Operational planning and peak execution allow delivery of a strong quarter despite low consumer confidence and inflation headwinds

Fourth quarter 2022 highlights

- Group operating income at 1,301.6 mEUR, +0.1% compared to last year.
- Group adjusted EBIT at 77.0 mEUR (margin of 5.9%) down by -12.7% compared to last year. Group reported EBIT at 71.0 mEUR.
- Belgium
    - Total operating income at 585.4 mEUR (+2.5% excluding Ubiway Retail).
    - Underlying mail volume decline of -7.5%, nearly offset by positive mail price/mix impact.
    - Parcels volumes increased by +1.5% and price/mix impact of +3.3%. Excluding Amazon's insourcing, volumes increased by +7.5%.
    - Opex increase – excluding Ubiway Retail – driven by 6 salary indexations mitigated by FTE reduction including elimination of the second distribution rounds, and higher energy costs.
    - Adjusted EBIT at 41.6 mEUR (7.1% margin) and reported EBIT at 41.4 mEUR.
- E-Logistics Eurasia
    - Total operating income at 173.3 mEUR (+8.6%) driven by continued expansion of Radial EU and Active Ants (+19.5%) and cross-border sales increase supported by recent customer wins in Asia and IMX integration.
    - Opex increase (+9.3%) from higher transport costs in line with volume development, IMX integration and higher payroll costs.
    - Adjusted EBIT at 5.4 mEUR (3.1% margin) and reported EBIT at 4.4 mEUR.
- E-Logistics North America
    - Total operating income at 563.1 mEUR, +2.9% (-7.1% at constant exchange rate), reflecting lower peak volumes with mixed performance across customers, and impacts of terminated contracts.
    - Lower Opex from stronger variable labor management during peak.
    - Adjusted EBIT at 43.1 mEUR (7.7% margin) and reported EBIT at 38.3 mEUR. Underlying adjusted EBIT improvement of 5.0 mEUR (+13.0%) when excluding non-repeating favorable items of the fourth quarter 2021.
- For the full year 2022, group adjusted EBIT of 278.5 mEUR ends up in line with initial guidance, despite adverse market circumstances, thanks to mitigating actions taken throughout the year.
- In line with the dividend policy, the Board of Directors will propose a total dividend per share of EUR 0.40 gross – based upon 33% IFRS net profit pay-out ratio given some significant non-cash impacts in 2022. Dividend will be payable in May 2023 after approval of the General Shareholders' meeting.

CEO quote

Philippe Dartienne, CEO a.i. of bpostgroup: *"I am pleased with the solid set of results of the fourth quarter, reflecting our meticulous preparation and the strong execution of the peak. For the year, despite persisting macro headwinds, bpostgroup managed to absorb the downside risk pressures to the initial EBIT guidance of 280-310 mEUR. This is a great achievement and I want to thank all our employees for their relentless efforts and the implementation of the actions taken by the Management to counter the market disruptions we have faced throughout the year.*
We have clear priorities for 2023 and, while facing economic uncertainty and lasting macro headwinds in the coming months, bpostgroup continues to execute on its strategy and to progress on its growth and transformation journey."

Management priorities for 2023

The Management continues to deliver on the ongoing execution of the bpostgroup' strategy, with the ambition to:

- Develop into a leading international e-commerce and logistics service provider
- Reinvent, secure and grow our anchorage services in Belgium to citizens, businesses and public institutions
- Be a reference in sustainability in all markets the group operates in

In line with this ambition, the 2023 priorities are:

Belgium:

- Develop target operating model and supporting organization, based on client-centricity translating in higher quality and flexibility
- Prepare for future of press concessions under different scenarios
- Increase the wellbeing of our employees to improve absenteeism-levels

E-Logistics Eurasia:

- Continue top-line growth for Radial, Active Ants and Cross-Border
- Further boost commercial performance by means of sales excellence program and cross-selling (supported by common CRM)
- Launch execution of Dyna multi-year turnaround plan

E-Logistics North America:

- Develop and execute on commercial pipelines across entities adjusting to changed market conditions
- Implement network-wide lean operating model for Radial, incl. reduction of SG&A, driving further margin improvement

Group:

- Reinforce compliance programs
- Continue portfolio optimization, including pursuit of M&A
- Simplification of business processes and technology landscape
- Appoint and onboard new Group CEO

Outlook for 2023

bpostgroup expects[1] its adjusted EBIT 2023 to range between 240-260 mEUR. bpostgroup will continue to execute on its transformation while facing market pressures with sales, pricing, cost and productivity levers.

The group's total operating income for 2023 is expected to increase by a mid- single-digit percentage[2,4] compared to 2022.

For the business units, bpostgroup expects:

Belgium:

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

E-Logistics Eurasia:

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

E-Logistics North America:

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

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

Gross capex is expected to be around 200 mEUR. This capex envelope is geared towards growing e-commerce logistics.

The dividend relative to the results of the year 2023 will be in the range of 30-50% of IFRS net profit, and will be payable in May 2024 after the General Shareholders' Meeting, in accordance with the dividend policy.

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1 based on macro-economic assumptions as of February 23, 2023
2 excluding deconsolidation of Ubiway Retail
3 Based on latest monthly forecast, the next +2% salary indexation will occur in October 2023, adding to the ones of February, April, June, September, December 2022 and January 2023. Monthly forecast of the Federal Planning Bureau is publicly available at https://www.plan.be/databases/17-en-consumer_price_index_inflation_forecasts
4 assuming EUR/USD at 1.08 for 2023

bpostgroup

Key figures[5]

4th quarter (in million EUR)	Reported		Adjusted		
	2021	2022	2021	2022	% Δ
Total operating income	1,299.7	1,301.6	1,299.7	1,301.6	0.1%
Operating expenses (excl. D&A)	1,148.7	1,158.5	1,148.7	1,155.9	0.6%
EBITDA	151.0	143.2	151.0	145.7	-3.5%
Depreciation and amortization	66.0	72.2	62.9	68.8	9.4%
EBIT	84.9	71.0	88.1	77.0	-12.7%
Margin (%)	*6.5%*	*5.5%*	*6.8%*	*5.9%*	
Result before tax	96.1	85.8	80.8	91.8	13.6%
Income tax expense	14.9	8.0	15.5	8.8	-43.1%
Net result	81.1	77.8	65.3	83.0	27.1%
FCF	67.8	287.5	65.4	241.1	-
Net debt/(Net cash) at 31 December	470.3	437.8	470.3	437.8	-6.9%
CAPEX	92.6	51.4	92.6	51.4	-44.5%
Average FTE & Interims	45,039	42,469	45,039	42,469	-5.7%

Year-to-date (in million EUR)	Reported		Adjusted		
	2021	2022	2021	2022	% Δ
Total operating income	4,335.1	4,397.5	4,333.7	4,397.5	1.5%
Operating expenses (excl. D&A)	3,729.5	3,844.9	3,729.5	3,842.4	3.0%
EBITDA	605.6	552.6	604.2	555.1	-8.1%
Depreciation and amortization	267.6	289.3	254.9	276.6	8.5%
EBIT	338.0	263.3	349.3	278.5	-20.3%
Margin (%)	*7.8%*	*6.0%*	*8.1%*	*6.3%*	
Result before tax	333.7	292.5	332.9	308.9	-7.2%
Income tax expense	83.5	60.8	86.3	63.9	-26.0%
Net result	250.2	231.7	246.6	245.0	-0.7%
FCF	253.2	403.2	290.5	397.4	+36.8%
Net debt/(Net cash) at 31 December	470.3	437.8	470.3	437.8	-6.9%
CAPEX	172.1	164.4	172.1	164.4	-4.5%
Average FTE & Interims	40,339	39,285	40,339	39,285	-2.6%

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

Group overview

Fourth quarter 2022

Compared to last year, total operating income slightly increased by +1.9 mEUR or +0.1% to 1,301.6 mEUR:

- External operating income Belgium decreased by -24.9 mEUR, however excluding the deconsolidation of Ubiway Retail (-36.6 mEUR) operating income increased, driven by resilient revenues across all portfolios and strong commercial momentum in Parcels.
- External operating income of E-Logistics Eurasia increased by +13.6 mEUR mainly driven by continued growth at Radial and Active Ants, cross-border sales increase from recent customer wins and IMX integration.
- E-Logistics North America external operating income increased by +16.0 mEUR, supported by the exchange rate impact as North American market volume pressure during 2022 peak impacts Radial.
- Corporate external operating income decreased by -2.7 mEUR in line with lower building sales.

Operating expenses (including D&A) increased by -15.9 mEUR (or +1.3%) to 1,230.7 mEUR impacted by the exchange rate impact, higher payroll cost (6 salary indexations in Belgium) despite decreased FTE, variable opex in line with revenue development (increase in E-Logistics Eurasia, decrease E-Logistics North America). Furthermore the deconsolidation of Ubiway Retail triggered lower material costs.

Reported EBIT amounted to 71.0 mEUR and decreased by -14.0 mEUR.

Net financial result (i.e. net of financial income and financial costs) amounted to 14.8 mEUR and increased by +22.3 mEUR mainly due to non-cash financial income (vs charges last year) related to IAS 19 employee benefits in line with the increased discount rates and the reassessment of the contingent liability related to the remaining shares of a subsidiary.

Remeasurement of assets held for sale at fair value less costs to sell decreased by -18.5m EUR given last year's reassessment of bpost bank (+19.5 mEUR) and Ubiway Retail (-1.1 mEUR).

Income tax expenses amounted to 8.0 mEUR and decreased by +6.9 mEUR compared to last year.

Group net profit at 77.8 mEUR, decreased by -3.3 mEUR compared to last year.

Full year 2022

Compared to last year, **total operating income** increased by +62.4 mEUR or +1.4% to 4,397.5 mEUR, driven by E-Logistics North America.

- Excluding the deconsolidation of Ubiway Retail, stable operating income for Belgium. Including Ubiway Retail, external operating income decreased by -110.3 mEUR or -4.9%.
- External operating income of E-Logistics Eurasia decreased by -21.0 mEUR or -3.4% mainly driven by the pressure in the first half of 2022 on Asian volumes following new VAT regulation.
- E-Logistics North America external operating income increased by +202.0 mEUR or +13.9%, at constant exchange rate revenues increased by +1.8% mainly driven by Radial's new customers launched in 2021.
- Corporate external operating income decreased by -8.4 mEUR in line with lower building sales.

Operating expenses (including D&A) increased by 137.0 mEUR or +3.4% to 4,134.2 mEUR, impacted by higher variable opex in line with revenue development E-Logistics North America, higher payroll cost (amongst others 6 salary indexations in Belgium) and energy costs, increased doubtful debt costs, partially offset by lower material costs mainly due to the deconsolidation of Ubiway Retail, higher recoverable VAT, lower opex in line with the revenue development E-Logistics Eurasia and less FTE.

Reported EBIT amounted to 263.3 mEUR and decreased by -74.6 mEUR compared to last year.

Net financial result (i.e. net of financial income and financial costs) amounted to 30.3 mEUR and increased by +46.7 mEUR mainly due to higher non-cash financial income related to IAS 19 employee benefits in line with the increased discount rates and the reassessment of the contingent liability related to the remaining shares of a subsidiary.

Last year **remeasurement of assets held for sale at fair value less costs to sell** amounted to +12.2m EUR given the reassessment of bpost bank (+19.5 mEUR) and Ubiway Retail (-7.4 mEUR). Whereas in 2022 an additional write down of 1.0 mEUR was recorded for Ubiway Retail and 0.2 mEUR for bpost bank.

Income tax expense amounted to 60.8 mEUR and decreased by +22.6 mEUR compared to last year mainly due to the lower profit before tax.

Group net profit at 231.7 mEUR, decreased by -18.6 mEUR compared to last year.

Business Unit performance: Belgium

Belgium	Year-to-date			4th quarter		
In million EUR	2021	2022	Change %	2021	2022	Change %
External operating income	2,250.8	2,140.6	-4.9%	594.7	569.8	-4.2%
Transactional mail	736.7	731.5	-0.7%	190.0	184.5	-2.9%
Advertising mail	197.0	187.1	-5.0%	53.9	48.7	-9.7%
Press	338.8	345.9	2.1%	87.8	94.6	7.7%
Parcels Belgium	467.4	449.1	-3.9%	128.7	134.9	4.7%
Proximity and convenience retail network	397.5	302.0	-24.0%	105.7	73.6	-30.4%
Value added services	113.5	124.9	10.1%	28.5	33.5	17.5%
Intersegment operating income	59.8	52.7	-11.8%	12.8	15.6	22.2%
TOTAL OPERATING INCOME	2,310.6	2,193.3	-5.1%	607.5	585.4	-3.6%
Operating expenses	1,975.6	1,914.5	-3.1%	543.8	525.3	-3.4%
EBITDA	335.0	278.7	-16.8%	63.7	60.1	-5.7%
Depreciation, amortization (reported)	84.1	81.0	-3.7%	16.3	18.7	14.8%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	250.9	197.8	-21.2%	47.5	41.4	-12.7%
Margin (%)	*10.9%*	*9.0%*		*7.8%*	7.1%	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	252.6	198.3	-21.5%	47.9	41.6	-13.2%
Margin (%)	*10.9%*	*9.0%*		*7.9%*	*7.1%*	

Fourth quarter 2022

Total operating income in the fourth quarter 2022 amounted to 585.4 mEUR and showed a decrease of -22.1 mEUR or -3.6%. Excluding the deconsolidation of Ubiway Retail total operating income increased by +14.5 mEUR compared to the same period 2021. **External operating income** amounted to 569.8 mEUR and showed a decrease of -24.9 mEUR or -4.2% compared to the same period of 2021.

Revenues from **Domestic mail** (i.e. Transactional, Advertising and Press combined) slightly decreased by -3.9 mEUR to 327.8 mEUR. **Transactional mail** noted an underlying volume decline of -6.7% for the quarter, as in 2021 Admin mail was supported by COVID-19 communication (estimated at 8.0 mEUR). **Advertising mail** had an underlying volume decrease of -11.6% against a tough comparable base of -1.1% last year. **Press** revenues increased by +6.8 mEUR, supported by the integration of the Dutch press distributor Aldipress acquired September 30, 2022 (+4.6 mEUR).
Excluding the integration of Aldipress (+4.6 mEUR) in September 2022, **total Domestic mail** volume decrease impacted revenues by -20.9 mEUR (-7.5% underlying volume decline against -8.9% in the fourth quarter of 2021), partially compensated by +13.3 mEUR net improvement in price and mix. Working days impact amounted to -0.9 mEUR.

Belgium	Year-to-date		4th quarter	
Evolution underlying volumes	2021	2022	2021	2022
Domestic mail	-5.9%	-6.8%	-8.9%	-7.5%
Transactional mail	-8.0%	-6.5%	-11.1%	-6.7%
Advertising mail	+0.9%	-6.9%	-1.1%	-11.6%
Press – excluding Aldipress	-3.5%	-8.4%	-8.4%	-5.4%
Parcels B2X volume	+10.3%	-7.5%	-7.5%	+1.5%

Parcels Belgium increased by +6.1 mEUR (or +4.7%) to 134.9 mEUR driven by the improved price/mix of +3.3% and the volume increase of +1.5%. Excluding Amazon's insourcing (-32.4% quarter year-over-year), underlying volume increased by +7.5%.

Proximity and convenience retail network decreased by -32.1 mEUR to 73.6 mEUR. This decrease was mainly driven by the deconsolidation impact of Ubiway Retail as of the 1st March 2022 (-36.6 mEUR impact). Excluding the deconsolidation, revenues increased by +4.5 mEUR or +6.4% mainly driven by the new Management Contract.

Value added services amounted to 33.5 mEUR and showed an increase of +5.0 mEUR versus last year mainly due to higher revenues from fines solutions.

Operating expenses (including D&A) decreased by +16.0 mEUR (or -2.9%). When excluding Ubiway Retail, costs increased by 21.1 mEUR or 4.0%. This increase was mainly driven by higher energy costs and higher payroll costs per FTE (6 salary indexations of +2% between November 2021 and December 2022, change in night shift regulation and premium paid to employees). This increase was partially compensated by less FTE (~ -810 FTE year-over-year or -3.2% excluding Ubiway Retail) from continued execution of dedicated management actions and elimination of second distribution rounds during peak.

Reported EBIT and adjusted EBIT slightly decreased and amounted respectively to 41.4 mEUR and 41.6 mEUR with a margin of 7.1% compared to 7.8%-7.9% last year, thanks to the successful execution of year-end peak and continued FTE reduction partly mitigating inflation of payroll costs. No significant EBIT impact from Ubiway Retail deconsolidation in March 2022.

Full year 2022

Total operating income in 2022 amounted to 2,193.3 mEUR and external operating income amounted to 2,140.6 mEUR and respectively decreased by -117.4 mEUR or -5.1% and by -110.3 mEUR or -4.9%. Excluding the deconsolidation of Ubiway Retail, stable operating income with underlying mail volume decline of -6.8% nearly offset by positive price/mix impact of 3.6% and parcels volume -7.5% (or +1.0% excluding Amazon's insourcing impact)

Revenues from Domestic mail (i.e. Transactional, Advertising and Press combined) slightly decreased by -8.0 mEUR to 1,264.5 mEUR. Transactional mail noted an underlying volume decline of -6.5% for the year compared to -8.0% underlying volume decline for the year 2021, amongst other driven by lower COVID communication. Advertising mail was impacted by an underlying volume decrease of -6.9% against +0.9% for the same period last year, which was driven by the volume recovery post lockdown. Press revenues increased by +7.1 mEUR, supported by the integration of the Dutch press distributor Aldipress acquired September 30, 2022.
Excluding the integration of Aldipress in September 2022 (+4.6 mEUR), total Domestic mail volume decrease impacted revenues by -72.8 mEUR (-6.8% underlying volume decline against -5.9% in 2021) and working day impact -0.8 mEUR was almost compensated by the net improvement in price and mix which amounted to +61.0 mEUR.

Belgium Evolution underlying volumes	1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22	3Q22	4Q22	FY 22
Domestic mail	-7.8%	+1.4%	-7.5%	-8.9%	-5.9%	-5.4%	-7.5%	-7.7%	-7.5%	-6.8%
Transactional mail	-9.6%	-1.3%	-9.5%	-11.1%	-8.0%	-5.8%	-8.2%	-6.2%	-6.7%	-6.5%
Advertising mail	-5.4%	+15.6%	-2.9%	-1.1%	+0.9%	-2.3%	-2.4%	-11.1%	-11.6%	-6.9%
Press excl Aldipress	-1.0%	-1.1%	-3.4%	-8.4%	-3.5%	-7.1%	-10.8%	-10.5%	-5.4%	-8.4%
Parcels B2X volume	+54.1%	+2.9%	+8.9%	-7.5%	+10.3%	-14.8%	-12.9%	-3.8%	+1.5%	-7.5%

Parcels Belgium decreased by -18.2 mEUR (or -3.9%) to 449.1 mEUR resulting from parcels volume decline of -7.5% against high comps of +10.3% in 2021 and reflecting Amazon's insourcing, partially offset by a price and mix impact of +3.6%. Excluding Amazon's insourcing, underlying volume increased by +1.0% compared to 2021.

Proximity and convenience retail network decreased by -95.5 mEUR to 302.0 mEUR. This decrease was mainly driven by the deconsolidation impact of Ubiway Retail as of the 1st March 2022 (-116.3 mEUR impact). Excluding the deconsolidation, revenues increased by +20.8 mEUR mainly driven by the new Management Contract.

Value added services amounted to 124.9 mEUR and showed an increase of +11.5 mEUR (or +10.1%) versus last year due to higher revenues from fines solutions and additional revenues charged for setup and change requests for solutions.

Operating expenses (including D&A) decreased by +64.3 mEUR or -3.1%. This decrease was mainly driven by lower material costs in line with the deconsolidation of Ubiway Retail, higher recoverable VAT and less FTE from continued execution of dedicated management actions and elimination of second distribution rounds during peak in the fourth quarter. This decrease was partially offset by higher energy costs and higher payroll costs per FTE (6 salary indexations of +2%, change in night shift regulation and premium paid to employees). When excluding Ubiway Retail, costs increased by -74.2 mEUR or +3.9%.

Driven by lower volumes and inflationary impacts on payroll and energy costs, reported EBIT and adjusted EBIT decreased and amounted respectively to 197.8 mEUR and 198.3 mEUR with a margin of 9.0%.

Business Unit performance: E-Logistics Eurasia

E-Logistics Eurasia	Year-to-date			4th quarter		
In million EUR	2021	2022	Change %	2021	2022	Change %
External operating income	611.5	590.5	-3.4%	152.7	166.3	8.9%
E-commerce logistics	268.7	273.0	1.6%	69.6	75.1	7.9%
Cross-Border	342.8	317.5	-7.4%	83.1	91.2	9.7%
Intersegment operating income	26.2	23.6	-9.9%	7.0	7.0	1.3%
TOTAL OPERATING INCOME	637.7	614.1	-3.7%	159.7	173.3	8.6%
Operating expenses	568.5	561.5	-1.2%	147.0	160.7	9.3%
EBITDA	69.2	52.6	-24.0%	12.7	12.6	-0.3%
Depreciation, amortization (reported)	24.6	28.3	15.3%	7.8	8.2	5.3%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	44.6	24.3	-45.7%	4.9	4.4	-9.3%
Margin (%)	*7.0%*	*4.0%*		*3.1%*	*2.6%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	47.5	27.4	-42.3%	5.6	5.4	-3.0%
Margin (%)	*7.5%*	*4.5%*		*3.5%*	*3.1%*	

Fourth quarter 2022

Total operating income increased by +13.7 mEUR (+8.6%) driven by the increase of the external operating income by +13.6 mEUR or +8.9% compared to the same period of 2021.

E-commerce logistics operating income in the fourth quarter 2022 amounted to 75.1 mEUR, an increase of +5.5 mEUR or +7.9% compared to the same period of 2021. Revenue growth of Radial Europe and Active Ants of +19.5% from increased sales of existing customers and new customer onboardings, partially offset by a decline in revenue at DynaLogic due to lower consumer confidence and due to less devices to be repaired at DynaFix/Sure.

Cross-Border operating income in the fourth quarter 2022 amounted to 91.2 mEUR, an increase of +8.1 mEUR (or +9.7%) compared to the same period of 2021, mainly driven by IMX consolidation as from July 2022 and recent customer wins in Asia offsetting continued supply chain disruptions in China.

Operating expenses (including D&A) were up -14.1 mEUR or +9.1%, mainly explained by higher transport costs in line with E-commerce logistics and Cross-Border activities (including IMX integration), higher payroll costs from inflation and recent sites openings in fulfilment (in line with expansion and strategic development initiatives), partially offset by lower interims and FTE payroll in line with lower volumes at Dyna.

Stable EBIT as top-line growth mitigates inflation and expansion initiatives, reported EBIT slightly decreased by -0.5 mEUR and adjusted EBIT slightly decreased by -0.2 mEUR and amounted respectively to 4.4 mEUR and 5.4 mEUR.

Full year 2022

Total operating income decreased by -23.6 mEUR or -3.7% driven by the decrease of the external operating income by -21.0 mEUR or -3.4% compared to the same period of 2021. This decrease was mainly due to Cross-Border (-25.3mEUR).

E-commerce logistics operating income in 2022 amounted to 273.0 mEUR, an increase of +4.3 mEUR or +1.6% compared to the same period of 2021. The revenue growth of Radial Europe and Active Ants of +16.6%, 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 2022 amounted to 317.5 mEUR, a decrease of -25.3 mEUR or -7.4% compared to the same period of 2021, mainly driven by lower Asian volumes impacted in the first half of 2022 by the new VAT regulation as from July 1, 2021 and impacted by supply chain disruptions in China. This decrease was amongst others partially offset by the IMX consolidation as from July 2022.

Operating expenses (including D&A) were down +3.2 mEUR or -0.5%, mainly thanks to lower material costs, lower intersegment opex charged by Belgium due to lower Asian volumes and lower interims. This decrease was partially offset by higher payroll costs from inflation, higher transport costs and sites openings, in line with expansion and strategic development initiatives and IMX integration.

Reported EBIT decreased by -20.4 mEUR and adjusted EBIT decreased by -20.1 mEUR compared to last year same period and amounted respectively to 24.3 mEUR and 27.4 mEUR.

Business Unit performance: E-Logistics North America

E-Logistics North America	Year-to-date			4th quarter		
In million EUR	2021	2022	Change %	2021	2022	Change %
External operating income	1,453.9	1,655.9	13.9%	545.2	561.2	2.9%
E-commerce logistics	1,411.7	1,655.9	17.3%	545.2	561.2	2.9%
International mail	42.2	0.0	-100.0%	0.0	0.0	0.0%
Intersegment operating income	5.9	5.7	-3.5%	2.3	1.9	-16.8%
TOTAL OPERATING INCOME	1,459.8	1,661.6	13.8%	547.5	563.1	2.9%
Operating expenses	1,304.9	1,481.5	13.5%	481.3	498.9	3.6%
EBITDA	154.9	180.2	16.3%	66.1	64.2	-2.9%
Depreciation, amortization (reported)	84.0	104.7	24.7%	22.2	25.9	16.7%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	70.9	75.4	6.4%	43.9	38.3	-12.8%
Margin (%)	*4.9%*	*4.5%*		*8.0%*	*6.8%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	77.7	86.9	11.8%	46.0	43.1	-6.2%
Margin (%)	*5.3%*	*5.2%*		*8.4%*	*7.7%*	

Fourth quarter 2022

Total operating income amounted to 563.1 mEUR and increased by +15.6 mEUR or +2.9% (-7.1% at constant exchange rate). **External operating income** in the fourth quarter 2022 amounted to 561.2 mEUR, an increase of +16.0 mEUR or +2.9% (-7.1% at constant exchange rate) compared to the same period of 2021.

E-commerce logistics increased by +16.0 mEUR to 561.2 mEUR or +2.9%. At constant exchange rate operating income decreased by -7.1%. On the one hand Landmark US recorded continued volume growth from existing customers and new customers won in 2021, offsetting partial loss of Amazon volumes due to insourcing. On the other hand lower revenues at Radial (-9.2% excluding exchange rate impact) reflecting lower peak volumes with mixed performance across customers, US e-commerce logistics market shift from under-capacity to overcapacity and revenue churn from terminated contracts. Compared to the fourth quarter of 2019 (pre-pandemic) and 2020, operating income of Radial increased respectively by 36% and 18% from structural E-commerce logistics growth and the expansion plan.

Radial North America (*)	Year-to-date		4th quarter	
In million USD (Adjusted)	2021	2022	2021	2022
Total operating income	1,340.2	1,403.9	528.0	479.6
EBITDA	121.7	127.5	58.1	51.2
Profit from operating activities (EBIT)	46.9	44.1	39.0	31.9

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

Operating expenses (including D&A) increased by -21.3 mEUR or +4.2%. However, at constant exchange rate costs decreased by -6.1% resulting from lower variable opex in line with revenue development, including favorable wage rate impact and stronger variable labor management and productivity gains during peak. Partially offset by non-repeating favourable items of the fourth quarter 2021.

Margin has improved and underlying **adjusted EBIT** in the fourth quarter 2022 was up by +5.0 mEUR from 38.2 mEUR when accounting for +2.6 mEUR EBIT uplift from cyber insurance recovery in the fourth quarter 2021 and +5.2 mEUR one-time concessions from vendor in the fourth quarter 2021. Peak planning and execution lead to underlying EBIT improvement. **Reported EBIT** amounted to 38.3mEUR.

Full year 2022

Total operating income amounted to 1,661.6 mEUR and increased by +201.8 mEUR, or +13.8% (+1.7% at constant exchange rate). Excluding the divestment of the Mail Group as of August 5, 2021 total operating income increased by 244.0 mEUR or +4.7% at constant exchange rate. External operating income in 2022 amounted to 1,655.9 mEUR, an increase of +202.0 mEUR or +13.9% (+1.8% at constant exchange rate) compared to the same period of 2021, reflecting mainly the revenue development of Radial's new customers launched in 2021.

E-commerce logistics increased by +244.2 mEUR to 1,655.9 mEUR or +17.3% (+4.8% 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 -197.3 mEUR or +14.2%, or +2.0% at constant exchange rate resulting from higher variable opex in line with volume development and provisions of 7.1 mEUR following disputes with a terminated customer partially mitigated by higher productivity, and higher costs from new sites openings.

Reported EBIT amounted to 75.4 mEUR up by +4.5 mEUR with a margin of 4.5%. Adjusted EBIT amounted to 86.9 mEUR (up by +9.2 mEUR) with a margin of 5.2% or up +21.0 mEUR (+31.8%) operationally when adjusting for (1) 6.6 mEUR from cyber insurance recovery in 2021 related to 2020 ransomware attack and (2) 5.2 mEUR one-time concessions from vendor in 2021.

Business Unit performance: Corporate

Corporate In million EUR	Year-to-date 2021	 2022	 Change %	4th quarter 2021	 2022	 Change %
External operating income	18.9	10.5	-44.3%	7.1	4.4	-38.1%
Intersegment operating income	407.8	393.7	-3.5%	106.2	98.8	-6.9%
TOTAL OPERATING INCOME	426.7	404.2	-5.3%	113.2	103.2	-8.8%
Operating expenses	380.2	363.0	-4.5%	104.8	97.0	-7.4%
EBITDA	46.5	41.1	-11.6%	8.5	6.3	-26.2%
Depreciation, amortization (reported)	75.0	75.2	0.3%	19.8	19.4	-2.0%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	(28.5)	(34.1)	19.8%	(11.3)	(13.2)	16.2%
Margin (%)	*-6.7%*	*-8.4%*		*-10.0%*	*-12.8%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	(28.5)	(34.1)	19.8%	(11.3)	(13.2)	16.2%
Margin (%)	*-6.7%*	*-8.4%*		*-10.0%*	*-12.8%*	

Fourth quarter 2022

External operating income in the fourth quarter 2022 decreased by -2.7 mEUR compared to last year in line with lower sales buildings.

Decrease in operating expenses (including D&A) (-0.9 mEUR) reflecting continued costs management measures and efforts on overhead reduction (-4.5% FTE), partially offset by salary indexations and 2.5 mEUR costs related to press concession compliance review.

Reported & adjusted EBIT at -13.2 mEUR down by -1.8 mEUR.

Full year 2022

External operating income decreased by -8.4 mEUR in 2022 driven by lower building sales.

Decrease in operating expenses (including D&A) by -5.7%.

Reported & adjusted EBIT at -34.1 mEUR down by -5.6 mEUR, mainly driven by lower sales buildings.

Cash flow statement

Fourth quarter 2022

4th quarter (in million EUR)	Reported			Adjusted		
	2021	2022	Δ	2021	2022	Δ
Cash flow from operating activities	151.6	334.1	182.5	149.1	287.7	138.5
out of which CF from operating activities before Δ in WC & provisions	137.3	140.6	3.3	137.3	140.6	3.3
Cash flow from investing activities	(83.8)	(46.6)	37.2	(83.8)	(46.6)	37.2
Free cash flow	67.8	287.5	219.8	65.4	241.1	175.7
Financing activities	(41.1)	(47.5)	(6.4)	(41.1)	(47.5)	(6.4)
Net cash movement	26.7	240.0	213.3	24.3	193.6	169.3
Capex	92.6	51.4	(41.2)	92.6	51.4	(41.2)

In the fourth quarter 2022, the net cash flow increased compared to the same period last year by 213.3 mEUR to 240.0 mEUR. Stable operational cash flow further supported by payment schedule of SGEI compensation and withholding tax on payroll.

Reported and adjusted free cash flow amounted respectively to 287.5 mEUR and 241.1 mEUR.

Cash flow from operating activities before change in working capital and provisions remained stable compared to the fourth quarter 2021.
Cash inflow related to collected proceeds due to Radial's clients was 44.0 mEUR higher (46.4 mEUR inflow in the fourth quarter 2022 compared to an inflow of 2.4 mEUR in the same period last year), in line with their remittance calendar.
The variance in change in working capital and provisions (+135.2 mEUR) was mainly explained by a different payment schedule of the SGEI compensation as the complete 2022 SGEI compensation was paid in the fourth quarter 2022 (136.0 mEUR, of which 36.9 mEUR paid in the fourth quarter as per the 7th Management Contract while settlements were paid in the first quarter of following year under previous Management Contracts) and the deferred payment of withholding taxes on payroll (30.6 mEUR), a measure granted by the Belgian government in the context of the energy crisis. Partially offset by lower outstanding supplier balances.

Investing activities resulted in a cash outflow of 46.6 mEUR in the fourth quarter 2022, compared to a cash outflow of 83.8 mEUR for the same period last year. The evolution in the fourth quarter 2022 was mainly explained by lower capex (+41.2 mEUR) and partially compensated by lower proceeds from sales of buildings in 2022.
Capex stood at 51.4 mEUR in the fourth quarter 2022 and was mainly spent on E-commerce logistics growth of Radial (US/EU), Active Ants and optimization of the Belgium network.

In the fourth quarter 2022 the cash outflow relating to financing activities amounted to -47.5 mEUR compared to -41.1 mEUR last year, mainly explained by lease liabilities and interests on borrowings.

Full year 2022

Year-to-date (in million EUR)	Reported			Adjusted		
	2021	2022	Δ	2021	2022	Δ
Cash flow from operating activities	398.2	422.4	24.2	435.5	416.6	(18.9)
out of which CF from operating activities before Δ in WC & provisions	504.2	516.4	12.1	504.2	516.4	12.1
Cash flow from investing activities	(145.0)	(19.2)	125.8	(145.0)	(19.2)	125.8
Free cash flow	253.2	403.2	150.0	290.5	397.4	106.9
Financing activities	(309.1)	(262.1)	47.0	(309.1)	(262.1)	47.0
Net cash movement	(55.9)	141.1	197.0	(18.6)	135.3	153.9
Capex	172.1	164.4	(7.7)	172.1	164.4	(7.7)

The net cash flow increased compared to the same period last year by 197.0 mEUR to 141.1 mEUR. This increase 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 the cash of Ubiway Retail (1.7 mEUR) was classified as held for sale per December 31, 2021.

Reported and adjusted free cash flow amounted respectively to 403.2 mEUR and 397.4 mEUR.

Cash flow from operating activities before change in working capital and provisions increased compared to 2021. The negative adjusted EBITDA variation was compensated by a favourable settlement in corporate income tax payments and non-cash items. Cash flow related to collected proceeds due to Radial's clients was 43.1 mEUR higher (5.8 mEUR inflow in 2022 compared to an outflow of 37.3 mEUR last year).
The variance in change in working capital and provisions (-31.0 mEUR) was mainly explained by decreased suppliers' balances, a different payment schedule of terminal dues and, partially offset by last year's unwinding of extended payment terms with some suppliers initiated at the beginning of the pandemic, a different phasing of the SGEI compensation and social liabilities.

Investing activities resulted in a cash outflow of 19.2 mEUR in 2022, compared to a cash outflow of 145.0 mEUR last year. The evolution of 2022 was mainly explained by M&A activities (128.8 mEUR, mainly the settlement of the sale of bpost bank including the reimbursement of the subordinated loan granted to bpost bank), lower capex (+7.7 mEUR) partially offset by the lower proceeds from sale of assets (-10.6 mEUR).
Capex stood at 164.4 mEUR in 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 -262.1 mEUR compared to -309.1 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).

Condensed Consolidated Financial Statements

The condensed consolidated financial statements of bpost for the year ending December 31, 2022 were authorized for issue in accordance with a resolution of the Board of Directors on February 23, 2023. The joint statutory auditors, EY Bedrijfsrevisoren/Réviseurs d'Entreprises represented by Mr. Han Wevers and PVMD Bedrijfsrevisoren/Réviseurs d'Entreprises represented by Mr. Alain Chaerels, have confirmed that their audit procedures, which have been substantially completed, have not revealed any material adjustments which would have to be made to the accounting information included in this press release. The complete audit report related to the audit of the consolidated financial statements will be shown in the 2022 annual report that will be published in March 2023.

Condensed Consolidated Income Statement

	Year-to-date		4th quarter	
In million EUR	2021	2022	2021	2022
Revenue	4,282.4	4,372.0	1,280.7	1,291.7
Other operating income	52.7	25.5	19.0	9.9
TOTAL OPERATING INCOME	4,335.1	4,397.5	1,299.7	1,301.6
Material costs	(192.3)	(99.3)	(54.0)	(27.0)
Services and other goods	(1,894.8)	(1,999.9)	(662.0)	(653.5)
Payroll costs	(1,606.8)	(1,705.8)	(422.0)	(455.7)
Other operating expenses	(35.7)	(39.9)	(10.7)	(22.2)
Depreciation, amortization and impairment	(267.6)	(289.3)	(66.0)	(72.2)
TOTAL OPERATING EXPENSES	(3,997.2)	(4,134.2)	(1,214.8)	(1,230.7)
RESULT FROM OPERATING ACTIVITIES (EBIT)	338.0	263.3	84.9	71.0
Financial income	8.5	79.6	2.6	60.3
Financial costs	(24.9)	(49.3)	(10.1)	(45.4)
Remeasurement of assets held for sale at fair value less costs to sell	12.2	(1.2)	18.5	0.0
Share of results of associates and joint ventures	(0.0)	0.0	0.1	0.0
RESULT BEFORE TAX	333.7	292.5	96.1	85.8
Income tax expense	(83.5)	(60.8)	(14.9)	(8.0)
RESULT FOR THE PERIOD (EAT)	250.2	231.7	81.1	77.8
Attributable to:				
Equity holders of the parent	250.9	232.5	81.2	77.7
Non-controlling interests	(0.6)	(0.8)	(0.1)	0.1

EARNINGS PER SHARE

	Year-to-date		4th quarter	
In EUR	2021	2022	2021	2022
▶ basic, result for the period attributable to ordinary equity holders of the parent	1.25	1.16	0.41	0.39
▶ diluted, result for the period attributable to ordinary equity holders of the parent	1.25	1.16	0.41	0.39

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.

Condensed Consolidated Statement of Financial Position

In million EUR	2021	2022		2021	2022
Assets			Equity and liabilities		
Property, plant and equipment	1,263.5	1,398.9	Total equity	885.3	1,065.4
Intangible assets	797.0	855.8	Interest-bearing loans and borrowings (incl. overdraft)	1,377.7	1,488.6
Investments in associates and joint ventures	0.0	0.1	Employee benefits	298.2	244.2
Other assets	53.1	52.7	Trade and other payables	1,504.3	1,520.3
Trade and other receivables	936.3	974.3	Provisions	25.8	26.7
Inventories	20.7	24.5	Derivative instruments	0.3	(0.3)
Cash and cash equivalents	907.5	1,051.0	Other liabilities	10.1	13.5
Assets held for sale	163.3	1.0	Liabilities directly related to assets held for sale	39.7	0.0
TOTAL ASSETS	4,141.3	4,358.3	TOTAL EQUITY AND LIABILITIES	4,141.3	4,358.3

Property, plant and equipment increased as the capital expenditure, the exchange rate impact and the increase in the right-of-use assets and leases outpaced the depreciation.

Intangible assets increased driven by the capital expenditure, the goodwill and intangibles related to the purchase of IMX and Aldipress and the evolution of the exchange rate – mainly impacting the goodwill in USD, partially offset by the depreciation.

The increase in cash and cash equivalents was mainly due to the free cash flow generation of 403.2 mEUR, partially offset by the net cash outflow of investing activities (262.1 mEUR), amongst other due to the payment of dividends in 2022 (98.5 mEUR).

Equity increased mainly explained by the realized profit and the exchange differences on translation of foreign operations, partially offset by the payment of a dividend.

Interests-bearings loans and borrowings increased 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 and was partially offset by the reimbursement of the European Investment Bank loan.

The decrease of employee benefits was mainly caused by the increased discount rates triggering actuarial financial gains.

The assets held for sale and liabilities held for sale should be reviewed together, the net decrease was explained by the sale of bpost bank and Ubiway Retail in the first quarter 2022.

Condensed Consolidated Statement of Cash Flows

	Year-to-date		4th quarter	
In million EUR	2021	2022	2021	2022
Operating activities				
Result before tax	333.7	292.5	96.1	85.8
Depreciation and amortization	267.6	289.3	66.0	72.2
Impairment on debtors	3.3	19.4	1.6	8.9
Result on sale of property, plant and equipment	(15.1)	(2.8)	(5.9)	0.2
Gain on disposal of subsidiaries	(1.6)	0.0	0.0	0.0
Other non-cash items	29.6	19.9	9.4	(7.6)
Change in employee benefit obligations	(19.5)	(48.8)	(4.7)	(17.1)
Remeasurement of assets held for sale at fair value less costs to sell	(12.2)	1.2	(18.5)	0.0
Share of results of associates and joint ventures	0.0	(0.0)	(0.1)	(0.0)
Income tax paid	(78.1)	(74.8)	(3.1)	(1.8)
Income tax paid on previous years	(3.5)	20.5	(3.4)	0.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	504.2	516.4	137.3	140.6
Decrease/(increase) in trade and other receivables	(114.5)	(40.4)	(199.0)	(47.3)
Decrease/(increase) in inventories	(0.2)	1.4	1.3	2.9
Increase/(decrease) in trade and other payables	46.7	(61.6)	205.6	188.0
Increase/(decrease) in collected proceeds due to clients	(37.3)	5.8	2.4	46.4
Increase/(decrease) in provisions	(0.8)	0.9	3.9	3.5
NET CASH FROM OPERATING ACTIVITIES	398.2	422.4	151.6	334.1
Investing activities				
Proceeds from sale of property, plant and equipment	21.9	11.2	8.9	4.9
Disposal of subsidiaries, net of cash disposed of	6.5	121.9	0.0	0.0
Acquisition of property, plant and equipment	(147.5)	(146.1)	(81.0)	(44.5)
Acquisition of intangible assets	(24.6)	(18.3)	(11.6)	(6.9)
Acquisition of share in equity	0.0	(0.1)	0.0	(0.1)
Loan to associate	0.0	25.0	0.0	0.0
Acquisition of subsidiaries, net of cash acquired	(1.3)	(12.8)	(0.0)	0.0
NET CASH USED IN INVESTING ACTIVITIES	(145.0)	(19.2)	(83.8)	(46.6)
Financing activities				
Proceeds from borrowings	60.0	50.0	0.0	0.0
Payments related to borrowings	(231.3)	(63.1)	(6.0)	(9.3)
Interests related to borrowings	(12.6)	(13.5)	(2.6)	(3.1)
Payments related to lease liabilities	(125.2)	(137.0)	(32.4)	(34.7)
Dividends paid	0.0	(98.0)	0.0	0.0
Dividends paid to minority interests	0.0	(0.5)	0.0	(0.5)
NET CASH FROM FINANCING ACTIVITIES	(309.1)	(262.1)	(41.1)	(47.5)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(55.9)	141.1	26.7	240.0
NET FOREIGN EXCHANGE DIFFERENCE	16.9	2.0	6.6	(22.3)
CASH CLASSIFIED AS ASSETS HELD FOR SALE	(1.7)	0.0	0.0	0.0
Cash and cash equivalents less bank overdraft as of 1 January	948.1	907.5		
Cash and cash equivalents less bank overdraft as of 31 December	907.5	1,050.6		
MOVEMENTS BETWEEN 1 JANUARY AND 31 DECEMBER	(40.6)	143.1		

Notes to the Condensed Consolidated Financial Statements

1. Basis for preparation and accounting policies

The 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 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.

bpost has prepared the financial statements on the basis that it will continue to operate as a going concern as there are no material uncertainties and there are sufficient resources to continue operations.

The accounting policies adopted in the preparation of the 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. There are no IFRS standards, amendments or interpretations taking effect for the first time for the financial year beginning 1 January 2022 that have a material impact on the 2022 accounts of bpost.

2. Contingent liabilities and contingent assets

This press release 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 on March 22, 2022, the EU Court of Justice ("ECJ") issued a preliminary ruling on the 2 questions asked by the Brussels Court of Appeal. The Court of Appeal will now have to decide in the light of the answers given by the ECJ. A final decision is not expected before end of 2023.

Furthermore on August 10, 2022, the Chair of the bpost Board of Directors requested the Head of Compliance & Data Protection of bpost, with the support of the Head of Corporate Audit of bpost, to conduct an internal compliance review regarding the then ongoing public tenders of the Belgian State for the distribution of recognized newspapers and periodicals in Belgium[6].

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

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

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

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

6 The Belgian State organized a tendering procedure with respect to the distribution of recognized newspapers and periodicals in Belgium, following which the service concessions were awarded to bpost on October 16, 2015 to provide the services from January 1, 2016 until December 31, 2020. In December 2019, the Belgian government decided to extend the service concessions until December 31, 2022. On September 2, 2021, the European Commission decided not to raise objections to the compensation granted to bpost relating to this extension of the service concessions on the grounds that it is compatible with the internal market. In November 2022, the Belgian government decided to extend the service concessions until December 31, 2023, at the conditions that apply for 2022, as specified in the current concessions. The process of submission of the extension to the European Commission for approval under State aid rules has started.
Under the terms of the extension, the concession can be succeeded by a new concession after 2023. However, based on recent press articles, bpost expects a new tender to be launched. If this is confirmed and if the concession is not awarded to bpost, the addendum extending the current concession agreement provides for a six-month extension, until June 30, 2024, to ensure the transition between the service providers.

On December 9, 2022, the Board of Directors and the CEO decided to mutually terminate their collaboration. Within this context, the collaboration with two other persons within bpostgroup also ended.

Throughout the process, bpost was assisted by external legal counsels and has actively cooperated with the competent authorities in order to preserve its interests.

bpost understands that the Belgian Competition Authority (BCA) has in the meantime opened an investigation and has conducted inspections at the premises of a company active in the press distribution sector and of a press publisher, which are independent of the bpostgroup. bpost also understands that the Belgian government has announced that it would audit the press concession for any overcompensation.

Potential impact

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

i. bpost has fully cooperated with the ongoing investigation of the Belgian Competition Authority, but the risk of the imposition of a fine will depend on the findings made by the Belgian Competition Authority. This risk is currently, subject to further findings of the Belgian Competition Authority, assessed as possible but not probable.
ii. The Belgian Government announced its intention to conduct a Governmental audit into the compensation for the current press concession (2016-2020), which is extended until end 2023 (or mid 2024 if a new tender is launched and attributed to another party than bpost). Whilst the costs associated to the service were reviewed and scrutinized on an ex-ante basis in the context of the European Commission's State aid review and on an ex-post basis by the College des Commissaires as part of the annual approval of the accounts, bpost is currently unable to assess the risks associated to this audit and its potential findings considering that at the time of writing bpost did not yet receive any information regarding the scope of the audit. Any findings of over-compensation could inter alia lead to a claim for reimbursement of a part of the revenues charged for the service.
iii. Considering the self-cleaning measures taken by the Company (i.e. the Company's cooperation with the competent authorities; the severance of all links with persons involved; the strengthening of the Company's bid compliance policy and of the staff formation; the Company's intention to pay compensation in respect of any damage caused; and the implementation of a new tender approval process and a new tender governance), it is probable that contracting authorities will consider that bpost has demonstrated its reliability and will therefore allow bpost to participate in ongoing and future tendering procedures.
    Furthermore, consistent with past practice for similar matters, bpost considers the possibility that contracting authorities would reverse previous award decisions and terminate current contracts or concessions because of the current results of the compliance review to be remote, without prejudice to the potential claims for over-compensation resulting from the Governmental audit.
iv. bpost has also taken measures of cooperation with the public prosecutor so as to reduce any risk of criminal enforcement.

Considering the uncertainty involved with above investigations, bpost deems the exposure of a cash outflows at this moment possible but not probable. bpost is however unable to provide any estimates at this stage.

Given that the current press concession (2016-2020) is extended until end 2023 (or mid 2024 if a new tender is launched and attributed to another party than bpost), there is no significant operational or financial impact expected in 2023 as compared to 2022 (other than as set out above).

As of 2024 and based on recent press articles, bpost expects a new tender to be launched. However, many scenarios exist and based on the information currently available bpost is not capable of making a reliable assessment of the operational and financial impact on 2024 and beyond.

As a new tender has not been launched at the time of writing, 2 scenarios can still be considered:

- New tender is launched: The government has announced its intention to reduce the budget attributed to the press concessions and adapt the tender specifications in function of this reduced budget. bpost will assess, upon receipt of the RFP and its requirements, whether an offer can be submitted that is financially sound. Any such offer would be subject to the customary approval process. bpost judges itself well-placed to win such a tender process, in which case operational and financial impact will depend on the tender specifications.
- In the unlikely event that no new tender is launched and there is no more press concession as of 2024: bpost will, on a commercial basis, work with the editors to define an offer that would make sense given the specificities for newspaper and periodical distribution.

The financial impact of these scenarios depends on many factors, of which the key ones are (i) the requirements included in a potential new tender, (ii) the timing at which bpost has visibility on the scenario and its exact content, (iii) the overall workload across all products in its operations (notably linked to uncertainty on parcel volume development), (iv) the position of editors towards potential commercial solutions offered by bpost or others arising in the market and (v) the outcome of any social negotiations arising from the potential need to restructure the bpost operations. Given the uncertainty on all of these factors, bpost is not able to provide any estimates at this stage.

3. Events after the reporting period

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

Alternative Performance Measures (unaudited)

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

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

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

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

Definitions:

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

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

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

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

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

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

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

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

Evolution Parcels 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			4th quarter		
In million EUR	2021	2022	Change %	2021	2022	Change%
Total operating income	4,335.1	4,397.5	1.4%	1,299.7	1,301.6	0.1%
Sale of The Mail Group (1)	(1.4)	0.0	-100.0%	0.0	0.0	-
ADJUSTED TOTAL OPERATING INCOME	4,333.7	4,397.5	1.5%	1,299.7	1,301.6	0.1%

OPERATING EXPENSES

	Year-to-date			4th quarter		
In million EUR	2021	2022	Change %	2021	2022	Change%
Total operating expenses excluding depreciation, amortization	(3,729.5)	(3,844.9)	3.1%	(1,148.7)	(1,158.5)	0.8%
Sale of The Mail Group (1)	0.0	2.5	-	0.0	2.5	-
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	(3,729.5)	(3,842.4)	3.0%	(1,148.7)	(1,155.9)	0.6%

EBITDA

	Year-to-date			4th quarter		
In million EUR	2021	2022	Change %	2021	2022	Change%
EBITDA	605.6	552.6	-8.8%	151.0	143.2	-5.2%
Sale of The Mail Group (1)	(1.4)	2.5	-	0.0	2.5	-
ADJUSTED EBITDA	604.2	555.1	-8.1%	151.0	145.7	-3.5%

EBIT

	Year-to-date			4th quarter		
In million EUR	2021	2022	Change%	2021	2022	Change%
Result from operating activities (EBIT)	338.0	263.3	-22.1%	84.9	71.0	-16.4%
Sale of The Mail Group (1)	(1.4)	2.5	-	0.0	2.5	-
Non-cash impact of purchase price allocation (PPA) (3)	12.8	12.6	-1.2%	3.2	3.4	8.3%
ADJUSTED RESULT FROM OPERATING ACTIVITIES (EBIT)	349.3	278.5	-20.3%	88.1	77.0	-12.7%

RESULT FOR THE PERIOD (EAT)

	Year-to-date			4th quarter		
In million EUR	2021	2022	Change %	2021	2022	Change%
Result for the period	250.2	231.7	-7.4%	81.1	77.8	-4.1%
Sale of The Mail Group (1)	(1.4)	2.5	-	0.0	2.5	-
Remeasurement of assets held for sale at fair value less costs to sell (2)	(12.2)	1.2	-	(18.5)	0.0	-100.0%
Non-cash impact of purchase price allocation (PPA) (3)	9.9	9.6	-3.5%	2.5	2.6	0.7%
ADJUSTED RESULT OF THE PERIOD	246.6	245.0	-0.7%	65.3	83.0	27.1%

(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 1.4 mEUR in 2021 corresponded to the gain on the disposal of the activities, finalised in the fourth quarter of 2021. As part of the transaction, bpost US Holdings issued a subordinated seller note to Mail Services Inc, amounting to 2.5 mUSD. As in 2022 a part of the due amount was not redeemed, the total seller note of 2.5mUSD was fully reserved for and 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 started up in 2021 and finalised the sales process of Ubiway Retail in 2022. As the fair value less costs to sell of Ubiway Retail was lower than the carrying value an initial write down of 7.4 mEUR in 2021 was recorded and an additional write down of 1.0 mEUR was recorded in 2022.

In 2020 bpost and BNP Paribas Fortis (BNPPF) announced a non-binding agreement on the future long-term partnership of bpost bank NV/SA, including the sale of participation from bpost to BNPPF. In 2020 the investment in bpost bank had been classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell, hence an impairment loss of 141.6 mEUR based upon the best estimate of bpost at that time had been recognized in 2020. In 2021 the agreement has been finalised and on January 3, 2022 the transaction was completed after having obtained the regulatory approvals. At year-end 2021 in line with IFRS 36.110, bpost assessed that the impairment loss recognised in 2020 had decreased and bpost estimated the recoverable amount to be 119.5 mEUR, hence a reversal on the impairment loss of 19.5 mEUR has been recognized. Furthermore as 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.

(3) 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.

Reconciliation of reported free cash flow and adjusted free cash flow

	Year-to-date			4th quarter		
In million EUR	2021	2022	Change %	2021	2022	Change %
Net Cash from operating activities	398.2	422.4	6.1%	151.6	334.1	
Net Cash used in investing activities	(145.0)	(19.2)	-86.8%	(83.8)	(46.6)	-44.4%
FREE CASH FLOW	253.2	403.2	59.2%	67.8	287.5	
Collected proceeds due to Radial's clients	37.3	(5.8)	-115.6%	(2.4)	(46.4)	
ADJUSTED FREE CASH FLOW	290.5	397.4	36.8%	65.4	241.1	

Forward Looking Statements

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

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

Glossary

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