Management report on the activities of InPost Group for the period of 6 months ended 30 June 2024

- Luxembourg, September 5, 2024 –

1 General information about the InPost Group and its Parent

InPost S.A., (hereinafter referred to as the "Company") was incorporated on November 6, 2020 and is organised under the laws of Luxembourg as a "société anonyme" for an unlimited period and is registered with the Luxembourg Register of Commerce and Companies under n° B 248669. The address of InPost S.A registered office is 70 route d'Esch, L-1470 Luxembourg.

InPost S.A. is the parent company in the InPost Group. The functional currency of InPost S.A. is the euro (EUR). Polish zloty (PLN) has been used as the presentation currency of the interim condensed consolidated financial statements and is the functional currency for most of the Group's subsidiaries.

Since January 27, 2021, InPost S.A. shares are traded on Euronext Amsterdam, where the Company is part of the AEX Index and has a credit rating of Ba2/BB.

Composition of the Management Board

Rafał Brzoska – President of the Management Board

Adam Aleksandrowicz – Vice President of the Management Board (until April 1, 2024)

Michael Rouse – Vice President of the Management Board

Francisco Javier van Engelen Sousa – Vice President of the Management Board (from April 1, 2024)

Composition of the Supervisory Board

Mark Robertshaw – Chairperson, Member of the Supervisory Board (until July 1, 2024)

Hein Pretorius – nominated as Chairperson of the Supervisory Board (from July 1, 2024)

Mike Roth – Member of the Supervisory Board (his term on the Supervisory Board ended May 16, 2024)

Ranjan Sen – Member of the Supervisory Board

Ralf Huep – Member of the Supervisory Board

Marieke Bax – Member of the Supervisory Board

Cristina Berta Jones – Member of the Supervisory Board

Jiři Šmejc – Member of the Supervisory Board

Magdalena Dziewguć – Member of the Supervisory Board

Description of the organisational structure of the Group in which InPost S.A. is the parent company

InPost Group offers complex logistic solutions mostly for customers from the e-commerce industry. The core business of the InPost Group includes the following operating activities: automated parcel machines services, courier services, fulfilment services, production and sale of automated parcel machines, research and development works, internet portals, data processing, website management (hosting) and holding activities including management of the InPost Group.

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For management purposes, the Group presents results in four reportable segments divided into two following geographical regions:

- Segments outside of Poland:
  - A. Mondial Relay segment, which includes APM[1] and PUDO[2] business points in France, Spain, Belgium, the Netherlands, Luxembourg and Portugal,
  - B. International Other segment, which includes APM and PUDO business points in the United Kingdom and Italy.
- Segments in Poland:
  - C. APM segment, (the delivery of parcels to automated parcel machines),
  - D. To-Door segment, (the delivery of parcels using door-to-door couriers).

Non reportable segment – other segments in Poland, which consists mainly of fulfilment, fresh (deliveries of FMCG goods), marketing and IT services provided for external customers.

Selected data regarding the profit and loss statement broken down by operating segments:

Period of 6 months ended on 30-06-2024	International		Poland				Total	Total reportable segments
	Mondial Relay	Other	APM	To-Door	Other	Inter-segment elimination		
	A	B	C	D				A+B+C+D
Revenue[3]	**1,465.7**	**560.6**	**2,276.3**	**705.4**	**81.7**	**(54.6)**	**5,035.1**	**5,008.0**
External	1,444.5	541.3	2,276.3	705.4	67.6	-	5,035.1	4,967.5
Inter-segment	21.2	19.3	-	-	14.1	(54.6)	-	40.5
Other operating income	**0.7**	**0.2**	**-**	**-**	**12.7**	**-**	**13.6**	**0.9**
Direct costs	**(1,130.8)**	**(432.1)**	**(809.4)**	**(463.2)**	**(84.3)**	**54.6**	**(2,865.2)**	**(2,835.5)**
Logistic costs	(940.1)	(378.8)	(739.9)	(461.1)	-	40.5	(2,479.4)	(2,519.9)
External costs	(920.8)	(357.6)	(739.9)	(461.1)	-	-	(2,479.4)	(2,479.4)
Inter-segment costs	(19.3)	(21.2)	-	-	-	40.5	-	(40.5)
APM network	(11.3)	(15.7)	(45.5)	-	-	14.1	(58.4)	(72.5)
External costs	(6.9)	(6.0)	(45.5)	-	-	-	(58.4)	(58.4)
Inter-segment costs	(4.4)	(9.7)	-	-	-	14.1	-	(14.1)
PUDO points[4]	(148.6)	(16.8)	(10.0)	(2.1)	-	-	(177.5)	(177.5)
Other direct costs	(30.8)	(20.8)	(14.0)	-	(84.3)	-	(149.9)	(65.6)
Gross profit	**335.6**	**128.7**	**1,466.9**	**242.2**	**10.1**	**-**	**2,183.5**	**2,173.4**

[1] APM is Automated Parcel Machine
[2] PUDO is Pick-Up and Drop-Off points
[3] The Group's revenue is recognised at the point in time.
[4] PUDO points – commissions for handling parcels at collection and delivery points.

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The summary of gross profit or loss, operating EBITDA and operating profit for the segments is presented in the table below:

	Mondial Relay	Other international	Poland	Total
Gross profit/(loss)	**335.6**	**128.7**	**1,719.2**	**2,183.5**
General costs, of which:	(174.6)	(87.2)	(343.9)	(605.7)
- Sales & marketing	*(31.6)*	*(21.7)*	*(63.7)*	*(117.0)*
- Call centre	*(20.3)*	*(15.5)*	*(30.3)*	*(66.1)*
- IT maintenance	*(23.1)*	*(12.0)*	*(50.9)*	*(86.0)*
- MIP valuation	-	-	*(2.2)*	*(2.2)*
- LTIP valuation	*(3.3)*	*(4.5)*	*(25.7)*	*(33.5)*
- M&A costs	-	*(0.5)*	-	*(0.5)*
- Restructuring costs	*(33.4)*	-	-	*(33.4)*
Operating EBITDA	**161.0**	**41.5**	**1,375.3**	**1,577.8**
Depreciation and amortisation	(181.0)	(61.8)	(422.8)	(665.6)
Operating profit	**(20.0)**	**(20.3)**	**952.5**	**912.2**

2 Current and projected financial situation

Operational activity in Poland

As at June 30, 2024, the Group had 23,470 automatic parcel machines in Poland, which means an increase of 2,818 or 13.6% compared to the analogous period last year. The Group believes that increasing the scale and density of its network is a key element of its strategy of continuously improving user experience for both merchants and consumers.

For the half year ended June 30, 2024, the Group's total parcel volume in Poland reached 329.3 million, which is an increase of 55.7 million or 20.4% compared to the analogous period last year. The total volume of APM parcels in Poland reached 266.9 million for the first half of 2024, which means an increase of 37.2 million, or 16.2% compared to the same period in previous year. The total volume of to-door parcels in Poland amounted to 62.5 million for the first half year of 2024, which is an increase of 18.5 million, or 42.1% compared to the analogous period last year. The increase in both APM and to-door volume was driven by all segments with the fastest growth in marketplaces and fashion.

Operating activities abroad

As at June 30, 2024, the Group had a network of 17,201 parcel machines outside Poland). The number of parcel machines outside Poland increased by 6,410 or 59.4% compared to the analogous period last year. At Mondial Relay, we remained focused on building scale, enhancing consumer trust, improving logistics quality and increasing network density. The number of APMs in Mondial Relay markets reached 7,246, which means 80% more than in the middle of the previous year. In the United Kingdom, the number of APMs at the end of June 2024 reached 7,502 units, up 38.8% compared to the analogous period last year. InPost's parcel machine network in Italy expanded to 2,453 points, up by 81% year-over-year.

The Group's international volumes reached 177.7 million, up by 27.2% compared to the same period in previous year. In Mondial Relay countries in the first half of 2024, volume reached 126.5 million, up by 9.0% year-over-year, driven by another quarter of double-digit growth in the strategically important B2C segment. The first half of 2024 saw strong volume growth in the UK – total volumes reached 40.8 million parcel, up by 156.2% compared to the analogous period last year. Volume growth was driven by rapid network expansion and logistics improvements. Volumes in Italy reached 10.3 million, up by 34.7% year-over-year driven largely by B2C segment.

Revenue

Revenues increased to PLN 5,035.1 million for the half year ended June 30, 2024, up by 22.2%, compared to the analogous period last year, in line with parcel volume growth in the Group.

Other operating income

Other operating income decreased by PLN 1.1 million, or 7.5%, to PLN 13.6 million for the period of 6 months ended on June 30, 2024 from PLN 14.7 million for the period of 6 months ended on June 30, 2023. This decrease was mainly caused by lower revenues from debt collection.

Depreciation

Depreciation and amortisation increased by PLN 97.5 million, or 17.2%, to PLN 665.6 million for the period of 6 months ended on June 30, 2024 from PLN 568.1 million for the period of 6 months ended on June 30, 2023. This increase was primarily the result of the expansion of the Group's APM network and supporting depots network.

External Services

External services increased by PLN 394.4 million, or 18.0%, to PLN 2,582.2 million for the period of 6 months ended on June 30, 2024 from PLN 2,187.8 million for the period of 6 months ended on June 30, 2023. The increase was mainly contributed by (1) increased costs of external logistic services (couriers and linehaul providers) i.a. due to volume growth in APM and to-door and (2) increase in PUDO costs commission. As a percentage of revenue and other operating income, external services costs decreased from 52.9% for the period of 6 months ended on June 30,2023 to 51.1% for the period of 6 months ended on June 30, 2024. The scale of logistics costs is mainly influenced by fuel prices.

Payroll

Payroll increased by PLN 126.1 million, or 32.8%, to PLN 510.7 million for the period of 6 months ended on June 30, 2024 from PLN 384.6 million for the period of 6 months ended on June 30, 2023. This increase was primarily driven by an increase in the number of employees to support the growth of the Group's business, mainly in Mondial Relay (PLN 172.5 million), headcount increase in all markets and increase of the minimum salary in Poland as well as Share-based programmes expenses.

Total MIP costs recognised in statement of profit or loss for the period of 6 months 2024 amounted to PLN 2.2 million (the same value as for the analogous period last year). Total LTIP costs recognised in statement of profit or loss for the period of 6 months 2024 amounted to PLN 33.5 million (for the period of 6 months 2023 it was 10.4 million). The expected implementation of the programme increased from 100% of EBITDA to 105% of EBITDA, which means recognition of an additional 60% of costs.

Social security and other benefits

Social security and other benefits increased by PLN 32.5 million, or 28.1%, to PLN 148.1 million for the period of 6 months ended on June 30, 2024 from PLN 115.6 million the period of 6 months ended on June 30, 2023. The changes are caused entirely by the payroll changes described above.

Operating profit

Operating profit increased by PLN 259.0 million, or 39.7%, to PLN 912.2 million for the period of 6 months ended on June 30, 2024 from PLN 653.2 million for the period of 6 months ended on June 30, 2023. This increase was achieved mainly thanks to growth in the parcel volume and improving the operational leverage.

Financial costs/Financial income

Net financial expenses decreased from PLN 270.7 million in first half of year 2023 to PLN 141.5 million in the comparable period of 2024. Finance costs decreased by 34.2% (PLN 93.1 million). This decrease was the effect of, among others, PLN 8.1 m FX gains (in the analogous period of the previous year, there were FX losses which amounted to PLN 83.0 m). Despite new leases, interests costs remained stable thanks to lower floating rates on which the group's loans and bonds are based.

Profit before tax

Profit before tax increased by PLN 394.3 million to PLN 776.8 million for the period of 6 months ended on June 30, 2024 from PLN 382.5 million for the period of 6 months ended on June 30, 2023. This was a result of all the above-mentioned factors.

Income tax

Income tax increased by PLN 45.5 million, or 32.8% to PLN 184.1 million for the period of 6 months ended on June 30, 2024 from PLN 138.6 million for the period of 6 months ended on June 30, 2023. Income tax increased as result of increase in operating profit - most of the financial costs are non-taxable and as a result they do not impact income tax for the group.

Net profit

Net profit increased by PLN 347.3 million, or 142.4%, to PLN 591.2 million for the period of 6 months ended on June 30, 2024 from PLN 243.9 million for the period of 6 months ended on June 30, 2023. This was a result of all the factors described hereinabove.

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The list of the Group entities is presented in the table hereunder:

	Company name	Country	Functional Currency	Shareholders as at 30-06-2024	Interest in the share capital as at 30-06-2024
	Direct subsidiaries				
1	Integer.pl S.A.	Poland	PLN	InPost S.A.	100%
2	InPost Technology S.à r.l.	Luxembourg	EUR	InPost S.A.	100%
3	Integer France SAS	France	EUR	InPost S.A.	100%
	Indirect subsidiaries				
4	Mondial Relay SAS	France	EUR	Integer France SAS	100%
5	InPost Sp. z o.o.	Poland	PLN	Integer Group Services Sp. z o.o.	100%
6	Locker InPost Italia Srl	Italy	EUR	InPost Paczkomaty Sp. z o.o.	100%
7	Granatana Limited in liquidation	Cyprus	EUR	InPost Paczkomaty Sp. z o.o.	100%
8	Giverty Holding Limited in liquidation	Cyprus	EUR	InPost Paczkomaty Sp. z o.o.	0%
9	InPost UK Limited	United Kingdom	GBP	InPost Paczkomaty Sp. z o.o.	100%
10	InPost Paczkomaty Sp. z o.o.	Poland	PLN	Integer.pl S.A.	100%
11	Integer Group Services Sp. z o.o.	Poland	PLN	Integer.pl S.A.	38.35%
				InPost Paczkomaty Sp. z o.o.	61.65%
12	M.P.S.L. Modern Postal Services Ltd in liquidation	Cyprus	EUR	Integer.pl S.A.	100%
	Associates				
13	Menzies Distribution Group Limited	United Kingdom and the Republic of Ireland	GBP	InPost UK Limited	30%

On February 24, 2024 Giverty Holding Limited was liquidated and removed from the register of entrepreneurs.

3 The most important events affecting the Group's operations in 2024 and until the approval of the financial statement

Changes in the Management Board of InPost S.A.

On January 15, 2024, InPost S.A. announced that Adam Aleksandrowicz has decided to step down from his role as Group Chief Financial Officer. Supervisory Board appointed Francisco Javier van Engelen Sousa as Group Chief Financial Officer, the change in InPost S.A. Management Board is effective since April 2, 2024.

4 Strategy and development prospects as well as information on risk factors

Development prospects and the factors influencing it

The Group's development prospects are driven by expanding its parcel locker network, enhancing customer experience through technology and capitalising on e-commerce growth in Polish and selected European markets where InPost operates. The key factors influencing growth include consumer demand for convenient delivery options, strategic partnerships with major e-commerce marketplaces and merchants as well as ongoing innovation in logistics solutions.

Information about the development strategy

InPost Group is focused on consistently enhancing delivery services for both consumers and merchants while ensuring sustainable, profitable growth. Our goal is to become Europe's leading provider of automated out-of-home delivery, building on our success in Poland and expanding cross-border services. By leveraging technology, data analysis and our experience, we are revolutionising last-mile e-commerce delivery. We're also strengthening governance and implementing global financial and ESG standards to adapt to evolving market needs and regulations.

Description of the main threats and risks

The activities carried out by companies from the InPost Group are exposed to the following financial risks:

- **market risk**: it entails such a risk for the company where the fair value of a financial instrument or the related future cash flows will change due to changes in market prices. It is further divided into three types of risk: currency risk, interest rate risk and other price risk;
  - **risk of changes in interest rates**: it was assumed that it relates to the impact of changes in the interest rate on the Group's financial liabilities;
  - **currency risk**: it was assumed that it concerns only unsettled monetary items denominated in foreign currencies, adjusted for currency translation at the end of the accounting period by a 10% change in exchange rates.
- **credit risk**: it was assumed that it is a risk related to a financial instrument when one of the parties fails to meet its obligations towards the other;
- **liquidity risk**: it was assumed that it concerns the company's difficulties in meeting its financial obligations.

We treat risk management as an integral part of our long-term value creation. Therefore, in the first half of 2024, we continued to improve the Risk Management System (ERM). The ERM is connected to the Integrated Management System of the Group, and the ERM is where all the areas related to risk management at InPost are brought together. This allows us to effectively manage the risks identified in areas that are the most exposed and which hold key significance to InPost's strategic activities, including the continuity of strategic projects, ESG and IT. The Enterprise Risk Management framework is also populated by risks identified through the Group's audits and internal controls (which also applies to fraud risks). More information in IAR 2023 (Chapter 4. Corporate Governance - Risk Management).

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InPost Group actively seeks to mitigate any potential unfavourable impact of these risks on the financial results. Risk is managed directly by the Management Board of the Company, analysing the scale of the risk on an ongoing basis and making appropriate decisions.

5 Key personnel remuneration

	Period of 6 months ended on 30-06-2024	Period of 6 months ended on 30-06-2023
Management Board, of which:	**15.0**	**11.8**
Short-term employee benefits	5.3	5.1
Share-based compensation	9.7	6.7
Executive Committee*, of which:	**-**	**1.4**
Short-term employee benefits	-	0.8
Share-based compensation	-	0.6
Supervisory Board, of which:	**1.5**	**1.4**
Short-term employee benefits	1.5	1.4
Share-based compensation	-	-
Total key personnel remuneration	**16.5**	**14.6**

*The Supervisory Board dissolved the Executive Committee in August 2023.

6 Research and development

While our research and development efforts encompass a broad spectrum, our primary focus naturally gravitates towards further development of parcel lockers. InPost proprietary R&D facility is responsible for the design of Automated Parcel Machines (APMs).

Our key R&D projects are focused on our "*net-zero*" strategy. We deployed the first APM with an energy self-sufficient parcel locker that draws power from photovoltaic modules and the screenless type, which has a user panel designed to be used exclusively via the mobile app.

We continuously work on the design of APMs, which allows us to unlock additional APM locations to be as close as possible to our consumers. We continue to improve design and implement an indoor parcel locker adjusted for use in enclosed spaces such as shopping malls, underground car parks or office buildings.

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The Group's priority is to adapt logistics processes to pro-ecological solutions. InPost Group, in cooperation with Carrefour and PolKa, will introduce a deposit system for single-use plastic bottles up to three litres, reusable glass bottles up to one and a half litres and metal cans with a capacity of up to one litre. InPost offers RVMs (Reverse Vending Machines) and first-mile logistics care. For the return of such packaging, customers will be able to use a coupon from the Carrefour store assortment until the end of the day on which they made the return.

Each project is divided into several phases. We start with the research phase, during which we search for and analyse the best solutions. Then, we move on to a phase of designing, developing and prototyping. The most important stage is the testing phase during which we thoroughly check each of our solutions. Only a validated product can be approved for production.

7 Own shares

Share Capital

Series	Face value	Number of shares as at 30-06-2024	Number of shares as at 31-12-2023
Normal shares	EUR 0.01 each	500,000,000	500,000,000
		500,000,000	**500,000,000**

Treasury Shares

Series	Weighted Average Cost of purchase	Number of shares as at 30-06-2024	Number of shares as at 31-12-2023
Treasury shares owned by the Group	EUR 14.63 each	60,979	182,500
		60,979	**182,500**

8 Branches

For the period of 6 months ended June 30, 2024, the Group did not have any branches.

9 Financial instruments

The book value of the financial instruments held reflects the maximum exposure to credit risk. The instruments held are not covered by any collateral that would improve the credit conditions. Information on the financial instruments held by the Group and the risks related to them was disclosed in Note 26 to the interim condensed consolidated financial statements.

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10 Events after the balance sheet date

Changes in Supervisory Board of InPost S.A.

On July 1, 2024, the Supervisory Board of InPost S.A. announced that Mark Robertshaw has decided to step down from Company's Supervisory Board, effective July 1, 2024. The Supervisory Board has nominated Hein Pretorius as Chairman of the Supervisory Board.

Entering Loan agreement

As part of its commercial strategy, InPost concluded a loan agreement with a company on one of its operating markets in August 2024. The amount of the loan granted by InPost Group is PLN 75.8 million.

Luxembourg, September 5, 2024

Rafał Brzoska Elektronicznie podpisany przez Rafał Brzoska Data: 2024.09.05 09:59:14 +02'00'	Francisco Javier van Engelen Sousa Elektronicznie podpisany przez Francisco Javier van Engelen Sousa Data: 2024.09.05 10:08:03 +02'00'	Michael Brian Rouse Elektronicznie podpisany przez Michael Brian Rouse Data: 2024.09.05 10:09:17 +02'00'
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Rafał Brzoska	**Francisco Javier van Engelen Sousa**	**Michael Rouse**
President of the Management Board	*Vice President of the Management Board*	*Vice President of the Management Board*