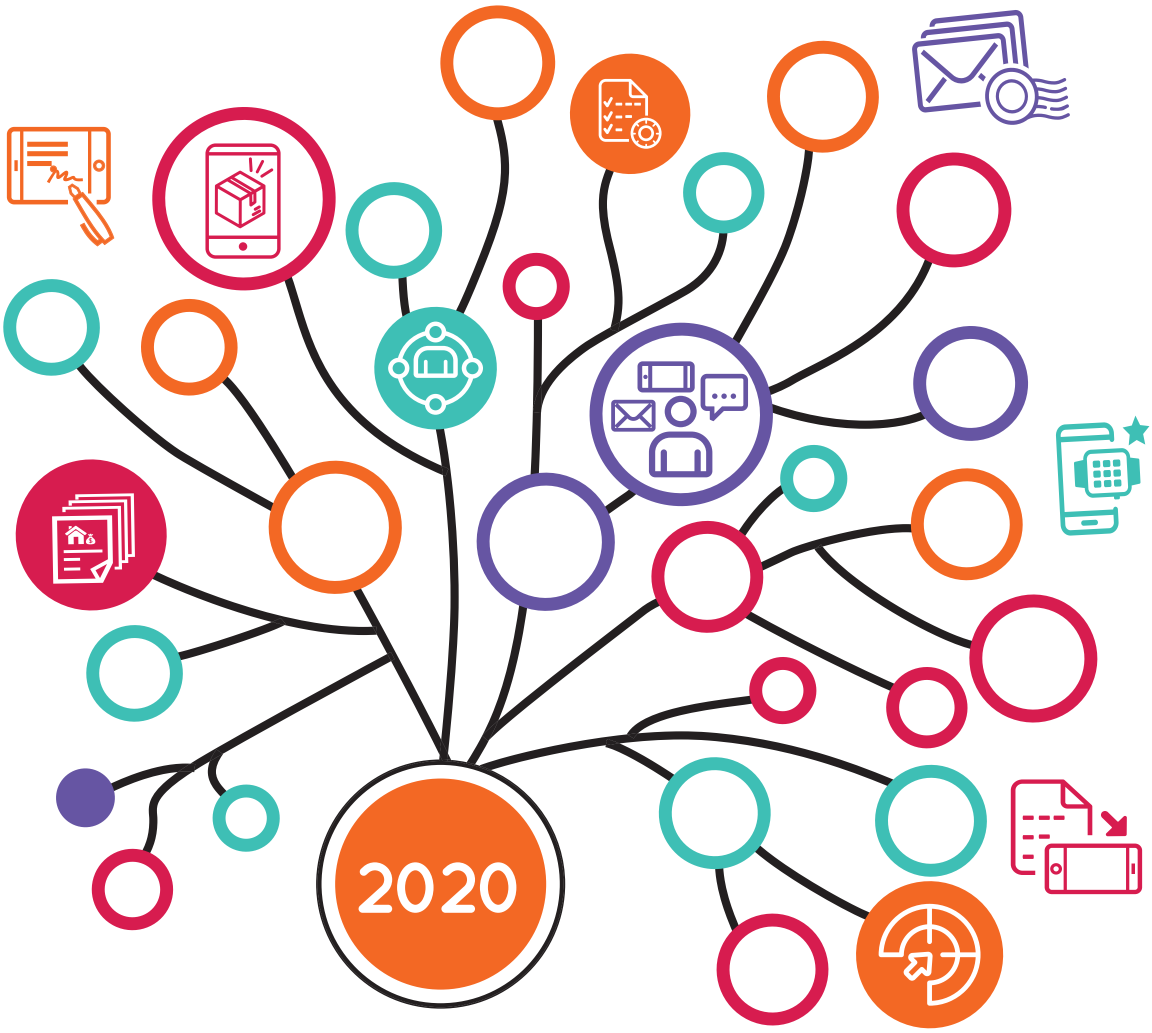
quadient



HALF-YEAR FINANCIAL REPORT

As of July 31, 2020

Contents

COMMENTS ON QUADIENT'S RESULTS AND FINANCIAL STRUCTURE

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For the half of 2020, the Group achieved sales of 485 million euros, down 12.9% compared to the first half of 2019, *i.e.* down by 12.8% in organic terms [(1)].

Major Operations (90% of total sales), gathering the Group's four strategic solutions across the two main geographies, *i.e.* North America and the Main European countries, as well as the activities of Parcel Locker Solutions in Japan and of Customer Experience Management in the rest of world, show a 10.5%-organic decline in total sales. North America posted a 6.0% organic decline. The segment of the Main European countries recorded a 17.6%-decrease in sales, excluding currency and scope effects and International posted a 4.8% organic growth.

Moreover, Additional Operations (10% of total sales) posted a 28.9%-organic decline.

The share of recurring revenues in total Group sales remains high and stands at 75%.

Current operating income before acquisition-related expenses totaled 61 million euros in H1 2020, down by 34.2% compared to H1 2019. Current operating margin before acquisition-related expenses stood at 12.6% of sales.

Net attributable income was down 54.5%, ending at 21 million euros.

1.1 Half-year highlights

Quadient continued to actively execute its "Back to Growth" strategy in the first half of H1 2020, leading to the implementation of multiple strategic initiatives across all solutions, which encompassed new innovative product launches, new contracts and partnerships, as well as further reshaping of the portfolio with one divestment (ProShip) and one acquisition (YayPay).

Acquisition of leading FinTech company YayPay™, specialized in Accounts Receivable automation

On 29 July 2020, Quadient announced the acquisition of YayPay, a best-in -class and rapidly growing company at the forefront of SaaS accounts receivable (AR) automation solutions. Founded in 2015, YayPay provides a combination of automated invoice delivery paired with collections management, credit assessment, payment and cash application solutions, delivering a comprehensive cloud-based platform to more than 3,000 users globally. YayPay's solution also combines real-time reporting with artificial intelligence to provide companies insight into future payer behavior and how it impacts their cash flow, helping them reduce write-offs and Days Sales Outstanding (DSOs). The acquisition of YayPay will expand Quadient's Business Process Automation offer, notably complementing its cloud-based platform Quadient® Impress™, a multichannel document automation platform for small and medium businesses. YayPay is based in New York and has a team of nearly 60 people.

Quadient owns c.87% in the parent company of YayPay. The purchase price, excluding transaction-related costs, amounted to more than €17 million [(2)].

Global Partnership with Infosys to enhance delivery of Customer Experience Management solutions

On 23 July 2020, Quadient announced that Infosys has become a Platinum Business Partner in Quadient's Partner Advantage Program. Infosys is a global provider of next-generation digital services and consulting. Under the partnership, it aims to leverage and supply Quadient solutions to provide businesses with the leading omni-channel Customer Communication Management (CCM) platform and the capability to meet complex communication needs, while being aligned to their customer experience strategy. Additionally, Infosys and Quadient will jointly develop innovative solutions in the customer experience management (CXM) space, making demonstrations available at Infosys technology and innovation hubs.

Introduction of iX-Series Mailing Systems to US Market

On 30 Juin 2020, Quadient announced the launch of the iX-Series Mailing Systems and S.M.A.R.T. MailCenter software in the US, designed to meet the needs of small, medium and large businesses across a variety of industry verticals. The new series brings customers additional features and technology updates while meeting the latest requirements of the US Postal Service. This development initiative is part of Quadient objective to extend its leadership in the mail industry in the US, as outlined in the frame of its Back to Growth strategy.

(1) H1 2020 sales are compared to H1 2019 sales, from which is deducted revenue from Proship for an amount of 4.3 million euros, and are restated of a 3.1 million euros positive currency impact over the period.

(2) Based on ECB's €/$ exchange reference rate as at 28 July 2020.

Further expansion of Quadient Parcel Lockers Solution offering and activity

Combining the expertise of recently acquired US-based Parcel Pending with its longstanding global leadership in parcel locker solutions for carriers, retailers, commercial buildings or universities, Quadient has adopted the "**Parcel Pending by Quadient**" brand across its entire parcel locker portfolio in North-America and Europe since June 2020.

On 22 June 2020, Quadient announced the simultaneous launch in France, Japan, the UK and the US of **Parcel Locker Lite™**, a new series of compact and modular parcel lockers, designed to facilitate the roll-out and accelerate the adoption of parcel locker solutions at an affordable cost by customers with smaller floor areas and lower volumes of parcels.

In Japan, Quadient signed in Q1 2020 a **new contract with Yamato** concerning the installation of 3,000 Parcel Locker Lite units for its pick-up and drop-off sites that include convenience stores, train stations, supermarkets and drugstores. Roll-out has started last Summer and will continue through 2023.

On 16 July 2020, Quadient announced the launch of **Parcel Pending by Quadient** for multi-tenant residential buildings across the UK. The customizable parcel locker systems provide seamless management of incoming packages through an automated parcel process, securing delivery, storage and pick-up, enhancing resident satisfaction and improving operational efficiency.

Successful Launch of Cloud-based Platform Quadient® Impress for small and medium-size businesses

On 16 June 2020, Quadient announced the general availability of Quadient® Impress, a user-friendly outbound document automation platform that automates the customer communication workflow for small and medium businesses (SMBs). The comprehensive cloud-based platform provides the flexibility to prepare and send single or batch transactional documents to customers through any combination of channels—print, digital or outsourced.

Quadient Impress is a major milestone in the consolidation and streamlining of the Company's Business Process Automation solutions into a single software platform integrating four suites of applications (Automate, Portal, Dispatch, Outsourced Hybrid Mail). More than 140 new customers have been acquired since the launch.

Divestment of ProShip

In February 2020, Quadient announced the sale of its subsidiary, ProShip, a global provider of automated multi-carrier shipping software, to FOG Software Group, a division of Constellation Software, Inc, a company listed in Toronto. The transaction was closed on 28 February 2020 and the selling price totaled 15 million US dollar.

1.2 Post-closing events

First major contract in the US retail sector with Lowe's

In September 2020, Quadient announced it has signed with Lowe's, an US-based retail chain specializing in home improvement, a major contract for the deployment of Parcel Lockers Solutions in the US retail sector. The nationwide rollout of more than 1,700 self-service parcel lockers is planned. Lowe's ranks amongst the top 10 US retailers with more than 2,200 stores.

Quadient Named Finalist in Two Categories in the Parcel and Postal Technology International Awards 2020

On 8 September 2020, Quadient announced it has achieved finalist status in two categories in the Parcel and Postal Technology International (PPTI) Awards 2020 for its Parcel Pending Lite and CVP Everest solutions. The PPTI Awards recognize the latest developments in the postal sector.

Repayment of all borrowings contracted under US private placements, for a total of USD 115 million

On 4 September 2020, Quadient proceeded to the repayment of all borrowings contracted under US private placements, for a total amount of 115 million US dollar. On top of the mandatory repayment of 30 million US dollar scheduled for September 2020, Quadient decided the early repayment of 85 million US dollar of debt, maturing in 2021 (35 million US dollar) and 2022 (50 million US dollar). This operation is in the straight continuation of the Group's policy aiming at managing its balance sheet in a dynamic way and at optimizing its financing resources.

The impact on the Group's cost of net debt will be slightly positive over the remaining term of the early-repaid borrowings.

1.3 Historical breakdown of income statements

(In millions of euros)	H1 2020 (ended 31/07/2020)		H1 2019 (ended 31/07/2019)		FY 2019	
Sales	**484.9**	**100.0%**	**556.9**	**100.0%**	**1.142.7**	**100.0%**
Cost of sales	(129.0)	(26.6)%	(145.9)	(26.2)%	(302.1)	(26.4)%
Gross margin	**355.9**	**73.4%**	**411.0**	**73.8%**	**840.6**	**73.6%**
R&D expenses	(24.6)	(5.1)%	(24.5)	(4.4)%	(53.2)	(4.7)%
Selling expenses	(126.4)	(26.1)%	(136.1)	(24.4)%	(283.3)	(24.8)%
Administrative expenses	(100.5)	(20.8)%	(107.2)	(19.3)%	(214.9)	(18.8)%
Maintenance and other operating expenses	(45.1)	(9.3)%	(50.7)	(9.1)%	(103.5)	(9.1)%
Employee profit-sharing and share-based payments	1.7	0.4%	0.1	0.0%	(0.6)	(0.1)%
Current operating income excluding expenses related to acquisitions	**61.0**	**12.6%**	**92,6**	**16.6%**	**185.1**	**16.2%**
Expenses related to acquisitions	(11.1)	(2.3)%	(10.8)	(1.9)%	(15.5)	(1.4)%
Current operating income	**49.9**	**10.3%**	**81,8**	**14.7%**	**169.6**	**14.8%**
Proceeds from asset sales and other operating expenses	(0.6)	(0.1)%	0.1	0.0%	(82.5)	(7.2)%
Structure optimization expenses	(7.5)	(1.6)%	(2.7)	(0.5)%	(10.1)	(0.9)%
Operating income	**41.8**	**8.6%**	**79.2**	**14.2%**	**77.0**	**6.7%**
Financial income/(expenses)	(17.2)	(3.5)%	(19.1)	(3.4)%	(41.1)	(3,6)%
Income before taxes	**24,9**	**5,1%**	**60,1**	**10,8%**	**35.9**	**3.1%**
Income taxes	(2.7)	(0.6)%	(13.6)	(2.4)%	(21.4)	(1.9)%
Income from associated companies	(0.4)	(0.1)%	0.6	0.1%	0.8	0.1%
NET INCOME	**21.8**	**4.5%**	**47.1**	**8.5%**	**15.3**	**1.3%**
Attributable to:						
• holders of the parent company	21.4	4.4%	47.1	8.5%	14.1	1.2%
• non-controlling interests	0.4	0.1%	0.0	0.0%	1.2	0.1%

1.3.1 RESILIENT RECURRING REVENUE IN H1 2020

Quadient's strategy is to promote recurring revenues in all solutions through SaaS subscription and rental sales in particular. In the first half of 2020, the Group's business model has proved once again resilient, with solid recurring revenue performance, despite difficult trading and economic conditions.

Consolidated sales stood at €485 million in the first half of 2020, a contained decline of -12.9% compared to the first half of 2019. Organic change stood at -12.8% (excluding currency impacts and scope effects related to the divestment of ProShip in February 2020).

Recurring revenue (75% of total sales) recorded a limited organic decline of 5.9% in H1 2020 compared to H1 2019, helping to mitigate the 28.3% organic decline experienced in hardware and license sales.

(In million euros)	H1 2020	H1 2019	Change	Change at constant rates	Organic change
Major Operations	**437**	**483**	**(9.6)%**	**(10.5)%**	**(10.5)%**
Customer Experience Management	61	65	(5.2)%	(5.5)%	(5.5)%
Business Process Automation	31	30	+1.6%	+1.1%	+1.1%
Parcel Locker Solutions	32	28	+12.0%	+9.4%	+9.4%
Mail Related Solutions	313	360	(13.1)%	(13.9)%	(13.9)%
Additional Operations	**48**	**74**	**(34.5)%**	**(33.1)%**	**(28.9)%**
GROUP TOTAL	**485**	**557**	**(12.9)%**	**(13.5)%**	**(12.8)%**

(In million euros)	H1 2020	H1 2019	Change	Change at constant rates	Organic change
Major Operations	**437**	**483**	**(9.6)%**	**(10.5)%**	**(10.5)%**
North America	239	250	(4.5)%	(6.0)%	(6.0)%
Main European countries [(a)]	173	210	(17.4)%	(17.6)%	(17.6)%
International [(b)]	25	23	+4.8%	+4.8%	+4.8%
Additional Operations	**48**	**74**	**(34.5)%**	**(33.1)%**	**(28.9)%**
GROUP TOTAL	**485**	**557**	**(12.9)%**	**(13.5)%**	**(12.8)%**

(a) Austria, Benelux, France, Germany, Ireland, Italy, Switzerland, United Kingdom.
(b) International includes the activities of Parcel Lockers Solutions in Japan and of Customer Experience Management outside of North America and the Main European countries. The breakdown of H1 2019 revenue by segment and activity has been restated accordingly.

1.3.2 MAJOR OPERATIONS SUPPORTED BY THE PERFORMANCE OF GROWTH ENGINES

In the first half of 2020, **Major Operations** posted revenue of €437 million (90% of total sales), down 10.5% on an organic basis compared to the first half of 2019. The resilience of recurring revenue (77% of Major Operations sales), down only 4.5% organically vs. H1 2019, with strong growth in both Parcel Locker Solutions and Business Process Automation activities, helped partially mitigate the impact of hardware equipment and license sales decline.

Sales in **North America** recorded a moderate organic decrease (-6.0%) in H1 2020, thanks to strong double-digit growth in Customer Experience Management activity with a very dynamic activity in professional services and in license sales.

Main European countries posted a sharper organic sales decline (-17.6%) in H1 2020, due to tougher impact of social distancing measures.

The **International** segment delivered a solid organic sales growth (+4.8%) in H1 2020, driven by the strong increase of rental revenue from Parcel Locker Solutions in Japan, mitigated by a high comparable base in Q2 2019 for Customer Experience Management, which benefited from two large deals.

Customer Experience Management

In the first half of 2020, **Customer Experience Management** sales stood at €61 million, down 5.5% organically compared to the first half of 2019. Recurring revenue (77% of Customer Experience Management sales) showed a very good resilience (2.5%) with a continuous significant increase in revenue from SaaS subscription and growth in maintenance revenue. This performance was offset by the decline in revenue from professional services, mainly operated on-site and thus affected by social distancing measures.

License sales (-14.4%) were affected by a high comparable base in Q2 2019. Moreover, in the social-distancing context, go-to-market was more difficult with large accounts, weighing on new customer acquisitions. Quadient however succeeded in gaining customers in its traditional verticals as well as newer verticals like Governments, Telecommunications and Utilities. Answering customer demand, the progressive shift from on-premise licenses to SaaS-based subscription model impacted license sales by reinforcing the recurring revenue model of Quadient going-forward.

Sales in North America recorded strong double-digit growth, reflecting good business momentum and a favorable comparable base in H1 2019. Conversely, sales in main European countries were affected by more severe social distancing measures and unfavorable comparable base in professional services in H1 2019. International sales were also down due to a high comparable base in H1 2019.

Business Process Automation

In the first half of 2020, **Business Process Automation** sales stood at €31 million, up 1.1% organically compared to the first half of 2019.

This increase reflected the strong growth in SaaS revenue thanks to increased level of SaaS subscriptions recorded in the previous quarters. This shift in customer demand to SaaS-mode solutions, particularly in North America and France, contributed to double-digit growth in recurring revenue (+13.2%), representing 88% of Business Process Automation sales in H1 2020. In addition, the Group continued its campaigns to accelerate new customer acquisitions under this subscription model in all regions, with a particularly positive effect on contract activations across North America. The good performance from recurring revenue was partly offset by the decrease in revenue linked to volume-based usage Business Process Automation platforms, particularly in the Property Management sector in France. However, this trend tends to reverse at the end of H1 2020, with an improvement in volume-based activity.

License sales, even if representing a relatively small portion of Business Process Automation revenue, were strongly impacted (-43.9%), mainly due to the lower traction of bundled offers with Mail-Related Solutions as the COVID-19 context made more difficult the placement of new hardware equipment.

Parcel Locker Solutions

In the first half of 2020, **Parcel Locker Solutions** sales stood at €32 million, up 9.4% organically compared to the first half of 2019, due to the strong growth of recurring revenue (+35.2%), representing 64% of Parcel Locker Solutions sales in H1 2020.

In Japan, the rental-based model proved its strength with strong double-digit revenue growth in H1 2020, due to the increase of the installed base in the previous quarters, despite some slowdown in new installations in Q2 2020. In the US, the Property Management sector experienced a strong growth in subscription. In addition, recurring revenue benefited from the increase in maintenance and consumption/usage activity (e.g., resident fees, storage fees).

Hardware sales (-18.3%) were impacted by social distancing measures, especially in the Property Management and Corporate/University sectors in the US, leading to delays in installations. Bookings were also affected by the economic situation that led to new construction projects being postponed. Moreover, the comparable base was very tough as Q2 2019 delivered strong performance, while Q2 2020 suffered from deals on hold due to institutions focusing on other priorities.

Mail-Related Solutions

In the first half of 2020, **Mail-Related Solutions** sales stood at €313 million, down 13.9% organically compared to the first half of 2019. Recurrent revenue (77% of Mail-Related Solutions sales), largely supported by multi-year contracts, posted a more moderate decline (-8.7%), benefiting from the good level of new hardware placements in 2019, especially in North America.

Revenue from consumables (ink cartridges) were impacted by the COVID-19 context, but the decrease was less pronounced from May with a gradual recovery in volumes as usage started to return. While the level of activity showed improving trends compared to the second half of Q1 2020, the recovery was still limited due to remote working linked to social distancing measures.

In this context, new hardware placements were affected (-27.6%), especially for large deals (e.g. production mail), in spite of the increase in remote sales (telesales or sales by email). The decline continued to be less marked in North America than in Europe and this trend was amplified by less stringent social distancing measures in place in North America. However, Quadient recorded a progressive recovery from May from the lows experienced in April.

1.3.3 ADDITIONAL OPERATIONS

In the first half of 2020, **Additional Operations** recorded revenue of €48 million (10% of total sales), down 28.9% on an organic basis compared to the half of 2019. This mainly reflected a drop in revenue from graphics and Mail-Related Solutions sales in the Nordics and Australia, as well as weaker revenue related to the export business (e.g. OEM contracts with third-party Mail-Related Solutions distributors) due to high comparable base in H1 2019. It reflects as well the lower level of recurring revenues in this segment. Furthermore, the Group sold 4 CVP units of automated packing systems in H1 2020 (vs. 6 units in H1 2019).

1.3.4 CURRENT OPERATING INCOME [(1)]

	2020			2019		
	Major Operations	Additional Operations	Group total	Major Operations	Additional Operations	Group total
Revenue	437	48	485	483	74	557
Current operating income before acquisition-related expenses	65	(4)	61	96	(3)	93

(a) As a reminder, sales from Parcel Locker Solutions Japan as well as sales from Customer Experience Management for the other geographies, formerly integrated into Additions Operations are now accounted for in Major Operations revenue under International segment. 2019 data was restated accordingly.

Current operating income before acquisition-related expenses stood at €61 million in H1 2020 compared to €93 million in H1 2019, mainly reflecting the decrease in revenue. Active cost management in both cost of sales and operating expense levels partially helped protect the profitability.

Gross margin remained broadly stable at 73.4% in H1 2020 compared to 73.8% in H1 2020, despite a significant volume effect, due to the built-in flexibility of the cost base resulting from a high proportion of outsourcing in hardware manufacturing (90% of mail equipment, 100% of parcel lockers) and a more favorable mix. Moreover, continued tight cost optimization measures helped to generate approximately €23 million of savings in operating expenses, before impact of bad debt, in H1 2020, while allowing the Group to maintain ongoing investment efforts to support the implementation of its strategic initiatives.

Current operating margin before acquisitions-related expenses stood at 12.6% of sales in H1 2020 compared to 16.6% in H1 2019.

Acquisition-related expenses reached €11 million in H1 2020, a stable level compared to H1 2019, and notably included costs associated with the divestment of ProShip (bonus contingent to the closing of the transaction) and the acquisition of YayPay (non-recourse loans to the founders).

Current operating income totaled €50 million in H1 2020 compared to €82 million in H1 2019.

1.3.5 OPERATING INCOME

Optimization and other operating expenses amounted to €8 million in H1 2020 compared to €3 million in H1 2019, including costs related to the shutdown of Temando and increased restructuring expenses associated with cost optimization measures.

Operating income totaled €42 million in H1 2020 compared to €79 million in H1 2019.

1.3.6 NET INCOME

The **net cost of debt** amounted to -€16 million in H1 2020 compared to -€17 million in H1 2019, reflecting the positive impact from 2019/2020 refinancing operations on interest expenses.

The Group reduced its **currency losses and other financial items** to -€1 million in H1 2020 compared to -€2 million in H1 2019.

As a result, **net financial result** was a loss of -€17 million in H1 2020 compared to a loss of -€19 million in H1 **2019.**

Income tax amounted to -€3 million in H1 2020 compared to -€14 million in H1 2019, mainly thanks to the benefit of tax loss carry-back measures implemented in the US in H1 2020 to support corporates in the COVID-19 context.

(1) Current operating income before acquisition-related expenses.

The **corporate tax rate** stood at 11.1% in H1 2020 compared to 22.6% in H1 2019. Excluding non-recurring items, corporate tax rate would have been at 22.8% in H1 **2020.**

Net attributable income amounted to €21 million in H1 2020 compared to €47 million in H1 2019. **Earnings per share** stood at €0.50 in H1 2020 compared to €1.24 in H1 2019.

1.3.7 CASH FLOW GENERATION

EBITDA [(1)] totaled €104 million in H1 2020 compared to €137 million in H1 2019, reflecting lower current operating income and broadly stable depreciation and amortization. EBITDA margin stood at 21.5% in H1 2020 compared to 24.6% in H1 2019.

The change in **working capital** generated a net cash outflow of €25 million in H1 2020 compared to a net cash outflow of €55 million in H1 2019. This mainly reflected the lower level of activity, as well as the postponement of payments of some social and VAT charges to H2 2020 in several countries.

The Group recorded a higher decrease in its **lease receivables** (€54 million in H1 2020 compared to €31 million in H1 2019) due to lower placements of new equipment in the current context of social distancing.

The **leasing portfolio and other financing services** amounted to €613 million as at 31 July 2020 compared to €698 million as at 31 January 2020, representing an organic decrease of 7.6% in H1 2020 versus an organic decrease of 4.3% in H1 2019.

At the end of H1 2020, the default rate of the leasing portfolio stood at around 1.7%.

Interest and taxes paid totaled -€16 million in H1 2020 compared to -€37 million in H1 2019, mainly thanks to the positive impact from 2019/2020 refinancing operations on interest expenses and reduced amount of tax paid**.**

Capital expenditure amounted to €39 million in H1 2020 compared to €49 million in H1 2019. This reflected lower investments related to maintenance, in line with decreased level of activity, and reduced investments related to Parcel Locker Solutions in Japan (mostly due to a high comparable base in 2019), as well as in rented mail equipment.

In total, the Group recorded **cash flow after capital expenditure** of €76 million in H1 2020 compared to €21 million in H1 2019.

1.3.8 DEBT AND LIQUIDITY POSITION

Net debt was reduced by €82 million to €586 million as at 31 July 2020, from €668 million as at 31 January 2020. The leverage ratio (net debt/EBITDA) slightly improved, at 2.3x [(2)] as at 31 July 2020 compared to 2.4x [(2)] as at 31 January 2020. The Group's net debt is backed by future cash flows generated from its rental and leasing activities.

Excluding leasing, the leverage ratio remained low, at 0.8x [(2)] as at 31 July 2020 compared to 0.9x [(2)] as at 31 January 2020.

Shareholders' equity amounted to €1,221 million as at 31 July 2020 compared to €1,249 million as at 31 January 2020. The gearing ratio decreased to 48% of shareholders' equity as at 31 July 2020 compared to 54% as at 31 January 2020.

The Group has a robust **liquidity position** of €933 million as at 31 July 2020, of which €533 million in cash and €400 million of undrawn credit line, the latter maturing in 2024.

(1) EBITDA = current operating income + provisions for depreciation of tangible and intangible fixed assets.

(2) Including IFRS 16.

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1.4 Ownership structure

At 31 July 2020, Quadient S.A.'s share ownership was as follows:

	Number of shares	%	Number of voting rights	%
Management and employees	537,286	1,555%	537,286	1,562%
Directors (non-executive)	6,147	0,018%	6,147	0,018%
Treasury shares held under liquidity contract	154,021	0,446%		0,000%
Treasury shares held for stock option and free share allocations	5,968	0,017%		0,000%
Teleios Capital Partners GmbH [a]	4,569,500	13,221%	4,569,500	13,302%
Dimensional Fund Advisors, LP (US) [a]	1,669,400	4,830%	1,669,400	4,860%
Marathon Asset Management, LLP [a]	1,513,000	4,378%	1,513,000	4,404%
Norges Bank Investment Management (Norway) [a]	1,466,100	4,242%	1,466,100	4,268%
LLB Asset Management AG [a]	1,227,500	3,551%	1,227,500	3,573%
Other shareholders	23,454,931	67,862%	23,454,931	68,277%
TOTAL	**34,562,912**	**100,000%**	**34,352,724**	**100,000%**

(1) Source: Ipreo as at 31 July 2020

To the Group's knowledge, there is no other shareholder owning more than 3% of the capital or voting rights.

Quadient was communicated the following thresholds between 1 February 2020 and 22 September 2020:

Date	Name of the Investment Funds	Threshold cross
09/03/2020	Teleios Capital Partners LLC	Crossing upwards the 11% with 11.05% of voting rights
27/03/2020	Teleios Capital Partners LLC	Crossing upwards the 12% with 12.03% of voting rights
20/05/2020	Wellington Management Group	Crossing downwards the 3% with 2.99% of voting rights
24/06/2020	Teleios Capital Partners LLC	Crossing upwards the 13% with 13.02% of voting rights
01/07/2020	BWM Value Investing	Crossing downwards the 3% with 0% of voting rights
01/07/2020	LLB Fund Services AG	Crossing upwards the 3% with 3.55% of voting rights
11/09/2020	Dimensional Fund Advisors LP	Crossing downwards the 4% with 3.997% of voting rights

1.5 Information on related parties

Quadient owns a 35% stake in Docapost BPO IS and a 24% stake in AMS Investissement. The transactions with these companies, consolidated using the equity method, are not significant.

1.6 Risk factors

1.6.1 RISK ASSESSMENT

The Group has implemented a mapping process for its risks. The risk map was updated between the end of 2019 and the beginning of 2020 under the supervision of the head of internal control. This was done by holding discussions with key Group managers and subsidiary management teams (selection of the 20 top managers). It has been updated afterwards to take into account the COVID-19 crisis. A list of risks classified by theme was then drawn up and rated by the persons interviewed, based on two criteria: impact and likelihood.

The risk map is then presented to the Chief Executive Officer, the audit committee and the management team.

A number of operational action plans were introduced across the Group, overseen by clearly identified individuals and monitored on a regular basis at the highest level.

In addition to the review carried out by the audit committee at the end of March 2020, risks are reviewed by the Board of directors before taking any major decision (new acquisitions, restructuring, new credit lines, etc.). Risks are discussed by the Board from a Group-wide perspective when the three-year plan is drawn up, during which:

- Quadient's Chief Executive Officer presents market conditions: change in regulation, market trends, competition;
- the chief financial officer presents the Group strategy and financial objectives (by country, business line, etc.). Risks are also assessed as part of the preparation and presentation of the budget.

Regarding the CSR (corporate social responsibility)/non-financial risks, they have been assessed with the same methodology. They are presented in the risk mapping for the highest ones and in a more detailed way in chapter 5 "Non-financial performance statement" of the present document.

In addition, the risks and opportunities related to the Group's external environment are analyzed every year during preparation of the three-year strategic plan.

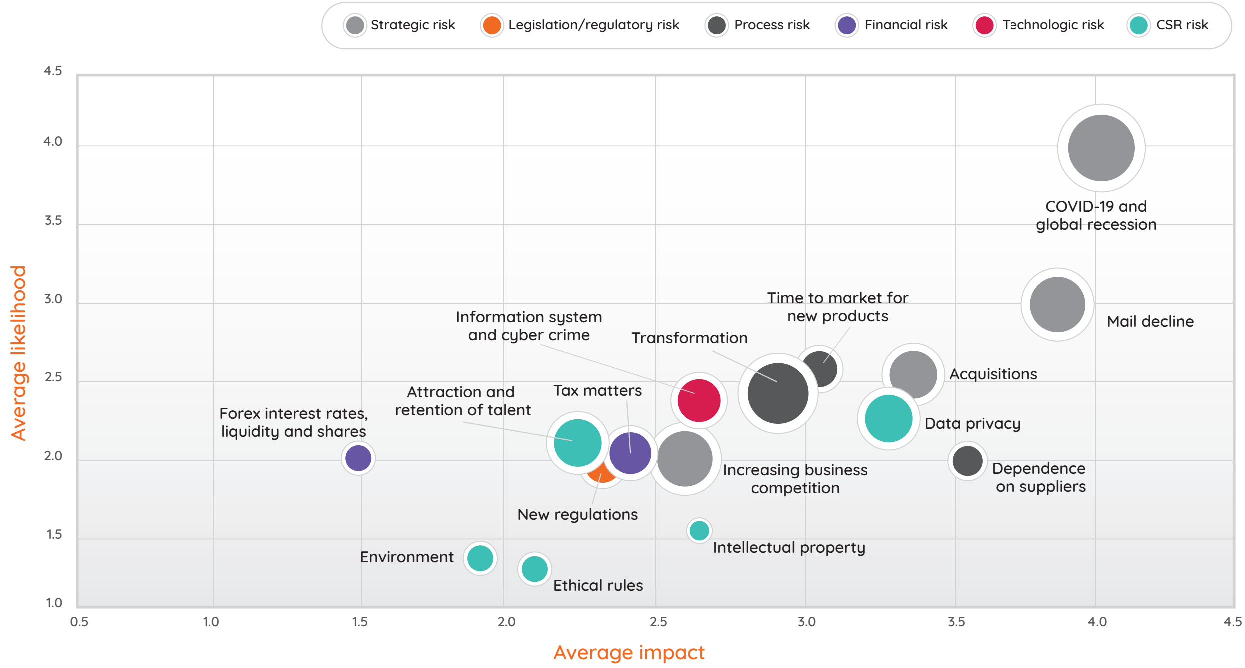
Finally, the directors of operating entities are responsible for identifying and assessing the risks associated with the activities they supervise. The results of their assessments are sent to the Group management and reviewed and discussed during operational reviews. Highlighting "red flags" risk areas is always part of the process.

1.6.2 MAIN RISKS AND RISK MANAGEMENT SYSTEMS

Risks are classified by category: strategic, operational, legal, technological, financial and CSR/extra-financial.

During the interviews, they are rated on a scale of 1 to 4 in terms of impact and likelihood, 4 being the highest level of risk. Risk values are expressed in net value knowing that they have been rated in terms of impact and likelihood after taking into account management systems to mitigate them. The risk map below represents the situation after the last risk assessment.

The horizontal axis represents the impact and the vertical axis the likelihood. The size of the circles represents the risk value that is calculated by multiplying the average impact mentioned during interviews by the average likelihood and by the number of occurrences (*i.e.* number of times the risk was mentioned during the interviews). The graphic below presents the top 16 risks identified during the last risk assessment.



SUMMARY OF THE SIX MAIN RISK CATEGORIES

Strategic	Operational	Legal	Technological	Financial	CSR/Extrafinancial
			High risks		
• COVID-19 crisis and risk of global recession • Mail decline • New competition • Acquisitions	• Transformation		• Information systems and cybercriminality		• Attractivity, talent retention and succession plans • Data privacy
			Low risks		
	• Time to market for new products • Dependence on suppliers	• Change in regulations		• Tax • interest rates, liquidity and shares	• Ethic and compliance • Environment • Intellectual property

The table below gives a precise description and dedicated action plan for each of the 6 risk categories and the way these risks are mitigated.

Strategic risks

HIGH RISKS

Risks	Risk management system
COVID-19 crisis and global recession	
COVID-19 crisis started in China in December 2019. It has spread to Italy since the beginning of February 2020 and then in other European countries, in North America and in South America. Containment measures have been taken in most countries and business and production activities are widely impacted but differently depending on the country.	Since beginning of February 2020, business continuity committees have been created in each regions and in each production sites. A weekly COMEX meeting is also dedicated to COVID-19.
Five major risks have been identified:	
Risk on employees and human capital COVID-19 represents a risk on human capital. Health and safety of the Group's employees and works conditions allowing the maximum of security are key.	**Risk on employees and human capital.** • Since beginning of February 2020, measures have been taken: • communication: health and safety preventive measures; • preparation of home office and trainings on different applications; • travel: travel ban on international flights except for imperious reasons, business trip reduction, cancellation or postponement of meetings or events. • Since March 2020: • home office for all employees if possible; • repatriation of employees. no more internal or external face to face meetings; • very limited number of on site service visit.
Risk on service continuity for customer The majority of regions where Quadient operates are subject to containment measures. Service continuity for customers must be organized and, in the meantime, the maximum of security must be applied for the employees.	**Risk on service continuity for customer** On site service visit have been reduced to the minimum and organized in the most safer way for the Group's employees and customers. Meanwhile call centers have been prepared and equiped for home office. Service continuity has been set up and is in line with preventive measures.
Risk on revenue Containment of populations in main regions may lead to global recession. Quadient could be exposed on its non-recurring revenue: hardware and software sales. On the opposite this crisis may create opportunities in terms of revenue, especially for digitalization solutions.	**Risk on revenue** Home office for sales people and service business continuity have been established very quickly and as a consequence all measures have been taken to reduce the impact on revenue. The percentage of recurring revenue is also key to assess risk on revenue.
Risk on profitability Risk on revenue could have an impact on the level of profitability. The impact will depend on the magnitude of the decline and on the actions taken to adapt cost structure.	**Risk on profitability** The Group has performed a review of all variable costs that could be postponed (third parties, projects…). Action plan will take into account the level of the activity. Partial unemployment has been put in place.

Risks	Risk management system
Risk on cash position	**Risk on cash position**
Group cash position could be impacted by the recession: decrease of cash inflows in relation with a drop of revenue and with customers' cash issues.	Since 31 January 2020, Quadient has pursued its active debt management. In February 2020, Quadient bought back an additional 15 million euros of its bond 2,50% maturing in June 2021. After this new buy back, the outstanding amount of the bond is 163.2 million euros. In February 2020, following a reverse inquiry from some investors, Quadient proposed to its investors base invested in the German law private debt named *Schuldschein* to prolonge the maturity of their existing investment maturing the 21 February 2020. Following this operation, Quadient paid back 17 million euros and 30 million US dollars and issue a new *Schuldschein* for 3 million US dollars with a four years maturity and 10 million US dollars and 30.5 million of euros both with a five year maturity. Quadient net debt end of March 2020 shows the same level as of end of January 2020 and a revolving credit line of 400 million euros. This credit line is available in euros and US dollars under the condition to meet covenants. This credit line is spread over a syndicate of 11 financial institutions. Risk of counterpart is limited as they are rated A a minima. Cash management department members use SaaS [(1)] applications. They are all confined since 16 March 2020 in different locations. Cash management is performed through automatic cash pooling without any risk of liquidity for subsidiaries. Cash reporting and three months forecast are in place with a weekly report in order to anticipate potential impact on cash.
Mail decline	
Mail volumes are down in all countries where the Group operates. Experts anticipate a further decline of about (4) to (6)% per year. The Group's Mail Related Solutions activities are linked to mail volumes. These activities were down by (5.3)% in 2015, by (4.6)% in 2016, by (4,3)% in 2017, by (3,8)% in 2018 and by (3.0)% in 2019.	To mitigate this decline, the Group continues to innovate to gain market share and develops complementary activities which enjoy strong growth. Quadient has announced its new strategy for the three coming years in January 2019. Named "Back to Growth". Main orientations are described in the section "Transformation" below. Thanks to these complementary activities, Quadient reduced the organic decline of its consolidated sales by (1.8)% in 2015, (2.1)% in 2016 and (2.2)% in 2017. Sales increased by 0.2% in 2018 and by 1,6% in 2019.
Increasing competition in new activities	
Quadient has two main competitors in its legacy business (Mail Related Solutions): world leader Pitney Bowes and Francotyp Postalia, No. 3 in the world. Pitney Bowes is listed on the New York Stock Exchange. Its main market is North America. Francotyp Postalia is listed on the Frankfurt Stock Exchange. Germany is its main market. Regarding its new activities (Business Process Automation, Customer Experience Management and Parcel Locker Solutions), the Group made a number of acquisitions, notably: GMC Software in 2012, Icon Systemhaus in 2016 and Parcel Pending in January 2019. These acquisitions operate on markets where the competitive landscape is different from Mail Related Solutions. Quadient's competitors in these new markets are more numerous and could have greater financial resources than the Group, which might affect the Group's competitiveness. Finally, it can be mentioned that Customer Experience Management activity is number two worldwide and considered as a leader by Gartner thanks to continuous effort in R&D.	The Group's strategic and marketing department regularly analyze the competition and this topic is discussed during the Board meetings and during the management team meetings at least once a year. Regarding new activities, the Group has access to market studies made by renowned research firms.

(1) *Software as a Service.*

HIGH RISKS

Risks	Risk management system
Acquisitions	
Quadient unveiled in January 2019 its new strategy for the 2019-2022 period. Named "Back to Growth", this strategy aims at expanding and growing the Group while accelerating its transformation. To achieve this strategy, the Group intends to seize bolt-on acquisition opportunities which, together with organic growth in selected business segments, will contribute to scale up the Group's major offers. In this context, the Group acquired Parcel Pending in January 2019. These acquisitions, as do all acquisitions, bring about uncertainty as to the consolidation of the acquired teams, and on the capacity to develop appropriate products and generate synergies within Quadient's historical distribution network.	All project are thoroughly analyzed and then presented to the investment committee and to the board. Strict financial critérias are applied during the analysis of the target and in terms of return on investmet. Ability of integration is also a key topic. These acquisitions are then included in the four major solutions: Mail Related Solutions, Business Process Automation, Customer Experience Management and Parcel Locker Solutions, and in the four main regions (North America and main European countries: France/Benelux, United Kingdom/Ireland, Germany/Austria/Switzerland/Italy).

Operational risks

HIGH RISKS

Risks	Risk management system
Transformation	
The "Back to Growth" strategy implies many changes and is built around the following pilars: • reinvest in Quadient highly cash generative legacy Mail Related Solutions offering; • focus on four major solutions in the main geographies; • seize bolt-on acquisition opportunities; • streamline the Group's organization; • either grow, improve or divest the Group's Additional Operations by no later than 2022; • adapt the Group's shareholder return policy. Transformation and the ability to move quickly are key for the Group financial result in the future.	The refocus of the Group on its major activities goes hand in hand with the implementation of a new management organization aimed at conducting these businesses in a far more integrated manner than this was the case up to now. Four main activities have been defined. Each of them are overseen by a dedicated Chief Solutions Officer, In parallel, the organization is structured under geographical responsibilities with: • North America on the one hand; and main European countries on the other hand, the later being divided into three regions: • France & Benelux; • UK & Ireland; • Germany, Austria, • Switzerland & Italy. Additional Operations are put under the separate responsibility of one manager. The main objective is to truly operate as one company in order to unlock more commercial synergies in each main geography, as well as to streamline the local operations and be more efficient. To that extent, support functions play also a key role, including that of overseeing the Group's transformation, support the new strategy, coordinate cross-functional projects and initiatives, conduct acquisitions and potential divestments, forge a common marketing vision, centralize the development and management of the product portfolio, ensure greater consistency in the offering from one region to another, as well as strengthen synergies both in R&D and in the supply chain. This organization aims to create a strong and unique company culture.

LOW RISKS

Risks	Risk management system
Time to market for new products	
Developing and launching new products and services requires major investments. The Group's results and future financial position will depend in part on its ability to improve its products and services, to develop and produce new ones at the best price, and within the deadlines set by demand, and to distribute and market them.	A very strict procedure is applied for each launch of a new product. It includes Group project, planning, risk assessment and steering committee. All departments oncerned by this launch are involved in the project and in the steering comity.
Dependence on suppliers	
The Group's main supplier is Hewlett-Packard (HP) for inkjet printing heads and cartridges. HP accounted for 6.1% of total Group purchases in 2019 and 2018. The top five suppliers and the top ten suppliers respectively account for 18,7% and 27.6% of total purchases in 2019 versus 19,9% and 27,8% in 2018. The Group works also with OEM vendors. A disruption in supply from any one of these suppliers could significantly affect the Group's business, despite the contractual clauses in the agreements protecting the Group against such risk.	The Group has put in place alternative solutions in case such an event should actually occur. The Group works with three OEM vendors (tier one suppliers), which assemble entry-level and mid-range machines in Asia. Production is divided between these three tier one suppliers. In the event one of these suppliers should fail, the other two could take over production. Quadient also has a choice of strategic tier two suppliers, and for each of these, a replacement supplier has been selected. In addition, the Group is the owner of all molds, specific tools and industrial design. The Group has put in place alternative solutions for procurement. The Group has not been or very few impacted by COVID-19 crisis for procurement.

Legal risks

LOW RISKS

Risks	Risk management system
New regulations	
Quadient operates in several regions and in different activities. Some activities are under special regulations. This is the case for Mail Related Solutions and postal regulations. Other activities are also under specific regulations such as intellectual property and data privacy. The Group must be very careful.	The Group legal councel department and its local delegates follow the evolution of regulations. Group projets are launched to adapt the Group's processes to new regulations such as Sapin II law and GDPR [(1)]. As of today, the Group is not aware of any governmental, legal or arbitral proceedings likely to have a material impact, or which had over the past 12 months a material impact on the Group's financial position or profits.

(1) General Data Protection Regulation.

Technological risks

HIGH RISKS

Risks	Risk management system
Information system and cyber criminality	
Quadient past decentralized organization and growth by acquisitions lead to great diversity in terms of information systems. Harmonization of IT insfrastructures, and pallications is part of the "Back to Growth" strategy.	A Chief Digital Officer has been appointed in 2019. His responsability is to align operational processes and IT within the Group. All IT teams report to him. This new team aims to focus on operational processes, cooperate with the management team in order to enforce "Back to Growth" strategy. IT security in terms of infrastructure and application is a key topic.

Financial risks

LOW RISKS

Risks	Risk management system
Tax matters	
With regard to their current activities in France and abroad, Quadient entities are regularly subject to tax audits. Tax adjustments or uncertain tax positions not yet subject to tax adjustments are covered with appropriate provisions. The amounts of these provisions are regularly revised. In 2012, Quadient received a notification of tax adjustments in the Netherlands related to the financial years 2006, 2007, 2008. A mutual agreement was signed in 2019 by the Group with a payment of 15,7 million euros to the Dutch adminsitration and a refund of 9,1 million euros by the French administration. An investigation is still on going in United Kingdom. A provision has been recorded in 2019 for an amount of 9,1 million euros.	A tax review is performed annually at least in each entity with the help of an external tax adviser. Each tax investigation must be reported to the Group. An agreement has been signed with a global tax adviser to manage tax issues at Group level.
Exchange, rate, liquidity and shares	
The Group is mainly exposed to currency exchange rate risks through its international activity and to interest rate risks through its debt. Quadient enjoys a natural hedge on its current operating margin and its net income. Based on the 2020 budget, the breakdown of sales and costs in United States dollars is as follows: sales 43.4%, cost of sales 52.0%, operating costs 37,7%, interest expense 34.6%. A 5.0% decrease in the euro/United States dollar exchange rate from the budget rate of 1.15 would have the following impacts on the Group's income statement: sales (23.6) million euros, current operating income (4.1) million euros and net income (2.2) million euros. Based on the 2020 budget, the breakdown of sales and costs in pounds sterling is as follows: sales 7.9%, cost of sales 8.2%, operating costs 9.7%. A 5.0% decrease in the euro/pound sterling exchange rate from the budget rate of 0.90 would have the following impacts on the Group's income statement: sales (4.3) million of euros, current operating income (0.5) million euros and net income (0.4) million euros. The other currencies are not a major concern for the Group. None of them, individually taken, represents more than 5.0% of total sales. Beyond the natural hedge, no guarantee can however be given regarding the Group's ability to hedge exchange rate risk effectively. To limit the impact of a rise in interest rates on its interest expenses, Quadienthas a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times.	The Group believes that its cash flow (as defined in the consolidated cash flow statement in chapter 6 of this universal registration document) will easily enable it to service its debt, given the current level of debt. Debt by maturity is detailed in note 12-2-5 to the consolidated financial statements. Group debt is subject to compliance with covenants. Failure to comply with these covenants may lead to early repayment of the debt. As of 31 January 2020, the Group complies with all covenants (cf. note 12-2-3 to the consolidated financial statements). The Group treasurer, who reports to the Group chief financial officer, monitors exchange rate and interest rate risks for all Quadient group's entities. A report showing the Group's underlying position and hedges is sent each month to the chief financial officer to provide complete visibility on the financial risks relating to hedging activities, and to measure the financial impact of unhedged positions. Quadient uses the services of an independent consultancy based in Paris. This consultancy helps Quadient in its exchange rate risk hedging policy, and values its portfolio of hedging instruments under IFRS. This ensures the consistency of methodologies used and provides a financial opinion independent of any financial institution. This Company has the technical and human resources to monitor interest rate and exchange rate trends every day and alert the Group treasurer in light of the strategy in place. Please see tables below for detailed impacts of interest and exchange rate risks.

CSR risks

HIGH RISKS

Risks	Risk management system
Attraction and retention of talents	
Intellectual and human capital is a real source of value creation and talent management has become essential. In a constantly changing employment market, it is essential to retain and motivate talents. Some positions require particular attention due to their key role in the organization and the associated specific skills.	To avoid risk of losing key employees, the Group has put in place retention incentives such as phantom shares and free shares. It has also implemented contingency plans for all major key positions at all the Group's entities. These plans are regularly updated and reviewed by the remuneration and nomination committee.
Data privacy	
Quadient decentralized organization and growth by acquisitions lead to great diversity in terms of data base.	The head of IT security reports to the Chief Digital offcer and is in charge of the definition and of the application of IT security policies within the Group. In terms of security, postal audits were conducted successfully in all countries concerned in 2019, and continuous improvement plans are designed to meet postal requirements every year. The Group security policy has been updated. Based on the ISO 27001 standard, the policy started to be rolled-out early 2017, particularly in markets that commercialize SaaS offerings. Requirements relating to the GDPR ruling has also been addressed in these planned roll-outs to ensure compliance as of May 2018.

LOW RISKS

Risks	Risk management system
Ethical and compliance	
A code of ethic has been set up. No matter in which entity or coutry we are operating, rules and principles have been defined.	The code of ethic covers human rights, health and safety at work, diversity and human development, ethic and fair business relationship, environment and social responsability. A wistle blowing procedure has been been enforced.
As all companies, Quadient is exposed to risk of fraud and especially due to the development of cybercriminality. The Group has rolled out an initiative with managers of subsidiaries to ensure this risk is fully understood, to gather information on best practice and ensure standard practices are disseminated throughout the Group.	An anti-fraud policy was prepared and sent out in September 2014 to local chief financial officers and managing directors. The policy includes theoretical and practical recommendations to prevent fraud. If there is an attempted fraud using new methods, the head of internal control notifies local managing directors and chief financial officers where necessary. Neopost S.A. has taken out a specific insurance policy to enhance its protection against this type of risk. As part of the planned Group ethics charter, the Group internal control department introduced a procedure for managing conflicts of interest since October 2012 (refer to chapter 2 of this universal registration document, section "By-laws for the Board and committees").
Environment	
Given the nature of the Group's assembly and distribution businesses, the Group is not aware of any environmental risk or risk related to climate change that might have a material impact on its financial position, business or results. Please refer to the social and environmental information detailed in chapter 5 of this universal registration document.	Regarding industrial risks, the Group updates a Disaster Recovery Plan every year. This plan allows the Group to assert that these risks would not have a material impact on its financial position, business or results.
Intellectual property	
The Group is the owner of its trademarks and has about 320 families of patents published. The geographical coverage of these patents is essentially European and American.	Quadient is not dependent on any single patent which might bring the Group's level of business or profitability into question.

Exchange rate risk

(In million euros)	Impact on net income before tax on 2020 budget		Impact on equity as at 31 January 2020	
	Increase of 5%	Decrease of 5%	Increase of 5%	Decrease of 5%
USD	4.1	(4.1)	(18.5)	18.5
GBP	0.5	(0.5)	(3.1)	3.1

Interest rate risk

(In millions euros)	31 January 2020			
	Impact on net income before tax	Impact on equity	Impact on USD denominated debt	Impact on EUR denominated debt
Impact of a rise of +0.5% in interest rates	(1.2)	0.2	0.1	(1.1)
Impact of a decrease of (0.5)% in interest rates	1.2	1.0	-	2.2

1.7 Outlook

Thanks to its business portfolio, Quadient is uniquely positioned to continue to benefit from the acceleration of the shift towards digital solutions and e-commerce booming.

After the resilient performance recorded in the first half of 2020, revenue trend is expected to improve in the second half of 2020, driven by the growth in Business Process Automation and Parcel Locker Solutions activities.

Excluding unfavorable development with regards to the COVID-19 health crisis and worsening economic environement in the coming months, Quadient expects for full-year 2020 [(1)]:

- Organic sales decline of around 10% compared to full-year 2019;
- Current EBIT [(2)] in the range of €135 million to €145 million [(3)];
- Free cash flow [(4)] of more than €100 million [(3)].

(1) The indications given up to 2022 as part of the "Back to Growth" plan remain suspended.

(2) Current operating income before acquisition-related expenses.

(3) Based on H1 2020 average exchange rates.

(4) Cash flow after capital expenditure.

CONSOLIDATED FINANCIAL STATEMENTS AT 31 JULY 2020

2

2.1 Consolidated financial statements

CONSOLIDATED ASSETS

(In millions of euros)	Notes	31 July 2020	31 July 2019	31 January 2019
Goodwill – Net	**(4-1)**	**1,040.0**	**1,139.6**	**1,045.3**
Intangible fixed assets				
Gross value	**(4-2)**	553.9	534.1	538.8
Amortization	**(4-2)**	(425.5)	(393.1)	(408.5)
		128.4	**141.0**	**130.3**
Tangible fixed assets				
Gross value	**(4-3)**	600.0	693.8	704.5
Amortization	**(4-3)**	(447.6)	(535.5)	(540.7)
		152.4	**158.3**	**163.8**
Assets right of use				
Gross value	**(8)**	137.2	129.0	138.7
Amortization	**(8)**	(76.6)	(58.7)	(67.7)
		60.6	**70.3**	**71.0**
Other non-current financial assets				
Investments in associated companies		7.5	7.8	7.9
Non-current financial derivative instruments	**(12)**	1.8	4.1	4.1
Other non-current financial assets	**(4-4)**	53.0	54.3	56.9
		62.3	**66.2**	**68.9**
Net long-term lease receivables	**(6-2)**	375.1	413.2	416.6
Other net long-term receivables		3.2	3.2	3.8
Deferred tax assets	**(13-2)**	17.9	5.2	8.9
Total non-current assets		**1,839.9**	**1,997.0**	**1,908.6**
Net inventories and work in progress	**(6-5)**	**75.0**	**83.8**	**76.9**
Net receivables				
Net accounts receivable	**(6-2)**	187.0	197.7	233.2
Net short-term lease receivables	**(6-2)**	238.3	271.9	281.8
Income tax receivables		47.1	36.3	43.7
Net other receivables		9.5	6.4	6.2
		481.9	**512.3**	**564.9**
Prepaid expenses		42.0	40.3	44.5
Current financial derivative instruments	**(12)**	6.0	3.9	1.3
Cash and cash equivalents				
Short-term and liquid investments		0.3	0.6	0.5
Cash		532.6	426.2	497.8
		532.9	**426.8**	**498.3**
Total current assets		**1,137.8**	**1,067.1**	**1,185.9**
Assets held for sale	**(5)**	**-**	**-**	**20.8**
TOTAL ASSETS		**2,977.7**	**3,064.1**	**3,115.3**

The following notes form an integral part of the consolidated financial statements.

CONSOLIDATED LIABILITIES

(In millions of euros)	Notes	31 July 2020	31 July 2019	31 January 2020
Shareholders' equity				
Share capital		34.6	34.6	34.6
Additional paid-in capital		52.9	52.9	52.9
Reserves and retained earnings		935.2	934.9	933.5
Cumulative translation adjustments		(36.0)	(13.3)	(3.8)
Treasury shares		(3.3)	(3.3)	(2.8)
Equity instruments	**(14-1)**	215.6	224.6	220.1
Net income		21.4	47.1	14.1
Total shareholders' equity		**1,220.4**	**1,277.5**	**1,248.6**
Attributable to:				
• holders of the parent company		1,213.8	1,268.5	1,238.4
• non-controlling interests		6.6	9.0	10.2
Non-current financial debts	**(12-2)**	771.0	841.3	993.9
Non-current lease obligations	**(8)**	51.0	60.9	61.4
Long-term provisions	**(11-1)**	25.3	25.4	28.6
Non-current financial derivative instruments	**(12)**	2.9	0.0	0.0
Other non-current liabilities		1.3	7.5	1.3
Deferred tax liabilities	**(13-2)**	143.8	144.6	134.8
Total non-current liabilities		**995.3**	**1,079.7**	**1,220.0**
Accounts payable				
Trade payables		56.3	67.6	79.5
Other operating liabilities	**(6-6)**	197.4	193.0	201.4
Tax payables		32.7	33.6	36.4
Short-term provisions	**(11-1)**	9.5	12.8	10.3
Deferred income		167.8	164.7	198.3
		463.7	**471.7**	**525.9**
Current financial derivative instruments	**(12)**	1.2	1.5	2.0
Current lease obligations	**(8)**	19.4	19.9	20.0
Financial debts				
Short-term portion of debts from credit institutions	**(12-2)**	271.2	208.7	86.7
Bank overdrafts	**(12-2)**	6.5	5.1	4.9
		277.7	**213.8**	**91.6**
Total current liabilities		**762.0**	**706.9**	**639.5**
Liabilities held for sale	**(5)**	**-**	**-**	**7.2**
TOTAL LIABILITIES		**2,977.7**	**3,064.1**	**3,115.3**

The following notes form an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENTS

(In millions of euros)	Notes	31 July 2020	31 July 2019	31 January 2020
Sales	**(6-1)**	**484.9**	**556.9**	**1,142.7**
Current operating expenses				
Cost of sales		(129.0)	(145.9)	(302.1)
Research and development expenses		(24.6)	(24.5)	(53.2)
Sales and marketing expenses		(126.4)	(136.1)	(283.3)
Administrative expenses		(100.5)	(107.2)	(214.9)
Service and other operating expenses		(45.1)	(50.7)	(103.5)
Employee profit-sharing, share-based payments		1.7	0.1	(0.6)
Expenses related to acquisitions	**(6-7)**	(11.1)	(10.8)	(15.5)
Total current operating expenses		**(435.0)**	**(475.1)**	**(973.1)**
Current operating income	**(6-3)**	**49.9**	**81.8**	**169.6**
Structure optimization expenses – net of reversals	**(6-8)**	(7.5)	(2.7)	(10.1)
Proceeds from asset sales		(0.0)	(0.0)	(0.2)
Other non-current operational expenses	**(6-9)**	(0.6)	0.1	(11.9)
Impairment of goodwill	**(4-5)**	-	-	(70.4)
Operating income		**41.8**	**79.2**	**77.0**
Interest expenses		(15.2)	(16.4)	(37.9)
Interests on lease obligations	**(8)**	(1.2)	(1.3)	(2.6)
Interest income		0.5	0.2	2.0
Net cost of debt		**(15.9)**	**(17.5)**	**(38.5)**
Losses on foreign exchange		(7.1)	(5.6)	(13.4)
Gains on foreign exchange		5.8	4.0	8.9
Net gains (losses) on foreign exchange		**(1.3)**	**(1.6)**	**(4.5)**
Other financial gains		0.3	0.0	1.9
Other financial losses		-	(0.0)	-
Income before tax		**24.9**	**60.1**	**35.9**
Share of results of associated companies		(0.4)	0.6	0.8
Income taxes	**(13-1)**	(2.7)	(13.6)	(21.4)
NET INCOME		**21.8**	**47.1**	**15.3**
Attributable to:				
• holders of the parent company		21.4	47.1	14.1
• non-controlling interests		0.4	0.0	1.2
NET EARNINGS PER SHARE (IN EUROS)	**(14-2)**	**0.50**	**1.24**	**0.15**
DILUTED NET EARNINGS PER SHARE (IN EUROS)	**(14-2)**	**0.50**	**1.18**	**0.15**

The following notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of euros)	31 July 2020	31 July 2019	31 January 2020
Net income	**21.8**	**47.1**	**15.3**
Actuarial variances recognized in equity	(5.7)	4.9	1.5
Deferred taxes on actuarial variances recognized in equity	1.3	(1.9)	(0.7)
Sub-total of items that could not be reclassified in net income	**(4.4)**	**3.0**	**0.8**
Change in fair value of hedging instruments	0.5	(2.7)	(2.7)
Deferred taxes on change in fair value of hedging instruments	0.0	0.8	0.2
Translation variance	(32.2)	9.9	19.4
Sub-total of items that could be reclassified in net income	**(31.7)**	**8.1**	**16.9**
TOTAL INCOME FOR THE YEAR	**(14.3)**	**58.2**	**33.0**
Attributable to:			
• holders of the parent company	(14.7)	58.2	31.8
• non-controlling interests	0.4	0.0	1.2

The following notes form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

(In millions of euros)	Notes	31 July 2020	31 July 2019	31 January 2020
Net income attributable to shareholders of the parent company		21.4	47.1	14.1
Net income attributable to non-controlling interests		0.4	0.0	1.2
Expenses (income) with no cash effect	**(9-1)**	50.9	53.2	188.1
Share of results of associated companies (net of dividends received)		0.4	(0.6)	(0.8)
Income taxes expense (including deferred taxes)	**(13-1)**	2.7	13.6	21.4
Net cost of debt		15.9	17.5	38.6
Cash flow before net cost of debt and income taxes		**101.7**	**130.8**	**262.6**
Working capital variation	**(9-2)**	(25.0)	(54.6)	(7.2)
Increase (decrease) in lease receivables		53.6	30.7	25.1
Cash flow from operating activities		**130.3**	**106.9**	**280.5**
Interests paid		(15.0)	(17.5)	(37.8)
Interests paid on lease obligation	**(8)**	(1.2)	(1.3)	(2.6)
Income taxes paid		0.6	(18.5)	(45.0)
Net cash flow from operating activities (A)		**114.7**	**69.6**	**195.1**
Investments in tangible fixed assets	**(4-3)**	(18.8)	(31.1)	(60.1)
Investments in intangible fixed assets	**(4-2)**	(17.6)	(17.4)	(35.7)
Impact of changes in assets right-of-use	**(8)**	(2.8)	-	(13.5)
Financial investments	**(9-3)**	(9.2)	(11.7)	(11.9)
Sub-total investments		**(48.4)**	**(60.2)**	**(121.2)**
Disposals of fixed assets		0.0	0.0	0.5
Income from investments		0.9	-	1.9
Repayment of loans and other long-term advances		0.8	0.1	0.4
Net cash flow from investing activities (B)		**(46.7)**	**(60.1)**	**(118.4)**
Parent company capital increase		-	-	-
Share buyback – liquidity contract		(1.4)	0.2	0.6
Dividends paid to shareholders		-	-	(18.2)
New medium and long-term borrowings	**(9-4)**	49.7	217.3	536.4
ODIRNANE issued*	**(13-1)**	(4.5)	(4.5)	(8.9)
Repayment of long-term borrowings	**(9-4)**	(70.1)	(30.1)	(327.0)
Repayment of lease obligation	**(8)**	(7.7)	(10.5)	(8.7)
Net cash flow from financing activities (C)		**(34.0)**	**172.4**	**174.2**
Cumulative translation adjustments on cash and cash equivalents **(D)**		(1.0)	(2.3)	0.4
Change in net cash (A) + (B) + (C) + (D)		**33.0**	**179.6**	**251.3**
Net cash – opening		**493.4**	**242.1**	**242.1**
Net cash – closing		**526.4**	**421.7**	**493.4**
Cash and cash equivalents		532.9	426.8	498.3
Overdrafts		(6.5)	(5.1)	(4.9)
NET CASH – CLOSING		**526.4**	**421.7**	**493.4**

The following notes form an integral part of the consolidated financial statements.

* *ODIRNANE: senior unsecured net share settled undated bond convertible into new shares and/or exchangeable for existing shares.*

CHANGES IN SHAREHOLDERS' EQUITY

(In millions of euros)	Par value	Number of shares	Share capital*	Additional paid-in capital*	Reserves retained earnings and net income	Treasury shares	Cumulative translation adjustments	Total
Consolidated shareholders' equity at 31 January 2019	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,187.2**	**(4.1)**	**(23.2)**	**1,247.4**
Attributable to:								
• holders of the parent company								1,238.6
• non-controlling interests								8.8
Transtion to IFRS 16		-	-	-	(5.7)	-	-	(5.7)
Consolidated shareholders' equity at 1 February 2019	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,181.5**	**(4.1)**	**(23.2)**	**1,241.7**
Net income		-	-	-	15.3	-	-	15.3
Items that could not be reclassified in net income		-	-	-	0.8	-	-	0.8
Items that could be reclassified in net income		-	-	-	(2.5)	-	19.4	16.9
Comprehensive income 2019		**-**	**-**	**-**	**13.6**	**-**	**19.4**	**33.0**
Change in treasury shares – liquidity contract		-	-	-	(0.3)	1.0	-	0.7
Free shares delivered (12,381 shares)		-	-	-	(0.3)	0.3	-	0.0
2018 dividends		-	-	-	(18.2)	-	-	(18.2)
Share-based payments		-	-	-	0.7	-	-	0.7
ODIRNANE interests		-	-	-	(8.9)	-	-	(8.9)
Other		-	-	-	(0.4)	-	-	(0.4)
Consolidated shareholders' equity at 31 January 2020	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,167.7**	**(2.8)**	**(3.8)**	**1,248.6**
Attributable to:								
• holders of the parent company								1,238.4
• non-controlling interests								10.2
Movements first half of 2020								
Net income		-	-	-	21.8	-	-	21.8
Items that could not be reclassified in net income		-	-	-	(4.4)	-	-	(4.4)
Items that could be reclassified in net income		-	-	-	0.5	-	(32.2)	(31.7)
Comprehensive income first half 2020		**-**	**-**	**-**	**17.9**	**-**	**(32.2)**	**(14.3)**
Treasury shares – liquidity contract		-	-	-	(0.5)	(0.2)	-	(0.7)
Free shares attributed (26,464 shares)		-	-	-	(0.4)	(0.3)	-	(0.7)
2019 dividend		-	-	-	(12.0)	-	-	(12.0)
Share-based payments		-	-	-	(0.6)	-	-	(0.6)
ODIRNANE interests		-	-	-	(4.5)	-	-	(4.5)
Fair value adjustment on the investments in X'Ange and Partech					5.0	-	-	5.0
Other		-	-	-	(0.4)	-	-	(0.4)
CONSOLIDATED SHAREHOLDERS' EQUITY AT 31 JULY 2020	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,172.2**	**(3.3)**	**(36.0)**	**1,220.4**
Attributable to:								
• holders of the parent company								1,213.8
• non-controlling interests								6.6

The following notes form an integral part of the consolidated financial statements.

** The share capital is fully released. Additional paid-in capital includes issue and translation premiums.*

(In millions of euros)	Par value	Number of shares	Share capital*	Additional paid-in capital*	Reserved retained earnings and net income	Treasury shares	Cumulative translation adjustments	Total
Consolidated shareholders' equity at 31 January 2019	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,187.2**	**(4.1)**	**(23.2)**	**1,247.4**
Attributable to:								
• holders of the parent company								1,238.6
• non-controlling interests								8.8
Transition to IFRS 16		-	-	-	(5.7)	-	-	(5.7)
Consolidated shareholders' equity at 1 February 2019	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,181.5**	**(4.1)**	**(23.2)**	**1,241.7**
Movements first half of 2019								
Net income		-	-	-	47.1	-	-	47.1
Items that could not be reclassified in net income		-	-	-	3.0	-	-	3.0
Items that could be reclassified in net income		-	-	-	(1.8)	-	9.9	8.1
Comprehensive income first half 2019		**-**	**-**	**-**	**48.3**	**-**	**9.9**	**58.2**
Treasury shares – liquidity contract		-	-	-	(0.4)	0.6	-	0.2
Free shares attributed (4,032 shares)		-	-	-	(0.3)	0.2	-	(0.1)
2018 dividend		-	-	-	(18.2)	-	-	(18.2)
Share-based payments		-	-	-	0.5	-	-	0.5
ODIRNANE interests		-	-	-	(4.5)	-	-	(4.5)
Other		-	-	-	(0.3)	-	-	(0.3)
CONSOLIDATED SHAREHOLDERS' EQUITY AT 31 JULY 2019	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,206.6**	**(3.3)**	**(13.3)**	**1,277.5**
Attributable to:								
• holders of the parent company								1,268.5
• non-controlling interests								9.0

The following notes form an integral part of the consolidated financial statements.

* *The capital is fully released. Additional paid-in capital includes issue and translation premiums.*

2.2 Notes to the consolidated financial statements

Financial statements for half-year ended 31 July 2020 and 31 July 2019 and fiscal year 31 January 2020.

The consolidated half-year financial statements were approved by the Board of directors on 25 September 2020.

Unless otherwise indicated, all amounts stated hereafter are in millions of euros, rounded to one decimal place. Therefore, the sum of rounded amounts may present immaterial differences with the total shown.

Some amounts as at 31 July 2019 and 31 January 2020 have been reclassified to be comparable to the presentation adopted as at 31 July 2020.

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NOTE 1 PRESENTATION OF THE QUADIENT GROUP AND ITS CONSOLIDATED FINANCIAL STATEMENTS

Quadient is the driving force behind the most meaningfull customer experience. By focusing on four major business areas which are Customer Experience Management (CXM), Business Process Automation (BPA), Mail Related Solutions (MRS) and parcel lockers solutions (PLS), Quadient assists on a daily basis hundred of thousands of companies in building powerfull connections with their customers and in delivering exceptional customer experiences, in a world where interaction have to be always more connected, personal and mobile.

The term "Quadient S.A." refers to the parent company (excluding consolidated subsidiaries), which is listed and registered in France, while "Quadient" and "the Group" refer to the economic group formed by the parent company and its consolidated subsidiaries.

The parent company's head office is located at 42-46 avenue Aristide Briand, 92220 Bagneux (France).

Quadient shares are listed on compartment B of Euronext Paris.

1-1 : History

Quadient was created in 1992 through a Leveraged Buy-Out (LBO) of Alcatel's mail processing equipment division. A second LBO took place in 1997. In February 1999, the Group was listed on the Paris stock exchange. Since then, Quadient has made acquisitions of various sizes. In 2002, Quadient acquired Ascom Hasler – the mailing systems division of the Swiss company Ascom – which at the time was ranked third in the world. In 2009, Quadient acquired the company Satori Software. In 2012, Quadient acquired GMC Software AG, parent company of the group GMC Software Technology AG, leader in the field of customer communication management and Human Inference, a specialist in master data management. In 2013, Quadient acquired DMTI Spatial, the leading Canadian provider of location-based data quality solutions. In 2014, Quadient acquired Proship, one of the largest providers of multi-carrier parcel shipping solutions. In 2015, Quadient acquired a 55% stake in Temando Holdings Pty Ltd, an Australian company that provides logistic solutions to the e-commerce sector. In 2016, Quadient acquired icon Systemhaus GmbH, German leader in customer communication solutions, mainly active in Germany and Austria. In 2017, the Group divested its distribution subsidiaries in Indonesia, Malaysia, Singapore and Thailand and its subsidiary DMTI Spatial. Quadient also acquired Temando's remaining minority interests in September 2017 and owns since 100% of the company. In 2018, Quadient acquired 100% of the company Parcel Pending Inc., leader in the American parcel locker market and the main supplier of residential, commercial, retail and universities in the United States and Canada. In 2018, Quadient also sold its 100% stake in the company Quadient Data USA (former Satori Software), one of the leaders in address quality solutions in the United States. In February 2019, Quadient announced the disposal of Quadient Data Netherlands BV (former Human Inference), a leading data processing solutions provider. In September 2019, Quadient decided an orderly and phased shutdown of activity in its Australian subsidiary Temando (e-commerce shipping software), subject to Temando's legal obligations to its customers and other stakeholders. In September 2019, the Group also announced its decision to change the name Neopost to become Quadient. This choice of an unified and modern brand is the result of deploying a new Group organization as part of the Group's "Back to growth" strategy, moving away from companies operating independent businesses to a single company with an integrated portfolio of solutions.

1-2 : Main events of the period

SALE OF PROSHIP INC.

On 28 February 2020, Quadient divested the company Proship Inc., a global provider of automated multi-carrier shipping software. As of 31 January 2020, the assets and liabilities of the entity had been disclosed as assets held for sale in compliance with IFRS 5.

ACQUISITION OF YAYPAY

On 29 July 2020, Quadient acquired 100% of the company YayPay, leading Fintech company specialized in account receivables automation solutions.

PANDEMIC COVID-19

The first half of 2020 has been marked by the global health crisis resulting from the circulation of the infection Covid-19. Containment measures have been implemented in many countries where Quadient operates. With the spread of the virus, the priority for Quadient has been the health and the security of its employees. Since the beginning of this crisis, the Group has adopted a number of measures to keep its employees safe and to ensure the business continuity to its customers while containing the effects of the crisis on its profitability. These measures include in particular a strong costs reduction program (temporary recruitment freezes, drastic reduction in subcontractors, reduction of bonuses…), partial unemployment wherever possible, further use of home working, providing protection material for the employees… European manufacturing sites have been affected to various degrees from a strong decline in activity for some to a total two months closing for others.

This crisis is considered as an indicator of impairment as at 31 July 2020. A goodwill impairment test has been performed (see note 4-5).

In accordance with the regulator recommandations, all impacts in relation with this health crisis have been booked in the current operating income.

NOTE 2 ACCOUNTING POLICIES

2-1 : Accounting standards applied

The interim consolidated accounts ended at 31 July 2020 comply with the principles of the norm IAS 34 with summarized financial statements completed by detailed notes.

The interim consolidated accounts at 31 July 2020 do not include all information required in the fiscal year accounts and must be read along with the fiscal year accounts ended 31 January 2020 and published on the 5 May 2020.

Accounting standards used for the preparation of the interim consolidated financial statements are the same as those used for the preparation of the annual consolidated financial statements at 31 January 2020. Quadient group's consolidated financial statements comply with the international accounting standards (standards IFRS: International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board) applicable to 31 July 2020 as approved by the European Union.

The IFRS are available on the European Commission website:
https://ec.europa.eu/info/law/international-accounting-standards- regulation-ec-no-1606-2002/

International accounting standards include IFRS, IAS (International Accounting Standards), and interpretations of these (SIC and IFRIC).

Standards, amendments and interpretation adopted by the European Union that are mandatory for financial years beginning on or after 1 January 2020:

- amendment to IFRS 3: Definition of a business;
- amendments to IAS 1 and IAS 8: Definition of material;
- amendments to IAS 39, IFRS 7 and IFRS 9 regarding pre-replacement issues in the context of the IBOR reform.

Standards, amendments and interpretations published by the IASB but not yet adopted by the European Union:

- amendment to IFRS 16.

2-2 : Translation of financial statements denominated in foreign currencies

The operating currency for each of the Group's entities is the currency of the economic environment in which that entity operates. Assets and liabilities of subsidiaries operating outside France, which are presented in local currencies, are translated into euros – the currency used in the Group's financial statements – at the year-end exchange rate. Income and expenses are translated at the average exchange rate over the period. The resulting translation variance is recognized in the translation adjustment reserve under shareholder's equity.

The exchange rates for the main Group's currencies are as follows:

	31 July 2020		31 July 2019		31 January 2020	
	Period end	Average	Period end	Average	Period end	Average
United States dollar (USD)	1.18	1.11	1.12	1.13	1.11	1.12
Pound Sterling (GBP)	0.90	0.88	0.92	0.88	0.84	0.87
Canadian dollar (CAD)	1.59	1.52	1.47	1.50	1.46	1.48
Swiss franc (CHF)	1.08	1.06	1.10	1.13	1.07	1.11
Japanese yen (JPY)	124.31	119.38	121.04	123.81	120.35	121.87
Norwegian kroners (NOK)	10.73	10.86	9.78	9.71	10.19	9.85
Swedish kroners (SEK)	10.28	10.63	10.66	10.57	10.68	10.60
Danish kroners (DKK)	7.44	7.46	7.47	7.47	7.47	7.47
Australian dollar (AUD)	1.65	1.68	1.62	1.60	1.65	1.61
Singapore dollar (SGD)	1.62	1.56	1.53	1.53	1.51	1.52
Indian rupee (INR)	88.64	82.80	76.70	78.51	78.91	78.77
Brazilian real (BRL)	6.12	5.66	4.22	4.34	4.72	4.44
Chinese yuan (CNY)	8.26	7.81	7.67	7.66	7.67	7.73
Czech koruna (CZK)	26.18	26.56	25.66	25.67	25.21	25.62
Hungarian forint (HUF)	344.95	348.19	326.48	321.30	337.05	326.45
Polish zloty (PLN)	4.40	4.45	4.29	4.29	4.30	4.30
New-Zealand dollar (NZD)	1.78	1.77	1.69	1.68	1.71	1.70

NOTE 3 SCOPE AND PRINCIPLES OF CONSOLIDATION

3-1 : Accounting policies relating to the scope of consolidation

The Group's consolidated financial statements are prepared in accordance with generally accepted accounting principles in the country of operation. Financial statements of foreign companies have been restated in accordance with Quadient group accounting principles.

The consolidated balance sheet incorporates all items of assets and liabilities along with the results of consolidated companies. Intra-Group transactions and profits relating to these operations as well as intra-Group capital gains are eliminated.

Subsidiaries controlled directly by the parent company or indirectly through other subsidiaries are consolidated using the full consolidation method. Stakes in associated companies over which the investor has significant influence are consolidated using the equity method. Significant influence is assumed when the investor controls directly or through subsidiaries 20% or more of the voting rights in the Company held.

3-2 : Changes in the scope of consolidation

The consolidated financial statements include the financial statements of Quadient SA and its subsidiaries. The subsidiaries are consolidated as from the date on which control is acquired by the Group and until the date on which control is transferred outside the Group. Control is the power to direct a company's financial and operational policies in order to derive profit from its activities.

Changes in the scope of consolidation for the first half-year 2020 are as follows:

- on 28 February 2020, Quadient divested the company Proship Inc. ;
- the company Cesar Holding Inc has been created the 13 July 2020. 87% of the company is held by Quadient Holding Inc and it is fully consolidated ;
- on 29 July 2020, Cesar Holding Inc acquired 100% of the company YayPay, fully consolidated ;
- the company Neopost Services has been merged with Quadient France with retroactive effect to the 1 February 2020 ;
- the company Francotech GmbH has been merged with Quadient Germany Gmbh effective the 1 February 2020.

3-3 : Other information relating the scope of consolidation

Quadient owns a 35% stake in Docapost BPO IS and a 24% stake in AMS Investissement. The transactions with these companies, consolidated using the equity method, are not significant.

NOTE 4 INTANGIBLE ASSETS, TANGIBLE ASSETS AND OTHER NON-CURRENT ASSETS

4-1 : Goodwill

Gross goodwill at 31 January 2020	**1,155.3**
YayPay acquisition	19.8
Translation differences	(24.9)
Gross goodwill at 31 July 2020	**1,150.2**
Cumulative impairment	(110.2)
NET BOOK VALUE AT 31 JULY 2020	**1,040.0**

In the first half of 2020, the goodwill variation is explained by the recognition of a temporary goodwill of 19.8 million euros for the acquisition of YayPay in the United States at the end of July 2020.

The cumulative impairment amounts to 110.2 million euros at the 31 July 2020.

The impairment test realized at the end of July 2020 is detailed in the note 4-5.

The level of analysis at which the group Quadient determines the recoverable amount of the goodwill thus corresponds to the following CGUs or groups of CGUs:

	31 July 2020	31 January 2020
France – Benelux (FRBNL)	203.6	203.6
United Kingdom – Ireland (UK-IE)	148.4	149.0
Germany – Austria – Italy – Switzerland (DACH-IT)	146.4	146.5
North America (NORAM)	398.4	415.3
Parcel Pending (PP)	85.7	91.9
YayPay	18.5	-
International	36.2	36.2
Major Operations	**1,037.2**	**1,042.5**
Additional Operations (AO) [a]	**2.8**	**2.8**
GOODWILL NET BOOK VALUE	**1,040.0**	**1,045.3**

(a) The Additional Operations group several CGU or group of CGUs

4-2 : Intangible assets

	Concessions, rights	Licenses	Development expenses	IT costs	Other	Total
Gross value at 31 January 2020	**33.1**	**119.2**	**274.1**	**57.0**	**55.4**	**538.8**
Acquisitions/Capitalization	0.0	0.4	15.9	0.0	1.3	17.6
Disposals	-	(0.1)	0.0	-	-	(0.1)
Other changes	0.0	0.1	3.8	-	(0.1)	3.8
Translation difference	(0.1)	(2.9)	(2.0)	(0.3)	(0.9)	(6.2)
Gross value at 31 July 2020	**33.0**	**116.7**	**291.8**	**56.7**	**55.7**	**553.9**
Cumulative amortization	(31.3)	(107.5)	(198.6)	(52.5)	(35.6)	(425.5)
NET BOOK VALUE AT 31 JULY 2020	**1.7**	**9.2**	**93.2**	**4.2**	**20.1**	**128.4**

The change in intangible fixed assets is mainly due to the capitalization of development.

The other changes mainly include some reclassifications.

	Concessions, rights	Licenses	Development expenses	IT costs	Other	Total
Amortization at 31 January 2020	**31.0**	**107.4**	**184.4**	**51.4**	**34.3**	**408.5**
Charges	0.3	2.9	13.6	1.4	1.9	20.1
Disposals	-	0.0	-	-	-	0.0
Other changes	-	0.0	1.7	-	-	1.7
Translation difference	0.0	(2.8)	(1.1)	(0.3)	(0.6)	(4.8)
AMORTIZATION AT 31 JULY 2020	**31.3**	**107.5**	**198.6**	**52.5**	**35.6**	**425.5**

At 31 July 2020, no evidence of impairment was noted on intangible fixed assets.

4-3 : Tangible assets

	Land and buildings	Machinery and equipment	Rented equipment	IT equipment	Demonstration equipment	Other	Total
Gross value at 31 January 2020	**33.2**	**60.1**	**532.6**	**39.8**	**7.2**	**31.6**	**704.5**
Acquisitions	0.1	0.8	14.7	0.8	0.5	1.9	18.8
Disposals	-	(0.2)	(102.6)	(0.3)	(0.3)	(0.2)	(103.6)
Other changes	0.1	0.1	0.0	0.2	(0.7)	(0.4)	(0.7)
Translation difference	(0.4)	(0.9)	(15.1)	(1.1)	(0.2)	(1.3)	(19.0)
Gross value at 31 July 2020	**33.0**	**59.9**	**429.6**	**39.4**	**6.5**	**31.6**	**600.0**
Cumulative amortization	(20.0)	(50.9)	(320.4)	(35.1)	(3.2)	(18.0)	(447.6)
NET BOOK VALUE AT 31 JULY 2020	**13.0**	**9.0**	**109.2**	**4.3**	**3.3**	**13.6**	**152.4**

The other variations mainly represent reclassifications.

	Land and buildings	Machinery and equipment	Rented equipment	IT equipment	Demonstration equipment	Other	Total
Amortization at 31 January 2020	**19.5**	**50.4**	**415.1**	**35.1**	**3.0**	**17.6**	**540.7**
Charges	0.6	1.3	19.0	1.2	0.5	1.1	23.7
Disposals	-	(0.2)	(102.6)	(0.3)	(0.2)	(0.1)	(103.4)
Other changes	-	0.0	-	0.0	-	-	0.0
Translation difference	(0.1)	(0.6)	(11.1)	(0.9)	(0.1)	(0.6)	(13.4)
AMORTIZATION AT 31 JULY 2020	**20.0**	**50.9**	**320.4**	**35.1**	**3.2**	**18.0**	**447.6**

At 31 July 2020, no evidence of impairment was noted on tangible fixed assets.

The variation of assets right-of-use gross value and amortization, recognized as part of the application of IFRS 16, are presented in the note 8.

4-4 : Other non-current financial assets

	31 July 2020	31 January 2020
Deposits, loans and guarantees	4.8	4.7
Pension plan net asset	34.9	43.0
Other financial assets	13.3	9.2
TOTAL	**53.0**	**56.9**

At 31 July 2020, the deposits, loans and guarantees include an escrow account for 2.1 million euros related to the sale of Quadient Data USA and ProShip (1.3 million euros at 31 January 2020) and a guarantee deposit for 0.6 million euros related to the liquidity contract (1.4 million euros at 31 January 2020).

The Group has a pension plan in the United Kingdom that shows a surplus of 34.9 million euros (31.4 million pounds sterling) at 31 July 2020 compared with 43.0 million euros (36.2 million pounds sterling) at 31 January 2020. The change in the pension plan's net assets is mainly related to actuarial differences.

The tax rate applicable for the cash refund of this asset in the United Kingdom will be 35%. This tax effect is presented in the consolidated financial statements liabilities on the line deferred tax liabilities.

The other financial assets include the investments realized by Quadient for the benefit of the professional private equity funds X'Ange 2 and Partech Entrepreneurs. These assets are valued at their fair value as at 31 July 2020.

4-5 : Impairment test

The global health and economic crisis related to the pandemic Covid-19 is considered as an indicator of impairment as at 31 July 2020. An impairment test of the goodwill has been realized according to the method described in the note 4-5 of the universal registration document 2019.

Goodwill is tested for impairment based on its value in use.

For the main cash-generating units or group of CGUs, the following assumptions were used:

	EBTDA average growth rate over 5 years	Sales average growth rate over 5 years	Average growth rate to perpetuity	Discount rate
North America	2.9%	1.5%	(0.7)%	6.8%
Parcel Pending	31.7%	21.7%	2.0%	8.6%
France – Benelux	0.0%	2.5%	0.1%	7.7%
UK – Irlande	6.4%	7.5%	0.4%	7.9%
DACH-IT	5.7%	3.7%	0.3%	7.0%
International	10.0% - 12.2%	7.9% - 13.2%	2.0%	7.9%
Additional operations	10.1%	(0.6)%	0.3%	7.9%

IMPAIRMENT TEST OF THE GOODWILL

As part of the "Back to growth" strategy, the Group has followed and reviewed the different elements reported within the additional operations portfolio.

In 2019, the Group lead to the conclusion of a lack of potential for growth or synergies of some additional activities with the Group's strategic solutions. Within the additional operations, Australia and Nordics countries have in particular an important graphics activity regarded as non-strategic by Quadient. Those elements have led the Group to decide to stop its investments in these activities in decline which are so continued as they stand.

Projections made by the Group on those bases for the purposes of the impairment led to the depreciation of the goodwill recognized for Australia, Nordic countries and shipping software business in France for a total amount of 70.4 million euros.

SENSITIVITY

Sensitivity tests have been performed on the different assumptions used for the goodwill impairment test: (i) the EBITDA average growth rate over 5 years (ii) the infinite growth rate and (iii) the weighted average cost of capital to determine at which rates the valuation of goodwill becomes equal to the value of the discounted cash flow.

The results of these tests are presented in the table below for the main CGU or groups of CGUs:

	Breaking point		
	EBITDA average growth rate over 5 years	Infinite average growth rate	Discount rate
North America	(5.8)%	(14.5)%	13.4%
Parcel Pending	20.2%	(1.6)%	11.0%
France – Benelux	(9.4)%	(18.5)%	15.6%
UK – Irlande	3.4%	(1.6)%	9.3%
DACH-IT	1.4%	(2.6)%	8.9%
International	0.5% - (4.3)%	(8.7)%-(22.1)%	13.9% - 18.1%
Additional operations	(20.2)%	< (100)%	40.4%

In key assumptions, any reasonably possible change of one parameter at a time cannot lead to a recoverable value of CGU or group of CGUs becoming equal to its carrying amount.

NOTE 5 ASSETS HELD FOR SALE

As at 31 January 2020, assets and liabilities classified as held for sale for respectively 23.9 million euros (20.8 million euros after depreciation) and 7.2 million euros are related to Proship, sold on 28 February 2020. This company was part of the cash-generating unit "Other Solutions". The goodwill has been valuated using the relative fair value method.

These assets and liabilities were measured at their fair value: the net book value of assets and liabilities as at 31 January 2020 has been compared to the sale price. This leads to the recognition of a depreciation booked in other operational expenses for an amount of 3.1 million euros.

ProShip effective divestment which occured on 28 February 2020 generates additionnal charges for an amount of 1.9 million euros recorded in the current operating income, in expenses related to acquisitions (note 6-7).

NOTE 6 OPERATING DATA

6-1 : Sales breakdown

Sales breakdown as follows:

- By business – Group sales

Group sales are composed of five revenue categories: (1) Mail Related Solutions, (2) Business Process Automation, (3) Customer Experience Management, (4) Parcel Locker Solutions and (5) Other activities. The other activities comprise revenues that are not part of the four major solutions and include in particular graphics activities, other shipping software solutions and the automated packing systems (CVP).

	31 July 2020	31 July 2019	31 January 2020
Mail related solutions	333.6	392.3	789.5
Business process automation	31.2	31.1	64.9
Customer experience management	61.6	64.9	140.1
Parcel locker solutions	32.9	29.4	64.8
Other activities	25.6	39.2	83.4
TOTAL	**484.9**	**556.9**	**1,142.7**

- By business – Major operations

The major operations have been defined around the four major solutions defined above, in three main geographic areas which are North America, Europe, including twelve countries, and International. The revenues of additional operations are realized on activities that are different from the four major solutions, in all geographic areas.

	31 July 2020	31 July 2019	31 January 2020
Mail related solutions	312.9	360.0	728.3
Business process automation	30.6	30.2	63.2
Customer experience management	61.6	64.9	140.1
Parcel locker solutions	31.5	28.1	62.5
Major operations	**436.6**	**483.2**	**994.1**
Additional operations	**48.3**	**73.7**	**148.6**
TOTAL	**484.9**	**556.9**	**1,142.7**

- By type of revenues

	31 July 2020	31 July 2019	31 January 2020
Equipment and licenses sales	123.0	171.7	363.8
Recurring revenue*	292.6	315.8	639.2
Rental revenue	69.3	69.4	139.7
TOTAL	**484.9**	**556,9**	**1,142.7**

* *Recurring revenue mainly comprises maintenance, professional services and software right-of-use.*

- By geographic area

	31 July 2020	31 July 2019	31 January 2020
France - Benelux	87.3	105.1	208.3
North America	238.8	250.2	523.6
Germany - Austria - Italy - Switzerland	47.5	57.9	117.2
United Kingdom – Ireland	38.3	46.5	95.1
International	24.7	23.5	49.9
Rest of the world *	48.3	73.7	148.6
TOTAL	**484.9**	**556.9**	**1,142.7**

* *The "Rest of the world" sales correspond to the sales of the segment "additional operations".*

6-2 : Accounts receivable and lease receivables

ACCOUNTS RECEIVABLE

	31 July 2020	31 January 2020
Accounts receivable		
Gross value	208.5	251.3
Depreciation	(21.5)	(18.1)
Total	**187.0**	**233.2**
Lease receivables		
Short term	243.7	286.1
Long term	380.1	422.3
Gross value	**623.8**	**708.4**
Depreciation	(10.4)	(10.0)
Total	**613.4**	**698.4**
TOTAL	**800.4**	**931.6**

	31 July 2020	31 January 2020
Accounts receivable – Depreciation		
Depreciation at the beginning of the year	18.1	18.0
Charges *	4.8	3.2
Used	(0.4)	(1.4)
Not used	(0.5)	(0.9)
Other	0.1	(1.0)
Translation difference	(0.5)	0.2
TOTAL	**21.5**	**18.1**

** The Covid-19 sanitary crisis resulted in an increase of trade receivables depreciation as a result of higher ageing.*

FINANCING LEASES

	31 July 2019	31 January 2020
Non-current receivables		
Financing leases – gross receivables	459.9	512.3
Unearned financial income	(79.8)	(90.0)
Total	**380.1**	**422.3**
Current receivables		
Financing leases – gross receivables	293.7	341.6
Unearned financial income	(50.1)	(55.5)
Total	**243.7**	**286.1**
Gross receivables on financing leases		
Less than one year	293.7	341.6
One to five years	452.3	503.6
More than five years	7.6	8.7
Total gross value	**753.6**	**853.9**
Unearned financial income on financing leases	**(129.9)**	**(145.5)**
Net investment in financing leases		
Less than one year	243.7	286.1
One to five years	372.7	413.7
More than five years	7.4	8.6
TOTAL	**623.8**	**708.4**

6-3 : Current operating income and EBITDA

	31 July 2020		31 July 2019		31 January 2020	
	Gross value	In%	Gross value	In%	Gross value	In%
Sales	484.9	100.0%	556.9	100.0%	1,142.7	100.0%
Cost of sales	(129.0)	(26.6)%	(145.9)	(26.2)%	(302.1)	(26.4)%
Gross margin	**355.9**	**73.4%**	**411.0**	**73.8%**	**840.6**	**73.6%**
Operating expenses	(306.0)	63.1%	(329.2)	(59.1)%	(671.0)	(58.7)%
Current operating profit	**49.9**	**10.3%**	**81.8**	**14.7%**	**169.6**	**14.8%**
Amortization of fixed assets	54.2	11.2%	55.1	9.9%	112.5	9.8%
EBITDA	**104.1**	**21.5%**	**136.9**	**24.6%**	**282.1**	**24.7%**

6-4 : Breakdown of expenses by categories

	31 July 2020	31 July 2019	31 January 2020
Cost of inventories recognized as expense	116.5	128.9	285.8
Wages, bonuses, commissions and payroll charges	213.1	223.1	465.8
Rents and associated costs	3.0	4.0	9.0
Fees	22.3	21.1	40.9
Transport and travel	12.2	21.0	41.0
Fixed assets – depreciation and amortization	53.9	55.1	112.5
Other	14.0	22.0	18.1
Total expenses by category	**435.0**	**475.2**	**973.1**
Cost of sales	129.0	145.9	302.1
Operating expenses	306.0	329.2	671.0
TOTAL	**435.0**	**475.2**	**973.1**

6-5 : Inventories and work in progress

	31 July 2020			31 January 2020		
	Gross value	Depreciation	Net	Gross value	Depreciation	Net
Work in progress	8.2	(0.7)	7.5	6.7	(0.7)	6.0
Raw materials	13.9	(2.3)	11.6	13.4	(2.0)	11.4
Finished goods	63.7	(10.4)	53.3	67.4	(10.7)	56.7
Spare parts	4.6	(2.0)	2.6	4.6	(1.8)	2.8
TOTAL	**90.4**	**(15.4)**	**75.0**	**92.1**	**(15.2)**	**76.9**

	31 July 2020	
	Gross value	Depreciation
Opening	92.1	(15.2)
Net inventory entries	(1.2)	-
Charges	-	(0.8)
Used	-	0.4
Other	0.8	(0.0)
Translation difference	(1.3)	0.2
TOTAL	**90.4**	**(15.4)**

6-6 : Other operating liabilities

The other operating liabilities for an amount of 197.4 million euros as at 31 July 2020, compared with 193.0 million euros as at 31 July 2019 and 201.4 million euros as at 31 January 2020 mainly comprise customer credit balances, debts to employees, short-term part of earn-outs and deposits made by customers in relation to postage prepayment.

6-7 : Expenses and gains related to acquisitions

	31 July 2020	31 July 2019	31 January 2020
Consulting fees	5.0	6.2	7.1
Amortization of intangible assets recognized as part of the purchase price allocation	3.0	4.6	8.4
Other expenses related to acquisitions*	3.1	-	-
EXPENSES RELATED TO ACQUISITIONS	**11.1**	**10.8**	**15.5**

* *Costs related to YayPay acqusition (non-recourse loan to YayPay founders) and ProShip divestment (mainly retention bonuses contingent to the transaction closing).*

6-8 : Structure optimization expenses – net of reversal

The Group continued its structure optimization program. An expense of 7.5 million euros, net of reversals not used for 0.8 million euros, is recorded in this regard in the first half of 2020 compared with 2.7 million euros in the first half of 2019 and 10.1 million euros in 2019. This expense is mainly related to the costs incurred by the implementation of some actions related to reorganizations within the Group and to expenses related to staff reduction.

6-9 : Other operational expenses and income

During the financial year 2019, the other non current operational expenses amounted to 11.9 million euros and were mainly composed of the following elements:

- an expense of 3.1 million euros related to the recognition under IFRS 5 of ProShip divestment, which occurred at the beginning of 2020 financial year;
- an expense of 5.3 million euros related to the write-off of the net value of the intangible assets recognized as part of the purchase price allocation of Temando. This followed the decision to shutdown the Temando businesses;
- an expense of 3.0 million euros related to the costs incurred with new visual identity.

6-10 : Off-balance sheet commitments related to operational data

	Currency	31 July 2020	31 January 2020
Bank guarantee in favor of the British postal service	GBP	0.8	0.8
Bank guarantee in favor of the Irish postal service	EUR	1.7	1.7

NOTE 7 SEGMENT INFORMATION

Since the announcement of the Group's strategy in January 2019, the activity of Quadient is split into two big categories: the major operations and the additional operations.

- Major Operations

Quadient focuses on four major solutions which are businesses where Quadient has already built strong legitimacy and that have the potential to reach a significant size and/or provide significant growth potential. These solutions are (1) the Mail Related Solutions, (2) the Business Process Automation, (3) the Customer Experience Management and (4) the Parcel Locker Solutions.

From a geographical standpoint, Quadient concentrates its efforts on twelve countries gathered on four segments: North America (NORAM), France – Benelux (FR-BNL), Germany, Austria, Switzerland, Italy (DACH-IT), United Kingdom –Ireland (UK-IE).

At the beginning of 2020, a fifth geographical segment has been created in the major operations, the International segment, which groups two activities: the Parcel Lockers in Japan and the management of the customers experience solutions in the other regions of the world. These two activities have revealed a strong potential of growth for the future and a real complementarity with the rest of the major activities.

- Additional Operations

The portfolio of additional operations includes operations outside the main geographies as well as other activities, in particular graphics activities, other shipping software solutions and the automated packing system (CVP).

The segment "Innovation" includes in 2019 and in 2020 the charges linked to the development of new projects for Customer Experience Management.

Quadient's income breaks down by activities as follows:

	FR-BNL	NORAM	DACH-IT	UK-IE	International	Innovation	Major operations	Additional operations	31 July 2020
Total sales	*87.3*	*238.8*	*47.5*	*38.3*	*24.6*	0.1	436.6	48.3	**484,9**
Segment income	*19.2*	*39.4*	*5,7*	*4.2*	*0.9*	*(4.7)*	64.7	(3.7)	**61.0**
in percentage	22.1%	*16.5%*	*11.9%*	*10.9%*	*3.%*	*n/a*	14.8%	(7.7)%	12.6%
Expenses related to acquisitions									(11.1)
Current operating income									**49.9**
Structure optimization expenses									(7.5)
Proceeds from net assets sales									0.0
Other operational gains and expenses									(0.6)
Operating income									**41.8**
Financial result									(16.9)
Share of results of associated companies									(0.4)
Income taxes									(2.7)
NET INCOME									**21.8**

	FR-BNL	NORAM	DACH-IT	UK-IE	International	Innovation	Major operations	Additional operations	31 July 2019
Total sales	*105.1*	*250.2*	*57.9*	*46.5*	*23.4*	*0.1*	483.2	73.7	**556.9**
Segment income	*26.4*	*54.1*	*7.8*	*7.4*	*2.7*	*(2.5)*	95.9	(3.3)	**92.6**
In percentage	*25.1%*	*21.6%*	*13.4%*	*15.9%*	*11.5%*	*n/a*	19.8%	(4.5)%	16.6%
Expenses related to acquisitions									(10.8)
Current operating income									**81.8**
Structure optimization expenses									(2.7)
Proceeds from net assets sales									(0.0)
Other operational gains and expenses									0.1
Operating income									**79.2**
Financial result									(19.1)
Share of results of associated companies									0.6
Income taxes									(13.6)
NET INCOME									**47.1**

	FR-BNL	NORAM	DACH-IT	UK-IE	International	Innovation	Major Operations	Additional Operations	31 January 2020
Total sales	*208.3*	*523.6*	*117.2*	*95.1*	*49.8*	*0.1*	944.1	148.6	**1,142.7**
Segment income	*50.1*	*106.3*	*16.1*	*16.4*	*7.7*	*(8.3)*	188.3	(3.2)	**185.1**
in percentage	*24.1%*	*20.3%*	*13.7%*	*17.2%*	*15.4%*	*n/a*	18.9%	(2.1)%	16.2%
Expenses related to acquisitions									(15.5)
Current operating income									**169.6**
Impairment of goodwill									(70.4)
Structure optimization expenses									(10.1)
Proceeds from net assets sales									(0.2)
Other operational expenses and income									(11.9)
Operating income									**77.0**
Financial result									(41.1)
Share of results of associated companies									0.8
Income taxes									(21.4)
NET INCOME									**15.3**

Transfer prices between business segments are the prices that would have been set under normal competitive conditions, as for a transaction with third parties.

Amounts recognized during the year but which had no effect on Group cash (before amortization, depreciation and provisions) mainly relate to amounts recorded in respect of share-based payments, which represent a gain of 0.6 million euros at the first half 2020 compared with a gain of 0.5 million euros at the first half 2019 and an expense of 0.7 million euros in 2019.

The financial result is mainly due to the financial costs associated with each line of debt. The breakdown of the hedge accounting impacts is presented in note 12 for the portion of derivative financial instruments related to foreign exchange and interest rates.

The balance sheet breaks down by sector as follows:

	FR-BNL	NORAM	DACHIT	UK-IE	International	Major operations	Additional operations	Other	31 July 2020
Segment assets	918.7	847.4	197.3	260.9	83.8	2,308.1	27.5	642.1	2,977.7
TOTAL ASSETS									**2,977.7**
Segment liabilities	121.2	251.0	49.7	88.6	37.0	547.5	30.6	1,179.2	1,757.3
Equity									1,220.4
TOTAL LIABILITIES									**2,977.7**

	FR-BNL	NORAM	DACHIT	UK-IE	International	Major operations	Additional operations	Other	31 January 2020
Segment assets	1,018.7	883.5	212.8	272.1	80.5	2,467.6	24.7	623.0	3,115.3
TOTAL ASSETS									**3,115.3**
Segment liabilities	141.8	275.9	64.8	95.1	33.8	611.4	43.8	1,211.5	1,866.7
Equity									1,248.6
TOTAL LIABILITIES									**3,115.3**

The column "Other" includes the net indebtedness of Quadient SA, factories and supply-chain assets and liabilities as well as some assets and liabilities that cannot be allocated to an operational segment.

These assets and liabilities are not allocated to the different operational segments as only an allocation based on the total sales could be done. However, that would generate, year on year, variations potentially significant for specific geographical areas, without a direct connection to their own performance.

NOTE 8 ASSETS RIGHT OF USE AND LEASE OBLIGATIONS

As of 31 July 2020, IFRS 16 impacts on the balance sheet, the income statement and the cash flow statement are the following:

- Impacts on the income statement

	31 July 2020	31 July 2019	31 January 2020
Cancellation of rent expenses	11.7	11.8	24.0
Amortization expenses	(10.5)	(10.9)	(21.8)
EBIT impact	**1.2**	**0.9**	**2.2**
Amortization of the period	10.5	10.9	21.8
EBITDA impact	**11.7**	**11.8**	**24.0**
Financial interests	(1.2)	(1.3)	(2.6)
Scope variation impact	0.4	-	-
NET INCOME IMPACT	**0.4**	**(0.4)**	**(0.4)**

- Impacts on the cash flow statement

	31 July 2020	31 July 2019	31 January 2020
Net Income	0.4	(0.4)	0.4
Expenses (income) with no cash effect	(0.4)	-	-
Amortization	10.5	10.9	21.8
Net cost of debt	1.2	1.3	2.6
Interests paid	(1.2)	(1.3)	(2.6)
Net cash flow from operating activities	**10.5**	**10.5**	**22.2**
Impact of changes in the assets right-of-use	(2.8)	-	(13.5)
Net cash flow from investing activities	**(2.8)**	**-**	**(13.5)**
Changes in the lease obligation	(7.7)	(10.5)	(8.7)
Net cash flow from financing activities	**(7.7)**	**(10.5)**	**(8.7)**
CHANGE IN NET CASH	**-**	**-**	**-**

- Tables of variations of the assets right-of-use and the lease obligations

As of 31 July 2020, the assets right of use net value amounts to 60.6 million euros.

	Buildings	Other intangible assets	Assets right of use
Gross value at 31 January 2020	**124.2**	**14.5**	**138.7**
New contracts/renewals	2.8	0.0	2.8
Other changes	(0.9)	-	(0.9)
Translation differences	(3.4)	-	(3.4)
Gross value at 31 July 2020	**122.7**	**14.5**	**137.2**
Amortization at 31 January 2020	**(61.9)**	**(5.8)**	**(67.7)**
Charges	(7.6)	(2.9)	(10.5)
Other changes	(0.1)	-	(0.1)
Translation differences	1.7	-	1.7
Amortization at 31 July 2020	**(67.9)**	**(8.7)**	**(76.6)**
NET VALUE AT 31 JULY 2020	**54.8**	**5.8**	**60.6**

As of 31 July 2020, the lease obligations amount to 70.4 million euros including 51.0 million euros of long term portion.

	31 January 2020	Debt modification	Reimbursements	Translation differences	Other variations	31 July 2020
Non-current lease obligations	61.4	0.7	0.0	(2.2)	(8.9)	51.0
Current lease obligations	20.0	2.1	(10.5)	-	7.8	19.4
LEASE OBLIGATIONS	**81.4**	**2.8**	**(10.5)**	**(2.2)**	**(1.1)**	**70.4**

NOTE 9 CASH FLOW DETAILS

Cash flows correspond to consolidated balance sheet items. However, these flows may differ from balance sheet variations in particular because of translation of operations in foreign currencies, translation of subsidiaries' financial statements denominated in foreign currencies and scope variations.

9-1 : Expenses (income) with no cash effect

	31 July 2020	31 July 2019	31 January 2020
Amortization of fixed assets	54.2	55.1	112.5
Provisions (reversals)	3.7	(4.1)	(4.9)
(Gains) and losses in fair value	1.3	1.6	2.6
(Proceeds) expenses from share based payments	(0.6)	0.5	0.7
Net (gains) losses on disposals of fixed assets	0.0	0.0	-
Goodwill impairment	-	-	70.4
Intangible assets impairment	-	-	5.3
Other	2.3	0.1	1.5
TOTAL	**60.9**	**53.2**	**188.1**

As at 31 July 2020, the change in provisions (reversals) is mainly related to additionnal charges on assets depreciation for an amount of 5.1 million euros and to provision reversals for (1.4) million euros.

As at 31 July 2019, the change in provisions (reversals) was mainly related to reversals on assets depreciation for an amount of (1.9) million euros and to provision reversals for (2.2) million euros.

As at 31 January 2020, the provisions variation was mainly related to net reversals on assets depreciation for an amount of 1.1 million euros and to provision reversals for 3.8 million euros.

As at 31 July 2020, the line "Other" includes the research tax credit for (1.1) million euros and reclassification of expenses related to YayPay acquisition and to ProShip divestment.

As at 31 July 2019, the line "Other" included the research tax credit for (0.9) million euros and the impact on the current operating income following the IFRS 16 application for 0.9 million euros.

As at 31 January 2020, the line "Other" mainly included the depreciation of Proship assets classified as assets held for sale for 3.1 million euros and the research tax credit for (2.2) million euros.

9-2 : Working capital variation

	31 July 2020	31 July 2019	31 January 2020
Inventories variation	1.2	(12.2)	(6.8)
Trade accounts receivable variation	35.5	29.1	(2.1)
Deferred income variation	(26.6)	(29.2)	5.6
Trade accounts payable variation	(22.6)	(9.0)	2.2
Other current assets and liabilities variation	(12.5)	(33.3)	(6.1)
TOTAL	**(25.0)**	**(54.6)**	**(7.2)**

As at 31 July 2020, the variation of the other current assets and liabilities is mainly explained by time differences on VAT and social costs paiements due to Covid-19 measures.

As at 31 July 2019, the variation of the other current assets and liabilities was mainly explained by time differences on VAT receipts and disbursements.

As at 31 January 2020, the variation of the other current assets and liabilities was mainly explained by time differences on prepayments.

9-3 : Impact of changes in scope

At 31 July 2020, the acquisition of YayPay has generated a net cash out of 21.0 million euros. The effective divestment of ProShip, realized on 28 February 2020, has generated a net cash collection of 11.9 million euros.

At 31 July 2019, the sale of Quadient Data Netherlands BV (former Human Inference) generated a cash collection of 1.2 million euros. The tax paid on Quadient Data USA (former Satori) sale triggered a cash out for a 12.5 million euros tax in the United States.

9-4 : Reconciliation of the liabilities flows coming from financing activities

		Cash-flow movements		Non-cash changes		
	31 January 2020	New debt	Repayment	Other *	Translation difference	31 July 2020
Non – current financial debt	993.9	46.5	(67.3)	(184.6)	(17.5)	771.0
Current financial debt	86.7	3.2	(2.8)	184.1	0.0	271.2
FINANCIAL DEBT	1,080.6	49.7	(70.1)	(0.5)	(17.5)	1,042.2

* *The column "Other" is mainly composed of reclassifications.*

In February 2020, Quadient bought back 15.0 million euros of the bond 2.50% maturing in June 2021. The remaining notional of this bond after the buyback is 163.2 million euros at the 31 July 2020. In February 2020, Quadient repaid its private placement under the German law *Schuldschein* maturing for an amount of 17.0 million euros and 30.0 million United-States dollars. At the same date, Quadient issued a private placement under the German law *Schuldschein* for an amount of 30.5 million euros and 13.0 million United States dollars with maturity of four and five years. In June 2020, Quadient repaid at maturity 5.0 million United States dollars of the United States private placement.

NOTE 10 HEADCOUNT AND EMPLOYEE BENEFITS

10-1 : Payroll

	31 July 2020	31 July 2019	31 January 2020
Wages and salaries, bonus and commissions	168.4	176.2	366.4
Social costs	45.3	46.4	98.4
Share-based payments	(0.6)	0.5	0.7
Pension expenses under defined contribution plans	-	-	0.3
TOTAL	213.1	223.1	465.8

10-2 : Retirement benefit obligations

The main retirement obligation for the Group is the obligation for the United Kingdom. This pension fund shows a net asset of 31.4 million euros (34.9 million pounds sterling) as at 31 July 2020 compared with 43.0 million euros (36.2 million pounds sterling) as at 31 January 2020. It is accounted for in non-current assets. When a pension plan shows a net asset based on the assumptions used, IAS 19 states that this net asset should only be recognized in the balance sheet if an economic benefit is possible for the Company. Regarding the rules of the pension plan, Quadient has an unconditional repayment right of all the amounts left in the plan after the payment of the last pension to the last member of the pension plan. We consider this to be a sufficient justification to recognize the net asset of the pension fund in the consolidated balance sheet, in accordance with IAS 19/IFRIC 14.

The United Kingdom pension plan has not admitted any new members since 2001 and the rights of its members were frozen in June 2006. Every three years, the British regulator requires a valuation using different assumptions than those used for the valuation under IAS 19. If the valuation requested by the British regulator shows a deficit, Quadient has to make payments to offset it. In 2017, the British regulator did not identify any deficit. The next valuation will be performed during the second half of 2020.

The majority of pension obligations in the United Kingdom are financially hedged.

The retirement benefits of French employees are not covered by investments in pension funds except for Quadient France which has covered part of their retirement benefit obligations through investments in funds managed by insurance companies. The Chief Executive Officer and other Group executives have a defined benefit pension scheme (article 39 of the French general tax code).

An expense of 0.3 million was recorded as at 31 January 2020 as defined contribution pension plan for all Group entities. The Group did not carry out a new valuation at 31 July 2020.

10-3 : Share-based payments

The expenses or (income) recorded with respect to the share-based payments are as follows:

	31 July 2020	31 July 2019	31 January 2020
Free share granted valuation	(0.6)	0.5	0.7

INFORMATION RELATING TO THE FOUR STOCK-OPTION PLANS

Regarding warrant or purchase options plans, there was no allocation during the first half-year 2020.

Variations on the first half-year are as follow: no exercise of option and no cancellation.

INFORMATION RELATING TO THE FREE SHARE PLANS

There was no allocation of free share plans during the first half-year 2020.

10-4 : Long term incentives (phantom shares)

Plan	Number of shares initially granted	Number of out-standing shares	31 January 2020	Added	Reversals	Other	31 July 2020
July 2016	147,600	-	0.6	-	(0.6)	0.0	-
March 2017	98,020	-	0.8	-	(0.8)	0.0	-
Long term incentives			**1.4**	**-**	**(1.4)**	**0.0**	**-**

At the 31 July 2020, there are no more long term incentives.

NOTE 11 OTHER PROVISIONS, CONTINGENT LIABILITIES AND OTHER NON-CURRENT LIABILITIES

11-1 : Other provisions

	31 January 2020	Added	Used	Non-used	Other	31 July 2020	Short term portion	Long term portion
Other provisions								
Structure optimization	4.5	7.5	(7.1)	0.0	(0.3)	4.6	4.6	-
Customer guarantees/business risk	0.2	-	-	-	0.1	0.3	0.3	0.0
Provisions for business risk	4.1	0.4	(0.4)	(0.1)	0.0	4.0	1.9	2.1
Other	3.7	1.0	(0.4)	(0.2)	(0.1)	4.0	2.7	1.3
	12.5	**8.9**	**(7.9)**	**(0.3)**	**(0.3)**	**12.9**	**9.5**	**3.4**
Retirement benefit obligations	25.0	0.1	(0.8)	-	(2.4)	21.9	-	21.9
Long term incentives – note 10-4	1.4	-	(1.2)	(0.2)	0.0	-	-	-
TOTAL	**38.9**	**9.0**	**(9.9)**	**(0.5)**	**(2.7)**	**34.8**	**9.5**	**25.3**

STRUCTURE OPTIMIZATION

The Group continues the optimization of its operations.

Provisions of a total amount of 4.5 million euros were booked as at 31 January 2020. During 2020 first half-year, additional charges of 7.5 million euros were booked and (7.1) million euros were used. As at 31 July 2020, the balance of these provisions is 4.6 million euros.

11-2 : Contingent liabilities

In their current activity, Quadient entities are regularly subject to tax investigations.

Tax adjustments or uncertain tax positions not yet subject to tax adjustment, are covered with appropriate provisions. The amount of these provisions is regularly revised. The Group has not identified any significant contingent liability as at 31 July 2020.

NOTE 12 FINANCIAL INSTRUMENTS AND FINANCIAL DEBTS

Quadient's financing strategy is coordinated by the Group chief financial officer. All Group exposure to interest rate and exchange rate risk is centralized within the Group cash management department.

Financial instruments mentioned in notes 12, especially those presented in table 12-1, are level 2 financial instruments, whose fair value is based on observable data.

12-1 : Breakdown of the balance sheet by financial instruments

	31 July 2020		Breakdown by instrument category			
	Book value	Fair value	Fair value through P&L	Loans and receivables/ Debts	Debts at amortized costs	Derivative instruments
Non-current financial assets	54.8	54.8	13.3	39.7	-	1.8
Lease receivables [a]	613.4	635.2	-	613.4	-	-
Other long term receivables	3.2	3.2	-	3.2	-	-
Receivables [b]	187.0	187.0	-	187.0	-	-
Other receivables [b]	9.5	9.5	-	9.5	-	-
Derivative financial instruments [c]	6.0	6.0	-	-	-	6.0
Cash and cash equivalents [d]	532.9	532.9	-	532.9	-	-
ASSETS	**1,406.8**	**1,428.6**	**13.3**	**1,385.7**	**-**	**7.8**
Financial debts from credit institutions and bank overdrafts [e]	1,048.7	1,062.6	156.9	-	891.8	-
Other long-term debts	1.3	1.3	-	1.3	-	-
Accounts payable [b]	56.3	56.3	-	56.3	-	-
Other operating liabilities [b]	197.4	197.4	-	197.4	-	-
Derivative financial instruments [c]	1.2	1.2	-	-	-	1.2
LIABILITIES	**1,304.9**	**1,318.8**	**156.9**	**255.1**	**891.8**	**1.2**

(a) *Due to the large number of deals handled by the leasing entities, the Group did not perform an individual valuation for each deal. The assumptions used are the following: average maturity of three years for the portfolio, yield curve ending on 31 July 2020 and constant exchange rate. The valuation is performed excluding credit spread. The British and American postage financing portfolio are comprised of very short-term maturities (less than a month) and renewable credits, the fair value considered is as mentioned in the balance sheet.*

(b) *Historical cost valuation.*

(c) *Valuation method described in note 12-4 of the 2019 universal registration document.*

(d) *Valuation based on realizable value.*

(e) *The fair value of the debt is the portion of the 2.50% Quadient S.A. bond that was swapped for 125 million euros and the portion of the Schuldschein debt that was swapped for 29.5 million euros. The swap and the debt are recognized at their fair value as mentioned in note 12-4 of the 2019 universal registration document.*

Concerning the debt accounted for at amortized cost, the main amounts are broken down as follows:

- *for all floating-rate debt described in note 12-2-6 of the 2019 universal registration document. The drawdown is performed on a one-month, three-month and six-month basis and with a variable rate (EURIBOR and USD LIBOR); there is no difference between the fair value and the value as appearing in the balance sheet which represents an amount of 514.9 million euros;*
- *concerning fixed rate debts, the fair value is calculated from the yield curve as at 31 July 2020. The difference between the fair value and the value as appearing in the balance sheet is 15.4 million euros.*

Debt in foreign currencies is valued at constant exchange rates.

	31 January 2020		Breakdown by instrument category			
	Book value	Fair value	Fair value through P&L	Loans and receivables/ debts	Debts at amortized costs	Derivative instruments
Non-current financial assets	61.0	61.0	9.2	47.7	-	4.1
Lease receivables [a]	698.4	717.2	-	698.4	-	-
Other long term receivables	3.8	3.8	-	3.8	-	-
Receivables [b]	233.2	233.2	-	233.2	-	-
Other receivables [b]	6.2	6.2	-	6.2	-	-
Derivative financial instruments [c]	1.3	1.3	-	-	-	1.3
Cash and cash equivalents [d]	498.3	498.3	-	498.3	-	-
ASSETS	**1,502.2**	**1,521.0**	**9.2**	**1,487.6**	**-**	**5.4**
Financial debts and bank overdrafts [e]	1,085.5	1,091.0	158.6	-	926.9	-
Other long-term debts	1.3	1.3	-	1.3	-	-
Accounts payable [b]	79.5	79.5	-	79.5	-	-
Other operating liabilities [b]	201.4	201.4	-	201.4	-	-
Derivative financial instruments [c]	2.0	2.0	-	-	-	2.0
LIABILITIES	**1,369.7**	**1,375.2**	**158.6**	**282.2**	**926.9**	**2.0**

(a) *Due to the large number of deals handled by the leasing entities, the Group did not perform an individual valuation for each deal. The assumptions used are the following: average maturity of three years for the portfolio, yield curve ending on 31 January 2020 and constant exchange rate. The valuation is performed excluding credit spread. The British and American postage financing portfolios are comprised of very short-term maturities (less than one month) and renewable credits, the fair value considered is the same as the one booked in the balance sheet.*

(b) *Historical cost valuation.*

(c) *Valuation method described in note 12-4 of the 2019 universal registration document.*

(d) *Valuation based on realizable value.*

(e) *The fair value of the debt includes the portion of the 2.50% Quadient S.A. bond that was swapped for 125 million euros and the portion of the Schuldschein debt that was swapped for 29.5 million euros. Swaps and debt are recognized at their fair value as mentioned in note 12-4 of the 2019 universal registration document.*

Concerning the debt accounted for at amortized cost, the main amounts are broken down as follows:

- *for all floating-rate debt, described in note 12-2-6 of the 2019 universal registration document, the drawdown is performed on a one-month, three-month and six-month basis and with a variable rate (EURIBOR and USD LIBOR); there is no difference between the fair value and the value in the balance sheet which represents an amount of 531.1 million euros;*
- *concerning fixed rate debts, the fair value has been calculated from the yield curve as at 31 January 2020. The difference between the fair value and the value as appearing in the balance sheet is 12.5 million euros.*

Debts in foreign currencies are valued at constant exchange rates.

12-2 : Breakdown by type of debt

	Financial debts and bank overdrafts	Short-term part of long-term debt	Long-term debt	31 July 2020	31 January 2020
Bonds issue – Quadient S.A. 2.50% [(a)]	-	165.2	-	165.2	183.2
Bonds issue – Quadient S.A. 2.25% [(b)]	-	3.8	323.3	327.1	323.3
United States private placement [(c)]		97.4	-	97.4	109.1
Schuldschein [(d)]	-	2.2	413.7	415.9	429.0
Revolving credit facility [(e)]	-	0.1	-	0.1	0.1
Other debts	6.5	2.5	34.0	43.0	40.8
TOTAL	**6.5**	**271.2**	**771.0**	**1,048.7**	**1,085.5**

(a) *Quadient issued an inaugural 350 million euros public bond on 23 June 2014 listed on Euronext Paris under ISIN number FR0011993120 after filing a prospectus with the Autorité des Marchés Financiers (approval number 14-310 of 19 June 2014). This bond carries a fixed interest of 2.50% and is payable on 23 June 2021. IFRS accounting entails an initial debt of 348.1 million euros, representing a debt issued at 2.5830%. The debt has been swapped against variable rate for a notional amount of 125 million euros and the debt fair value adjustment represents an amount of 1.7 million euros. The fair value of the swap is recorded in non-current financial derivative instruments (assets) for an amount of 1.6 million euros. As at 31 July 2020, the impact in the financial charges of this fair value hedge is 0.01 million euros. On 5 February 2020, Quadient bought back on the market a nominal of 15.0 million euros, in addition to the 148.8 million euros bought back on the 23 February 2020, bringing the notional outstanding amount to 163.2 million euros.*

(b) *Quadient issued a 325 million euros public bond on 23 January 2020 listed on Euronext Paris under ISIN number FR0013478849 after filing a prospectus with the Autorité des Marchés Financiers (approval number 20-018 of 21 January 2020). This bond carries a fixed interest of 2.25% and is payable on 3 February 2025. IFRS accounting entails an initial debt of 323.1 million euros, representing a debt issued at 2.3750%.*

(c) *On 20 June 2012, Quadient concluded a private placement in the United States consisting of five tranches with different maturities between four and ten years for a total of 175 million United States dollars. The different tranches bear a fixed interest rate of between 3.17% and 4.50% depending on the maturity of the tranche. In June 2020, Quadient repaid 5.0 million United States dollars which had matured. The amount of the private placement is 25.0 million United States dollars at the end of July 2020. On 4 September 2014, Quadent S.A. concluded a 90.0 million United States dollars private placement amortizable in three equal instalments starting in September 2020. This private placement bears a variable rate of three-month LIBOR USD. On the 4 September 2020, all the notes totaling an amount of 115.0 million United States dollars has been repaid before maturity.*

(d) *In February 2017, Quadient concluded private placements under German law (Schuldschein) consisting of ten tranches with different maturities between three and six years for a total amount of 135.0 million euros and 86.5 million United States dollars. The debt has been swapped against variable rate for a notional amount of 29.5 million euros and the debt fair value adjustment represents an amount of (0.6) million euros. The fair value of the swap is recorded in non-current financial derivative instruments (assets) for an amount of 0.5 million euros. As at 31 July 2020, the impact in the financial charges of this fair value hedge is 0.1 million euros. In February 2020, Quadient repaid 17.0 million euros and 7.5 million United States dollars which had matured. In May 2019, Quadient concluded private placements under German law (Schuldschein) consisting of nine tranches with different maturities of between three and six years for a total amount of 130.0 million euros and 90.0 million United States dollars. In February 2020, Quadient concluded private placements under German law (Schuldschein) consisting of four tranches with different maturities of between four and five years for a total amount of 30.5 million euros and 13.0 million United States dollars.*

(e) *On 20 June 2017, Quadient arranged a revolving credit line for drawdown in euros and in United States dollars for an initial amount equivalent to 400.0 million euros for a period of five years. The maturity of the revolving credit line has been extended to the 20 June 2024, thanks to the exercise of an extension option. The interest rate is indexed to the EURIBOR or LIBOR USD over the relevant drawdown period plus a margin depending on the debt coverage ratio by the EBITDA calculated on the Group's consolidated financial statements excluding leasing activities. At the end of January 2020, Quadient does not use that credit facility.*

12-3 : Financial ratios

With the exception of the Quadient SA 2.50% bond issue and Quadient SA 2.25% bond issue, which are not subject to any covenant, the various debts (private placements, *Schuldscheins*, and revolving credit facilities) are subject to financial covenants. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complies with all covenants at 31 July 2020.

12-4 : Risk management

12-4-1: MARKET RISKS

The Group is mainly exposed to currency exchange rate risks through its international activity and to interest rate risks through its debt.

EXCHANGE RATE RISK

Quadient has a policy of centralizing its foreign currency risk, enabling it to monitor the Group's overall exchange rate risk exposure and to gain full control over the market instruments used in hedging operations.

First half-year position

The tables below represent Quadient's half year-end positions as regards exchange rate hedging for commercial activities.

FINANCIAL YEAR 2020 – ASSETS AND LIABILITIES HEDGING: HEDGING POSITIONS COVERING FINANCIAL ASSETS OR LIABILITIES ON QUADIENT'S BALANCE SHEET AT 31 JULY 2020 AND EXPECTED TO BE REALIZED NO LATER THAN OCTOBER 2020

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Financial assets	41.0	5.8	1.6	8.4	185.6	4.7	4.5	2.3	7.8	0.6	5.4	0.1
Financial liabilities	9.2	4.0	2.7	1.4	33.7	1.9	5.8	2.6	55.8	0.6	1.1	0.1
Net position before hedging	**31.8**	**1.8**	**(1.1)**	**7.0**	**151.9**	**2.8**	**(1.3)**	**(0.3)**	**(50.0)**	**-**	**4.3**	**-**
Hedging	(31.8)	-	-	(6.4)	(151.9)	(2.8)	(1.3)	-	47.5	-	(4.3)	-
NET POSITION AFTER HEDGING	**-**	**1.8**	**(1.1)**	**0.6**	**-**	**-**	**(2.6)**	**(0.3)**	**(0.5)**	**-**	**-**	**-**

Quadient uses symmetrical collars in particular. These option instruments are unlikely to be exercised in a non-reciprocal manner in terms of the spot exchange rate or expiry date. As a result, for each collar only one of the two options is reported in the table above. The value of the commitment in these symmetric options is 17.0 million United States dollars sold, and 30.0 million Czech crowns bought.

Quadient also makes use of asymmetric options collars. There is no asymmetric options collar as at 31 July 2020.

2020 BUDGET: HEDGING POSITIONS COVERING ANTICIPATED FINANCIAL ASSETS AND LIABILITIES IN SECOND HALF-YEAR 2020 EXPECTED TO BE REALIZED NO LATER THAN APRIL 2021

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Projected financial assets	61.8	13.7	9.3	18.2	440.4	26.5	10.8	19.3	54.4	2.2	10.6	(0.4)
Projected financial liabilities	55.0	5.6	(3.1)	0.7	186.7	6.2	11.8	1.0	307.3	2.4	(0.4)	2.7
Net position before hedging	**6.8**	**8.1**	**12.4**	**17.5**	**253.7**	**20.3**	**(1.0)**	**18.3**	**(252.9)**	**(0.2)**	**11.0**	**(3.1)**
Hedging	(15.7)	0.1	(5.1)	-	(98.2)	(23.3)	(4.5)	(10.6)	127.5	(1.0)	(8.8)	0.1
NET POSITION AFTER HEDGING	**(8.9)**	**8.2**	**7.3**	**17.5**	**155.5**	**(3.0)**	**(5.5)**	**7.7**	**(125.4)**	**(1.2)**	**2.2**	**(3.0)**

Quadient uses symmetric collars in particular. These option instruments are unlikely to be exercised in a non-reciprocal manner in terms of the spot exchange rate or expiry date. As a result, for each collar only one of the two options is reported in the table above. The value of the commitment in these symmetric options is 2.5 United States dollars sold, 0.7 million Canadian dollars sold, 25.0 million Yens sold, 11.0 million Swedish koruna sold and 30.0 million Czech crowns bought.

Quadient also makes use of asymmetric collars. The asymmetric part of this kind of options is presented in the table above with a view to reflecting the Group's maximum commitment. The asymmetric part by currency is as follows: 11.5 million United States dollars sold, 0.5 million Canadian dollars sold, 7.0 million Swedish koruna sold and 60.0 million Czech crowns bought.

Instrument and valuations

The Quadient group hedges its exchange rate risk using over-the-counter derivative instruments contracted with external counterparties.

The instruments in the portfolio have a maturity of less than twelve months as at 31 July 2020. These instruments are listed below by type and by currency for the period to which they relate.

2020: ASSETS AND LIABILITIES HEDGING

Notional value – Cash flow hedging	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	14.8	17.0	-	-	17.0
NOK	-	6.4	-	-	-	-
JPY	45.6	197.5	-	-	-	-
SEK	-	2.8	-	-	-	-
CHF	-	1.3	-	-	-	-
CZK	17.5	-	-	30.0	30.0	-
AUD	-	4.3	-	-	-	-

2020 BUDGET: HEDGING OF ANTICIPATED POSITIONS FOR SECOND HALF-YEAR 2020

Notional value – Total	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	1.7	2.5	-	-	14.0
GBP	0.1	-	-	-	-	-
CAD	-	3.9	0.7	-	-	1.2
JPY	-	73.2	25.0	-	-	25.0
SEK	-	5.3	11.0	-	-	18.0
CHF	-	4.5	-	-	-	-
DKK	-	10.6	-	-	-	-
CZK	97.5	-	-	90.0	30.0	-
SGD	-	1.0	-	-	-	-
AUD	-	8.8	-	-	-	-
PLN	0.1	-	-	-	-	-

Derivative instruments are recognized in accordance with the accounting principles and methods presented in note 12-4-1 of the 2019 universal registration document. As of 1 February 2013 and according to IFRS 13 standards Quadient set up a credit risk methodology concerning the valuation of financial instruments. In light of the immaterial impact of credit risk, Quadient decided not to recognize them in the financial statements at 31 July 2020.

Quadient uses the IFRS 9 standard for hedging instruments accounting.

Notional value	31 January 2020	Changes recognized through equity- Fair value *via* OCI*	Changes recognized through equity- Aligned cost of hedge	Changes recognized in the income statement- Fair value *via* P&L	Changes recognized in the income statement – Non-aligned cost of hedge	31 July 2020
Financial assets	**0.4**	**-**	**1.4**	**-**	**-**	**1.8**
• Cash flow hedge	0.3	-	1.4	-	-	1.7
• Ineffective hedge	0.1	-	-	-	-	0.1
Financial liabilities	**0.1**	**-**	**-**	**-**	**-**	**0.1**
• Cash flow hedge	0.1	-	-	-	-	0.1
• Ineffective hedge	-	-	-	-	-	-

* *OCI: Other Comprehensive Income.*

INTEREST RATE RISK

Quadient has a policy of centralizing its interest rate risk, enabling it to monitor the Group's overall interest rate risk exposure and to gain full control over the market instruments used in hedging operations. The Group hedges its interest rate risk depending on its current debt levels, but also according to likely future movements in debts, arising from drawings on its revolving credit facilities.

Half-year position

The table below sets out Quadient's 31 July 2020 position by maturity for the major currencies:

	EUR				USD			
Notional value	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**
Debt	**173.4**	**543.4**	**22.5**	**739.3**	**123.6**	**213.7**	**-**	**337.3**
Of which fixed-rate debts	5.8	376.5	340.8	723.1	1.3	34.9	-	36.2
CORRESPONDING HEDGE MATURITIES	**-**	**220.0**		**220.0**	**-**	**131.6**	**-**	**131.6**

Derivative instrument details

The instruments in the portfolio are listed below, according to type, currency and maturity.

Notional value	Currency	< 1 year	1 to 5 years	> 5 years
Cross Currency Swap	EUR/USD	-	45.7/50.0	-
Swap – buyer	EUR	125.0	29.5	-
Swap – receiver	USD	-	70.0	-
Cap – buyer	USD	-	65.0	-
	EUR	-	70.0	-
Floor – buyer	USD	-	45.0	-
	EUR	-	150.0	-
Floor – receiver	USD	15.0	15.0	-

Instrument valuations

Derivative instruments are recognized in accordance with the accounting principles and methods presented in note 12-4-1 of the 2019 universal registration document. All interest rate derivative instruments are thus valued on the balance sheet and in the income statement at their market value, in accordance with IFRS 9. As of 1 February 2013 and according to IFRS 13 standard, Quadient set up a credit risk methodology concerning the valuation of financial instruments. In lights of the immaterial impacts of credit risk, Quadient decided not to recognize them in the financial statements at 31 July 2020.

Changes in the market value of instruments not eligible for hedge accounting have been charged in their entirety to the income statement. The ineffective portion of instruments eligible for hedge accounting, plus the time value of these instruments, have been charged to net financial expense. Changes in the intrinsic value of these instruments have been recognized as a restatement of equity.

Quadient applies IFRS 9 on hedge instruments.

	31 January 2020	Premium on new operations	Changes recognized through equity- Fair Value *via* OCI*	Changes recognized through equity- Aligned cost of hedge	Changes recognized in the income statement-Fair Value *via* P&L	Changes recognized in the income statement- Non-aligned cost of hedge	31 July 2020
Financial assets (derivatives)	**4,7**	**-**	**(0.8)**	**0.2**	**1.5**	**(0.1)**	**5.5**
Debt and swap at fair value hedge	3,9	-	-	-	(1.5)	-	2.4
Derivative instruments qualified as cash flow hedges	0,7	-	(0.8)	0.2	1.8	(0.2)	1.7
Derivative instruments not eligible	0,1	-	-	-	1.2	0.1	1.4
Financial liabilities (derivatives)	**1,7**	**-**	**1.2**	**-**	**-**	**0.1**	**3.0**
Derivative instruments qualified as cash flow hedges	1,7	-	1.2	-	-	0.1	3.0
Derivative instruments not eligible	-	-	-	-	-	-	-

* *OCI: Other Comprehensive Income.*

As at 31 July 2020, the impact of the valuation of financial instruments according to IFRS 13 is nearly flat.

12-4-2: LIQUIDITY RISK

The Group believes that its cash flow will easily enable it to service its debt, given the current level of that debt. Group debt (United States private placement and revolving loan) is subject to compliance with covenants. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complied with all covenants as at 31 July 2020.

However, this ability will depend on the Group's future performance, which is partly related to the economic cycle, which the Group cannot control. No guarantee can therefore be given regarding the Group's ability to cover its financial needs.

As at 31 July 2020, the Group has 400 million euros of undrawn in credit lines.

12-4-3: CREDIT RISK

Customers' counterparty risk exposure (receivables, lease receivables)

Credit risk is limited because of the diversity and the very high number of customers and because of the low unit value of each contract. No customer accounts for more than 1% of sales.

The main subsidiaries are equipped with information & telecommunication (IT) tools and dedicated teams that allow them to tailor their receivables collection processes to every customer. In addition, the leasing and postage financing activities have their own credit scoring tools and systematically use an external credit scoring opinion at the inception of a new contract.

During the monthly operating reviews, led by the Group finance department, the accounts receivable of each subsidiary are analyzed.

12-4-4: DEPENDENCE ON SUPPLIERS

The main supplier of the Group is Hewlett-Packard (HP), ink cartridges' supplier. HP accounted for 6.1% of total Group purchases in 2019 compared with 6.1% in 2018. The top five and the top ten suppliers respectively account for 18.7% and 27.6% of total Group purchases in 2019, compared with 19.9% and 27.8% in 2018.

Any disruption in supply from any one of these suppliers could significantly affect the Group's business, even though clauses are written into the contracts to protect the Group against this risk. Quadient has already put in place alternative solutions in case such an event actually occurs.

12-4-5: BANKING COUNTERPARTY RISK EXPOSURE

The Group defined a list of the banks that subsidiaries are allowed to deal with and made it mandatory to use these authorized banks for cash deposits. Generally, banking services cannot be attributed to unauthorized banks. Exceptions can be made with the authorization of the Group treasury department.

Regarding the offsetting of derivatives in accordance with IFRS 7, Quadient recorded derivatives under assets of 4.6 million euros before netting and recorded derivatives under liabilities of 0.7 million euros before netting. These transactions are carried out with seven banking partners. As at 31 July 2020, the net amount of these instruments is an asset of 3.9 million euros.

12-4-6: BREXIT RISK EXPOSURE

Quadient's business in the United Kingdom consists of hardware sales within Mail Related Solutions and sales of licenses in the digital communications solutions business. Quadient also owns a logistics hub and a folder-inserter factory. These activities generate import and export flows which can be sizeable, in particular with European countries, North-America and the Asia-Pacific area. These activities could be affected by Brexit but, at this stage, the Group has not identified any accounting impacts to be recognized in its financial statements.

NOTE 13 TAX POSITION

13-1 : Tax proof

The reconciliation between the theoretical tax charge and the actual tax charge is as follows:

	31 July 2020	31 July 2019	31 January 2020
Net income of consolidated companies before income tax	24.5	60.7	36.8
Tax rate for the consolidating company	32.0%	32.0%	34.3%
Theoretical income tax charge	7.8	19.4	12.6
Permanent differences	(1.6)	2.0	4.7
Income tax rate differences	(4.7)	(6.7)	(12.5)
ODIRNANE	(1.4)	(1.4)	(3.1)
Prior year tax repayment	(0.5)	0.5	0.5
Rate decrease and other exceptional items [(a)]	3.0	1.1	19.2
Other	0.1	(1.3)	-
TOTAL INCOME TAX	**2.7**	**13.6**	**21.4**
EFFECTIVE TAX RATE	**11.1%**	**22.6%**	**58.2%**

(a) In 2020 first half, exceptional items are mainly composed of a provision for tax risk. For the financial year 2019, exceptional items were mainly composed of permanent differences related to the impairment of goodwill.

	31 July 2020	31 July 2019	31 January 2020
Current income tax expense (income)	(7.7)	17.3	31.5
Deferred income tax expense (income)	10.4	(3.7)	(10.1)
TOTAL INCOME TAX	**2.7**	**13.6**	**21.4**

13-2 : Deferred tax assets and liabilities

Deferred tax assets and liabilities are mainly due to the following:

	31 January 2020	Reclassifications	Changes recognized through equity	Changes recognized in the income statement	Foreign exchange differences	31 July 2020
Tax loss carry-forward	5.8	0.7	-	0.4	(0.2)	6.7
Pension provision	5.8	-	-	(0.6)	(0.1)	5.1
Expenses with deferred deductibility						
• Inventories and bad debt	4.1	-	-	0.9	(0.3)	4.7
• Employees related provisions	2.2	-	-	(0.7)	(0.1)	1.4
• Deferred income	7.4	-	-	1.4	(0.2)	8.6
• Fixed assets amortization	56.1	-	-	(11.8)	(2.9)	41.4
• Other expenses with deferred deductibility	3.4	-	-	(0.4)	(0.5)	2.5
Patents	3.4	-	-	(0.4)	(0.0)	3.0
Restructuring provisions	0.1	-	-	(0.1)	(0.0)	0.0
Other *	1.8	-	0.6	9.5	0.0	11.9
Deferred tax assets before tax consolidation	**90.1**	**0.7**	**0.6**	**(1.8)**	**(4.3)**	**85.3**
Tax consolidation	(81.2)	13.8	-	-	-	(67.4)
DEFERRED TAX ASSETS	**8.9**	**14.5**	**0.6**	**(1.8)**	**(4.3)**	**17.9**

** The line "Other" includes in particular an asset of 9.8 million euros related to the forthcoming resolution of a mutual agreement procedure.*

The tax loss carry forwards recognized as deferred tax assets have been depreciated when it is deemed unlikely that the Group will be able to use these in the five next years. This provision, presented on the line "Tax loss carry-forward", amounts to (15.4) million euros as at 31 July 2020 compared to (21.8) million euros as at 31 January 2020. The depreciated tax loss carry-forwards represent a tax basis of approximately 60.1 million euros. There are non-activated tax losses within the Group.

	31 January 2020	Reclas-sifications	Changes recognized through equity	Changes recognized in the income statement	Foreign exchange differences	31 July 2020
Eliminations on margin on inventories, rented and demo equipment	(4.2)	-	-	0.4	0.1	(3.7)
Capitalization of research and development expenses	19.8	-	-	0.6	(0.2)	20.2
Amortization of intangible assets recognized after purchase price allocation	6.1	-	-	(0.9)	(0.1)	5.1
Leasing activities	118.5	-	-	(5.3)	(7.6)	105.6
Amortization restatements	9.3	-	-	(0.8)	-	8.5
Goodwill amortization	36.6	-	-	1.2	(2.2)	35.6
Pension fund United Kingdom	15.1	-	(1.9)	0.1	(0.9)	12.4
Provisions with deferred deductibility	3.1	-	-		-	3.1
Other *	11.7	-	0.1	13.3	(0.7)	24.4
Deferred tax liabilities before tax consolidation	**216.0**	**-**	**(1.8)**	**8.6**	**(11.6)**	**211.2**
Tax consolidation	(81.2)	13.8	-	-	-	(67.4)
DEFERRED TAX LIABILITIES	**134.8**	**13.8**	**(1.8)**	**8.6**	**(11.6)**	**143.8**
NET DEFERRED TAX	**(125.9)**	**0.7**	**2.4**	**(10.4)**	**7.3**	**(125.9)**

** The line "Other" includes the provisions for tax risks*

NOTE 14 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

14-1 : Equity instruments – ODINARNE issue

On 16 June 2015, Quadient SA issued a senior unsecured net share settled undated bond convertible into new shares and/or exchangeable for existing shares (ODIRNANE) for a notional amount of 265 million euros representing 4,587,156 shares with a nominal value of 57.77 euros. This bond is traded on the open market "Freiverkehr" of the Frankfurt stock exchange under ISIN code FR0012799229.

The conversation ratio is 1.340 at the 31 July 2020. It has been adjusted to 1.382 with effect from 7 September 2020, following the 0.35 euro dividend distribution that occurred at the beginning of September.

As at 31 July 2020, the amount of accrued coupons represents 1.1 million euros and is a current debt.

14-2 : Earnings per share

The table below shows the earnings figures used to calculate basic and fully-diluted earnings per share for all activities:

	31 July 2020	31 July 2019	31 January 2020
Net income – attributable to equity holders of the parent company	**21.4**	**47.1**	**14.1**
ODIRNANE dividends	(4.5)	(4.5)	(8.9)
Restated basic earnings (A)	**16.9**	**42.6**	**5.2**
Effect of dilutive instruments:			
• Dilutive free shares	-	0.9	-
• ODIRNANE conversion	-	4.5	-
Diluted net income (B)	**16.9**	**48.0**	**5.2**
Number of outstanding shares	34,118	34,261	34,282
Effect on a *prorata* time basis of dividend payments in shares, the exercise of stock-options, share buybacks for cancellation and liquidity contract	(3)	(6)	(21)
Weighted average number of shares outstanding (in thousands)* (C)	**34,115**	**34,255**	**34,261**
Weighted average number of outstanding free shares, *prorata* time basis	-	232	-
Number of shares related to bonds (ODIRNANE), *prorata* time basis	-	6,147	-
Number of shares fully diluted (in thousands)* (D)	**34,115**	**40,634**	**34,261**
NET EARNINGS PER SHARE (IN EUROS) (A)/(C)	**0.50**	**1.24**	**0.15**
DILUTED NET EARNINGS PER SHARE (IN EUROS) (B)/(D)	**0.50**	**1.18**	**0.15**

* *Weighted average over the period.*

At 31 July 2020, the potentially dilutive instruments described in the note 14-3-1 of the universal registration document 2019 have a strengthening effect and had thus been excluded from the calculation of the diluted earnings per share.

NOTE 15 POST-CLOSING EVENTS

On the 4 September 2020, Quadient early repaid the total of its two United States private placements for an amount of 115.0 million United States dollars.

From 31 July 2020 until the financial statements approval by the Board of directors on the 25 September 2020, there was no other significant change in the Group's commercial or financial situation.

2.3 Statutory auditors' review report on the half-yearly financial information

Period from February 1 to July 31, 2020

This is a translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code ("*Code monétaire et financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Quadient S.A. for the period from February 1 to July 31, 2020,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of your Board of Directors on September 25, 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at July 31, 2020 and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the European Union.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements prepared on September 30, 2020, subject of our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris and Paris-La Défense, September 30, 2020

The Statutory Auditors

French original signed by

FINEXSI AUDIT	ERNST & YOUNG et Autres
Lucas Robin	May Kassis-morin

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STATEMENT OF THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

"I hereby certify, after having taken all reasonable measures to this effect that the information contained in this first half report is, to my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I certify, to my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the Company and all its subsidiaries included in the consolidation. The management report on page 2 presents a fair view of the significant events that occurred in the first half of the year and their impact on the accounts, the main transactions between related parties as well as the main risks and uncertainties for the remaining 6 months of the year."

Monsieur Geoffrey Godet

Chief Executive Officer

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