quadient
Because connections matter.

Quadient reports solid revenue growth in Q4 2022 and an improved current EBIT margin of 15.2% in H2 2022. Organic growth in current EBIT expected at c.10% in 2023.

Key highlights

- **Consolidated sales of €1,081 million**, up +5.6% on a reported basis and **up 1.4% organically**[1]
- **Full-year subscription-related revenue up 3.1%** on an organic basis, **representing 69% of total revenue**
- **Strong Q4 revenues at +3.1% organically,** with all three Solutions and all geographies posting organic growth
- **Current EBIT**[2] **of €150 million** up 2.2% on a reported basis and down 4.8% organically[3]. **Current EBIT**[2] **margin stable y-o-y at 14.3%,** excluding the €5 million negative impact of IFRIC accounting change, supported by a strong improvement in **H2 at 16.1% excluding IFRIC**
- **Net attributable income of €13 million**, impacted by €70 million of non-cash one-off items, mostly from impairment of goodwill and real estate write-offs
- **Robust free cash flow**[4] **of €70 million** despite the higher level of financing of leased equipment for customers vs. 2021
- **Net debt reduced to €722 million** as of 31 January 2023, leading to a lower **leverage at 1.8x excluding leasing**[5]
- **Group successful evolution translates into simplified reporting with the publication of** current EBIT[2] by Solution
- **Proposed dividend of €0.60 per share, up 9% y-o-y** in respect of the fiscal year 2022

FY 2023 guidance confirms the 2021-23 financial outlook

- **2023 organic revenue growth expected at c.3% compared to FY 2022.** For the period 2021-23, the expected organic CAGR in revenue is confirmed at a minimum of 3%.
- **2023 current EBIT**[2] **organic**[3] **growth expected at c.10%,** confirming the mid-term outlook of a minimum mid-single-digit organic CAGR[6] in current EBIT[2] for the period 2021-23.

Paris, 27 March 2023,

Quadient S.A. (Euronext Paris: QDT), a leader in business solutions for meaningful customer connections through digital and physical channels, announces today its 2022 fourth-quarter consolidated sales and full-year results (period ended on 31 January 2023). The full-year 2022 results were approved by the Board of Directors during a meeting held on Friday 24 March 2023.

Geoffrey Godet, Chief Executive Officer of Quadient S.A., stated: *"As we continue to make progress in the execution of our Back to Growth strategy, this year's results benefited from a strong finish, demonstrating Quadient's ability to reposition itself on core markets and geographies, adapt its business to a recurring subscription model while investing in solutions recognized for their leadership. This year, we posted a moderate but positive annual organic revenue growth, with a particularly robust Q4 across all solutions, while the operating profitability showed a marked improvement in H2 vs H1. Our cloud Software Solution performed strongly with a more than 20% record organic growth in Annual Recurring Revenue, driving double-digit*

[1] FY 2022 sales are compared to FY 2021 sales, from which is deducted revenue pro rata temporis from the APS business and production facility in the Netherlands, Graphics activities in the Nordics and Shipping business in France and to which is added revenue pro rata temporis from Beanworks, for a consolidated amount of €(21) million, and are restated after a €64 million positive currency impact over the period.
Q4 2022 sales are compared to Q4 2021 sales, from which is deducted revenue pro rata temporis from the graphics activities in the Nordics and Shipping business in France for a consolidated amount of €(4) million, and are restated after a €10 million positive currency impact over the period.

[2] Current operating income before acquisition-related expenses.
[3] Organic change excludes currency, scope and IFRIC impacts.
[4] Cash flow after capital expenditure.
[5] Including IFRS 16.
[6] Based on 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. The organic growth calculation excludes scope, forex and IFRIC impacts.

organic growth in subscription-related revenue. With the transition from license sales to SaaS subscription nearly completed, this revenue growth is now reflected in an improving profitability trend, as already seen in the second part of the year. Mail-Related Solutions achieved a stunning performance in posting organic growth for the second consecutive year, while succeeding to maintain a high level of profitability. In addition, Mail-Related Solutions delivered strong hardware sales levels and benefitted from record cross sell between Quadient's mailing equipment customers and its Software Solutions. Finally, Parcel Locker Solutions showed attractive growth in our European geographies while the overall performance was impacted by a high comparison basis in Q1 as well as delays in retail and residential projects in the US.

Two years into the second phase of our strategic plan, we have reached a turning point in the evolution of the Group with the divestments of the remaining non-core activities, leading to the end of the Additional Operations segment and the simplification of our financial reporting. We continue to leverage our unique state-of-the-art software and smart hardware platform to drive the synergistic development of the entire Group and achieve our medium-term ambitions. Our integrated and subscription-based business model is proving very resilient in the current macro context and our ability to cross-sell and upsell our comprehensive product range to our more than 440,000 enterprises and SMB customers makes the Group uniquely positioned to continue to grow its top line while also delivering improved profitability."

A SOLID Q4 PERFORMANCE DRIVES 1.4% ORGANIC REVENUE GROWTH IN FY 2022

Group sales stood at €1,081 million in FY 2022, a 1.4% organic growth compared to FY 2021 and a 5.6% increase on a reported basis. The variation includes a positive currency impact of +6.2% or €64 million and a negative scope effect of (2.1)% or €(21) million. The changes of scope are related to the acquisition of Beanworks in March 2021, the divestment of Automated Packaging Systems in July 2021 as well as the more recent divestments of the Graphic activities in the Nordics and the Shipping business in France (both in June 2022).

Segment reporting evolution and accounting changes

The sale of the Graphics activities in the Nordics and of the Shipping business in France have completed the reshaping of the Additional Operations portfolio. The remaining activities in the Additional Operations segment were mostly related to Mail-Related Solutions and Parcel Locker Solutions activities in non-core geographies, which are now being integrated into the existing Solutions activities starting at the FY 2022 reporting.

The end of the Additional Operations segment has led the Group to re-organise its segment reporting based on an approach by Solution rather than the prior approach by geographies. Consequently, the Group will now provide, in addition to the revenue by Solution, the associated current EBIT(2). Details of the new reporting segments are being provided starting in FY 2022 and a pro forma FY 2021 is also shown for comparison basis.

Aside from the simplification effort in segment reporting, the FY 2022 current EBIT[2], both at the Group and at Solution levels, was impacted by the new IFRIC accounting standard on Cloud Software investments. At Group level, the FY 2022 negative impact on current EBIT[2] was €(5) million.

Consolidated sales and current EBIT[2] by Solution

Consolidated Sales

In € million	**FY 2022**	FY 2021 pro forma[(a)]	Change	**Organic change[1]**
Intelligent Communication Automation	227	201	+12.8%	+6.3%
Mail-Related Solutions	757	710[(a)]	+6.7%	+0.1%
Parcel Locker Solutions	91	86[(a)]	+5.6%	+0.4%
Other solutions divested in 2022	5	27[(a)]	(80.4)%	+12.5%
Group total	**1,081**	**1,024**	**+5.6%**	**+1.4%**

(a) Mail-Related Solutions and Parcel Locker Solutions now includes activities previously accounting for in Additional Operations.

Current EBIT[(a)] and EBIT Margin [(a)]

	FY 2022 *(Including new 2022 IFRIC)*		**FY 2022** *(Excluding new 2022 IFRIC)*		FY 2021 pro forma[(b)] *(no IFRIC impact)*	
In € million	**Current EBIT[(c)]**	**EBIT Margin[(c)]**	**Current EBIT[(c)]**	**EBIT Margin[(c)]**	**Current EBIT**	**EBIT Margin**
Intelligent Communication Automation	(10)	(4.5)%	(9)	(4.1)%	(3)	(1.6)%
Mail-Related Solutions	186	24.5%	189	25.0%	171	24.1%
Parcel Locker Solutions	(25)	(27.8)%	(25)	(27.4)%	(19)	(22.0)%
Other solutions divested in 2022	(0)	(5.3)%	(0)	(5.3)%	(2)	(8.6)%
Group total	**150**	**13.9%**	**155**	**14.3%**	**147**	**14.3%**

(a) Before acquisition-related expenses
(b) Mail-Related Solutions and Parcel Locker Solutions now includes activities previously accounting for in Additional Operations.
(c) 2022 current EBIT and EBIT margin were negatively impacted by the €5 million negative impact from the new IFRIC accounting standard for cloud computing

Intelligent Communication Automation

Sales from **Intelligent Communication Automation** were up 6.3% organically and 12.8% on a reported basis to €227 million. Subscription-related revenue continues to grow at a double-digit rate closing the year on an 18.5% organic growth. Q4 marked a further acceleration of the organic growth trend reaching 22.1% for the quarter. Record year for cross selling software modules to Mail-Related Solutions customers and several large subscription deals (>€1 million/year each) signed in 2022 have both contributed to this solid performance. It is also worth highlighting the fast organic increase in revenues delivered by Quadient's Account Receivables and Account Payables modules growing at over 50% for the FY 2022. Overall, demand for Quadient's cloud-based offering has remained strong throughout FY 2022 with each quarter of the year posting a double-digit organic increase in subscription-related revenue, which now accounts for 75% of Intelligent Communication Automation total sales in 2022 compared to only 67% in FY 2021.

The share of SaaS customers reached 80% at the end of FY 2022, a further increase compared to 76% in FY 2021, also highlighting the progress made in the change in business model from license sales to a cloud-based offer. Annual recurring revenue set a new record, reaching €187 million at the end of FY 2022, up from €145 million at the end of FY 2021, representing a 22% organic increase[7]. Annual recurring revenue is a forward-looking indicator of future subscription-related organic growth, which is expected to further accelerate in FY 2023.

With the strong increase in Subscription-related revenue, the weight of license sales continues to decrease, now only representing 8% of total Solution sales. License sales decreased by 37.6% organically in FY 2022 bringing the transformation

[7] *FY 2022 ARR benefited from a €10 million positive currency impact vs January 2022*

of the business model close to completion. The negative impact of this transition on the Solution growth should therefore be more limited going forward. Professional services were slightly down organically, by 5.4%, professional services revenue being directly linked to the evolution in product mix.

Current EBIT[2] for Intelligent Communication Automation was negative at €(10) million, leading to an EBIT margin[2] of (4.5)%. The operating profitability of Intelligent Communication Automation was mainly impacted in the first half of the year by the high inflation weighing on personnel costs, a return to normalised marketing expenses post-Covid and additional costs linked to the launch of new modules in selected European countries. The second half of the year showed a marked improvement in current EBIT[2] with an EBIT margin moving from (9.7)% in H1 to 0.2% in H2 thanks to the increase in revenue and in gross margin as well as to a tight cost control, lower impact from salary inflation and reduced travel expenses. Furthermore, the on-going change in business model continues to impact the Solution profitability, whereas H1 2022 was also impacted by a high comparison basis due to a large license deal signed in Q2 2021.

Current EBIT[2] for the Solution is expected to improve in FY 2023 driven by the rising profitability of the installed base, the contribution from the phasing of the prices increases and the contribution from the growing revenue. In addition, the negative impact from the change in business model should continue to decline thanks to the lower weight of license sales in the revenue mix.

Mail-Related Solutions

Mail-Related Solutions sales reached €757 million in FY 2022, up 6.8% on a reported basis and slightly up organically (+0.1%). Revenue from Mail-Related Solutions now includes former Additional Operations Mail activities in non-core geographies for €51m. This is the second consecutive year of organic increase, a remarkable performance for Mail-Related Solutions as it comes against a high comparison basis (a 1.8% organic growth in the FY 2021) and while the second half of the year was impacted by supply chain disruption. Looking at the geographic contributions, this outstanding performance was mostly driven by organic growth from North America (both subscription-related revenue and license & hardware sales), while the Main European countries showed contrasted contributions.

The solid performance in hardware sales also continued with a 4.3% organic increase in FY 2022, fuelled by a very strong Q4 at +9.1% organic growth. Quadient's strategy to renew its product offering is bearing fruits with an increasing penetration of the new generation of products. The share of the upgraded installed base is reaching 19.9% at the end of FY 2022, vs 11.7% at the end of FY 2021. Placement of remanufactured mailing equipment is also gathering pace with the remanufacturing level reaching 73% at the end of the year, well ahead of the 50% level targeted by the Group for 2023.

Subscription-related revenues (69% of Mail-Related Solutions sales) recorded a limited 1.7% decline in FY 2022. This solid performance is driven by both the resilience of the installed base and the multi-year largely indexed contracts.

Current EBIT[2] for Mail-Related Solutions was €186 million for FY 2022 including a c.€(3) million negative impact from the new IFRIC accounting standard for cloud computing. Current EBIT margin for FY 2022 was 24.5%. The high profitability level of Mail-Related Solutions is even more remarkable given the high inflationary environment as well as still high freight costs. Record cross-selling of Intelligent Communication Software leading to increased costs synergies, strong focus on costs control, continuous increase in remanufacturing placements and the benefit from the indexation have all contributed to this solid performance.

Current EBIT[2] for the Solution is expected to remain solid in FY 2023 supported by a tight focus on cost control, a positive outlook in North America and further penetration of new generation mail equipment.

Parcel Locker Solutions

Parcel Locker Solutions sales increased by 5.6% to €91 million in FY 2022, a 0.4% organic increase compared to FY 2021. FY 2022 revenue includes Lockers activities in non-core geographies from the former Additional Operations segment for €4 million.

License and hardware sales were down 12.6% organically in FY 2022 impacted, on the one hand, by an unfavourable comparison basis linked to the final phase of the deployment of a large North American retail contract in Q1 2021, and, on the other hand, by the delays in retail and residential projects in the US.

Subscription-related revenues were up 10.0% organically supported by the deployment of existing contracts, solid usage rate (standing at 64% at the end of FY 2022) and the benefits from price increases on the installed base. Subscription-related revenue stands at 59% of total revenue for Parcel Locker Solutions.

The deployment of a new open network of lockers in the UK, launched in June 2022, is gathering momentum. DPD, DHL and Evri have all officially announced that they will use the network for the delivery of their volumes, while a fourth carrier has recently also joined the network. The targeted number of installed lockers is set at 5,000, to be deployed in the coming years.

Quadient's global installed locker base reached 18,000+ units at the end of FY 2022.

Current EBIT[2] for Parcel Locker Solutions was negative at €(25) million in 2022, with a current EBIT margin of (27.8)%. Current EBIT margin for the existing installed base was 12.5% vs 11.3% a year ago. Profitability in 2022 has been impacted by several one-off factors, namely:

i) Increased costs associated with the development and the launch of new products,

ii) Go-to-market and initial deployment costs associated with the new UK open-network, and

iii) Delays in retail deals and residential installations in the US.

Profitability is expected to increase in FY 2023 supported by declining freight costs, lower costs associated with product launches and the UK open network as well as the rising profitability of the installed base and benefits from the phasing of price increases.

Consolidated sales by geographies

In € million	**FY 2022**	FY 2021 Pro forma	Change	**Organic change[1]**
North America	599	519	+15.4%	+3.0%
Main European countries[(a)]	372	376	(1.0)%	(1.4)%
International[(b)]	110	128	(14.7)%	+3.6%
Group total	**1,081**	**1,024**	**+5.6%**	**+1.4%**

(a) Including Austria, Benelux, France, Germany, Ireland, Italy, Switzerland, and the United Kingdom.

(b) International includes the activities of Intelligent Communication Automation, Mail-Related Solutions and Parcel Locker Solutions outside of North America and the Main European countries as well as divested other solutions previously recorded under Additional Operations.

Sales in **North America** (55% of Group sales) were up 3.0% organically to €599 million and 15.4% on a reported basis. Solid hardware sales for Mail-Related Solutions as well as a strong performance from Intelligent Communication Automation were the main contributors to the growth in the region. Penetration of Quadient's cloud-based solutions continues to be well supported by successful cross-selling with two-thirds of new Software customers coming from the Mail customer base. Quadient's Account Receivables and Account Payables solutions also performed well in the region contributing to the overall solid performance for the year. Parcel Locker Solutions, however, suffered from both delays in the deployment of retail and residential projects and from a high comparison basis with the completion of the roll-out of a large retail contract in Q1 2021.

Main European countries (34% of Group sales) were marginally down by 1.4% on an organic basis to €372 million. Performance has been contrasted by countries and by Solution in this region. Mail-Related Solutions performed well in terms of hardware sales in most European countries except for France. For Intelligent Communication Automation, penetration of the recently launched Account Receivables and Account Payables modules have started to contribute to the growth in the region but the decline in license sales due to the change in business model continues to impact the overall growth. Parcel Locker Solutions was the main contributor to growth in the region (+c.50% on an organic basis), benefiting from the on-going deployment of the recently signed contracts most notably in France.

The **International** segment (10% of Group sales) delivered a 3.6% organic growth, to €110 million, mostly driven by the good dynamics of both Intelligent Communication Automation and Parcel Locker Solutions.

Q4 2022 SALES

Consolidated sales stood at €288 million in the fourth quarter of 2022, up 5.5% on a reported basis and 3.1% on an organic basis compared to the fourth quarter of 2021. A solid performance driven by all three Solutions and all geographies, demonstrating an acceleration of the revenue growth trend through the year.

In € million	**Q4 2022**	**Q4 2021** *Pro forma*	Change	**Organic change[1]**
Intelligent Communication Automation	61	54	+13.1%	+9.0%
Mail-Related Solutions	202	193	+4.9%	+0.9%
Parcel Locker Solutions	25	23	+9.6%	+7.5%
Other solutions divested in 2022	0	4	(100)%	(100)%
Group total	**288**	**273**	**+5.5%**	**+3.1%**

Intelligent Communication Automation sales were strongly up with 9.0% organic growth to €61 million after a slower Q3 2022, the Subscription-related revenue showing the strongest organic growth of the year at +22.1%, more than offsetting the decline in license sales.

Mail-Related Solutions sales continued to show strong resilience, reaching €202 million, up by 0.9% on an organic basis benefiting from the reduction of the backlog despite further supply chain issues.

Parcel Locker Solutions sales stood at €25 million in Q4 2022, with a +7.5% organic growth compared to Q4 2021 thanks to the ongoing deployment of existing contracts in France and the UK.

In € million	**Q4 2022**	**Q4 2021**	Change	**Organic change[1]**
North America	157	141	+10.9%	+2.8%
Main European countries[(a)]	101	99	+2.3%	+2.6%
International[(b)]	30	32	(8.2)%	+5.8%
Group total	**288**	**273**	**+5.5%**	**+3.1%**

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

North America posted 2.8% organic growth in the quarter, with a double-digit growth in Intelligent Communication Automation and Mail-Related Solutions posting positive organic growth.

Main European Countries posted a 2.6% organic growth, fuelled by a remarkable performance of both Mail-Related Solutions and Parcel Locker Solutions, the latter benefitting from the development of the recent contracts in France.

International grew +5.8% organically with all solutions contributing to the growth.

REVIEW OF 2022 FULL-YEAR RESULTS

Simplified P&L

In € million	**FY 2022** *(including IFRIC)*	**FY 2021** *(No IFRIC impact)*	Change
Sales	**1,081**	**1,024**	**+5.6%**
Gross profit	790	744	+6.2%
Gross margin	*73.1%*	*72.6%*	
EBITDA	240	245	(2.0)%
EBITDA margin	*22.2%*	*23.9%*	
Current operating income before acquisition-related expenses	**150**	**147**	**+2.2%**
Current operating income margin (before acquisition related expenses)	*13.9%*	*14.3%*	
Current operating income	140	135	+3.5%
Optimization expenses and other operating income & expenses	(73)	(19)	n.m.
Operating income	**67**	**116**	**(42.6)%**
Financial income/(expense)	(36)	(8)	n.m.
Net attributable income	**13**	**88**	**(84.9)%**
Earnings per share	0.29	2.32	
Diluted earnings per share	0.29	2.17	

Gross margin improved to 73.1% in FY 2022 compared to 72.6% in FY 2021. A solid performance achieved in difficult conditions with the high inflation level impacting all costs aspects and freight costs still at elevated levels. Tight cost control as well as the positive business development and price increases all contributed to this improvement in gross margin.

Current operating income before acquisition-related expenses increased to €150 million in FY 2022 compared to €147 million in FY 2021, up 2.2% on a reported basis and down 4.8% on an organic[3] basis. The current operating income before acquisition-related expenses includes a €5 million negative impact from the new IFRIC rule for cloud computing. Current **operating margin** before acquisition-related expenses stood at **13.9%** of sales in 2022 compared to 14.3% in 2021. Excluding the negative IFRIC impact, the current operating margin before acquisition-related expenses would have been **stable year over year at 14.3%.** The Group's operating profitability was impacted by higher personnel costs, increased R&D, and go-to-market spendings. Investments into scaling the network of parcel lockers with the launch of the UK open network also weighed on profitability as well as the recent delays in retail and residential lockers projects in the US. Price increases through the year, the benefit of indexation for part of the Group's installed base as well as tight cost control helped mitigate these negative elements. As anticipated, H2 current EBIT margin showed a marked improvement versus H1 2022 level, at 16.1% excluding IFRIC vs 12.5%.

The solid H2 performance was driven by all three Solutions with notably Intelligent Communication Automation showing strong recovery while Mail-Related Solutions managed to further improve an already high level of profitability.

With no significant M&A activities in FY 2022, **acquisition-related expenses** declined slightly to €10 million in FY 2022, compared to €12 million in 2021. Consequently, **current operating income** stood at €140 million in 2022 including the negative IFRIC impact, compared to €135 million in FY 2021.

Optimization costs and other operating expenses stood at €73 million in FY 2022, versus €19 million in FY 2021. In particular, this included:

i) Goodwill impairment for €48 million, resulting from the WACC increase in UK, Ireland and DACHIT regions and tax rate increase in the UK

ii) Real estate write-offs linked to the optimisation of the office footprint for a total amount of €16 million

Including these non-current items, **operating income** for FY 2022 was €67 million, versus €116 million recorded in FY 2021.

Net attributable income

2022 **net cost of debt** was marginally up year-on-year at €27 million, against €25 million in FY 2021. The increase is mainly due to the refinancing of the ODIRNANE instrument, which was booked in equity, through the emission of *Schuldschein* debt in November 2021.

The currency gains & losses and other financial items were a loss of €9 million in 2022 versus a gain of €17 million in FY 2021. This is partly due to a decrease of €5 million in the fair value of the investment made by Quadient in private equity funds X'Ange 2 and Partech Entrepreneurs while, in FY 2021, currency gains and other financial items benefited from the €20 million increase in the fair value of these investments.

Overall, **net financial result** was a loss of €36 million in FY 2022 compared to a loss of €8 million in FY 2021.

Income tax decreased to €16 million in FY 2022 versus €20 million in FY 2021. This is mainly due to the favourable impact of a tax loss carry forward recognition, partly offset by an increase in the tax charge in the United States.

The **corporate tax rate** stood at 54.8% in FY 2022 compared to 18.1% in FY 2021. This high rate is mainly owing to the impairment of goodwill recorded this year. Restated for this item, the corporate tax rate would be 21.4% and marks a return to a more normal level.

Net attributable income after minority interest amounted to €13 million in FY 2022 compared to €88 million in FY 2021.

Earnings per share[8] stood at €0.29 in FY 2022 compared to €2.32 in FY 2021.

Proposed dividend at €0.60 per share for the FY 2022, a 9% increase against the FY 2021 dividend. The dividend is subject to approval by the Annual General Meeting, scheduled for 16 June 2023, and will be paid in cash in one instalment on 7 August 2023.

[8] *For the full year 2022, the average compounded number of shares is 33,927,065, and the fully diluted number of shares is 33,927,065.*
[9] *EBITDA = current operating income + provisions for depreciation of tangible and intangible fixed assets.*

Cash flow generation

EBITDA[9] was €240 million in FY 2022 compared to €245 million in FY 2021. **EBITDA margin** decreased from 23.9% in FY 2021 to 22.2% in FY 2022. Excluding the negative IFRIC impact, **EBITDA margin for the FY 2022 would have been 22.7%.** The decline in EBITDA margin was mainly due to increased go to market efforts to support the Group's growth engines, product launches in new geographies as well as the impact from salary inflation.

The change in **working capital** was negative by €38 million in FY 2022 compared to a net cash outflow of €8 million in FY 2021. The degradation in working capital was primarily driven by the higher level of inventories at the end of the year due to both supply chain disruptions for the Mail business and delays in retail and residential projects for the Parcel Locker Solutions. The slower collection of receivables compared to the exceptional level in FY 2021 (catch up impact post Covid-19 crisis) also impacted the working capital.

Lease receivables recorded a remarkable small decrease of only €8 million in FY 2022 compared to a decrease of €39 million in FY 2021. This extremely solid performance has been achieved thanks to the high level of hardware placement for Mail-Related Solutions, which in turns slows the decline of the leasing portfolio.

The **leasing portfolio and other financing services** is stable at €595 million as of 31 January 2023, the same level as of 31 January 2022 helped by a positive currency impact. On an organic basis, this represents a slower decrease of 1.4% at the end of FY 2022 compared to a decrease 6.4% at the end of FY 2021. At the end of FY 2022, the default rate of the leasing portfolio stood at around 1.6% compared to 1.7% at the end of FY 2021.

Interest and taxes paid decreased significantly to €35 million in FY 2022 versus €66 million in FY 2021. The lower amount paid in 2022 is mostly explained by the reimbursement of the 2020 tax loss carry-back measures in the US.

Capital expenditure remained stable in 2022 at €88 million. Development capex was also stable at €36 million in 2022 (vs. €37 million in FY 2021) and was mostly spent on R&D investments for software developments and Parcel lockers innovations. Rented equipment capex was slightly up year-over-year at €30 million in FY 2022, compared to €29 million in FY 2021, thanks to the sustained level of Mail-Related Solutions hardware placements, the on-going deployment of Parcel Locker Solutions contracts in France and Japan as well as the start of the installation of the new UK open network. The small increase in maintenance capex, to €13 million, was mostly linked to software projects and IT equipment spendings. To be noted, while previously capitalised, cloud computing investments are now expensed or moved to prepaid expenses in line with the new IFRIC accounting standard for an amount of €8 million.

Consequently, **cash flow after capital expenditure** for the year was down to €70 million in FY 2022 compared to €104 million in FY 2021.

LEVERAGE AND LIQUIDITY POSITION

Net debt stood at €722 million as of 31 January 2023, an increase against the €504 million of net financial debt recorded as of 31 January 2022 but this represents a significant decrease versus the €769 million, comprising the 2021 net financial debt plus the €265 million ODIRNANE facility accounted for as equity. Therefore, the overall financial structure for the Group has improved significantly in FY 2022 despite the increase in debt level which is due to the repayment in full of the ODIRNANE instrument in June 2022. The ODIRNANE was repaid following the successful issuance of a €270 *Schuldschein* emission in November 2021. The Group has **no significant debt maturity before** its €325 million 2.25% bond maturing in **2025**.

The **leverage ratio** (net debt/EBITDA) improved slightly to 3.0x[5] as of 31 January 2023 versus 3.1x[5] as of 31 January 2022 (adjusted for the ODIRNANE). Excluding leasing and adjusted for the ODIRNANE, the leverage ratio also improved to 1.8x[5] as of 31 January 2023 vs 2.0x[5] at the end of FY 2021 (31 January 2022). **The Group remains focused on reaching its leverage ratio target of 1.75x[5] excluding leasing as of 31 January 2024.**

As of 31 January 2023, the Group had a robust **liquidity position** of €572 million, split between €172 million in cash and a €400 million undrawn credit line, the latter maturing in 2024.

Shareholders' equity stood at € 1,082 million as of 31 January 2023 compared to €1,359 million as of 31 January 2022. The **gearing ratio**[10] went up to 66.7% as of 31 January 2023 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

FY 2023 guidance allows to confirm the 2021-2023 financial outlook

Revenue guidance

- Sales outlook is confirmed at minimum 3% organic sales CAGR over 2021-23
- FY 2023 organic sales growth is expected c.3%.

Current EBIT[2] guidance

- Current EBIT[2] outlook is confirmed at minimum mid-single digit organic[6] current EBIT[2] CAGR over 2021-23
- FY 2023 organic growth in current EBIT[2] is expected at c.10%.

In terms of the organic revenue growth, FY 2023 is expected to benefit from the positive trend in Annual Recurring Revenue for Intelligent Communication Automation, which grew at +22% organically in FY 2022 and is expected to translate into a similar level of subscription-related revenue growth in FY 2023. In addition, solid cross-selling and upselling dynamics should also continue to drive growth in future bookings. As the weight of licenses sales continues to decrease, growth for Intelligent Communication Automation is expected to gradually move closer to the subscription-related revenue growth.

After two remarkable years of organic growth for Mail-Related Solutions, driven by solid hardware placements and some benefits from price increases, the outlook for FY 2023 is cautiously optimistic thanks to further benefits from price increases and further upgrade of the installed base.

Parcel Locker Solutions should deliver strong organic growth in FY 2023 supported by the rising contribution of the larger installed base as well as some catch up in installations in the US following the delays recorded in FY 2022 in the residential and retail sectors.

Turning to the current EBIT[2], the improvement in profitability is expected to be driven by:

i) The rising profitability of the installed base for both the SaaS activity and parcel lockers,

ii) Continued improvement in current EBIT[(1)] for Intelligent Communication Automation as the transition to SaaS is almost completed, significant increase in current EBIT[2] expected for Parcel Locker Solutions driven by acceleration of locker placements, whilst Mail-Related Solutions current EBIT[2] margin should remain high thanks to careful price control, and

iii) Lower freight costs.

However, salary inflation is expected to continue.

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[10] *Net debt / shareholders' equity*

BUSINESS HIGHLIGHTS

Quadient launches Parcel Pending smart lockers in Ireland to support on-going modernization of the residential property industry

On 8 November 2022, Quadient announced the launch of Parcel Pending by Quadient in Ireland. By providing secure, self-service smart parcel lockers to businesses across the country, together with a dedicated support center and response and repair team, Quadient will help the Irish economy capitalize on the property boom by simplifying parcel delivery and improving residents' experience.

Esker and Quadient to Develop Electronic Invoicing Platform, to Partner with French Government

On 21 November 2022, Esker and Quadient announced that their years-long collaboration will take on a new dimension by partnering with the French government's upcoming Partner Dematerialization Platform (PDP).

Top 250 Ranking of French Software Companies Places Quadient Fifth in 'Horizontal Publishers' Category

On 25 November 2022, Quadient announced it has been ranked fifth in the EY and Numeum 2022 Top 250 list of French software companies in the Horizontal Publishers (cross-industry) category, as well as fifteenth in the overall ranking.

Relais Colis Installs 200 to 300 Quadient Parcel Lockers in Carrefour Retail Stores

On 1 December 2022, Quadient announced that Relais Colis, a key player in the French out-of-home parcel delivery market, is installing 200 to 300 Quadient smart lockers in Carrefour retail stores

Quadient Named an Approved Cloud Software Supplier on UK Government's Digital Marketplace

On 6 December 2022, Quadient announced it has been awarded a place on the UK government's new G Cloud 13 framework, managed by Crown Commercial Service (CCS). G Cloud provides organizations, across both central government and the wider public sector, with an online digital marketplace to procure cloud-based software solutions.

Quadient Announces Fourth Carrier Joining its Smart Locker Open Network in the UK

On 13 December 2022, Quadient announced that a fourth international carrier has joined its open network of parcel lockers in the UK.

Quadient Announces New Accounts Payable Automation Cloud Solution Integration with Microsoft Dynamics Business Central

On 20 December 2022, Quadient announced a new partnership between its accounts payable (AP) automation cloud solution and Microsoft Dynamics Business Central (formerly known as MS Dynamics NAV) that will benefit users in North America, UK, and Ireland.

Quadient Announces over $12m Subscription-based Software Services Contract with Top 5 Global Health Insurance Company

On 4 January 2023, Quadient announced the largest contract for its Intelligent Communication Automation (ICA) solutions, with the signature of a two-year contract extension with one of the top 5 global healthcare insurance companies based in the United States.

MTS Logistics Selects Quadient to Automate and Secure Over 3.5 million Annual Healthcare Communications

On 18 January 2023, Quadient announced that MTS Logistics has selected Quadient to support its expanding delivery and forwarding services for the healthcare sector. MTS Logistics recently upgraded its facility and today utilizes a complete suite of solutions from Quadient for the processing of confidential mail, including two IS-6000 high-performance mailing systems, two DS-200i connected folder inserters, mail integrity software AIMS (Automated Insertion Management System) and Quadient's software solution to automate multi-channel customer communications.

Quadient Ranked Among Global 100 Most Sustainable Companies for Second Year in a Row

On 20 January 2023, Quadient announced that it has been included in this year's Corporate Knights' Global 100 ranking of the world's most sustainable companies. For the second year in a row, Quadient has been recognized for its Corporate Social Responsibility (CSR) strategy, earning the 75th spot in the 19th annual ranking published by the international sustainable business research organization.

POST-CLOSING EVENTS

Quadient Introduces iX-1 Postage Meter in U.S. for Small Business and Home Offices

On 1 February 2023, Quadient announced the general availability in the U.S. of the Quadient iX-1 postage meter, a compact yet powerful mailing system that combines mail and parcel processing into one user-friendly solution designed for the small office environment.

New Drop Box Facilitates Returns with Parcel Pending by Quadient Lockers in UK; Evri to be the First Carrier to Use the Technology

On 7 February 2023, Quadient introduced an additional feature for its Parcel Pending by Quadient smart lockers that enables shoppers to easily drop off parcels, with the added ability to print shipping labels if needed.

Quadient Celebrates Milestone of 10,000 Smart Locker Units Installed in North America and 18,000 Worldwide

On 28 February 2023, Quadient announced it has reached a significant milestone with more than 10,000 parcel locker units in operation in the United States and Canada and a total of 18,000 units globally.

Ferguson Selects Quadient's Smart Lockers for Convenient, Secure Order Pickup

On 13 March 2023, Quadient announced Ferguson, a leading distributor providing expertise, solutions and products from infrastructure, plumbing and appliances to HVAC1, fire, fabrication and more, has deployed Parcel Pending by Quadient smart lockers, including the new line of oversized lockers, in direct response to customer demand for a streamlined in-store pickup experience during and outside of regular store hours. Ferguson operates over 1,500 locations in the United States, serving all 50 states, many with same-day and next-day product availability.

Quadient Accelerates Growth of Cloud-based Solutions in the Public Sector with More than Twenty New Contracts Signed in 2022

On 15 March 2023, Quadient announced growth momentum for its Intelligent Communication Automation solutions among public sector organizations across major geographies. In the 2022 fiscal year that closed 31 January 2023, more than 20 new public sector organizations selected Quadient's cloud-based solutions to manage critical multichannel communications, accounting for nearly 10% of new contracts' value and almost a tenfold increase over 2021.

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: +1 786 697 3501;
- 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

- 31 May 2023: **Q1 2023 sales release** (after close of trading on the Euronext Paris regulated market).
- 16 June 2023: **Annual General Shareholders Meeting**

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 60 and EnterNext® Tech 40 indices.

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

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FULL-YEAR 2022

Consolidated income statement

In € million	FY 2022 (period ended on 31 January 2023)	FY 2021 (period ended on 31 January 2022)
Sales	**1,081**	**1,024**
Cost of sales	(291)	(280)
Gross margin	**790**	**744**
R&D expenses	(57)	(52)
Sales and marketing expenses	(277)	(256)
Administrative and general expenses	(186)	(175)
Service and support expenses	(114)	(109)
Employee profit-sharing and share-based payments	(6)	(5)
Current operating income before acquisition-related expenses	**150**	**147**
Acquisition-related expenses	(10)	(12)
Current operating income	**140**	**135**
Optimization expenses and other operating income & expenses	(73)	(19)
Operating income	**67**	**116**
Financial income/(expense)	(36)	(8)
Income before taxes	**31**	**108**
Income taxes	(16)	(20)
Share of results of associated companies	1	1
Net income	**16**	**89**
Minority interests	3	1
Net attributable income	**13**	**88**

Simplified consolidated balance sheet

Assets *In € million*	**31 January 2023**	**31 January 2022**
Goodwill	1,080	1,120
Intangible fixed assets	125	138
Tangible fixed assets	154	186
Other non-current financial assets	80	99
Leasing receivables	595	595
Other non-current receivables	6	6
Deferred tax assets	16	20
Inventories	86	73
Receivables	237	227
Other current assets	93	93
Cash and cash equivalents	172	487
Current financial instruments	3	2
TOTAL ASSETS	**2,647**	**3,046**

Liabilities *In € million*	**31 January 2023**	**31 January 2022**
Shareholders' equity	1,082	1,359
Non-current provisions	13	19
Non-current financial debt	730	869
Current financial debt	114	57
Lease obligations	50	65
Other non-current liabilities	3	2
Deferred tax liabilities	136	158
Financial instruments	6	3
Trade payables	79	80
Deferred income	203	193
Other current liabilities	231	241
TOTAL LIABILITIES	**2,647**	**3,046**

Simplified cash flow statement

In €millions	**FY 2022 (period ended on 31 January 2023)**	**FY 2021 (period ended on 31 January 2022)**
EBITDA	**240**	**245**
Other elements	(17)	(18)
Cash flow before net cost of debt and income tax	**223**	**227**
Change in the working capital requirement	(38)	(8)
Net change in leasing receivables	8	39
Cash flow from operating activities	**193**	**258**
Interest and tax paid	(35)	(66)
Net cash flow from operating activities	**158**	**192**
Capital expenditure	(88)	(88)
Net cash flow after investing activities	**70**	**104**
Impact of changes in scope	3	(61)
Others	0	9
Net cash flow after acquisitions and disposals	**73**	**52**
Dividends paid	(21)	(17)
Change in debt and others	(393)	(53)
Net cash flow from financing activities	**(414)**	**(70)**
Cumulative translation adjustments on cash	(3)	(9)
Change in net cash position	**(344)**	**(28)**