bpostgroup delivers results in line with both initial and reinstated guidance.
Successful peak execution and productivity gains across businesses drive resilience amid revenue pressures in North America.
Strong Asian volumes mitigate soft market backdrop in Belgium and Eurasia.

Fourth quarter 2023 highlights

- Group operating income at 1,217.2 mEUR, a decrease of -84.4 mEUR (-6.5%) compared to last year.
- Group adjusted EBIT at 74.1 mEUR (margin of 6.1%) down by -3.7% compared to last year. Operationally flat year-over-year when excluding repricing services to the Belgian State[1]. Group reported EBIT at 70.9 mEUR, in line with last year.
- Belgium
    - Total operating income at 603.0 mEUR up by +3.0%.
    - Underlying mail volume decline of -8.1%, offset by positive mail price/mix impact.
    - Parcels volumes increased by +3.4% and price/mix impact of +3.2%.
    - Opex increase (+3.5%), mainly driven by salary indexations.
    - Adjusted EBIT at 36.7mEUR (6.1% margin) and reported EBIT at 36.6 mEUR, both including -2.5 mEUR impact of repricing services to the Belgian State.
- E-Logistics Eurasia
    - Total operating income at 187.5 mEUR (+8.2%) driven by continued expansion of Radial EU and Active Ants (+12.7%) and higher Cross-Border sales reflecting growth from existing and recent customer wins in Asia.
    - Opex increase (+2.8%) from higher transport costs in line with volume development and mix, partially offset by lower payroll and interim costs.
    - Adjusted EBIT at 13.3 mEUR (7.1% margin) and reported EBIT at 12.4 mEUR.
- E-Logistics North America
    - Total operating income at 459.5 mEUR, -18.4% (-14.2% at constant exchange rate), reflecting lower volumes at Radial and Landmark US.
    - Lower Opex (-15.5% excluding exchange rate impact) from lower variable costs including continued strong labor management and productivity gains during peak.
    - Adjusted EBIT at 34.4 mEUR (7.5% margin) and reported EBIT at 32.2 mEUR.
- For the full year 2023, group adjusted EBIT of 248.5 mEUR is in line with both initial and reinstated guidance. bpostgroup delivers annual results driven by parcel volume development, pricing levers and enhance productivity, despite North American market headwinds and compliance reviews impacts.
- In line with the dividend policy, the Board of Directors will propose a total dividend per share of EUR 0.13 gross – based upon 40% IFRS net profit pay-out ratio. Dividend will be payable in May 2024 after approval of the General Shareholders' meeting.

[1] See disclosure "Update on bpostgroup compliance reviews", dated 22 September 2023

CEO quote

Chris Peeters, CEO of bpostgroup: "*I am proud of the dedication and commitment of our teams across the globe, which led to the successful execution of the end-of-year peak. Our collective effort and resilience enabled us to achieve both our initial and reinstated financial guidance, despite encountering various obstacles along the way.*

We are ready to embrace the future with optimism. We have some important challenges ahead, as achieving agreements with the governmental services on last year's compliance audits and working towards a positive outcome for the future of press distribution in Belgium together with the Belgian editors.

In the meantime, I also want to focus on the things we fully control: increasing our quality, our customer centricity and speeding up the digitization and innovation within the group. A major transformation is necessary to strengthen our company for the future and that is our priority in the next months and years."

CEO first observations and Strategic initiatives

Initial observations underpin the need for a large-scale transformation of the company in order to address the challenges posed by managing a declining historic business which is currently insufficiently compensated by recent diversification efforts.

The ambition is to become a regional leader in the parcel-size logistics market, in Belgium leading the B2C and parcel-sized B2B logistics, and internationally as a leading Third-Party Logistics (3PL) player, focused on defendable high value market segments, while managing the historical business for profit.
This ambition will be further developed in the coming months. The vision for bpostgroup and the strategy to be pursued will be validated with the Board of Directors in the coming months and communicated by year-end.

In the meantime, the Management continues to execute on existing priorities and has also already activated selected key strategic initiatives in light of the vision that is emerging for the group:

At Group level

- Portfolio restructuring, including M&A ambitions, to reallocate resources towards logistics activities of higher value and enabling higher synergies.
- Complete and reinforce bpostgroup leadership team (including the commercial and digital functions that have been created recently).
- Implement a leadership model across the group to support the transformation agenda.

At Belgium level

- Develop commercial offers for future press distribution.
- Clarify the future operating model (network design, organizational and social models) in view of latest volume projections.
- Defend mail through registered mail enhanced experience
- Develop PUDO and parcel lockers strategy.
- Pilot the B2B parcel-logistic market and explore new business opportunities.
- Develop an E2E total quality management program to build a truly distinctive service experience for customers and further shift quality culture across the company.

At E-Logistics Eurasia and North America level

- Continue the topline growth for Radial and Active Ants in Europe.
- Radial US: differentiate the positioning and offering (click-to-door) with a focus on mid-sized growing brands, to mitigate overcapacity in the market.
- Cross border: pursue activities expansion by developing new lanes and building strategic partnerships.

Outlook for 2024

Pending operational and financial outcomes of ongoing commercial discussions with the involved press stakeholders, bpostgroup is not in a position today to guide on a group EBIT guidance for the year 2024. In the meantime the following divisional guidance is provided.

Excluding Press revenues, the group's total operating income for 2024[2,3] is expected to remain stable compared to 2023.

Belgium

- Slightly higher total operating income, excluding press revenues[2], notably driven by:
    - Mail (excluding Press): an underlying volume decline of 6 to 8% mitigated by a price / mix impact of 4 to 5%
    - Parcels: a high single digit percentage volume growth and low single digit percentage price/mix impact
- 6 to 8% adjusted EBIT margin prior to any Press impact. Margin range to be confirmed once further clarity is obtained on future press distribution. EBIT margin will reflect higher costs due to salary indexation and cost inflation, partly offset by continued ambition in productivity gains and 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
    - Continued growth of Cross-Border Commercial activities including development of new lanes
- 5 to 7% adjusted EBIT margin reflecting strong productivity gains at Radial Europe and Active Ants, mitigating negative mix effect at Cross-Border, higher FTEs and cost inflation.

E-Logistics North America

- High single digit percentage decline in total operating income[3], reflecting:
    - Radial US net volume loss from client churn and client concessions in the context of adverse market conditions
    - New Cross-Border lanes and customer wins at Landmark Global
- 4 to 6% adjusted EBIT margin, with topline pressure mitigated by continued Variable Contribution Margin (VCM) rate improvements and substantial efforts to further reduce SG&A and other costs.

Group EBIT will include a decline in EBIT at Corporate level from discontinuation of building sales and higher opex from compliance and strategic initiatives.

Group capex is expected to be around 180 mEUR.

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[2] Press revenues of 349.6 mEUR in 2023, of which 255.1 mEUR tied to Press concession (including 163.4 mEUR from Belgian State) and 94.5 mEUR from AMP and Aldipress. On December 12, 2023 the Belgian State decided to withdraw the future press concession and to extend the current concession until June 30, 2024 with a budget of 75.0 mEUR.
[3] Assuming EUR/USD at 1.09 for 2024

Key figures[4]

4th quarter (in million EUR)	Reported		Adjusted		
	2022	2023	2022	2023	% Δ
Total operating income	1,301.6	1,217.2	1,301.6	1,217.2	-6.5%
Operating expenses (excl. D&A)	1,158.5	1,063.6	1,155.9	1,063.6	-8.0%
EBITDA	143.2	153.6	145.7	153.6	5.4%
Depreciation and amortization	72.2	82.7	68.8	79.6	15.7%
EBIT	71.0	70.9	77.0	74.1	-3.7%
Margin (%)	*5.5%*	*5.8%*	*5.9%*	*6.1%*	
Result before tax	85.8	43.0	91.8	46.1	-49.8%
Income tax expense	8.0	10.5	8.8	11.6	30.9%
Net result	77.8	32.4	83.0	34.6	-58.3%
FCF	287.5	110.4	241.1	75.9	-68.5%
Net debt/(Net cash) at 31 December	437.8	420.5	437.8	420.5	-3.9%
CAPEX	51.4	48.1	51.4	48.1	-6.5%
Average FTE & Interims	42,469	39,374	42,469	39,374	-7.3%

Year-to-date (in million EUR)	Reported		Adjusted		
	2022	2023	2022	2023	% Δ
Total operating income	4,397.5	4,272.2	4,397.5	4,272.2	-2.9%
Operating expenses (excl. D&A)	3,844.9	3,794.4	3,842.4	3,719.4	-3.2%
EBITDA	552.6	477.8	555.1	552.8	-0.4%
Depreciation and amortization	289.3	317.0	276.6	304.3	10.0%
EBIT	263.3	160.8	278.5	248.5	-10.8%
Margin (%)	*6.0%*	*3.8%*	*6.3%*	*5.8%*	
Result before tax	292.5	119.2	308.9	206.9	-33.0%
Income tax expense	60.8	54.5	63.9	59.0	-7.7%
Net result	231.7	64.8	245.0	147.9	-39.6%
FCF	403.2	223.8	397.4	220.7	-44.5%
Net debt/(Net cash) at 31 December	437.8	420.5	437.8	420.5	-3.9%
CAPEX	164.4	154.7	164.4	154.7	-5.9%
Average FTE & Interims	39,285	37,782	39,285	37,782	-3.8%

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

Group overview

Fourth quarter 2023

Compared to last year, total operating income decreased by -84.4 mEUR or -6.5% to 1,217.2 mEUR, mainly driven by:

- E-Logistics North America external operating income decreased by -105.3 mEUR, reflecting revenue pressure in a North American market that remains difficult.
- In line with lower sales buildings, Corporate external operating income decreased by -3.3 mEUR,

partially compensated by:

- External operating income of Belgium which increased by +10.8 mEUR, driven by parcel volume growth and beneficial price/ mix across mail and parcels.
- External operating income of E-Logistics Eurasia increased by +13.5 mEUR mainly driven strong Cross-Border revenue growth from recent customer wins and IMX, and continued momentum in e-commerce fulfilment.

Operating expenses (including D&A) decreased by +84.4 mEUR (or -6.9%) to 1,146.3 mEUR, mainly resulting from lower variable opex in line with revenue development, continued strong variable labor management and productivity gains at E-Logistics North America. This decrease was partially offset by higher payroll cost per FTE (in Belgium 3 salary indexations year-over-year) and higher depreciation.

Reported EBIT amounted to 70.9 mEUR, in line with last year (-0.1 mEUR). Preserved EBIT margin amid adverse US market conditions and revenue pressure, driven by strong variable labor management.

Net financial result (i.e. net of financial income and financial costs) amounted to -28.0 mEUR and decreased by -42.8 mEUR mainly due to last year's non-cash positive financial result related to IAS 19 employee benefits triggered by the significant increase in discount rates at that time and the reassessment in 2022 of the contingent liability related to the remaining shares of Active Ants, which triggered a gain of 14.3 mEUR at that time.

Income tax expenses amounted to 10.5 mEUR and increased by -2.5 mEUR compared to last year.

Group net profit at 32.4 mEUR and decreased by -45.4 mEUR compared to last year, mainly driven by the non-cash financial result.

Full year 2023

Compared to last year, total operating income decreased by -125.3 mEUR or -2.9% to 4,272.2 mEUR, driven by E-Logistics North America.

- External operating income Belgium increased by +53.8 mEUR or +2.5%. Excluding the deconsolidation of Ubiway Retail (-21.6 mEUR) operating income increased by +75.4mEUR. This increase was driven by the parcels volume increase of +6.3% and price/mix impact of +4.8%. Furthermore the underlying mail volume decline of -8.4% was offset by the positive price/mix impact.
- External operating income of E-Logistics Eurasia increased by +50.3 mEUR or +8.5%, mainly driven by higher Cross-Border sales mainly reflecting growth from existing and new customers in Asia and the continued expansion of Radial Europe and Active Ants (+15.1%).
- E-Logistics North America external operating income decreased by -225.9 mEUR or -13.6%, at constant exchange rate revenues decreased by -11.0% reflecting lower volumes at Radial and Landmark US (Amazon insourcing).
- Corporate external operating income decreased by -3.5 mEUR in line with lower building sales.

Operating expenses (including D&A) decreased by +22.8 mEUR or -0.6% to 4,111.4 mEUR. Excluding the provision related to overcompensation operating expenses (including D&A) decreased by +97.8 mEUR. This decrease mainly driven by lower opex in line with revenue development E-Logistics North America, last year's bad debt provision at Radial US and the deconsolidation of Ubiway Retail triggering lower material costs. This decrease was partially offset by higher payroll cost (impact inflation, despite decreased FTE), lower recoverable VAT and higher depreciation.

Reported EBIT amounted to 160.8 mEUR and decreased by -102.5 mEUR compared to last year. Excluding the provision related to overcompensation reported EBIT decreased by -27.5 mEUR. Adjusted EBIT (amongst other adjusted for the provision related to overcompensation) amounted to 248.5 mEUR and decreased by -30.0 mEUR or -10.8% compared to last year.

Net financial result (i.e. net of financial income and financial costs) amounted to -41.6 mEUR and decreased by -71.9 mEUR mainly due to last year's non-cash positive financial result related to IAS 19 employee benefits triggered by the significant increase in discount rates at that time. Year-over-year impact of non-cash financial results related to IAS 19 employee benefits amounted to -65.6 mEUR.

Last year's remeasurement of assets held for sale at fair value less costs to sell of -1.2 mEUR related to an additional write down for the sale of Ubiway Retail and bpost bank of respectively 1.0 mEUR and 0.2 mEUR.

Income tax expense amounted to 54.5 mEUR and decreased by +6.4 mEUR compared to last year mainly due to the lower profit before tax. Note that the provision for overcompensation is already net of corporate income taxes; the provision – except for the compound interest – is not tax deductible.

Group net profit at 64.8 mEUR and decreased by -166.9 mEUR compared to last year, to a large extent due to the provision for overcompensation and the lower financial result.

Business Unit performance: Belgium

Belgium	Year-to-date			4th quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Transactional mail	731.5	747.1	2.1%	184.5	189.6	2.7%
Advertising mail	187.1	179.0	-4.3%	48.7	48.6	-0.2%
Press	345.9	349.6	1.1%	94.6	89.2	-5.7%
Parcels Belgium	449.1	499.1	11.1%	134.9	143.8	6.6%
Proximity and convenience retail network	302.0	292.1	-3.3%	73.6	76.2	3.5%
Value added services	124.9	132.5	6.0%	33.5	33.5	-0.2%
Intersegment operating income & other	52.7	66.3	25.8%	15.6	22.2	42.1%
TOTAL OPERATING INCOME	2,193.3	2,265.7	3.3%	585.4	603.0	3.0%
Operating expenses	1,914.5	2,070.5	8.1%	525.3	543.7	3.5%
EBITDA	278.7	195.2	-30.0%	60.1	59.3	-1.4%
Depreciation, amortization (reported)	81.0	87.6	8.2%	18.7	22.7	21.7%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	197.8	107.6	-45.6%	41.4	36.6	-11.8%
Margin (%)	*9.0%*	*4.7%*		*7.1%*	*6.1%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	198.3	183.1	-7.7%	41.6	36.7	-11.8%
Margin (%)	*9.0%*	*8.1%*		*7.1%*	*6.1%*	

Fourth quarter 2023

Total operating income in the fourth quarter 2023 amounted to 603.0 mEUR and showed an increase of +17.6 mEUR or +3.0%, driven by strong parcels volumes and resilient mail revenues. Additionally, intersegment revenues increased from inbound cross-border volumes handled in the domestic network, partially offset by -2.5 mEUR impact (within "other revenue", annualized -10.0 mEUR) of repricing services (license plates, 679 accounts and traffic fines) to the State.

Revenues from **Domestic mail** (i.e. Transactional, Advertising and Press combined) slightly decreased by -0.4 mEUR to 327.4 mEUR. **Transactional mail** noted an underlying volume decline of -9.2% for the quarter, against -6.7% for the same period of last year and was more than offset by the price/mix increase. **Advertising mail** had an underlying volume decrease of -8.7%, almost offset by the price/mix impact. **Press** volume decreased on an underlying basis by -11.2%.
Stable **Domestic mail revenues** as the volume decrease impacted revenues by -25.1 mEUR (-8.1% underlying volume decline against -7.5% in the fourth quarter of 2022) and was compensated by +24.7 mEUR net improvement in price and mix.

Belgium	Year-to-date		4th quarter	
Evolution underlying volumes	2022	2023	2022	2023
Domestic mail	-6.8%	-8.4%	-7.5%	-8.1%
Transactional mail	-6.5%	-9.2%	-6.7%	-9.2%
Advertising mail	-6.9%	-11.9%	-11.6%	-8.7%
Press excl. Aldipress	-8.4%	-9.4%	-5.4%	-11.2%
Parcels volume	-7.5%	+6.3%	+1.5%	+3.4%

Parcels Belgium increased by +8.9 mEUR (or +6.6%) to 143.8 mEUR resulting from parcels volume growth of +3.4% against high comps of the fourth quarter 2022 (+1.5% or +7.5% excluding Amazon's insourcing) and reflecting phase out of Commercial Hunting Plan 2022. Negative volume trend from market slowdown in December. Price/mix contributed +3.2% to the revenue increase.

Proximity and convenience retail network increased by +2.6 mEUR to 76.2 mEUR. mainly driven by the indexation of the 7th Management Contract.

Value added services amounted to 33.5 mEUR and are in line with last year, stable revenues from fine solutions.

Operating expenses (including D&A) increased by -22.5 mEUR (or +4.1%). This increase was mainly driven by higher payroll and interim costs per FTE (+4.0% from 3 salary indexations year-over-year), stable FTE despite higher parcel volumes.

Reported EBIT and adjusted EBIT decreased by -4.9 mEUR and amounted respectively to 36.6 mEUR and 36.7 mEUR with a margin of 6.1% compared to 7.1% last year. Limited decrease as strong domestic and inbound parcels, stable FTE and productivity during peak mitigate inflation of payroll costs.

Full year 2023

Total operating income in 2023 amounted to 2,265.7 mEUR and showed an increase of 72.4 mEUR or +3.3%, driven by strong parcel volumes, resilient mail revenues, indexation 7th Management Contract and higher intersegment revenues from inbound cross-border volumes handled in the domestic network. This increase was partially offset by -10.0 mEUR impact (within "other revenue") of 2023 repricing of license plates, 679 accounts and traffic fines services to the State and the deconsolidation of Ubiway Retail (-21.6 mEUR).

Revenues from Domestic mail (i.e. Transactional, Advertising and Press combined) increased by +11.3 mEUR to 1,275.8 mEUR. Transactional mail noted an underlying volume decline of -9.2% for the year compared to -6.5% underlying volume decline for the year 2022. In 2022 Admin mail was supported by COVID-19 communication (estimated at 11.0 mEUR). Advertising mail, driven by continued market pressure, faced an underlying volume decrease of -11.9% against -6.9% for last year. Press revenues increased by +3.8 mEUR, supported by the integration of the Dutch press distributor Aldipress acquired September 30, 2022.

Total Domestic mail volume decrease impacted revenues by -101.8 mEUR (-8.4% underlying volume decline against -6.8% in 2022) and was more than compensated by +99.7 mEUR net improvement in price and mix and by +13.4m EUR from the integration of Aldipress on 30 September 2022.

Belgium Evolution underlying volumes	1Q22	2Q22	3Q22	4Q22	FY22	1Q23	2Q23	3Q23	4Q23	FY 23
Domestic mail	-5.4%	-7.5%	-7.7%	-7.5%	-6.8%	-8.8%	-8.3%	-8.2%	-8.1%	-8.4%
Transactional mail	-5.8%	-8.2%	-6.2%	-6.7%	-6.5%	-9.9%	-8.5%	-9.2%	-9.2%	-9.2%
Advertising mail	-2.3%	-2.4%	-11.1%	-11.6%	-6.9%	-11.8%	-14.8%	-12.3%	-8.7%	-11.9%
Press excl Aldipress	-7.1%	-10.8%	-10.5%	-5.4%	-8.4%	-9.5%	-3.7%	-7.9%	-11.2%	-9.4%
Parcels	-14.8%	-12.9%	-3.8%	+1.5%	-7.5%	+9.1%	+7.8%	+5.5%	+3.4%	+6.3%

Parcels Belgium increased by +50.0 mEUR (or +11.1%) to 499.1 mEUR resulting from parcels volume increase of +6.3%, against -7.5% in 2022 reflecting the successful Commercial Hunting Plan 2022, and price/mix improvement of +4.8%. 2022 volumes were impacted by Amazon's insouring, excluding this insourcing underlying volume increased by +1.0%.

Proximity and convenience retail network decreased by -9.9 mEUR to 292.1 mEUR. This decrease was mainly driven by the deconsolidation impact of Ubiway Retail as of the 1st March 2022 (-21.6 mEUR impact). Excluding the deconsolidation, revenues increased by +11.7 mEUR mainly driven by the indexation of the 7th Management Contract.

Value added services amounted to 132.5 mEUR and showed an increase of +7.5 mEUR (or +6.0%) versus last year due to higher revenues from fines solutions.

Operating expenses (including D&A) increased by -162.6 mEUR or +8.1%. This increase was by mainly driven by the provision related to overcompensation (-75.0 mEUR), higher payroll and interim costs per FTE (due to salary indexations) and lower recoverable VAT, partially offset by lower material costs given the deconsolidation of Ubiway Retail.

Reported EBIT decreased by -90.2 mEUR mainly due to the provision for overcompensation. Adjusted EBIT decreased by -15.2 mEUR with a margin of 8.1%, slight decrease of EBIT when excluding the impact repricing services (-10.0 mEUR).

Business Unit performance: E-Logistics Eurasia

E-Logistics Eurasia	Year-to-date			4th quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
E-commerce logistics	273.0	291.1	6.6%	75.1	79.4	5.7%
Cross-Border	317.5	349.5	10.1%	91.2	100.6	10.3%
Intersegment operating income & other	23.6	27.8	17.8%	7.0	7.5	7.0%
TOTAL OPERATING INCOME	614.1	668.3	8.8%	173.3	187.5	8.2%
Operating expenses	561.5	597.4	6.4%	160.7	165.2	2.8%
EBITDA	52.6	70.9	34.9%	12.6	22.3	76.9%
Depreciation, amortization (reported)	28.3	36.5	28.9%	8.2	9.9	21.1%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	24.3	34.4	41.9%	4.4	12.4	179.8%
Margin (%)	*4.0%*	*5.2%*		*2.6%*	*6.6%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	27.4	37.9	38.1%	5.4	13.3	144.0%
Margin (%)	*4.5%*	*5.7%*		*3.1%*	*7.1%*	

Fourth quarter 2023

Total operating income increased by +14.2 mEUR (+8.2%) driven by strong Cross-Border revenue growth from recent customer wins and IMX, and continued momentum in e-commerce fulfilment.

E-commerce logistics operating income in the fourth quarter 2023 amounted to 79.4 mEUR, an increase of +4.3 mEUR or +5.7% compared to the same period of 2022. Revenue growth of Radial Europe and Active Ants of +12.7% reflecting higher sales from new customer onboardings in existing sites, international expansion and upselling from existing customers, partially offset by lower volumes across all Dyna lines, only partially mitigated by price indexations.

Cross-Border operating income in the fourth quarter 2023 amounted to 100.6 mEUR, an increase of +9.4 mEUR (or +10.3%) compared to the same period of 2022, mainly driven by new customers and continued growth from recent customers wins in Asia and growth at IMX, partially offset by continued adverse UK market conditions.

Operating expenses (including D&A) were up -6.2 mEUR or +3.7%, mainly explained by higher volume driven transport costs with favorable mix tied to volumes with destination Belgium (opex charged by Belgium) and lower payroll costs, with inflationary pressures offset by lower FTE and improved automation and productivity.

Improved profitability fueled by favorable mix at Cross-Border and productivity gains, hence reported EBIT increased by +8.0 mEUR and adjusted EBIT increased by +7.8 mEUR and amounted respectively to 12.4 mEUR and 13.3 mEUR.

Full year 2023

Total operating income increased by +54.2 mEUR or +8.8%.

E-commerce logistics operating income in 2023 amounted to 291.1 mEUR, an increase of +18.1 mEUR or +6.6% compared to the same period of 2022. The revenue growth of Radial Europe and Active Ants of +15.1%, mainly from increased sales of existing customers and new customer onboardings from international expansion, partially offset by lower volumes across all Dyna lines which are only partially mitigated by price indexations.

Cross-Border operating income in 2023 amounted to 349.5 mEUR, an increase of +32.0 mEUR or +10.1% compared to the same period of 2022. This increase was mainly driven by IMX growth and consolidation as from July 2022 and furthermore customer wins in Asia, partially offset by adverse UK market conditions.

Operating expenses (including D&A) were up by -44.0 mEUR or +7.5%, reflecting higher transport costs in line with higher E-commerce logistics and Cross-border activities (including IMX integration) with favorable mix tied to volumes with destination

Belgium (opex charged by Belgium), higher payroll costs from inflation mitigated by lower FTE and improved automation and productivity, higher depreciation and E-commerce logistics expansion related expenses.

Reported EBIT increased by +10.2 mEUR and adjusted EBIT increased by +10.4 mEUR compared to last year same period and amounted respectively to 34.4 mEUR and 37.9 mEUR. This improved profitability over the year was fueled by topline growth, favorable mix at Cross-Border and productivity gains.

Business Unit performance: E-Logistics North America

E-Logistics North America	Year-to-date			4th quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
E-commerce logistics	1,655.9	1,428.3	-13.7%	561.2	455.5	-18.8%
Intersegment operating income & other	5.7	10.2	78.4%	1.9	4.0	112.4%
TOTAL OPERATING INCOME	1,661.6	1,438.4	-13.4%	563.1	459.5	-18.4%
Operating expenses	1,481.5	1,270.0	-14.3%	498.9	398.8	-20.1%
EBITDA	180.2	168.4	-6.5%	64.2	60.7	-5.5%
Depreciation, amortization (reported)	104.7	111.9	6.9%	25.9	28.5	9.9%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	75.4	56.5	-25.1%	38.3	32.2	-15.8%
Margin (%)	*4.5%*	*3.9%*		*6.8%*	*7.0%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	86.9	65.2	-25.0%	43.1	34.4	-20.2%
Margin (%)	*5.2%*	*4.5%*		*7.7%*	*7.5%*	

Fourth quarter 2023

Total operating income amounted to 459.5 mEUR and decreased by -103.6 mEUR or -18.4% (-14.2% at constant exchange rate), revenue pressure in a North American market that remains difficult.

E-commerce logistics decreased by -105.7 mEUR to 455.5 mEUR or -18.8%. At constant exchange rate operating income decreased by -14.6%. On the one hand, Radial recorded lower revenues (-16.5% at constant exchange rate) resulting from lower sales from existing customers, partially offset by the contribution of new customers, mitigating revenue churn from terminated contracts announced in 2022 and 2023. On the other hand, Landmark US recorded lower revenues reflecting Amazon's insourcing and general competitive pressure.

Radial North America (*)	Year-to-date		4th quarter	
In million USD (Adjusted)	2022	2023	2022	2023
Total operating income	1,403.9	1,250.6	479.6	400.5
EBITDA	127.5	128.1	51.2	46.7
Profit from operating activities (EBIT)	44.1	36.2	31.9	23.3

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

Operating expenses (including D&A) decreased by +97.5 mEUR or -18.6%, at constant exchange rate, costs decreased by -14.4% resulting from lower variable opex in line with revenue development and continued strong variable labor management and productivity gains, resulting from improved variable contribution margin at Radial (+5% year-over-year).

Reported EBIT amounted to 32.2 mEUR down by -6.1 mEUR (or -15.8%) with a margin of 7.0%, **adjusted EBIT** amounted to 34.4 mEUR (down by -8.7 mEUR or -20.2%) with a margin of 7.5%. Preserved EBIT margin amid adverse market conditions and revenue pressure, driven by enhanced efficiency across all subsidiaries.

Full year 2023

Total operating income amounted to 1,438.4 mEUR and decreased by -223.2 mEUR, or -13.4% (-10.7% at constant exchange rate), mainly driven by lower revenues at Radial.

E-commerce logistics decreased by -227.6 mEUR to 1,428.3 mEUR or -13.7% (-11.0% at constant exchange rate) due to lower revenues at Radial (-10.9% at constant exchange rate) resulting from lower sales from existing customers, partially offset by the contribution of new customers mitigating revenue churn from terminated contracts announced in 2022 and 2023. Furthermore lower revenues at Landmark US reflecting Amazon's insourcing and the general competitive pressure.

Operating expenses (including D&A) decreased by -204.2 mEUR or -12.9%, or -10.1% at constant exchange rate resulting from last year's provision of 7.1 mEUR following a dispute with a terminated customer and lower variable opex in line with revenue development, continued strong variable labor management and productivity gains, resulting in an improved variable contribution margin at Radial (+4% year-over-year). Radial's structural efficiency gains and improved peak execution has translated into 5 consecutive years of steady EBITDA margin expansion, from 3.1% in 2019 to 10.2% in 2023.

Reported EBIT amounted to 56.5 mEUR down by -18.9 mEUR with a margin of 3.9% compared to a margin of 4.5% last year. Adjusted EBIT amounted to 65.2 mEUR (down by -21.7 mEUR) with a margin of 4.5% compared to a margin of 5.2% last year. Preserved EBIT margin amid adverse market conditions and revenue pressures, mainly driven by efficiency gains at Radial.

Business Unit performance: Corporate

Corporate	Year-to-date			4th quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
External operating income	10.5	7.0	-33.3%	4.4	1.0	-76.3%
Intersegment operating income	393.7	430.8	9.4%	98.8	112.2	13.6%
TOTAL OPERATING INCOME	404.2	437.8	8.3%	103.2	113.3	9.7%
Operating expenses	363.0	394.5	8.7%	97.0	101.9	5.1%
EBITDA	41.1	43.3	5.2%	6.3	11.4	82.0%
Depreciation, amortization (reported)	75.2	81.0	7.6%	19.4	21.6	11.3%
RESULT FROM OPERATING ACTIVITIES (EBIT Reported)	(34.1)	(37.7)	10.5%	(13.2)	(10.2)	-22.3%
Margin (%)	*-8.4%*	*-8.6%*		*-12.8%*	*-9.0%*	
RESULT FROM OPERATING ACTIVITIES (EBIT Adjusted)	(34.1)	(37.7)	10.5%	(13.2)	(10.2)	-22.3%
Margin (%)	*-8.4%*	*-8.6%*		*-12.8%*	*-9.0%*	

Fourth quarter 2023

External operating income in the fourth quarter 2023 decreased by -3.3 mEUR compared to last year in line with lower sales buildings.

Lower net operating expenses (including D&A) (-6.3 mEUR) after intersegment, reflecting amongst other inflationary pressure on payroll costs (+4.0% from 3 salary indexations) mitigated by continued efforts on overhead reduction (-4.4% FTE) and operational actuarial gains on IAS 19 employee benefits due to fewer indexations than initially foreseen; partially offset by increased compliance reviews related costs, transformation costs and higher depreciation.

Reported & adjusted EBIT at -10.2 mEUR up by +2.9 mEUR.

Full year 2023

External operating income decreased by -3.5 mEUR in 2023 driven by lower building sales.

Increase in operating expenses (including D&A) by -37.2 mEUR or +8.5%. Reflecting amongst other inflationary pressure on payroll costs (+7.0% from 7 salary indexations in the period 2022-2023), partially mitigated by continued efforts on overhead reduction (-5.3% FTE), increased compliance reviews related costs, transformation costs and higher depreciation.

Reported & adjusted EBIT at -37.7 mEUR down by -3.6 mEUR, mainly driven by lower sales buildings.

Cash flow statement

Fourth quarter 2023

4th quarter (in million EUR)	Reported			Adjusted		
	2022	2023	Δ	2022	2023	Δ
Cash flow from operating activities	334.1	160.3	(173.8)	287.7	125.8	(161.9)
out of which CF from operating activities before Δ in WC & provisions	140.6	122.3	(18.2)	140.6	122.3	(18.2)
Cash flow from investing activities	(46.6)	(49.8)	(3.3)	(46.6)	(49.8)	(3.3)
Free cash flow	287.5	110.4	(177.1)	241.1	75.9	(165.2)
Financing activities	(47.5)	(203.9)	(156.4)	(47.5)	(203.9)	(156.4)
Net cash movement	240.0	(93.5)	(333.5)	193.6	(128.0)	(321.6)
Capex	51.4	48.1	(3.3)	51.4	48.1	(3.3)

In the fourth quarter 2023, the net cash flow decreased compared to the same period last year by 333.5 mEUR, mainly driven last year's payment schedule of the SGEI compensation and the deferred payment of withholding tax on payroll, furthermore in the fourth quarter of 2023 the maturing 185 mUSD term loan has been repaid.

Reported and adjusted free cash flow amounted respectively to 110.4 mEUR and 75.9 mEUR.

Cash flow from operating activities before change in working capital and provisions remained more or less stable compared to the fourth quarter 2022 as the EBITDA increase (+10.5 mEUR) was offset by higher income taxes paid (-18.7 mEUR).
Cash inflow related to collected proceeds due to Radial's clients was 11.9 mEUR lower (34.5 mEUR inflow in the fourth quarter 2023 compared to an inflow of 46.4 mEUR in the same period last year).
The variance in change in working capital and provisions (-143.7 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, as compared to 40.4 mEUR as settlement for 2023 in the fourth quarter 2023) and the deferred payment of withholding taxes on payroll (30.6 mEUR) in the fourth quarter, a measure granted by the Belgian government in the context of the energy crisis.

Investing activities resulted in a cash outflow of 49.8 mEUR in the fourth quarter 2023, compared to a cash outflow of 46.6 mEUR for the same period last year. The lower Capex (3.3 mEUR) was offset by the sales of buildings in 2023 (5.0 mEUR) and the acquisition of 95% of the shares of b2boost for 1.7 mEUR.
Capex stood at 48.1 mEUR in the fourth quarter 2023 and was mainly spent on international e-commerce logistics and on domestic fleet, operational infrastructure and parcels capacity.

In the fourth quarter 2023 the cash outflow relating to financing activities amounted to 203.9 mEUR compared to 47.5 mEUR last year, mainly driven by the repayment of the 185 mUSD term loan maturing on December 29, 2023.

Full year 2023

Year-to-date (in million EUR)	Reported			Adjusted		
	2022	2023	Δ	2022	2023	Δ
Cash flow from operating activities	422.4	376.2	(46.2)	416.6	373.3	(43.5)
out of which CF from operating activities before Δ in WC & provisions	516.4	418.9	(97.5)	516.4	418.9	(97.5)
Cash flow from investing activities	(19.2)	(152.4)	(133.2)	(19.2)	(152.4)	(133.2)
Free cash flow	403.2	223.8	(179.4)	397.4	220.7	(176.7)
Financing activities	(262.1)	(428.7)	(166.7)	(262.1)	(428.7)	(166.7)
Net cash movement	141.1	(204.9)	(346.1)	135.3	(208.1)	(343.4)
Capex	164.4	154.7	(9.7)	164.4	154.7	(9.7)

In 2023 the net cash outflow increased compared to last year by 346.1 mEUR to -204.9 mEUR. This increase was mainly driven by last year's sale of bpost bank and repayment of the maturing 185 mUSD term loan in 2023.

Reported and adjusted free cash flow amounted respectively to 223.8 mEUR and 220.7 mEUR.

Cash flow from operating activities before change in working capital and provisions decreased by 97.5 mEUR compared to 2022 mainly driven by the negative EBITDA variation (-74.8 mEUR), amongst other mainly due to the provision for the overcompensation.
Cash flow related to collected proceeds due to Radial's clients was 2.7 mEUR lower (3.2 mEUR inflow in 2023 compared to an inflow of 5.8 mEUR last year).
The variance in change in working capital and provisions (+54.0 mEUR) was mainly explained by the 82.5 mEUR provision related to overcompensation, partially offset by the deferred payment (30.6 mEUR) of withholding taxes on payroll in the first quarter 2023 instead of the fourth quarter 2022, a measure granted by the Belgian government in the context of the energy crisis.

Investing activities resulted in a cash outflow of 152.4 mEUR in 2023, compared to a cash outflow of 19.2 mEUR last year. This evolution was mainly explained by the proceeds from the sale of bpost bank and Ubiway Retail (-146.9 mEUR including the reimbursement of the subordinated loan) in 2022 and lower proceeds from sales of buildings in 2023 (-7.2 mEUR) compensated by lower capex in 2023 (9.7 mEUR). In terms of acquisitions in 2023 bpostgroup acquired the remaining shares (95%) of b2boost whereas in 2022 bpost bought 68.59% of the shares of IMX and 100% of the shares of Aldipress.
Capex stood at 154.7 mEUR in 2023 and was mainly spent on international e-commerce logistics – including logistics real estate for Radial US instead of leasing – and on domestic fleet, operational infrastructure and parcels capacity.

In 2023 the cash outflow relating to financing activities amounted to 428.7 mEUR compared to 262.1 mEUR last year, mainly driven by the repayment of the 185 mUSD term loan maturing on December 29, 2023 and the purchase of remaining shares of Active Ants partially compensated by a lower dividend payment (18.2 mEUR).

Condensed Consolidated Financial Statements

The condensed consolidated financial statements of bpost for the year ending December 31, 2023 were authorized for issue in accordance with a resolution of the Board of Directors on February 29, 2024. 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 2023 annual report that will be published in March 2024.

Condensed Consolidated Income Statement

	Year-to-date		4th quarter	
In million EUR	2022	2023	2022	2023
Revenue	4,372.0	4,257.5	1,291.7	1,213.4
Other operating income	25.5	14.7	9.9	3.8
TOTAL OPERATING INCOME	4,397.5	4,272.2	1,301.6	1,217.2
Material costs	(99.3)	(84.8)	(27.0)	(22.4)
Services and other goods	(1,999.9)	(1,851.6)	(653.5)	(572.6)
Payroll costs	(1,705.8)	(1,741.7)	(455.7)	(454.9)
Other operating expenses	(39.9)	(116.3)	(22.2)	(13.6)
Depreciation, amortization and impairment	(289.3)	(317.0)	(72.2)	(82.7)
TOTAL OPERATING EXPENSES	(4,134.2)	(4,111.4)	(1,230.7)	(1,146.3)
RESULT FROM OPERATING ACTIVITIES (EBIT)	263.3	160.8	71.0	70.9
Financial income	79.6	33.2	60.3	4.5
Financial costs	(49.3)	(74.8)	(45.4)	(32.4)
Remeasurement of assets held for sale at fair value less costs to sell	(1.2)	0.0	0.0	0.0
Share of results of associates and joint ventures	0.0	0.0	0.0	0.0
RESULT BEFORE TAX	292.5	119.2	85.8	43.0
Income tax expense	(60.8)	(54.5)	(8.0)	(10.5)
RESULT FOR THE PERIOD (EAT)	231.7	64.8	77.8	32.4
Attributable to:				
Equity holders of the parent	232.5	65.7	77.7	32.2
Non-controlling interests	(0.8)	(1.0)	0.1	0.3

EARNINGS PER SHARE

	Year-to-date		4th quarter	
In EUR	2022	2023	2022	2023
▶ basic, result for the period attributable to ordinary equity holders of the parent	1.16	0.33	0.39	0.16
▶ diluted, result for the period attributable to ordinary equity holders of the parent	1.16	0.33	0.39	0.16

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	2022	2023		2022	2023
Assets			Equity and liabilities		
Property, plant and equipment	1,398.9	1,372.0	Total equity	1,065.4	1,026.5
Intangible assets	855.8	810.9	Interest-bearing loans and borrowings (incl. overdraft)	1,488.6	1,291.0
Investments in associates and joint ventures	0.1	0.1	Employee benefits	244.2	249.8
Other assets	52.7	38.0	Trade and other payables	1,520.3	1,432.5
Trade and other receivables	974.3	1,001.2	Provisions	26.7	106.0
Inventories	24.5	25.4	Derivative instruments	(0.3)	0.2
Cash and cash equivalents	1,051.0	870.6	Other liabilities	13.5	12.8
Assets held for sale	1.0	0.6	Liabilities directly related to assets held for sale	0.0	0.0
TOTAL ASSETS	4,358.3	4,118.8	TOTAL EQUITY AND LIABILITIES	4,358.3	4,118.8

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

Intangible assets decreased due to the depreciation and the evolution of the exchange rate – mainly impacting the goodwill in USD, partially offset by the capital expenditure.

The trade and other receivables slightly increased by 2.8%.

The decrease in cash and cash equivalents was mainly due to the reimbursement in the fourth quarter of 2023 of the maturing 185.0 mUSD term loan.

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

Interests-bearings loans and borrowings decreased mainly due to the reimbursement in the fourth quarter of 2023 of the maturing 185.0 mUSD term loan.

The decrease of trade and other payables was mainly due to the reversal of the liability related to the remaining shares of Active Ants and the decrease of social and trade payables. The decrease of social payables was mainly due to the unwinding of the deferred payment of withholding taxes on payroll – a measure granted by the Belgian government in the context of the energy crisis in the fourth quarter of 2022 – in the first half of 2023.

The increase of provisions is in line with the finalisation and communication by bpostgroup of the results of three compliance reviews (traffic fines, 679 accounts and licence plates) for which bpostgroup has taken a provision of 82.5 mEUR (75.0 mEUR + 7.5 mEUR, 10.0 mEUR net of corporate income taxes). Based on its in-depth legal and economic assessment, bpostgroup believes that such number constitutes the overcompensation to be repaid to the Belgian State over the past years for the three contracts.

Condensed Consolidated Statement of Cash Flows

In million EUR	Year-to-date 2022	2023	4th quarter 2022	2023
Operating activities				
Result before tax	292.5	119.2	85.8	43.0
Adjustments to reconcile result before tax to net cash flows				
Depreciation and amortization	289.3	317.0	72.2	83.1
Impairment on debtors	19.4	(2.3)	8.9	1.2
Result on sale of property, plant and equipment	(2.8)	(3.1)	0.2	0.2
Net financial results	32.8	41.6	6.1	28.0
Other non-cash items	(11.7)	5.0	(13.7)	(3.1)
Change in employee benefit obligations	(48.8)	(15.8)	(17.1)	(9.5)
Remeasurement of assets held for sale at fair value less costs to sell	1.2	0.0	0.0	0.0
Share of results of associates and joint ventures	(0.0)	(0.0)	(0.0)	(0.0)
Income tax paid	(74.8)	(60.2)	(1.8)	(20.5)
Income tax paid on previous years	20.5	17.4	0.0	0.0
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	516.4	418.9	140.6	122.3
Decrease/(increase) in trade and other receivables	(40.4)	(43.4)	(47.3)	(181.6)
Decrease/(increase) in inventories	1.4	(0.9)	2.9	0.1
Increase/(decrease) in trade and other payables	(61.6)	(80.8)	188.0	181.5
Increase/(decrease) in collected proceeds due to clients	5.8	3.2	46.4	34.5
Increase/(decrease) in provisions	0.9	79.3	3.5	3.4
NET CASH FROM OPERATING ACTIVITIES	422.4	376.2	334.1	160.3
Investing activities				
Proceeds from sale of property, plant and equipment	11.2	4.0	4.9	(0.0)
Disposal of subsidiaries, net of cash disposed of	121.9	0.0	0.0	0.0
Acquisition of property, plant and equipment	(146.1)	(140.8)	(44.5)	(41.2)
Acquisition of intangible assets	(18.3)	(13.9)	(6.9)	(6.9)
Acquisition of share in equity	(0.1)	0.0	(0.1)	0.0
Loan to associate	25.0	0.0	0.0	0.0
Acquisition of subsidiaries, net of cash acquired	(12.8)	(1.7)	0.0	(1.7)
NET CASH USED IN INVESTING ACTIVITIES	(19.2)	(152.4)	(46.6)	(49.8)
Financing activities				
Proceeds from cash and cash equivalents and borrowings	50.0	10.8	0.0	10.3
Payments related to borrowings	(63.1)	(170.0)	(9.3)	(170.0)
Interests related to borrowings	(13.5)	(17.5)	(3.1)	(2.8)
Payments related to lease liabilities	(137.0)	(160.7)	(34.7)	(41.4)
Changes in ownership interests in controlled entities	0.0	(11.0)	0.0	0.0
Dividends paid	(98.0)	(80.0)	0.0	0.0
Dividends paid to minority interests	(0.5)	(0.3)	(0.5)	0.0
NET CASH FROM FINANCING ACTIVITIES	(262.1)	(428.7)	(47.5)	(203.9)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	141.1	(204.9)	240.0	(93.5)
NET FOREIGN EXCHANGE DIFFERENCE	2.0	(6.3)	(22.3)	(7.0)
CASH CLASSIFIED AS ASSETS HELD FOR SALE	0.0		0.0	
Cash and cash equivalents less bank overdraft as of 1 January	907.5	1,050.6		
Cash and cash equivalents less bank overdraft and bpaid balance as of 31 December	1,050.6	839.3		
MOVEMENTS BETWEEN 1 JANUARY AND 31 DECEMBER	143.1	(211.3)		

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, 2022.

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, 2022. There are no IFRS standards, amendments or interpretations taking effect for the first time for the financial year beginning 1 January 2023 that have a material impact on the 2023 accounts of bpost.

2. Contingent liabilities and contingent assets

The contingent liabilities and contingent assets related to the Belgian Competition Authority's remained materially unchanged from those described in the note 6.31 of bpost's annual financial statements as of December 31, 2022.The Brussels Court of Appeal annulled the Belgian Competition Authority's decision imposing a fine of 37.4 mEUR on November 10, 2016. The Belgian Competition Authority appealed this judgment before the Supreme Court on points of law. On November 22, 2018, the Supreme Court annulled the judgment and referred the case to the Brussels Court of Appeal for retrial. By a judgement dated February 19, 2020, the Brussels Court of Appeal decided to refer 2 questions to the ECJ for a preliminary ruling. On March 22, 2022, 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 2024. The foregoing constitutes a contingent asset as, should the Court of Appeal annul the Belgian Competition Authority's decision, bpost may recover the fine of 37.4 mEUR (excluding interests) unless the Supreme Court would again annul the judgement of the Court of Appeal.

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 tender of the Belgian State for the distribution of recognized newspapers and periodicals in Belgium[5].

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

Early October 2022, new facts emerged that had not been disclosed to the compliance review team during the initial compliance review. This led the Chair of the Board of Directors, on October 7, 2022, to extend the initial compliance review and to proceed with a more extensive and intrusive review. A forensic search with an external forensic investigation firm was launched immediately thereafter.

Based on the initial results of the forensic search, new interviews were held, and the scope of the forensic search was extended to other employees with a particular focus on any illegal information exchange or concerted practices.

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

[5] *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.*
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.
On February 23, 2023 the Belgian government published the new press concessions tender. However, on December 12, 2023, the Belgian government decided to not award the tender and to extend the service concessions until June 30, 2024. The notification process of the 2023 and 2024 extensions to the European Commission for approval under State aid rules is ongoing.

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

On December 9, 2022, the Board of Directors and the bpostgroup CEO decided to mutually terminate their collaboration. The internal compliance review of the press concession is finalized. The external investigations which were triggered as a result of the internal compliance review are still ongoing.

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

Potential impact

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

(i) bpost understands that the Belgian Competition Authority ("BCA") has 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 has cooperated, and continues to fully cooperate with the ongoing investigation of the BCA. The progress made on the ongoing investigation of the BCA did not change bpost's assessment of the risk of a fine, which remains possible but not probable.

(ii) The Belgian Government is conducting an audit on the compensation for the current press concession (2016-2020), which runs until mid-2024, and has announced its intention to re-claim any overcompensation. The costs associated with the service were reviewed and scrutinized on an ex-ante basis in the context of the European Commission's State aid review and on an ex-post basis by the College of Auditors (College des Commissaires) as part of the annual approval of the financial accounts and such reviews did not give rise to any finding of overcompensation. bpost is currently unable to assess the risks associated with this ongoing external audit and its potential findings considering that it is still ongoing. bpost has offered its cooperation to the Belgian State with respect to this ongoing audit.

(iii) Considering the self-cleaning measures taken by bpost, it is probable that contracting authorities will consider that bpost has demonstrated its reliability and will therefore allow bpost to participate in ongoing and future tendering procedures. Furthermore, consistent with past practice for similar matters, bpost considers the possibility that contracting authorities would reverse previous award decisions and terminate current contracts or concessions because of the results of the compliance review to be remote, without prejudice to the potential claims for 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 various elements as explained in items i to iv above, bpost, supported by external legal counsel, currently continues to deem the exposure of a cash outflow related to the (public tender for) the concession for the distribution of recognized newspapers and periodicals in Belgium possible but not probable. Given the ongoing nature of the external investigations, and notwithstanding the possible but not probable risk assessment, bpost is unable to provide any estimates of cash outflows, should they occur, at this stage.

3. Provisions related to compliance reviews

At the start of 2023, bpost has voluntarily launched 3 compliance reviews, following the compliance review conducted in 2022 with regard to (the tender for) the concession for the delivery of newspapers and magazines in Belgium. These compliance reviews specifically concerned the processing of traffic fines, the management of 679 accounts, and the delivery/cancellation of licence plates.

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

Certain compliance reviews revealed that a limited number of people inside and outside the company acted against the Code of Conduct of bpostgroup and potentially applicable laws and regulation. Within this context, bpostgroup took disciplinary action, including in certain cases termination of collaboration.

Traffic fines (Cross Border Fines – CBF)

Background

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

These services were initially included in the fourth Management Contract, and continued to be part of the following Management Contracts. The compensation of these services was subsequently set out in Deepening Conventions[6] and various other agreements.

Main findings

The compensation received by bpost may in part constitute unlawful State aid. The CBF services were set out in Management Contracts, but their compensation was set in separate agreements and were not covered by State aid decisions declaring the compensation for the relevant Management Contracts compatible.

The investigation also reveals that various other services were included in the Deepening Conventions that are strictly speaking separate from the services for the collection of traffic fines. The majority of these services are linked to the maintenance of the ICT platform, as well as the recruitment of consultants. These services were not tendered.

Next steps

bpost engaged with the FPS Justice to mutually determine necessary remedial measures in light of the above-referenced findings. bpost will refund any compensation received which would be in excess of applicable State aid rules. The compensation for the period until a new tender for CBF services is awarded will also be reviewed. Within these discussions, bpost and FPS Justice will need to delineate in detail the nature and scope of the CBF services to be provided, the level of compensation bpost is entitled to receive and the way in which the continuity of the services can be secured.

679 accounts

Background

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

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

Main findings

The compensation received by bpost was never notified to the European Commission and may be partly considered to be unlawful State aid.

Next steps

bpost engaged with the FPS Finance to mutually determine necessary remedial measures in light of the above-referenced findings. bpost will refund any compensation received which would be in excess of applicable State aid rules. The existing compensation will also be revised for the period up to the award of the new contract for the management of 679 accounts.

[6] Deepening conventions are agreements between the Belgian State and bpost which are based on the Management Contract and further elaborate on specific services covered in the Management Contract ("Deepening Conventions")

Licence plates (European Licence Plates – ELP)

Background

The ELP services encompass the production and the delivery of license plates and the related registration certificate for new and used cars in Belgium. The ELP services also involve the cancellation of license plates and the collection of payment for relevant services.

The bpost/speos consortium won the contract for these services in two successive tenders, launched by DIV (Vehicle Registration Department of the Ministry of Mobility) in 2010 and 2019.

Main findings

There were no findings of infringements of competition laws with regard to the framework of the two tenders under which the concession was awarded. The tender resulted in competitive pricing which is also confirmed by a pricing benchmark conducted by bpost.

Next steps

bpost engaged with the FPS Mobility to establish the validity of the concession conditions (including the compensation) in light of the above-referenced findings.

Financial considerations

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

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

- As part of its commitment to repay any overcompensation, bpost recorded a provision of 75 mEUR in the third quarter of 2023. The provision, as is customary concerning the repayment of State aid, is already net of corporate income taxes paid on the incompatible aid principal amount. As a result, this amount is not tax deductible at the moment of its recognition. As a one-off exceeding the threshold of 20 mEUR (as defined in bpost's Alternative Performance Measures), this provision is excluded through the Adjusted Financials. Based on its in-depth legal and economic assessment, bpost believes that such number constitutes the best available estimate of overcompensation to be repaid to the Belgian State for the years up to 2022 for the three contracts. Such number remains preliminary, as it does not yet reflect the views of the Belgian State. bpost will provide an update if and as soon as it would become apparent that the conclusion of the resolution efforts would result in a materially different amount to be repaid as overcompensation.

- In anticipation of the required repricing for the above-referenced services to the three ministries, an annualized negative EBIT impact in 2023 of 10 mEUR has been recognized based on bpost's own in-depth legal and economic assessment. Such number remains preliminary as it does not yet reflect the views of the Belgian State. The final repricing impact will depend on the conclusion of the remedial efforts engaged between bpost and the Belgian authorities. As no conclusion on the repricing was reached before December 31, 2023, the 10 mEUR recognized in the quarterly 2023 interim financial statement in decrease of revenues has been recognized for 7.5 mEUR – 10 mEUR net of corporate income taxes (2.5 mEUR) customary concerning the repayment of State aid – as provision in the December 31, 2023 consolidated statement of financial position.

- Hence the total provision recorded in the consolidated statement of financial position related to potential overcompensation amounts to 82.5 mEUR end of December 2023.

4. Events after the reporting period

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

Alternative Performance Measures (unaudited)

bpostgroup 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 bpostgroup.

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): bpostgroup 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. bpostgroup 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.

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

Constant exchange rate: bpostgroup 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.

bpostgroup'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): bpostgroup defines EBITDA as earnings from operating activities (EBIT) plus depreciations and amortizations and is derived from the consolidated income statement.

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

Evolution Parcels volume: bpostgroup defines the evolution of Parcels as the difference, expressed as a percentage, of the reported volumes between the current and prior comparable period of the parcels processed by bpost SA/NV in the last mile delivery.

Radial North America Performance in USD: bpostgroup 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.

bpostgroup'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): bpostgroup defines underlying mail volume as the reported mail volume including some corrections, for example the impact of mail volumes related to elections.

Reconciliation of reported to adjusted financial metrics

OPERATING INCOME

	Year-to-date			4th quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Total operating income	4,397.5	4,272.2	-2.9%	1,301.6	1,217.2	-6.5%
ADJUSTED TOTAL OPERATING INCOME	4,397.5	4,272.2	-2.9%	1,301.6	1,217.2	-6.5%

OPERATING EXPENSES

	Year-to-date			4th quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Total operating expenses excluding depreciation, amortization	(3,844.9)	(3,794.4)	-1.3%	(1,158.5)	(1,063.6)	-8.2%
Sale of The Mail Group (1)	2.5	0.0	-	2.5	0.0	-
Provision related to overcompensation (4)	0.0	75.0	-	0.0	0.0	-
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION, AMORTIZATION	(3,842.4)	(3,719.4)	-3.2%	(1,155.9)	(1,063.6)	-8.0%

EBITDA

	Year-to-date			4th quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
EBITDA	552.6	477.8	-13.5%	143.2	153.6	7.3%
Sale of The Mail Group (1)	2.5	0.0	-	2.5	0.0	-
Provision related to overcompensation (4)	0.0	75.0	-	0.0	0.0	-
ADJUSTED EBITDA	555.1	552.8	-0.4%	145.7	153.6	5.4%

EBIT

	Year-to-date			4th quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Result from operating activities (EBIT)	263.3	160.8	-38.9%	71.0	70.9	-0.1%
Sale of The Mail Group (1)	2.5	0.0	-	2.5	0.0	-
Provision related to overcompensation (4)	0.0	75.0	-	0.0	0.0	-
Non-cash impact of purchase price allocation (PPA) (3)	12.6	12.7	0.3%	3.4	3.2	-7.6%
ADJUSTED RESULT FROM OPERATING ACTIVITIES (EBIT)	278.5	248.5	-10.8%	77.0	74.1	-3.7%

RESULT FOR THE PERIOD (EAT)

	Year-to-date			4th quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Result for the period	231.7	64.8	-72.0%	77.8	32.4	-58.3%
Sale of The Mail Group (1)	2.5	0.0	-100.0%	2.5	0.0	-
Remeasurement of assets held for sale at fair value less costs to sell (2)	1.2	0.0	-	0.0	0.0	-
Non-cash impact of purchase price allocation (PPA) (3)	9.6	9.3	-2.5%	2.6	2.1	-17.4%
Provision related to overcompensation (4)	0.0	73.8	-	0.0	0.0	-
ADJUSTED RESULT OF THE PERIOD	245.0	147.9	-39.6%	83.0	34.6	-58.3%

(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. 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 2.5 mUSD was fully reserved for and adjusted.

(2) In 2022 bpostgroup finalised the sales process of Ubiway Retail. 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 bpostgroup 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 bpostgroup at that time had been recognized in 2020. In 2021 the agreement had 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, bpostgroup assessed that the impairment loss recognised in 2020 had decreased and bpostgroup estimated the recoverable amount to be 119.5 mEUR, hence a reversal on the impairment loss of 19.5 mEUR had 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.

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

Reconciliation of reported free cash flow and adjusted free cash flow

	Year-to-date			4th quarter		
In million EUR	2022	2023	% Δ	2022	2023	% Δ
Net Cash from operating activities	422.4	376.2	-10.9%	334.1	160.3	-52.0%
Net Cash used in investing activities	(19.2)	(152.4)	-	(46.6)	(49.8)	7.0%
FREE CASH FLOW	403.2	223.8	-44.5%	287.5	110.4	-61.6%
Collected proceeds due to Radial's clients	(5.8)	(3.2)		(46.4)	(34.5)	-25.6%
ADJUSTED FREE CASH FLOW	397.4	220.7	-44.5%	241.1	75.9	-68.5%

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.

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

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