bpost delivers third quarter results in line with expectations and reaffirms its full year EBIT guidance. As anticipated, lower 3Q21 vs LY, from return of pre-COVID-19 seasonal pattern, low-value consignment relief impacts and expected costs.

Third quarter 2021 highlights

- Group operating income at EUR 977.6m, +0.5% compared with the same period last year.
- Group adjusted EBIT at EUR 39.1m (margin of 4.0%) decreased by EUR 30.4m compared to prior year but in line with pre-COVID seasonal pattern in which the third quarter is always the weakest. Group reported EBIT at EUR 31.0m.
- Mail & Retail
    - Total operating income at EUR 469.4m (+1.2%) driven by positive mail price impact offsetting volume decline.
    - Underlying mail volume decline of -7.5% with one-off COVID-19 communication fading-out.
    - Adjusted EBIT at EUR 20.2m (4.3% margin) down by EUR -15.5m (-43.3%) driven by fleet and energy costs, salary index and CLA impacts and capacity kept in the network for parcel volume growth in post-COVID new normal. Reported EBIT at EUR 13.5m.
- Parcels & Logistics Europe & Asia
    - Total operating income at EUR 238.2m (-9.5%) fully driven by the anticipated but higher than expected decline in Asian cross-border volumes versus peak of the third quarter 2020 and from impacts of low-value consignment relief abolished as of July 2021.
    - Parcels B2X volume increased by +8.9% from sustained online sales, and negative price/mix of -5.8%.
    - Continued e-commerce logistics expansion of Radial Europe and Active Ants (+13.3%).
    - Adjusted EBIT at EUR 12.0m (5% margin), down by EUR -17.7m (-59.6%) driven by cross-border development and OPEX for e-commerce logistics expansion. Reported EBIT at EUR 11.3m.
- Parcels & Logistics North America
    - Total operating income excluding International mail at EUR 313.2m (+14.9% at constant exchange rate), reflecting accelerated contribution of Radial's new customers.
    - Radial's top-line development offset by wage pressure in the US and costs from new sites.
    - EUR +4.0m EBIT impact from insurance recovery from the ransomware attack in October 2020.
    - Adjusted EBIT at EUR 12.8m (4.0% margin), up by EUR +4.0m or flat operationally, with reported EBIT at EUR 12.1m.
- 2021 guidance reiterated, group adjusted EBIT expected to be above EUR 340m.

CEO quote

Dirk Tirez, CEO of bpost group: *"The 3rd quarter is softer as fully expected and in line with industry. We have set solid fundamentals that maintain our confidence in the end of year peak and the delivery of our upgraded full year guidance, which is an EBIT of "above EUR 340m". I would like to thank all my colleagues for their focus on the end of year peak and on the management priorities aiming to accelerate the transformation journey of bpost. We are rebuilding the team at the top and have set clear priorities to build a long term sustainable future for bpost. It is also my pleasure to announce that bpost has increased its environmental ambitions, aiming to reduce our emissions under direct influence with 55% by 2030 when comparing to 2019. As bpost, we are focused on economic, ecologic and social sustainability. Today's announcement represents significant progress to that end."*

Status on Management priorities 2021

Progress in line with plan
The 2021 priorities as announced in the second quarter have all progressed, giving us the confidence to maintain our outlook for 2021:

Preparation of the end of year peak in Belgium

- Secured distribution and sorting capacity to capture growth vs. 2020 peak.
- Optimized second distribution wave compared to Q4 2020, reducing it in time by two weeks and reducing it in size by approximately 50%.
- Continuous feedback loop between operations and major customers covering >80% of expected parcel volumes.
- Buffer capacity nationwide at low switch-on costs for additional parcel volumes up to 10-15% above forecast.
- Engaging temporary workforce on track.

Preparation of the end of year peak in the US

- Hiring and training temporary workforce on track through (i) use of additional temporary recruiting agencies with (ii) larger labour pool, and (iii) earlier initiation of marketing campaigns.

Anticipating on adverse macro-economic trends

- Mitigating exposure on e-commerce supply chain disruptions based on current stocking up by clients for e-commerce business.
- Mitigating exposure to inflation given standard indexing provisions in e-commerce agreements and stamp price increase mechanism.

Operational efficiency in Mail & Retail Belgium with 108 offices reorganized so far in 2021 (v. 77 in 2020).

Planning reduction in Belgian overhead and headquarters costs. Stabilized overhead FTEs in 2021, while continuously investing in our transformation.

Management priorities 2022

A Belgian organization that enables to accelerate the transformation

- Bundling of Belgian parcels activities with M&R into one Belgium business unit.
- Accelerate transition of mail and parcel operations into forward-looking and dynamic round model in consultation with the labour unions. First pilots of project OMEGA expected to be planned in 2022 in dialogue with the labour unions.
- Clear perspective for the Belgian organization on a future proofed company.
- Recognizes cost synergies between mail, retail and parcels.

Accelerated reduction in Belgian overhead and headquarters costs

- Reduction of overhead costs (currently in excess of 24% of revenues) to benchmark of e-commerce competitors (15% to 17% of revenues) over time, during our business transformation journey.

E-commerce logistics on both sides of the Atlantic

- Working on an ambitious industrial plan for Radial to grow with existing and new customers and take benefit of the continuous growth in the North American market.
- For Radial Europe and Active Ants, plan to continue to invest in e-commerce logistics in Europe with an ambition to grow revenues more than 5 times over a period of 5 years.

Sustainability / ESG

- Ambition for bpost group to become one of the greenest e-commerce logistics providers in the countries where we operate by 2030.
- Decrease of scope 1 and 2 emissions with 55% by 2030 against 2019, bringing bpost in line with a 'below 1.5 °C' under SBTi. Decrease of scope 3 emissions with 14% by 2030 against 2019, bringing bpost in line with a 'below 2°C' under SBTi.
- Investments to accelerate this transition are captured within the existing capex envelope.

Newspaper and periodicals contract ending 31 December 2022

- Tender process 2023-2027 launched with 2 lots (periodicals, newspapers).
- Excellent track record on delivery quality and other SLA requirements.

Strengthening the leadership executive team at bpost

Together with the new Board of Directors, the CEO is working to establish a succession plan to assure continuity in the future. They took the opportunity to review the roles and responsibilities of each member of the group executive committee to strengthen the leadership team, to focus on the execution of the Management Priorities and to accelerate the transformation journey of bpost. The new roles thus reflect the new ambition of bpost to accelerate the transformation of bpost into an international e-commerce logistics player and to build a long-term sustainable future for bpost:

- Mr. Jean Muls has been appointed in the new function CEO Belgium that has been created to strengthen the leadership position of bpost in Belgium and accelerate the transformation.
- Mr. Nicolas Baise has been appointed as Chief Strategy and Transformation Officer to coordinate the group strategy and lead transformation projects in an agile way.

They will both join bpost at the latest in January 2022.

- The process for the recruitment of the group CFO and of the Chief Technology Officer is ongoing.
  The group CFO position has been redefined with an increased focus on group profitability and performance, and cost control, while the role of the Chief Technology Officer has been redefined with a focus on innovation, increasing customer experience through technology, and support of the growth in e-commerce logistics technology.

A succession plan is being established for all other functions in the group executive committee.

Outlook for 2021

Given current insight on normalization for e-commerce activities post-COVID, bpost confirms its earlier guidance and still expects the group adjusted EBIT to be above € 340m.

The group's total operating income for 2021 is still expected to increase by a low- to mid-single-digit percentage compared to 2020, and group adjusted EBIT is still 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 now expected up to -7%, 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.
- Adjusted EBIT margin now expected at 9-10%.

For Parcels & Logistics Europe & Asia, the outlook is revised as follows:

- Total operating income is now expected to grow by a low-single-digit percentage for the full year, reflecting the recent developments in Asian Cross Border volumes, and the normalization of parcels and e-commerce logistics volumes in the post-COVID new normal.
- Operating expenses 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 revised downwards to around EUR 180m. This capex envelope is 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.

For more information:
Antoine Lebecq T. +32 2 276 2985 (IR) corporate.bpost.be/investors
investor.relations@bpost.be
Veerle Van Mierlo T. +32 472 920229 (Media) veerle.vanmierlo.ext@bpost.be

Key figures[1]

3rd quarter (in million EUR)	Reported		Adjusted		
	2020	2021	2020	2021	% Δ
Total operating income	972.9	977.6	972.9	976.2	0.3%
Operating expenses (excl. D&A)	840.1	871.6	840.1	871.6	3.8%
EBITDA	132.8	106.0	132.8	104.6	-21.2%
Depreciation and amortization	67.8	75.0	63.3	65.5	3.5%
EBIT	65.1	31.0	69.5	39.1	-43.7%
Margin (%)	*6.7%*	*3.2%*	*7.1%*	*4.0%*	
Result before tax	59.2	28.6	63.6	36.7	-42.3%
Income tax expense	14.8	12.5	15.1	13.3	-12.0%
Net result	44.4	16.1	48.6	23.4	-51.7%
FCF	(9.1)	99.0	33.0	125.8	
Net Debt at 30 September	597.6	457.8	597.6	457.8	-23.4%
CAPEX	41.4	31.4	41.4	31.4	
Average FTE & Interims	38,274	40,495	38,274	40,495	5.8%

Year-to-date (in million EUR)	Reported		Adjusted		
	2020	2021	2020	2021	% Δ
Total operating income	2,960.2	3,035.4	2,960.2	3,034.0	2.5%
Operating expenses (excl. D&A)	2,554.5	2,580.8	2,554.5	2,580.8	1.0%
EBITDA	405.7	454.6	405.7	453.2	11.7%
Depreciation and amortization	199.3	207.9	185.6	192.0	3.4%
EBIT	206.4	246.7	220.1	261.2	18.7%
Margin (%)	*7.0%*	*8.1%*	*7.4%*	*8.6%*	
Result before tax	190.1	237.7	203.9	252.2	23.7%
Income tax expense	54.3	68.6	55.1	70.8	28.6%
Net result	135.9	169.1	148.8	181.3	21.9%
FCF	298.3	185.4	323.3	225.1	-60.4%
Net Debt at 30 September	597.6	457.8	597.6	457.8	-23.4%
CAPEX	86.8	79.5	86.8	79.5	
Average FTE & Interims	36,941	38,773	36,941	38,773	5.0%

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

Group overview

Third quarter 2021

Compared to last year, total external operating income increased by EUR +4.7m or +0.5% to EUR 977.6m.

- Mail & Retail external operating income increased by EUR +7.1m to EUR 421.4m mainly driven by positive mail price impact offsetting the volume decline and retail benefitting from recovering footfall.
- External operating income of Parcels & Logistics Europe & Asia (EUR -25.0m) decreased to EUR 234.6m mainly driven by the anticipated but higher than expected decline in Asian cross-border volumes compared to the peak of the third quarter 2020 and from the impact of the low-value consignment relief abolished as of July 2021.
- Parcels & Logistics North America external operating income increased by EUR +24.6m or +8.3% (+9.0% at constant exchange rate) to EUR 319.4m, driven by the accelerated contribution of Radial's new customers.
- Corporate external operating income decreased by EUR -2.0m at EUR 2.2m.

Operating expenses (including D&A) increased by EUR -38.8m, mainly driven by labour, fleet and energy costs. Depreciation and amortization increased by EUR -7.3m mainly due to the impairment charges on Ubiway Retail (EUR -6.3m) to bring it to the fair value less costs to sell. This increase was partially offset 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 a result the reported EBIT decreased by EUR -34.1m compared to last year.

Net financial result increased by EUR +9.2m compared to last year mainly due to lower non-cash financial charges related to IAS 19 employee benefits and favourable exchange rate differences.

Share of result of associates and joint ventures decreased by EUR -5.8m 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 decreased by EUR +2.3m compared to last year mainly due to the lower profit before tax.

Group net profit decreased by EUR -28.3m compared to last year at EUR 16.1m.

First nine months of 2021

Compared to last year, total external operating income increased by EUR +75.3m to EUR 3,035.4m.

- Mail & Retail external operating income increased by EUR +37.6m mainly as a result of the 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 +35.7m) driven by e-commerce development both domestically and abroad.
- Parcels & Logistics North America external operating income increased by EUR +2.0m. Not taking into account the unfavourable exchange rate, revenues increased at Radial North America as a result of the continued growth from existing customers and the gradual ramp-up of new customers launched in 2021 accelerating since June.
- Corporate external operating income remained stable at EUR 11.8m.

Operating expenses (including D&A) increased by EUR -34.9m, as a result the reported EBIT increased by EUR +40.3m compared to last year.

Net financial result increased by EUR +20.9m mainly due to lower non-cash financial charges related to IAS 19 employee benefits, favourable exchange rate differences and last year's contingent liability for the remaining shares of Anthill.

Share of result of associates and joint ventures decreased by EUR -13.8m 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 -14.3m compared to last year mainly due to the higher profit before tax. The effective tax rate is 28.9%.

Group net profit stood at EUR 169.1m and increased by EUR +33.2m or 24.4% compared to last year.

Business Unit performance: Mail & Retail

Mail & Retail	Year-to-date			3rd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
External operating income	1,279.6	1,317.2	2.9%	414.3	421.4	1.7%
Transactional mail	532.3	546.7	2.7%	168.3	167.6	-0.4%
Advertising mail	131.2	143.1	9.0%	45.9	47.1	2.7%
Press	250.6	251.0	0.2%	78.7	79.5	1.1%
Proximity and convenience retail network	288.9	291.4	0.9%	96.2	99.6	3.5%
Value added services	76.6	85.0	11.0%	25.2	27.6	9.2%
Intersegment operating income	152.3	167.1	9.8%	49.4	48.0	-2.8%
TOTAL OPERATING INCOME	1,431.8	1,484.3	3.7%	463.7	469.4	1.2%
Operating expenses	1,230.9	1,256.2	2.1%	405.8	427.5	5.3%
EBITDA	200.9	228.1	13.5%	57.8	41.9	-27.5%
Depreciation, amortization (reported)	65.7	73.1	11.1%	22.7	28.4	25.1%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	135.2	155.0	14.7%	35.1	13.5	-61.5%
Margin (%)	*9.4%*	10.4%		*7.6%*	2.9%	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	136.9	162.6	18.7%	35.7	20.2	-43.3%
Margin (%)	*9.6%*	11.0%		*7.7%*	4.3%	

Third quarter 2021

Total operating income in the third quarter 2021 amounted to EUR 469.4m and showed an increase of EUR +5.7m or +1.2% compared to the same period 2020 as the **external operating income** amounted to EUR 421.4m and showed an increase of EUR +7.1m or +1.7% compared to the same period of 2020. Top-line was driven by mail price increase offsetting volume decline re-converging towards underlying trend and recovery in retail activities.

Revenues from **Domestic mail** (i.e. Transactional, Advertising and Press combined) increased by EUR +1.4m to EUR 294.3m. **Transactional mail** noted an underlying volume decline of -9.5% for the quarter against -8.3% underlying volume decline for the third quarter 2020. Admin mail trend was supported by COVID-19 communication (estimated at EUR 4.5m), progressively fading out in the third quarter 2021. There was no change in the known structural trends of continued e-substitution. **Advertising mail** realized an underlying volume decrease of -2.9% against a soft comparable base of -9.4% last year. **Press** volume decreased on an underlying basis by -3.4% against -5.4% in the third quarter last year.
Total Domestic mail volume decrease impacted revenues by EUR -18.4m (-7.5% underlying volume decline) and was offset by the net improvement in price and mix which amounted to EUR +19.8m.

Mail & Retail	Year-to-date		3rd quarter	
Evolution underlying Mail volumes	2020	2021	2020	2021
Domestic mail	-12.2%	-4.8%	-8.2%	-7.5%
Transactional mail	-11.5%	-6.9%	-8.3%	-9.5%
Advertising mail	-18.4%	+1.6%	-9.4%	-2.9%
Press	-6.2%	-1.7%	-5.4%	-3.4%

Proximity and convenience retail network increased by EUR +3.4m to EUR 99.6m. This increase was mainly driven by an increase in Ubiway retail revenues against lower revenues from reduced footfall in the third 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.

Value added services amounted to EUR 27.6m and showed an increase of EUR +2.3m 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) increased by EUR -27.4m. This increase was mainly driven by higher staff costs given the holiday phasing with less postmen on holiday in the third quarter 2020 and hence less need for replacements (phased to the fourth quarter 2020). In addition there was a recent salary indexation (+2%) and CLA 2021-2022 impacts on payroll costs year-over-year. Capacity was kept in the network during summer months while the new normal post-COVID was crystalizing and thus volumes were lower than anticipated by our customers. Furthermore, higher costs for larger fleet, in line with parcels volume development, and increased energy prices. Depreciation and amortization increased by EUR -5.7m due to the impairment charges on Ubiway Retail (EUR -6.3m) to bring it to the fair value less costs to sell.

Reported EBIT amounted to EUR 13.5m with a margin of +2.9% showed a decrease of EUR -21.6m compared to the same period of 2020. Adjusted EBIT amounted to EUR 20.2m with a margin of 4.3% and showed a decrease of EUR -15.5m compared to previous year.

First nine months of 2021

Total operating income amounted to EUR 1,484.3m and showed an increase of EUR +52.5m or +3.7% compared to the same period 2020. External operating income amounted to EUR 1,317.2m and contributed EUR +37.6m (or +2.9%) to this increase, whereas the higher – volume driven – intersegment operating income to PaLo Eurasia contributed EUR +14.9m to this increase.

Revenues from Domestic mail (i.e. Transactional, Advertising and Press combined) increased by EUR +26.7m to EUR 940.8m. Underlying volume decline amounted to -4.8% compared to -12.2% last year, with March 2020 to May 2020 at -20.1% due to COVID-19. Transactional mail noted an underlying volume decline of -6.9% for the year compared to -11.5% 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 +17.6m). There was no change in the known structural trends of continued e-substitution. Advertising mail realized an underlying volume increase of +1.6% for the year compared to -18.4% 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 -1.7%.
Total Domestic mail volume decline impacted revenues by EUR -36.6m and was more than offset by the net improvement in price and mix amounting to EUR +62.6m and working days differences by EUR +0.9m.

Mail & Retail Evolution underlying Mail volumes	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	YTD 21
Domestic mail	-9.9%	-17.7%	-8.2%	-11.8%	-7.8%	+1.4%	-7.5%	-4.8%
Transactional mail	-8.8%	-16.7%	-8.3%	-10.8%	-9.6%	-1.3%	-9.5%	-6.9%
Advertising mail	-16.5%	-26.6%	-9.4%	-20.4%	-5.4%	+15.6%	-2.9%	+1.6%
Press	-5.2%	-8.0%	-5.4%	-2.7%	-1.0%	-1.1%	-3.4%	-1.7%

Proximity and convenience retail network increased by EUR +2.5m to EUR 291.4m. This increase was due to higher Ubiway Retail revenues partially compensated by lower banking & finance revenues due to the low interest rate environment.

Value added services amounted to EUR 85.0m and showed an increase of EUR +8.4m 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) increased by EUR -32.6m to EUR 1,329.3m, excluding the Ubiway Retail impairment by EUR -26.3m. 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 and CLA 2021-22 together with higher costs for fleet, lower recoverable VAT and higher third party remuneration in line with higher Value added services revenues. This was compensated by the favourable evolution of the FTE wage mix, non-repeating COVID-19 specific costs in the first half year 2020 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 155.0m with a margin of 10.4% and showed an increase of EUR +19.8m compared to 2020. Adjusted EBIT amounted to EUR 162.6m and showed an increase of EUR +25.7m compared to previous year.

Business Unit performance: Parcels & Logistics Europe & Asia

Parcels & Logistics Europe & Asia	Year-to-date			3rd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
External operating income	762.1	797.7	4.7%	259.5	234.6	-9.6%
Parcels BeNe	379.8	410.5	8.1%	125.6	124.0	-1.3%
E-commerce logistics	126.5	127.5	0.8%	40.8	41.4	1.4%
Cross-border	255.8	259.7	1.5%	93.0	69.1	-25.7%
Intersegment operating income	9.5	11.7	23.9%	3.6	3.7	2.0%
TOTAL OPERATING INCOME	771.5	809.4	4.9%	263.1	238.2	-9.5%
Operating expenses	678.2	709.7	4.6%	228.2	220.7	-3.3%
EBITDA	93.3	99.7	6.9%	34.9	17.5	-49.8%
Depreciation, amortization (reported)	16.5	17.9	8.6%	5.9	6.2	6.0%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	76.8	81.8	6.6%	29.0	11.3	-61.1%
Margin (%)	*10.0%*	*10.1%*		*11.0%*	*4.7%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	79.0	84.0	6.3%	29.7	12.0	-59.6%
Margin (%)	*10.2%*	*10.4%*		*11.3%*	*5.0%*	

Third quarter 2021

Total operating income decreased by EUR -24.9m (-9.5%) driven by the decrease of the **external operating income** by EUR -25.0m or -9.6% compared to the same period of 2020. This decrease was fully due to Cross-border (EUR -23.9m).
Cross-border operating income in the third quarter 2021 amounted to EUR 69.1m, a decrease of EUR -23.9m (or -25.7%) compared to the same period of 2020, back to pre-COVID-19 levels. This decrease was mainly driven by an anticipated but higher than expected decline in the Asian cross-border volumes compared to last year's peak in the third quarter from temporary train solution (as an alternative to air freight) and the lower volume due to low-value consignment relief abolished as of July 1, 2021.

Parcels BeNe slightly decreased by EUR -1.6m (or -1.3%) to EUR 124.0m due to lower sales at Dyna (-18.7%) from lower demand in 2XL delivery and lower sales in insurance. Sustained online sales with a Parcels B2X volume growth of +8.9% (+49.0% in the third quarter of 2020), partially offset by a negative price/mix of -5.8% fully mix-driven, from structurally lower prepaid and higher contractual products in the mix this year, compared to comparables of the third quarter 2020.

Parcels & Logistics Europe & Asia	Year-to-date		3rd quarter	
	2020	2021	2020	2021
Evolution Parcels B2X volume	+51.5%	+18.6%	+49.0%	+8.9%

E-commerce logistics operating income in the third quarter 2021 amounted to EUR 41.4m, an increase of EUR +0.6m or +1.4% compared to the same period of 2020. This increase was the result of Radial Europe and Active Ants revenue growth of +13.3%. This was offset by a decline in revenue at DynaFix due to a shortage of electronic spare parts and less devices to be repaired.

Operating expenses (including D&A) were down EUR +7.1m or +3.1%, mainly thanks to lower volume-linked transport costs from Asian cross-border activities. This decrease was partially offset by higher costs (including staff costs) from e-commerce logistics expansion and new site openings, in line with full year outlook, as well as LVCR projects. Therefore **reported EBIT and adjusted EBIT** decreased by EUR -17.7m compared to last year same period and respectively amounted to EUR 11.3m and EUR 12.0m. The latter is above pre-COVID seasonal levels as adjusted EBIT in the third quarter of 2019 amounted to EUR 10.4m.

First nine months of 2021

Total operating income amounted to EUR 809.4m and increased by EUR 37.9m. External operating income amounted to EUR 797.7m in 2021 and showed an increase of EUR +35.7m or +4.7% compared to 2020 driven by e-commerce development both domestically and abroad.

Parcels BeNe increased by EUR +30.7m, or +8.1%, mainly thanks to Parcels B2X revenues up by 13.0% driven by the volume growth of +18.6% of which +54.1% in the first quarter of 2021 against the pre COVID-19 first quarter of 2020 and respectively +2.9% and +8.9% in the second quarter and third 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	3Q21
Evolution Parcels B2X volume	+25.2%	+79.3%	+49.0%	+67.4%	+54.1%	+2.9%	+8.9%

E-commerce logistics amounted to EUR 127.5m, an increase of EUR +1.0m compared to 2020 mainly driven by the continued e-commerce logistics expansion of Radial Europe and Active Ants, partially offset by a decline in revenue at Leen Menken due to the loss of a contract in July 2020 and DynaFix due to shortage of spare parts and less devices to be repaired.

Cross-border increased by EUR +3.9m to EUR 259.7m due to steady revenue growth of cross-border commercial sales in the United Kingdom and the rest of Europe offset by the decline in the Asian cross-border volumes especially as of the third quarter 2021 with the lower volumes due to low-value consignment relief abolishment as of July 1, 2021 and declining cross-border postal business where inbound parcels could not compensate the decline in inbound mail volumes.

Operating expenses (incl. D&A) increased by EUR -32.9m or -4.7% 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 81.8m and EUR 84.0m and respectively increased by +6.6% and +6.3%. The increase of operating income was partially offset by higher volume-linked variable costs and higher intersegment operating expenses charged by M&R driven by strong parcels volumes growth in the integrated last-mile & parcels network.

Business Unit performance: Parcels & Logistics North America

Parcels & Logistics North America	Year-to-date			3rd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
External operating income	906.7	908.7	0.2%	294.9	319.4	8.3%
E-commerce logistics	842.5	866.5	2.9%	273.4	312.2	14.2%
International mail	64.3	42.2	-34.4%	21.4	7.2	-66.2%
Intersegment operating income	4.4	3.6	-17.2%	1.0	1.0	0.2%
TOTAL OPERATING INCOME	911.1	912.3	0.1%	295.9	320.5	8.3%
Operating expenses	838.3	823.6	-1.8%	269.2	286.3	6.4%
EBITDA	72.8	88.8	21.9%	26.7	34.2	28.0%
Depreciation, amortization (reported)	63.7	61.8	-3.1%	21.1	22.0	4.5%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	9.1	27.0	197.5%	5.6	12.1	116.4%
Margin (%)	*1.0%*	*3.0%*		*1.9%*	*3.8%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	18.8	31.8	68.7%	8.7	12.8	46.2%
Margin (%)	*2.1%*	*3.5%*		*2.9%*	*4.0%*	

Third quarter 2021

Total operating income amounted to EUR 320.5m and increased by EUR +24.6m, this is an increase of +8.3% (+9.0% at constant exchange rate). External operating income in the third quarter 2021 amounted to EUR 319.4m and showed an increase of EUR +24.6m or +8.3% (+9.0% at constant exchange rate) compared to the same period of 2020, reflecting mainly the accelerated contribution of Radial's new customers launched in 2021.

E-commerce logistics increased by EUR +38.8m to EUR 312.2m or +14.2% (+14.9% at constant exchange rate) mainly driven by Radial from new customers contribution, launched in 2021 and accelerating since 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		3rd quarter	
In million USD (Adjusted)	2020	2021	2020	2021
Total operating income	794.2	812.2	261.8	293.2
EBITDA	56.0	63.6	21.2	25.6
Profit from operating activities (EBIT)	3.9	8.0	3.2	5.8

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

International mail in the third quarter 2021 amounted to EUR 7.2m (including EUR +1.4m gain on disposal of the Mail Group), a decrease by EUR -14.2m compared to the same period of 2020 or -66.2% (-65.9% at constant exchange rate). This decline was driven by the divestment and deconsolidation of the Mail Group as of August 5, 2021.

Operating expenses (including D&A) increased by EUR -18.1m or -6.2% (or -6.9% at constant exchange rate) resulting from higher variable OPEX, in line with revenue development, including higher labour costs from continued wage rate pressure in the US, and higher fixed costs from new sites openings.

Reported EBIT amounted to EUR 12.1m up by EUR +6.5m (or +116.4%) with a margin of 3.8%, adjusted EBIT amounted to EUR 12.8m (up by EUR +4.1m) or flat operationally when excluding the EUR 4.0m from cyber insurance recovery.

First nine months of 2021

Total operating income amounted to EUR 912.3m, an increase of EUR +1.2m or +0.1% compared to the same period of 2020 (+6.2% at constant exchange rate). External operating income amounted to EUR 908.7m and showed an increase of EUR +2.0m or +0.2% (+6.3% at constant exchange rate).

E-commerce logistics increased by EUR +24.1m or +2.9% to EUR 866.5m (+9.1% 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, the gradual ramp-up of new customers launched in 2021 and accelerating since 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 42.2m, a decrease of EUR -22.1m or -34.4% (-30.2% at constant exchange rate) driven by the divestment and deconsolidation of the Mail Group as of August 5, 2021.

Operating expenses (incl. D&A) decreased by EUR +16.7m or +1.9% (or +4.2% at constant exchange rate). Not taking into account the exchange rate, costs decreased mainly due to lower transport costs and were partially offset by an increase of labour costs coming from the wage pressure in the US.

Reported EBIT up by EUR +17.9m and amounted to EUR 27.0m, whereas adjusted EBIT up by EUR +12.9m and amounted to EUR 31.8m (3.5% versus 2.1% last year), driven by the positive evolution in E-commerce logistics and helped by insurance recovery from October 2020 ransomware attack, partially offset by the unfavourable wage rate pressure.

Business Unit performance: Corporate

Corporate	Year-to-date			3rd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
External operating income	11.8	11.8	-0.3%	4.2	2.2	-47.4%
Intersegment operating income	262.1	301.7	15.1%	86.2	102.2	18.5%
TOTAL OPERATING INCOME	273.9	313.5	14.4%	90.4	104.4	15.5%
Operating expenses	235.2	275.4	17.1%	77.0	91.9	19.4%
EBITDA	38.7	38.0	-1.8%	13.4	12.5	-7.1%
Depreciation, amortization (reported)	53.4	55.2	3.3%	18.1	18.4	1.5%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	(14.7)	(17.1)		(4.7)	(5.9)	
Margin (%)	*-5.4%*	*-5.5%*		*-5.2%*	*-5.7%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	(14.7)	(17.1)		(4.7)	(5.9)	
Margin (%)	*-5.4%*	*-5.5%*		*-5.2%*	*-5.7%*	

Third quarter 2021

External operating income in the third quarter 2021 decreased by EUR -2.0m driven by lower building sales.

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

Reported & adjusted EBIT at EUR -5.9m.

First nine months of 2021

External operating income remained stable at EUR 11.8m.

Net operating expenses (including D&A) after intersegment operating income increased by EUR +2.4m.

Reported EBIT and adjusted EBIT showed a decrease of EUR -2.5m to EUR -17.1m.

Cash flow statement

Third quarter 2021

3d quarter (in million EUR)	Reported			Adjusted		
	2020	2021	Δ	2020	2021	Δ
Cash flow from operating activities	28.4	122.1	93.7	70.6	149.0	78.4
out of which CF from operating activities before Δ in WC & provisions	93.6	94.5	0.9	93.6	94.5	0.9
Cash flow from investing activities	(37.5)	(23.1)	14.4	(37.5)	(23.1)	14.4
Free cash flow	(9.1)	99.0	108.1	33.0	125.8	92.8
Financing activities	(47.2)	(45.9)	1.4	(47.2)	(45.9)	1.4
Net cash movement	(56.4)	53.1	109.5	(14.2)	80.0	94.2
Capex	41.4	31.4	(10.1)	41.4	31.4	(10.1)

bpost executes an active portfolio management strategy to divest non-core assets and/or non-performing assets, so as to allocate capital to the 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 Ubiway Retail. Hence cash of Ubiway Retail (EUR 1.7m) is classified as held for sale per September 30, 2021.

In the third quarter 2021, the net cash flow increased compared to the same period last year by EUR 109.5m to EUR 53.1m. This increase was mainly due to some phasing elements (payment schedule of SGEI compensation and tax prepayment) as well as the evolution of the collected proceeds by Radial US on behalf of their clients and investing activities.

Reported and adjusted free cash flow amounted respectively to EUR 99.0m and EUR 125.8m.

Cash flow from operating activities before change in working capital and provisions remained stable compared to the third quarter 2020. Adjusted EBITDA negative variation was compensated by lower tax prepayments in the third quarter 2021.
Cash flow related to collected proceeds due to Radial's clients was EUR 15.3m higher (EUR 26.9m outflow in the third quarter 2021 compared to an outflow of EUR 42.2m in the same period last year), due to the high level of merchandise sales during the COVID-19 peak in the second quarter 2020 while most of the US remained shut down.
The variance in change in working capital and provisions (EUR 77.5m) was mainly explained by the payment schedule of SGEI compensation in the third quarter 2021.

Investing activities resulted in a cash outflow of EUR 23.1m in the third quarter 2021, compared to a cash outflow of EUR 37.5m for the same period last year. The evolution in the third quarter was mainly explained by lower capex (EUR 10.1m) and the proceed from disposal of the Mail Group (TMG) (EUR 6.5m).
Capex stood at EUR 31.4m in the third quarter 2021 and was mainly spent on continued e-commerce logistics expansion of Radial and Active Ants mainly.

In 2021 the cash outflow relating to financing activities amounted to EUR -45.9m compared to EUR -47.2m last year, mainly explained by outflows related to lease liabilities (EUR -1.0m) offset by the issuance of commercial papers (EUR +2.9m).

First nine months of 2021

First nine months (in million EUR)	Reported			Adjusted		
	2020	2021	Δ	2020	2021	Δ
Cash flow from operating activities	370.3	246.7	(123.6)	395.4	286.4	(109.0)
out of which CF from operating activities before Δ in WC & provisions	366.5	367.0	0.5	366.5	367.0	0.5
Cash flow from investing activities	(72.0)	(61.2)	10.8	(72.0)	(61.2)	10.8
Free cash flow	298.3	185.4	(112.8)	323.3	225.1	(98.2)
Financing activities	(98.2)	(268.0)	(169.8)	(98.2)	(268.0)	(169.8)
Net cash movement	200.0	(82.6)	(282.6)	225.1	(42.9)	(268.0)
Capex	86.8	79.5	(7.3)	86.8	79.5	(7.3)

bpost executes an active portfolio management strategy to divest non-core assets and/or non-performing assets, so as to allocate capital to the 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 Ubiway Retail. Hence cash of Ubiway Retail (EUR 1.7m) is classified as held for sale per September 30, 2021.

In the first nine months of 2021, the net cash flow decreased compared to the same period last year by EUR 282.6m to negative EUR 82.6m. 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 2021) and the evolution of the collected proceeds by Radial US on behalf of their clients.

Reported and adjusted free cash flow amounted respectively to EUR 185.4m and EUR 225.1m.

Cash flow from operating activities before change in working capital and provisions rose by EUR 0.5m driven by the higher EBITDA (EUR +47.5m) amongst others neutralized by increased tax prepayments by bpost and Alteris (EUR -31.5m), which is mainly a phasing element.
Cash flow related to collected proceeds due to Radial's clients was EUR 14.6m lower (EUR 39.7m outflow in the first nine months of 2021 compared to an outflow of EUR 25.0m in the same period last year), due to the higher pandemic related 2020 merchandise sales.
The variance in change in working capital and provisions (EUR -109.5m) 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 -98.6m relating to transport costs in the US).

Investing activities resulted in a cash outflow of EUR 61.2m in the nine months of 2021, compared to a cash outflow of EUR 72.0m for the same period last year. This was mainly explained by lower capital expenditures (EUR +7.3m) and the proceed from disposal of the Mail Group (TMG) (EUR 6.5m).
Capex stood at EUR 79.5m in the first nine months of 2021 and was mainly spent on continued e-commerce logistics expansion of Radial and Active Ants mainly.

In 2021 the cash outflow relating to financing activities amounted to EUR -268.0m compared to EUR -98.2m last year, as it was decided not to roll over the maturing commercial paper in 2021 (EUR -165.8m).

Unaudited Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Income Statement (unaudited)

	Year-to-date		3rd quarter	
In million EUR	2020	2021	2020	2021
Revenue	2,929.9	3,001.7	964.1	963.9
Other operating income	30.3	33.7	8.8	13.7
TOTAL OPERATING INCOME	2,960.2	3,035.4	972.9	977.6
Material costs	(149.7)	(138.3)	(51.1)	(47.9)
Services and other goods	(1,218.5)	(1,232.8)	(395.9)	(413.8)
Payroll costs	(1,163.8)	(1,184.8)	(384.5)	(400.2)
Other operating expenses	(22.4)	(24.9)	(8.5)	(9.6)
Depreciation, amortization and impairment	(199.3)	(207.9)	(67.8)	(75.0)
TOTAL OPERATING EXPENSES	(2,753.8)	(2,788.7)	(907.8)	(946.6)
RESULT FROM OPERATING ACTIVITIES (EBIT)	206.4	246.7	65.1	31.0
Financial income	4.8	5.9	(0.4)	0.1
Financial costs	(34.7)	(14.8)	(11.1)	(2.4)
Share of results of associates and joint ventures	13.7	(0.1)	5.7	(0.1)
RESULT BEFORE TAX	190.1	237.7	59.2	28.6
Income tax expense	(54.3)	(68.6)	(14.8)	(12.5)
RESULT FOR THE PERIOD (EAT)	135.9	169.1	44.4	16.1
Attributable to:				
Equity holders of the parent	135.6	169.7	44.5	16.5
Non-controlling interests	0.3	(0.6)	(0.1)	(0.4)

EARNINGS PER SHARE

	Year-to-date		3rd quarter	
In EUR	2020	2021	2020	2021
►basic, result for the period attributable to ordinary equity holders of the parent	0.68	0.85	0.22	0.08
►diluted, result for the period attributable to ordinary equity holders of the parent	0.68	0.85	0.22	0.08

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.

Interim Condensed Consolidated Statement of Financial Position (unaudited)

In million EUR	31 December 2020	30 September 2021
Assets		
Non-current assets		
Property, plant and equipment	1,138.0	1,158.9
Intangible assets	771.7	782.4
Investments in associates and joint ventures	0.1	0.0
Investment properties	3.3	4.3
Deferred tax assets	45.6	34.4
Trade and other receivables	16.6	27.0
	1,975.2	2,007.0
Current assets		
Inventories	32.7	22.6
Income tax receivable	5.2	27.0
Trade and other receivables	810.0	707.9
Cash and cash equivalents	948.1	874.3
	1,796.0	1,631.8
Assets held for sale	103.3	141.9
TOTAL ASSETS	3,874.5	3,780.7
Equity and liabilities		
Issued capital	364.0	364.0
Reserves	249.8	233.9
Foreign currency translation	(17.6)	17.2
Retained earnings	(19.2)	169.1
Reserves of non-financial assets held for sale	5.6	5.6
Equity attributable to equity holders of the Parent	582.5	789.8
Equity attributable to non-controlling interests	1.3	0.6
TOTAL EQUITY	583.8	790.4
Non-current liabilities		
Interest-bearing loans and borrowings	1,165.0	1,219.1
Employee benefits	320.0	303.4
Trade and other payables	48.6	48.8
Provisions	13.3	13.0
Deferred tax liabilities	6.8	6.2
	1,553.6	1,590.6
Current liabilities		
Interest-bearing loans and borrowings	278.2	112.7
Bank overdrafts	0.0	0.1
Provisions	13.7	9.2
Income tax payable	6.4	5.6
Derivative instruments	0.3	0.1
Trade and other payables	1,438.4	1,236.5
	1,737.1	1,364.2
Liabilities directly associated with assets held for sale	0.0	35.5
TOTAL LIABILITIES	3,290.7	2,990.3
TOTAL EQUITY AND LIABILITIES	3,874.5	3,780.7

Interim Condensed Consolidated Statement of Cash Flows (unaudited)

In million EUR	Year-to-date 2020	Year-to-date 2021	3rd quarter 2020	3rd quarter 2021
Operating activities				
Result before tax	190.1	237.7	59.5	28.6
Depreciation and amortization	199.3	207.9	67.8	75.0
Impairment on debtors	15.0	1.7	2.2	1.4
Gain on sale of property, plant and equipment	(8.7)	(9.2)	(3.3)	(1.3)
Gain on disposal of subsidiaries	0.0	(1.6)	0.0	(1.6)
Other non-cash items	23.0	20.2	6.3	7.1
Change in employee benefit obligations	(8.2)	(14.8)	(4.1)	(6.1)
Share of results of associates and joint ventures	(13.7)	0.1	(5.7)	0.1
Income tax paid	(37.8)	(74.9)	(28.9)	(8.7)
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	366.5	367.0	93.6	94.5
Decrease/(increase) in trade and other receivables	107.3	84.5	7.4	(20.6)
Decrease/(increase) in inventories	(2.1)	(1.5)	(0.7)	(0.4)
Increase/(decrease) in trade and other payables	(75.1)	(158.9)	(30.1)	76.5
Increase/(decrease) in collected proceeds due to clients	(25.0)	(39.7)	(42.2)	(26.9)
Increase/(decrease) in provisions	(1.2)	(4.8)	0.3	(1.1)
NET CASH FROM OPERATING ACTIVITIES	370.3	246.7	28.4	122.1
Investing activities				
Proceeds from sale of property, plant and equipment	15.5	13.0	3.9	1.8
Disposal of subsidiaries, net of cash disposed of	0.0	6.5	0.0	6.5
Acquisition of property, plant and equipment	(63.2)	(66.5)	(31.7)	(26.4)
Acquisition of intangible assets	(23.6)	(13.0)	(9.7)	(4.9)
Acquisition of subsidiaries, net of cash acquired	(0.7)	(1.3)	0.0	0.0
NET CASH USED IN INVESTING ACTIVITIES	(72.0)	(61.2)	(37.5)	(23.1)
Financing activities				
Proceeds from borrowings	730.6	60.0	262.4	0.0
Payments related to borrowings	(741.4)	(235.3)	(273.7)	(8.8)
Payments related to lease liabilities	(87.4)	(92.7)	(36.0)	(37.0)
NET CASH FROM FINANCING ACTIVITIES	(98.2)	(268.0)	(47.2)	(45.9)
NET INCREASE IN CASH AND CASH EQUIVALENTS	200.0	(82.6)	(56.4)	53.1
NET FOREIGN EXCHANGE DIFFERENCE	(13.7)	10.4	(9.7)	3.8
CASH CLASSIFIED AS ASSETS HELD FOR SALE		(1.7)		1.6
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 September	856.0	874.2		
MOVEMENTS BETWEEN 1st JANUARY AND 30 SEPTEMBER	186.4	(73.9)		

Basis for preparation and accounting policies

The interim condensed consolidated financial statements of bpost have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use by the European Union. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with bpost's annual consolidated financial statements as at December 31, 2020.

The interim financial statements have not been subject to review by the independent auditor. bpost has prepared the financial statements on the basis that it will continue to operate as a going concern as there are no material uncertainties and there are sufficient resources to continue operations for the next 12 months from the end of the reporting period.

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. There are no IFRS standards, amendments or interpretations taking effect for the first time for the financial year beginning 1 January 2021 that have a material impact on the 2021 accounts of bpost.

Contingent liabilities and Contingent assets

This interim financial report should be read in conjunction with bpost's annual financial statements as of December 31, 2020. The contingent liabilities and contingent assets are materially unchanged from those described in the note 6.32 of bpost's annual financial statements as of December 31, 2020, except for the ransomware attack for which Radial received USD 7.1m in August 2021 from the insurance companies mainly related to business interruptions. While additional recoveries are expected Radial is still discussing other items covered by its cyber insurance policies. As such bpost is unable at the reporting date to estimate the total recoverable amount under its cyber insurance policies in connection with the ransomware attack.

Events after the reporting period

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

Alternative Performance Measures (unaudited)

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

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

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

The calculation of the adjusted performance measure and adjusted operating free cash flow can be found below the definitions. 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			3rd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
Total operating income	2,960.2	3,035.4	2.5%	972.9	977.6	0.5%
Gain on the sale of The Mail Group (1)	0.0	(1.4)	-	0.0	(1.4)	-
ADJUSTED TOTAL OPERATING INCOME	2,960.2	3,034.0	2.5%	972.9	976.2	0.3%

OPERATING EXPENSES

	Year-to-date			3rd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
Total operating expenses excluding depreciation, amortization	(2,554.5)	(2,580.8)	1.0%	(840.1)	(871.6)	3.8%
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	(2,554.5)	(2,580.8)	1.0%	(840.1)	(871.6)	3.8%

EBITDA

	Year-to-date			3rd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
EBITDA	405.7	454.6	12.1%	132.8	106.0	-20.2%
Gain on the sale of The Mail Group (1)	0.0	(1.4)	-	0.0	(1.4)	-
ADJUSTED EBITDA	405.7	453.2	11.7%	132.8	104.6	-21.2%

EBIT

	Year-to-date			3rd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
Result from operating activities (EBIT)	206.4	246.7	19.6%	65.1	31.0	-52.3%
Gain on the sale of The Mail Group (1)	0.0	(1.4)	-	0.0	(1.4)	-
Remeasurement of assets held for sale at fair value less costs to sell (2)	0.0	6.3	-	0.0	6.3	-
Non-cash impact of purchase price allocation (PPA) (3)	13.7	9.6	16.0%	4.4	3.2	-28.3%
ADJUSTED RESULT FROM OPERATING ACTIVITIES (EBIT)	220.1	261.2	18.7%	69.5	39.1	-43.7%

RESULT FOR THE PERIOD (EAT)

	Year-to-date			3rd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
Result for the period	135.9	169.1	24.4%	44.4	16.1	-63.7%
Gain on the sale of The Mail Group (1)	0.0	(1.4)	-	0.0	(1.4)	-
Remeasurement of assets held for sale at fair value less costs to sell (2)	0.0	6.3	-	0.0	6.3	-
Non-cash impact of purchase price allocation (PPA) (3)	12.9	7.3	-43.4%	4.2	2.4	-42.9%
ADJUSTED RESULT OF THE PERIOD	148.8	181.3	21.9%	48.6	23.4	-51.7%

(1) 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 has been deconsolidated as of August 5, 2021 and was transferred to assets held for sale end of June 2021. The adjustment of EUR 1.4m corresponds to the gain on the disposal of the activities and will be finalised in the fourth quarter of 2021.

(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 started up the sales process of Ubiway Retail. Assets and liabilities of Ubiway Retail were classified as held for sale per September 30, 2021 as the sale is expected to be completed within a year from reporting date. As the fair value less costs to sell Ubiway Retail is lower than the carrying value a write down of EUR 6.3m was necessary.

(3) 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			3rd quarter		
In million EUR	2020	2021	Change %	2020	2021	Change %
Net Cash from operating activities	370.3	246.5	-33.4%	28.4	121.9	
Net Cash used in investing activities	(72.0)	(61.0)	-15.3%	(37.5)	(22.9)	-38.9%
FREE CASH FLOW	298.3	185.4	-37.8%	(9.1)	99.0	
Collected proceeds due to clients	25.0	39.7	58.4%	42.2	26.9	-36.4%
ADJUSTED FREE CASH FLOW	323.3	225.1	-30.4%	33.0	125.8	

Forward Looking Statements

The information in this document may include forward-looking statements[2], 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.

[2] 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