

LA POSTE GROUPE RESULTS FOR THE FIRST HALF OF 2022

La Poste Groupe continued with the deployment of its strategy and consolidated its results, which recorded the first effects of an adverse macroeconomic context

Performance of the Group

- **Revenue¹: €17.5bn**,
i.e. +3.7% and +1.4% at constant scope and exchange rates vs 30/06/2021
- **Operating profit/(loss)²:**
 - ✓ **€0.4bn**, vs €1.1bn at 30/06/2021
 - ✓ **€1.5bn** excluding impairment of Mail and DPD Russia assets, i.e. **+€369m** vs 30/06/2021
- **Net profit Group share:**
 - ✓ **€0.9bn**, vs €0.5bn at 30/06/2021
 - ✓ **€0.8bn** excluding impairment of Mail and DPD Russia assets and capitalisation of the deferred tax assets³, i.e. **+€295m** vs 30/06/2021
- **Free cash flow⁴ : +€1.1bn**
 - ✓ vs +€55m at 30/06/2021
 - ✓ including an exceptional dividend of €1,256m paid by La Banque Postale
- **Equity: €18.6bn⁵**
vs €20.9bn at 31/12/2021
- **Net debt⁴ : €10.3bn**
vs €10.2bn at 31/12/2021
- **Net debt / Adjusted EBITDA^{4 6}: 2.4**
vs 3.6 at 31/12/2021

¹ Includes the Group's operating income from industrial and commercial activities and the net banking income of La Banque Postale (including the net income from CNP Assurances' activities).

² The operating profit (Group and business units) is presented after the share of the net profit of jointly controlled entities.

³ Related to the increase to 100% of the share capital of CNP Assurances by La Banque Postale.

⁴ Definition presented in Appendix 2 of the press release.

⁵ Impacted by interest rate effects on the reserves of La Banque Postale and CNP Assurances

⁶ Over a rolling 12-month period, including exceptional dividend paid by La Banque Postale

Key highlights of the first half of 2022

- **Continued fall of mail volumes** (down by 6.1%⁷ vs the end of June 2021);
- **Removal of the restrictions related to the health crisis in several countries** resulting in a 5.2% decrease in **parcel**⁸ volumes compared to an exceptional first half of 2021;
- **Driven by the strategic plan “La Poste 2030, committed for you”**
 - **Dynamic diversification of business lines and geographical expansion**
 - In bancassurance:
 - ✓ **La Banque Postale** holds all of the share capital and voting rights of **CNP Assurances** following its simplified takeover bid, followed by a squeeze-out procedure⁹,
 - ✓ Finalisation of the sale of the equity holdings in Ostrum AM and AEW Europe to Natixis Investment Managers and extension of the industrial partnerships in asset management with Groupe BPCE until the end of 2030,
 - ✓ acceleration of the development of BPE, which became **Louvre Banque Privée**,
 - ✓ Rationalisation of **CNP Assurances'** Italian operations with the signing of a memorandum of understanding to become a 100% shareholder in **CNP Vita Assicura S.p.a**,
 - ✓ Acquisition by **CNP Assurances** from CDC Habitat of 85% of an SCI owning 7,600 housing units with affordable rents and high environmental quality,
 - In e-commerce: **eShopWorld** (eSW), world leader in “direct sales” e-commerce and a wholly owned subsidiary of **Asendia**¹⁰, announced the acquisition of the **Scalefast** platform, an American start-up providing global e-commerce solutions,
 - In express: increase in the share capital of **Aramex** (+3%), thus increasing GeoPost/DPDgroup's stake to 28%,
 - In local logistics: under the **LOG'ISSIMO** brand, launch of a new range of customised logistics solutions targeting companies and local authorities,
 - In real estate: acquisition of the company **Multiburo** (100%), a long-standing player in business and coworking centres;
 - **Significant investment efforts by 2025**
 - With €600 million dedicated to **doubling the number of electric vehicles** and to remaining the leader in green logistics in France,
 - With €800 million dedicated to the modernisation of the omnichannel distribution network of the Retail Customers and Digital Services business unit and to **accelerating its digital transformation**;
 - **Ambitious ESG initiatives**
 - After the adoption of the status as a **company with a mission** by **La Banque Postale** in March 2022, thus reaffirming its desire to work for a “just transition”, **GeoPost/DPDgroup** has accelerated its efforts in the fight against climate change and has submitted its goal of zero net emissions by 2040 to the Science-Based Targets initiative.

⁷ At equivalent working days.

⁸ GeoPost/DPDgroup and Colissimo.

⁹ Simplified takeover bid from 2 to 31 May at the price of €20.90 per CNP Assurances share (ex-dividend of €1), followed by a squeeze-out procedure.

¹⁰ The shareholders of the Asendia JV are La Poste Groupe (60%) and Swiss Post (40%).

The Board of Directors of La Poste, which met today under the chairmanship of Philippe Wahl, approved the Group's consolidated financial statements for the first half of 2022.

"The first half of 2022 marks the last step in the creation of the large public financial group. Thanks to the success of the simplified public tender offer initiated by La Banque Postale in May 2022, followed by a squeeze-out procedure, CNP Assurances became a wholly owned subsidiary of La Banque Postale, which thus consolidated its position as a leading European bancassurer.

During this period, La Poste also announced a massive investment plan to modernise its network and accelerate its digital transformation. Faced with the climate emergency, La Poste Groupe continued to accelerate its mobilisation on its greenhouse gas emissions to align all of its activities with the Paris Agreement (1.5°C) with a view to be Net Zero before 2050. La Poste announced an ambitious low-carbon transport policy mobilising €600 million in investments. And Geopost/DPDgroup submitted a target of zero net emissions by 2040 to the Science-Based Targets initiative (SBTi).

La Poste Groupe's half-year results presented today show a trend of consolidation, thanks to the daily commitment of La Poste's employees and the relevance of the strategic choices it has made with the support of its shareholders, Caisse des Dépôts et Consignations and the French State. These results include the first effects of an adverse macroeconomic context marked by the increase in raw material prices, the return of inflation and of rising interest rates, while e-commerce is normalising following the lifting of restrictions related to the health crisis in many countries."

Summarised financial information at 30 June 2022

30/06/2022	30/06/2021	Change		Change at constant scope and exchange rates	
		vs N-1		vs N-1	
in €m	in €m	in €m	as %	in €m	as %

Operating performance

	30/06/2022	30/06/2021	Change	Change at constant scope and exchange rates
	in €m	in €m	in €m	as %
Revenue	17,481	16,857	+624	+3.7
Operating profit/(loss) (*)	445	1,145	-700	-61.1
Operating profit <i>excluding impairment of Mail and DPD Russia assets</i>	1,514	1,145	+369	+32.2
Financial profit/(loss)	(101)	(108)	+7	-6.5
Income tax	737	(312)	+1,049	n.s.
Net profit/(loss), Group share	883	525	+359	+68.4
Net profit Group share <i>excluding impairment of Mail and DPD Russia assets and capitalisation of the deferred tax assets</i>	819	525	+295	+56.2
Free cash flow	1,130	55	+1,076	n.s.

Financial structure

	30/06/2022	31/12/2021	Change	Change at constant scope and exchange rates
	in €m	in €m	in €m	as %
Net debt (ND)	10,274	10,233	+41	+0.4
Equity Group share (E)	18,595	20,932	-2,338	-11.2
ND / Adjusted EBITDA	2.4	3.6	-1.2	-34.7

Key ratios of La Banque Postale

	30/06/2022	31/12/2021	Change
CET1 ratio (**)	16.2%	19.1%	-2.9 pts
NSFR ratio (**)	132%	143%	-11 pts
Liquidity Coverage Ratio (**)	166%	186%	-20 pts

CNP Assurances key ratio

	30/06/2022	31/12/2021	Change
SCR coverage rate (**)	249%	217%	+32 pts

(*) After share of net profit/(loss) of jointly controlled entities.

(**) Definitions presented in the "Alternative performance measures" section in the appendix of the press release.

Operating revenue

The Group's revenue amounted to €17,481 million, up by 3.7% compared to 30 June 2021, notably thanks to the integration of new entities.

The scope effects amounted to +€228 million, mainly driven by GeoPost/DPDgroup (+114 million, mainly related to the integration of CitySprint, TIPSAs and Speedy and the disposal of Tigers) and La Banque Postale (+67 million, related to the entry of Aviva's Italian life insurance activities into the scope of consolidation). The currency effects were favourable, at +€155 million (of which in particular +66 million on the Brazilian real and +€42 million on the pound sterling). Adjusted for these effects, the revenue increased by 1.4% compared to the end of June 2021.

This change is the result of contrasting dynamics at the level of the business units (see "Detailed analysis by activity").

Operating profit/(loss)

The Group's operating profit amounted to €445 million, down sharply by -€700 million. Excluding scope effects (mainly driven by La Banque Postale with the entry of Aviva Life activities in Italy into the scope of consolidation) and currency effects (overall, +€65 million for these two effects), the operating profit recorded an organic decline¹¹ of -€765 million.

Certain non-recurring items have a significant impact on the formation of the Group's operating profit: the first effects of an unfavourable economic environment (return of inflation, rise in raw material prices) resulted in the impairment of the Group's **Mail** assets in the amount of -€912 million at 30 June 2022; the decision of **GeoPost/DPDgroup** to withdraw from the Russian market was also accompanied by an impairment of DPD Russia's assets in the amount of -€157 million. **Restated for these effects, the Group's operating profit amounted to €1,514 million (+€369 million and +304 million at constant scope and exchange rate)** (see "Detailed analysis by activity").

Net profit

The net profit Group share reached €883 million, up by €359 million compared to the first half of 2021, and €229 million after restatement for scope and exchange rate effects, of which €101 million related to the increase of La Banque Postale's stake in the capital of CNP Assurances¹².

This change is due in particular to a +€193 million effect attributable to the compensation of the Universal Postal Service.

In addition, the overall expense of €101 million represented by the financial result decreased by €7 million compared to the first half of 2021 (including a decrease in the net borrowing cost of €12 million). Lastly, following the capitalisation of the deferred tax assets, in the amount of €903 million, enabled by the improvement in the tax consolidation Group's outlook following the entry of CNP Assurances into the Group's tax consolidation scope, the tax expense decreased on an organic basis by €1,068 million.

After restatement for the impairment of Mail assets (impact on the net profit Group share of -€682 million) and DPD Russia assets (-€157 million) and the capitalisation of the deferred tax assets (€903 million), **the net profit Group share amounted to €819 million (+€295 million or +€165 million at constant scope and exchange rates)**.

Free cash flow

The free cash flow generated at the end of June 2022 amounted to +€1,130 million (vs +€55 million at the end of June 2021) mainly due to the payment of an exceptional dividend by La Banque Postale (€1,256 million), following the lifting of the constraints resulting from the recommendation imposed by the European Central Bank during the health crisis and pending the payment of compensation for the Universal Postal Service in the amount of €520 million for the year 2021¹³.

Investments and external growth

The Group (excluding La Banque Postale) had carried out €1.1 billion in investments by the end of June 2022 (i.e. -3.9% compared to the end of June 2021), including:

- internal investments¹⁴, amounting to €498 million (vs €525 million at 30 June 2021),
- external growth¹⁵, amounting to €615 million (vs €633 million at 30 June 2021).

¹¹ See definition presented in Appendix 2 "Alternative performance measures".

¹² Simplified takeover bid from 2 to 31 May 2022 inclusive at the price of €20.90 per CNP Assurances share (ex-dividend of €1), followed by a squeeze-out procedure.

¹³ Subject to approval by the European Commission.

¹⁴ Purchases of property, plant and equipment and intangible assets (see details by business unit in the "Analysis by activity" section).

¹⁵ i.e. Net balance of flows related to external growth and financial assets.

Net debt¹⁶ and financial structure

The net debt amounted to €10,274 million at 30 June 2022 (of which €3,839 million in lease liabilities), up by €41 million compared to the end of 2021. Its change is strongly correlated with the net flow of external growth financing (€615 million), the change in finance lease liabilities (€79 million, most of which comes from external growth) and the free cash flow generated (+€1,130 million).

The consolidated equity Group share amounted to €18,595 million. It was down by €2,338 million compared to the end of 2021, impacted by the rate effects on the reserves of La Banque Postale and in particular CNP Assurances.

As a result, the net debt/equity ratio stood at 55.3%, vs 48.9% at the end of 2021.

The financial and non-financial ratings of La Poste Groupe remained unchanged at the end of the first half of 2022:

	Long- and short-term rating	Outlook	Last revised
Standard & Poor's	A+ / A-1	Stable	4/11/2021
Fitch Ratings	A+ / F1+	Stable	7/12/2021

	Non-financial rating	Date of update
V.E.	N°1 worldwide, all sectors combined 77/100	October 2021
CDP	Leadership in the intermodal transport & logistics segment List A CDP Climate Change	December 2021
Ecovadis	Platinum as a Top 1% supplier 75/100	October 2021

¹⁶ Excluding La Banque Postale for which this concept is not relevant.

Detailed analysis by activity

La Poste Groupe reorganised its operating segments on 1 July 2021. These changes resulted in a restatement of segment data at 30 June 2021¹⁷.

The business units' contributions to the Group's revenue and operating profit result from contrasting trends in the Group's activities and can be analysed as follows:

	30/06/2022	30/06/2021 (restated data)	Change			
			vs N-1		vs N-1 at constant scope and exchange rates	
	in €m	in €m	in €m	as %	in €m	as %
Revenue by business unit/segment						
Services-Mail-Parcels	5,090	5,207	-117	-2.2	-145	-2.8
GeoPost	7,485	7,185	+299	+4.2	+82	+1.1
La Banque Postale	4,182	3,974	+208	+5.2	+90	+2.2
Retail Customers & Digital Services	3,279	3,323	-44	-1.3	-63	-1.9
Other segments and intercompany	(2,555)	(2,832)	+277	-9.8	+277	-9.8
Revenue	17,481	16,857	+624	+3.7	+240	+1.4
Operating profit/(loss) by business unit/segment						
Services-Mail-Parcels	(699)	157	-855	n.s.	-854	n.s.
GeoPost	296	567	-271	-47.8	-292	-50.7
La Banque Postale	915	755	+160	+21.2	+116	+15.2
Retail Customers & Digital Services	203	88	+116	n.s.	+114	n.s.
Other segments and intercompany	(271)	(422)	+151	-35.8	+151	-35.8
Operating profit/(loss)	445	1,145	-700	-61.1	-765	-65.8
Operating profit excluding impairment of Mail and DPD Russia assets	1,514	1,145	+369	+32.2	+304	+26.1

Services-Mail-Parcels

The business unit's revenue amounted to €5,090 million, down by 2.2%. Excluding scope effects (+€28 million), mainly due to the acquisitions of TimeOne and Cybercité, its organic decline reached 2.8%.

- o Mail's revenue amounted to €3,600 million, showing slight organic growth of 0.8%. This change was driven by the 7.3%¹⁸ decrease in volumes, corresponding to a decrease of €175 million including the product mix. This was offset by a favourable price effect of +€86 million resulting from the price increase of 3.7% on average implemented on 1 January 2022¹⁹. In addition, the deficit of the Universal Postal Service was mitigated thanks to French State endowment attributable to the business unit (€152 million²⁰). The international activities were also down, by -€21 million, due to the decrease in e-PAQ traffic (28 million letters less compared to 30 June 2021), impacted in particular by the implementation of the 2021 Customs Directive.

¹⁷ See Appendix 1 "New operating segments of La Poste Groupe".

¹⁸ At equivalent working days and within the scope of the Services-Mail-Parcel business unit.

¹⁹ Based on traffic-generating revenue on the "Business" customer scope.

²⁰ The mid-year endowment of €260 million is divided between the Services-Mail-Parcels, Retail Customers and Digital Services and Other business units.

- o The **Parcel**²¹ business generated revenue of €994 million, showing an organic decline of 14.9%, reflecting a decline in the volumes of parcels processed²² at equivalent working days of 20.3%; this decrease was due to the unfavourable base effect related to the particular context of the health crisis in the first half of 2021. At 30 June 2022, the number of parcels sold by the business unit amounted to 192 million parcels²³.
- o The revenue of the **Subsidiaries** amounted to €496 million, stable on an organic basis, after restatement for the scope effects explained above; this apparent stability masks contrasting developments, in particular:
 - an increase of €23 million in the **Mediapost** division's revenue (direct marketing and data marketing);
 - a decrease of €27 million in the **New Services** division's revenue;
 - an increase of €4 million in the **Health & Autonomy** division's revenue.

In total, the **New Proximity Services** activities, managed by the Services-Mail-Parcel business unit, achieved revenue of €251 million, down by -€28 million²⁴ due to the decline in EDE activity²⁵.

The operating loss amounted to €699 million, down by €854 million (insignificant scope and exchange rate effects). Regarding the **Mail** business, the organic decline (-€787 million) was mainly due to an asset impairment of -€912 million due to the first effects of an unfavourable macroeconomic context (return of inflation in particular) impacting the profitability outlook of the business, partly offset by the French State's allocation relating to the Universal Postal Service. The operating profit of the **Parcel** business amounted to €79 million, down by €55 million on an organic basis, reflecting the increase in unit processing costs due to the decrease in volumes processed and the impact of inflation on operating expenses, despite the plan to reduce expenses. Excluding the impairment of Mail assets, the business unit's operating profit grew organically by +€56 million.

The business unit's investments amounted to €94 million (down by €12 million vs 30 June 2021) mainly dedicated to the continued development of the industrial and IT master plan for Parcels.

GeoPost

The business unit's revenue reached €7,485 million, up by 4.2%. Excluding scope effects (+€114 million resulting mainly from the integration of CitySprint, TIPSA and Speedy and the disposal of Tigers) and exchange rate effects (+€103 million, largely from the dollar and the pound sterling), the organic growth was 1.1% and breaks down as follows:

- o **GeoPost/DPDgroup's** revenue amounted to €6,365 million, showing slight organic growth of 0.7%, the price increases and fuel surcharges having made it possible to offset the effects of the organic decline in volumes in the first half of 2022 (down by 4% compared to the first half of 2021), with 1,030 million parcels delivered over the period; this change was linked to the slowdown in the BtoC business (-8.4%) due to an unfavourable base effect due to the lockdowns in the first half of 2021 as well as the first effects of the unfavourable macroeconomic context of the first half of 2022 on consumption.

Some countries saw their revenue increase organically, notably France²⁶ (+2.3%), Italy (+7.6%), Poland (+16.1%) and Spain (+1.1%), whereas others recorded a decline, such as the United Kingdom (-6.0%)(which cross-border flows with European Union were penalised in particular by Brexit and by implementation of the new intra-community VAT Directive on 1 July 2021), Germany (-3.5%) and Benelux (-6.4%).

²¹ Colissimo BtoC and products (see Appendix 1 "New operating segments of La Poste Groupe").

²² Within the scope of the Services-Mail-Parcel business unit.

²³ Within the Group's boundaries (the Services-Mail-Parcel BU and the Retail Customers and Digital Services BU), the number of parcels delivered amounted to 209 million, down by 5.2%.

²⁴ Within the Group's boundaries (the Services-Mail-Parcel BU and the Retail Customers and Digital Services BU), the revenue amounted to €267 million at 30 June 2022, down by €30 million.

²⁵ Intermediation platform dedicated to supporting households in their residential thermal renovation initiatives.

²⁶ *i.e.* Organic change in the cumulative revenue of Chronopost France and DPD France.

- o Also benefiting from the dynamism of international e-commerce, **Asendia** generated revenue of €1,105 million, an organic increase of 3.4%, driven by the good performance of its subsidiary eShopWorld, partly offset by the slowdown in the Logistics business, particularly in Asia.

The business unit's operating profit amounted to €296 million, down by -€271 million and including the impairment of DPD Russia assets in the amount of -€157 million. The scope and exchange rate effects were limited (+€20 million). Apart from these various effects, the decline in operating profit was mainly due to the decrease in the express volumes processed, reflecting the first impacts of the decline in purchasing power in an inflationary context, reinforced by a negative base effect related to the lockdown in the first half of 2021.

The business unit's investments amounted to €184 million (up by €11 million vs the end of June 2021). The projects focus on the development of express delivery and processing delivery capacity (construction of depots, expansion of the distribution network and development of new services).

La Banque Postale

The net banking income (NBI) reached €4,182 million, up by 5.2%. Excluding scope effects (+€67 million related to the integration of Aviva's activities) and currency effects (+€52 million), the NBI of the business lines recorded growth of €125 million (+2.8%).

Net banking income by division:

- o The NBI of the **Bancassurance France** division (retail banking, Ma French Bank and domestic life and non-life insurance subsidiaries) amounted to €3,232 million, up by 1.8% at constant scope and exchange rates thanks to the insurance activities (+€104 million), which mitigated the impact of the *Livret A* savings account interest increase (-€49 million). The growth in the insurance activities was driven by the increase in proprietary revenues, the improvement in borrower claims and a favourable mix and volume effect on retirement savings. The financing increased (+€39 million, including +€16 million on home loans), while regulated savings recorded a decline (-€25 million) linked to the increase in the *Livret A* savings account rate.
- o The NBI of the **International Bancassurance** division (CNP Assurances International) amounted to €774 million, up by 10.1% at constant scope and exchange rates, in connection with a return to favourable claims levels in borrower insurance and contingency in Brazil and sustained commercial momentum in retirement savings in Italy.
- o The NBI of the **Private Banking & Asset Management** division (Banque Patrimoniale Louvre Banque Privée, La Banque Postale Asset Management and Tocqueville Finance) amounted to €154 million, up by 5.4%. Louvre Banque Privée saw its customer base grow and experienced strong savings diversification.
- o The NBI of the **Corporate and Investment Banking** division (retail banking for legal entity customers, SFH and SCI and CIB in particular) amounted to €526 million, down by 1.0% at constant scope and exchange rates, due to the decline in Investment and Cash and Treasury (-€35 million) partially offset by the growth of customer activities (+€29 million).
- o Lastly, the **Corporate Centre** includes accounting items not directly related to the business lines²⁷.

La Banque Postale's contribution to the Group's operating profit amounted to €915 million, up by 21.2%. After restatement for positive scope and exchange rate effects of +€44 million, the organic increase was 15.2%. The cost to income ratio was 78.3% at the end of June 2022 (compared to 79.7% at the end of June 2021). The cost to income ratio for the business lines stood at 66.7% (vs 66.1% at the end of June 2021). The cost of risk amounted

²⁷ i.e. the PPAs, contributions to the SRF and DCF, La Poste management fees, ALM HTC capital gains, etc.

to -€90 million, down by €8 million compared to the end of June 2021. As a proportion of outstanding loans, it was at a low level of 12 basis points²⁸.

Retail Customers & Digital Services

The business unit's revenue amounted to €3,279 million, down slightly by 1.3%. After restatement for scope effects (+€19 million mainly related to the acquisition of Trust & Sign), the organic decrease was 1.9%.

The revenue from the **commercial activities division** decreased by €21 million on an organic basis, mainly due to the following changes:

- the decrease of €31 million in the **Retail-Mail-Parcel business**; the deficit of the Universal Postal Service was mitigated thanks to the allocation from the French State to the business unit (€87 million), while the decline in the Parcel business was accentuated by an unfavourable base effect (high level of activity in 2021 due to the lockdowns);
- the increase of €10 million in the **Digital Services business**²⁹ was mainly driven by Docaposte, thanks to the development of digital trust services; conversely, LP11 (a subsidiary dedicated to AI and data activities) recorded an organic decrease of €5 million, linked to its Internet subsidiaries impacted by the energy crisis;
- the increase of €5 million in the revenue of **La Poste Mobile**, due to the growth in the customer base.

The business unit generated operating profit of €203 million, up by €116 million (of which +€2 million of scope and exchange rate effects). This increase was mainly due to the compensation of part of the deficit of the Universal Postal Service.

The business unit's investments amounted to €45 million (up by €5 million vs 30 June 2021) mainly allocated to continued digitisation.

Other segments

The **other segments and intercompany** include:

- the activities of the Real Estate segment, whose revenue increased by 3.5% (to €422 million at the end of June 2022) and whose operating profit increased by 19.5% (to €24 million at the end of June 2022) thanks to the development of real estate development;
- the "supports and structures" segment (costs of the head office, shared departments and services, vehicle fleet management and the Support and Maintenance Department) whose revenue, resulting from invoicing to the business units for services provided and for head office costs, decreased slightly by 0.7% (to €640 million), while the operating loss worsened by €20 million (standing at a loss of €93 million at the end of June 2022), due in particular to the Group's continued digital transformation;
- lastly, the "unallocated" expenses, including in particular part of the costs of the Universal Postal Service and regional planning missions, the expenses related to end-of-career arrangements across the Group, as well as the unallocated portion of the compensation package for the Universal Postal Service, declined by €167 million, mainly thanks to the reduction of the cost of these public service missions.

²⁸ The commercial bank's cost of credit risk in relation to outstanding amounts at the beginning of the period.

²⁹ Docaposte, LP11 and La Poste Service à La Personne.

Outlook

In the adverse macroeconomic conditions of the return of inflation, the normalisation of e-commerce and the rise in interest rates, which should continue to impact its activities and profitability in the second half of 2022, La Poste Groupe will continue with the deployment of its strategic plan "La Poste 2030, committed for you". In this dynamic, the Group will continue its transformation towards a sustainable business model.

To this end, the efforts to modernise the public service missions and the necessary adaptation of the related compensation mechanisms are continuing:

- an amendment to the 2018–2022 Public Service Agreement was signed in May 2022 between the French State and La Poste:
 - o formalising the compensation for the Universal Postal Service through an annual budget allocation of between €500 and €520 million, depending on the quality of service, aimed at offsetting part of the associated additional costs over the 2021–2025 period³⁰,
 - o confirming the provisions of the memorandum of understanding signed in February 2022 by the French State, ARCEP and the press publishers, relating to the press transport and delivery reform for the next five years, providing for a single fee schedule and the payment of a State contribution to offset the additional costs of sparsely populated areas²⁸;
- the second half of 2022 should see the completion of the discussions on the sixth local postal coverage agreement, for the 2023–2025 period, between the French State, the French Mayors' Association and La Poste. The local postal coverage agreement sets out the management lines of the equalisation fund, the terms and conditions for development, the rules for consultation and governance, and the conditions for financing the postal coverage in the regions. Contribution to regional planning and development is one of the four public service missions entrusted to La Poste by the French State.
- As part of an approach combining La Poste Groupe's desire to improve the carbon footprint of the Mail business and its ambition to perpetuate the Universal Postal Service while serving new uses, the new Mail range was announced and will be launched on 1 January 2023. Customers will be able to choose between three types of letters. Mail delivery, as well as the delivery of press, parcels and local services, will continue to be provided six days a week.

³⁰ Subject to approval by the European Commission.

Appendices

Appendix 1: New operating segments of La Poste Groupe

La Poste Groupe reorganised its operating segments on 1 July 2021.

- the **Services-Mail-Parcels** business unit now includes Corporate Mail, BtoC Parcels, e-PAQ³¹ and local services, and diversification subsidiaries (Mediapost³², Viapost³³, Silver & Healthcare³⁴ and energy transition services),
- the **GeoPost/DPDgroup** business unit includes the express parcel activities in France and abroad, the New Urban Services (urban logistics), and ensures the operational management of Asendia,
- the **Retail Customers and Digital Services**³⁵ business unit, newly created, brings together La Poste Network, the former Digital Services business unit, the Retail Customer activities, and the Docaposte, LP11 and La Poste Service à La Personne subsidiaries.

These changes resulted in a restatement of comparable segment data at 30 June 2021.

Appendix 2: Definition of the alternative performance measures

The **Adjusted EBITDA** consists of the operating income from the scope excluding La Banque Postale, from which are subtracted the running costs and personnel expenses, excluding allocations to end-of-career benefits, for the same scope excluding La Banque Postale, supplemented by the dividends received from equity associates and La Banque Postale during the period, in respect of the results of the previous year.

The **change at constant scope and exchange rates (organic change)** refers to the difference between the profit/loss obtained during the period and the profit/loss of a comparative period, following adjustment for any acquisitions or disposals which have been completed during each of these periods. The comparative periods are thus adjusted for identical scopes of consolidation. Currency transactions for the comparative period are valued at the average rate for the reference period.

The **free cash flow** consists of the following items: (i) Adjusted EBITDA, comprising all operating income from the scope excluding La Banque Postale, from which are subtracted the running costs and personnel expenses, excluding end-of-career benefits (from this same scope excluding La Banque Postale), supplemented by the dividends received from equity associates and La Banque Postale during the period in respect of the results of the previous year, (ii) change in working capital requirement, (iii) cash flows on purchases of property, plant and equipment and intangible assets net of related asset disposals, (iv) cash flows related to taxes, (v) net financial interest paid, (vi) repayment of lease liabilities and interest expenses on lease liabilities. Each of the free cash flow aggregates is added together for its value in terms of cash flows; positive for cash inflows and negative for cash outflows.

The **net debt** includes all current and non-current financial debt, less all cash and cash equivalents and derivative instruments linked to Group financing. It also includes the financial debt arising from the application of IFRS 16 (Leases), short-term financial investments with no significant risk of a change in value but whose original maturity on the subscription date was greater than three months, and the net financial receivable against La Banque Postale.

³¹ Previously called "small import packages".

³² Direct marketing and data marketing.

³³ Logistics and e-logistics solutions.

³⁴ Silver economy and home healthcare services.

³⁵ At 1 July 2021 with retroactive effect from 1 January 2021.

Group net debt does not take into account La Banque Postale, for which this concept is not relevant.

The [net debt/equity](#) ratio indicates the proportion of the Group's net debt in relation to the Group share of equity.

The [net debt/adjusted EBITDA](#) ratio is obtained by dividing net debt by adjusted EBITDA.

Ratios calculated only for La Banque Postale

The [cost to income ratio](#) is calculated by dividing management expenses by the net banking income adjusted for doubtful interest. Management expenses are the sum of the general operating expenses and the net depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

The [Common Equity Tier 1 ratio](#) is calculated by relating the Tier 1 equity (CET 1) to the total risk exposure amount (i.e. the total risk-weighted assets - RWA - for the credit and counterparty risk, the market risk and the operational risk). It is the benchmark used by the supervisor to assess the solvency of a banking institution.

The [Liquidity Coverage Ratio \(LCR\)](#) is a monthly short-term liquidity ratio measuring the Bank's ability to resist during 30 days to a severely degraded situation in a context of a systemic shock. The target is over 100%. This ratio is calculated by dividing the sum of high-quality, liquid assets free of commitments by the liquidity requirement under stress over 30 days.

[NSFR](#)³⁶: Amount of stable financing available in relation to the amount of stable financing required. This ratio should be at all times at least 100%.

Ratio calculated only for CNP Assurances

The [SCR coverage rate](#) is calculated by dividing the own funds eligible for SCR coverage by the SCR. It measures risk-weighted solvency: the higher the SCR coverage ratio, the more the insurer is able to absorb potential losses.

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PRESS RELATIONS

Virginie Gueidier
virginie.gueidier@laposte.fr

INVESTOR RELATIONS

Stéphane Dalla-Sartora
stephane.dalla-sartora@laposte.fr

³⁶ Net Stable Funding Ratio: this long-term structural liquidity ratio ensures that banks have sufficient "stable" resources (i.e. with an initial maturity of over one year) to finance their activities.