quadient
Because connections matter.

Solid Q2 growth momentum supports an expected strong H2 performance

Solid business trends confirmed

- **Group revenue of €524 million in H1 2022, up 4.0% on a reported basis and 0.7%[1] organically** vs. H1 2021. The Group continues to build a stronger and more resilient business model with growing subscription-related revenue now reaching 70% of total revenue in H1 2022 versus 67% in H1 2021.
- **Revenue for Q2 2022 was up 5.4% on a reported basis and up 2.0%[1] on an organic basis to €271 million** at Group level, confirming the positive trend expected after Q1.

At Major Operations level:

- **Intelligent Communication Automation** revenue was up 4.7% organically in H1 with growth in subscription-related revenue continues to accelerate with an 18.1% organic increase in Q2 and a strong Annual Recurring Revenue annualized organic growth at 28% (€173 million[2] at end of H1 2022)
- **Mail-Related Solutions** delivered organic growth in Q2 with a 1.2% increase bringing the H1 performance to a remarkable -0.3% organic change despite the high comparison basis in H1 2021.
- **Parcel Locker Solutions** returned to double digit organic growth in Q2 2022 at +15.8% as contract deployments fueled the growth and with the comparison basis no longer impacted by the large US retail deal as it was the case in Q1.

European product launches and inflation weighted on H1 profitability

- **Current EBIT[3] reached €65 million** vs €70 million in H1 2021. The current inflation environment weighted on the Group's profitability, as the Company increased salaries to attract and retain talents and also adapted its marketing and travel expenses to a normalized post-covid level.
- **Mail-Related Solutions** delivered **a high level of profitability with a 44.8% Solution Profit Margin** as a result of dynamic pricing offsetting both supply chain and salaries increases while Intelligent Communication Automation and Parcel Locker Solutions profitability were impacted by European products launches and go-to-market acceleration costs.
- **Net attributable income** came in at €29 million for the period.
- Free cash flow[4] was €13 million in H1 2022, reinforcing a **solid liquidity position** of €531 million[5] as of 31 July 2022. The company's **financial position remained healthy** with its net debt at €779 million and **a leverage of 1.95x** (EBITDA excluding leasing[6]) as of 31 July 2022 after the repayment of the ODIRNANE in June.

Strong H2 performance expected, FY 2022 guidance confirmed

- **Expected organic growth in revenue is confirmed above 2%[7] compared to FY 2021.** After a first quarter impacted by a high comparison basis, the solid business performance achieved in Q2 confirms the improving trend expected to materialize in the second half of the year.
- **Current EBIT[3] organic growth confirmed at low to mid-single digit compared to FY 2021.** A significant increase in profitability is expected in H2, to be driven by the phasing of price increases through the year, the improvement in profitability from a growing installed base for both Intelligent Communication Automation and Parcel Locker Solutions and the significant contribution of the high profitability of Mail-Related Solutions.

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[1] H1 2022 sales are compared to H1 2021 sales at constant exchange rates (€31 million positive currency impact over the period) to which is added, prorata temporis, revenue from Beanworks and to which is deducted, prorata temporis, revenue from automated packaging activities, Graphic business in the Nordics and the Shipping activities in France, accounting for a consolidated amount of €-14 million in H1 2022.
Q2 2022 sales are compared to Q2 2021 sales at constant exchange rates (€19 million positive currency impact over the period), to which is deducted, prorata temporis, revenue from automated packaging activities, Graphic business in the Nordics and the Shipping activities in France, for a consolidated amount of €-11 million in Q2 2022.
[2] H1 2022 ARR benefited from a €7.6m positive forex impact vs Q4 2021.
[3] Current operating income before acquisition-related expenses.
[4] Cash flow after capital expenditure.
[5] €131 million of cash and €400 million of undrawn credit line, the latter maturing in 2024.
[6] Including IFRS 16.
[7] Compared to FY 2021 sales at constant exchange rates to which is added, prorata temporis, revenue from Beanworks and to which is deducted, prorata temporis, revenue from automated packaging activities, Graphic business in the Nordics and the Shipping activities in France, accounting for a consolidated amount of €-21 million in H1 2022.

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

Paris, 26 September 2022,

Quadient (Euronext Paris: QDT), a leader in business solutions for meaningful customer connections through digital and physical channels, announces today its 2022 second-quarter consolidated sales and half-year results (period ended on 31 July 2022).

Geoffrey Godet, Chief Executive Officer of Quadient, stated: *"As evidenced by the top line growth achieved in the second quarter, we delivered solid business trends across all our solutions. In Intelligent Communication Automation, the accelerated growth in Annual Recurring Revenue together with the recent signature of our two largest cloud subscription deals further demonstrate the successful transition of our business model from on-premise software licenses to SaaS/Cloud solution, a success which is now also being well recognized by industry analysts. Moreover, revenue from parcel lockers went back to double-digit growth, and the growth achieved in Mail-Related business shows how Quadient is successfully managing its installed base, benefitting from the appeal of recently launched products.*

In the current inflationary environment, we maintained a stable gross margin as we have been able to offset higher year-over-year impact of increased supply chain costs with positive impact from higher prices. Nevertheless, profitability, as expected, was lower in the first part of the year as we increased our spendings to launch our products into new regions capitalizing on strong cross-selling opportunities and developing new territories.

With over 70% of growing recurring revenue and more than 58% of our revenues in North America at the end of H1, Quadient is well equipped to face adverse macro conditions. In addition, taking into account our strong backlog across all three Solutions at the end of the period, we expect the positive business momentum to support higher growth in H2. Combining this growth with the full benefits from price indexation and increase in our already profitable installed bases, we are confident that profitability will significantly increase in the second part of the year. We are therefore confirming our full-year guidance."

POSITIVE UNDERLYING TRENDS SUPPORTIVE OF ORGANIC GROWTH ACCELERATION

Group sales stood at €524 million in H1 2022, a 0.7% organic growth. On a reported basis, Group sales went up 4.0% compared to H1 2021, including a positive currency impact of +6.1% and a negative scope effect of -2.8%. In details, changes of scope are related to the acquisition of Beanworks in March 2021 and the divestment of Automated Packaging Systems in July 2021 as well as the more recent divestments of the Graphic business in the Nordics and the Shipping activities in France (both in June 2022).

Consolidated sales

In € million	**H1 2022**	H1 2021	Change	**Organic change[1]**
Major Operations	492	458	+7.5%	+0.6%
Intelligent Communication Automation	*108*	*97*	*+11.5%*	*+4.7%*
Mail-Related Solutions	*342*	*320*	*+6.9%*	*(0.3)%*
Parcel Locker Solutions	*42*	*41*	*+3.2%*	*(2.5)%*
Additional Operations	31	46	(31.7)%	+1.7%
Group total	**524**	**504**	**+4.0%**	**+0.7%**

In € million	**H1 2022**	H1 2021	Change	**Organic change[1]**
Major Operations	492	458	+7.5%	+0.6%
North America	*287*	*250*	*+14.5%*	*+2.5%*
Main European countries[a]	*179*	*183*	*(2.2)%*	*(3.0)%*
International[b]	*27*	*25*	*+8.7%*	*+7.7%*
Additional Operations	31	46	(31.7)%	+1.7%
Group total	**524**	**504**	**+4.0%**	**+0.7%**

(a) Including Austria, Benelux, France, Germany, Ireland, Italy, Switzerland, and the United Kingdom.
(b) International includes the activities of Parcel Locker Solutions in Japan and of Intelligent Communication Automation outside of North America and the Main European countries.

Major Operations

Sales from **Major Operations** reached €492 million (94% of total sales) in H1 2022, a 0.6% year-over-year organic growth and a 7.5% increase on a reported basis. Transition towards an increasingly subscription-based model continues to materialize with subscription-related revenues up 2.9% on an organic basis versus H1 2021 and now accounting for 71% of the Major Operations sales vs 69% in H1 2021.

Sales in **North America** (58% of Major Operations) were up 2.5% organically to €287 million. This solid performance was driven by organic growth from Mail Related Solutions with strong hardware sales in the period and a double-digit organic increase in revenues from Intelligent Communication Automation cloud-based solutions, supported by strong cross-sell and the deployment of recently acquired SaaS fintech companies (Beanworks and YayPay). The contribution from Parcel Locker Solutions suffered from a high comparison basis with the completion of the roll-out of a large retail contract in Q1 2021.

Main European countries (36% of Major Operations) were down 3.0% organically to €179 million, reflecting different trends with, on the one hand, a contained decline from Mail-Related Solutions and a relatively muted performance at Intelligent Communication Automation. And, on the other hand, organic growth from Parcel Locker Solutions was very strong mostly driven by the on-going deployment of the recently signed contracts in the region.

The **International** segment (5% of Major Operations) delivered a solid organic sales growth (+7.7% to €27 million), driven by the good dynamics of both Intelligent Communication Automation and Parcel Locker Solutions.

Intelligent Communication Automation

Sales from **Intelligent Communication Automation** were up 4.7% organically, with double digit growth on a reported basis, at €108 million. Driven by the growing demand for cloud-based solutions, Quadient signed its two largest subscription deals in North America (>€1 million/year each). Growth in subscription-related revenue continued to accelerate with +18.1% organic growth in Q2 2022 after +15.7% in Q1 2022 and +9.2% in Q4 2021. Overall, subscription-related revenue went up 16.9% organically in H1 2022, now representing 74% of Intelligent Communication Automation sales compared to 66% in H1 2021 and 59% in FY 2020. Also illustrating the shift in revenue model, the share of SaaS customers reached 78% at the end of H1 2022 and annual recurring revenue stood at €173 million at the end of H1 2022, up from €145 million at the end of 2021[2]. The solid increase in annual recurring revenue (+28% organically on an annualized basis vs the end of last year) should continue to fuel future subscription-related revenue growth.

Conversely, license sales went down 45.3% organically, due, on the one hand to a comparison basis effect, with one large deal (c.$4 million) booked in the second quarter of 2021 and, on the other hand, to the progress of the transition to SaaS model. License sales now account for only 7% of the Solution's total sales. Professional services were slightly down organically (-1.5%) due to the evolution in product mix and demanding comparison basis.

The **Solution profit margin**[8] for Intelligent Communication Automation was down 8.2 points year-over-year on an organic basis to 7.3%. The profitability of the solution in the first half 2022 was mainly impacted by the high inflation weighing on personnel costs, a return to higher marketing expenses post-Covid and additional costs linked to the launch of YayPay and Beanworks in selected European countries. In addition, the change of business model also weighed on the profitability of the Solution while the large license deal signed in Q2 2021 created a demanding comparison basis.

Accelerating revenue growth, rising profitability of the installed base as well as phasing of the prices increases should support a significant improvement in profitability.

Mail-Related Solutions

Mail-Related Solutions sales stood at €342 million in H1 2022, up 6.9% on a reported basis and virtually flat organically (-0.3%) compared to H1 2021 despite a relatively high comparison basis (+5.1% organic growth in H1 2021 vs H1 2020). This strong performance was driven by the organic growth of North America's subscription related revenue and high single digit growth in license & hardware sales. Main European countries proved resilient with limited organic declines.

In addition, despite the high comparison basis, the positive momentum in hardware sales continued with a 3.8% organic growth in H1 2022 compared to H1 2021. The performance was particularly strong in Q2 2022 with an 8.7% organic growth thanks to double digit organic growth in North America with further penetration of well received new generation of products.

Meanwhile, Mail Related Solutions recorded a limited 1.8% organic decrease in subscription-related revenues (71% of Mail-Related Solutions sales). The resilience of both the installed base and subscription-related revenues remains strong, thanks to multi-year largely indexed contracts.

The Solution Profit Margin[8] for Mail-Related Solutions was remarkably stable on an organic basis to 44.8% despite the challenging conditions. The inflationary context and higher year-on-year freight costs weighted on profitability but proactive and tight cost control, benefits from remanufacturing as well as a largely indexed installed base led to this solid performance.

Parcel Locker Solutions

Parcel Locker Solutions sales stood at €42 million in H1 2022, a 2.5% organic decrease compared to H1 2021 and a 3.2% increase on a reported basis.

Growth in hardware sales was impacted in Q1 2022 by the high comparison base linked to the final phase of the deployment of a large North American retail contract in Q1 2021 while Q2 performance was no longer impacted by this base effect and hardware sales went up 25.1% organically vs Q2 2021. These differentiated performances brought the H1 2022 hardware decline to 19.8% compared to H1 2021.

Subscription-related revenues were up 10.2% organically thanks to the continuous on-going roll-out of existing contracts, solid usage rate and the benefits from price increases on the installed base. Subscription-related revenue now accounts for 61% of total revenue.

In June 2022, Quadient announced the roll-out of a large open network of parcel lockers in the UK. The aim is to have a network of 5,000 lockers installed in the coming years with a target of 500 installations to be deployed by the end of 2022. Two leading international carriers DPD and DHL have already announced that they will use the network for the delivery of their volumes and a third international carrier has recently joined the network. The Group expects this open network to continue to attract additional carriers and retailers.

Quadient closed the semester with over 16,900 lockers installed globally, on track to deliver the Company's 2023 target to reach 25,000 lockers thanks to a high level of backlog and a solid pipeline of projects which continue to progress despite some projects being delayed into 2023.

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[8] *In order to monitor the financial performance of its three Major Solutions in a consistent and comparable way, Quadient has introduced a new profitability metric per solution called solution profit margin. These solution profit margins are calculated as revenues minus cost of goods sold as well as all sales, services, marketing, product and R&D expenses.*

Solution profit margin[8] for Parcel Locker Solutions stood at -10.7% in H1 2022, a 10.5 points year-over-year organic decline. On the one hand, this was due to the significant impact of the completion of the deployment of the large US retail contract in Q1 2021, as well as the costs associated with new product and European network launches. On the other hand, the higher year-on-year supply chain costs were compensated by higher prices and the profitability of the installed base, which continue to improve at 28.4%.

Profitability is expected to increase in H2 2022 with no further impact from supply and freight costs, rising profitability of the installed base and benefits from the phasing of price increases.

Additional Operations

Revenue from **Additional Operations** stood at €31 million in H1 2022, up 1.7% year-over-year on an organic basis but down 31.7% on a reported basis. This decline is mainly due to the divestment of Automated Packing Systems in 2021 and the partial impact of the divestments from Graphics activities in the Nordic countries and from the Shipping Solutions which both took place in June 2022, marking the completion of the divestment programme as part of the portfolio reshaping initiated early 2019 with the launch of Back to Growth strategic plan. Additional Operations only accounted for 6% of total sales in H1 2022.

Since June 2022, Additional Operations are only comprising Mail-Related Solutions and Parcel Locker Solutions outside of the Company's main geographies, which represent revenue of around €50 million on an annual basis (based on FY 2021 figures, *i.e*. 4.9% of FY 2021 total revenue).

Q2 2022 SALES

Consolidated sales stood at €271 million in the second quarter of 2022, up 5.4% on a reported basis and 2.0% on an organic basis compared to the second quarter of 2021. **North America** enjoyed a solid 4.9% organic growth in the quarter, with growth from Parcel Locker Solutions benefiting from a strong rebound after the high comparison basis from the deployment of a large retail contract in the region impacted the growth in Q1 and Mail-Related Solutions posting a positive performance as it grew organically. **International** grew +5.6% organically while **Main European Countries** posted a contained 2.6% organic decline mostly due to a lower contribution from Mail-Related Solutions.

Major Operations sales stood at €256 million in the second quarter of 2022, up 2.0% organically compared to the second quarter of 2021. **Intelligent Communication Automation** sales were down 0.5% organically to €55 million even though Subscription-related revenue continue to increase only partially offsetting the decline in license (high comparison basis from the large license deal (c. $4 million) signed in Q2 2021). **Mail-Related Solutions** sales continued to show strong resilience, reaching €177 million, up by 1.2% on an organic basis. **Parcel Locker Solutions** sales stood at €23 million in second quarter of 2022, with a +15.8% organic growth compared to Q2 2021 thanks to the on-going deployment of existing contracts in France and the UK and solid product placements.

Additional Operations sales stood at €15 million in the second quarter of 2022, down 41.0% on a reported basis due to the changes in scope, but up 1.7% on an organic basis.

REVIEW OF 2022 HALF-YEAR RESULTS

Simplified P&L

In € million	**H1 2022**	**H1 2021**	Change
Sales	**524**	504	**+4.0%**
Gross profit	385	366	
Gross margin	*73.5%*	*72.7%*	
EBITDA	111	118	(5.8)%
EBITDA margin	*21.3%*	*23.5%*	
Current operating income before acquisition-related expenses	**65**	70	**(7.1)%**
Current operating income margin (before acquisition-related expenses)	*12.5%*	*14.0%*	
Current operating income	61	65	(6.3)%
Net attributable income	**29**	45	**(35.6)%**
Earnings per share	0.75	*1.19*	
Diluted earnings per share	0.75	*1.12*	

Current operating income[3]

In € million	**H1 2022** Major Operations	Additional Operations	**Group total**	**H1 2021** Major Operations	Additional Operations	**Group total**
Revenue	492	31	**524**	458	46	**504**
Current operating income before acquisition-related expenses	66	(1)	**65**	71	(1)	**70**

Gross margin stood at 73.5% in H1 2022 compared to 72.7% in H1 2021. A solid performance considering the higher year-over-year freight and supply costs. The gross margin benefited from higher activity, higher prices, and a tight control over costs of sales.

Current operating income before acquisition-related expenses stood at €65 million in H1 2022 compared to €70 million in H1 2021, down 17.0% on an organic basis. **Current operating margin** before acquisition-related expenses stood at 12.5% of sales in H1 2022 compared to 14.0% in H1 2021.

The lower current profitability reflects the impact from higher personnel costs, increased R&D, and go-to-market spendings, as well as investments into scaling the network of parcel lockers.

However, profitability is expected to step up in H2 2022 supported by the expected strong activity level, the rising profitability of the installed base, the full benefits from recent price increases as well as the continuous focus on costs control.

Acquisition-related expenses stood at €5 million in H1 2022, virtually stable compared to €6 million in H1 2021 as there were no significant fees related to M&A. Consequently, **current operating income** stood at €61 million in H1 2022, compared to €65 million in H1 2021.

Optimization costs and other operating expenses stood at €5 million in H1 2022, a much lower amount than in H1 2021, which stood at €12 million. As a reminder, H1 2021 was impacted by the divestment of the Drachten factory in the Netherlands and the Automated Packaging System. As a result, **operating income** stood at €56 million in H1 2022, a slight improvement on the €53 million recorded in H1 2021.

Net attributable income

H1 2022 **net cost of debt** was slightly up year-on-year at €12 million with the increase being linked with the refinancing of the ODIRNANE through the emission of Schuldschein debt in November 2021 and the increase in interest rates.

The currency gains & losses and other financial items were a loss of €2 million in H1 2022. As a reminder, currency gains and other financial items in H1 2021 benefited from the increase in the fair value of the investments made by Quadient in professional private equity funds X'Ange 2 and Partech Entrepreneurs.

Overall, **net financial result** was a loss of €14 million in H1 2022 compared to a gain of €3 million in H1 2021.

Income tax was €12 million in H1 2022 versus €10 million in H1 2021. This is mainly due to an increase in the tax charge in the United States as a result of the US tax group being subject to the BEAT tax in 2022. Consequently, the **corporate tax rate** stood at 28.8% in H1 2022 compared to 17.6% in H1 2021.

Net attributable income therefore amounted to €29 million in H1 2022 compared to €45 million in H1 2021.

Earnings per share[9] stood at €0.75 in H1 2022 compared to €1.19 in H1 2021, while fully diluted earnings per share was €0.75 in H1 2022 (€1.12 in H1 2021).

Cash flow generation

EBITDA[10] stood at €111 million in H1 2022 compared to €118 million in H1 2021. **EBITDA margin** decreased from 23.5% in H1 2021 to 21.3% in H1 2022 impacted by the increase in go-to-market for the Group's growth engines.

The change in **working capital** was negative by €53 million in H1 2022 compared to a net cash outflow of €6 million in H1 2021. This is due to a higher level of inventories to mitigate potential supply chain disruptions as well as a slower collection of receivables compared to an exceptional collection rate in H1 2021 (catch-up effect after the 2020 Covid year).

Lease receivables decreased by €18 million in H1 2022 compared to a decrease of €32 million in H1 2021, thanks to a better placement of hardware for Mail-Related Solutions lowering the decline of the leasing portfolio.

The **leasing portfolio and other financing services** increased to €613 million as of 31 July 2022 compared to €595 million as of 31 January 2022 helped by a positive currency impact. On an organic basis, this represents a decrease of 3.0% compared to the end of FY 2021. At the end of H1 2022, the default rate of the leasing portfolio stood at around 1.8% compared to 1.7% at the end of the financial year 2021.

Interest and taxes paid decreased significantly to €15 million in H1 2022 versus €41 million in H1 2021. This variation in H1 2022 is mostly explained by the reimbursement of the 2020 tax loss carry-back measures in the US, an exceptional measure that was implemented during the Covid-19 related crisis.

Capital expenditure was slightly up at €44 million in H1 2022 compared to €39 million in H1 2021. Development capex was up to €19 million in H1 2022 (vs €16 million in H1 2021) focusing on R&D investments for software developments. Rented equipment capex was slightly down year-over-year at €13 million in H1 2022, compared to €15 million in H1 2021, due to lower Mail-Related Solutions placement compared to H1 2021, which benefited from a post-Covid rebound, and in spite of on-going deployment of Parcel Locker Solutions contracts in France and Japan. The increase in maintenance capex was mostly linked to one-off projects, especially higher capitalized accounting finance projects as well as IT equipment spendings.

Cash flow after capital expenditure for the year was down to €13 million in H1 2022 compared to €54 million in H1 2021.

[9] The average compounded number of shares is 33,853,326, and the fully diluted number of shares is 34,218,626
[10] EBITDA = current operating income + provisions for depreciation of tangible and intangible fixed assets.

LEVERAGE AND LIQUIDITY POSITION

Net debt stood at €779 million as of 31 July 2022 up from €504 million as of 31 January 2022. Whilst the overall financial structure remains stable, this increase in debt level is due to the repayment of the ODIRNANE instrument in June 2022 for €265 million. As a reminder, according to IFRS, ODIRNANE bonds were booked in equity. This repayment was allowed thanks to the issuance in November 2021 of a €270 Schuldschein. The Group has **no other significant debt maturity before** its €325 million 2.25% bond maturing in **2025**.

The **leverage ratio** (net debt/EBITDA) remained almost stable at 3.3x[6] as at 31 July 2022 vs 3.1x[6] as at 31 January 2022 (adjusted for the ODIRNANE). Excluding leasing and adjusting for the ODIRNANE in the calculation at 31 January 2022, the leverage ratio was also stable at 1.95x[6] as of 31 July 2022 vs 1.9x[6] at the end of FY 2021 (31 January 2022).

As of 31 July 2022, the Group had a robust **liquidity position** of €531 million, split between €131 million in cash and a €400 million undrawn credit line, the latter maturing in 2024. In order to manage the working capital needs, Quadient issued €46 million NEUCP in July 2022.

Shareholders' equity stood at €1,132 million as of 31 July 2022 compared to €1,359 million as of 31 January 2022. The **gearing ratio**[11] went up to 68.4% from 37.1% as of 31 January 2022 due to the mechanical impact from the ODIRNANE reimbursement (double impact from lower equities and higher debt).

OUTLOOK

Positive momentum for revenues and expected step up in profitability

- Fundamentals for the three solutions remain solid and organic growth in revenue is expected to accelerate in H2 supported by:
  - i) the full impact of the acceleration in ARR bookings in Intelligent Communication Automation recorded at the end of H1,
  - ii) full benefits from recent price increases across all activities,
  - iii) strong penetration of newly launched products and high backlog for Mail-Related Solutions as well as solid cross-selling and upselling dynamics at Intelligent Communication Automation and
  - iv) deployment of existing contracts and delivery of the high backlog for Parcel Locker Solutions.

2022 Guidance confirmed

- At Group level, full-year 2022 organic sales growth is expected over 2%. Organic revenue growth trend seen in Q2 vs Q1 is expected to accelerate thanks to solid business fundamentals for all three solutions and despite the current challenging macro environment.
- Low to mid-single digit current EBIT[3] organic growth[12] is also confirmed with H2 expected to mark a significant improvement in profitability vs H1. The profitability of the installed base is expected to continue to increase for both the SaaS activity and parcel lockers, whilst Mail-Related profit margin should remain high. Acceleration in revenue growth, benefits from increased prices flowing through, focus on continuous costs optimization as well as an easier comparison basis should all contribute to this expected increase in current EBIT and an improved current EBIT margin in H2.

[11] Net debt / shareholders' equity
[12] 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.

2023 guidance unchanged

- Both sales and current EBIT[3] organic growth CAGR guidance over 2021-2023 are confirmed *i.e.*, a minimum 3% organic sales growth CAGR and a minimum mid-single digit organic growth CAGR of current EBIT before acquisition-related expenses.

BUSINESS HIGHLIGHTS

Quadient and Decathlon Reaffirm Partnership on Parcel Lockers

On 3 May 2022, Quadient announced that Decathlon, a leading global sporting goods retailer, will equip dozens of additional stores with Quadient's automated parcel lockers in 2022. Since the adoption of the first Quadient locker solutions in 2015, Decathlon has equipped 62 stores in France with the lockers. The success of the lockers, which has been tested and certified by the retailer's teams, motivated the sports brand to expand its partnership with Quadient. New consumer consumption patterns and growing demand for more convenient delivery solutions, accelerated by the global pandemic, led Decathlon to refine its omnichannel strategy by increasing the pick-up options for its "click & collect" offers.

Quadient Launches Automated Accounts Receivable Solution YayPay in France

On 10 May 2022, Quadient announced the launch in France of YayPay by Quadient, a cloud-based intelligent accounts receivable (AR) solution that automates the entire AR process from credit to cash application. The YayPay expansion comes on the heels of the launch earlier this year of Quadient's accounts payable (AP) automation solution, Beanworks, in France and the United Kingdom, as well as last month's launch of Impress Distribute, its cloud-based omnichannel document distribution solution, in Germany. Powered by artificial intelligence and machine learning, YayPay's predictive analytics engine provides insights on payer behavior and their impact on cash flow, with the use of dynamic dashboards and process automation that help to reduce outstanding receivables and day sales outstanding (DSO) for companies.

Quadient Named a Leader in IDC MarketScape for Cloud Customer Communications Management

On 2 June 2022, Quadient announced that Quadient was named a leader in the IDC MarketScape: Worldwide Cloud Customer Communications Management Applications 2022 Vendor Assessment - Dynamic Delivery of Multi-channel Personalized Experiences (doc #US48167722, May 2022). The report provides details to assess providers of customer communication management (CCM) solutions, including Quadient Inspire and Quadient Impress. According to the IDC MarketScape report, enterprises that seek omni-channel customer experiences through the lens of a customer journey should consider Quadient. The IDC MarketScape listed customer experience strategy, performance and scale and implementation experience as strengths of Quadient.

Quadient Reaches Milestone of 12,000 Global Customers for Cloud Software Solutions

On 14 June 2022, Quadient confirms that the number of customers of its cloud software business has surpassed the 12,000 mark globally, with a net increase of about 450 in the first period of 2022. The growth in Quadient's Intelligent Communication Automation (ICA) software business was fueled by existing customers of Quadient's mail equipment, who turned to the company's cloud software solutions for digital transformation. Additional growth was driven by the deployment in France and the UK of Quadient's recently acquired accounts payable automation software solution, Beanworks.

Quadient announces the sale of its Graphics activities in the Nordic countries to Ricoh

On 16 June 2022, Quadient announced the completion of the transaction for the divestment of its Graphics activities in the Nordic countries to the print company, Ricoh. As part of its 'Back to Growth' strategy, Quadient remains fully committed to accelerate the growth of its strategic software and parcel locker solutions, driven respectively by the acceleration of business processes digitalization and the growth of e-commerce. As a result, Quadient has been reshaping its portfolio by divesting non-core activities within its Additional Operations. Quadient's Graphics business in the Nordic countries mainly consists in the distribution of printing and print finishing business solutions in Sweden, Norway, Denmark, and Finland.

Quadient rejoins the Euronext SBF 120 index

On 20 June 2022, Quadient announced that it has re-entered the Euronext SBF 120 and CAC Mid-60 indices in accordance with the decision taken by the Euronext Index Steering Committee. The integration took place on 17 June 2022 after market close and is effective from Monday 20 June 2022.

Quadient Announces Roll-out of a Large Parcel Locker Network Available to Carriers and Retailers Across the UK

On 24 June 2022, Quadient announced it will install carrier-agnostic parcel lockers at large scale in the UK. Over 500 parcel lockers this year, and 5,000 in the coming years, will be made available to all UK carriers and retailers to offer convenient parcel pickup and drop-off locations and an exceptional shopping experience to their customers, with a flexible choice of pickup times and locations. Quadient teams have ensured technical integration with the systems of key carriers in the UK and have secured hundreds of prime locations for locker units to quickly scale. Quadient's ambition is to establish a dense, large and scalable network to consolidate first and last mile deliveries, especially in urban areas where there is medium to high delivery density. Having readily available open access to a large parcel delivery network alleviates the mounting pressure experienced by carriers and retailers to scale to increasing demand and parcel volumes.

Quadient announces completion of divestment series with the sale of its Shipping activity

On 30 June 2022, Quadient announced the sale of its Shipping solutions business. This activity, reported under the Additional Operations segment, includes a complete logistics and transport management solution, as well as the production, management, and distribution of RFID systems for asset tracking. The sale covers assets, industrial processes, and activities of the Shipping business, and is done through a management buyout (MBO). The revenue from the divested activities amounted to c. €5 million in 2021. Upon completion of this sale, forty Quadient employees will be transferred to the new entity.

Quadient Named a Leader in Journey Mapping by Independent Research Firm

On 6 July 2022, Quadient announced that the company has been named a Leader in The Forrester Wave™: Journey Mapping Platforms, Q2 2022. Forrester Wave reports provide an overview of the top providers in a market space with analysis of their current offerings and strategies. Forrester, an international research, and advisory firm, included 12 vendors in its journey mapping platforms assessment, with Quadient named as one of only three Leaders. Providers were evaluated against 25 criteria grouped into three categories: current offering, strategy, and market presence.

Acceleration of Quadient's UK smart locker network adoption

On 22 July 2022, Quadient announced the first contracts signed with international carriers to use its new smart parcel locker network in the UK. Since the announcement end of June of the roll out of the large network of Parcel Pending by Quadient smart lockers available to all carriers and retailers in the UK, global parcel delivery expert DPD UK confirmed it was the first major partner committing to utilize Quadient's network to add more choice and convenience for its customers with parcel locker delivery. Quadient's ambition is to implement the solution at 500 locations by the end of 2022, and 5,000 locations in the coming years. With the technical integration with DPD UK complete, DPD customers will start using Parcel Pending by Quadient smart lockers in the UK this month.

Following on from this first partnership, a second large international carrier has also committed to access Quadient's Parcel Pending locker network. The signing of an additional carrier reinforces the strategic importance and attractiveness of a smart locker network for the automation of last-mile delivery in the world's third largest e-commerce market. Quadient expects to announce additional partnerships with carriers, as well as retailers, in the coming months.

Quadient Named as a Leader in the Aspire CCM-CXM Leaderboard for the Fifth Consecutive Year

On 26 July 2022, Quadient announced that it has been positioned as a Leader in the 2022 Aspire Leaderboard™ of customer communications management (CCM) and customer experience management (CXM) vendors. This is the fifth consecutive year Quadient has earned the distinction. Aspire, a leading international consulting firm specializing in CCM and CXM industries, features five interactive grids in its 2022 Leaderboard, placing vendors into categories to help identify the best solution to meet an organization's current and future needs. Quadient is recognized as a Leader on both the AnyPrem CCM Software, and Vendor Hosted SaaS CCM grids, as well as a Leader in the grid for Communications Experience Platform (CXP).

POST-CLOSING EVENTS

Quadient in the Top 10 of the Truffle 100 Ranking of French Software Companies for the Fifth Year in a Row

On 4 August 2022, Quadient announced it has positioned 10th in the Truffle Top 100, a ranking of French software companies. The latest ranking marks the fifth consecutive year Quadient has placed in the top 10 of the Truffle 100, which is compiled by Truffle Capital and teknowlogy group|CXP-PAC. The ranking is based on the software revenue submitted by each participating company.

Quadient among Finalists for Reuters Events 13th Annual Responsible Business Awards

On 7 September 2022, Quadient announced the company has been named a finalist for the Reuters Events 13th Annual Responsible Business Awards, in the Diversity, Equity & Inclusion category.

The Responsible Business Awards recognize and celebrate leaders in sustainable businesses that are positively impacting society, business and the environment. The award program serves as a benchmark for companies from across the globe looking to showcase leadership against international peers.

Quadient Introduces the DS-700 iQ Next-generation, Flexible and Scalable Folder Inserter Solution

On 15 September 2022, Quadient announced the global launch of the DS-700 iQ, Quadient's newest modular, flexible and scalable folder inserter solution. The DS-700 iQ is equipped with more than 30 enhancements designed to address the evolving workflow demands of today's high-volume mailing environments.

DHL Parcel UK announces partnership with Quadient to offer smart locker delivery

On 21 September 2022, Quadient announced that DHL Parcel UK is joining its growing parcel locker network in the United Kingdom. DHL Parcel UK shared the announcement below:

DHL Parcel UK today announced a new partnership with Quadient to offer smart lockers parcel pick-up throughout the UK. The contactless, secure locker stations will give recipients more choice and flexibility to receive their parcels at a time and location that suits them.

The deployment is underway to have 500 operating locker stations across the UK by the end of 2022, with plans for a further 5,000 in the coming years. Most installations will be outdoor facilities accessible 24 hours a day. [..]

To know more about Quadient's newsflow, 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 webcast will also be available on Quadient's Investor Relations website for 12 months.

CALENDAR

- 5 December 2022: **Q3 2022 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 SBF 120®, CAC® Mid 60 and EnterNext® Tech 40 indices.

For more information about Quadient, visit https://invest.quadient.com/

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Appendices

Change in Q2 2022 sales

In € million	**Q2 2022**	**Q2 2021**	Change	**Organic change[1]**
Major Operations	256	232	+10.4%	+2.0%
Intelligent Communication Automation	*55*	*52*	*+6.2%*	*(0.5)%*
Mail-Related Solutions	*177*	*161*	*+10.2%*	*+1.2%*
Parcel Locker Solutions	*23*	*19*	*+24.5%*	*+15.8%*
Additional Operations	15	26	(41.0)%	+1.7%
Group total	**271**	**257**	**+5.4%**	**+2.0%**

In € million	**Q2 2022**	**Q2 2021**	Change	**Organic change[1]**
Major Operations	256	232	+10.4%	+2.0%
North America	*152*	*127*	*+19.9%*	*+4.9%*
Main European countries[a]	*90*	*92*	*(2.0)%*	*(2.6)%*
International[b]	*14*	*13*	*+6.4%*	*+5.6%*
Additional Operations	15	26	(41.0)%	+1.7%
Group total	**271**	**257**	**+5.4%**	**+2.0%**

(a) Including Austria, Benelux, France, Germany, Ireland, Italy, Switzerland and the United Kingdom.
(b) International includes the activities of Parcel Locker Solutions in Japan and of Customer Experience Management outside of North America and the Main European countries.

HALF-YEAR 2022

Consolidated income statement

In € million	**H1 2022 (period ended on 31 July 2022)**	**H1 2021 (period ended on 31 July 2021)**
Sales	**524**	**504**
Cost of sales	(139)	(137)
Gross margin	**385**	**366**
R&D expenses	(28)	(27)
Sales expenses	(146)	(128)
Administrative and general expenses	(92)	(91)
Maintenance and other expenses	(53)	(51)
Employee profit-sharing and share-based payments	(1)	0
Current operating income before acquisition-related expenses	**65**	**70**
Acquisition-related expenses	(5)	(6)
Current operating income	**61**	**65**
Optimization expenses and other operating income & expenses	(5)	(12)
Operating income	**56**	**53**
Financial income/(expense)	(14)	3
Income before taxes	**42**	**55**
Income taxes	(12)	(10)
Share of results of associated companies	0	0
Net income	**30**	**46**
Minority interests	1	1
Net attributable income	**29**	**45**

Simplified consolidated balance sheet

Assets *In € million*	**31 July 2022**	**31 January 2022**	**31 July 2021**
Goodwill	1,158	1,120	1,106
Intangible fixed assets	142	138	120
Tangible fixed assets	171	186	188
Other non-current financial assets	92	99	90
Leasing receivables	613	595	575
Other non-current receivables	6	6	4
Deferred tax assets	23	20	20
Inventories	84	73	65
Receivables	205	227	182
Other current assets	97	95	108
Cash and cash equivalents	131	487	322
TOTAL ASSETS	**2,722**	**3,046**	**2,780**

Liabilities *In € million*	**31 July 2022**	**31 January 2022**	**31 July 2021**
Shareholders' equity	1,132	1,359	1,280
Non-current provisions	19	19	26
Non-current financial debt	734	869	687
Current financial debt	120	57	94
Lease obligations	57	65	66
Other non-current liabilities	2	2	1
Deferred tax liabilities	168	158	146
Financial instruments	9	3	4
Trade payables	69	80	65
Deferred income	178	193	163
Other current liabilities	234	241	248
TOTAL LIABILITIES	**2,722**	**3,046**	**2,780**

Simplified cash flow statement

In €millions	**H1 2022 (period ended on 31 July 2022)**	**H1 2021 (period ended on 31 July 2021)**
EBITDA	**111**	**118**
Other elements	(5)	(11)
Cash flow before net cost of debt and income tax	**107**	**107**
Change in the working capital requirement	(53)	(6)
Net change in leasing receivables	18	32
Cash flow from operating activities	**72**	**133**
Interest and tax paid	(15)	(41)
Net cash flow from operating activities	**57**	**92**
Capital expenditure	(44)	(39)
Net cash flow after investing activities	**13**	**53**
Impact of changes in scope	2	(72)
Others	0	6
Net cash flow after acquisitions and disposals	**15**	**(13)**
Share buyback	1	(2)
Dividends paid	(2)	-
Change in debt and others	(401)	(178)
Net cash flow from financing activities	**(402)**	**(180)**
Cumulative translation adjustments on cash	(14)	1
Change in net cash position	**(401)**	**(192)**