quadient
Because connections matter.

Strong first-half 2021 performance with double-digit organic sales growth, improved profitability and sustained free cash flow; Upgraded 2021 outlook

Key Highlights

- **Consolidated sales of €504 million** in H1 2021, reflecting an organic growth of 11.1%[1] vs. H1 2020;
- **Second-quarter sales up 11.1% organically;**
- **Current EBIT**[2] of €70 million in H1 2021, **up 28.2% on an organic basis** vs. H1 2020;
- **Improved profitability**, with **EBITDA margin at 23.5%** in H1 2021 vs. 21.5% in H1 2020;
- **Sharp increase in net attributable income at €45 million** in H1 2021 vs. €21 million in H1 2020 (+110%);
- **Strong free cash flow**[3] **of €54 million** in H1 2021, reinforcing the Group's **robust liquidity position of €722 million**[4] as at 31 July 2021;
- **Improved leverage ratio**[5] **at 2.0x** despite the acquisition of Beanworks with a **net debt of €526 million** as at 31 July 2021.

2021 Outlook

- Full-year 2021 organic sales growth still expected above 4%: guidance maintained thanks to better-than-expected performance across all solutions offsetting the impact of divestment of automated packing systems;
- Full-year 2021 current EBIT[2] organic growth[6] guidance revised upward: it is now expected above 6% versus between 5% and 6% previously expected;
- Both sales and current EBIT[2] organic growth CAGR guidance over 2021-2023 confirmed.

Paris, 27 September 2021,

Quadient (Euronext Paris: QDT), a leader in business solutions for meaningful customer connections through digital and physical channels, announces today its 2021 second-quarter consolidated sales and half-year results.

Geoffrey Godet, Chief Executive Officer of Quadient, stated: "We maintained a good revenue performance in the second quarter, confirming the strong rebound already achieved in the first quarter. Our Intelligent Communication Automation offering clearly benefits from the recent additions of growing AP/AR solutions, we are acquiring new customers across all software solutions and the shift of our business model to SaaS subscription is accelerating. Mail-Related Solutions is benefiting from a robust recovery in equipment sales, supported by the renewal of our smart mailing systems with successful launches in the US and ongoing deployment in Europe. Finally, our Parcel Locker Solutions installed base is growing steadily, with new units deployed in the US, France, UK, Japan and across carriers, retail, residential, universities and corporate segments. In the meantime, our EBITDA margin has improved due to higher sales, synergies and operating efficiencies.

As we celebrate the 2-year anniversary of our brand, we symbolically crossed 10,000 software customers. Looking ahead, we remain firmly committed to drive sustainable value by thoroughly executing the second phase of our Back to Growth strategy. With the recent acquisition in AP software solutions and the divestment of our Drachten industrial facility, we have further reshaped our portfolio to better focus on our customer needs driven by the increased digitalization of finance and

[1] H1 2021 sales are compared to H1 2020 sales, from which is deducted revenue prorata temporis from ProShip and the graphics activities in Australia and New Zealand and to which is added revenue prorata temporis from YayPay and Beanworks, for a consolidated amount of -€13 million, and are restated after a €20 million negative currency impact over the period. Q2 2021 sales are compared to Q2 2020 sales, from which is deducted revenue prorata temporis from the graphics activities in Australia and New Zealand and to which is added revenue prorata temporis from YayPay and Beanworks, for a consolidated amount of -€6 million, and are restated after a €8 million negative currency impact over the period.
[2] Current operating income before acquisition-related expenses.
[3] Cash flow after capital expenditure.
[4] €322 million of cash and €400 million of undrawn credit line, the latter maturing in 2024.
[5] Net debt/EBITDA generated in the last 12 months. Data taking into account IFRS 16.
[6] On the basis of 2020 current operating income before acquisition-related expenses excluding Parcel Pending's earn-out reversal, i.e. €145 million, with a scope effect resulting in a €140 million proforma.

Interim review procedures were performed by the statutory auditors.
Their interim review report is currently being issued.

communication processes as well as booming volumes of e-commerce deliveries. Our mail-related business remains resilient and continues providing us with increasing cross-selling opportunities. Finally, based on our strong first half, we are maintaining our full-year organic sales growth guidance thanks to better-than-expected performance across all solutions offsetting the divestment of our automated packing systems. In addition, we are slightly upgrading our full-year current EBIT organic growth guidance."

CONSOLIDATED SALES IN H1 2021

Consolidated sales amounted to €504 million in the first half of 2021, up by 3.9% compared to the first half of 2020. Organic growth stood at +11.1%. In line with the Company's strategy to reshape its portfolio, changes of scope are related to the divestment of ProShip end-February 2020, the acquisition of YayPay on 29 July 2020, the divestment from the Graphics activities in Australia and New Zealand on 21 January 2021 and the acquisition of Beanworks on 23 March 2021.

Quadient's strategy is to promote subscription-related revenues across all solutions, particularly through software *SaaS*[7] subscription as well as equipment rental and leasing.

Consolidated Sales

In million euros	**H1 2021**	H1 2020	Change	Change at constant rates	**Organic change[1]**
Major Operations	458	437	+4.9%	+9.6%	+9.0%
Intelligent Communication Automation[(a,b)]	*97*	*87[(a)]*	*+11.6%*	*+14.6%*	*+11.7%*
Mail-Related Solutions[(b)]	*320*	*318[(a)]*	*+0.6%*	*+5.1%*	*+5.1%*
Parcel Locker Solutions	*41*	*32*	*+30.0%*	*+40.7%*	*+40.7%*
Additional Operations	46	48	-4.9%	-4.7%	+39.1%
Group total	**504**	**485**	**+3.9%**	**+8.1%**	**+11.1%**

In million euros	**H1 2021**	H1 2020	Change	Change at constant rates	**Organic change[1]**
Major Operations	458	437	+4.9%	+9.6%	+9.0%
North America	*250*	*239*	*+4.8%*	*+13.0%*	*+12.0%*
Main European countries[(c)]	*183*	*173*	*+5.6%*	*+5.4%*	*+5.4%*
International[(d)]	*25*	*25*	*+0.7%*	*+5.2%*	*+5.2%*
Additional Operations	46	48	-4.9%	-4.7%	+39.1%
Group total	**504**	**485**	**+3.9%**	**+8.1%**	**+11.1%**

(a) Intelligent Communication Automation gathers Business Process Automation and Customer Experience Management activities formerly presented within Major Operations.
(b) Product reclassification from Intelligent Communication Automation to Mail-Related Solutions.
(c) Including Austria, Benelux, France, Germany, Ireland, Italy, Switzerland and the United Kingdom.
(d) International includes the activities of Parcel Locker Solutions in Japan and of Customer Experience Management outside of North America and the Main European countries.

Solution Profit Margin

In million euros	**H1 2021**	H1 2020	Change	**Organic change[1]**
Major Operations	**34.4%**	**36.7%**	**(236)bp**	**(192)bp**
Intelligent Communication Automation	*16.0%*	21.9%	*(590)bp*	*(270)bp*
Mail-Related Solutions	*44.5%*	*45.0%*	*(46)bp*	*(96)bp*
Parcel Locker Solutions	*-1.4%*	-5.5%	*+412bp*	*+538bp*
Additional Operations	**17.6%**	**11.6%**	**+603bp**	**+668bp**
Group total	**32.8%**	**34.2%**	**(138)bp**	**(160)bp**

[7] SaaS = Software as a Service

Major Operations

Revenue from **Major Operations** stood at €458 million (c. 91 % of total sales) in H1 2021, up 9.0% on an organic basis compared to H1 2020. Subscription-related revenue (69% of Major Operations sales) is up by 3.6% organically vs. H1 2020, while licenses and hardware sales benefited from a strong rebound in H1 2021 (+25.3% organically vs. H1 2020).

Sales in **North America** (55% of Major Operations sales) posted a strong perfomance in H1 2021 (+12.0%), driven by the rebound in Mail-Related Solutions and double-digit organic growth across Intelligent Communication Automation and Parcel Locker Solutions businesses.

Main European countries posted a 5.4% organic sales growth in H1 2021 compared to H1 2020, though the region continued to be impacted by Covid-19 restrictions.

The **International** segment delivered a solid organic sales growth (+5.2%) in H1 2021, mainly thanks to Parcel Locker Solutions in Japan.

Intelligent Communication Automation

Revenue

Intelligent Communication Automation sales stood at €97 million in H1 2021, up 11.7% organically compared to H1 2020.

Intelligent Communication Automation customer base crossed for the first time the 10,000 customers threshold at the end of H1 2021 with more than 1,200 new customers gained in H1 2021 across all software solutions. This reflects in particular a strong contribution from cross-selling into Quadient's SMBs customers generated by Mail-Related Solutions salesforce.

Intelligent Communication Automation benefited from a growing customer demand for AR and AP solutions. AR/AP solutions recorded an organic revenue growth of around 70% in H1 2021.

The share of *SaaS* / subscription customers went up from 65% at the end of 2020 to 70% at the end of H1 2021. Subscription-related revenue (66% of Intelligent Communication Automation sales in H1 2021) were up 19.9%, showing strong double-digit growth for both SMBs (+31%) and large accounts (+13%). Growth was driven by sustained increases in both *SaaS* and volume-based activities.

Trends in professional services revenue improved, particularly in France and the UK. In spite of the signature of a large deal in Q2 2021, licence sales recorded a decline, mainly due to the shift in business model to *SaaS* subscription both for SMBs and large accounts, in line with the Company's strategy.

Solution Profit Margin

Intelligent Communication Automation solution profit margin stood at 16.0% in H1 2021, down organically by 270 bps compared to H1 2020.

The level of profit margin reflects the high profitability of the installed base that was offset by the dilutive impact of the recently acquired fast growing YayPay and Beanworks businesses, increased investments in R&D related to Cloud-platform expansion as well as additional investments in go-to-market and marketing. In addition, as expected, the continuing shift in customer base from license sales to *SaaS* model is also impacting the near-term solution profit margin.

Mail-Related Solutions

Revenue

Mail-Related Solutions sales stood at €320 million in H1 2021, up by 5.1% organically compared to H1 2020. Sales experienced positive organic growth across all geographies, with a sustained performance in North America and improved business trend in Europe.

Subscription-related revenue (72% of of Mail-Related Solutions sales in H1 2021) was slightly down (-1.5%), reflecting the overall good resilience of the installed base despite the decrease in supply consumption due to the lingering Covid-19 impact on usage in H1 2021, particularly in Europe.

License and hardware sales continued to experience a strong rebound with organic growth at c.27% thanks to good traction in new customer acquisitions. The Group is benefiting from the success of its new iX range of intelligent mailing and shipping systems now widely available in the US and recently launched in Germany. The share of new generation of smart devices has grown from 4.9% of the installed base at the end of 2020 to 8.5% at the end of H1 2021.

Solution Profit Margin

Mail-Related Solutions solution profit margin stood at 44.5% in H1 2021, down organically by 96 bps compared to H1 2020.

This small decline mainly reflects a revenue mix effect: the share of hardware sales was much higher than in H1 2020 thanks to the strong rebound recorded in H1 2021, while the share of subscription-related revenue was impacted by the lower level of hardware placements in 2020. Moreover, the solution profit margin was impacted by increased freight costs.

Parcel Locker Solutions

Revenue

Parcel Locker Solutions sales stood at €41 million in the first half of 2021, up +40.7% organically compared to the first half of 2020, benefiting from a strong momentum in all verticals, from carriers to retail and from property managers to education campuses and corporate offices. The installed base went up by more than 1,500 units, from 13,000 lockers installed at the end of 2020 to more than 14,500 units at the end of H1 2021.

Subscription-related revenue (56% of Parcel Locker Solutions sales in H1 2021) posted a double-digit growth (+20.1%) due to the expansion of the installed base in the United States in 2020, with sustained increase in maintenance and volume-based revenue.

Hardware sales recorded a sustained growth, reflecting strong dynamics in the retail sector in the United States thanks to the rollout of the Lowe’s contract (completed in Q1 2021) and good traction in the universities.

The UK market recorded a promising start during the first semester.

Solution Profit Margin

Parcel Locker Solutions solution profit margin stood at -1.4% in H1 2021, up organically by 538 bps compared to H1 2020.

The level of profit margin reflects on the one hand the high profitability of the installed base (profit margin between 25% and 30%) and a larger installed base. On the other hand, it reflects the increased level of investments in R&D and go-to-market as planned, the increase in freight costs related to the installation of new units, as well as the different revenue mix with higher rate of subscription revenue versus H2 2020.

Additional Operations

Additional Operations recorded revenue of €46 million (c.9% of total sales) in the first half of 2021, up 39.1% on an organic basis compared to the first half of 2020.

Q2 2021 SALES

Consolidated sales stood at €258 million in the second quarter of 2021, up by 11.1% organically compared to the second quarter of 2020.

Major Operations sales stood at €232 million in Q2 2021, up by 7.7% organically compared to Q2 2020, driven by continued resilience of subscription-related revenue and sustained rebound in license and hardware sales.

Intelligent Communication Automation sales stood at €52 million in Q2 2021, up by 17.3% organically compared to the second quarter of 2020 mainly due to continuous strong demand in AR/AP solutions. License sales benefited from one large deal in the quarter.

Mail-Related Solutions sales stood at €161 million in Q2 2021, up by 4.0% organically compared to Q2 2020.

Parcel Locker Solutions sales stood at €19 million in Q2 2021, up by 17.5% organically compared to Q2 2020.

Additional Operations sales stood at €26 million in Q2 2021, up by 57.5% organically compared to Q2 2020.

REVIEW OF 2021 HALF-YEAR RESULTS

Simplified P&L

In € million	**H1 2021**	H1 2020	Change
Sales	**504**	485	+3.9%
Gross profit	366	356	+3.0%
Gross margin	*72.7%*	*73.4%*	
EBITDA	118	104	+13.7%
EBITDA margin	*23.5%*	*21.5%*	
Current operating income before acquisition-related expenses (Current EBIT)	**70**	61	+15.5%
Current EBIT margin	*14.0%*	*12.6%*	
Current operating income	65	50	+29,7%
Net attributable income	**45**	21	+110.2%
Earnings per share	1.19	0.50	
Diluted earnings per share	1.12	0.50	

Operating income

	H1 2021			H1 2020		
	Major Operations	Additional Operations	**Group total**	Major Operations	Additional Operations	**Group total**
Revenue	458	46	**504**	437	48	**485**
Current operating income before acquisition-related expenses (Current EBIT)	71	(0)	**70**	65	(4)	**61**

Gross margin was 72.7% in H1 2021 compared to 73.4% in H1 2020, the increase in revenue being partially offset by an unfavourable change in revenue mix as well as increased freight costs.

Current operating income before acquisition-related expenses (current EBIT) stood at €70 million in H1 2021 compared to €61 million in H1 2020, mainly reflecting the strong increase in the level of activity compared to H1 2020 and the improvement in profitability thanks to higher revenue generated by the installed base while investments were increased as planned (R&D, go-to-market, acquisitions). Additionally, thanks to a further simplification and integration of the organization and the reduction of its global real estate footprint, the Company recorded savings in G&A expenses.

Current operating margin before acquisition-related expenses therefore stood at 14.0% of sales in H1 2021 compared to 12.6% in H1 2020, with both Major Operations and Additional Operations having improved their profitability during H1 2021.

Acquisition-related expenses stood at €6 million in H1 2021 compared to €11 million in H1 2020, reflecting notably lower M&A fees.

Current operating income stood at €65 million in H1 2021 compared to €50 million in H1 2020.

Optimization and other operating expenses stood at €12 million in H1 2021, including restructuring costs as well as expenses linked to the Drachten factory divestment (closed on 30 July 2021), compared to €8 million in H1 2020.

Operating income stood at €53 million in H1 2021 compared to €42 million in H1 2020.

Net attributable income of €45 million

The **net cost of debt** stood at €12 million in H1 2021 compared to €16 million in H1 2020, benefiting from the refinancing operations achieved in 2020.

The Group recorded **currency gains and other financial items** of €14 million in H1 2021 compared to a €1 million loss related to currency and other financial items in H1 2020, thanks to the increase of the fair value of the investments made by Quadient for the benefit of the professional private equity funds X'Ange 2 and Partech Entrepreneurs.

As a result, **net financial result** was a gain of €3 million in H1 2021 compared to a loss of €17 million in H1 2020.

Income tax amounted to €10 million in H1 2021 compared to €3 million in H1 2020. H1 2020 income tax benefited from tax loss carry-back measures in the United States in the Covid-19 context.

The **corporate tax rate** stood at 17.6% in H1 2021 compared to 11.1% in H1 2020.

Net attributable income amounted to €45 million in H1 2021 compared to €21 million in H1 2020. **Earnings per share** stood at €1.19 in H1 2021 compared to €0.50 in H1 2020.

STRONG CASH FLOW GENERATION

EBITDA[8] stood at €118 million in H1 2021 compared to €104 million in H1 2020 reflecting the increase in current operating income. **EBITDA margin** was 23.5 % in H1 2021 compared to 21.5% in H1 2020, improving in spite of the dilutive impact of both Beanworks and YayPay acquisitions.

The change in **working capital** generated a net cash outflow of €6 million in H1 2021 compared to a net cash outflow of €25 million in H1 2020, mainly reflecting the better collection of receivables.

The Group recorded a decrease in its **lease receivables** (-€32 million in H1 2021 compared to -€54 million in H1 2020) thanks to a slowdown in leasing portfolio decrease compared to H1 2020.

The **leasing portfolio and other financing services** stood at €575 million as at 31 July 2021 compared to €613 million as at 31 July 2020, representing an organic decrease of 5.2% in H1 2021 versus an organic decrease of 7.6% in H1 2020. At the end of H1 2021, the default rate of the leasing portfolio stood at around 1.8%.

Interest and taxes paid stood at €41 million in H1 2021 compared to €16 million in H1 2020, mainly due to a normalization of tax paid compared to 2020 that benefited from measures in the Covid-19 context.

Capital expenditure stood at €39 million in H1 2021, a stable level compared to in H1 2020.

In total, the Group recorded **cash flow after capital expenditure** of €54 million in H1 2021 compared to €76 million in H1 2020.

IMPROVED LEVERAGE AND ROBUST LIQUIDITY POSITION

Net debt was up by €14 million to €526 million as at 31 July 2021 from €512 million as at 31 January 2021. The leverage ratio (net debt/EBITDA) improved at 2.0x as at 31 July 2021 compared to 2.1x as at 31 January 2021, in spite of Beanworks acquisition. The Group's net debt is backed by future cash flows generated from its rental, leasing and financing activities.

Excluding leasing, the leverage ratio remained low at 0.7x as at 31 July 2021 compared to 0.4x as at 31 January 2021.

Shareholders' equity stood at €1,280 million as at 31 July 2021 compared to €1,240 million as at 31 January 2021. The gearing[9] ratio stood at 41% of shareholders' equity as at 31 July 2021, unchanged compared to 31 January 2021.

The Group has a robust **liquidity position** of €722 million as at 31 July 2021, including €322 million in cash and €400 million of undrawn credit line, the latter maturing in 2024.

[8] *EBITDA = current operating income + provisions for depreciation of tangible and intangible fixed assets.*
[9] *Net debt / shareholders' equity*

OUTLOOK

Quadient expects the following trends in the second half of 2021:

- Regarding Intelligent Communication Automation, continued strong growth momentum is expected for subscription-related revenue, while the shift in model from license to *SaaS* should further accelerate in H2 2021;
- Regarding Mail-Related Solutions, organic sales decline is expected to be at low single digit level in H2 2021;
- Regarding Parcel Locker Solutions, due to the particularly high comparison basis set by the Lowe's contract in H2 2020 (Parcel Locker Solutions organic growth stood at c. +29% in Q3 2020 and c. +88% in Q4 2020), Quadient expects a c. 15% organic decline in H2 2021 revenue, despite the dynamic rollout of new lockers planned in H2 2021 and the growing level of subscription-related revenue from the installed base.

In addition, Quadient is now factoring in the divestment of its automated packing systems business (as from early August 2021) and the negative impact this has on its expected total organic revenue growth in 2021 compared to its initial guidance.

Thanks to better-than-expected performance across all solutions offsetting the negative impact of divestment of automated packing systems, Quadient maintains its full-year 2021 organic sales growth guidance unchanged at above 4%.

In the meantime, Quadient expects that the operating efficiencies implemented (real estate footprint, simplification and further integration of the organization) will positively impact the Group Current EBIT and more than offset the anticipated increase in freight costs in H2 2021 as well as active hiring campaigns and continued investment in talent to support growth.

As a result, the guidance on current EBIT[10] organic growth[11] for full-year 2021 is revised upward and is now expected above 6% (vs. between 5% and 6% previously).

Quadient additionally confirms its medium-term targets, aiming at achieving a minimum 3% organic revenue CAGR over 2021-2023 and delivering a minimum mid-single-digit organic Current EBIT CAGR over 2021-2023.

BUSINESS HIGHLIGHTS

Quadient Signs with Pickup a Strategic Deal to Roll Out 1,500 Automated Parcel Lockers in France

Quadient announced on 1 June 2021 the conclusion of a strategic deal with Pickup, the largest out-of-home drop-off and pick-up network in France, a subsidiary of French postal group La Poste and of DPDgroup and a long-standing partner for Quadient in the French market. The deal covers the roll-out of 1,500 parcel locker stations in local retail stores over three years.

In response to the strong growth of e-commerce, particularly over the last year, Pickup is increasing the capacity of its French network, already made of 15,000-pick-up stores and 500 smart lockers installed in high-traffic locations such as post offices, train stations and supermarkets.

Radisson Hotel Group Americas Selects Beanworks by Quadient to Automate and Streamline Accounts Payable Workflows

On 10 June 2021, Quadient announced that Beanworks by Quadient, its leading accounts payable (AP) automation solution, has been selected by several hotels within the Radisson Hotel Group Americas to simplify their AP workflows.

Quadient Enhances Accounts Receivables Cloud Platform with Advanced Business Intelligence Capacities

On 21 June 2021, Quadient announced the launch of an advanced Business Intelligence (BI) module for its cloud-based accounts receivable (AR) automation solution, YayPay by Quadient. The advanced BI module for YayPay enables AR teams to conduct comprehensive analysis of the data that matters the most to their business, to drill deeper into AR data than ever before and visualize AR health with dynamic dashboards.

[10] Current EBIT = current operating income before acquisition-related expenses.
[11] On the basis of 2020 current operating income before acquisition-related expenses excluding Parcel Pending's earn-out reversal, i.e. €145 million, with a scope effect resulting in a €140 million proforma.

YayPay by Quadient's new advanced BI module leverages hundreds of data elements with easy-to-use filters and presets, enabling business users to quickly combine multiple reports into a single dashboard tailored to their unique needs. Advanced reports and analysis are scheduled with updated data to be automatically delivered by email, providing insights into payor trends and pitfalls, productivity tracking according to unique KPIs, and detailed customer dispute information.

Quadient Announces Agreement to Divest its Automated Packaging Solutions Business to Standard Investment

On 24 June 2021, Quadient announced it has entered into a sale agreement with Dutch private equity firm Standard Investment for the sale of its Automated Packaging Solutions (APS) business and production facility based in Drachten, the Netherlands.

Two of the Largest Global Insurance Companies Select Award-Winning CCM Solution Quadient Inspire

Quadient announced on 28 June 2021 today that it has secured two of the largest insurance companies in the USA and France this month. Both organizations have selected Quadient Inspire, the leading Customer Communications Management (CCM) solution.

In the United States, one of the top three U.S. property and casualty insurance firms has decided to adopt Quadient's award-winning CCM solution as their platform for all claims communications. This contract is one of the largest deals in the CCM industry in the past 5 years, and contributes to solidify Quadient's market leadership position, with now three of the top four U.S. insurance companies standardizing on Quadient Inspire. In Europe, a French-based international insurance group, one of the largest mutual insurance companies in the world has also made the choice to implement Quadient Inspire.

Quadient Introduces Next-Generation Mailing and Shipping Intelligent Solutions in Europe

Quadient announced on 30 June 2021 it is bringing its most technologically advanced mailing solutions—the iX-Series mailing systems and S.M.A.R.T mail management software—to Europe. The intelligent iX-Series is now generally available in Germany, with an upcoming rollout in other European markets to include S.M.A.R.T.

Quadient Recognized as a Top 10 French Software Leader for Fourth Year in a Row by Truffle 100 Annual Ranking

Quadient announced on 8 July 2021 that it has been ranked in the top 10 of the Truffle 100 report for the fourth consecutive year. Quadient placed ninth in this year's ranking, organized by Truffle Capital and teknowlogy Group | CXP-PAC. The Truffle 100 ranking of the French software industry is based on reported software revenues of each participating company.

Divestment of Packaging Solutions Business and Production Site

On 2 August 2021, Quadient announced the successful completion of the transaction for the divestment of its Automated Packaging Solutions (APS) business and production facility based in Drachten, the Netherlands. Total consideration from the sale to Standard Investment private equity firm amounts to more than €20 million.

This new milestone of the Company's strategy contributes to its portfolio streamlining and industrial footprint optimization. The sale of the production facility will allow Quadient to immediately externalize approximately €14 million per year of production costs related to its Mail-Related Solutions business.

The Drachten production site will continue to provide mid-range Document Systems solutions to Quadient for a period of time, while production is gradually transferred from Drachten to other Quadient industrial sites and suppliers, ensuring business continuity.

POST-CLOSING EVENTS

Quadient Introduces the iX-9, a High-output Mailing and Shipping System Combined with All-in-one Mail Center Software

On 9 August 2021, Quadient announced the general availability in the U.S. of the latest addition to its successful iX-Series: the iX-9 Series high-volume mailing system, available both standalone and integrated with the company's S.M.A.R.T.® cloud-based mail center software.

The iX-9 expands Quadient's intelligent iX-Series mailing and shipping systems first introduced in the U.S. in 2020, with more than 15,000 units shipped since launch. The iX-Series includes Quadient's most advanced shipping, mailing, accounting and reporting software suite, available in the iX-3, iX-5, iX-7 and now iX-9 models, to meet the needs of businesses of all sizes. Ideally fit for high volumes, the iX-9 Series automatically seals, weighs, measures, meters and stacks large mail runs in minutes. Additionally, the iX-9 also meets the latest USPS Intelligent Mail Indicia (IMI) and Dimensional Weighing (DIM) requirements.

Quadient Among Finalists for Parcel and Postal Technology International Awards 2021

On 8 September 2021, Quadient announced it has been selected as a finalist once again for the Parcel and Postal Technology International Awards. Its innovative solution Campus Hub is in the 2021 shortlist for the "Final Mile Innovation of the Year" category. Campus Hub is a smart parcel locker solution that enables university campuses to seamlessly manage the growing volume of packages and goods to be delivered and distributed to students.

Independent Consulting Study Reveals Strong Total Economic Impact for Users of Accounts Receivable Automation Solution YayPay by Quadient

On 13 September 2021, Quadient announced the publication of a study conducted by Forrester Consulting, part of a leading global research and advisory firm, showing that YayPay by Quadient, an accounts receivable (AR) management and automation solution, can help reduce days sales outstanding (DSO), improve the customer experience, accurately predict cash flow and reduce lost revenue, with a return on investment (ROI) for a composite customer of over 400% over three years.

The Forrester Total Economic Impact™ (TEI) study was commissioned to examine the benefits businesses realize by deploying YayPay. To produce the study, Forrester interviewed YayPay stakeholders and decision-makers at businesses using YayPay. Forrester then designed a composite organization to model YayPay’s Total Economic Impact for its customers.

To know more about Quadient’s newsflow, the previous press releases are available on our website at the following address: https://invest.quadient.com/en-US/press-releases.

CONFERENCE CALL & WEBCAST

Quadient will host a conference call and webcast today at 6:00 pm Paris time (5:00 pm London time).

To join the webcast, click on the following link: Webcast.

To join the conference call, please use one of the following phone numbers:

- France: +33 (0) 1 70 37 71 66;
- United States: +1 212 999 6659;
- United Kingdom (standard international): +44 (0) 33 0551 0200;

Password: Quadient.

A replay of the audio webcast will be available for a period of one year.

CALENDAR

- 7 December 2021: **Q3 2021 sales release** (after close of trading on the Euronext Paris regulated market).

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About Quadient®

Quadient is the driving force behind the world's most meaningful customer experiences. By focusing on three key solution areas, Intelligent Communication Automation, Parcel Locker Solutions and Mail-Related Solutions, Quadient helps simplify the connection between people and what matters. Quadient supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence. Quadient is listed in compartment B of Euronext Paris (QDT) and is part of the CAC® Mid & Small and EnterNext® Tech 40 indices.
For more information about Quadient, visit https://invest.quadient.com/

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Appendices

Change in Q2 2021 sales

In million euros	**Q2 2021**	Q2 2020	Change	Change at constant rates	**Organic change[1]**
Major Operations	232	222	+4.7%	+8.4%	+7.7%
Intelligent Communication Automation	*52*	*44*	*+18.5%*	*+21.2%*	*+17.3%*
Mail-Related Solutions	*161*	*161*	*+0.3%*	*+4.0%*	*+4.0%*
Parcel Locker Solutions	*19*	*17*	*+9.7%*	*+17.5%*	*+17.5%*
Additional Operations	26	24	+5.8%	+6.6%	+57.5%
Group total	**258**	**246**	**+4.8%**	**+8.2%**	**+11.1%**

In million euros	**Q2 2021**	Q2 2020	Change	Change at constant rates	**Organic change[1]**
Major Operations	232	222	+4.7%	+8.4%	+7.7%
North America	*127*	*121*	*+4.7%*	*+11.6%*	*+10.3%*
Main European countries	*92*	*88*	*+4.2%*	*+3.6%*	*+3.6%*
International	*13*	*12*	*+7.1%*	*+11.5%*	*+11.5%*
Additional Operations	26	24	+5.8%	+6.6%	+57.5%
Group total	**258**	**246**	**+4.8%**	**+8.2%**	**+11.1%**

FIRST HALF OF 2021

Consolidated income statement

In € million	**H1 2021 (period ended on 31 July 2021)**	**2020** (period ended on 31 January 2021)	**H1 2020** (period ended on 31 July 2020)
Sales	**504**	**1,029**	**485**
Cost of sales	(137)	(286)	(129)
Gross margin	**366**	**743**	**356**
R&D expenses	(27)	(55)	(25)
Sales expenses	(128)	(252)	(126)
Administrative and general expenses	(91)	(194)	(101)
Maintenance and other expenses	(51)	(91)	(45)
Employee profit-sharing and share-based payments	0	1	2
Current operating income before acquisition-related expenses	**70**	**152**	**61**
Acquisition-related expenses	(6)	(20)	(11)
Current operating income	65	**132**	**50**
Optimization expenses and other operating income & expenses	(12)	(36)	(8)
Operating income	**53**	**96**	**42**
Financial income/(expense)	3	(32)	(17)
Income before taxes	**55**	**64**	**25**
Income taxes	(10)	(24)	(3)
Share of results of associated companies	0	1	0
Net attributable income to the Group	**45**	**40**	**21**
Minority interest	1	1	1
Net income	**46**	**41**	**22**

Simplified consolidated balance sheet

Assets *In € million*	**31 July 2021**	**31 January 2021**	**31 July 2020**
Goodwill	1,106	1,026	1,040
Intangible fixed assets	120	128	128
Tangible fixed assets	188	207	213
Other non-current financial assets	90	65	62
Leasing receivables	575	598	613
Other non-current receivables	4	3	3
Deferred tax assets	20	17	18
Inventories	65	71	75
Receivables	182	231	187
Other current assets	108	100	104
Cash and cash equivalents	322	514	533
TOTAL ASSETS	**2,780**	**2,960**	**2,978**

Liabilities *In € million*	**31 July 2021**	**31 January 2021**	**31 July 2020**
Shareholders' equity	1,280	1,240	1,220
Long-term provisions	26	27	25
Non-current financial debt	734	821	822
Other non-current liabilities	1	1	1
Current financial debt	114	205	297
Deferred tax liabilities	146	148	144
Deferred income	163	187	168
Financial instruments	4	3	4
Other current liabilities	312	328	296
TOTAL LIABILITIES	**2,780**	**2,960**	**2,978**

Simplified cash flow statement

In €millions	**H1 2021** (period ended on 31 July 2021)	**2020** (period ended on 31 January 2021)	**H1 2020** (period ended on 31 July 2020)
EBITDA	**118**	**246**	**104**
Other elements	(11)	(16)	(2)
Cash flow before net cost of debt and income tax	**107**	**230**	**102**
Change in the working capital requirement	(6)	2	(25)
Net change in leasing receivables	32	62	54
Cash flow from operating activities	**133**	**294**	**131**
Interest and tax paid	(41)	(37)	(16)
Net cash flow from operating activities	**92**	**257**	**115**
Capital expenditure	(39)	(90)	(39)
Net cash flow after investing activities	**53**	**167**	**76**
Impact of changes in scope	(72)	(9)	(9)
Disposals of fixed assets	-	0	0
Others	6	1	1
Net cash flow after acquisitions and disposals	**(13)**	**159**	**68**
Capital increase	-	-	-
Share buyback	(2)	(1)	(1)
Dividends paid	-	(12)	-
Change in debt and others	(178)	(118)	(33)
Net cash flow from financing activities	**(180)**	**(131)**	**(34)**
Cumulative translation adjustments on cash	1	(12)	(1)
Change in net cash position	**(192)**	**16**	**33**