Financial review

1.1 Group overview

Compared to last year, **total external operating income** increased by +316.8 million EUR to 4,154.6 million EUR.

- Parcels & Logistics North America external operating income increased by +231.7 million EUR (+21%), driven by E-commerce logistics.
- The revenue increase of Parcels & Logistics Europe & Asia (+260.7 million EUR or +263.9 million EUR excluding last year's contingent consideration reversals) was mainly driven by Parcels BeNe.
- Mail & Retail external operating income declined by -161.0 million EUR primarily driven by mail volume decline and lower Proximity and convenience retail network revenues (including the deconsolidation of Alvadis -20.9 million EUR), partly compensated by mail pricing.
- Corporate revenues decreased by -14.7 million EUR driven by lower building sales, as in the second quarter of last year a +19.9 million EUR gain on the headquarter sale was realized.

Operating expenses including depreciation and amortization increased by -406.1 million EUR, excluding depreciation and amortization operating expenses increased by -335.3 million EUR. This increase was mainly driven by higher payroll, interims and transport costs driven by volume growth at Parcels & Logistics Europe & Asia and North America and additional costs due to COVID-19, partially offset by the lower material costs from Ubiway Retail including the impact of the deconsolidation of Alvadis. The increased depreciation is mainly explained by the non-cash impairment charges related to goodwill and purchase price allocation (-62.1 million EUR).

As a result **EBIT and adjusted EBIT** decreased respectively by -89.2 million EUR and -30.2 million EUR compared to last year. Excluding the unfavourable evolution of the contingent considerations, the VAT recovery and the terminal dues settlements (-10.6 million EUR combined) in Parcels & Logistics Europe & Asia, the impact of the ransomware attack (-9.2 million EUR) in Parcels & Logistics North America and last year's gain on the disposal of the headquarters in Corporate (-19.9 million EUR), adjusted EBIT would have increased by +9.5 million EUR compared to last year.

Net financial result improved by +13.7 million EUR 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.

Share of profit of associates and joint ventures amounted to 18.3 million EUR and increased by +2.5 million EUR compared to last year.

Remeasurement of assets held for sale at fair value less costs to sell amounted to -141.6 million EUR in 2020 as the investment in bpost bank has been classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell, hence an impairment loss of 141.6 million EUR was recognized.

Reported income tax expense decreased by +40.8 million EUR compared to last year due to the lower profit before tax combined with a lower statutory tax rate in Belgium and the recognition of an additional deferred tax asset for US tax losses carried forward in 2020. The effective tax rate (164.9%) was negatively impacted by non-tax deductible goodwill impairments and the fair value adjustment less costs to sell on bpost bank in 2020.

Adjusted group net profit increased by +27.8 million to 200.9 million EUR, whereas the **group net loss** amounted to -19.2 million EUR, impacted by the impairments and the fair value adjustment less costs to sell on bpost bank (-141.6 million EUR).

Adjusted contribution of the different business units for 2020 amounted to:

	2020			2019		
IN MILLION EUR (ADJUSTED)	TOTAL OPERATING INCOME	EBIT	MARGIN (%)	TOTAL OPERATING INCOME	EBIT	MARGIN (%)
Mail & Retail	1,958.0	171.2	8.7%	2,071.1	257.4	12.4%
Parcels & Logistics Europe & Asia	1,087.9	101.4	9.3%	830.9	65.8	7.9%
Parcels & Logistics North America	1,336.0	32.8	2.5%	1,104.2	(3.0)	-0.3%
Corporate	390.6	(24.9)	-6.4%	402.1	(9.3)	-2.3%
Eliminations	(617.9)			(571.2)		
Group	**4,154.6**	**280.6**	**6.8%**	**3,837.2**	**310.8**	**8.1%**

1.2 Description of Business Units

The business unit Mail & Retail (M&R) oversees the commercial activities related to Transactional and Advertising mail and Press and the operational activities of collecting, transporting, sorting and distributing of addressed and non-addressed mail, printed documents, newspapers and periodicals in Belgium and offers these operational activities for parcels to other business units of bpost. Furthermore M&R offers value added services including document management and related activities and offers proximity and convenience retail through its retail network in Belgium composed out of post offices, 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 the commercial and operational activities related to last-mile delivery and express delivery in Belgium and the Netherlands (Parcels BeNe), e-commerce logistics (fulfillment, handling, distribution and return management) and cross-border (inbound, outbound and import services) for parcels in Europe & Asia and for international mail worldwide. The business unit runs several operational centers across Europe including a sorting center (NBX) and several parcel hubs. DynaGroup and the Radial and Landmark Global entities in Europe & Asia are part of this business unit.

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

Corporate and Support units (Corporate) consist out of the 3 support units and the corporate unit. The support units offer 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.

1.3 Business Unit performance: Mail & Retail

Mail & Retail

IN MILLION EUR	2020	2019	CHANGE %
External operating income	**1,736.1**	**1,897.1**	**-8.5%**
Transactional mail	725.2	748.0	-3.1%
Advertising mail	182.6	236.0	-22.6%
Press	339.1	346.6	-2.2%
Proximity and convenience retail network	386.5	462.6	-16.4%
Value added services	102.7	103.9	-1.1%
Intersegment operating income	221.8	174.7	27.0%
TOTAL OPERATING INCOME	**1,958.0**	**2,071.7**	**-5.5%**
Operating expenses	1,709.4	1,734.2	
EBITDA	**248.5**	**337.5**	**-26.4%**
Depreciation, amortization	128.9	83.7	
PROFIT FROM OPERATING ACTIVITIES (EBIT REPORTED)	**119.6**	**253.8**	**-52.9%**
Margin (%)	*6.1%*	*12.3%*	
PROFIT FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**171.2**	**257.4**	**-33.5%**
Margin (%)	*8.7%*	*12.4%*	
Average FTE & Interims	23,534	22,435	4.9%

Total operating income declined by -113.8 million EUR or -5.5% compared to last year. The decrease of the **external operating income** amounted to EUR -161.0 million EUR or -8.5% and was partly compensated by higher – volume driven – **intersegment operating income** (+47.2 million EUR) to PaLo Eurasia.

Revenues from **Domestic Mail** (i.e. Transactional, Advertising and Press combined) decreased by -83.7 million EUR to 1,246.9 million EUR. Underlying volume decline amounted to -12% for full year 2020 versus -7.9% in 2019. March 2020 to May 2020 stood at -20.1% due to COVID-19. Transactional mail noted an underlying volume decline of -11.3% for the year of which -16.7% from March to May 2020. During this period, the COVID-19 lockdown negatively impacted all mail categories, in particular smaller administrative mail volume and registered letters. Excluding COVID-19, underlying mail volumes were subject to the known trends of ongoing e-substitution and digitization. Advertising mail realized an underlying volume decrease of -18.8% for the year of which -36.2% from March to May 2020, mainly impacted by cancelled campaigns during the first COVID-19 lockdown of all non-essential retail from March 18, 2020 through May 10, 2020 and a ban on promotions through April 3, 2020. The full closure of non-essential retail in November 2020, impacting volumes by -24.3% during the month, and continued hesitance to advertise within an uncertain COVID-19 context also impacted the underlying volume decline negatively. Press volume decreased on an underlying basis by -5.3%, driven by e-substitution and rationalization.

Total Domestic Mail volume decline impacted revenues by -136.3 million EUR and elections of 2019 by -3.7 million EUR. These effects were only partly compensated by the net improvement in price and mix amounting to +53.2 million EUR and working days differences of +3.1 million EUR.

Mail & Retail

EVOLUTION UNDERLYING MAIL VOLUMES	FY19	1Q20	2Q20	3Q20	4Q20	FY20
Domestic mail	-7.9%	**-9.9%**	**-17.7%**	**-8.2%**	**-11.8%**	**-12.0%**
Transactional mail	-9.2%	-8.8%	-16.7%	-8.3%	-10.8%	-11.3%
Advertising mail	-4.7%	-16.5%	-26.6%	-9.4%	-20.4%	-18.8%
Press	-6.5%	-5.2%	-8.0%	-5.4%	-2.7%	-5.3%

Proximity and convenience retail network decreased by -76.1 million EUR to 386.5 million EUR. Excluding the impact of the deconsolidation of Alvadis as from September 2019 (-20.9 million EUR), the decrease amounted to -55.2 million EUR driven by lower Ubiway Retail revenues as a result of the COVID-19 related partial closure of the network, reduced footfall and lower banking & finance revenues.

Value added services decreased by -1.2 million EUR to 102.7 million EUR driven by higher revenue from fine management more than offset by lower revenues from among other European license plates, data and mail value added services.

Operating expenses (including depreciation and amortization) increased by -20.5 million EUR, mainly explained by impairment charges on Press and Retail of -49.1 million EUR. Excluding depreciations, operating expenses decreased by +24.8 million EUR. Higher operating expenses from payroll and interim driven by (1) increased headcount from higher parcel volumes and absenteeism and (2) price from COVID-19 premiums and regular salary indexation, together with specific COVID-19 operating expenses, were more than compensated by lower material costs from Ubiway Retail including the impact from the deconsolidation of Alvadis, higher recoverable VAT, increased sorting expenses transferred to PaLo Eurasia driven by stellar growth in parcels volumes handled through the mail network and lower project related costs.

Reported EBIT at 119.6 million EUR was impacted by -49.1 million EUR of impairment charges on Press and Retail. **Adjusted EBIT** amounted to 171.2 million EUR and showed a decline of -86.1 million EUR compared to previous year.

COVID-19 had an estimated net negative impact on full year 2020 EBIT from additional mail volume decline, mainly in advertising mail, and pressure on retail combined with specific additional operating expenses, only partly compensated by cost savings. As of the third quarter 2020, the COVID-19 impact was not quantified anymore since disentangling its effects from the observed business developments has become increasingly artificial and therefore less meaningful.

1.4 Business Unit performance: Parcels & Logistics Europe & Asia

Parcels & Logistics Europe & Asia

IN MILLION EUR	2020	2019	CHANGE %
External operating income	**1,073.9**	**813.2**	**32.1%**
Parcels BeNe	547.9	380.6	43.9%
E-commerce logistics	172.5	133.1	29.7%
Cross-border	353.5	299.5	18.0%
Intersegment operating income	14.0	17.8	-21.1%
TOTAL OPERATING INCOME	**1,087.9**	**830.9**	**30.9%**
Operating expenses	966.8	747.7	
EBITDA	**121.1**	**83.2**	**45.5%**
Depreciation, amortization	22.6	21.7	
PROFIT FROM OPERATING ACTIVITIES (EBIT REPORTED)	**98.5**	**61.5**	**60.2%**
Margin (%)	*9.1%*	*7.4%*	
PROFIT FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**101.4**	**65.8**	**54.2%**
Margin (%)	*9.3%*	*7.9%*	
Average FTE & Interims	3,668	3,248	12.9%

Total operating income increased by +257.0 million EUR or +30.9% (+260.2 million EUR excluding last year's reversals of -3.2 million EUR of the contingent consideration on DynaGroup and Leen Menken), mainly driven by the increase of the external operating income. **External operating income** amounted to 1,073.9 million EUR in 2020 and showed an increase of +260.7 million EUR or 32.1% compared to 2019. Terminal dues settlements had a -2.6 million EUR negative impact on revenues year-over-year.

Parcels BeNe increased by +167.2 million EUR (+43.9%) or +168.9 million EUR (+44.6%) excluding last year's positive effect of a contingent consideration reversal on DynaGroup (-1.7 million EUR). Year-over year growth was driven by Parcels B2X volume growth of +56.2% and Dynalogic. Volumes were fueled by the boost to online sales from COVID-19 and 2 lockdowns of non-essential retail in Belgium in the spring and November 2020. These positive effects were partly offset by declining revenues of other activities resulting among others from last year's closure of non-profitable businesses.

PARCELS & LOGISTICS EUROPE & ASIA	FY19	1Q20	2Q20	3Q20	4Q20	FY20
Evolution B2X parcels volume	+20.9%	+25.2%	+79.3%	+49.0%	+67.4%	+56.2%

E-commerce logistics amounted to 172.5 million EUR, an increase of +39.5 million EUR (or +41.0 million EUR excluding last year's positive effect of a contingent consideration reversal on Leen Menken for 1.5 million EUR) compared to 2019. This increase was mainly driven by Radial Europe and Active Ants growth at existing customers. Further revenue growth was driven by the integration of MCS Fulfillment (part of Active Ants) as from October 1, 2019, contributing 9.3 million EUR year-to-date.

Cross-border increased by +54.0 million EUR to 353.5 million EUR. This was driven by exponential growth in Asian parcel volumes shipped by train since June 2020 as an alternative to the COVID-19 impacted air freight, with pace of growth slowing down quarter-over-quarter from the second through the fourth quarter 2020. This increase was partly offset by declining cross-border postal business where growth in inbound parcels could not fully compensate the decline in both inbound & outbound mail volumes. Terminal dues settlements had a -2.6 million EUR negative impact on revenues year-over-year.

Operating expenses (including depreciation and amortization) increased by -220.0 million EUR, mainly explained by higher volume-linked variable costs translating into higher payroll, interim and transport costs which also drove higher intersegment operating expenses from M&R for parcels volumes handled through the integrated last-mile mail and parcels network. In addition, PaLo Eurasia recorded specific COVID-19 related operating expenses and unfavorable year-over-year impacts related to terminal dues settlements (-2.3 million EUR) and VAT recovery (-2.5 million EUR).

As a result **reported EBIT** amounted to 98.5 million EUR and showed an increase of +37.0 million EUR (+60.2%) compared to 2019 with a margin of 9.1% and **adjusted EBIT** amounted to 101.4 million EUR and showed an increase of +35.6 million EUR (+54.2%) compared to 2019 with a margin of 9.3%. Excluding year-over-year contingent considerations reversals, additional VAT recovery and terminal dues settlements (-10.6 million EUR combined), adjusted EBIT was up +46.2 million EUR (+84%) operationally.

COVID-19 had an estimated net positive impact on full year 2020 EBIT from additional operating income growth in all business lines only partly offset by specific additional operating expenses. As of the third quarter 2020, the COVID-19 impact was not quantified anymore since disentangling its effects from the observed business developments has become increasingly artificial and therefore less meaningful.

1.5 Business Unit performance: Parcels & Logistics North America

Parcels & Logistics North America

IN MILLION EUR	2020	2019	CHANGE %
External operating income	**1,329.2**	**1,097.5**	**21.1%**
E-commerce logistics	1,246.4	1,008.1	23.6%
International mail	82.8	89.4	-7.4%
Intersegment operating income	6.8	6.8	1.0%
TOTAL OPERATING INCOME	**1,336.0**	**1,104.2**	**21.0%**
Operating expenses	1,233.7	1,048.7	
EBITDA	**102.3**	**55.5**	**84.4%**
Depreciation, amortization	95.0	71.6	
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT REPORTED)	**7.4**	**(16.1)**	
Margin (%)	*0.6%*	*-1.5%*	
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**32.8**	**(3.0)**	
Margin (%)	*2.5%*	*-0.3%*	
Average FTE & Interims	9,845	8,061	22.1%

Total operating income increased by +231.8 million EUR or 21% (+24.3% at constant exchange rate) to 1,336.0 million EUR, driven by E-commerce logistics. **External operating income** amounted to 1,329.2 million EUR and showed an increase of +231.7 million EUR or +21.1% compared to 2019.

E-commerce logistics increased by +238.4 million EUR or +23.6% to 1,246.4 million EUR (+27.2% at constant exchange rate). The revenue increase was mainly driven by Radial North America recording significant growth of existing customers (+26.8%) driven by COVID-19, as well as new clients launched in 2019 of which sales have more than tripled. This growth was slightly offset by client churn.

Radial North America[1]

IN MILLION USD (ADJUSTED)	2020	2019
TOTAL OPERATING INCOME	1,201.3	934.9
EBITDA	78.6	29.2
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT)	11.5	(29.2)

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

International mail amounted to 82.8 million EUR, a decrease of -6.6 million EUR or -7.4% (-5.8% at constant exchange rate), driven by declining revenues at The Mail Group from a significant drop-off in the business mail segment as a result of COVID-19.

Operating expenses (including depreciation and amortization) increased by -208.4 million EUR or -18.6% (-21.7% at constant exchange rate), resulting from (1) volume-driven higher variable labour and transportation costs and credit card fees, (2) bad debt driven by COVID-19, (3) higher depreciation and amortization from additional fulfillment sites and a 13.0 million EUR impairment charge on The Mail Group, (4) COVID-19 related operating expenses and (5) ransomware attack costs of -3.2 million EUR, net of partial insurance recovery. This was partly compensated by higher productivity and benefits from cost savings program as well as cost containment measures in general.

Estimated -6.0 million EUR gross margin shortfall due to ransomware attack.

Adjusted EBIT and reported EBIT respectively amounted to 32.8 million EUR and 7.4 million EUR and increased by +35.8 million EUR and +23.5 million EUR. This uplift was driven by strong e-commerce growth and high operating leverage at Radial. Excluding the impact of the ransomware attack (-9.2 million EUR), adjusted EBIT would have been at 41.9 million EUR (3.1% margin). Reported EBIT at 7.4 million EUR was impacted by 13.0 million EUR of impairment charges on The Mail Group.

COVID-19 had an estimated net positive impact on full year 2020 EBIT from additional e-commerce logistics volumes only partly offset by declining International Mail, specific additional operating expenses and bad debt. As of the third quarter 2020, the COVID-19 impact was not quantified anymore since disentangling its effects from the observed business developments has become increasingly artificial and therefore less meaningful.

1.6 Business Unit performance: Corporate

Corporate

IN MILLION EUR	2020	2019	CHANGE %
External operating income	**15.4**	**30.1**	**-48.9%**
Intersegment operating income	375.2	372.0	0.9%
TOTAL OPERATING INCOME	**390.6**	**402.1**	**-2.9%**
Operating expenses	343.4	340.7	0.8%
EBITDA	**47.2**	**61.4**	**-23.2%**
Depreciation, amortization	72.0	70.8	
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT REPORTED)	**(24.9)**	**(9.3)**	
Margin (%)	*-6.4%*	*-2.3%*	
PROFIT/(LOSS) FROM OPERATING ACTIVITIES (EBIT ADJUSTED)	**(24.9)**	**(9.3)**	
Margin (%)	*-6.4%*	*-2.3%*	
Average FTE & Interims	1,591	1,633	-2.5%

External operating income decreased by -14.7 million EUR to 15.4 million EUR driven by lower building sales, due to the sale in the second quarter 2019 of the headquarters building Centre Monnaie (+19.9 million EUR gain on disposal).

Operating expenses (including depreciation and amortization) increased by -4.0 million EUR driven by higher re-invoicing of services to the operational business units (i.e. +3.2 million EUR higher intersegment operating income). Net of the intersegment operating income, operating expenses (including D&A) almost remained stable (-0.8 million EUR) as the negative year-over-year VAT recovery impact and higher provisions were partially offset by lower project costs and cost containment.

As a result, **Reported EBIT and adjusted EBIT** showed a decrease of -15.6 million EUR to -24.9 million EUR.

COVID-19 had an estimated net negative impact on full year 2020 EBIT mainly related to additional costs for health and safety measures. As of the third quarter 2020, the COVID-19 impact was not quantified anymore since disentangling its effects from the observed business developments has become increasingly artificial and therefore less meaningful.

1.7 Cashflow statements

IN MILLION EUR	2020	2019
Net cash from operating activities	571.3	424.2
Net cash used in investing activities	(127.6)	(122.2)
Net cash from financing activities	(138.8)	(314.1)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	**304.9**	**(12.1)**
Free cash flow	443.7	302.0

In 2020, the net cash flow increased compared to the same period last year by 317.0 million EUR to 304.9 million EUR.

Free cash flow amounted to 443.7 million EUR.

Cash flow from operating activities compared to the same period last year increased by 147.1 million EUR to 571.3 million EUR.

Cash flow from operating activities before change in working capital and provisions increased by 25.9 million EUR. EBITDA excluding gain on HQ was stable compared to last year (+1.4 million EUR, out of which +19.9 million EUR related to the non-cash item). 2020 benefited from a positive tax assessment on previous years (+7.5 million EUR vs. -13.8 million EUR in the first quarter 2019). Furthermore the lower tax prepayments had a positive impact on operating results (+4.9 million EUR). This was partially compensated by the absence of a dividend by bpost bank in 2020.

Change in working capital and provisions improved by 121.2 million EUR, to 140.1 million EUR in 2020 (18.9 million EUR in 2019). This was mainly explained by the positive impact of increased terminal dues in line with cross border activities expansion combined with extended payment terms in payables due to some temporary initiatives set up in the context of the pandemic, which will be unwound in the course of the first quarter next year. This was partially offset by lower supplier balances mainly due to timing of expense and increased days sales outstanding (DSO) as a consequence of the mix on receivables. Collected proceeds due to Radial's clients were lower by -10.8 million EUR compared to 2019.

Investing activities resulted in a cash outflow of 127.6 million EUR in 2020, compared to a cash outflow of 122.2 million EUR last year. This was mainly explained by the proceeds of building sales (-45.6 million EUR) combined with disposal of Alvadis (-5.9 million EUR) in 2019. This was partially compensated by the subordinated loan granted to bpost bank in 2019 (+25.0 million EUR), lower spend on M&A activities (+6.6 million EUR) and lower capital expenditures (+14.5 million EUR). Capital expenditures amounted to 147.7 million EUR compared to 162.3 million EUR prior year, and were mainly spent on ICT project and increasing capacity for parcels and e-commerce logistics at Radial, in Belgium (Parcels B2C) and the Netherlands (Active Ants).

In 2020 the cash outflow relating to **financing activities** amounted to -138.8 million EUR compared to -314.1 million EUR last year, mainly explained by the absence of dividend payments in 2020 (+174.0 million EUR).

1.8 Net debt

As at 31 December

IN MILLION EUR	2020	2019
Net Debt/(Net cash)		
Interest bearing loans and borrowings	1,443.2	1,449.4
Bank overdrafts	0.0	0.5
Non-interest bearing loans and borrowings	0.1	0.1
- Cash and cash equivalents	(948.1)	(670.2)
TOTAL	**495.2**	**779.9**

Net debt decreased by 284.7 million EUR, mainly driven by the increase of cash and cash equivalents (277.9 million EUR). This increase was mainly due to the absence of dividend payments in 2020, lower capex and a favorable impact of lower working capital needs. Gross debt increased by 6.7 million EUR through the combination of higher leasing liabilities and a decrease in financial debts instruments (mainly loans).

1.9 Balance sheet

IN MILLION EUR	2020	2019		2020	2019
Assets			**Equity and liabilities**		
Property, plant and equipment	1,138.0	1,133.6	Total equity	583.8	682.6
Intangible assets	771.7	898.3	Interest-bearing loans and borrowings (incl. overdraft)	1,443.2	1,449.9
Investments in associates and joint ventures	0.1	239.5	Employee benefits	320.0	320.6
Other assets	54.1	40.4	Trade and other payables	1,487.0	1,278.5
Trade and other receivables	826.6	759.0	Provisions	27.0	29.8
Inventories	32.7	34.7	Derivative instruments	0.3	1.3
Cash and cash equivalents	948.1	670.2	Other liabilities	13.2	14.3
Assets held for sale	103.3	1.4			
TOTAL ASSETS	**3,874.5**	**3,777.1**	**TOTAL EQUITY AND LIABILITIES**	**3,874.5**	**3,777.1**

Total assets and liabilities increased by 97.4 million EUR to 3,874.5 million EUR.

On the one hand cash and cash equivalents increased as a result of the absence of dividends 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 increased outstanding terminal dues, these two elements also explain the increase of trade and other payables. Furthermore trade and other receivables increased in line with the increased revenues and increased DSO as a consequence of mix.

On the other hand, assets held for sale and investments in associates and joint ventures should be reviewed together given the non-binding agreement between bpost and BNP Paribas Fortis (BNPPF) concerning 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 the investment in bpost bank has been classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell, hence an impairment loss of 141.6 million EUR has been recognized in the income statement. The decrease of the intangible assets was mainly explained by the impairment charges on Press, Retail and International Mail (-62.1 million EUR) and exchange impact on goodwill (-42.4 million EUR).

1.10 Alternative Performance Measures (unaudited)

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

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

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

The calculation of the Adjusted performance measure, Adjusted operating free cash flow and the bpost NV/SA net profit (BGAAP) can be found below the definitions. The APMs derived from items reported in the financial statements can be calculated with and reconciled directly to the items as disclosed in the definitions below.

Definitions

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

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

bpost NV/SA net profit (BGAAP): bpost defines bpost NV/SA net profit (BGAAP) as the non-consolidated profit (loss) following the Belgian General Accepted Accounting Principles after taxes and after transfer from/to untaxed reserves, this corresponds to the profit (loss) for the period available for appropriation (code #9905 of the BGAAP annual accounts). The detailed reconciliation from the consolidated IFRS result of the year to the performance measure is available below the definitions.

bpost's management believes this measure provides the investor an insight on the potential for distributable profit and reserves, thus potential for dividend.

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

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

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

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

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

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

Evolution Parcels B2X volume: bpost defines the evolution of Parcels B2X as the difference, expressed as a percentage, of the reported volumes between the current and prior comparable period of the B2X parcels processed by bpost NV/SA in the last mile delivery.

Radial North America Performance in USD: bpost defines the performance of Radial North America as the total operating income, EBITDA and EBIT expressed in USD following the consolidation of the group of Radial entities held by bpost North America Holdings Inc. Transactions between the group of Radial entities and other bpost group entities are not eliminated and are part of the total operating income, EBITDA and EBIT.

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

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

RECONCILIATION OF REPORTED TO ADJUSTED FINANCIAL METRICS

OPERATING INCOME FOR THE YEAR ENDED 31 DECEMBER

			EVOLUTION
IN MILLION EUR	2020	2019	2020 - 2019
Total operating income	4,154.6	3,837.8	8.3%
Gain on the sale of Alvadis[1]	0.0	(0.6)	
ADJUSTED TOTAL OPERATING INCOME	**4,154.6**	**3,837.2**	**8.3%**

OPERATING EXPENSES FOR THE YEAR ENDED 31 DECEMBER

			EVOLUTION
IN MILLION EUR	2020	2019	2020 - 2019
Total operating excluding depreciation, amortization	(3,635.5)	(3,300.2)	10.2%
ADJUSTED TOTAL OPERATING EXPENSES EXCLUDING DEPRECIATION. AMORTIZATION	**(3,635.5)**	**(3,300.2)**	**10.2%**

EBITDA FOR THE YEAR ENDED 31 DECEMBER

			EVOLUTION
IN MILLION EUR	2020	2019	2020 - 2019
EBITDA	519.1	537.6	-3.4%
Gain on the sale of Alvadis[1]	0.0	(0.6)	
ADJUSTED EBITDA	**519.1**	**537.0**	**-3.3%**

EBIT FOR THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2020	2019	EVOLUTION 2020 - 2019
EBIT	200.7	289.9	-30.8%
Gain on the sale of Alvadis(1)	0.0	(0.6)	
Impairment on goodwill(2)	41.4	0.0	
Non-cash impact of purchase price allocation (PPA)(3)	38.6	21.5	79.2%
ADJUSTED PROFIT FROM OPERATING ACTIVITIES (EBIT)	**280.6**	**310.8**	**-9.7%**

RESULT (EAT, earnings after taxes) OF THE YEAR ENDED 31 DECEMBER

IN MILLION EUR	2020	2019	EVOLUTION 2020 - 2019
Result of the year	(19.2)	154.7	
Gain on the sale of Alvadis(1)	0.0	(0.6)	
Impairment on goodwill(2)	41.4	0.0	
Non-cash impact of purchase price allocation (PPA)(3)	37.1	19.1	94.4%
Remeasurement of assets held for sale at fair value less costs to sell(4)	141.6	0.0	
ADJUSTED RESULT OF THE YEAR	**200.9**	**173.1**	**16.0%**

(1) On August 30, 2019 – after approval from the Belgian Competition Authority – Ubiway finalised the share purchase agreement with Conway for the sale of Alvadis, a company of the Ubiway group. Alvadis has been deconsolidated end of August 30, 2019. At the time of the startup of the sales process (in December 2018), Alvadis had been transferred to assets held for sale. The adjustment of 0.6 million EUR corresponds to the gain on the disposal of the activities.

(2) In accordance with IAS 36 and the CGU (cash generating units) impairment testing, goodwill impairments were recognized within Mail & Retail as an impairment loss of 28.3 million EUR was recognized for Ubiway Retail and within Parcels & Logistics North America as an impairment loss of 13.0 million EUR was recognized for The Mail Group.

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

(4) 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 participation 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 the investment in bpost bank has been classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell, hence an impairment loss of 141.6 million EUR has been recognized.

RECONCILIATION OF REPORTED TO FREE CASH FLOW AND ADJUSTED FREE CASH FLOW

For the year ended 31 December

IN MILLION EUR	2020	2019	EVOLUTION 2020 - 2019
Net Cash from operating activities	571.3	424.2	34.7%
Net Cash used in investing activities	(127.6)	(122.2)	4.5%
OPERATING FREE CASH FLOW	**443.7**	**302.0**	**46.9%**
Collected proceeds due to clients	(3.1)	(14.0)	-77.6%
ADJUSTED OPERATING FREE CASH FLOW	**440.5**	**288.0**	**52.9%**

FROM IFRS CONSOLIDATED NET RESULT TO BELGIAN GAAP UNCONSOLIDATED NET RESULT

For the year ended 31 December

IN MILLION EUR	2020	2019
IFRS Consolidated Net Result	**(19.2)**	**154.7**
Results of subsidiaries and deconsolidation impacts	24.7	0.6
Differences in depreciation and impairments	(4.8)	(20.5)
Differences in recognition of provisions	0.7	(3.4)
Effects of IAS 19	1.2	15.5
Effects of IFRS 16	4.4	8.5
Depreciation intangible assets PPA	38.6	21.5
Deferred taxes	(19.8)	1.6
Other	15.9	(5.9)
BELGIAN GAAP UNCONSOLIDATED NET RESULT AVAILABLE FOR APPROPRIATION	**41.7**	**172.6**
Transfer to/(from) untaxed reserves	(1.0)	29.1
BELGIAN GAAP UNCONSOLIDATED NET RESULT FOR THE PERIOD	**40.7**	**201.7**

bpost's unconsolidated result after taxes prepared in accordance with Belgian GAAP can be derived from the consolidated IFRS result after taxes in two stages.

The first stage consists of un-consolidating the result after taxes under IFRS, i.e.:

- Subtracting the results of the subsidiaries, i.e. removing the profit after tax of the subsidiaries. In 2020 the investment in bpost bank has been classified as assets held for sale and the carrying value was reduced to the fair value less costs to sell, hence an impairment loss of 141.6 million EUR has been recognized, and
- Eliminating any other income statement impact the subsidiaries had (such as impairments, in 2020 for an amount of 127.5 million EUR statutory impairments were recognized, partially offset by 41.4 million EUR goodwill impairments) and adding the dividends received (2020: 11.8 million EUR), included in "other deconsolidation impacts".

The table below sets forth the breakdown of the above-mentioned impacts:

For the year ended 31 December

IN MILLION EUR	2020	2019
Result of the Belgian fully consolidated subsidiaries (local GAAP)	(0.4)	(15.2)
Result of the international subsidiaries (local GAAP)	(25.0)	23.8
Remeasurement of assets held for sale at fair value less costs to sell	141.6	0.0
Share of results of associates and joint ventures (local GAAP)	(17.5)	(13.6)
Other deconsolidation impacts	(74.0)	5.6
TOTAL	**24.7**	**0.6**

The second stage consists of deriving the Belgian GAAP figures from the IFRS figures and is achieved by reversing all IFRS adjustments made to local GAAP figures. These adjustments include, but are not limited to the following:

- Differences in the treatment of depreciation and impairments: Belgian GAAP allows different useful lives (and hence depreciation rates) for fixed assets from IFRS. Goodwill is amortized under Belgian GAAP while IFRS requires impairment testing for goodwill. IFRS also allows intangible assets to be recorded on the balance sheet under different conditions from Belgian GAAP;
- In 2019 bpost recognized the gain on the sale of the Centre Monnaie building (19.9 million EUR) whereas for the statutory books bpost has chosen to apply the spread taxation of this profit, hence there's no impact of this gain on the Belgian GAAP unconsolidated net profit in 2019. The sales price will be reinvested and this gain will be subject to taxes in accordance with the depreciation on these reinvested assets and will be recognized into profit over the years to come;
- Recognition of provisions is subject to different criteria under Belgian GAAP and IFRS;

- IFRS requires that all future obligations to personnel are recorded as a liability under IAS 19, whereas Belgian GAAP has no such obligation. The movements in the IFRS liability are reflected on bpost's income statement under payroll costs or provisions, except for the impact of changes in the discount rates for the future obligations, which was recorded as a financial result;
- The evolution of the non-cash financial charges related to IAS 19 decreased by 16.3 million EUR compared to prior year and this can be explained by a decrease in the discount rates that has been less significant than the ones of 2019;
- In accordance with IFRS 3 "business combinations" bpost performed the purchase price allocation (PPA) for several entities and recognized several intangible assets (brand names, know-how, customer relationships,…);
- Deferred taxes require no accounting entries under Belgian GAAP, but are recorded under IFRS. The evolution year-over-year was mainly explained by the deferred tax assets recognized on the tax losses carried forward for Radial.

Outlook for 2021

With its strategic vision CONNECT 2026, bpost group wants to accelerate its transformation into a customer centric and sustainable omni-commerce group close to society, while continuing to be an efficient mail provider in Belgium.

The group total operating income for 2021 is expected to increase by a low single-digit percentage, while group adjusted EBIT is expected to range between 265 and 295 million EUR, broadly in line with the EBIT of 2020 which benefitted from a net positive COVID-19 effect.

For the business units, bpost group expects:

Mail & Retail:

- Total operating income evolution to result from an underlying Domestic Mail volume decline expected between -9% to -11%, an approved mail pricing increase of +6%, and an expected post COVID-19 recovery in Value added services and Proximity retail.
- 6-8% adjusted EBIT margin.

Parcels & Logistics Europe & Asia:

- Mid-single-digit percentage growth in total operating income with parcels and e-commerce logistics volumes expected to normalize from elevated COVID-19 levels observed in 2020.
- 8-10% adjusted EBIT margin.
- Operating expenses will include investments to grow omni-commerce logistics in Europe.

Parcels & Logistics North America:

- Mid-to high single-digit percentage growth in total operating income driven by Radial existing customers growth and new clients launches, normalized for 2020 COVID-19 spike.
- 4-5% adjusted EBIT margin.

Gross capex is expected to be around 200.0 – 220.0 million EUR, geared towards the priorities as stipulated in the CONNECT 2026 strategy to grow omni-commerce logistics.

The dividend relative to the results of the year 2021 will be in the range of 30-50% of IFRS net profit, and will be payable in May 2022 after the General Shareholders Meeting, in accordance with the new dividend policy.

Due to the continued COVID-19 uncertainties, visibility going forward remains limited and may impact the 2021 outlook.