Financial consolidated statements 2020

1. Consolidated Income Statement . . . 77
2. Consolidated statement of comprehensive income . . . 78
3. Consolidated statement of financial position . . . 79
4. Consolidated statement of changes in equity . . . 80
5. Consolidated statement of cash flows . . . 81
6. Notes to the consolidated financial statements . . . 82

6.1 General information . . . 82
6.2 Basis of preparation . . . 82
6.3 Significant accounting judgments and estimates . . . 83
6.4 Summary of significant accounting policies . . . 85
6.5 Risk Management . . . 99
6.6 Impact of COVID-19 . . . 110
6.7 Business combinations . . . 111
6.8 Segment information . . . 114
6.9 Revenue . . . 117
6.10 Other operating income . . . 117
6.11 Other operating expenses . . . 118
6.12 Material costs . . . 118
6.13 Services and other goods . . . 118
6.14 Payroll costs . . . 119
6.15 Financial income and financial costs . . . 120
6.16 Income tax/Deferred tax . . . 121
6.17 Earnings per share . . . 124
6.18 Property, plant and equipment . . . 125
6.19 Investment property . . . 129
6.20 Assets held for sale . . . 129
6.21 Intangible assets . . . 130
6.22 Investment in associates and joint ventures . . . 134
6.23 Trade and other receivables . . . 135
6.24 Inventories . . . 136
6.25 Cash and cash equivalents . . . 136
6.26 Interest-bearing loans and borrowings . . . 137
6.27 Employee benefits . . . 137
6.28 Trade and other payables . . . 148
6.29 Provisions . . . 149
6.30 Financial assets and financial liabilities . . . 150
6.31 Derivative financial instruments and hedging . . . 152
6.32 Contingent liabilities and contingent assets . . . 153
6.33 Rights and commitments . . . 154
6.34 Related party transactions . . . 155
6.35 Group companies . . . 159
6.36 Events after the statement of financial position date . . . 162

1. Consolidated Income Statement

For the year ended 31 December

IN MILLION EUR	NOTES	2020	2019	EVOLUTION 2020 - 2019
Revenue	6.8/6.9	4,115.1	3,779.4	8.9%
Other operating income	6.10	39.5	58.4	-32.4%
TOTAL OPERATING INCOME		**4,154.6**	**3,837.8**	**8.3%**
Material costs	6.12	(201.5)	(245.9)	-18.1%
Services and other goods	6.13	(1,813.1)	(1,525.0)	18.9%
Payroll costs	6.14	(1,586.5)	(1,505.1)	5.4%
Other operating expenses	6.11	(34.4)	(24.2)	42.2%
Depreciation, amortization and impairment	6.18/6.21	(318.5)	(247.7)	28.6%
TOTAL OPERATING EXPENSES		**(3,954.0)**	**(3,547.9)**	**11.4%**
PROFIT FROM OPERATING ACTIVITIES (EBIT)		**200.7**	**289.9**	**-30.8%**
Financial income	6.15	7.4	8.3	-10.4%
Financial costs	6.15	(55.2)	(69.7)	-20.9%
Remeasurement of assets held for sale at fair value less costs to sell	6.20	(141.6)	0.0	-
Share of result of associates and joint ventures	6.22	18.3	15.8	15.8%
PROFIT BEFORE TAX		**29.6**	**244.3**	**-87.9%**
Income tax expense	6.16	(48.8)	(89.6)	-45.5%
RESULT FROM CONTINUING OPERATIONS		**(19.2)**	**154.7**	**-112.4%**
RESULT OF THE YEAR (EAT – EARNINGS AFTER TAXES)		**(19.2)**	**154.7**	**-112.4%**
Attributable to:				
Owners of the Parent		(19.4)	154.2	
Non-controlling interests		0.1	0.5	-73.6%

Earnings per share

IN EUR	2020	2019
Basic, profit / (loss) for the year attributable to ordinary equity holders of the parent	(0.10)	0.77
Diluted, profit / (loss) for the year attributable to ordinary equity holders of the parent	(0.10)	0.77

2. Consolidated statement of comprehensive income

For the year ended 31 December

IN MILLION EUR	NOTES	2020	2019
RESULT FOR THE YEAR		**(19.2)**	**154.7**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Change of other comprehensive income of associates	6.22	(16.1)	(22.6)
Gross change of other comprehensive income of associates		*(21.5)*	*(33.5)*
Income tax effect		*5.4*	*10.9*
Net gain/(loss) on hedge of a net investment	6.31	11.0	(2.4)
Net gain on cash flow hedges	6.31	1.9	1.8
Gain on cash flow hedges		*2.5*	*2.5*
Income tax effect		*(0.6)*	*(0.7)*
Exchange differences on translation of foreign operations(1)		(62.6)	23.7
NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**(65.9)**	**0.4**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain on defined benefit plans	6.27	1.7	2.7
Gross Gain on defined benefit plan		*2.1*	*3.2*
Income tax effect		*(0.4)*	*(0.6)*
NET OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS		**1.7**	**2.7**
OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR, NET OF TAX		**(64.2)**	**3.0**
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR, NET OF TAX		**(83.4)**	**157.7**
Attributable to:			
Owners of the Parent		(83.5)	157.2
Non-controlling interest		0.1	0.5

(1) In 2020, the exchange differences on translation of foreign operations were mainly impacted by the movements of intangible assets (-51.4 million EUR out of which -42.2 million EUR related to the goodwill), mainly due to the evolution of the exchange rate of the USD. See note 6.21 for more details.

3. Consolidated statement of financial position

As at 31 December

IN MILLION EUR	NOTES	2020	2019
Assets			
Non-current assets			
Property, plant and equipment	6.18	1,138.0	1,133.6
Intangible assets	6.21	771.7	898.3
Investments in associates and joint ventures	6.22	0.1	239.5
Investment properties	6.19	3.3	5.0
Deferred tax assets	6.16	45.6	27.3
Trade and other receivables	6.23	16.6	41.5
		1,975.2	**2,345.1**
Current assets			
Inventories	6.24	32.7	34.7
Income tax receivable	6.16	5.2	8.1
Trade and other receivables	6.23	810.0	717.6
Cash and cash equivalents	6.25	948.1	670.2
		1,796.0	**1,430.5**
Assets held for sale	6.20	103.3	1.4
TOTAL ASSETS		**3,874.5**	**3,777.1**
Equity and liabilities			
Issued capital		**364.0**	**364.0**
Reserves		249.8	252.3
Foreign currency translation		(17.6)	34.0
Retained earnings		(19.2)	30.7
Reserves of non-financial assets held for sale		5.6	0.0
Equity attributable to equity holders of the Parent		**582.5**	**680.9**
Equity attributable to non-controlling interests		1.3	1.7
TOTAL EQUITY	4	**583.8**	**682.6**
Non-current liabilities			
Interest-bearing loans and borrowings	6.26	1,165.0	1,176.8
Employee benefits	6.27	320.0	320.6
Trade and other payables	6.28	48.6	27.7
Provisions	6.29	13.3	16.2
Deferred tax liabilities	6.16	6.8	7.0
		1,553.6	**1,548.2**
Current liabilities			
Interest-bearing loans and borrowings	6.26	278.2	272.7
Bank overdrafts		0.0	0.5
Provisions	6.29	13.7	13.7
Income tax payable	6.16	6.4	7.3
Derivative intruments	6.31	0.3	1.3
Trade and other payables	6.28	1,438.4	1,250.9
		1,737.1	**1,546.3**
TOTAL LIABILITIES		**3,290.7**	**3,094.5**
TOTAL EQUITY AND LIABILITIES		**3,874.5**	**3,777.1**

4. Consolidated statement of changes in equity

IN MILLION EUR	AUTHORIZED & ISSUED CAPITAL	TREASURY SHARES	OTHER RESERVES	FOREIGN CURRENCY TRANSLATION	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT							
AS PER 1 JANUARY 2019	**364.0**	**0.0**	**271.4**	**12.7**	**51.6**	**699.7**	**2.5**	**702.3**
Result of the year 2019					154.2	154.2	0.5	154.7
Other comprehensive income			33.4	21.3	(51.6)	3.0		3.0
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**33.4**	**21.3**	**102.6**	**157.2**	**0.5**	**157.7**
Dividends (Pay-out)			(50.0)		(124.0)	(174.0)	0.0	(174.0)
Other			(2.5)		0.5	(2.0)	(1.4)	(3.4)
AS PER 31 DECEMBER 2019	**364.0**	**0.0**	**252.3**	**34.0**	**30.7**	**680.9**	**1.7**	**682.6**
AS PER 1 JANUARY 2020	**364.0**	**0.0**	**252.3**	**34.0**	**30.7**	**680.9**	**1.7**	**682.6**
Result of the year 2020					(19.4)	(19.4)	0.1	(19.2)
Other comprehensive income			18.1	(51.6)	(30.7)	(64.2)		(64.2)
TOTAL COMPREHENSIVE INCOME	**0.0**	**0.0**	**18.1**	**(51.6)**	**(50.0)**	**(83.5)**	**0.1**	**(83.4)**
Other			(15.0)		0.1	(14.9)	(0.5)	(15.4)
AS PER 31 DECEMBER 2020	**364.0**	**0.0**	**255.4**	**(17.6)**	**(19.2)**	**582.5**	**1.3**	**583.8**

Total equity amounted to 583.8 million EUR out of which 263.1 million EUR distributable retained earnings and legal reserves of 50.8 million EUR within bpost NV/SA.

Equity decreased by 98.8 million EUR, or -14.5%, to 583.8 million EUR as of December 31, 2020 from 682.6 million EUR as of December 31, 2019. The effective part of a cash-flow hedge entered into to hedge the cash flow risk of the bond (1.9 million EUR) and the remeasurement gains on post-employment benefits (1.7 million EUR) were offset by the realized loss (19.2 million EUR), the fair value adjustment in respect of bpost bank's bond portfolio (16.1 million EUR), the exchange differences on translation of foreign operations (51.6 million EUR) and the net impact of the integration of Active Ants International comprising the non-controlling interests and the recognition of the contingent consideration for the purchase of the remaining shares (15.0 million EUR). The cash-flow hedge reserve will be reclassified to profit or loss over the 8 years after the issuance date of the bond.

At December 31, 2020, the shareholding of bpost is as follows:

	TOTAL	THE BELGIAN STATE[1]	FREE FLOAT
AS PER 1 JANUARY 2020	**200,000,944**	**102,075,649**	**97,925,295**
changes during the year	-	-	-
AS PER 31 DECEMBER 2020	**200,000,944**	**102,075,649**	**97,925,295**

(1) directly and via the Federal Holding and Investment Company.

The shares have no nominal value and are fully paid up.

Distributions made and proposed:

IN MILLION EUR	2020	2019
CASH DIVIDENDS ON ORDINARY SHARES DECLARED AND PAID:		
Final dividend for 2019: 0.0 EUR per share (2018: 0.25 EUR per share)	-	50.0
Interim dividend for 2020: 0.00 EUR per share (2019: 0.62 EUR per share)	-	124.0
	-	**174.0**
PROPOSED DIVIDENDS ON ORDINARY SHARES:		
Final cash dividend for 2020: 0.0 EUR per share (2019: 0.62 EUR per share)	-	124.0

Proposed dividends on ordinary shares are subject to approval at the annual general meeting and are not recognized as a liability as at 31 December.

5. Consolidated statement of cash flows

As at 31 December

IN MILLION EUR	NOTES	2020	2019
Operating activities			
Profit before tax	1	29.6	244.3
Depreciation and amortization		318.5	247.7
Impairment on bad debts	6.11	17.5	5.2
Gain on sale of property, plant and equipment		(11.7)	(25.6)
Gain on disposal of subsidiaries		0.0	(0.6)
Other non-cash items		28.6	31.9
Change in employee benefit obligations	6.27	1.5	15.5
Remeasurement of assets held for sale at fair value less costs to sell	6.20	141.6	0.0
Share of result of associates and joint ventures	6.22	(18.3)	(15.8)
Dividends received	6.22	0.0	5.0
Income tax paid		(83.5)	(88.4)
Income tax paid on previous years		7.5	(13.8)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		**431.2**	**405.3**
Decrease/(increase) in trade and other receivables		(86.3)	(52.1)
Decrease/(increase) in inventories		1.7	3.7
Increase/(decrease) in trade and other payables		224.2	63.2
Increase/(decrease) in collected proceeds due to clients		3.1	14.0
Increase/(decrease) in provisions		(2.6)	(9.8)
NET CASH FROM OPERATING ACTIVITIES		**571.3**	**424.2**
Investing activities			
Proceeds from sale of property, plant and equipment		20.9	66.5
Disposal of subsidiaries, net of cash disposed of		0.0	5.9
Acquisition of property, plant and equipment	6.18	(108.6)	(119.8)
Acquisition of intangible assets	6.21	(39.1)	(42.4)
Loan to associate	6.22	0.0	(25.0)
Acquisition of subsidiaries, net of cash acquired		(0.7)	(7.4)
NET CASH USED IN INVESTING ACTIVITIES		**(127.6)**	**(122.2)**
Financing activities			
Proceeds from borrowings		1,180.7	861.5
Payments related to borrowings		(1,203.2)	(887.7)
Payments related to lease liabilities		(116.3)	(113.9)
Interim dividend paid to shareholders	4	0.0	(124.0)
Dividends paid	4	0.0	(50.0)
NET CASH FROM FINANCING ACTIVITIES		**(138.8)**	**(314.1)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**304.9**	**(12.1)**
NET FOREIGN EXCHANGE DIFFERENCE		**(26.5)**	**1.7**
Cash and cash equivalents less bank overdraft as of 1st January		669.7	680.1
Cash and cash equivalents less bank overdraft as of 31st December		948.1	669.7
MOVEMENTS BETWEEN 1ST JANUARY AND 31ST DECEMBER		**278.4**	**(10.4)**

6. Notes to the consolidated financial statements

6.1 General information

Business activities

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

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

Legal status

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

6.2 Basis of preparation

bpost’s consolidated financial statements and Board of Directors' report prepared in accordance with article 3:32 of the Belgian code of companies and associations set forth on pages 11 to 70, 75, 162 and 166 of the annual report for the financial year ended December 31, 2020 were authorized for issue by the Board of Directors on March 9, 2021. The consolidated financial statements of bpost have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use by the European Union. All standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) effective year-end 2020 and adopted by the EU are applied by bpost.

The consolidated financial statements are presented in Euro (EUR), all values are rounded to the nearest million except when otherwise indicated. The consolidated financial statements are prepared under the historical cost convention, except for those items that are measured at fair value.

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of new and amended standards and interpretations effective as from January 1, 2020.

The following amendments to existing standards apply for the first time as from 2020:

- **IFRS 3 - Amendments** – Definition of a Business: This amendment clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs.
- **IAS 1 and IAS 8 – Amendments** - Definition of Material
- **The Conceptual Framework for Financial Reporting** issued on March 2018
- **IFRS 9, IAS 39 and IFRS 7 - Amendments** - Interest Rate Benchmark Reform
- **IFRS 16 – Amendments** – Leases COVID-19 – Related Rent Concessions (effective for periods beginning on or after 1 June 2020)

These amendments have no material impact on the consolidated financial statements, except for the amendments to IFRS 3, which may impact how bpost accounts for a business combination.

Standards and Interpretations issued but not yet applied by bpost

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

STANDARD OR INTERPRETATION	EFFECTIVE FOR IN REPORTING PERIOD STARTING ON OR AFTER
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Amendments – phase 2 - Interest Rate Benchmark Reform	1 January 2021
Annual Improvements to IFRS Standards 2018-2020(1)	1 January 2022
IFRS 3 - Amendments(1) - Reference to the Conceptual Framework	1 January 2022
IAS 16 - Amendments(1) - Proceeds before Intended Use	1 January 2022
IAS 37 - Amendments(1) - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
IAS 1 - Amendments(1) - Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17 - Insurance Contracts(1)	1 January 2023
IAS 1 - Amendments(1) - Disclosure of Accounting Policies	1 january 2023
IAS 8 - Amendments(1) - Definition of Accounting Estimates	1 january 2023

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

bpost has not early adopted any new or amended standard and interpretation that was issued but is not yet effective. The amendments are not expected to have a material impact on bpost's consolidated financial statements.

6.3 Significant accounting judgments and estimates

A series of significant accounting judgments underlie the preparation of IFRS compliant consolidated financial statements. They impact the value of assets and liabilities. Estimates and assumptions are made concerning the future. They are re-assessed on a continuous basis and are based on historically established patterns and expectations with regards to future events that appear reasonable under the existing circumstances.

All accounting estimates and assumptions that are used in preparing the financial statements are consistent with bpost's latest budget/long-term plan projections, where applicable. Judgments are based on the information available on each statement of financial position date. Although these estimates are based on the best information available to the management, actual results may ultimately differ from those estimates.

Employee Benefits - IAS 19

The key assumptions, inherent to the valuation of employee benefit liabilities and the determination of the pension cost, include employee turnover, acceptance rate, mortality rates, retirement ages, discount rates, benefit increases and future wage increases, which are updated on an annual basis. Each year the reference database is enriched with one additional year of historical data making the database ever more stable and reliable. Actual circumstances may vary from these assumptions, giving rise to different employee benefit liabilities, which would be reflected as an additional profit or cost in the income statement or in the other comprehensive income depending on the type of the benefit.

The mortality tables used are the Belgian Mortality tables MR (for men) and FR (for women) with an age adjustment of two years. bpost decided to reflect the mortality improvements by adopting an age correction of two years to the official tables, for both active and inactive employees.

Regarding the Accumulated Compensated Absences benefit, the consumption pattern of the illness days is derived from the statistics of the consumption average over a mobile average of 3 years (years 2018 to 2020 for December 2020). The number of days of illness depends on the age, identified per segment of the relevant population. The rate of guaranteed salary is set at 75% in case of long-term illness. Thus, the percentage of the guaranteed salary used for determining the cost of days accumulated in the notional account is 25%. The balance of the cumulated unused sickness days for civil servants is limited to a maximum of 63 days.

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, those plans classify as defined benefit plans which would require that the Projected Unit Credit method is applied in order to measure the benefit obligations. Although there is still no full clarity on the approach, new legislation dated December 2015 brought more clarification on the minimum guaranteed return. The uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium has been removed with the change in the WAP/LPC law end of December 2015. As from 2016, the minimum return for future contributions is equal to the average of the past 24 months return on 10-year linear bonds, with a minimum of 1.75% p.a. bpost continued to apply the so-called PUC methodology (Projected Unit Credit), however as of 2018 without projection of future contributions as the plans are not backloaded and with application of paragraph 115 of IAS 19.

The financing methodology of family allowances for civil servants changed following a law change (law of 19 December 2014). As a consequence, bpost as a public institution pays a contribution that is defined by a program law. The amount is adapted each year proportionally to the number of civil servants (full time equivalents) and is subject to inflation.

For most benefits, an average cost per inactive member is used for the valuation of the benefits. This average cost has been estimated by dividing the annual cost for inactive members by the number of inactive beneficiaries based on the reference data received from the pensions' administration.

The discount rates have been determined by reference to market yields at the statement of financial position date. bpost used the Towers Watson RATE: link tool[1] for the determination of the discount rates, considering a mix of financial and non-financial AA corporate bonds.

Fair value adjustments for business combinations

In accordance with IFRS 3 Business combinations, the identifiable assets acquired and the contingent considerations are valued at fair value at the acquisition date as part of the business combination. Fair value adjustments for the assets are based on external appraisals or valuation models. When the contingent consideration meets the definition of a liability, it is subsequently re-measured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor.

Revenue and revenue related accruals

bpost handles and ships international mail and parcels to and from other foreign postal operators. At balance sheet date the best estimate of the outstanding position is reflected in the consolidated statement of financial position, however as the final settlements are based upon different assumptions (among which "items per kilo") final settlements might deviate from the initial assessment.

Income taxes and deferred taxes

bpost is subject to income taxes in a number of different jurisdictions. Deferred taxes are calculated at the level of each fiscal entity. bpost recognizes deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. In order to determine this, bpost uses estimates of taxable income by jurisdiction in which bpost operates and the period over which deferred tax assets are recoverable. The same principles apply to the recognition of deferred tax assets for unused tax losses carried forward.

1 The Towers Watson RATE:link tool is a tool designed to assist companies in the selection of discount rates that accurately reflect the characteristics of their pension schemes.

Calculation of present value of lease payments and determining the lease term of contracts with renewal options

In calculating the present value of lease payments, bpost uses an incremental borrowing rate for buildings based on currency, economic environment and duration. For fleet and other leases, the discount rate is the rate implicit in the lease if available, otherwise same methodology applied as for buildings.

bpost determines the lease term as the non-cancellable term of the lease together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain to be exercised.

Remeasurement bpost bank at fair value less costs to sell

In December 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 bpost's participation in bpost bank to BNPPF. bpost and BNPPF have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021. The purchase price will be calculated based on the IFRS net asset value at time of closing taken into account a multiple, certain purchase price and closing adjustments and is furthermore subject to customary regulatory approvals, representations and warranties. Assets held for sale are measured at the lower of its carrying amount and fair value less costs to sell. bpost's current best estimate of the fair value less costs to sell amounts to a value of 100.0 million EUR that bpost will receive from BNPPF for 50% of the shares of bpost bank, hence an impairment loss of 141.6 million EUR was recognized.

6.4 Summary of significant accounting policies

Consolidation

The parent company and all the subsidiaries it controls are included in the consolidation. No exception is permitted.

Subsidiaries

Assets and liabilities, rights and commitments, income and charges of the parent and the subsidiaries fully controlled are consolidated in full. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Control is assumed to exist when bpost holds at least 50%, plus one share of the entity's voting power; these assumptions may be rebutted if there is clear evidence to the contrary. When bpost has less than a majority of the voting or similar rights of an investee then it considers all relevant facts and circumstances in assessing whether bpost has control over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether bpost controls an entity.

Consolidation of a subsidiary takes place from the date of acquisition, which is the date on which control of the net assets and operations of the acquiree is effectively transferred to the acquirer. From the date of acquisition, the parent (the acquirer) incorporates into the consolidated income statement the financial performance of the acquiree and recognizes in the consolidated statement of financial position the acquired assets and liabilities (at fair value), including any goodwill arising on the acquisition. Subsidiaries are de-consolidated from the date on which control ceases. Intragroup balances and transactions, as well as unrealized gains and losses on transactions between group companies are eliminated in full.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Associates and joint ventures

An associate is an entity in which bpost has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not to control those policies. It is assumed to exist when bpost holds at least 20% of the investee's voting power but not to exist when less than 20% is held; these assumptions may be rebutted if there is clear evidence to the contrary.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the legal entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about relevant activities require the unanimous consent of the parties sharing control.

Consistent accounting policies are applied within the whole group, including associates and joint ventures.

All associates and joint ventures are accounted for using the equity method: the participating interests are separately included in the consolidated statement of financial position (under the caption "Investments in associates and joint ventures") at the closing date at an amount corresponding to the proportion of the associate's or joint ventures equity (as restated under IFRS), including the result for the period. Dividends received from an investee reduce the carrying amount of the investment.

The portion of the result of associates and joint ventures attributable to bpost is included separately in the consolidated income statement under the caption "Share of result of associates and joint venture (equity method)".

Unrealized profits and losses resulting from transactions between an investor (or its consolidated subsidiaries) and associates or joint ventures are eliminated to the extent of the investor's interest in the associate.

bpost bank is an associate and is accounted for using the equity method as bpost has significant influence but does not have joint control over the management of this company because the other venturer plays a more important role in certain management decisions, especially related to the allocation of assets under management.

Part of the bond portfolio of bpost bank is classified on the balance sheet of bpost bank as "Hold to Collect financial assets" and part as "Hold to Collect & Sell financial assets". The bonds include:

- Fixed income securities (bonds, negotiable debt instruments, sovereign loans in the form of securities, etc.);
- Variable income securities;
- Fixed and/or variable income securities containing embedded derivatives.

Securities classified in "Hold to Collect & Sell financial assets" are measured at fair value and changes in fair value are recorded in other comprehensive income under a specific heading "Share of other comprehensive income of an associate" and presented as other comprehensive income to be reclassified to profit or loss in subsequent periods. Securities classified in "Hold to Collect financial assets" are measured at amortized cost.

For the year ended December 31, 2020 the investment in bpost bank has been classified as a non-current asset held for sale, following the signature of a non-binding agreement on the future long-term partnership of bpost bank with BNP Paribas Fortis (BNPPF) (see note 6.20). Accordingly, for the year ended December 31, 2020, the investment in bpost bank is presented separately from other assets in the statement of financial position and measured at the lower of its carrying amount (at the date of initial classification as held for sale) and the fair value less costs to sell.

Business combination, goodwill and negative acquisition differences

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. At acquisition date, the difference determined between the cost of the acquisition of the investment and the fair value of the identifiable assets, liabilities and contingent liabilities acquired is accounted for as goodwill (if the difference is positive) or directly as a profit in the income statement (if the difference is negative).

The consideration transferred may in certain situations include a contingent consideration, which is measured at fair value at the time of the business combination and included in the consideration transferred (i.e. included in the determination of goodwill or badwill). If the amount of the contingent consideration changes as a result of a post-acquisition event (such as meeting an earnings target), the change in fair value is recognized in profit or loss. In certain acquisitions, bpost does not obtain control over 100% of the shares of the acquired entity but enters into additional agreement (e.g.: put/call option) with the aim to acquire the remaining shares later. Unless the economic substance of these agreements is clearly a fixed price forward agreement (in which case bpost considers that it has acquired present economic interest in the shares concerned), bpost (i) continues recognizing the non-controlling interest (initially measured at fair value or proportionate share of the acquiree's net assets) and (ii) accounts for a financial liability measured at the present value of the amount payable upon exercise of the option. Any subsequent changes in the financial liability is recognized in profit or loss as financial income or financial costs. When in an acquisition, the consideration transferred includes contingent consideration (e.g. earn-out), these amounts are fair valued at the acquisition-date and subsequently at each reporting date. Changes in fair value are recognized in operating result.

After initial recognition, goodwill is not amortized, but is tested for impairment annually. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of bpost's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Intangible assets

Intangible assets acquired separately are recognized in the consolidated statement of financial position when the following conditions are met:

(i) the asset is identifiable, i.e. either separable (if it can be sold, transferred, licensed) or it results from contractual or legal rights;

(ii) it is probable that the expected future economic benefits that are attributable to the asset will flow to bpost;

(iii) bpost can control the resource; and

(iv) the cost of the asset can be measured reliably.

At initial recognition, these intangible assets are measured at cost (including the costs directly attributable to the transaction, but not indirect overheads). Subsequently, they are measured at cost less any accumulated amortization and less any accumulated impairment loss.

Internally generated intangibles are only capitalized when the cost relates to the development phase. The expenses in relation to the research phase are recognized in the consolidated income statement. Within bpost, internally generated intangible assets represent mainly IT projects.

Intangible assets with finite lives are amortized on a systematic basis over their useful life, using the straight-line method. The applicable useful lives are:

INTANGIBLE ASSETS	USEFUL LIFE
Patent(1)	12 years
Know-how(1)	5 years
Points of sale network (replacement costs)(1)	20 years
IT development costs	5 years maximum
Licenses for minor software	3 years maximum
Tradenames/Brandnames(1)	Between 5 years and indefinite
Customer relationships(1)	Between 5 and 20 years

(1) Useful life can be different case per case and depends on the assessment done at the time of the purchase price allocation.

Intangible fixed assets with indefinite useful lives are not amortized but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be justifiable. If not, the change in useful life from indefinite to finite is made on a retrospective basis.

Property, plant and equipment

Property, plant and equipment are carried at acquisition cost, less any accumulated depreciation and less any accumulated impairment loss. Cost includes any directly attributable cost of bringing the asset to working condition for its intended use.

Expenditures on repair and maintenance which serve only to maintain but not to increase the value of fixed assets are charged to the consolidated income statement. However, expenditures on major repair and major maintenance, which increase the future economic benefits that will be generated by the fixed asset, are identified as a separate element of the acquisition cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset.

The depreciable amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The depreciable amount is the acquisition cost, except for vehicles. For vehicles, it is the acquisition cost less the residual value of the asset at the end of its useful life. The applicable useful lives are:

PROPERTY, PLANT AND EQUIPMENT	USEFUL LIFE
Land	N/A
Central administrative buildings	40 years
Network buildings	40 years
Industrial buildings, sorting centers	25 years
Fitting-out works to buildings	10 years
Tractors and forklifts	10 years
Bikes and motorcycles	4 years
All other vehicles (cars, trucks, etc,)	5 years
Machines	5 - 10 years
Furniture	10 years
Computer Equipment	4 - 5 years

Lease transactions

bpost assesses at contract inception whether a contract is, or contains, a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Under IFRS 16, bpost applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. bpost as lessee recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

- **Right-of-use assets**

The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date (e.g. prepayments) less any lease incentives received. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- **Lease liabilities**

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. For example most of the Belgian building lease contracts are subject to indexation whereas most of the US building contracts have fixed lease payments. To be noted that unrecoverable VAT is not included in lease payments and is still recognized in the income statement. The lease payments also include the exercise price of a purchase option when it is reasonably certain that bpost will exercise the option. Similarly, lease term and lease payments can include the effect of penalties for terminating a lease, if the lease term reflects bpost exercising the option to terminate. For the so-called 3/6/9 commercial lease agreements in Belgium bpost has the unilateral right to cancel the agreement after 3 years. As for garages, post offices and retail outlets it's not reasonably certain that bpost will extend the lease after 3 years, the lease term is capped at 3 years. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, bpost uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- **Leases of low-value assets**

Applied the low-value asset lease expense exemptions to leases with value under 5,000 EUR mainly for ICT items as printers and rent of square meters for parcel lockers.

- **Short-term leases**

Applied the short-term lease expense exemptions for vehicles with lease terms of 12 months or less.

Investment properties

Investment property mainly relates to apartments located in buildings used as post offices that are rented out in order to earn rents.

Investment properties are carried at acquisition cost less any accumulated depreciation and less any impairment loss. The depreciation amount is allocated on a systematic basis over the useful life of the asset, using the straight-line method. The applicable useful lives can be found in the table that is included in section *"Property, plant and equipment"*.

Assets held for sale

Non-current assets are classified as assets held for sale under a separate heading in the statement of financial position if their carrying amount is recovered principally through sale rather than through continuing use. This is demonstrated if certain strict criteria are met (active program to locate a buyer has been initiated, property is available for immediate sale in its present condition, sale is highly probable and is expected to occur within one year from the date of classification). Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment held for sale are no longer depreciated or amortized once classified as held for sale.

Stamp collection

The stamp collection that is owned by bpost is stated at the reevaluated amount less discount for the lack of liquidity. The revalued amounts are determined periodically on the basis of market prices. bpost proceeds to the reevaluation of its collection every five years. The stamp collection is recorded in the caption "Other Property, Plant and Equipment" of the statement of financial position.

Impairment of assets

bpost assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing is required (i.e.: goodwill and intangible assets with indefinite useful life), bpost estimates the asset's recoverable amount. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal (corresponding to the cash that bpost can recover through sale) and its value in use (corresponding to the cash that bpost can recover if it continues to use the asset).

When possible, the tests are performed on individual assets. When however it is determined that assets do not generate independent cash flows, the test is performed at the level of the cash-generating unit (CGU) to which the asset belongs (CGU = the smallest identifiable group of assets that generate inflows that are largely independent from the cash flows from other CGUs).

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to groups of cash-generating units, that are expected to benefit from the synergies of the combination.

Where an impairment is identified, it is first allocated to reduce the carrying amount of any goodwill allocated to the group of CGU. Any excess is then allocated to reduce the carrying amount of other fixed assets of the CGU in proportion to their book values, but solely to the extent that the selling price of the assets in question is lower than their carrying amount.

Impairment on goodwill may never be reversed at a later date. Impairment on other fixed assets is reversed if the initial conditions that prevailed at the time the impairment was recorded cease to exist, and solely to the extent that the carrying amount of the asset does not exceed the amount that would have been obtained, after depreciation, had no impairment been recorded.

Inventories

Inventories are measured at the lower of cost and net realizable value at the statement of financial position date.

The acquisition price of inventory of goods purchased for resale is determined by application of the FIFO method. Inventories of minor importance whose value and composition remain stable over time are stated in the statement of financial position at a fixed value.

The cost of inventories finished products comprises all costs incurred in bringing inventories to their present location and condition, including indirect production costs. In particular, the cost price of stamps includes the direct and indirect costs of production, excluding costs of borrowing and overheads that do not contribute to bringing them to the present location and condition. The allocation of fixed costs of production to the cost price is based on normal production capacity.

A write-down is necessary when the net realizable value at the statement of financial position date is lower than the cost.

Revenue related accruals and contract assets and liabilities

Deferred income is the portion of income received during the current or prior financial periods that relates to a subsequent financial period.

Accrued income is the portion of income to be received during the subsequent financial periods that relates to the current or prior financial periods.

bpost recognizes advance customer payments on its balance sheet as deferred income and presents this as contract liability if the performance obligation has not yet been satisfied. Contract liabilities are predominantly relating to stamps, credits on franking machine sold but not yet used by customers at balance sheet date and the SGEI consideration for which the performance obligation has not been satisfied.

bpost recognizes a contract asset after transferring a good or service to a customer before the customer pays consideration or before payment is due. An unconditional right to consideration is presented as a trade receivable and a conditional right is presented as an accrued income.

Receivables

Receivables are initially measured at their fair value and later at their amortized cost, i.e. the present value of the cash flows to be received (unless the impact of discounting is not significant).

bpost recognizes a trade receivable when it has an unconditional right to payment of a consideration as a result of satisfying a performance obligation.

bpost recognizes on all of its trade receivables an allowance for expected credit losses based on the lifetime expected credit losses (ECL) model. As the trade receivables do not contain a significant financing component bpost opted to apply the simplified approach to calculate the expected credit loss rate with the use of a provision matrix, based on the historical default rates adapted for current and forward looking information.

Contract costs

bpost recognizes as assets the incremental costs to obtain a contract and to fulfill a contract if bpost expects to recover them. If other standards are not applicable, only the directly related costs to fulfill a contract in scope of IFRS 15 are capitalized. The assessment of these criteria requires management judgement.

The costs capitalized are mainly system set-up and adaptation, project management and sales commission for logistic and fulfillment services and back-office and proximity and convenience services. The assets are amortized on the expected duration of the contract with the customer.

Investment securities

Investment securities can be classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of investment securities at initial recognition depends on the financial asset's contractual cash flow characteristics and bpost's business model for managing them. bpost initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The classification and measurement of bpost's investment securities are, as follows:

- Debt instruments at amortized cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion.
- Financial assets at FVPL comprise only derivative instruments.

All investment securities are subject to an impairment methodology, referred to as the Expected Credit Loss (ECL) model, which requires measuring the expected credit losses. Those ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that bpost expects to receive. For debt instruments, the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in the credit risk since origination, the allowance will be based on the lifetime ECL. bpost considers an investment security to be in default (totally or partially) when internal or external information indicates that bpost is unlikely to receive the outstanding contractual amounts in full and account the appropriated ECL.

Regular way purchases or sales of financial assets are recognized and de-recognized using settlement date accounting. The fair values of the financial assets are determined by reference to published price quotations in an active market.

Cash and cash equivalents

This caption includes cash in hand, at bank, values for collection, short-term investments (with maturity date not exceeding three months as from acquisition date) that are highly liquid and are readily convertible into a known amount of cash and that are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts.

Share capital

Ordinary shares are classified under the caption "issued capital".

Treasury shares are deducted from equity. Movements of treasury shares do not affect the income statement.

Other reserves comprise the results of the previous periods, the legal reserve and the consolidated reserve.

Retained earnings include the result of the current period as disclosed in the income statement.

Employee benefits

SHORT-TERM BENEFITS

Short-term benefits are recognized as an expense when an employee has rendered the services to bpost. Benefits not paid for on the statement of financial position date are included under the caption "trade and other payables".

POST-EMPLOYMENT BENEFITS

Post-employment benefits are valued using an actuarial valuation method and provisions are set up for them (under deduction of any plan assets) in so far as bpost has an obligation to incur the costs in relation to these benefits. This obligation can be a legal, contractual or constructive obligation ("vested rights" on the basis of past practice).

In application of these principles, a provision (calculated according to an actuarial method laid down in IAS 19) is set up in the context of the post-employment benefits to cover:

- the future costs relative to current retirees (a provision representing 100% of the future estimated costs of those retirees);
- the future costs of potential retirees, estimated on the basis of the employees currently in service, taking into account the accumulated service of these employees on each statement of financial position date and the probability that the personnel will reach the desired age to obtain the benefits (the provision is constituted progressively, as and when members of the personnel advance in their careers).

Remeasurements, comprising of actuarial gains and losses, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Actuarial assumptions (concerning the discount rate, mortality factor, costs of future benefits, inflation, etc.) are used to assess employee benefit obligations in conformity with IAS 19. Actuarial gains and losses inevitably appear, resulting (1) from changes in the actuarial assumptions year on year, and (2) deviations between actual costs and actuarial assumptions used for the IAS 19 valuation.

The calculation of the obligation is done using the projected unit credit method. Each year of service confers entitlement to an additional credit unit to be taken into account in valuing the benefits granted and the obligations pertaining thereto. The discount rate used is the yield of high-quality corporate bonds or is based on government bonds with a maturity similar to that of the benefits being valued.

The Belgian defined contribution plans with legal minimum guaranteed returns are valued under the projected unit credit method without projection of future premiums. Considering that the plans do not grant benefits that will lead to a materially higher level of benefit due to the employee's service in later years, i.e. the plans are not back-loaded, the straight-line base principle is not applicable. The applied methodology means that the current legal minimum reserves are projected under the Belgian legislation until the assumed retirement age and are discounted back (respecting vertical/horizontal method and the past legal minimum rates credited on the legal minimum reserves). IAS 19 paragraph 115 has been applied as the group insurance contracts are qualifying as insurance contract. The individual calculated defined benefit obligation cannot be lower than the individual fair value of plan assets as under Belgian legislation, there cannot be compensation between one person and another.

Service costs comprise current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.

Past service costs resulting from a plan amendment or curtailment should be recognized at the earlier of the date when (1) the plan amendment or curtailment occurs; and (2) the entity recognizes related restructuring costs in accordance with IAS 37. Past service costs are recognized in the income statement.

Net interest is calculated by applying the discount rate to the net defined benefit liabilities or assets. Net interest costs are also recognized in the income statement.

The plan assets related to the post-employment benefits are measured at their fair value at the end of the period in the same definition used in IFRS 13.

OTHER LONG-TERM BENEFITS

Other long-term employee benefits are valued using an actuarial valuation method and provisions are set up for them (under deduction of any plan assets) in so far as bpost has an obligation to incur the costs in relation to these benefits. This obligation can be a legal, contractual or constructive obligation ("vested rights" on the basis of past practice).

A provision is created for other long-term benefits to cover benefits that will only be paid in a number of years but that are already earned by the employee on the basis of the past service. Here, as well, the provision is calculated according to an actuarial method imposed by IAS 19.

The provision is calculated as follows:

Actuarial valuation of the obligation under IAS 19

– Fair value of the plan assets

= Provision to be constituted (or asset to be recognized if the fair value of the plan assets is higher).

Remeasurements, comprising of actuarial gains and losses are recognized immediately through profit or loss in the period in which they occur.

Actuarial assumptions (concerning the discount rate, mortality factor, costs of future benefits, inflation, etc.) are used to assess employee benefit obligations in conformity with IAS 19. Actuarial gains and losses inevitably appear, resulting (1) from changes in the actuarial assumptions year on year, and (2) deviations between actual costs and actuarial assumptions used for the IAS 19 valuation. These actuarial gains and losses are recognized directly in the income statement.

The calculation of the obligation is done using the projected unit credit method. Each year of service confers entitlement to an additional credit unit to be taken into account in valuing the benefits granted and the obligations pertaining thereto. The discount rate used is the yield of high-quality corporate bonds or alternatively is based on government bonds with a maturity similar to that of the benefits being valued.

Service costs comprise current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.

Past service costs resulting from a plan amendment or curtailment should be recognized at the earlier of the date when (1) the plan amendment or curtailment occurs; and (2) the entity recognizes related restructuring costs in accordance with IAS 37. Past service costs are recognized in the income statement.

Net interest is calculated by applying the discount rate to the net defined benefit liability or assets. Net interest costs are recognized in the income statement.

TERMINATION BENEFITS

Where bpost terminate the contract of a member of their personnel prior to the normal retirement date or where an offer of benefits is made in return for the termination of employment that can no longer be withdrawn, a provision is constituted in so far as there is an obligation on bpost.

Provisions

A provision is recognized only when:

1. bpost has a present (legal or constructive) obligation as a result of past events;
2. it is probable (more likely than not) that an outflow of resources will be required to settle the obligation; and
3. a reliable estimate of the amount of the obligation can be made.

Where the impact is likely to be material (mainly for long-term provisions), the provision is estimated on a net present value basis. The increase in the provision due to the passage of time is recognized as a financial expense.

A provision for restoring polluted sites is recognized if bpost has an obligation in this respect. Provisions for future operating losses are prohibited.

If bpost has an onerous contract (the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it), the present obligation under the contract is recognized as a provision.

A provision for restructuring is only recorded if bpost demonstrates a constructive obligation to restructure at the statement of financial position date. The constructive obligation should be demonstrated by: (a) a detailed formal plan identifying the main features of the restructuring; and (b) raising a valid expectation to those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features to those affected.

Income taxes and deferred taxation

Income tax includes current taxation and deferred taxation. Current taxation is the amount of taxes to be paid (recovered) on the taxable income for the current year together with any adjustment in the taxes paid (to be recovered) in relation to previous years. It is calculated using the tax rate on the statement of financial position date.

Deferred taxation is calculated according to the liability method on the temporary differences arising between the carrying amount of the statement of financial position items and their tax base, using the tax rate expected to apply when the asset is recovered or the liability is settled. In practice, the rate in force on the statement of financial position date is used.

Deferred taxes are not recognized in respect of:

1. goodwill that is not amortized for tax purposes;
2. the initial recognition of an asset or liability in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit; and
3. investments in subsidiaries, branches, associates and joint ventures if it is likely that dividends will not be distributed in the foreseeable future.

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. The same principles apply to recognition of deferred tax assets for unused tax losses carried forward. This criterion is reassessed on each statement of financial position date.

Deferred taxes are calculated at the level of each fiscal entity. The deferred tax assets and liabilities of various subsidiaries may not be presented on a net basis.

Transactions in foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency of the entities concerned using the exchange rates prevailing on the dates of the transactions. Realized exchange rate gains and losses and non-realized exchange rate gains and losses on monetary assets and liabilities on the statement of financial position date are recognized in the income statement.

On consolidation, the assets and liabilities of foreign operations are translated into EUR at the exchange rate prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Revenue recognition

bpost earns revenue from a range of services including national and international postal and parcels services, e-commerce logistics, back-office, proximity and convenience services and sells a range of products including banking and financial, postal and retail products. bpost also carries out Services of General Economic Interest (SGEI) pursuant to a contract with the Belgian State. All income related to standard business operations is recognized as revenue in the income statement. All other income is reported as other operating income (see below in a separate section).

bpost recognizes revenue from contracts with customers when control of the goods and services is transferred to the customer at an amount that reflects the consideration to which bpost expects to be entitled in exchange for those goods and services. Below the nature, amount, timing, uncertainty of recognition from revenues from contracts with customers is detailed per class of services.

The presentation of the revenues in the notes per product line item is composed of a combination of type of activities (as described below), type of product, customers and geographical region and is disaggregated in line with the information regularly reviewed by the CODM.

bpost's business activities can be split into three different revenue recognition streams: (i) Distribution and transport services, (ii) Logistic and fulfillment services and (iii) Back-office and proximity and convenience services.

(I) DISTRIBUTION AND TRANSPORT SERVICES

Service included in product line items: Transactional mail, Advertising mail, Press, Parcels BeNe, Cross-border (inbound and outbound) and International mail.

This class of services consists in the delivery of domestic and international mail and parcels comprising the collection, transport, sorting and distribution of addressed and non-addressed mail, printed documents, newspapers and parcels.

Revenue is recognized when the performance obligation, the promise to deliver a good (e.g.: letter, parcel…) to an addressee or location, is satisfied at a point in time. This is in general on the delivery of the goods. bpost generally considers that it is the principal in distribution and transport services, except for the delivery of newspapers and periodicals to newsstands where it acts as an agent.

The delivery of the newspapers and periodicals can occur in three different ways:

Firstly, bpost makes direct delivery to the households and business ("users") for their subscribed newspapers and periodicals (reported as product line 'Press'). In this case, bpost is a principal because it is the primary obligor to deliver the newspapers and periodicals directly to users and is remunerated by the publishing companies and the Belgian State ("customers"). The remunerations received from the publishing companies for the delivery are based on the volume handled. The remuneration received from the contract with the Belgian State (classified as SGEI) is split between a flat amount recognized over time (equally distributed over the four quarters) and a variable fee based upon the distributed volumes. This remuneration from the Belgian state is subject to an ex-post calculation based upon the evolution of the costs basis of bpost.

Secondly, bpost (through its wholly-owned subsidiary AMP) delivers these newspapers and periodicals to newsstand (reported as product line "Press"). In this situation, AMP acts as an agent on behalf of the publishing company ("customer") and is remunerated based on the number of delivered volumes and a commission on the retail price.

Thirdly, bpost can sell newspapers and periodicals through its Ubiway Retail network which is described below in the proximity and convenience revenue stream.

Certain activities of the distribution and transport services revenue stream (e.g.: transactional mail, cross-border…) are considered as universal postal services as set out in the Belgian Postal Act. bpost provides universal postal services in Belgium on the basis of a management contract concluded with the Belgian State. Certain postal services that are part of the universal postal service and are typically used by individuals and SMEs (known together as the Small User Basket, hereafter "SUB") are subject to a price cap, as provided for in the Postal Act. Each year bpost submits its proposed price increase for the services that are part of the SUB to the Belgian postal regulator (BIPT) for prior approval, with the BIPT having to agree to the price increase if the price cap is complied with. More generally, all postal services that fall under the universal postal service are subject to a range of obligations in terms of quality (such as frequency, geographic coverage and continuity) and pricing (transparency, uniformity, affordability, non-discrimination and cost-orientation). For the non-universal postal services and services not defined as postal items bpost has general sales conditions for smaller customers and contracts for larger customer with volume based pricing and discounts. The contracts with customers providing rebates, surcharges and penalties (volume or quality), that give rise to a variable consideration are accrued monthly and the best estimate of the outstanding position is reflected in the consolidated statement of financial position based on the expected value principle.

The consideration received by bpost for stamps and franking machines for which the performance obligation has not yet been fulfilled are recorded as deferred revenue and disclosed as a contract liability until the delivery of the letter or parcel (domestic or international) is satisfied. The revenue relative to the stamp sale and franking machine activity is only recognized as an estimated revenue at the time the good is delivered. Therefore, bpost has set up a revenue recognition model to recognize the predicted amount of revenues, based on historic data on the usage of stamps. The historical usage is than applied on the stamps sold during the reported period. Stamps not used after a considerate period are treated as a sale of a good.

The revenue relative to inbound (cross-border), a service to another postal operator to distribute mail and parcels in Belgium, is recognized as an estimated revenue at the time the service is performed. The consideration to which bpost is entitled is later on negotiated and definitely agreed with the customer (other postal operator). Due to this process the amount of the transaction price is variable and bpost estimates the amount of revenue using the expected value method based on historical data. At balance sheet date the best estimate of the outstanding position is reflected in the consolidated statement of financial position, however as the final settlements are based upon different assumptions (among which "items per kilo" and transaction price) final settlements might deviate from the initial assessment. The net outstanding positions of outbound and inbound flows per postal operator are recorded as a receivable or payable. The process applied by bpost ensures that the variable consideration constrains of IFRS 15 is respected, i.e.: bpost recognizes variable consideration for which it is highly probable that no significant revenue will be reversed once the uncertainties have gone away.

(II) LOGISTIC AND FULFILLMENT SERVICES

Service included in product line items: E-commerce logistics, Parcels & Logistic Europe and Asia and North America (fulfillment and logistics) and Cross-border (custom duties)

This class of services consists of e-commerce fulfillment, including warehousing and handling of goods, e-commerce logistics, including repair services, and e-commerce cross-border services, including custom duties service.

Logistic and fulfillment services consist of following performance obligations: receiving, storing, picking and packing, returning, repairing and clearing of goods. Revenue is recognized when the performance obligation, the promise to deliver a service to the customer, is satisfied at a point in time (e.g.: when the actual picking, packing has taken place) or in case of storage of goods over time. bpost generally considers that it is the agent in logistic and fulfillment services. bpost performs the service of processing returned goods on behalf of the customer, but bpost does not take on any liability hence no liability for return is booked at bpost.

Volume rebates which give rise to a variable consideration are accrued monthly and the best estimate of the outstanding position is reflected in the consolidated statement of financial position based on the expected value principle.

(III) BACK-OFFICE AND PROXIMITY AND CONVENIENCE SERVICES

Service included in product line items: E-commerce logistics, Parcels & Logistic North America (call center and PT&F), Value added services and Proximity and convenience retail network (financial products, sale of goods…)

This class of services consist of:

- operational back-office services, including call center, payment and financial, Fraud and Tax, administrative and document management services; and
- proximity and convenience service, including the access to the network, over the counter service for different partners and sale of self-produced goods (mainly philately), retail products and goods of partners, including bpost bank products

Back-office and proximity and convenience services consist of following performance obligations: access to network and point of sales, over the counter services, sale of goods and processing of transactions, documents or calls. Revenue is recognized when the performance obligation, the promise to deliver a service or a good to the customer, is satisfied at a point in time (e.g. service over the counter, processing of items or sale of a good) or over time (e.g. access to network). bpost generally considers that it is the principle in back-office services and sale of retail and self-produced goods and that bpost is the agent receiving a commission in case of bpost bank products and sale of partner products.

Part of the revenue of Proximity and convenience retail network (reported as SGEI revenue) consist out of Services of General Economic Interest (SGEI) carried out by bpost on behalf of the Belgian State. These services consist among others of the maintenance of an extensive retail network and services such as the payment at home of pensions and the execution of financial postal services. The compensation of SGEI is based on a net avoided cost ("NAC") methodology and is being equally distributed over the four quarters (recognized over time). This methodology provides that compensation shall be based upon the difference in the net cost between bearing or not the provision of SGEI. During the year calculations are made for the SGEI to ensure the remuneration is in line with the amounts recorded.

For Payment, Tax and Fraud (PT&F) services, management estimates a refund liability based upon the expected value method for potential payments related to the fraud services.

Other operating income

Gains on disposal of assets are determined by comparing the net proceeds received from the disposal of the asset with the assets carrying amount at the moment of the sale.

Rental income arising from operating leases or investment properties is accounted for on a straight line basis over the lease term.

Government grants and subsidies are recognized as a reduction of expenses and are offsetting the related expenses for which the grant is intended.

Financial income and costs

For fixed income securities, interest is recognized in the income statement using the effective interest rate method. For variable income securities, revenues are recorded in profit or loss as soon as the shareholders general meeting confirms the distribution of a dividend.

Interest on borrowings is recognized in financial costs as incurred. For borrowings, any difference between the amount received and the amount repayable is recognized in the income statement using the effective interest method.

Derivative financial instruments

bpost uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from its operational and financial activities. In accordance with its treasury policy, bpost does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently measured to their fair value at the end of each reporting period. Depending on whether hedge accounting (see below) is applied or not, any resulting gain or loss on the remeasurement of the derivative financial instrument is either recognized directly in other comprehensive income or in the income statement.

Hedge accounting

bpost designates certain hedging instruments, which includes derivatives and non-derivatives in respect of foreign currency risk, as hedges of net investments in foreign operations and as cash flow hedges respectively.

At the beginning of the hedge relationship, bpost documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the beginning of the hedge and on an ongoing basis, bpost documents and assesses the effectiveness of the derivative instruments.

CASH FLOW HEDGES

The effective portion of changes in the fair value of derivatives designated and qualified as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued when bpost revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

HEDGES OF NET INVESTMENTS IN FOREIGN OPERATIONS

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

6.5 Risk Management

Approach and methodology

bpost has defined and implemented an Enterprise Risk Management ("ERM") framework to embed company-wide risk management processes in key management activities, such as the Group Executive Committee's revision of the strategy or quarterly reviews of the operations.

Risks are identified at different levels in the organization (including, inter alia, operational and financial management; corporate 2nd line functions, such as Legal and Regulatory, Health and Safety, Security and Integrity; and the Group Executive Committee). It covers the entire business.

bpost discloses the risks and uncertainties in three categories:

- Regulatory/Legal risks: Regulatory evolutions and legal compliance issues that could impact the realization of bpost's strategy.
- External Business risks: External events that may affect the growth strategy.
- Operational risks: Mostly internally oriented risks or unforeseen disasters that may result in an impact on bpost's results. These also include financial risks.

Based on formalized risk evaluation criteria, approved by the Board of Directors, bpost prioritizes risks to allow appropriate communication of risks throughout the company (top-down and bottom-up). For the main risks in each category, bpost defined a dedicated mitigation and monitoring approach. The Group Executive Committee, Audit Committee and Board of Directors review the application of this approach on a regular basis.

	Mitigation	Monitoring
Regulatory/ Legal risks	• Maintaining a constructive relationship with the authorities and Regulators	• Annual status reporting (Legal/regulatory) • Immediate reporting of important evolutions potentially impacting the strategy
External Business Risks	• Trackig of the events which influence the risk assessment • Networking and influencing (if deemed useful) • Definition of Plan B (if deemed useful)	• Annual status reporting as input for the Annual Report (EOY) • Immediate reporting of important evolutions potentially impacting the strategy
Operational Risks	• Action plans / Projects to mitigate the risks (part of the BU objectives and budget process)	• Brief status & Emerging risk evolutions are reported during the Quartely Review (QR) • Annual update on the risk evolution (Corporate Risk)

Any of the following risks could have a material adverse effect on bpost's business, financial position and operating results. There may be additional risks of which bpost is currently unaware. There may also be risks that are currently considered to be immaterial, but that may ultimately have a material adverse effect. The risk mitigation, as described below, is meant to provide a high-level overview of potential and initiated action points in response to the risks and should not to be interpreted as a comprehensive list of risk responses. In addition, the mitigation efforts described below are no guarantee that risks will not materialize. No risk management or internal control system can provide absolute safeguards against failure to achieve corporate objectives, fraud or breach of rules and regulations.

Regulatory/Legal Risks

Appropriate policies, processes and internal control procedures are implemented in order to limit the exposure to complex regulatory and legal requirements. In addition, bpost strives for a constructive stakeholder management towards, *inter alia*, government, decision makers and regulators.

bpost operates in markets that are heavily regulated, including by national, EU and global regulatory bodies. It is uncertain whether Belgian or European regulators or third parties will raise material issues with regard to bpost's compliance with applicable laws and regulations or whether future legislative, regulatory or judicial changes or other regulatory developments might have a material adverse effect on bpost's business, financial condition, operating results and prospects.

RELATED TO OUR MAIL AND PARCEL BUSINESS

In November 2015, Belgian Minister De Croo, at that time responsible for the postal sector, announced his intent to adopt a new Postal Law in the course of his term of office. This new Postal Law was approved by the Parliament on January 18, 2018 and entered into force in February 2018. bpost welcomes this legislative initiative as the new Postal Law provides a future-proof, stable and predictable legal framework for the Belgian postal sector.

In 2012, the European Commission required bpost to repay alleged state aid for the period 1992 to 2012. On May 2, 2013, the European Commission approved the compensation granted to bpost under the terms of the 5th management contract covering the period 2013 to 2015. Although the European Commission's decisions on state aid provide bpost with a degree of certainty regarding the compatibility of the compensation it receives for the provision of services of public economic interest ("SGEIs") with state aid rules for the period from 1992 through 2015, it cannot be excluded that bpost could be subject to further state aid allegations and investigations in respect of this period in relation to SGEIs, other public services and other services it performs for the Belgian State and various public entities.

In accordance with the Belgian State's commitment to the European Commission, the Belgian State organized a competitive, transparent and non-discriminatory 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 respect of the period commencing as of January 1, 2023, it is uncertain whether another call for tender will be issued and whether the concession, if any, will once more be granted to bpost.

On December 3, 2015, bpost and the Belgian State signed a new management contract ("6th management contract") with respect to the other SGEIs (*inter alia*, the maintenance of a retail network, distribution of pensions, cash at counter and other services). This 6th management contract provides for a continued provision of these SGEIs for a period of five years, ending on December 31, 2020, and for a remuneration in line with the principles of the 5th management contract, as approved by the European Commission on May 2, 2013. In December 2020, the Belgian government decided to extend the 6th management contract until December 31, 2021. For the period commencing January 1, 2022, it is uncertain whether the Belgian State will conclude that such services still constitute SGEIs and hence do warrant compensation, will entrust all or part of such services to bpost and/or will amend the scope and content of certain of these services.

On June 3, 2016, the European Commission approved the 6th Management Contract and the press concession agreements under the state aid rules. In October 2016, the Vlaamse Federatie van Persverkopers ("VFP") sought the annulment of the European Commission's clearance decision before the General Court on procedural grounds. In February 2019, the General Court has removed the case from the register following the request by VFP to discontinue the proceedings.

bpost may be required to provide other postal operators access to specific elements of its postal infrastructure (such as information on requests for mail re-direction in case of address change), access to its postal network and/or to certain universal services. It cannot be excluded that competent authorities impose access at uneconomic price levels or that the access conditions imposed upon may be unfavorable for bpost. In the event bpost were to fail to comply with these requirements, it may also be subject to fines (under the competition law rules and postal regulation) and/or other postal operators may initiate proceedings seeking damages in national courts.

bpost is required to demonstrate that its pricing for the services falling within the USO complies with the principles of affordability, cost orientation, transparency, non-discrimination and uniformity of tariffs. Tariff increases for certain single piece mail and USO parcels are subject to a price cap formula and prior control by the BIPT. The BIPT may refuse to approve such tariffs or tariff increases if they are not in compliance with the aforementioned principles or price cap formula. It should be noted that the new Postal Law, which entered into force in February 2018, provides for a new price cap formula as part of a stable and predictable price control mechanism.

In addition, in relation to activities for which bpost is deemed to have a dominant market position, its pricing must not constitute an abuse of such dominant position. Failure to observe this requirement may result in fines. bpost may also be ordered by national courts to discontinue certain commercial practices or to pay damages to third parties.

bpost is also subject to the requirement of no cross-subsidization between public services and commercial services. In addition, according to state aid rules, if bpost engages in commercial services, the business case for providing such services must comply with the "private investor test," that is, bpost must be able to demonstrate that a private investor would have made the same investment decision. If these principles are not complied with, the European Commission could find that commercial services have benefited from unlawful state aid and order the recovery of this state aid from bpost.

According to the European Commission, cross-border parcel delivery is one of the key elements impacting e-commerce growth in Europe. In May 2016, the European Commission prepared a proposal for a regulation on cross-border parcel delivery services. The regulation was adopted by the Council and EU Parliament in 2018 and imposes increased pricing transparency and regulatory oversight for cross-border parcel delivery operators such as bpost.

bpost was designated by the Belgian State as the USO provider for an eight-year term commencing in 2011. In the new Postal Law, bpost is designated as USO provider until the end of 2023. The special terms and conditions of the USO are defined in a new dedicated management contract which entered into force in 2019. The obligation to provide the USO may represent a financial burden on bpost. Although the new Postal Law provides that bpost is entitled to compensation by the Belgian State in the event the USO has created an unfair burden, there can be no assurance that the entire net cost of the USO will be covered.

RELATED TO BPOST BANK, BPOST'S ASSOCIATE

bpost bank operates in a heavily regulated market. The regulatory landscape for financial institutions has changed considerably (e.g., increased focus on customer protection, anti-money laundering, etc.) and prudential supervision has been reinforced (e.g., quality and level of capital, liquidity, corporate governance). It is uncertain whether and to which extent Belgian or European regulators or third parties may raise material issues with regard to bpost bank's compliance with applicable laws and regulations or whether future legislative, regulatory or judicial changes or other regulatory developments may have a material adverse effect on bpost bank's business, financial condition, results of operations and prospects. The current business model of bpost bank, a traditional savings bank, is put under pressure since interest rates are expected to remain steadily at a very low level. To mitigate the effect of those market circumstances, bpost bank developed a mortgage loans portfolio bearing more yield while involving higher capital requirements and potential increased default risks.

On December 23, 2020, bpost NV/SA and BNP Paribas Fortis NV/SA ("BNPPF") announced that they have reached a non-binding agreement on the future long-term partnership of bpost bank NV/SA (bpost bank). In the context of this future long-term partnership, bpost would sell its 50% stake in bpost bank to BNPPF. bpost would continue to provide banking services through its physical network of post offices. bpost and BNPPF have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021. The duration of the future partnership is seven years. The transaction will be subject to customary conditions, including regulatory approvals.

RELATED TO OTHER REGULATORY & LEGAL REQUIREMENTS

The interaction between the laws applicable to all private limited liability companies and the specific public law provisions and principles applicable to bpost may present difficulties in interpretation and cause legal uncertainty. For instance, bpost is subject to certain specific risks in relation to employment matters deriving from the application of certain public law provisions and principles.

Amendments to - or the introduction of new - legislation and regulations, including legislation and regulations relating to state pensions, could result in additional burdens for bpost. There can also be no assurance that bpost will not face challenges regarding certain employment matters on state aid grounds. Finally, bpost's contractual employees could also challenge their employment status for being deprived of statutory employment protection and benefits.

Regulatory changes may (directly or indirectly) impact the attractiveness of mail as a way of communicating and hence bpost's turnover.

External Business Risks

The risks mentioned in the section below are considered in light of the long term strategy. bpost assigned clear ownership for each of the risks. The owner monitors the risk, observes trends and initiates mitigating actions if and when needed. More details on the internal control and risk management system can be found in the Corporate Governance Statement.

The use of mail has declined in recent years, primarily as a result of the increased use of e-mail and the internet. bpost expects that the mail volumes will continue to decline. E-government initiatives or other measures introduced by the Belgian State or other public authorities or private enterprises that encourage electronic substitution in administrative mail may also affect the rate of decline in mail volumes. Management has taken action to address the digitalization risk (e.g. launch of 'prior' stamp) and has in 2020 implemented an alternative mail distribution operating model. Both the speed of change as well as how our customers will react to the new product offerings and new ways of working remain uncertain.

This new "digital" area also impacts the parcels industry in the sense that the e-commerce clients have a limited willingness to pay for the delivery while requesting additional services (e.g. same day delivery). This might put pressure on the margins and overall profitability in the parcels industry. As such external factors triggered by the industry, competition and clients could challenge the growth in parcels (both in Belgium and abroad). In addition, a slowdown in the growth of the e-commerce market could also impact the growth in the parcels distribution and fulfillment business. Management has taken measures to ensure potential operational or financial impacts will be lowered to their minimum.

The outbreak of the COVID-19 virus in early 2020 and the results of the measures taken to contain the virus have an unprecedented impact on economic activity and society in general. During such crisis, the daily presence of bpost close to the citizens and its customers is of vital importance. Therefore, bpost group has focused on the continuity of its universal service missions and other national and international mail and parcels services while showing the utmost concern for the health and safety of its employees and customers. The COVID-19 crisis had several operational implications for the bpost group in 2020: the temporary closure of non-essential retail in Belgium, the negative impact on the mail volume, the performance of proximity and convenience retail network and the negative impact on international mail due to the lock-down and the travel ban. The COVID-19 crisis has boosted e-commerce affinity and adoption which had a positive impact on most parcel and e-commerce activities. The unknowns surrounding the severity and duration of the COVID-19 crisis will continue to create uncertainties and opportunities. bpost group is monitoring the evolution of the COVID-19 crisis and will continue to assess further impact going forward. Management has taken measures to ensure potential operational or financial impacts of uncertainties will be lowered to their minimum and to grasp all emerging opportunities.

On January 1, 2021, the United Kingdom has left the European Union Customs Union and the European Union Single Market. From that date, customs documentation needs to be prepared for goods moving between the United Kingdom and the European Union for border control purposes. All goods leaving the United Kingdom to the European Union and vice versa are subject to import and export customs clearance in the same way that goods shipped from/to non-EU destinations are processed already. The goods are subject to import duties and VAT in the United Kingdom and the European Union if applicable and electronic data has become mandatory on all shipments. These changes mean that shippers need to fulfill more formalities on their shipments. These formalities also cause time losses in different points in the supply chain, mostly during transport due to the border crossing formalities and during the import customs clearance process. These additional steps also come with an additional cost. Another attention point is that the customer driven return flows become more complicated due to the additional import/export formalities. Brexit was an important change. It has been prepared in depth and in close cooperation with our customers. After a few minor teething issues in early January 2021, the business has resumed as expected. bpost continues to offer both delivery service with duty paid and unpaid to the United Kingdom, with the full mix of postal and commercial products for shipping parcels.

Operational Risks – Business risks

bpost faces some operational challenges that require an appropriate level of management attention. bpost initiates mitigating action plans if and when needed. More details on the internal control and risk management system can be found in the Corporate Governance Statement.

RELATED TO THE AGILITY AND FLEXIBILITY OF THE BPOST NETWORK

Due to the relatively fixed nature of its cost base, a decline in mail volumes may translate into a significant decline in profit, unless bpost can reduce its costs. Accordingly and as stated earlier above, bpost has introduced multiple levers for transformation of the legacy business (e.g. alternating distribution model, network optimization, etc.). However, there can be no 100 percent assurance that bpost will realize all of the benefits expected from such initiatives in time, since it depends from exogenous factors e.g. the speed of the mail volume decline. Some of the critical elements for success are change management, project prioritization and stakeholder alignment.

RELATED TO INFORMATION AND COMMUNICATION TECHNOLOGY

bpost relies on Information and Communication Technology ("ICT") systems to provide most of its services. The systems are subject to risks, such as power outages, disruptions of internet traffic, software bugs, cyber-attacks (such as data exfiltration attacks, encryption attacks, and other forms of hacking) and problems arising from human error. This may result in loss of data, disclosure of data or significant disruption of bpost's operations and that of its customers and clients. In addition, in a world of constant connectivity and dependency on information that is processed and stored electronically, the lack of protection of confidential and/or sensitive information may result in inappropriate information sharing.

Increased global cyber security intimidations, threats and more complex and targeted cyber-related attacks threatens the security of bpost, its customers, partners, suppliers and third-party service providers in terms of services, systems and networks. The confidentiality, integrity and availability of the data of bpost and its customers may be at risk. bpost is taking the necessary measures and making the required investments to reduce these risks, including employee awareness trainings, protective measures, detective measures, security testing and roll out of contingency plans.

RELATED TO THE INTEGRATION OF RECENT ACQUISITIONS

To pursue its growth ambitions, bpost has bought several companies over the last few years. The most important acquisition was Radial in the US. As for all acquisitions and integration paths there is the risk of not being able to successfully integrate and whether bpost's subsidiaries will actually realize the related business plans. bpost has strengthened its post-merger integration activities to mitigate this risk as much as possible.

RELATED TO THE ATTRACTIVENESS OF BPOST AS EMPLOYER

bpost may face difficulties to attract and retain the operational workforce it needs to ensure day-to-day delivery of mail and parcels. In addition, as any large employer, talent management in view of effective succession planning for critical functions and successful in-sourcing of certain new capabilities may also be challenging. To develop career opportunities in a proactive, structured and managed way within the group, across the various businesses and support units a Career Management function is being developed at bpost group level with the aim to develop future leaders in-house, on the basis of career paths and development routes.

RELATED TO THE BUSINESS CONTINUITY

bpost's ability to serve its customers and the public in general depends highly on the sorting centers where bpost centralizes, sorts and prepares the mail and parcels for distribution. In Belgium, bpost operates six sorting centers. If one or more of these facilities were to shut down for a period of time due to, e.g., power outage, accident, strike action, natural disaster resulting in fire or flooding, terrorist attack or otherwise, bpost may be unable to distribute or comply with delivery times for a period of time. This could have a negative impact on bpost's reputation, customer satisfaction and financial performance. In the United States, Radial conducts its North American fulfillment operations at 21 fulfillment centers providing its clients with a range of services including receiving and storage of inventory, returns management and shipping solutions. This high number of sites offer greater potential back-up solutions in case of continuity issue in one or more of these facilities.

RELATED TO "FORCE MAJEURE"

The risk of a potential prolonged interruption of operations due to extreme natural events (e.g., fire, flood, storm, pandemic, and increase in employees' health issues due to pollution) has increased. bpost seeks to prevent damage to buildings and interruptions to operations as much as possible through prevention and contingency programs. The detrimental consequences of these risks are covered by insurance policies.

It should be noted that bpost's Corporate Social Responsibility strategy includes ambitious targets to reduce bpost's Greenhouse Gas ("GhG") emissions. This should limit climate change and the occurrence of extreme natural events.

Operational Risks - Financial risks

CLIMATE CHANGE RISK

Next to the rise of natural disasters and health issues associated to climate change and which could affect our operations, carbon taxes, emissions trading schemes and fuel taxes are also expected to feature prominently in the coming regulations. Average carbon prices could increase more than sevenfold to 120 USD per metric ton by 2030.

The effects of rising carbon prices on companies will be both dynamic and complex:

- Companies' costs will rise in proportion to the total emissions generated by themselves and possibly their suppliers.
- Selling prices are likely to rise to compensate cost increases at an industry level.
- Demand could fall reflecting the price sensitivity of customers in each market affected, shrinking companies' sales and costs.

bpost monitors the carbon price risk and takes measures to reduce its carbon footprint within the framework of its Corporate Social Responsibility strategy.

By adopting carbon pricing forecasts and estimated internal carbon prices, bpost is able to outpace the cost of intensifying carbon regulations and adapt to business in a low-carbon economy.

Next to the forecasting of carbon pricing, bpost is also working at effectively reducing its emissions. Aware of the ecological impact of the growing parcels distribution, bpost has drawn up a CO_2 reduction objective aimed at reducing emissions from the activities of the entire bpost group by at least 20% by 2030, compared to 2017. The objective has been approved by the 'Science Based Target' initiative that guarantees that the company is in line with the climate targets of the Paris Agreement. To achieve this goal, bpost will, among others, replace 50% of its diesel vehicles by an electric alternative by 2030.

EXCHANGE RATE RISK

In its operational and financial activities, bpost is exposed to foreign exchange rate fluctuations which impact the balance sheet and the income statement.

These exchange rate risks consist of (i) transaction risk related to operational activities with cash flows in foreign currency and (ii) translation risk related to the consolidation in EUR of subsidiaries whose functional currency is not the EUR (bpost's functional currency). The main exposure to the foreign exchange rate risk corresponds to the translation risk of the USD, there are no material monetary items.

Hedging instruments are used to mitigate these impacts.

The following table demonstrates the sensitivity to a reasonable possible change in the USD exchange rate, with all other variables held constant. The translation risk is represented by the impact of the variation of the USD value on the EBIT and the equity of the Group (after considering the net investment hedge) of the North America subsidiaries of bpost for 2020. The group's exposure to foreign currency changes for all other currencies is not material.

As at 31 December

IN MILLION EUR	+5% USD VS EUR	-5% USD VS EUR
Effect on EBIT	(1.0)	1.2
Effect on Group equity after considering the net investment hedge	(20.4)	22.6

INTEREST RATE RISK

bpost is exposed to interest rate risk through its investment in bpost bank (Associate), which, like in any other bank, fluctuations in the interest rate directly influence its margin. Interest rates likewise influence valuation of bpost bank's bond portfolio as the portfolio is classified on the statement of financial position of bpost bank as Hold to Collect and Sell category of financial assets, under which changes in valuation are reflected as fair value through other comprehensive income.

bpost bank has been accounted for using the equity method in accordance with the accounting policy for investments in associates, consequently 50% of the change in its equity directly influences the consolidated equity of bpost.

However, as explained in note 6.20, the investment in bpost bank as at December 31, 2020 was classified as a non-current asset held for sale, following the signature of a non-binding agreement with BNP Paribas Fortis, and remeasured to its fair value less costs to sell.

The following table illustrates the impact of a change of 50 basis points (bp) or 0.5% (from 1% to 1.5% for instance) on bpost bank's equity and, through the equity pick up, on bpost:

As at 31 December

IN MILLION EUR	+50BP	-50BP
Equity bpost bank	(0.7)	1.8
Equity bpost	(0.4)	0.9

bpost is also directly exposed to interest rate fluctuations through its external financing. However, bpost mitigates this risk by achieving a balance between fixed and variable rates. This balance currently mainly consists of fixed rates but may evolve according to market situation.

In order to manage the interest rate structure of its debt, bpost may use hedging instruments such as interest rate swaps. Any substantial change in the rate structure requires prior validation from the Group Executive Committee.

At the end of 2020, the external financing consisted of:

- 185.0 million USD unsecured term loan (floating interest rate). This loan started on July 3, 2018 with a maturity of 3 years and has been extended in 2020 to July 2023.
- 650.0 million EUR bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%. In anticipation of this issuance, in February 2018 bpost entered into a forward interest rate swap for 10 years with a nominal amount of 600.0 million EUR to hedge the interest risk of the bond.
- 18.2 million EUR EIB (European Investment Bank) loan (floating interest rate). bpost took out a 100.0 million EUR loan from the EIB on May 5, 2007. It has a yearly reimbursement of 9.1 million EUR and last payment is foreseen in 2022.

The table below illustrates the impact of a change in interest rates of 50bp (from 1% to 1.5% for example) on the floating rate debts (i.e. the term loan in USD and the European Investment Bank loan in EUR). Interest is calculated as Euribor / USD Libor plus margin. As the margin is determined in the contract, the sensitivity analysis only applies on the Euribor / USD Libor, known as the "base rate". As base rates are currently floored at zero in the loan agreements, a decrease of 50bp on the Euribor / USD Libor has a lower impact than an increase of 50bp. Consequently the sensitivity analysis is asymmetrical.

As at 31 December

IN MILLION EUR	SENSITIVITY TO A -50BP MOVEMENT IN MARKET INTEREST RATES	SENSITIVITY TO A +50BP MOVEMENT IN MARKET INTEREST RATES
Impact on costs	(0.3)	0.8

Financial results of bpost are also influenced by the evolution of the discount rates, used to calculate the employee benefits obligation. At December 31, 2020, an increase of 50 bp or 0.5% of the average discount rates, would generate a decrease of financial charge of 21.5 million EUR. A decrease of 50 basis point or 0.5% of the average discount rates, would increase financial charges by 23.8 million EUR. For further detail, see note 6.27 employee benefits.

CREDIT RISK

bpost is exposed to credit risks through its operational activities, in the investment and management of its liquidities (banks) and through its investment in bpost bank.

As at 31 December

IN MILLION EUR	2020	2019
Cash and Cash equivalents	948.1	670.2
Trade receivables (current and non-current)	721.6	656.5
Other receivables exposed at credit risk	81.8	50.3
Of which loan to associate	25.0	25.0
CREDIT RISK CLASSES ASSETS	**1,776.5**	**1,377.0**

On December 11, 2019 bpost granted to bpost bank a subordinated loan of 25.0 million EUR with a maturity of 10 years and a first call date after 5 years. As such, this debt ranks after the other debts if bpost bank falls into liquidation or bankruptcy.

Operational activities

The credit risk by definition only concerns that portion of bpost's activities that are not paid upfront in cash. bpost actively manages its exposure to credit risk by investigating the solvency of its customers. This translates into a credit rating and a credit limit.

bpost recognizes on all of its trade receivables an allowance for expected credit losses based on the lifetime expected credit losses (ECL) model. As the trade receivables do not contain a significant financing component bpost opted to apply the simplified approach to calculate the expected credit loss rate with the use of a provision matrix, based on the historical default rates adapted for current and forward looking information.

The following table summarizes the movement in the provision for expected credit losses:

IN MILLION EUR	2020	2019
AT 1 JANUARY	**16.9**	**18.5**
Impairments: Additions through business combinations	0.0	0.0
Impairments: Additions	10.8	7.7
Impairments: Utilization	(0.3)	(5.0)
Impairments: Reversal	(1.9)	(2.5)
Impairments: Translation differences	(0.5)	(1.8)
AT 31 DECEMBER	**24.8**	**16.9**

The ageing analysis of the trade receivables and the credit risk exposure following the provision matrix is as follows:

As at 31 December 2019

IN MILLION EUR	CURRENT	DAYS PAST DUE < 60 DAYS	DAYS PAST DUE 60 -120 DAYS	DAYS PAST DUE > 120 DAYS	OUTSTANDING BALANCE SGEI IN DEFAULT	TOTAL
Estimated total gross carrying amount at default	581.9	69.8	4.3	10.9	6.5	673.3
Expected credit loss rate	0.2%	5.1%	29.5%	37.7%	100.0%	
Allowance for expected credit losses	(1.4)	(3.5)	(1.3)	(4.1)	(6.5)	(16.9)
TRADE AND TERMINAL DUES RECEIVABLES	**580.4**	**66.2**	**3.0**	**6.8**	**0.0**	**656.5**

As at 31 December 2020

IN MILLION EUR	CURRENT	DAYS PAST DUE < 60 DAYS	DAYS PAST DUE 60 -120 DAYS	DAYS PAST DUE > 120 DAYS	OUTSTANDING BALANCE SGEI IN DEFAULT	TOTAL
Estimated total gross carrying amount at default	669.2	55.5	5.1	5.6	6.5	741.9
Expected credit loss rate	0.5%	9.5%	39.7%	52.5%	100.0%	
Allowance for expected credit losses	(3.5)	(5.3)	(2.0)	(2.9)	(6.5)	(20.3)
TRADE AND TERMINAL DUES RECEIVABLES	**665.7**	**50.2**	**3.1**	**2.6**	**0.0**	**721.6**

The expected credit loss rate increased in 2020 in comparison with 2019 as the historical default rates were corrected for the increasing e-commerce and parcel activities with higher historical default rates in comparison with the declining mail activities with lower historical default rates. Furthermore given the difficulty to assess the impact of COVID-19 bpost has made use of a post-model overlay based on customer credit rating provided by an external credit rating agency.

As disclosed in note 6.34 bpost reserved an amount of 6.5 million EUR as an outstanding receivable for the reduction of the SGEI compensation of 2015 and considered this receivable to be in default.

Investment of liquidities

Regarding bpost's investment of its liquidities, which includes cash and cash equivalents and investment securities, the exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

bpost bank

bpost bank invests the funds that have been deposited by its customers. The bank has adopted a strict investment policy that determines an overall allocation of the investments across Belgian State bonds, other sovereign bonds and bonds from financial and commercial corporations as well as mortgages. Per December 31, 2020 bpost bank had invested the funds deposited by its customers in interbank assets (1,228.1 million EUR), loans and advances to customers (mainly mortgage and term loans, 7,100.0 million EUR) and securities (mainly government bonds and corporate bonds, 3,398.0 million EUR). In addition, maximum concentration limits per issuer, per sector, per rating, per country and per currency have been established and are constantly monitored.

LIQUIDITY RISK

bpost's current liquidity risk is limited due to the high level of cash at hand and due to the fact that a significant portion of its revenues is paid for by its customers prior to bpost performing the service.

The maturity of the liabilities are presented as follow:

	CURRENT	NON-CURRENT		
	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	LATER THAN 5 YEARS	TOTAL
31 DECEMBER 2019				
Lease obligations	100.7	255.7	139.6	496.0
Trade and other payables	1,250.9	27.7	0.0	1,278.5
Long term bond	8.1	40.6	658.1	706.9
Commercial papers	164.5	0.0	0.0	164.5
Derivative instruments	1.3	0.0	0.0	1.3
Bank overdraft	0.5	0.0	0.0	0.5
Bank loan	13.7	189.7	0.0	203.5
Other loans	0.1	0.7	0.0	0.8
TOTAL FINANCIAL LIABILITIES	**1,539.9**	**514.4**	**797.7**	**2,852.0**

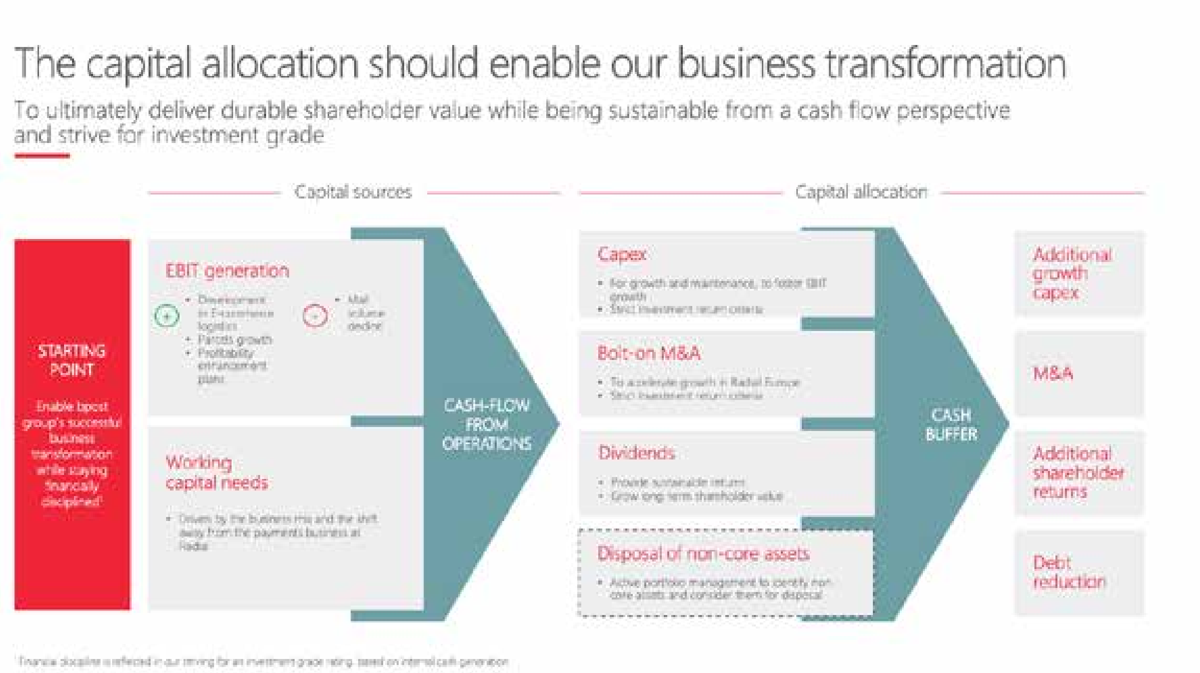
	CURRENT	NON-CURRENT		
	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	LATER THAN 5 YEARS	TOTAL
31 DECEMBER 2020				
Lease obligations	106.0	273.6	143.7	523.3
Trade and other payables	1,438.4	48.6	0.0	1,487.0
Long term bond	8.1	32.5	654.3	694.9
Commercial papers	165.0	0.0	0.0	165.0
Derivative instruments	0.3	0.0	0.0	0.3
Bank overdraft	0.0	0.0	0.0	0.0
Bank loan	10.6	160.6	0.0	171.3
Other loans	0.2	0.0	0.0	0.2
TOTAL FINANCIAL LIABILITIES	**1,728.7**	**515.3**	**798.0**	**3,042.0**

The above contractual maturities are based on the contractual undiscounted payments, which may differ from the carrying values of the liabilities at the statement of financial position date.

The liquidity risk is further mitigated by committed credit lines scaled according to the magnitude of bpost operations.

Capital management policies and procedures

bpost seeks an optimal balance between its net debt and its operating cash flow. bpost manages the financial structure both maximizing the value for shareholders and enabling bpost's successful business transformation. In this context, bpost may choose to adjust the amount of dividends paid, carry out transactions impacting the number of shares or sell assets scaling back its net debt.



bpost's policy is also to maintain an intrinsic solid investment grade credit profile based on internal cash generation, which is currently the case looking at bpost reiterated single A rating of Standard & Poor's.

The main indicators followed are: (1) the ratio between the net debt, as determined by Standard & Poor's credit rating methodology[1], and the EBITDA; and (2) the ratio between the adjusted Funds from Operations and the net debt, as determined by Standard & Poor's credit rating methodology.

1 *Note that the Standard & Poor's figures for 2020 were not available yet at the time of the issuance of the annual report, once available these will be published on our corporate website, section investors/debt-profile.*

6.6 Impact of COVID-19

The spread of the COVID-19 virus has an unprecedented impact on economic activity and society in general. During such crisis, the daily presence of bpost close to the citizens and its customers is of vital importance. Therefore, bpost group has focused on the continuity of its universal postal service missions and its other national and international mail and parcels services while showing the utmost concern for the health and safety of its employees and customers.

The operational implications on bpost group were the following so far:

- The closure of non-essential retail from March 13 until May 10 and during the month November, 2020 in Belgium, negatively impacted mail volumes, especially Advertising mail. Transactional mail was to a lesser extent hurt from general economic disruption. The impact mainly related to smaller administrative volumes from big senders and small and medium-sized enterprises (SMEs), and registered letters. Hesitance to advertise within an uncertain COVID-19 context continues to impact Advertising mail negatively.
- Ubiway Retail stores, being located mostly in travel environments, saw a large impact on footfall, as well as a partial closure.
- The exceptional circumstances of the lockdown also had a temporarily significant negative impact on bpost group's international service offering related to the dispatch of letters and parcels (mainly destinations outside Europe).
- On the other hand, the worldwide COVID-19 crisis created a shift to online shopping. This had a positive impact on most parcel & e-commerce activities.

To limit the negative impact of COVID-19 on its results, bpost group has put targeted cost containment actions in place particularly in discretionary spending. bpost group is monitoring the evolution of COVID-19 and will continue to assess further impacts going forward. The main elements impacting the consolidated financial statements are mentioned hereunder:

Going concern and associated liquidity measures

The General Meeting of Shareholders held on May 13, 2020 decided to distribute a gross dividend per share on the results of full year 2019 of 0.62 EUR. Since an interim dividend of 0.62 EUR gross per share was already paid on December 9, 2019, no further dividend on the results of full year 2019 was paid. Furthermore the Board will recommend to the Annual Shareholders' Meeting not to grant a dividend on the results of full year 2020 to shareholders. In the exceptional circumstances of COVID-19 and its uncertain impact on macroeconomics in the future, the Board wants to prioritize the strength of bpost group's balance sheet, cash reserves and capacity to invest on the long-term. In addition, early May 2020 the initial capex budget for 2020 of 200.0 million EUR was reduced to a maximum of 150.0 million EUR.

Insights in the financing structure and the liquidity are disclosed in note 6.30 and 6.25. At the end of December cash and cash equivalents amounted to 948.1 million EUR, furthermore bpost has 2 undrawn revolving credit facilities for a total amount of 375.0 million EUR and out of the external funding (excluding interests) 803.5 million EUR is long-term debt. Based upon the above and the net cash movement in 2020 (cash inflow 304.9 million EUR), bpost considers it has sufficient resources to continue operations for the next 12 months. Furthermore Standard & Poor Global Ratings reaffirmed the long- and short-term credit rating at A/A-1, with a stable outlook.

Goodwill

At reporting date, bpost group assessed if there was any indication of impairment and performed impairment testing of the goodwill as defined by IAS 36, which lead to the recognition of an impairment loss of 41.4 million EUR. See note 6.21 intangible assets.

Investments in associates and joint-ventures

COVID-19 had a negative impact on the net result of bpost bank. Beside the decrease in activities, 2,018 clients requested moratoria whereby the payment of the monthly instalments on their mortgage loans was suspended and for which bpost bank recognized a financial loss (impact after taxes at 50%) 0.3 million EUR corresponding to the difference of the NPV of the contracts before and after the moratorium. Furthermore bpost bank made two additional provisions linked to a default risk due to COVID-19, 0.4 million EUR (impact after taxes at 50%) due to a deterioration of macroeconomic conditions (higher unemployment and lower housing prices) and 0.4 million EUR (impact after taxes at 50%) linked to an increase of probability of default of loans that are currently in moratorium for credit payments.

Expected credit loss

bpost recognizes an allowance for expected credit losses on all of its trade receivables based on the lifetime expected credit losses (ECL) model. In order to calculate the ECL rates, bpost uses a provision matrix based on adapted historical default rates per ageing category. Given the difficulty to assess the impact of COVID-19 on the ECL rates, bpost has made use of a post-model overlay based on customer credit rating provided by an external credit rating agency. This led to an additional provision for bad debt of 4.5 million EUR in 2020.

IFRS 16 rent free period

For some leases which were closed due to COVID-19 circumstances (e.g. Ubiway Retail shops at the airport) bpost didn't have to pay a rent or got a discount. bpost applied the practical expedient for these rent concessions as the change in lease payments didn't result in substantially revised considerations or change in terms and conditions and the reductions only affected payments due in 2020. As a result, costs in 2020 were reduced by an amount of 1.4 million EUR.

6.7 Business combinations

Change in scope of consolidation: creation of Active Ants International BV

On April 1, 2020 Active Ants International BV was established in order to further expand the fulfillment business across Europe. bpost holds 75% of the shares for which bpost paid an amount of 7.5 million EUR. Next to that, the agreement foresees a call and put structure for the remaining shares (25%). At the time of the establishment the variable exercise price of the put had been recognized as a financial liability for a discounted amount of 17.5 million EUR (corresponding to the maximum amount). Changes to the financial liability will be recognized in the income statement. At year-end 2020 the unwinding of the discount triggered 0.2 million EUR financial costs hence the outstanding discounted liability amounted to 17.7 million EUR. Given the put option, the company was consolidated within the Parcels & Logistics Europe & Asia operating segment using the full-integration method.

Acquisition of Freight4U Logistics BV

On April 3, 2020 bpost acquired 100% of shares of the company Freight 4U Logistics BV. Freight 4U Logistics is a ground handler based in Brussels and Liège airport area with services including freight breakdown, sorting and processing of freight, import and export customs activities and freight forwarding. Revenues in 2019 amounted to 2.8 million EUR. bpost paid an amount of 0.2 million EUR for the acquisition of the shares of Freight 4U. In addition, the agreement foresees a contingent consideration based on the average EBITDA over the financial years 2021-2022, 2022-2023 or 2023-2024 which can amount up to 0.8 million EUR maximum and for which no liability was foreseen. Transaction costs were expensed and are included in the operating expenses in 2020. The company was consolidated within the Parcels & Logistics Europe & Asia operating segment using the full-integration method as from April 2020.

The calculated goodwill is presented as follows:

FAIR VALUE OF THE ASSETS ACQUIRED AND LIABILITIES ASSUMED IN THE ACQUIRED ENTITY	IN MILLION EUR
Non-Current Assets	**0.1**
Property, plant and equipment	0.1
Current Assets	**0.5**
Trade and other receivables	0.5
Cash and cash equivalents	0.0
Non-Current Liabilities	**0.0**
Current Liabilities	**(0.5)**
Interest bearing loans and borrowings	(0.2)
Trade and other payables	(0.3)
FAIR VALUE OF NET ASSETS ACQUIRED	**0.0**
Goodwill arising on acquisition	0.2
PURCHASE CONSIDERATION TRANSFERRED	**0.2**
of which:	
- Cash paid	0.2
- Contingent consideration	0.0

ANALYSIS OF CASH FLOWS ON ACQUISITION	IN MILLION EUR
Net cash acquired with the subsidiary	0.0
Cash paid	(0.2)
NET CASH OUTFLOW	**(0.2)**

The fair value of the current and non-current trade receivables amounted to 0.5 million EUR and it is expected that the full contractual amounts can be collected.

In 2020 Freight 4U contributed to 0.5 million EUR of revenue and -2.2 million EUR to profit before tax from continuing operations of the group. Not taking into account any intercompany eliminations, revenues and EAT respectively amounted to 2.6 million EUR and -0.2 million EUR.

The resulting goodwill of 0.2 million EUR derives from future growth and expected synergies within the cross-border activities. None of the goodwill is expected to be deductible for income tax purposes.

Contingent consideration for Anthill BV

In June 2020, bpost paid an amount of 3.0 million EUR for 11.4% of the shares of Anthill in execution of the call option foreseen in the agreement of 2018. The fair value of the contingent consideration was recognized as a liability. The payment had no impact on the originally calculated goodwill nor on the result of the year.

Furthermore in June 2020, the agreement of March 2018 has been amended and the variable exercise price of the put for the remaining shares of Anthill BV (25.0%) has been reassessed, the total discounted outstanding liability amounted to the maximum amount of 13.3 million EUR at time. The increase of the contingent liability (3.9 million EUR) was recognized in the financial costs in the second quarter. At year-end 2020 the unwinding of the discount triggered 0.2 million EUR financial costs, hence the outstanding discounted liability amounted to 13.5 million EUR at year end 2020.

Purchase Price Allocation for AtoZ Global BV and MCS Fulfillment BV

In September 2019, Active Ants acquired 100% of the shares of AtoZ Global BV and Multi-Channel Services Fulfillment BV. The group is active in the national and international distribution of packages or multi-channel services fulfillment, consisting of product storing, picking, packing, organization of transport activities, returns handling and shipping. Active Ants paid an amount of 3.6 million EUR for the shares. Next to that, the agreement foresees a contingent consideration based upon the 2019 and 2020 revenues and a second one based upon the 2021 EBITDA margin, the fair-value of the contingent considerations was recognized for an amount of 1.4 million EUR (maximum amount of 1.9 million EUR) related to revenues target and 0.4 million EUR (corresponding to maximum amount) related to EBITDA margin target. Transaction costs were expensed and are included in the operating expenses in 2019. The company was consolidated within the Parcels & Logistics Europe & Asia operating segment using the full-integration method as from October 2019.

The calculated goodwill is presented as follows:

FAIR VALUE OF THE ASSETS ACQUIRED AND LIABILITIES ASSUMED IN THE ACQUIRED ENTITIES	IN MILLION EUR
Non-Current Assets	**0.9**
Property, plant and equipment	0.3
Intangible assets	0.7
Current Assets	**1.5**
Trade and other receivables	1.0
Cash and cash equivalents	0.5
Non-Current Liabilities	**(0.1)**
Deferred tax liabilities	(0.1)
Current Liabilities	**(0.9)**
Trade and other payables	(0.9)
FAIR VALUE OF NET ASSETS ACQUIRED	**1.4**
Goodwill arising on acquisition	4.0
PURCHASE CONSIDERATION TRANSFERRED	**5.4**
of which:	
- Cash paid	3.6
- Contingent consideration	1.8

ANALYSIS OF CASH FLOWS ON ACQUISITION	IN MILLION EUR
Net cash acquired with the subsidiary	0.5
Cash paid in 2019	(3.6)
NET CASH OUTFLOW	**(3.1)**

The fair value of the current and non-current trade receivables amounted to 1.0 million EUR and it is expected that the full contractual amounts can be collected.

The adjustment to fair value following the purchase price allocation consisted of the recognition of customer relationships (useful life 5 year) for an amount of 0.7 million EUR.

In 2020 AtoZ and MCS contributed to 11.9 million EUR of revenue and 0.9 million EUR to profit before tax from continuing operations of the group. In 2019 AtoZ and MCS contributed 2.7 million EUR of revenue and 0.3 million EUR to profit before tax from continuing operations of the group.

The resulting goodwill of 4.0 million EUR derives from future growth and expected synergies within the fulfillment activities. None of the goodwill is expected to be deductible for income tax purposes.

6.8 Segment information

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

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

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

The business unit also carries out Services of General Economic Interest on behalf of the Belgian State (SGEI).

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

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

The business unit runs several operations centers across Europe including a sorting center (NBX) and several Parcel hubs.

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

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

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

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

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

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

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

The following tables present an overview of the segment results:

For the year ended 31 December

	M&R		PALO EURASIA		PALO N. AM.		CORPORATE		ELIMINATIONS		GROUP	
IN MILLION EUR	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
External operating income	**1,736.1**	**1,897.1**	**1,073.9**	**813.2**	**1,329.2**	**1,097.5**	**15.4**	**30.1**			**4,154.6**	**3,837.8**
Intersegment operating income	221.8	174.7	14.0	17.8	6.8	6.8	375.2	372.0	(617.9)	(571.2)	0.0	0.0
TOTAL OPERATING INCOME	**1,958.0**	**2,071.7**	**1,087.9**	**830.9**	**1,336.0**	**1,104.2**	**390.6**	**402.1**	**(617.9)**	**(571.2)**	**4,154.6**	**3,837.8**
Operating expenses	1,709.4	1,734.2	966.8	747.7	1,233.7	1,048.7	343.4	340.7	(617.9)	(571.2)	3,635.5	3,300.2
Depreciation, amortization	128.9	83.7	22.6	21.7	95.0	71.6	72.0	70.8			318.5	247.7
PROFIT / (LOSS) FROM OPERATING ACTIVITIES (EBIT)	**119.6**	**253.8**	**98.5**	**61.5**	**7.4**	**(16.1)**	**(24.9)**	**(9.3)**	**0.0**	**0.0**	**200.7**	**289.9**
Share of results of associates and joint ventures											18.3	15.8
Remeasurement of assets held for sale at fair value less costs to sell											(141.6)	0.0
Financial results											(47.8)	(61.5)
Income tax expenses											(48.8)	(89.6)
PROFIT / (LOSS) OF THE PERIOD (EAT)	**119.6**	**253.8**	**98.5**	**61.5**	**7.4**	**(16.1)**	**(24.9)**	**(9.3)**	**0.0**	**0.0**	**(19.2)**	**154.7**

The tables presented below provide an overview of the entity wide disclosures and covers also the IFRS 15 disclosure requirements.

The total operating income (excluding intersegment operating income), revenue and other operating income, is measured on the same basis as the financial statements' accounting guidelines (IFRS) and business unit performance. Other operating income is allocated to several line items, but mainly to Corporate & Supporting functions as this line item only represents other operating income.

For the year ended 31 December

IN MILLION EUR	EXTERNAL OPERATING INCOME 2020	2019	CHANGE %	REVENUE 2020	2019
Mail & Retail	**1,736.1**	**1,897.1**	**-8.5%**	**1,724.3**	**1,880.4**
Transactional mail	725.2	748.0	-3.1%	724.7	747.7
Advertising mail	182.6	236.0	-22.6%	182.6	235.9
Press	339.1	346.6	-2.2%	332.6	337.4
Proximity and convenience retail network	386.5	462.6	-16.4%	381.7	456.4
Value added services	102.7	103.9	-1.1%	102.7	102.9
Parcels & Logistics Europe & Asia	**1,073.9**	**813.2**	**32.1%**	**1,073.4**	**809.7**
Parcels BeNe	547.9	380.6	43.9%	547.8	378.8
E-commerce logistics	172.5	133.1	29.7%	171.8	131.4
Cross border	353.5	299.5	18.0%	353.8	299.5
Parcels & Logistics North America	**1,329.2**	**1,097.5**	**21.1%**	**1,317.4**	**1,089.3**
E-commerce logistics	1,246.4	1,008.1	23.6%	1,234.7	1,000.2
International mail	82.8	89.4	-7.4%	82.7	89.1
Corporate & Supporting functions	**15.4**	**30.1**	**-48.9%**	**0.0**	**0.0**
TOTAL	**4,154.6**	**3,837.8**	**8.3%**	**4,115.1**	**3,779.4**

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

For the year ended 31 December

IN MILLION EUR	2020	2019	EVOLUTION 2020 - 2019
Belgium	2,465.0	2,464.3	0.0%
Rest of Europe	315.3	262.2	20.3%
US	1,277.3	1,054.8	21.1%
Rest of world	97.0	56.4	71.8%
TOTAL OPERATING INCOME	**4,154.6**	**3,837.8**	**8.3%**

For the year ended 31 December

IN MILLION EUR	2020	2019	EVOLUTION 2020 - 2019
Belgium	885.8	977.2	-9.4%
Rest of Europe	194.7	180.1	8.1%
US	805.7	874.8	-7.9%
Rest of world	43.4	46.2	-6.1%
TOTAL NON-CURRENT ASSETS	**1,929.6**	**2,078.4**	**-7.2%**

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

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

6.9 Revenue

For the year ended 31 December

IN MILLION EUR	2020	2019
Revenue excluding the SGEI remuneration	3,847.9	3,508.3
SGEI remuneration	267.2	271.0
TOTAL	**4,115.1**	**3,779.4**

Compared to last year, revenue increased by 335.7 million EUR to 4,115.1 million EUR. The revenue increase at Parcels & Logistics Europe & Asia and Parcels & Logistics North America was partially offset by the revenue decrease at Mail & Retail, primarily driven by mail volume decline and lower proximity and convenience retail network revenues (including the deconsolidation of Alvadis).

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

6.10 Other operating income

For the year ended 31 December

IN MILLION EUR	2020	2019
Gain on disposal of property, plant and equipment	12.2	25.8
Gain on disposal of activities Alvadis	0.0	0.6
Rental income of investment property	1.2	1.0
Third party cost recovery	4.2	9.7
Gain on contingent considerations	0.0	3.2
Other Retail income	3.8	5.8
Other	18.0	12.3
TOTAL	**39.5**	**58.4**

Gains on disposal of property, plant and equipment decreased by 13.6 million EUR due to lower revenues on the sales of buildings in 2020 compared to 2019 (in the second quarter 2019 19.9 million EUR gain on the headquarters sale was realized).

The third party cost recovery mainly relate to reimbursements by third parties of non-core services and sales realized by bpost's restaurants.

In 2019 an amount of 1.7 million EUR and 1.5 million EUR was recognized for respectively the difference between the cash paid and the outstanding contingent consideration of DynaGroup and the reversal of the contingent consideration of Leen Menken.

Other Retail income mainly consisted of non-specific product income in the retail channel which is not part of the ordinary activity of bpost.

6.11 Other operating expenses

For the year ended 31 December

IN MILLION EUR	2020	2019
Provisions	(1.2)	(0.2)
Local, real estate and other taxes	8.6	12.5
Impairment on trade receivables and charge backs payment services	17.5	5.2
Penalties	0.1	0.1
Other	9.4	6.6
TOTAL	**34.4**	**24.2**

Other operating expenses increased by 10.2 million EUR versus last year. This increase was mainly explained by an increase of 12.3 million EUR of the impairments on trade receivables (due to the bankruptcy of some clients as well as some additional provisions to cover the impact of COVID-19) and an increase of the charge backs on payment services, in line with the increased payments volumes. This increase was partly offset by a decrease of local, real estate and other taxes (3.9 million EUR), mainly due to the higher VAT recuperation.

6.12 Material costs

Compared to last year, material costs decreased by 44.4 million EUR or 18.1%. This decrease was mainly explained by lower Ubiway Retail material costs in line with lower revenues as a result of the COVID-19 related partial closure of the network and reduced footfall, furthermore the deconsolidation of Alvadis as from September 2019 contributed to this decrease.

6.13 Services and other goods

The cost of goods and services increased by 288.0 million EUR to 1,813.1 million EUR, this should be seen together with the increased revenues and result from higher volume of parcels and COVID-19.

For the year ended 31 December

			EVOLUTION
IN MILLION EUR	2020	2019	2020 - 2019
Rent and rental costs	80.3	56.9	41.1%
Maintenance and repairs	114.8	116.8	-1.7%
Energy delivery	42.7	45.8	-6.9%
Other goods	48.6	39.1	24.3%
Postal and telecom costs	21.5	21.2	1.6%
Insurance costs	26.7	24.9	7.2%
Transport costs	867.6	695.6	24.7%
Publicity and advertising	19.0	28.3	-32.8%
Consultancy	19.9	45.1	-55.7%
Interim employees	277.3	198.2	39.9%
Third party remuneration, fees	165.7	146.9	12.8%
Other services	128.9	106.2	21.4%
TOTAL	**1,813.1**	**1,525.0**	**18.9%**

- Rental costs increased by 23.4 million EUR due to higher fleet rent costs for short term leases in order to manage higher volumes of parcels and higher storage costs related to cloud services.
- Other goods amounted to 48.6 million EUR and increased by 9.5 million EUR amongst others due to additional expenses related to COVID-19 (protective masks, gloves and hydro-alcoholic gel).
- Transport costs amounted to 867.6 million EUR and increased by 172.0 million EUR in line with the evolution of international activities and higher domestic parcel volumes.
- The interim costs increased by 79.1 million EUR due to the increased number of interim employees and should be viewed together with the evolution of the payroll costs, see note 6.14.
- Third party remuneration fees mainly relate to ICT services, remuneration postal points, interim management, facility, security and outsourced services. These costs increased by 18.8 million EUR mainly due to increased ICT project-related costs (e.g. Alternative Distribution Model) and by higher cleaning costs due to COVID-19.
- Other services relate to costs for payment processing, HR services, training costs and administration costs. Other services increased by 22.8 million EUR, mainly due to increased payments processing fees of Radial US in line with increased volumes.

Partially compensated by cost containment actions in place for:

- Publicity and advertising decreased by 9.3 million EUR.
- Consultancy decreased by 25.1 million EUR, in line with increased projects executed by bpost employees.

6.14 Payroll costs

For the year ended 31 December

IN MILLION EUR	2020	2019
Wages and salaries	1,335.9	1,263.1
Social security costs	227.1	219.4
Pension costs (note 6.27)	7.8	7.6
Termination benefits, Other LT benefits and post-employment benefits other than Pension (note 6.27)	15.8	15.0
TOTAL	**1,586.5**	**1,505.1**

As at December 31, 2020, the headcount of bpost amounted to 36,291 (2019: 34,296) and was composed as follows:

- Statutory personnel : 8,048 (2019: 8,783).
- Contractual personnel : 28,243 (2019: 25,513).

The average FTE for 2020 was 32,030 (2019: 31,054).

The average FTE and interims for 2020 was 38,639 (2019 : 35,377).

Payroll costs (1,586.5 million EUR) and interim costs (277.3 million EUR) in 2020 amounted to 1,863.8 million EUR (1,703.2 million EUR in 2019). Payroll and interim costs increased by 160.6 million EUR (81.5 million EUR for payroll and 79.1 million EUR for interim costs) compared to last year.

The payroll and interim costs increase driven by the FTE increase, generated 136.4 million EUR higher costs. COVID-19 related premiums, salary indexation and merit increases partly offset by the exchange rate evolution mainly led to a negative price impact of 32.9 million EUR. The effects mentioned above were partly compensated by a positive mix effect of 8.8 million EUR which was mainly driven by the recruitment of auxiliary postmen.

6.15 Financial income and financial costs

The following amounts have been included in the income statement for the reporting periods presented:

For the year ended 31 December

IN MILLION EUR	2020	2019
Financial income	7.4	8.3
Financial costs	(55.2)	(69.7)
TOTAL	**(47.8)**	**(61.5)**

The net financial result of 2020 amounted -47.8 million EUR and increased by 13.7 million EUR compared to 2019. This increase was mainly due to the decrease of non-cash financial charges related to IAS 19 employee benefits as a result of a lower decrease in discount rates

Financial income

For the year ended 31 December

IN MILLION EUR	2020	2019
Interest income from current accounts/commercial papers	0.8	1.1
Gain from exchange differences	4.9	6.3
Other	1.7	0.9
FINANCIAL INCOME	**7.4**	**8.3**

Financial costs

For the year ended 31 December

IN MILLION EUR	2020	2019
Financial costs on benefit obligations (IAS 19)	8.8	25.1
Lease interest expenses (IFRS 16)	10.3	9.7
Interest on loans	3.2	5.4
Interest and costs related to long-term bond	9.3	9.3
Unwinding of pre-hedge interest swap	2.5	2.5
Loss from exchange differences	13.7	6.4
Impairment current/financial assets	0.0	0.0
Contingent consideration : unwinding of discount and effect of changes in discount rate and effect of changes related to purchase of minority interests	4.2	7.3
Other finance costs	3.1	4.0
FINANCIAL COSTS	**55.2**	**69.7**

The loss from exchange differences was mainly due to the evolution of the exchange rate EUR vs USD.

In 2020 the variable exercise price of the put for the remaining shares of Anthill BV was reassessed, the increase of the contingent liability (3.9 million EUR) was recognized in financial costs. In 2019 based upon the updated long term plan of Anthill BV the fair-value of the put for the remaining shares was adjusted leading to an increase of the contingent liability (7.3 million EUR).

6.16 Income tax/Deferred tax

Breakdown of Income tax expense recognized in the income statement

The income tax expense recognized in the income statement for 2020 amounted to 48.8 million EUR and breaks down as follows:

As at 31 December

IN MILLION EUR	2020	2019
INCOME TAX EXPENSE INCLUDED:		
Current Income tax expenses	70.5	89.7
Adjustment to current tax expenses related to prior years	(1.9)	(1.6)
Deferred tax expenses	(19.8)	1.6
TOTAL INCOME TAX EXPENSE	**48.8**	**89.6**

Reconciliation of theoretical income tax expense with income tax expense recognized in the income statement

A reconciliation of theoretical tax expense with income tax expense recognized in the income statement can be detailed as follows:

IN MILLION EUR	2020	2019
Profit before tax (A)	29.6	244.3
Statutory income tax rate of the parent company (B)	25.0%	29.6%
TAX EXPENSE USING STATUTORY TAX RATE (C) = (A) X (B)	**7.4**	**72.3**
Reconciling items between statutory and effective income tax expense		
Tax effect of non tax deductible expenses	6.8	6.7
Tax effects prior years	(2.6)	(1.6)
Tax effect of goodwill impairment	10.3	0.0
Tax effect of remeasurement of assets held for sale at fair value less costs to sell	35.4	0.0
Tax effect of tax losses utilized by subsidiaries for which no deferred tax asset or no full deferred tax asset was recognized	(1.0)	(1.2)
Subsidiaries in loss situation for which no deferred tax asset or no full deferred tax asset was recognize on their tax losses	2.9	19.0
Associates and joint ventures (equity method)	(4.6)	(4.7)
Other:		
Tax effect of subsidiaries liquidation	(3.3)	0.0
Tax effect of the changes in future tax rates	1.0	(0.3)
Other differences	(3.5)	(0.6)
TOTAL	**48.8**	**89.6**
Tax using effective rate (current period)	(48.8)	(89.6)
Profit before income tax	29.6	244.3
Effective tax rate	164.9%	36.7%

In 2020 the tax effect of the subsidiaries in a loss situation (for which no deferred tax asset or no full deferred tax asset is recognized) improved compared to 2019 in line with the better performance of these subsidiaries.

Non-tax deductible goodwill impairments (The Mail Group and Ubiway Retail) and the remeasurement of assets held for sale at fair value less costs to sell explain the exceptional effective tax rate of 164.9% in 2020.

Deferred tax presented in the statement of financial position

Net balances of deferred taxes are calculated based upon the tax position of each company and are disclosed in the statement of financial position for their net amount by legal entity.

As of December 31, 2020, bpost recognized a net deferred income tax asset of 45.6 million EUR. This net deferred income tax asset is composed as follows:

As at 31 december

IN MILLION EUR	2019	IMPACT ON: RESULT OF THE YEAR	IMPACT ON: OTHER COMPREHENSIVE INCOME	IMPACT OF BUSINESS COMBINATIONS	OTHER	2020
Deferred tax assets						
Employee benefits	24.6	0.3	(0.4)			24.5
Provisions	2.7	(0.8)				1.9
Tax losses carried forward	46.4	4.9				51.4
Other	33.9	6.9	(0.6)			40.2
TOTAL DEFERRED TAX ASSETS	**107.7**	**11.3**	**(1.0)**	**0.0**	**0.0**	**117.9**
Deferred tax liabilities						
Property plant and equipment	44.9	(0.4)				44.6
Intangible assets	35.4	(7.7)				27.8
Other	0.0	0.0				0.0
TOTAL DEFERRED TAX LIABILITIES	**80.4**	**(8.1)**	**0.0**	**0.0**	**0.0**	**72.3**
NET DEFERRED TAX ASSET	**27.3**	**19.4**	**(1.0)**	**0.0**	**0.0**	**45.6**

The deferred tax assets related to tax losses carried forward have increased mainly due to the recognition of an additional deferred tax asset for Radial US (6.7 million EUR). These US tax losses carried forward for which a deferred tax asset has been recognized have an expiration date ranging between 2022 and 2037 and the tax losses incurred as from 2018 can be carried forward indefinitely.

Deferred tax assets have been recognized in 2020 under the category “Other” mainly due to the favorable US exchange rate evolution impacting the net investment hedge and taxed reserves.

The decrease of the deferred tax on intangible assets is a result of the depreciations recorded on the Radial US intangible assets related to the purchase price allocation.

As of December 31, 2020, bpost recognized a net deferred income tax liability of 6.8 million EUR. The net deferred income tax liability mainly results from the depreciations and impairment of intangible assets related to the purchase price allocation (other than Radial). The net deferred tax liability by type of temporary difference and the changes break down as follows :

As at 31 december

		IMPACT ON				
IN MILLION EUR	2019	RESULT OF THE YEAR	OTHER COMPREHENSIVE	IMPACT OF BUSINESS COMBINATIONS	NETTING OF TAX POSITIONS	2020
Deferred tax assets						
Employee benefits	0.7	0.0				0.7
Provisions	1.0	(1.0)				0.1
Tax losses carried forward	3.8	(3.8)				0.0
Other	0.0	0.0				0.0
TOTAL DEFERRED TAX ASSETS	**5.5**	**(4.7)**	**0.0**	**0.0**	**0.0**	**0.7**
Deferred tax liabilities						
Property plant and equipment	1.9	(0.4)				1.5
Intangible assets	10.4	(3.8)		0.1		6.8
Other	0.2	(0.9)				(0.8)
TOTAL DEFERRED TAX LIABILITIES	**12.5**	**(5.1)**	**0.0**	**0.1**	**0.0**	**7.5**
NET DEFERRED TAX LIABILITIES	**(7.0)**	**0.4**	**0.0**	**(0.1)**	**0.0**	**(6.8)**

The decrease of the deferred tax on tax losses carried forward relates to the reversal of deferred taxes booked for AMP. The decrease of the deferred taxes on intangible assets mainly relates to the impairment on intangible assets of AMP.

Unrecognized deferred taxes

Deferred tax assets on the tax losses carried forward are only recognized to the extent that those losses are expected to offset a taxable profit in the future. bpost assesses a recoverability period of 5 years. Further to this assessment, no deferred tax asset has been recognized for 104.8 million EUR of carried forward tax losses. The majority of these unrecognized tax losses relate to entities located in Belgium (54.8 million EUR), in Germany (21.9 million EUR) and Luxembourg (20.7 million EUR). In Belgium and Germany, tax losses may be carried forward indefinitely. In Luxembourg, losses incurred before January 1, 2017 can be carried forward without a time limitation while the use of losses incurred afterwards is limited to 17 years.

6.17 Earnings per share

In accordance with IAS 33, the basic earnings per share amounts are calculated by dividing net profit / (loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts have to be calculated by dividing the net profit / (loss) attributable to ordinary equity holders of the parent (after adjusting for the effects of all dilutive potential ordinary shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

In case of bpost, no effects of dilution affect the net profit / (loss) attributable to ordinary equity holders and the weighted average number of ordinary shares.

The table below reflects the income and share data used in the basic and diluted earnings per share computations:

For the year ended 31 December

IN MILLION EUR	2020	2019
Net profit/(loss) attributable to ordinary equity holders of the parent for basic earnings	(19.4)	154.2
Adjustments for the effect of dilution		
Net profit/(loss) attributable to ordinary equity holders of the parent adjusted for the effect of dillution	(19.4)	154.2

IN MILLION SHARES		
Weighted average number of ordinary shares for basic earnings per share	200.0	200.0
Effect of dilution		
Weighted average number of ordinary shares adjusted for the effect of dilution	200.0	200.0

IN EUR		
Basic, profit/(loss) for the year attributable to ordinary equity holders of the parent	(0.10)	0.77
Diluted, profit/(loss) for the year attributable to ordinary equity holders of the parent	(0.10)	0.77

6.18 Property, plant and equipment

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT (EXCL. ROU)	RIGHT-OF-USE (ROU)	TOTAL
ACQUISITION COST								
Balance at 1 January 2019	**717.9**	**409.8**	**449.9**	**195.8**	**12.8**	**1,786.2**	**0.0**	**1,786.2**
Impact of IFRS 16 transition	0.0	0.0	0.0	0.0	0.0	0.0	417.8	417.8
Acquisitions	8.7	24.3	51.3	28.1	7.5	119.8	113.4	233.2
Acquisitions through business combinations	0.0	0.3	0.0	0.0	0.0	0.3	0.0	0.3
Reassessment	0.0	0.0	0.0	0.0	0.0	0.0	12.3	12.3
Disposals	(2.3)	(4.3)	(30.0)	(43.2)	0.0	(79.8)	(18.7)	(98.4)
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0	0.0	(0.3)	(0.3)
Assets classified as held for sale or investment property	(73.2)	0.0	0.0	15.2	0.0	(58.0)	0.0	(58.0)
Exchange rate difference	0.0	0.2	2.9	0.5	0.1	3.7	1.8	5.5
Other movements	(32.1)	0.1	(2.7)	20.4	(3.0)	(17.4)	18.7	1.3
BALANCE AT 31 DECEMBER 2019	**619.1**	**430.4**	**471.4**	**216.8**	**17.3**	**1,755.0**	**545.0**	**2,300.0**
Balance at 1 January 2020	**619.1**	**430.4**	**471.4**	**216.8**	**17.3**	**1,755.0**	**545.0**	**2,300.0**
Acquisitions	4.3	27.6	31.3	20.5	24.8	108.5	112.9	221.4
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2
Reassessment	0.0	0.0	0.0	0.0	0.0	0.0	31.4	31.4
Disposals	0.0	(5.9)	(4.4)	(3.9)	0.0	(14.3)	(24.1)	(38.3)
Assets classified as held for sale or investment property	(25.7)	0.0	0.0	(1.3)	0.0	(27.0)	0.0	(27.0)
Exchange rate difference	(0.3)	(0.6)	(15.0)	(2.1)	(1.3)	(19.4)	(14.8)	(34.2)
Other movements	9.0	2.2	(1.1)	(1.5)	(8.5)	0.1	0.0	(0.1)
BALANCE AT 31 DECEMBER 2020	**606.3**	**453.7**	**482.2**	**228.4**	**32.4**	**1,803.0**	**650.5**	**2,453.5**

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT (EXCL. ROU)	RIGHT-OF-USE (ROU)	TOTAL
REVALUATION								
Balance at 1 January 2019	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**	**0.0**	**7.4**
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE AT 31 DECEMBER 2019	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**	**0.0**	**7.4**
Balance at 1 January 2020	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**	**0.0**	**7.4**
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE AT 31 DECEMBER 2020	**0.0**	**0.0**	**0.0**	**0.0**	**7.4**	**7.4**	**0.0**	**7.4**

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT (EXCL. ROU)	RIGHT-OF-USE (ROU)	TOTAL
DEPRECIATION AND IMPAIRMENT LOSSES								
Balance at 1 January 2019	**(423.0)**	**(279.2)**	**(282.9)**	**(96.7)**	**(3.7)**	**(1,085.4)**	**0.0**	**(1,085.6)**
Depreciation through business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	2.3	4.1	27.0	43.2	0.0	76.6	6.6	83.2
Disposals through the sale of subsidiaries	0.0	0.0	1.0	0.1	0.0	1.1	0.0	1.2
Depreciation and impairment losses	(11.0)	(24.1)	(41.7)	(21.8)	0.0	(98.5)	(105.9)	(204.4)
Assets classified as held for sale or investment property	46.6	0.0	0.0	(11.9)	0.0	34.7	0.0	34.7
Exchange rate difference	0.0	(0.1)	(0.8)	(0.1)	0.0	(1.0)	0.1	(0.9)
Other movements	32.0	(0.3)	(0.8)	(30.5)	0.0	0.4	(2.3)	(1.9)
BALANCE AT 31 DECEMBER 2019	**(353.0)**	**(299.5)**	**(298.1)**	**(117.8)**	**(3.7)**	**(1,072.1)**	**(101.7)**	**(1,173.8)**

IN MILLION EUR	LAND AND BUILDINGS	PLANT AND EQUIPMENT	FURNITURE AND VEHICLES	FIXTURES AND FITTINGS	OTHER PROPERTY, PLANT AND EQUIPMENT	PROPERTY, PLANT AND EQUIPMENT (EXCL. ROU)	RIGHT-OF-USE (ROU)	TOTAL
Balance at 1 January 2020	**(353.0)**	**(299.5)**	**(298.1)**	**(117.8)**	**(3.7)**	**(1,072.1)**	**(101.7)**	**(1,173.8)**
Depreciations through business combinations	0.0	0.0	0.0	0.0	0.0	(0.1)	0.0	(0.1)
Disposals	0.0	5.4	4.3	3.4	0.0	13.0	13.0	26.0
Disposals through business combinations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation and impairment losses	(21.6)	(17.0)	(29.0)	(23.9)	0.0	(91.4)	(112.3)	(203.7)
Assets classified as held for sale or investment property	16.0	0.0	0.0	1.4	0.0	17.5	0.0	17.5
Exchange rate difference	0.0	0.4	5.7	0.4	0.0	6.6	4.8	11.4
Other movements	(2.9)	(0.9)	0.4	3.2	0.0	(0.2)	0.0	(0.2)
BALANCE AT 31 DECEMBER 2020	**(361.4)**	**(311.7)**	**(316.7)**	**(133.3)**	**(3.7)**	**(1,126.7)**	**(196.3)**	**(1,323.0)**
CARRYING AMOUNT								
At 31 December 2019	266.1	130.9	173.3	99.0	21.0	690.3	443.4	1,133.6
At 31 December 2020	245.0	142.0	165.5	95.1	36.1	683.7	454.2	1,138.0

Amortization and depreciation charges related to property, plant and equipment amounted to 203.7 million EUR and slightly decreased by 0.4 million EUR as compared to last year.

6.18.1 Property, plant and equipment (excluding right-of-use assets)

Property, plant and equipment decreased by 6.5 million EUR from 690.3 million EUR to 683.7 million EUR. This decrease was mainly explained by:

- depreciation and impairment amounting to 91.4 million EUR (98.1 million EUR in 2019);
- transfer to assets held for sale or investment property for 9.6 million EUR (23.4 million EUR in 2019);
- exchange rate impact for 12.8 million EUR (-4.6 million EUR in 2019)
- partially compensated by acquisitions for 108.5 million EUR (119.8 million EUR in 2019), mainly related to increased capacity and e-commerce logistics at Radial, Belgium Parcels B2C and Active Ants.

All amortization and depreciation charges are included in the section “Depreciation, amortization and impairment” of the income statement.

6.18.2 Right-of-use assets and leases

The right-of-use assets increased by 10.9 million EUR and amounted to 454.2 million EUR. This increase was mainly explained by:

- 112.9 million EUR additions, mainly related to additional warehouse leases (mainly Radial North America and AMP) and additional vehicles for distribution;
- 31.4 million EUR reassessments mainly explained by extension of lease duration;
- partially compensated by depreciations amounting to 112.3 million EUR, 10.1 million EUR of exchange rate difference and 11.1 million EUR disposals.

bpost has lease contracts mainly for buildings (warehouses and post offices), vehicles, machinery and other equipment used in its operations. Lease terms and carrying amounts are detailed in the table hereunder:

IN MILLION EUR	USEFUL LIVES	CARRYING AMOUNT DEC 31, 2020
Land and Buildings	3 to 25 years	392.3
Vehicles	4 or 5 years (8 years for trucks)	54.8
Machinery and other equipment	1 to 15 years	7.1
TOTAL		**454.2**

The carrying amounts and movements (including cash outflows) of the lease liabilities (under interest-bearing loans and borrowings) are being disclosed in note 6.26, whereas the maturity analysis is available in note 6.5.

bpost has leases for vehicles with lease terms of 12 months or less (2020 8.0 million EUR, 2019 2.6 million EUR), as well as leases for printers (2020: 0.5 million EUR) and rent of square meters for lockers (2020: 0.1 million EUR) with low value, all are disclosed under rent costs, within operating expenses.

Certain rent contracts of Ubiway Retail, concessions within train stations and airports, include variable lease payments, depending on the sales of the shops. In 2020 these costs amounted to 0.6 million EUR (2019: 2.6 million EUR) explained by lower activities due to COVID-19 and were included in rent, within operating expenses.

There are several lease contracts that include extensions and termination options. The major lease contract relates to Brussels X (NBX), the term of this lease contract is 15 years (until 2031) with 3 possible extensions of 5 years each. These extensions are currently not included into the lease term as it is not reasonable certain that these will be exercised. The impact per extension of 5 years is estimated to increase the overall lease liability by 5%. All other major sorting centers are within property, plant and equipment.

The significant leases contracts that have not yet commenced are disclosed in 6.33 rights and commitments.

All amortization and depreciation charges are included in the section "depreciation, amortization and impairment" of the income statement.

Operating Lease Income

bpost's future minimum operating lease income related to buildings is as followed and relates to buildings of which bpost is owner as well as subleases:

For the year ended 31 December

IN MILLION EUR	2020	2019
Less than one year	0.5	0.5
Between one year and five years	1.9	1.3
More than five years	2.8	0.6
TOTAL	**5.3**	**2.4**

The increase on future minimum operating lease income compared to 2019 was mainly explained by the sublease of the headquarter of Radial US partially compensated by lower rents of bpost NV/SA given lower number of buildings in property.

The income that is related to lease agreements was recognized in the section "Other operating income" for an amount of 1.2 million EUR in 2020.

6.19 Investment property

IN MILLION EUR	LAND AND BUILDINGS
ACQUISITION COST	
Balance at 1 January 2019	**61.3**
Acquisitions	0.0
Transfer from/to other asset categories	(45.5)
BALANCE AT 31 DECEMBER 2019	**15.8**
Balance at 1 January 2020	**15.8**
Acquisitions	0.0
Transfer from/to other asset categories	(4.7)
BALANCE AT 31 DECEMBER 2020	**11.1**
DEPRECIATION AND IMPAIRMENT LOSSES	
Balance at 1 January 2019	**(42.6)**
Depreciations	(0.1)
Transfer from/to other asset categories	31.9
BALANCE AT 31 DECEMBER 2019	**(10.8)**
Balance at 1 January 2020	**(10.8)**
Depreciations	0.0
Transfer from/to other asset categories	3.0
BALANCE AT 31 DECEMBER 2020	**(7.8)**
CARRYING AMOUNT	
At 31 December 2019	5.0
At 31 December 2020	3.3

Investment property mainly relates to apartments located in buildings used as post offices. The decrease of investment property in 2020 compared to 2019 was mainly explained by the transfer of one considerable building to assets held for sale.

Investment properties are carried at acquisition cost less any accumulated depreciation and less any impairment loss. The depreciation amount is allocated on a systematic basis over useful life (in general 40 years).

The rental income of the investment property amounted to 1.2 million EUR (2019: 1.0 million EUR). The estimated fair value of the investment property decreased from 5.0 million EUR to 3.3 million EUR given the transfer of one considerable building to assets held for sale.

6.20 Assets held for sale

As at 31 December

IN MILLION EUR	2020	2019
Assets		
Property, plant and equipment	3.3	1.4
bpost bank	100.0	0.0
Assets held for sale	**103.3**	**1.4**

Property, plant and equipment

The number of buildings recognized in assets held for sale amounted to 5 at the end of 2019 (and sold in 2020) versus 3 at the end of 2020. These assets are retail outlets, offices or mail centers which are vacant as a consequence of the optimization of the post offices and mail center network.

Profits on disposal of 12.2 million EUR (2019: 25.8 million EUR) were accounted for in the income statement in the section 6.10 Other Operating Income.

bpost bank

On December 23, 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 participations from bpost to BNPPF. bpost and BNPPF have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021. As a result, after assessing the criteria for classification as non-current assets held for sale, the investment in bpost bank (241.6 million EUR) has been classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell (100.0 million EUR), hence an impairment loss of 141.6 million EUR has been recognized.

6.21 Intangible assets

IN MILLION EUR	GOODWILL	DEVELOPMENT	SOFTWARE	CUSTOMER RELATIONSHIP	TRADENAME	TOTAL
ACQUISITION COST						
Balance at 1 January 2019	**683.6**	**119.6**	**172.6**	**131.6**	**52.5**	**1,159.8**
Acquisitions	0.0	27.5	14.8	0.2	0.0	42.4
Acquisitions and additions through business combinations	6.0	1.4	0.0	2.0	0.6	10.0
Disposals	0.0	0.0	(2.5)	(0.2)	0.0	(2.7)
Disposals via business combinations	0.0	0.0	0.0	(1.3)	(0.5)	(1.8)
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	13.4	0.0	0.9	1.5	0.8	16.6
Other movements	0.0	(0.9)	0.6	1.7	0.5	1.8
BALANCE AT 31 DECEMBER 2019	**702.8**	**147.5**	**186.3**	**135.4**	**53.9**	**1,225.9**
Balance at 1 January 2020	**702.8**	**147.5**	**186.3**	**135.4**	**53.9**	**1,225.9**
Acquisitions	0.0	19.7	19.3	0.0	0.0	39.1
Acquisitions and additions through business combinations	(0.3)	0.0	0.0	0.7	0.0	0.4
Disposals	0.0	(0.5)	(0.6)	(11.1)	0.0	(12.2)
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	(42.5)	0.0	(5.1)	(6.7)	(2.8)	(57.0)
Other movements	0.0	1.5	(1.6)	0.0	0.0	(0.1)
BALANCE AT 31 DECEMBER 2020	**660.0**	**168.3**	**198.4**	**118.3**	**51.1**	**1,196.0**

IN MILLION EUR	GOODWILL	DEVELOPMENT	SOFTWARE	CUSTOMER RELATIONSHIP	TRADENAME	TOTAL
DEPRECIATION AND IMPAIRMENT LOSSES						
Balance at 1 January 2019	**(36.7)**	**(85.9)**	**(133.4)**	**(22.1)**	**(6.7)**	**(284.8)**
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	2.0	0.1	0.0	2.1
Disposals via business combinations	0.0	0.0	0.0	1.3	0.5	1.8
Depreciation	0.0	(12.3)	(16.7)	(7.1)	(7.2)	(43.3)
Impairment losses	0.0	0.2	(0.2)	(0.5)	(1.2)	(1.7)
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	(0.4)	(0.1)	0.0	(0.5)
Other movements	0.0	(0.1)	0.6	(1.3)	(0.5)	(1.3)
BALANCE AT 31 DECEMBER 2019	**(36.7)**	**(98.0)**	**(148.0)**	**(29.8)**	**(15.2)**	**(327.6)**
Balance at 1 January 2020	**(36.7)**	**(98.0)**	**(148.0)**	**(29.8)**	**(15.2)**	**(327.6)**
Acquisitions through business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.5	0.6	11.0	0.0	12.1
Disposals via business combinations	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	(15.7)	(18.2)	(8.9)	(4.6)	(47.3)
Impairment losses	(41.4)	(5.0)	0.0	(16.4)	(4.4)	(67.2)
Assets classified as held for sale or investment property	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.1	0.0	3.3	1.5	0.7	5.6
Other movements	0.0	(0.2)	(0.8)	(1.3)	2.5	0.2
BALANCE AT 31 DECEMBER 2020	**(77.9)**	**(118.4)**	**(163.1)**	**(43.9)**	**(21.0)**	**(424.3)**

IN MILLION EUR	GOODWILL	DEVELOPMENT	SOFTWARE	CUSTOMER RELATIONSHIP	TRADENAME	TOTAL
CARRYING AMOUNT						
At 31 December 2019	666.3	49.5	38.3	105.6	38.7	898.3
At 31 December 2020	582.2	49.9	35.3	74.3	30.1	771.7

Depreciation and impairment charges increased by 61.0 million EUR to 105.9 million EUR in 2020 mainly due to impairments performed on:

- Goodwill of Ubiway Retail network and The Mail Group (41.4 million EUR).
- Customer relationships and tradenames (20.8 million EUR) recognized during PPA in the segment Mail & Retail driven by volume decline following e-substitution, COVID-19 impact and allocation of an impairment loss as a result of the annual impairment testing of Ubiway Retail network (2.8 million EUR) as disclosed in the section goodwill.

All amortization and depreciation charges are included in the section "Depreciation, amortization and impairment" of the income statement.

Intangible assets decreased by 126.6 million EUR, mainly due to:

- Depreciation amounting to 47.3 million EUR,
- Impairments amounting to 67.2 million EUR, The evolution of the exchange rate (51.4 million EUR),
- Partially compensated by acquisitions (39.1 million EUR) mainly related to ICT development costs capitalized, the migration of ICT infrastructure to the cloud and the new distribution model.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquired entity.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) in accordance with IAS 36 Impairment of assets.

In million EUR

	PRESS	UBIWAY RETAIL NETWORK[1]	PARCELS BENE	E-COMMERCE LOGISTICS EUROPE & ASIA	E-COMMERCE LOGISTICS NORTH AMERICA	INTERNATIONAL MAIL	OTHER	TOTAL
Balance at 1 January 2019	**21.9**	**28.3**	**38.3**	**51.7**	**493.3**	**12.0**	**1.4**	**646.8**
Acquisitions	0.0	0.0	0.0	6.0	0.0	0.0	0.0	6.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.0	0.0	11.3	2.1	0.0	13.4
BALANCE AT 31 DECEMBER 2019	**21.9**	**28.3**	**38.3**	**57.7**	**504.6**	**14.1**	**1.4**	**666.3**
Balance at 1 January 2020	**21.9**	**28.3**	**38.3**	**57.7**	**504.6**	**14.1**	**1.4**	**666.3**
Acquisitions	0.0	0.0	0.0	(0.5)	0.0	0.0	0.2	(0.3)
Disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	(28.3)	0.0	0.0	0.0	(13.0)	0.0	(41.4)
Transfer	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exchange rate difference	0.0	0.0	0.0	(0.2)	(41.1)	(1.1)	0.0	(42.4)
BALANCE AT 31 DECEMBER 2020	**21.9**	**0.0**	**38.3**	**57.0**	**463.5**	**0.0**	**1.5**	**582.2**

(1) Comparable period 2019: proximity and convenience retail network

In 2020 the Proximity and convenience retail network part has been split in bpost retail network and the Ubiway Retail network to monitor separately both retail networks. In line with the updated strategy to deliver new neighborhood and proximity services through the bpost retail network different products are offered differentiating it from the Ubiway Retail network. The goodwill of 28.3 million EUR part of the business combination Ubiway has been fully allocated to the CGU Ubiway Retail network. The impairment test of Ubiway Retail network lead to a recoverable amount lower than the carrying value and impairment loss has been recorded in Mail & Retail on goodwill (28.3 million EUR) and on intangible assets (2.8 million EUR). Ubiway Retail stores, newsagents' shops located mostly in travel environments, saw a large impact on reduced footfall competitions as well as partial closure due to COVID-19, an accelerating trend of online shopping and an ongoing e-substitution and digitization of press and periodicals. The goodwill of International Mail (13.0 million EUR) part of Parcels and Logistics North America has been impaired as the carrying amount is not supported anymore by the recoverable amount given the uncertainty on the change in operations from business mail to domestic parcels.

The goodwill of E-commerce Logistic Europe & Asia was adjusted as a result of the finalization of the purchase price allocation of Vector Invest BV (-0.5 million EUR) and the consolidation (0.2 million EUR) of Freight4U Logistics BV (see note 6.7 business combinations). Note that the goodwill of Vector Invest BV was not retrospectively adjusted as the impact was deemed not material. In 2019 the goodwill of E-commerce Logistic Europe & Asia was adjusted as a result of the finalization of the purchase price allocation of Anthill BV (1.5 million EUR) and the consolidation of Vector Invest BV (4.5 million EUR) as from October 2019.

Goodwill is not amortized but is tested for impairment on an annual basis (December). For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) in accordance with IAS 36 Impairment of assets. The test consists of comparing the carrying amount of the assets (or group) of the CGUs with their recoverable amount. The CGUs are described in the note segment reporting and combine business operations active in a same geographical region.

The recoverable amounts are based on the value in use. The latter equals the present value of the future cash flows expected to be derived from each CGU or group of CGUs and is determined using the following inputs:

- most recent business plan and budgets, including detailed planning for EBITDA, net working capital and investment planning via capital expenditure or leasing, which covers a five year period (prior year testing a period of 4 year);
- consideration of a terminal value determined from the cash flows obtained by extrapolating the cash flows of the last year of the business plan referred to above, affected by a long-term growth rate deemed appropriate for the activity and the location of the assets;
- discounting of expected cash flows at a rate determined using the weighted average cost of capital formula.

The assumption for which the recoverable amounts is the most sensitive for all CGU's tested is the EBITDA. The key assumption (EBITDA) in the budgets is based on past experiences adapted for changing market conditions. The EBITDA is the result of volume evolutions, price evolution and cost improvement projects along with new value added services following the judgement and estimates made by management in developing the budgets and forecasts for the coming years.

The discount rate is estimated based on an extensive benchmarking with peers, so as to reflect the return investors would require if they were to choose an investment in the underlying assets. The peer group was divided into mail-related peers and parcels-related peers. Besides this, the different economic environment was also factored in the determination of the weighted average cost of capital (WACC). Driven by a decrease of costs of debt (mainly in USD), discount rates are below the ones applied during last year's testing except for CGU's Parcels BeNe and E-commerce Europe & Asia.

The long-term growth rate was set at 0% for mail activities and 2% for parcels activities and e-commerce logistics. The growth rates were determined based on internal expectations (same assumptions as for EBITDA evolution) and external sources and are consistent with real growth figures and expectations for the relevant sectors in which the CGUs operate and take into consideration the long-term inflation for Europe and United States.

The discount rates and the growth rates for the CGUs with material goodwill are shown in the following table:

	DISCOUNT RATES		GROWTH RATES	
	2020	2019	2020	2019
Press	5.6%	5.7%	0%	0%
Ubiway Retail(1)	5.6%	5.7%	0%	0%
Parcels BeNe	6.5%	5.9%	2%	2%
E-commerce logistics Europe & Asia	6.5%	5.9%	2%	2%
E-commerce logistics North America	6.9%	7.5%	2%	2%
International Mail	6.2%	7.2%	0%	0%

(1) Comparable period 2019: proximity and convenience retail network

The impairment tests performed at CGU level, except for Ubiway Retail network and International mail, did not lead to any impairment of assets, as the recoverable amounts of the (groups of) CGUs were significantly higher than their carrying amounts. More specifically, the difference between the CGUs' carrying amount and their value in use (headroom) represents in all cases at least more than 9% of their carrying amount. As such, a reasonable change in a key assumption on which the recoverable amount of the CGUs is based would not result in an impairment loss for the related CGUs.

In this respect, for e-commerce Logistics North America, e-commerce Europe & Asia and Parcels BeNe, which are the 3 CGUs which represent 96% of the total amount of goodwill, the worst case sensitivity analysis below leads to headroom that is still more than 82% of their respective carrying amounts. The sensitivity of the recoverable amount to changes in the key assumption, long-term growth rate and discount rate is shown in the following table:

	E-COMMERCE LOGISTICS NORTH AMERICA	E-COMMERCE LOGISTICS EUROPE & ASIA	PARCELS BENE
Sensitivity to long-term growth rate -1%	-13.9%	-19.5%	-15.3%
Sensitivity to long-term growth rate +1%	21.1%	30.7%	24.1%
Sensitivity to discount rate -0.5%	11.6%	16.0%	12.7%
Sensitivity to discount rate +0.5%	-9.4%	-12.7%	-10.1%
Sensitivity to EBITDA margin -1%	-9.4%	-31.3%	-16.4%
Sensitivity to EBITDA margin +1%	26.7%	42.0%	21.9%

An unfavorable change in long-term growth, discount rate or EBITDA margin as disclosed above is not expected to result in an impairment.

6.22 Investment in associates and joint ventures

IN MILLION EUR	2020	2019
Balance at 1 January	**239.5**	**251.2**
Addition through business combinations	0.0	0.1
Share of results	18.3	15.8
Dividends received	0.0	(5.0)
Transfer to assets held for sale - bpost bank	(241.6)	0.0
Other movements in equity of associates and joint ventures	(16.1)	(22.6)
BALANCE AT 31 DECEMBER	**0.1**	**239.5**

Equity accounted investees decreased by 239.4 million EUR, to 0.1 million EUR as of December 31, 2020. The bpost's share in the gain of bpost bank and Jofico for 18.3 million EUR was more than offset by decrease in the unrealized gain on the bond portfolio of bpost bank in the amount of 16.1 million EUR recognized in other comprehensive income, reflecting a decrease of the underlying yield curve by 18 basis points (bps) compared to December 31, 2019 and the transfer to assets held for sale (241.6 million EUR).

The unrealized gains were generated by the lower level of interest rates compared to the acquisition yields of the bonds. Unrealized gains are not recognized in the income statement but are rather recognized directly in equity in other comprehensive income.

On December 23, 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 participations from bpost to BNPPF. bpost and BNPPF have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021. As a result, bpost concluded the investment meets the criteria for classification as non-current asset held for sale and therefore the full investment in bpost bank (in the amount of 241.6 million EUR) was transferred to assets held for sale (note 6.20) at year end. Immediately before the initial classification held for sale, bpost applied the equity method. In addition, before the transfer to assets held for sale, bpost assessed whether there was any objective evidence that its net investment in the associate was impaired in accordance with IAS 28, and no impairment trigger was identified.

6.23 Trade and other receivables

As at 31 December

IN MILLION EUR	2020	2019
Loan to associates	0.0	25.0
Contract costs - assets recognized to obtain or fulfil a contract	3.1	3.7
Other receivables	13.5	12.8
NON CURRENT TRADE AND OTHER RECEIVABLES	**16.6**	**41.5**

The decrease of the non-current receivables was mainly due to the transfer of the subordinated loan of 25.0 million EUR granted to bpost bank to current receivables. On December 23, 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 participations from bpost to BNPPF and the repayment of the loan. bpost and BNPPF have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021.

As at 31 December

IN MILLION EUR	2020	2019
Trade receivables	572.8	529.3
Terminal dues receivables	148.8	127.2
Tax receivables, other than income tax	5.3	4.3
Loan to associate	25.0	0.0
Other receivables	58.1	56.8
CURRENT TRADE AND OTHER RECEIVABLES	**810.0**	**717.6**

As at 31 December

IN MILLION EUR	2020	2019
Accrued income	10.9	7.6
Deferred charges	38.5	44.1
Other receivables	8.7	5.2
CURRENT - OTHER RECEIVABLES	**58.1**	**56.8**

Current trade and other receivables increased by 92.4 million EUR to 810.0 million EUR (2019: 717.6 million EUR), driven by the increase of the trade receivables by 43.6 million EUR, the transfer of the bpost bank loan from non-current to current receivables (25.0 million EUR) and the increase of terminal dues from postal operators by 21.7 million EUR. The increase of the latter was mainly due to fewer settlements of previous year's outstanding positions with two major postal operators. The increase of the trade receivables was mainly explained by the increased revenues and increased days sales outstanding (DSO).

Tax receivables relate to the outstanding VAT amounts to be received.

Trade and other receivables are mainly short-term. The carrying amounts are considered to be a reasonable approximation of the fair value.

6.24 Inventories

As at 31 December

IN MILLION EUR	2020	2019
Raw materials	3.6	3.0
Finished products	6.2	5.3
Goods purchased for resale	24.4	27.3
Reductions in value	(1.5)	(0.9)
INVENTORIES	**32.7**	**34.7**

Inventories decreased by 2.0 million EUR, mainly due to the lower inventory held by Ubiway Retail due to the reduced footfall from COVID-19. Raw materials include consumables, i.e. materials used for printing purposes. Finished products are stamps available for sale. Goods purchased for resale mainly include post cards, supplies for resale, press distribution inventory and retail inventory (tobacco, beverage, multimedia, etc.).

6.25 Cash and cash equivalents

As at 31 December

IN MILLION EUR	2020	2019
Cash in postal network	167.2	163.6
Transit accounts	32.2	105.8
Cash payment transactions under execution	(30.9)	(26.7)
Bank current accounts	574.6	377.4
Short term deposits	205.0	50.0
CASH AND CASH EQUIVALENTS	**948.1**	**670.2**

Cash and cash equivalents increased by 277.9 million EUR as a result of the absence of dividend payment in 2020 and the improvement in cash from operating activities, amongst others as a result of the improvement of the working capital (+121.2 million EUR). This improvement was mainly due to temporary initiatives set up in the context of the pandemic which will be unwound in the course of the first quarter 2021 and due to increased outstanding terminal dues.

6.26 Interest-bearing loans and borrowings

			NON-CASH FLOW CHANGES						
IN MILLION EUR	2019	CASH FLOWS	FOREIGN EXCHANGE MOVEMENT	NEW LEASES	REASSESSMENT	DISPOSAL	TRANSFER	OTHER	2020
Bank loans	182.9	0.0	(13.9)	0.0	0.0	0.0	(9.1)	0.0	159.9
Long-term bond	642.5	0.0	0.0	0.0	0.0	0.0	0.0	1.1	643.7
Other loans	0.7	(0.2)	0.0	0.0	0.0	0.0	0.0	(0.5)	0.0
Non-Current Lease liabilities	350.7	(1.0)	(9.0)	113.0	31.4	(11.1)	(122.7)	10.3	361.5
NON CURRENT INTEREST-BEARING LOANS AND BORROWINGS	**1,176.8**	**(1.2)**	**(22.9)**	**113.0**	**31.4**	**(11.1)**	**(131.9)**	**11.0**	**1,165.0**

Non-current interest-bearing loans and borrowings decreased by 11.8 million EUR to 1,165.0 million EUR. The increase of the lease liabilities was offset by the foreign exchange movement on the unsecured term loan and the decrease of 9.1 million EUR corresponding to the portion of the loan of the European Investment Bank transferred to current interest-bearing loans and borrowings. All movements related to additions and lease details are explained in note 6.18.

IN MILLION EUR	2019	CASH FLOWS	NON-CASH FLOW CHANGES FOREIGN EXCHANGE MOVEMENT	NEW LEASES	REASSESSMENT	DISPOSAL	TRANSFER	OTHER	2020
Bank loans	9.4	(9.5)	0.0	0.0	0.0	0.0	9.1	0.1	9.1
Commercial papers	164.5	1.0	0.0	0.0	0.0	0.0	0.0	(0.5)	165.0
Other loans	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Current Lease liabilities	98.6	(115.4)	(2.2)	0.0	0.0	0.0	122.7	0.0	103.9
CURRENT INTEREST-BEARING LOANS AND BORROWINGS	**272.7**	**(123.8)**	**(2.2)**	**0.0**	**0.0**	**0.0**	**131.9**	**(0.4)**	**278.2**

Current interest-bearing loans and borrowings increased by 5.5 million EUR to 278.2 million EUR, mainly explained by the movement on the lease liabilities.

Note that the total of the columns “cash flow” mentioned in the two tables above amounted to -125.0 million EUR, while “the net flows related to borrowings and lease liabilities” in the consolidated statement of cash flow amounted to -138.8 million EUR. The difference of -13.7 million EUR was mainly due to the interests on the term loan and the yield of bond booked on the trade and other payable accounts, hence are not being disclosed in this note. Furthermore in the consolidated statement of cash flows for the commercial paper the gross amounts related to the settlement and issuing of the different commercial papers in 2020 are presented respectively as cash outflow and cash inflow, whereas in the table above the net cash flow is shown.

Note furthermore that bpost also has two undrawn revolving credit facilities for a total amount of 375.0 million EUR, see note 6.33 “rights and commitments”.

6.27 Employee benefits

bpost grants its active and retired personnel post-employment benefits, other long term benefits and termination benefits. These benefit plans have been valued in conformity with IAS 19. Some of them originate from measures negotiated in the framework of Collective Labor Agreements (“CLA”). The benefits granted under these plans differ depending on the categories of bpost’s employees: civil servants (also known as statutory employees) and contractual employees. It should also be mentioned that bpost NV/SA has 3 types of contractual employees: pay scale contractual employees, auxiliary agents and non-pay scale contractual employees.

The employee benefits are as follows:

As at 31 December

IN MILLION EUR	2020	2019
Post-employment benefits (note 6.27.1)	(26.8)	(29.4)
Other long-term benefits (note 6.27.2)	(283.4)	(282.2)
Termination benefits (note 6.27.3)	(9.8)	(9.0)
TOTAL	**(320.0)**	**(320.6)**

Net of the deferred tax assets related to them, employee benefits amount to 295.5 million EUR (2019: 296.0 million EUR).

As at 31 December

IN MILLION EUR	2020	2019
Employee benefits	(320.0)	(320.6)
Deferred tax assets impact	24.5	24.6
EMPLOYEE BENEFITS NET OF DEFERRED TAX	**(295.5)**	**(296.0)**

The net liability for employee benefits comprises the following:

As at 31 December

IN MILLION EUR	2020	2019
Present value of total obligations	(408.5)	(403.8)
Fair value of plan assets	88.5	83.2
Present value of net obligations	**(320.0)**	**(320.6)**
NET LIABILITY	**(320.0)**	**(320.6)**
Employee benefits amounts in the statement of financial position		
Liabilities	(320.0)	(320.6)
NET LIABILITY	**(320.0)**	**(320.6)**

The changes in the present value of the obligations are as follows:

IN MILLION EUR	2020	2019
Present value at 1 January	**(403.8)**	**(373.7)**
Service cost	(25.9)	(27.5)
-Current service cost	*(25.9)*	*(27.5)*
Net interest	(2.6)	(5.0)
Benefits paid	29.3	29.8
Remeasurement gains/(losses) in P&L	(6.2)	(17.8)
-Actuarial gains/(losses)	*(6.2)*	*(17.8)*
Remeasurement gains/(losses) in OCI	0.7	(9.7)
-Actuarial gains/(losses)	*0.7*	*(9.7)*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(408.5)**	**(403.8)**

The fair value of the plan assets can be reconciled as follows:

IN MILLION EUR	2020	2019
Fair value of plan assets at 1 January	**83.2**	**65.3**
Contributions by employer	30.9	32.2
Contributions by employee	1.5	1.4
Benefits paid	(29.3)	(29.8)
Interest income/(cost) on assets (P&L item)	0.8	1.1
Actuarial gain/(loss) on assets (OCI item)	1.4	12.9
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**88.5**	**83.2**

The plan assets relate to the group insurance's benefit in accordance with IAS 19. These plan assets are held by a third party insurance company, and are composed of the reserves accumulated from the employer and employee contributions (insured contracts with a guaranteed return).

2020 changes in the defined benefit obligation and fair value of plan assets:

IN MILLION EUR	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF PLAN ASSETS	NET LIABILITY
1 January 2020	**(403.8)**	**83.2**	**(320.6)**
Service cost	(25.9)		(25.9)
Contributions by employee		1.5	1.5
Actuarial gains/(losses) reported as operating	0.8		0.8
Subtotal included in Payroll P&L (note 6.14)	**(25.1)**	**1.5**	**(23.6)**
Interest cost	(2.6)		(2.6)
Interest income/(cost) on assets (P&L item)		0.8	0.8
Actuarial gains/(losses) reported as financial	(7.0)		(7.0)
Subtotal included in Financial P&L (note 6.15)	**(9.6)**	**0.8**	**(8.8)**
Benefits paid	29.3	(29.3)	(0.0)
Contributions by employer		30.9	30.9
SUBTOTAL CASH FLOWS STATEMENT	**(5.5)**	**3.9**	**(1.5)**
Remeasurement gains/(losses) in OCI	0.7	1.4	2.1
31 DECEMBER 2020	**(408.5)**	**88.5**	**(320.0)**

The expense recognized in the income statement is presented hereafter:

For the year ended 31 December

IN MILLION EUR	2020	2019
Service cost	(24.5)	(26.1)
-Current service cost	*(24.5)*	*(26.1)*
Net interest	(1.8)	(3.8)
Remeasurement gains/(losses)	(6.2)	(17.8)
- Actuarial gains/(losses) reported as financial	*(7.0)*	*(21.3)*
- Actuarial gains/(losses) reported as operating	*0.8*	*3.5*
NET EXPENSE	**(32.4)**	**(47.7)**

As regards to post-employment benefits, actuarial gains and losses (both financial and operating) are recognized in other comprehensive income. While, actuarial gains and losses (both financial and operating) on other long-term benefits and termination benefits are recognized immediately in the income statement. Net interest and financial actuarial gains and losses are presented in financial costs. Service cost and operating actuarial gains and losses are presented in payroll costs.

The impact on payroll costs and financial costs in the income statement is presented hereafter:

For the year ended 31 December

IN MILLION EUR	2020	2019
Payroll costs	(23.6)	(22.6)
Financial costs	(8.8)	(25.1)
NET EXPENSE	**(32.4)**	**(47.7)**

The expense recognized in the other comprehensive income is presented hereafter:

As at 31 December

IN MILLION EUR	2020	2019
Remeasurement gains/(losses)	2.1	3.2
- Actuarial gains/(losses)	*2.1*	*3.2*
NET EXPENSE	**2.1**	**3.2**

The main assumptions used in computing the benefit obligations at the statement of financial position date are the following:

	2020	2019
Rate of inflation	1.8%	1.8%
Future salary increase	2.8%	2.8%
Medical cost trend rate	5.0%	5.0%
Mortality tables	MR/FR-2	MR/FR-2

The discount rates have been determined by reference to market yields at the statement of financial position date. The discount rates used in 2020 range from -0.3% to 0.7% (2019: -0.15% to 1%):

BENEFIT	DURATION	DISCOUNT RATE		NET LIABILITY
		2020	2019	2020
Family allowances	6.7	0.20%	0.45%	(18.3)
Bank	15.2	0.65%	1.00%	(2.9)
Funeral expense	7.8	0.30%	0.55%	(2.3)
Gratification	from 11.4 to 11.5	from 0.40% to 0.45%	from 0.70% to 0.75%	(2.0)
Group insurance	from 10.5 to 18.0	from 0.40% to 0.70%	from 0.75% to 1.00%	(1.2)
Accumulated compensated absences	1.7	-0.20%	-0.05%	(17.9)
Workers compensation in case of accidents	12.8	0.50%	0.75%	(131.8)
Medical expenses in case of accidents	17.9	0.70%	1.00%	(12.2)
Pension saving days	8.8	0.35%	0.60%	(98.7)
Jubilee Premiums	from 5.8 to 7.3	from 0.15% to 0.30%	from 0.40% to 0.55%	(1.2)
DSPR/DVVP for Job Mobility Center	8.2	0.35%	0.55%	(16.4)
Part-time regime (54+)	from 1.5 to 3.2	-0.20%	0.00%	(5.1)
Early retirement scheme	from 0.5 to 1.5	-0.30%	from -0.15% to 0.00%	(9.8)

The average duration of the defined benefit plan obligation at the end of 2020 is 11.3 years (2019: 11.3 years).

A quantitative sensitivity analysis for significant assumptions at December 31, 2020 has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

This sensitivity analysis is outlined here below:

IN MILLION EUR	DISCOUNT RATE 50 BP INCREASE	DISCOUNT RATE 50 BP DECREASE	MORTALITY TABLE MR/FR DECREASE BY 1 YEAR	MEDICAL TREND RATE 100 BP INCREASE
Impact on defined benefit obligation decrease/(increase)	21.5	(23.8)	(6.7)	(2.3)

6.27.1 Post-employment

Post-employment benefits include family allowances, bank costs, funerary costs, retirement gifts and Belgian group insurances.

FAMILY ALLOWANCES

bpost NV/SA civil servants (both active and pensioner) with dependents (youngsters and disabled) receive a family allowance from Office National d'Allocations Familiales pour Travailleurs Salariés (ONAFTS) – Rijksdienst voor Kinderbijslag voor Werknemers (RKW). The financing methodology of family allowances for civil servants has changed due to a law change (law of 19 December 2014). As a consequence, bpost as a public institution pays a contribution that is defined by a program law. The amount is adapted each year proportionally to the number of civil servants (full time equivalents) and is subject to inflation.

BANK

bpost NV/SA civil servants and contractual employees (both active and pensioner) can benefit from a reduction of the fees charged on the current account as well as favorable interest rates and/or reductions on savings certificates, investment funds, insurances and loans.

GROUP INSURANCE

bpost offers to its active contractual employees (under certain conditions such as the function level) a group insurance benefit. Since the introduction of the WAP/LPC legislation in Belgium these plans have the characteristics of a defined benefit plan under IAS 19.

The employer is legally required to guarantee a certain return on the plan assets. Before the change in the WAP/LPC law end of 2015, bpost had to provide the legal minimum return of 3.25% on employer contributions (after costs on premiums) and 3.75% on employee contributions. The legal minimum return on employer contributions is a "career average" return and not a year-by-year return where the legal minimum on the employee contributions should be granted on a year-by-year basis.

Although there is still no full clarity on the approach, new legislation dated December 2015 brought more clarification on the minimum guaranteed return. The uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium has been removed with the change in the WAP/LPC law end of December 2015. As from 2016, the minimum return for future contributions is equal to the average past 24 months return on 10-year linear bonds with a minimum of 1.75% p.a.

Although there is no full consensus in the market concerning the methodology, in 2018 the underlying methodology used for IAS19 accounting of these defined contribution plans has been finetuned taken into account the evolution in methodologies in the market based on new insights. bpost continues to use the PUC (projected unit credit) methodology but without projection of future contributions and salaries as the plans are not backloaded (contributions do not increase with age). The only reason why contributions may materially increase at a later stage of a career is linked to salary increases being higher than indexations in step rate plans. bpost applies paragraph 115 of IAS 19. The assets and liabilities are determined taking into account contractual interest guarantees on mathematical reserves, guaranteed by the insurance company. Applying paragraph 115 may result in higher assets when guaranteed interest rates are higher than the discount rate, resulting in a lower net liability.

The net liability for employee post-employment benefits comprises the following:

As at 31 December

IN MILLION EUR	2020	2019
Present value of total obligations	(115.3)	(112.6)
Fair value of plan assets	88.5	83.2
Present value of net obligations	**(26.8)**	**(29.4)**
NET LIABILITY	**(26.8)**	**(29.4)**
Employee benefits amounts in the statement of financial position		
Liabilities	(26.8)	(29.4)
NET LIABILITY	**(26.8)**	**(29.4)**

The changes in the present value of the obligations are as follows:

IN MILLION EUR	2020	2019
Present value at 1 January	(112.6)	(98.1)
Service cost	(10.2)	(10.0)
-Current service cost	*(10.2)*	*(10.0)*
Net interest	(0.9)	(1.5)
Benefits paid	7.7	6.6
Remeasurement gains/(losses) in P&L	0.0	0.0
- Actuarial gains/(losses)	*0.0*	*0.0*
Remeasurement gains/(losses) in OCI	0.7	(9.7)
- Actuarial gains/(losses)	*0.7*	*(9.7)*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(115.3)**	**(112.6)**

The fair value of the plan assets is presented as follows:

IN MILLION EUR	2020	2019
Fair value of plan assets at 1 January	**83.2**	**65.3**
Contributions by employer	9.4	9.0
Contributions by employee	1.5	1.4
Benefits paid	(7.7)	(6.6)
Interest income/(cost) on assets (P&L item)	0.8	1.1
Actuarial gain/(loss) on assets (OCI item)	1.4	12.9
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**88.5**	**83.2**

The expense recognized in the income statement is presented hereafter:

As of 31 December

IN MILLION EUR	2020	2019
Service cost	(8.8)	(8.5)
-Current service cost	*(8.8)*	*(8.5)*
Net interest	(0.1)	(0.3)
Remeasurement gains/(losses)	0.0	0.0
- Actuarial gains/(losses) reported as financial	*0.0*	*0.0*
- Actuarial gains/(losses) reported as operating	*0.0*	*0.0*
NET EXPENSE	**(8.9)**	**(8.9)**

The impact on payroll costs and financial costs is presented hereafter:

For the year ended 31 December

IN MILLION EUR	2020	2019
Payroll costs	(8.8)	(8.5)
Financial costs	(0.1)	(0.3)
NET EXPENSE	**(8.9)**	**(8.9)**

The expense recognized in other comprehensive income is presented hereafter:

For the year ended 31 December

IN MILLION EUR	2020	2019
Remeasurement gains/(losses)	2.1	3.2
- Actuarial gains/(losses)	*2.1*	*3.2*
NET EXPENSE	**2.1**	**3.2**

6.27.2 Other long-term employee benefits

Other long-term employee benefits include accumulated compensated absences, pension saving days, part-time benefits, worker compensation in case of accident, medical expenses in case of accident, jubilee premiums and DSPR/DVVP for Job Mobility Center.

ACCUMULATED COMPENSATED ABSENCES

bpost NV/SA civil servants are entitled to 21 sick-days per year. During these 21 days and if they have received the appropriate note from a doctor, they receive 100% of their salary. If in any given year, a civil servant is absent less than 21 days, the balance of the unused sickness days is carried over to the following years up to a maximum of 63 days (see section Pension saving days hereinafter). Employees who are ill for more than 21 days during a year will first use up the year's allotment and then use the days carried over from previous years as per their individual account. During this period, they will receive their full salary. Once the allotment of the year and the days carried over are used up, they receive reduced payments.

Both the full salary paid under the "sick-days" scheme and the reduced payments beyond that are costs incurred by bpost.

There was no modification to the calculation methodology compared to 2019. The valuation is based on the future "projected payments / cash outflows". The cash outflows are calculated for the totality of the population considered, based on a certain consumption pattern, derived from the statistics over the 12 months of 2020. The individual notional accounts are projected for the future and decreased by the actual number of days of illness.

The annual payment is the number of days used (and limited by the number of days in the savings account) multiplied by the difference between the projected salary (increased with social charges) at 100% and the reduced payments. The relevant withdrawal and mortality rates have been applied together with the discount rate applicable to the duration of the benefit.

PENSION SAVING DAYS

bpost NV/SA civil servants have the possibility to convert the unused sick days above the 63 days in their "notional" account (see above "Accumulated Compensated Absences" benefit) in pension saving days (7 sick days per 1 pension saving day) and to convert each year a maximum of 3 days of extra-legal holidays. bpost NV/SA pay scale contractual employees with a permanent contract are entitled to a maximum of 2 pension saving days per year and have the possibility to convert each year a maximum of 3 days of extra-legal holidays. The pension saving days are accumulated year over year and can be used as from the age of 50.

The methodology of valuation is based on the same approach as the benefit "Accumulated Compensated Absences". The valuation is based on the future "projected payments / cash outflows". These are calculated for the totality of the population considered, based on a certain "consumption" pattern, derived from the statistics over the 12 months of 2020, as provided by the human resources department. The individual "pension saving days" accounts are projected per person and decreased by the actual number of used pension saving days.

The annual payment is the number of pension saving days used multiplied by the projected daily salary (increased with social charges, holiday pay, end of year premium, management and integration premium). The relevant withdrawal and mortality rates have been applied together with the discount rate applicable to the duration of the benefit.

PART-TIME REGIME (54+)

The regulatory framework regarding part-time regime for bpost employees (plans accessible to civil servants and pay scale contractual employees only) is as follows:

- Framework Agreement of December 20, 2012: partial (50%) career interruption is accessible to the distributors aged 54 and older and to the other employees as from 55 years old. bpost NV/SA makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the distributors and 48 months for the other beneficiaries of the plan.
- Framework Agreement of May 22, 2014: (i) the plan approved in 2012 and accessible to the distributors is extended to the employees working during night and (ii) for the other employees, the plan is accessible as from 55 years old. bpost NV/SA makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the night workers and 48 months for the other beneficiaries of the plan.
- Framework Agreement of June 2, 2016 (valid until December 2016): (i) the plan approved in 2012 for distributors and extended in 2014 to employees working during night is also applicable for collect agents and (ii) for the other employees, the plan is accessible as from 57 years old. bpost NV/SA makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the collect agents and 48 months for the other beneficiaries of the plan;
- Framework Agreement of September 30, 2016: (i) for the distributors, collect agents and the employees working during night, the plan is accessible as from 55 years old and (ii) for the other employees, the minimum age required is 57 years old. bpost NV/SA makes contributions equal to 7.5% of the gross annual salary for a maximum period of 72 months for the night workers, distributors and collect agents and 48 months for the other beneficiaries of the plan. This plan is extended until December 2020 following the Framework Agreement of December 20, 2018.

WORKERS COMPENSATION IN CASE OF ACCIDENT

Until October 1, 2000, bpost NV/SA was self-insured for injuries at the workplace and on the way to and from the workplace. As a result, all compensations to workers for accidents which occurred before October 1, 2000 are incurred and financed by bpost itself.

Since October 1, 2000, bpost NV/SA has contracted insurance policies to cover such risk.

DSPR/ DVVP FOR JOB MOBILITY CENTER

The Framework Agreement of September 30, 2016 defined a Dispense Précédant la Retraite/ Dienstvrijstelling voorafgaand aan de Pensionering (DSPR/ DVVP) plan for the Job Mobility Center. This plan foresees for an indefinite duration that bpost NV/SA civil servants aged as from 61 years old who are attached to the Job Mobility Center and who are still attached to it after a period of one year will be released from service. bpost NV/SA continues to pay to the beneficiaries 70% of their salary at departure and until they reach retirement age, with a maximum of 5 years.

The net liability for other long-term benefits comprises the following:

As at 31 December

IN MILLION EUR	2020	2019
Present value of total obligations	(283.4)	(282.2)
Fair value of plan assets	0.0	0.0
Present value of net obligations	**(283.4)**	**(282.2)**
NET LIABILITY	**(283.4)**	**(282.2)**
Employee benefits amounts in the statement of financial position		
Liabilities	(283.4)	(282.2)
NET LIABILITY	**(283.4)**	**(282.2)**

The changes in the present value of the obligations are as follows:

IN MILLION EUR	2020	2019
Present value at 1 January	**(282.2)**	**(267.1)**
Service cost	(12.1)	(12.8)
- Current service cost	*(12.1)*	*(12.8)*
Net interest	(1.7)	(3.5)
Benefits paid	17.5	19.1
Remeasurement gains/(losses) in P&L	(5.0)	(18.0)
- Actuarial gains/(losses)	*(5.0)*	*(18.0)*
Remeasurement gains/(losses) in OCI	0.0	0.0
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(283.4)**	**(282.2)**

The expense recognized in the income statement is presented hereafter:

For the year ended 31 December

IN MILLION EUR	2020	2019
Service cost	(12.1)	(12.8)
- Current service cost	*(12.1)*	*(12.8)*
Net interest	(1.7)	(3.5)
Remeasurement gains/(losses)	(5.0)	(18.0)
- Actuarial gains/(losses) reported as financial	*(7.0)*	*(21.3)*
- Actuarial gains/(losses) reported as operating	*2.0*	*3.3*
NET EXPENSE	**(18.8)**	**(34.2)**

The impact on payroll costs and financial costs is presented hereafter:

For the year ended 31 December

IN MILLION EUR	2020	2019
Payroll costs	(10.1)	(9.5)
Financial costs	(8.7)	(24.7)
NET EXPENSE	**(18.8)**	**(34.2)**

6.27.3 Termination benefits

EARLY RETIREMENT SCHEME

The bpost NV/SA early retirement plans are as follows :

- An early retirement plan was approved by the Joint Committee of July 23, 2015 linked to the Alpha plan. This plan was accessible to civil servants whose function was impacted by Alpha and under certain conditions of age and seniority. bpost NV/SA continues to pay to the beneficiaries a portion (between 65% and 75% depending on the duration of the early-retirement) of their salary at departure and until they reach retirement age. Besides this, an exceptional yearly allowance was paid, whereof the amount depends on the duration of the early-retirement.
- The plan covered by the Framework Agreement of June 2, 2016 (open until end of December 2016) and accessible to civil servants under certain conditions of age, seniority and service organization. bpost NV/SA continues to pay to the beneficiaries a portion (between 60% and 75% depending on the duration of the early-retirement) of their salary at departure and until they reach retirement age.
- The plan covered by the Framework Agreement of September 30, 2016 and accessible to civil servants under certain conditions of age, seniority and service organization. bpost NV/SA continues to pay to the beneficiaries 75% of their salary at departure and until they reach retirement age, with a maximum of 5 years. This plan has an indefinite duration.

The Ubiway group retirement plans are as follows :

- In 2011, a first plan of early retirement had been announced in the framework of a restructuring under the procedure Renault. The plan was accessible for people with a minimum age of 55 year and will end in 2021. AMP pays on monthly base an indemnity till the moment of the legal retirement. The payment corresponds to 80% of the difference between : (the last net salary * 14.92) /12 and the social allowance. The plan was presented to the Works Council on September 22, 2011 and was open until September 22, 2013.
- A second plan of early retirement had been announced in 2014 in the framework of a restructuring under the procedure Renault. The plan was accessible for people with a minimum age of 55 year and will end in 2024. AMP pays on monthly base an indemnity till the moment of the legal retirement. The payment corresponds to 80% of the difference between : (the last net salary * 14.92) /12 and the social allowance. The plan was presented to the Works Council on May 22, 2014 and was open until September 09, 2016.
- Given the economic and financial challenges, Ubiway has put a concept of soft exit for their employees with a financial incentive in place. Employees older than 59 year could opt for a part-time career interruption in combination with early legal retirement or early legal retirement. During the career interruption, the employee receives a monthly additional premium and a one-off premium when they reach the early retirement age (24.000 EUR for day workers and 38.000 EUR for night workers). Employees above 59 years, opting for early legal retirement receive the one-off premium as well. The plan was presented to the Works Council on September 16, 2020 and was open until December 31, 2020.

The employee benefit related to the early retirement schemes gives rise to a liability because (i) the employment is terminated before the normal retirement age and (ii) it is the employee's decision to accept the offer made by the company in exchange.

The net liability for termination benefits comprises the following:

As at 31 December

IN MILLION EUR	2020	2019
Present value of total obligations	(9.8)	(9.0)
Fair value of plan assets	0.0	0.0
Present value of net obligations	**(9.8)**	**(9.0)**
NET LIABILITY	**(9.8)**	**(9.0)**
Employee benefits amounts in the statement of financial position		
Liabilities	(9.8)	(9.0)
NET LIABILITY	**(9.8)**	**(9.0)**

The changes in the present value of the obligations are as follows:

IN MILLION EUR	2020	2019
Present value at 1 January	**(9.0)**	**(8.5)**
Service cost	(3.6)	(4.7)
- Current service cost	*(3.6)*	*(4.7)*
Net interest	0.0	0.0
Benefits paid	4.1	4.1
Remeasurement gains/(losses) in P&L	(1.2)	0.2
- Actuarial gains/(losses)	*(1.2)*	*0.2*
Remeasurement gains/(losses) in OCI	0.0	0.0
- Actuarial gains/(losses)	*0.0*	*0.0*
DEFINED BENEFIT OBLIGATION AT 31 DECEMBER	**(9.8)**	**(9.0)**

The expense recognized in the income statement is presented hereafter:

As at 31 December

IN MILLION EUR	2020	2019
Service cost	(3.6)	(4.7)
- Current service cost	*(3.6)*	*(4.7)*
Net interest	0.0	0.0
Remeasurement gains/(losses)	(1.2)	0.2
- Actuarial gains/(losses) reported as financial	*0.0*	*0.0*
- Actuarial gains/(losses) reported as operating	*(1.1)*	*0.2*
NET EXPENSE	**(4.8)**	**(4.6)**

The impact on payroll costs and financial costs is presented hereafter:

As at 31 December

IN MILLION EUR	2020	2019
Payroll costs	(4.8)	(4.5)
Financial costs	(0.0)	0.0
NET EXPENSE	**(4.8)**	**(4.6)**

6.28 Trade and other payables

As at 31 December

IN MILLION EUR	2020	2019
Trade payables	1.3	1.4
Other payables	47.3	26.2
NON-CURRENT TRADE AND OTHER PAYABLES	**48.6**	**27.7**

Non-current trade and other payables amounted to 48.6 million EUR and consisted mainly of the working capital provided by bpost bank enabling bpost to conduct business on behalf of bpost bank and the purchase of the remaining shares of Active Ants International and Anthill. The increase compared to last year was mainly explained by the increase of the contingent consideration of Anthill and the recognition of the liability for 25% of the shares of Active Ants International, see note 6.7 business combinations.

As at 31 December

IN MILLION EUR	2020	2019
Trade payables	447.4	363.5
Collected proceeds due to clients	90.7	98.7
Terminal dues from postal operators	261.0	166.3
Payroll and social security payables	359.5	336.8
Tax payable other than income tax	13.3	10.3
Transit account franking machines	10.2	9.7
Working capital provided for postal financial services	18.8	18.8
Cash guarantees received	10.2	13.4
Accruals (excluding terminal dues)	140.8	173.5
Deferred income	75.1	51.9
Other payables	11.3	7.9
CURRENT TRADE AND OTHER PAYABLES	**1,438.4**	**1,250.9**

The carrying amounts are considered to be a reasonable approximation of the fair value. :

The increase of current trade and other payables by 187.6 million EUR to 1,438.4 million EUR was mainly explained by:

- The net increase of trade payables and accruals by 51.2 million EUR mainly due to some temporary working capital initiatives set up by Radial US in the context of the pandemic.
- Terminal dues from postal operators increased by 94.7 million EUR to 261.0 million EUR in line with the cross border activities expansion and fewer settlements of the previous year's outstanding positions.
- The increase of the outstanding payroll and social security payables (22.7 million EUR) was mainly explained by the higher headcount compared to last year and the deferral of some payroll taxes in the US given COVID-19 measures allowed by governmental authorities.
- The increase of the deferred income by 23.2 million EUR was mainly due to the higher sales of stamps in December 2020 compared to December 2019 and the slower usage of the stamps.

Contract liabilities

As at 31 December

IN MILLION EUR	2020	2019
Stamps sold not yet used and credit on franking machine	47.0	36.2
Other contract liabilities	25.1	11.8
CONTRACT LIABILITIES	**72.1**	**48.0**

The considerations paid already by customers that have been allocated to the remaining performance obligation that are (partially) unsatisfied at reporting date amounted to 47.0 million EUR and are mainly related to stamps and credits on franking machine sold but not yet used by customers at balance sheet date. At year-end the performance obligation for the SGEI has been satisfied and no contract liabilities are recorded.

6.29 Provisions

IN MILLION EUR	LITIGATION	ENVIRONMENT	ONEROUS CONTRACT	RESTRUCTURING & OTHER	TOTAL
Balance at 1 January 2019	16.2	0.6	14.1	8.5	39.3
Additional provisions recognized	2.1	0.0	0.0	3.2	5.3
Addition through Business Combinations	0.0	0.0	0.0	0.0	0.0
Provisions used	(0.3)	0.0	(5.9)	(2.6)	(8.8)
Provisions reversed	(2.3)	0.0	(2.6)	(1.3)	(6.3)
Exchange rate difference	0.0	0.0	0.3	0.0	0.3
Other movements	0.0	0.0	0.0	0.0	0.0
BALANCE AT 31 DECEMBER 2019	**15.7**	**0.5**	**5.9**	**7.7**	**29.8**
Non current balance at end of year	11.6	0.5	3.3	0.7	16.2
Current balance at end of year	4.1	0.0	2.6	7.0	13.7
	15.7	**0.5**	**5.9**	**7.7**	**29.8**
Balance at 1 January 2020	15.7	0.5	5.9	7.7	29.8
Additional provisions recognized	4.0	2.1	0.5	3.4	10.1
Addition through Business Combinations	0.0	0.0	0.0	0.0	0.0
Provisions used	0.0	0.0	(2.7)	(3.2)	(5.9)
Provisions reversed	(4.5)	0.0	(0.7)	(1.5)	(6.8)
Exchange rate difference	0.0	0.0	(0.2)	0.0	(0.2)
BALANCE AT 31 DECEMBER 2020	**15.2**	**2.6**	**2.8**	**6.4**	**27.0**
Non current balance at end of year	12.0	0.5	0.7	0.1	13.3
Current balance at end of year	3.2	2.1	2.1	6.2	13.7
	15.2	**2.6**	**2.8**	**6.4**	**27.0**

The provision for litigation amounted to 15.2 million EUR. It represents the expected financial outflow relating to many different (actual or imminent) litigations between bpost and third parties.

The period anticipated for the cash outflows pertaining thereto is dependent on developments in the length of the underlying proceedings for which the timing remains uncertain.

bpost is currently involved in the following legal proceedings initiated by intermediaries:

- A claim for damages in an alleged (provisional) amount of approximately 21.1 million EUR (exclusive of late payment interest) in the context of legal proceedings initiated by Publimail NV/SA. The Brussels commercial court rejected Publimail's claim on May 3, 2016. Publimail appealed this decision on December 16, 2016. The appeal is now pending before the Brussels Court of Appeal. The case is due to be pleaded in April 2021. A judgement is not expected before the end of the second quarter 2021.
- A claim for damages in an alleged (provisional) amount of approximately 28.0 million EUR (exclusive of late payment interest) in the context of legal proceedings initiated by Link2Biz International NV/SA and pending before the Brussels commercial court. Certain aspects of the contractual relationship between Link2Biz and bpost are also the subject of a cease and desist order (adopted on June 21, 2010), which bpost has appealed in August 2010 and which is currently pending before the Brussels Court of Appeal. It is expected that the Court will remove this matter from the register following the closure of the bankruptcy proceedings by the Company Court of Walloon Brabant in April 2020.

All claims and allegations are contested by bpost.

Finally, on December 10, 2012, the Belgian Competition Authority concluded that certain aspects of bpost's pricing policy over the January 2010-July 2011 period infringed Belgian and European competition law and imposed a fine of approximately 37.4 million EUR. While bpost paid the fine in 2013, it contested the Belgian Competition Authority's findings and appealed the decision before the Brussels Court of Appeal. On November 10, 2016, the Brussels Court of Appeal annulled the Authority's decision. 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 EU Court of Justice ("**ECJ**") for a preliminary ruling. A decision of the ECJ[1] is not expected before second quarter 2021.

The provision related to **environment** issues amounted to 2.6 million EUR. It covers soil sanitation.

The provision on **onerous contracts** concerns the best estimate of the costs relating to the closing down of mail and retail offices and the ICT maintenance of a phasing-out webstore platform.

Other provisions include expected costs related to obligations for repairs and legal obligations among others. As at December 31, 2020 other provisions amounted to 6.4 million EUR.

1 *The ECJ hands down its decision to the referring court, which is then obliged to implement the ruling.*

6.30 Financial assets and financial liabilities

The following tables provides the fair value measurement hierarchy of bpost's financial assets and financial liabilities:

IN MILLION EUR As of 31 December 2019	CARRYING AMOUNT	FAIR VALUE CATEGORIZED QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUT (LEVEL 3)
FINANCIAL ASSETS MEASURED AT AMORTIZED COST				
Non-Current				
Financial assets	37.6	0.0	37.6	0.0
Current				
Financial assets	1,391.8	0.0	1,391.8	0.0
TOTAL FINANCIAL ASSETS	1,429.4	0.0	1,429.4	0.0
FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST (EXCEPT FOR DERIVATIVES):				
Non-Current				
Long-term bond	642.5	674.8	0.0	0.0
Financial liabilities	561.9	0.0	561.9	0.0
Current				
Derivatives instruments - forex swap	0.6	0.0	0.6	0.0
Derivatives instruments - forex forward	0.7	0.0	0.7	0.0
Financial liabilities	1,528.1	0.0	1,528.1	0.0
TOTAL FINANCIAL LIABILITIES	2,733.8	674.8	2,091.3	0.0

IN MILLION EUR As of 31 December 2020	CARRYING AMOUNT	FAIR VALUE CATEGORIZED QUOTED PRICES IN ACTIVE MARKETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUT (LEVEL 3)
FINANCIAL ASSETS MEASURED AT AMORTIZED COST				
Non-Current				
Financial assets	13.5	0.0	13.5	0.0
Current				
Financial assets	1,756.8	0.0	1,756.8	0.0
TOTAL FINANCIAL ASSETS	1,770.4	0.0	1,770.4	0.0
FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST (EXCEPT FOR DERIVATIVES):				
Non-Current				
Long-term bond	643.7	680.6	0.0	0.0
Financial liabilities	569.9	0.0	569.9	0.0
Current				
Derivatives instruments - forex swap	0.2	0.0	0.2	0.0
Derivatives instruments - forex forward	0.2	0.0	0.2	0.0
Financial liabilities	1,716.6	0.0	1,716.6	0.0
TOTAL FINANCIAL LIABILITIES	2,930.5	680.6	2,286.9	0.0

The fair value of the non-current and current financial assets measured at amortized cost and the non-current and current financial liabilities measured at amortized cost, approximate their carrying amounts. As they are not measured at fair value in the statement of financial position their fair value should not be disclosed.

During the period there was no transfer between fair value hierarchy levels and there were no changes in the valuation techniques and inputs applied.

Financial assets measured at amortized cost

In 2020 the subordinated loan granted to bpost bank (25.0 million EUR) has been classified as current instead of non-current as the loan will be reimbursed within the year 2021 in line with non-binding agreement on the future long-term partnership of bpost bank NV/SA.

Financial liabilities measured at amortized cost – non-current

At the end of 2020, the non-current financial liabilities consisted of:

- 185.0 million USD unsecured term loan (floating interest rate). This loan started on July 3, 2018 with a maturity of 3 years and has been extended in 2020 to July 2023.
- 650.0 million EUR bond. The 8-year bond has been issued in July 2018 with a coupon of 1.25%. In anticipation of this issuance, in February 2018 bpost entered into a forward interest rate swap for 10 years with a nominal amount of 600.0 million EUR to hedge the interest risk of the bond.
- 9.1 million EUR EIB (European Investment Bank) loan (floating interest rate). bpost took out a 100.0 million EUR loan from the EIB on May 5, 2007. It has a yearly reimbursement of 9.1 million EUR and last payment is foreseen in 2022. The yearly amount of 9.1 million EUR is included in the section "Interest-bearing loans and borrowings - current".
- Liabilities related to leases: 361.5 million EUR.

Derivative instruments

bpost is exposed to certain risks relating to its daily business operations. The primary risk is the foreign currency risk and is managed using derivative instruments. bpost uses foreign exchange forward contracts and foreign exchange swap contracts to manage some of its exposures in foreign currencies. Those contracts have been underwritten in order to hedge the exchange rate risks linked to the intercompany loans granted by bpost to its subsidiaries. At year end 2020 the impact of the fair value of the forward contracts and foreign exchange swap contracts amounted to an increase of the liabilities by 0.3 million EUR.

Financial liabilities measured at amortized cost – current

At year end 2020 the outstanding commercial paper issued by bpost amounted to 165.0 million EUR. The maturity of the different commercial papers ranges between 1 to 6 months. Given the current market conditions, bpost can benefit from negative interest rates. The outstanding balance of liabilities related to leases amounted to 103.9 million EUR.

6.31 Derivative financial instruments and hedging

Derivative instruments

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

At year-end 2020 bpost had three foreign exchange swaps and three foreign exchange forwards outstanding, four with ING and two with Société Générale.

On January 2020, July 2020 and November 2020 bpost entered into two swap contracts and one foreign exchange forward to exchange 0.9 million SGD against 0.5 million EUR to cover the currency risk of a specific debt in SGD.

On July 2020 bpost entered in a swap contract with ING to exchange 8.8 million GBP against 9.6 million EUR to cover the currency risk of a specific debt in GBP.

The other foreign exchange swap started on September 2020 to exchange 6.0 million HKD with 0.7 million EUR.

Furthermore on May 2018 bpost underwrote one foreign exchange forward to exchange 3.0 million USD with 2.3 million EUR. This contract is used to cover the currency risk of specific debts in USD.

Interest Rate Swap

In February 2018, bpost entered into a forward starting Interest Rate Swap with a 10-year maturity and a nominal amount of 600.0 million EUR. The transaction was contracted in order to hedge the interest rate risk on the contemplated issuance of a long-term bond to refinance the acquisition bridge loan entered into in November 2017 for the acquisition of Radial.

In July 2018, bpost issued a 650.0 million EUR 8-year bond. At that time, the interest rate swap was unwound and settled via a payment of 21.5 million EUR split between an effective part 20.0 million EUR and an ineffective part 1.5 million EUR. The ineffective part was booked in the income statement. The effective part of the cash-flow hedge (20.0 million EUR) has been recognized in other comprehensive income (amount net of tax is 14.8 million EUR) as cash-flow hedge reserve. This cash-flow hedge is reclassified to profit or loss during the same periods as the long-term bonds' cash-flows will affect profit or loss over 8 years as from its issuance date. In 2020 a net amount of 1.9 million EUR has been reclassified to the income statement.

Net investment hedge

In 2018 bpost entered into a USD term loan, with a maturity of 3 years with two possible extensions of one year each. To refinance the 2017 acquisition of Radial Holdings, LP, bpost, with EUR as its functional currency, borrowed along with the issuance of the bond in USD to mitigate the risk on foreign exchange rate differences on the foreign operations. Hence bpost performed a net investment hedge. Consequently, the effective portion of changes in the fair value of the hedging instrument is recognized in other comprehensive income. The notional amount of the hedging amounted to 143.0 million USD, whereas the carrying amount converted into EUR amounted to 116.5 million EUR. At December 31, 2020 the net profit on the revaluation of the USD loan recognized in other comprehensive income and accumulated in the foreign currency translation reserve amounted to 11.0 million EUR. There was no ineffectiveness in 2020.

6.32 Contingent liabilities and contingent assets

As described under note 6.28, the Brussels Court of Appeal annulled the Belgian Competition Authority's decision imposing a fine of 37.4 million EUR 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 EU Court of Justice ("ECJ") for a preliminary ruling. A decision of the ECJ[1] is expected within 2 years. 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 million EUR (excluding interests).

1 *The ECJ hands down its decision to the referring court, which is then obliged to implement the ruling.*

In October 2020, Radial North America experienced a ransomware attack impacting a portion of its US operations, including technology services and downstream impacts to its operational services. An in-depth analysis with the assistance of leading forensic investigation providers concluded this was an encryption attack meant to halt business operations so that the attackers could make a ransom demand. The attack and the malware was not capable of exfiltrating or stealing data and there is no indication that any client or personal data left Radial North America systems. In addition, Radial North America's payment processing systems were not impacted by any aspect of the attack. Immediately following the attack, Radial North America shut down its technology services voluntarily to halt the attack and enable the recovery of systems in a safe manner. Within a reasonable timeframe following the attack and prior to the 2020 peak holiday period, Radial North America managed to regain sufficient functionality in its technology services in order to restart operations at all of its locations. Radial North America maintains two layers of cyber insurance coverage and is currently in the process of developing and submitting its claim in connection with the ransomware attack. As such, bpost is unable at the reporting date to estimate the amount that can be recovered under its cyber insurance policies in connection with the ransomware attack. In 2020 the net estimated costs amounted to 9.2 million EUR, the insurance coverage should be sufficient to cover the 2020 estimated costs.

6.33 Rights and commitments

Lease contracts signed but not started yet

Two significant new leases contracts have been signed for which the start date is after the statement of financial position date. The contract is related to the lease for the new headquarters of the group, start date foreseen end 2021, duration of 15 years with an estimated right-of-use asset of 48.4 million EUR. Radial Inc will have an additional location from the second quarter 2021 and a duration of 18 months with an estimated impact of 5.0 million EUR.

Guarantees received

At 31 December 2020, bpost benefits from bank guarantees amounting to 45.9 million EUR, issued by banks on behalf of bpost's customers. These guarantees can be called in and paid against in the event of non-payment or bankruptcy. They therefore offer bpost financial certainty during the period of contractual relations with the customer.

Goods for resale on consignment

At 31 December 2020, merchandise representing a sales value of 3.4 million EUR had been consigned by partners for the purpose of sale through the postal network.

Revolving credit facilities

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

Guarantees given

bpost acts as guarantor (1.1 million EUR guarantee) in the framework of the DoMyMove collaboration agreement between bpost and Engie Electrabel.

bpost has an agreement with BNP, Belfius, ING and KBC, according to which they agree to provide for up to 88.1 million EUR in guarantees for bpost upon simple request. Furthermore bpost has provided for an amount of 8.8 million EUR of guarantees to third parties.

Funds of the State

bpost settles and liquidates the financial transactions of government institutions (taxes, VAT, etc.) on behalf of the State. The funds of the State constitute transactions "on behalf of" and are not included in the statement of financial position.

6.34 Related party transactions

a) Relations with the shareholders

THE BELGIAN STATE AS A SHAREHOLDER

The Belgian State, directly and through the Société Fédérale de Participations et d'Investissement/Federale Participatie-en Investeringsmaatschappij ("SFPI/FPIM"), is the majority shareholder of bpost and holds 51.04% of bpost. Accordingly, it has the power to control any decision at the Shareholders' Meeting requiring a simple majority vote.

The rights of the Belgian State as bpost's shareholder are defined in the corporate governance policies (publicly available on bpost website).

THE BELGIAN STATE AS PUBLIC AUTHORITY

The Belgian State is, together with the European Union, the main legislator in the postal sector. The Belgian Institute for Postal services and Telecommunications ("BIPT"), the national regulatory authority, is the principal regulator of the postal sector in Belgium.

THE BELGIAN STATE AS A CUSTOMER

The Belgian State is one of bpost's largest customers. Including the remuneration for the Services of General Economic Interest ("SGEIs"), 9.5% of bpost's total operating income in 2020 was attributable to the Belgian State and State related entities.

bpost provides postal delivery services to a number of ministries, both on commercial terms and pursuant to the provisions of the management contract.

bpost provides universal postal services and SGEIs entrusted to it by the Belgian State, covering postal, financial, and other public services. The Law of March 21, 1991, the Postal Law of January 26, 2018, the universal postal service obligations ("USO") management contract, the SGEI management contract as well as the press concession agreements set out the rules and conditions for carrying out the obligations that bpost assumes in execution of its universal postal services and SGEIs, and, where applicable, the financial compensation paid by the Belgian State.

The SGEIs entrusted to bpost under the SGEI management contract include the maintenance of the retail network, the provision of day-to-day SGEIs (i.e., "cash at counter" services and home delivery of pensions and social allowances) and the provision of certain ad hoc SGEIs, which are SGEIs that by nature are provided without any recurrence. Ad hoc SGEIs include the social role of the postman, especially in relation to persons who live alone or are the least privileged (this service is rendered through the use of handheld terminals and the electronic ID card by mail carriers on their round), the "Please Postman" service, the distribution of information to the public, cooperation with regard to the delivery of voting paper packages, the delivery of addressed and unaddressed election printed items, the delivery at a special price of postal items sent by associations, the delivery of letter post items falling within the freepost system, the payment of attendance fees during elections, the financial and administrative processing of fines, the printing and sale of fishing permits and the sale of post stamps.

The SGEIs entrusted to bpost under the management contract are aimed at satisfying certain objectives related to the public interest. In order to ensure territorial and social cohesion, bpost must maintain a retail network consisting of at least 1,300 postal service points. At least 650 of these postal service points must be post offices.

Tariffs and other terms for the provision of certain of the services provided under the management contract are determined in implementing agreements between bpost, the Belgian State and, where relevant, the other parties or institutions concerned.

The 5th management contract expired on December 31, 2015. On December 3, 2015, bpost and the Belgian State signed the 6th management contract. This management contract provides for a continued provision of the aforementioned SGEIs for a new period of five years, ending on December 31, 2020.

bpost furthermore continues to provide the SGEIs of early delivery of newspapers and distribution of periodicals. Until December 31, 2015, these services were provided under the 5th management contract. In accordance with the Belgian State's commitment to the European Commission, a competitive, transparent and non-discriminatory market consultation procedure with respect to these services was organized, following which the provision of the services was awarded to bpost in October 2015. Consequently, since January 1, 2016, the services of distribution of newspapers and periodicals are delivered in accordance with the concession agreements executed between bpost and the Belgian State in November 2015.

On June 3, 2016, the European Commission approved both the 6th management contract and the concession agreements on distribution of newspapers and periodicals under the state aid rules[1].

In December 2019 the Belgian Federal Council of Ministers decided to extend the current press concessions with bpost for a period of two years (2021-2022) at the conditions that apply for 2020, as specified in the current concessions. This decision is being notified to the European Commission.

In December 2020, the Belgian Government decided to extend the 6th management contract until December 31, 2021. The extension will be notified to the European Commission.

bpost also provides cash account management services to the Belgian State and certain other public entities pursuant to the Royal Decree of January 12, 1970 regulating the postal service as amended pursuant to the Royal Decree of April 30, 2007 regulating postal financial services and the Royal Decree of April 14, 2013 amending the Royal Decree of January 12, 1970 regulating the postal service.

The compensation granted to bpost in respect of the SGEIs is being disclosed in note 6.9 of the annual report and amounted to 267.2 million EUR for 2020 (271.0 million EUR in 2019).

The compensation of SGEIs is based on a net avoided cost ("NAC") methodology. This methodology provides that compensation shall be based on the difference between (i) the net cost for the provider of operating with the SGEI obligation and (ii) the net cost for the same provider of operating without that obligation.

The compensation for the distribution of newspapers and periodicals consists of a flat amount and a variable fee based upon distributed volumes. This compensation is subject to further ex-post verifications and must be NAC compliant.

In 2015, the Belgian State unilaterally decided to reduce the compensation for 2015 by 6.5 million EUR. Nevertheless, bpost has reserved its rights and booked an equivalent amount of doubtful debt that is still outstanding per end of December 2020. Including the doubtful debtor, the outstanding amount owed by the Belgian State for the SGEI remuneration on December 31, 2020 amounted to 105.0 million EUR (109.7 million EUR on December 31, 2019). bpost has also provided a bank guarantee of 5.4 million EUR with respect to the SGEI remuneration to the Belgian State.

Excluding the SGEI remuneration, the services provided to State related customers do not exceed 5% of bpost's total operating income.

b) Consolidated companies

A list of all subsidiaries (and equity-accounted companies), together with a brief description of their business activities, is provided in note 6.35 of this annual report.

Balances and transactions between bpost and its subsidiaries, which are related parties of bpost, have been eliminated within the consolidated financial statements and are not disclosed in this note.

1 *In October 2016, the Flemish Federation of Press Vendors ("Vlaamse Federatie van Persverkopers") sought the annulment of the European Commission's clearance decision before the General Court on procedural grounds. In February 2019, the General Court has removed the case from the register following the request by VFP to discontinue the proceedings.*

c) Relations with associates and joint ventures

BPOST BANK

bpost bank is a 50% associate of bpost. bpost bank's other stakeholder is BNP Paribas Fortis with the remaining 50%.

As a registered banking and insurance intermediary, bpost distributes banking and insurance products on behalf of bpost bank. bpost, in its quality of service provider, furthermore provides back office activities and other ancillary services to bpost bank. Several agreements and arrangements exist in this respect among the three companies as detailed below.

The main banking and insurance products distributed by bpost bank through bpost are current accounts, saving accounts, term accounts, certificates of deposit and funds or structured products provided by BNP Paribas Fortis, respectively accident and/or health insurances, and annuity and pension products, including 'branch 21' and 'branch 23' life insurances provided by AG Insurance.

bpost bank had approximately 719,407 current accounts and 865,804 savings accounts as of December 31, 2020. All accounts include basic services such as debit cards, access to payment and money transfer services and cash withdrawals at post office tellers or ATMs. bpost also offers the MasterCard bpost bank credit card.

bpost bank's customer lending activity consists of granting or offering consumer credits and mortgages credits. As of December 31, 2020, bpost bank had approximately 6,534 million EUR in loans on its balance sheet.

bpost bank does not perform any asset management activities nor any private banking or commercial lending.

BANKING AND INSURANCE PARTNERSHIP AGREEMENT

The cooperation between bpost bank and BNP Paribas Fortis with respect to bpost bank is set out in a banking partnership agreement that was renegotiated and signed on December 13, 2013 until December 31, 2021.

The framework agreement provides in substance that (i) bpost and BNP Paribas Fortis cooperate through bpost bank, which is an associate of bpost; (ii) bpost is, subject to certain exceptions provided for in the partnership agreement, the exclusive distributor of bpost bank's products and services through its network of post offices; and (iii) bpost provides back office activities and other ancillary services to bpost bank.

The insurance products of AG Insurance are offered and marketed via bpost bank using the distribution network of bpost

The cooperation between AG Insurance, bpost bank and bpost is set out in an insurance distribution agreement that was renegotiated and signed on December 17, 2014. The distribution agreement provides for an access fee, commissions on all the insurance products sold by bpost and additional commissions if certain sales objectives are achieved.

bpost bank pays bpost a commission determined in accordance with market conditions for the distribution of banking and insurance products and for the performance of certain back-office activities. The amount of the commission for the distribution of banking and insurance products depends, inter alia, on the interest margin realized by bpost bank, the assets under management and the sales of financial/insurance products realized by bpost's retail network. Total income related to banking and financial products amounted to 155.1 million EUR in 2020 (2019: 165.3 million EUR), of which a significant amount is related to the commission paid by bpost bank. The amount owed by bpost bank to bpost on December 31, 2020 amounted to 8.1 million EUR (2019: 8.1 million EUR).

On December 23, 2020, bpost and BNP Paribas Fortis signed a non-binding letter of intent expressing the intention of BNP Paribas Fortis to acquire bpost's 50% holding in bpost bank and become its sole shareholder. The purchase price will be calculated based on the IFRS net asset value at time of closing. bpost would continue to provide banking services through its physical network of post offices, thereby ensuring high-quality service and thus secure future revenue from the banking activities within bpost. Pricing for these banking services is subject to further discussions. However, bpost currently does not expect a material deviation from the revenues under the new commercial agreement than it could have expected under the existing agreements with BNP Paribas Fortis and bpost bank, subject to bpost sales performance and the market circumstances. The current context of low margins, low interest rates and stringent capital requirements to keep a smaller independent bank up and running, are at the basis of the envisaged agreement. Through this long-term partnership, bpost and BNPPF bolster their sustainable commercial relationship built on a shared proximity strategy to offer financial services through a branch network close to the citizen. This confirms the continued future added value of bpost's network and with that, the bpost bank clients can count on a continuity in excellent service in their familiar environment.

bpost and BNP Paribas Fortis have the intention to sign binding agreements by the end of March 2021, with the objective to close the transaction by the end of 2021. The duration of the future partnership is seven (7) years. The transaction will be subject to customary conditions, including regulatory approvals.

WORKING CAPITAL

bpost bank has placed a working capital of 12.0 million EUR at the disposal of bpost without guarantee or payment of interest by bpost. This working capital remains available to bpost throughout the term of the banking partnership agreement. It is intended to constitute the working capital enabling bpost to conduct business on behalf of bpost bank.

DIVIDEND

In 2020, bpost received no dividend from bpost bank (5.0 million EUR in 2019).

JOFICO

On November 4, 2019, bpost NV/SA, AXA Bank Belgium NV/SA, Crelan NV/SA, Argenta Spaarbank NV/SA and vdk bank NV/SA incorporated the joint venture "Jofico CV". This joint venture in which each shareholder has an equal part, aims at implementing an ATM-as-a-service model according to which the participating companies will combine forces for the purchase and maintenance of their respective ATM network.

d) Compensation of key management

Key management personnel are those persons with authority and responsibility for the strategic orientation of the company. For bpost, key management personnel is composed of all members of the Board of Directors and Group Executive Committee.

As further described in the Remuneration Report, the remuneration of the members of the Board of Directors (with the exception of the CEO) was approved by the General Shareholders' Meeting of 25 April 2000 and continued to be applicable in 2020. In compliance with the applicable corporate governance requirements, bpost will submit a new remuneration policy for the members of its Board Directors and of the Group Executive Committee, applicable as from January 1, 2021, to the vote of its shareholders at the Shareholders' Meeting of May 12, 2021.

The Board of Directors' members, with exception of the CEO, are entitled to a fixed annual remuneration. They are also entitled to an attendance fee per attended meeting of the Advisory Committee meetings.

In 2020, total remuneration paid to the Board of Directors' members (excluding the CEO) amounted to 0.3 million EUR (2019: 0.4 million EUR).

The remuneration package of the CEO and the members of the Group Executive Committee consists of (i) a base remuneration, (ii) a short-term incentive variable remuneration, (iii) a pension contribution and (iv) various other benefits.

For the year ended December 31, 2020, a total remuneration of 4.7 million EUR (2019: 4.2 million EUR) excluding the variable remuneration was paid to CEO and the members of the Group Executive Committee, and can be broken down as follows:

- base remuneration: 3,764,758.31 EUR (2019: 3,384,170.62 EUR)
- pension contribution : 656,837.00 EUR (2019: 563,678.86 EUR)
- other benefits : 359,723.63 EUR (2019: 247,302.03 EUR)

In addition, the CEO and the members of the Group Executive Committee received in 2020 a global variable remuneration of 1,095,854.63 EUR (2019: 819,139.09 EUR) because the corporate objectives and the individual targets for the year that ended on December 31, 2019 were met (the 2019 assessment was only completed in 2020).

No shares, stock options or other rights to acquire shares (or other share-based remuneration) were granted to or exercised by the CEO or the other members of the Group Executive Committee or have expired in 2020. No options under previous stock option plans were still outstanding for the financial year 2020.

A more detailed overview of the compensation of key management of bpost and bpost's remuneration policy is included in the remuneration report.

6.35 Group companies

The business activities of the main subsidiaries can be described as follows:

- The business activities of **Active Ants, Multichannel Fulfilment** and **AtoZ** consist of cross-border e-fulfilment for webshops, including product storing, picking, packing, transport and shipping and returns handling. On April 1, 2020 **Active Ants International** was established in order to further expand the fulfilment business across Europe. The first expansion takes place in Belgium through **Active Ants Belgium**, created on December 11, 2020.
- **Apple Express Courier** (Miami) and **Apple Express Courier** (Canada) are logistics and supply chain companies specializing in premium expedited and dedicated transportation, value-added forward and reverse warehousing services and end-mile delivery services in Canada.
- **bpost Singapore** and **bpost Hong-Kong** provide a full range of delivery and logistics solutions, including cross-border mail and parcels and e-commerce fulfilment. Both entities are mainly focused on directly collecting parcels from overseas e-commerce companies and businesses for delivery in Europe and other regions. **bpost International Logistics (Beijing) Co.** is a company affiliated to **bpost Hong Kong** and is established in Beijing (China). It offers a full range of cross-border parcel distribution services to the Chinese e-tailers and consolidators, with a strong focus on delivery of parcels to ruropean and other global buyers. It is primarily active in Beijing, Shanghai and Shenzhen.
- **DynaGroup** offers a range of specialized logistics services and software, from the repair of electronics (from smartphones and drones to coffee machines) to personalized e-commerce delivery services, for both small products (such as smartphones) and large consumer products (such as the delivery and installation of large televisions, washing machines and furniture). DynaGroup also provides safe and reliable services for governments and financial institutions, such as the delivery of passports and the finalizing of contracts at the customer's home.
- **Euro-Sprinters** is a courier service offering express deliveries of any size 7 days a week, 24 hours per day, within Belgium as well as internationally.
- **Freight 4U Logistics** is a ground handler based in Brussels and Liège airports areas with services including freight breakdown, sorting and processing of freight, import and export customs activities and freight forwarding.
- **Freight Distribution Management Systems** and **FDM Warehousing** are specialized in providing a personalized customer service for warehousing, fulfillment and distributing products in Australia. Its businesses consist of third party logistics (3PL) warehousing, transport & distribution.
- **Landmark Global** and **Landmark Trade Services** are leading international parcels consolidators respectively based in the US and Canada. They are mainly focused on the distribution of e-commerce parcels from U.S.-based e-tailers into Canada, Europe, Australia and Latin America. They also offers various logistics solutions and fulfillment services in locations in the United States and Canada for their e-commerce customers.
- **Landmark Global (UK)** is a UK based mail, parcel and transport company providing global logistics solutions to the market in UK. Based near to Heathrow airport, Landmark Global (UK) has a customs bonded facility enabling to offer customs clearance services and x-ray security screening services. Landmark Global (UK) acts as an inbound and outbound gateway for other bpost entities around the world.
- **Landmark Trade Services (UK)** provides import services for goods entering the UK. Its location right next to London Heathrow makes it ideally suited to service US to UK airlift imports. **Landmark Trade Services USA** provides import services for goods entering the US.
- **Leen Menken Foodservices Logistics** is a logistic operator for the storage, logistics and distribution of refrigerated and frozen products for e-commerce.
- **Radial Netherlands**[1] provides import services for US customers looking to sell their products in Europe. This includes customs clearance services, warehousing, pick & pack and last mile delivery. Landmark Trade Services (Netherlands) focuses on advising new US customers on how to enter their products into Europe. This includes both advice on customs/VAT set-up and on product registration in the various European countries.

1 *Previously Landmark Global (Netherlands*

- **Radial Poland**[1] provides fulfillment, logistics and distribution activities. It operates as logistics and distribution partner for direct selling companies across Western, Central and Eastern Europe.
- **Radial**'s American and other European entities market a range of services all along the e-commerce logistics chain. Radial's technical, powerful omnichannel solutions connect supply and demand through efficient fulfillment and delivery options, intelligent fraud protection and payment processing and personalized customer care services, allowing brands to simplify their post click experience and improve their customer service.
- Speos Belgium manages outgoing document flows for its customers, specializing in the outsourcing of financial and administrative documents, such as invoices, bank statements and salary slips. Services include document generation, printing and enclosing, electronic distribution and archiving.
- **The Mail Group** (TMG) is a full-service mail delivery provider handling business-critical mail, parcels and publications from customers located throughout North America and elsewhere. It provides creative, customized, cost-effective delivery solutions with personalized customer care. The Mail Group includes **Mail Services Incorporated (MSI), IMEX Global Solutions** and **M.A.I.L.**.
- The activities of **Ubiway Group** relate to press logistics, non-press logistics and convenience & proximity retail. **AMP** is a prominent player in the Belgian press distribution market with a large number of points of sale serviced and a large number of titles distributed. **Ubiway Retail** is a significant player in the national press, tobacco and convenience retail market with a network of shops mostly operated under the Press Shop, Relay, Hello! and Hubiz brands.

	SHARE OF VOTING RIGHTS IN % TERMS		COUNTRY OF INCORPORATION
NAME	2020	2019	
bpost bank NV-bpost banque SA	50%	50%	Belgium
Jofico CV	20%	20%	Belgium

	SHARE OF VOTING RIGHTS IN % TERMS		COUNTRY OF INCORPORATION
NAME	2020	2019	
Alteris NV-SA	100.0%	100.0%	Belgium
Certipost NV-SA	100.0%	100.0%	Belgium
Euro-Sprinters NV-SA	100.0%	100.0%	Belgium
CYDEP NV-SA	100.0%	100.0%	Belgium
Parcify NV-SA(2)	-	100.0%	Belgium
Radial Poland Sp z o.o.(1)	100.0%	100.0%	Poland
Speos Belgium NV-SA	100.0%	100.0%	Belgium
Mail Services INC	100.0%	100.0%	USA
Landmark Global (UK) LTD	100.0%	100.0%	UK
bpost Hong Kong LTD	100.0%	100.0%	Hong Kong
bpost Singapore Pte. LTD	100.0%	100.0%	Singapore
bpost International Logistics (Beijing) Co., LTD	100.0%	100.0%	China
bpost U.S. Holdings INC	100.0%	100.0%	USA
Landmark Global, INC	100.0%	100.0%	USA
Landmark Trade Services, LTD	100.0%	100.0%	Canada
Landmark Global (Australia) Distribution PTY LTD(2)	-	100.0%	Australia
Radial (Netherlands) BV(3)	100.0%	100.0%	Netherlands

1 *Previously Landmark Global (Poland)*

Landmark Trade Services (Netherlands) BV	100.0%	100.0%	Netherlands
Landmark Trade Services (UK) LTD	100.0%	100.0%	UK
Landmark Trade Services USA, INC	100.0%	100.0%	USA
Apple Express Courier INC	100.0%	100.0%	USA
Apple Express Courier LTD	100.0%	100.0%	Canada
Freight Distribution Management Systems PTY, LTD	100.0%	100.0%	Australia
FDM Warehousing PTY, LTD	100.0%	100.0%	Australia
AMP NV-SA	100.0%	100.0%	Belgium
Import Lux Burnonville SARL(2)	-	100.0%	Luxemburg
Ubiway NV-SA	100.0%	100.0%	Belgium
Ubiway Services NV-SA	100.0%	100.0%	Belgium
Internationale Boekhandel Distributiedienst NV-SA(2)	-	100.0%	Belgium
Distridijle NV-SA(2)	-	100.0%	Belgium
Ubiway Retail NV-SA	100.0%	100.0%	Belgium
kariboo! NV-SA	100.0%	100.0%	Belgium
Bubble Post NV-SA(2)	-	100.0%	Belgium
Welcome Media NV-SA	100.0%	100.0%	Belgium
Dynagroup BV	100.0%	100.0%	Netherlands
Dynafix Repair BV	100.0%	100.0%	Netherlands
Dynalogic Benelux BV	100.0%	100.0%	Netherlands
Dynafix Care BV	100.0%	100.0%	Netherlands
Dynalogic Courier BV	100.0%	100.0%	Netherlands
Dynafix Computer Repair BV	100.0%	100.0%	Netherlands
Dynasure BV	100.0%	100.0%	Netherlands
Dynafix Onsite BV	100.0%	100.0%	Netherlands
Dynalinq BV	100.0%	100.0%	Netherlands
Dynalogic Belgium NV	100.0%	100.0%	Belgium
Radial Solutions Hong Kong LTD	100.0%	100.0%	Hong Kong
Radial Holdings LP	100.0%	100.0%	USA
Radial Commerce INC	100.0%	100.0%	USA
Radial South LP	100.0%	100.0%	USA
Radial INC	100.0%	100.0%	USA
Radial Luxembourg SARL	100.0%	100.0%	Luxembourg
Radial Omnichannel Technologies India Private LTD	100.0%	100.0%	India
Radial Omnichannel International SLU	100.0%	100.0%	Spain
Radial Fulfillment GmbH	100.0%	100.0%	Germany
Radial GmbH	100.0%	100.0%	Germany
Radial Commerce LTD	100.0%	100.0%	UK
Radial Solutions Singapore PTE LTD	100.0%	100.0%	Singapore
Radial E-commerce (Shanghai) Corp. LTD	100.0%	100.0%	China
bpost North America Holdings, INC	100.0%	100.0%	USA
Radial III GP, LLC	100.0%	100.0%	USA
Radial South GP, LLC	100.0%	100.0%	USA

IMEX Global Solutions, LLC	100.0%	100.0%	USA
M.A.I.L. (Mailing Assistance In Lafayette), INC	100.0%	100.0%	USA
Leen Menken Foodservice Logistics BV	100.0%	100.0%	Netherlands
Active Ants BV	75.0%	63.6%	Netherlands
Anthill BV	75.0%	63.6%	Netherlands
Radial Italy SRL	100.0%	100.0%	Italy
Atoz Global BV	75.0%	63.6%	Netherlands
Multi Channel Services Fulfillment BV	75.0%	63.6%	Netherlands
Freight 4U Logistics BVBA	100.0%	-	Belgium
Active Ants International BV	75.0%		Netherlands
Active Ants Belgium BV	75.0%		Belgium

(1) Previous name : Landmark Global (PL) Sp z o.o.
(2) Liquidated during the year 2020
(3) Previous name : Landmark Global (Netherlands) BV

6.36 Events after the statement of financial position date

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

bpost group structure

As per 31 December 2020