	7.5%

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

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

6. Revenue

	Year-to-date		2nd quarter	
In million EUR	2021	2022	2021	2022
Revenue excluding the SGEI remuneration	1,898.9	1,911.8	961.3	953.9
SGEI remuneration	138.9	151.9	69.0	75.8
Total revenue	2,037.8	2,063.7	1,030.3	1,029.7

Compared to last year revenue increased by 12.9 mEUR to 1,911.8 mEUR. This increase was driven by the growth of E-commerce Logistics in North America, partially offset by the lower Cross-border at E-Logistics Eurasia due to the new VAT regulation, the continued pressure on Parcels in Belgium and the deconsolidation of Ubiway Retail and the Mail Group.
SGEI remuneration is disclosed under Press and Proximity and convenience retail network in the Belgium 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	2021	2022	Change %	2021	2022	Change %
Rent and rental costs	40.9	50.2	22.9%	19.8	25.3	27.6%
Maintenance and repairs	54.5	48.4	-11.0%	26.8	24.8	-7.5%
Energy delivery	23.3	30.9	32.9%	11.3	14.6	28.7%
Other goods	17.5	23.2	32.7%	9.2	12.1	31.7%
Postal and telecom costs	10.4	6.4	-38.5%	5.1	2.4	-53.4%
Insurance costs	15.2	14.3	-6.3%	7.8	6.5	-16.1%
Transport costs	380.1	391.9	3.1%	193.0	201.8	4.6%
Publicity and advertising	9.8	9.3	-5.2%	4.4	5.3	20.6%
Consultancy	6.4	13.1	-	3.5	9.3	-
Interim employees	120.7	145.0	20.1%	69.8	75.2	7.7%
Third party remuneration, fees	91.0	102.3	12.4%	44.2	50.8	14.9%
Other services	49.2	52.0	5.5%	24.9	27.1	8.7%
Total services and other goods	819.0	886.9	8.3%	419.9	455.1	8.4%

Services and other goods increased by 67.9 mEUR, or 8.3% to 886.9 mEUR as of June 30, 2022. This increase was mainly explained by

- Higher rent and rental costs due to higher cloud services and rent related costs of new warehouses;
- Higher energy costs due to higher energy prices;
- Higher transport costs explained by the revenue development and the impact of exchange rates at E-Logistics North America, partially offset by lower volumes E-Logistics Eurasia (lower volume-linked transport costs from Asian cross-border activities given abolishment as of July 1, 2021 of the low-value consignment relief) and the sale of The Mail Group in August 2021 (scope change);
- Cost of interim employees increased at E-Logistics North America in line with the revenue development and the impact of exchange rates, partially offset by the lower number of interims at Belgium and E-Logistics Eurasia due to lower volumes;
- Higher third party remuneration fees mainly due to increased IT and other outsourced services to accelerate the transformation of bpostgroup.

8. Property, plant and equipment

Property, plant and equipment increased by 92.0 mEUR, or 7.3%, to 1,355.4 mEUR as of June 30, 2022. The increase was mainly explained by capital expenditures of 58.9 mEUR, right of use assets recognised for 118.9 mEUR (mainly due to new warehouses and renewals of existing leases), the evolution of the exchange rates and investment property for 0.3 mEUR, partially offset by depreciation for 120.3 mEUR (including 65.9 mEUR related to IFRS 16 right of use assets) and the transfer to assets held for sale for 0.4 mEUR.

9. Intangible assets

Intangible assets increased by 57.4 mEUR, or 7.2%, to 854.3 mEUR as of June 30, 2022. The increase was mainly due to the capital expenditures of 7.0 mEUR, the acquisition of IMX (provisional goodwill of 18.7 mEUR) and the evolution of the exchange rates (52.6 mEUR), partially offset by the depreciation for 21.2 mEUR. At reporting date there were no indications that goodwill may be impaired. Impairment testing will be performed at year-end.

10. Current trade and other receivables

Current trade and other receivables decreased by 88.0 mEUR to 824.4 mEUR as per June 30, 2022. The decrease was mainly driven by the settlement of the SGEI for the delivery of newspapers and periodicals for the year 2021, the peak sales of year-end 2021 and the reimbursement of the subordinated loan of 25.0 mEUR by bpost bank in line with the finalisation of the transaction in which BNP Paribas Fortis ("BNPPF") acquired the 50% shares of bpost in bpost bank.

11. Assets held for sale

In million EUR	As of 31 December 2021	As of 30 June 2022
Assets		
Property, plant and equipment	1.5	0.8
bpost bank	119.5	0.0
Ubiway Retail	42.2	0.0
Assets held for sale	163.3	0.8
Liabilities		
Ubiway Retail	39.7	0.0
Liabilities directly linked to assets held for sale	0.0	0.0

Property, plant and equipment

These assets are retail outlets, offices or mail centres not being used anymore as a consequence of the optimization of the post offices and mail centres network and therefore are being held for sale.

bpost bank

On January 3, 2022 the agreement whereby BNPPF acquired bpost's 50% holding in bpost bank was finalised and BNPPF paid 119.4 mEUR to bpost for the 50% holding and furthermore reimbursed the subordinated loan of 25.0 mEUR to bpost, whereas bpost reimbursed 12.0 mEUR working capital, which remained available to bpost throughout the term of the banking partnership agreement until January 3, 2022, to bpost bank

Ubiway Retail

In 2022 the sale of Ubiway Retail was finalised (see note business combinations).

12. Non-current interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings increased by 75.0m to 1,336.2m mainly due to the impact of the exchange rates on the USD term loan and on the lease liabilities, as well as the new lease contracts commenced.

13. Employee benefits

In million EUR	As of 31 December 2021	As of 30 June 2022
Post-employment benefits	23.3	20.4
Other long-term benefits	266.2	246.4
Termination benefits	8.7	9.2
Total employee benefits	298.2	276.0

Employee benefits decreased by 22.3 mEUR, or 7.5%, to 276.0 mEUR as of June 30, 2022. The decrease mainly reflects:

- The payment of benefits for an amount of 15.9 mEUR,
- Financial actuarial gain for 18.8 mEUR due to the increase of the discount rates for the first half of 2022. The discount rates for the actuarial calculation used in 2022 range from 1.30% to 2.80%. A further increase of the discount rate by +0.5% would lead to a decrease of the defined benefit obligation of 33.1 mEUR by year-end.
- A remeasurement gain on post-employment benefit plans of 2.7 mEUR (before tax), recognized through other comprehensive income;

partially offset by,

- Operational actuarial loss for an amount of 0.1 mEUR,
- Service costs for 13.8 mEUR and interest costs for 1.1 mEUR.

14. Current interest-bearing loans and borrowings

Current interest-bearing loans and borrowings increased by 24.9 mEUR to 141.3 mEUR mainly due to the impact of the exchange rates on the lease liabilities.

15. Current trade and other payables

Current trade and other payables decreased by 240.1 mEUR to 1,230.8 mEUR as of June 2022. This decrease was due to the decrease of the trade payables by 126.6 mEUR, the social payables by 87.3 mEUR and the other payables by 26.2 mEUR. 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 2021 full year social accruals (holiday pay, bonuses,…) have been paid during the first half of 2022. The decrease of other payables was mainly due to the reimbursement to bpost bank of 12.0 mEUR working capital facility.

16. 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, 2022:

In million EUR As at 30 June 2022	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	18.7	0.0	18.7	0.0
Current				
Financial assets	1,726.8	0.0	1,726.8	0.0
Total financial assets	1,745.5	0.0	1,745.5	0.0
Financial liabilities measured at amortized cost (except for derivatives):				
Non-Current				
Long-term bond	645.4	636.1	0.0	0.0
Financial liabilities	724.6	0.0	724.6	0.0
Current				
Derivatives instruments - forex swap	0.1	0.0	0.1	0.0
Financial liabilities	1,372.1	0.0	1,372.1	0.0
Total financial liabilities	2,742.2	636.1	2,096.8	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 2022 the main financial liabilities consisted of:

- 650.0 mEUR bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%. In anticipation of this issuance, in February 2018 bpost entered into a forward interest rate swap for 10 years with a nominal amount of 600.0 mEUR to hedge the interest risk of the bond.
- USD 185.0m unsecured term loan (floating interest rate). This loan started on July 3, 2018 with a maturity of 3 years and has been extended in 2020 to July 2023.
- 9.1 mEUR EIB (European Investment Bank) loan which has an yearly reimbursement of 9.1 mEUR. last payment is foreseen in December 2022.
- Liabilities related to leases: 644.9 mEUR.

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

17. 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 600.0 mEUR. The transaction was contracted in order to hedge the interest rate risk on the contemplated issuance of a long-term bond to refinance the acquisition bridge loan entered into in November 2017 for the acquisition of Radial.

In July 2018, bpost issued a 650.0 mEUR 8-year bond. At that time, the interest rate swap was unwound and settled via a payment of 21.5 mEUR split between an effective part 20.0 mEUR and an ineffective part 1.5 mEUR. The ineffective part was booked in the income statement. The effective part of the cash-flow hedge (20.0 mEUR) has been recognized in other comprehensive income (amount net of tax is 14.8 mEUR) as cash-flow hedge reserve. This cash-flow hedge is reclassified to profit or loss during the same periods as the long-term bonds' cash-flows will affect profit or loss over 8 years as from its issuance date. In 2022 a net amount of 0.9 mEUR has been reclassified to the income statement.

Net investment hedge

In 2018 bpost entered into a USD term loan, with a maturity of 3 years with two possible extensions of one year each. To refinance the 2017 acquisition of Radial Holdings, LP, bpost, with EUR as its functional currency, borrowed along with the issuance of the bond in USD to mitigate the risk on foreign exchange rate differences on the foreign operations. Hence bpost performed a net investment hedge. Consequently, the effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income. The notional amount of the hedging amounted to 143.0 mUSD, whereas the carrying amount converted into Euro amounted to 137.7 mEUR. At June 30, 2022 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 11.4 mEUR. There was no ineffectiveness in 2022.

18. Contingent liabilities and contingent assets

This interim financial report should be read in conjunction with bpost's annual financial statements as of December 31, 2021. The contingent liabilities and contingent assets are materially unchanged from those described in the note 6.31 of bpost's annual financial statements as of December 31, 2021, except that the EU Court of Justice ("ECJ") rendered its decision on March 22, 2022. The Court of Appeal will now have to decide in the light of the answers given by the ECJ. It is unlikely that a final decision will be made before 2023.

19. Events after the reporting period

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

Limited review report

Report of the Joint Auditors to the board of directors of bpost SA de droit public / bpost NV van publiek recht on the review of the condensed consolidated interim financial information as at 30 June 2022 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 2022, 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 2022 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, 4 August 2022

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

EY Bedrijfsrevisoren BV
Represented by

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

PVMD Réviseurs d'Entreprises SC
Represented by

A. CHAERELS

Alain Chaerels
Partner

Alternative Performance Measures (unaudited)

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

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

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

The calculation of the adjusted performance measure and adjusted operating free cash flow can be found below the definitions. The APMs derived from items reported in the financial statements can be calculated with and reconciled directly to the items as disclosed in the definitions below.

Definitions:

Adjusted performance (adjusted operating income/adjusted EBITDA/adjusted EBIT/adjusted EAT): bpost defines the adjusted performance as operating income/EBITDA/EBIT/EAT excluding the adjusting items. Adjusting items represent significant income or expense items that due to their non-recurring character are excluded from performance analyses. bpost uses a consistent approach when determining if an income or expense item is adjusting and if it is significant enough to be excluded from the reported figures to obtain the adjusted ones. An adjusting item is deemed to be significant if it amounts to 20.0 mEUR or more. All profits or losses on disposal of activities are adjusted whatever the amount they represent, as well as the year-to-date amortization and impairment on the intangible assets recognized throughout the Purchase Price Allocation (PPA) of the acquisitions. Reversals of provisions whose addition had been adjusted are also adjusted whatever the amount they represent. The reconciliation of the adjusted performance is available below the definitions.

bpost's management believes this measure provides the investor a better insight and comparability over time of the economic performance of bpost.

Constant exchange rate: bpost excludes in the performance at constant exchange rate the impact of the different exchange rates applied in different periods for the segment E-Logistics North America. The reported figures in local currency of the prior comparable period are converted with the exchange rates applied for the current reported period.

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

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

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

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

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

Evolution Parcels 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 bpostgroup entities are not eliminated and are part of the total operating income, EBITDA and EBIT.

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

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

Reconciliation of reported to adjusted financial metrics

OPERATING INCOME

	Year-to-date			2nd quarter		
In million EUR	2021	2022	Change %	2021	2022	Change%
Total operating income	2,057.8	2,074.0	0.8%	1,037.9	1,035.5	-0.2%
ADJUSTED TOTAL OPERATING INCOME	2,057.8	2,074.0	0.8%	1,037.9	1,035.5	-0.2%

OPERATING EXPENSES

	Year-to-date			2nd quarter		
In million EUR	2021	2022	Change %	2021	2022	Change%
Total operating expenses excluding depreciation, amortization	(1,709.2)	(1,762.8)	3.1%	(866.5)	(884.8)	2.1%
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	(1,709.2)	(1,762.8)	3.1%	(866.5)	(884.8)	2.1%

EBITDA

	Year-to-date			2nd quarter		
In million EUR	2021	2022	Change %	2021	2022	Change%
EBITDA	348.6	311.1	-10.8%	171.4	150.7	-12.1%
ADJUSTED EBITDA	348.6	311.1	-10.8%	171.4	150.7	-12.1%

EBIT

	Year-to-date			2nd quarter		
In million EUR	2021	2022	Change%	2021	2022	Change%
Result from operating activities (EBIT)	215.7	169.5	-21.4%	103.4	79.5	-23.1%
Non-cash impact of purchase price allocation (PPA) (1)	6.4	6.0	-6.4%	3.2	3.1	-4.6%
ADJUSTED RESULT FROM OPERATING ACTIVITIES (EBIT)	222.1	175.5	-21.0%	106.6	82.6	-22.5%

RESULT FOR THE PERIOD (EAT)

In million EUR	Year-to-date 2021	Year-to-date 2022	Change %	2nd quarter 2021	2nd quarter 2022	Change%
Result for the period	153.0	129.1	-15.6%	72.4	67.8	-6.3%
Non-cash impact of purchase price allocation (PPA) (1)	4.9	4.6	-7.1%	2.5	2.3	-5.4%
Remeasurement of assets held for sale at fair value less costs to sell (2)	0.0	1.2		0.0	1.2	
ADJUSTED RESULT OF THE PERIOD	157.9	134.9	-14.6%	74.9	71.4	-4.7%

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

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

Reconciliation of Reported free cash flow and adjusted free cash flow

In million EUR	Year-to-date 2021	Year-to-date 2022	Change %	2nd quarter 2021	2nd quarter 2022	Change %
Net Cash from operating activities	124.6	73.2	-41.3%	(32.5)	(99.1)	
Net Cash used in investing activities	(38.1)	74.5		(28.4)	(42.2)	48.4%
FREE CASH FLOW	86.5	147.7	70.9%	(60.9)	(141.3)	
Collected proceeds due to Radial's clients	12.8	4.6	-64.0%	0.2	3.4	-
ADJUSTED FREE CASH FLOW	99.3	152.3	53.4%	(60.7)	(137.9)	

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

- Capex: total amount invested in fixed assets
- Opex: Operating expenses
- Constant Exchange Rate: The reported figures in local currency of the prior comparable period are converted with the exchange rates applied for the current reported period
- D&A: Depreciation and amortization
- EAT: Earnings After Taxes
- EBIT: Earnings Before Interests and Taxes
- EBITDA: Earnings Before Interests, Taxes, Depreciation and Amortization
- Effective tax rate: Income tax expense/profit before tax
- Belgium: Mail, Parcels and Retail business unit Belgium
- E-Logistics Eurasia: E-Logistics Europe & Asia
- E-Logistics N. Am.: E-Logistics North America
- SGEI: Services of General Economic Interest
- TCV: Total Contract Value