



Solid Q3 performance thanks to robust subscription-related revenue growth and despite delays in parcel locker projects in the US

- **Group revenue of €793 million in 9M 2022, up 5.6% on a reported basis** and 0.8%¹ organically compared to 9M 2021.
- **Growth in subscription-related revenue reached 3.0%** on an organic basis, further demonstrating the strength of the recurring business model.
- **Revenue for Q3 2022 was up 8.8% on a reported basis** and up 1.0%¹ on an organic basis to €270 million at Group level, a small increase against the organic growth trend achieved in H1 2022.

At Major Operations level:

- Intelligent Communication Automation cloud software revenue was up 5.2% organically in the 9M 2022, supported by a **strong 17.2% increase** in subscription-related revenue. **Annual Recurring Revenue growth stood at +22% on an annualized organic** basis, at the end of the period.
- Mail-Related Solutions continues to prove its **resilience with a limited organic decline** of -0.6% in Q3, bringing the 9M performance to -0.4% organic change.
- Parcel Locker Solutions revenue was flat in Q3 2022, at **-0.2% on an organic basis**. Positive contribution from existing contract deployments offset delays in some retail deals and locker installations in the residential sector, both in the US. Revenue for the 9M 2022 was down -1.8% organically.

Strong Q4 expectations reiterated across Solutions, not fully offsetting the weak Q3 US lockers performance

- On a reported basis, **Group FY 2022 revenue and current EBIT² are expected to grow** over last year level benefiting from a favourable forex contribution thanks to the Group's significant and growing US presence.
- **Organic growth in revenue for the FY 2022 is now expected at above 1%³, compared to above 2% previously⁴**. Whilst the Group maintains its expectations for a strong Q4 performance across Solutions, a weaker Q3 from Parcel Lockers and the uncertain level of backlog reduction in Q4 (backlog level is up over +40% compared to 9M 2021) have led to a cautious approach to the full year outlook.
- **FY 2022 current EBIT² guidance⁴ is now expected at a low to mid-single digit year-on-year organic decline compared to a previous guidance of a low to mid-single digit organic growth**. H2 2022 EBIT margin is still expected to show a significant improvement against H1 2022 level, however, lower than expected Q3 organic revenue organic growth has also led to an updated EBIT⁴ guidance as it carries a direct impact on the operating profitability level.

Paris, 5 December 2022,

Quadiant (Euronext Paris: QDT), a leader in business solutions for meaningful customer connections through digital and physical channels, announces today its 2022 third quarter and nine-month consolidated sales (period ended on 31 October 2022).

Geoffrey Godet, Chief Executive Officer of Quadiant, stated: *"With strong growth in subscription-related revenue and a very attractive level in Annual Recurring Revenue, we are pleased with the Q3 performance of our Software business as this further confirms the strength of our product offering. The solid performance of our SaaS platform is complemented by a seventh*

¹ 9M 2022 sales are compared to 9M 2021 sales at constant exchange rates (€53 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 Systems, Graphic business in the Nordics and the Shipping activities in France, for a consolidated amount of €-18 million.

² Q3 2022 sales are compared to Q3 2021 sales at constant exchange rates (€23 million positive currency impact over the period) to which is deducted, prorata temporis, revenue from Automated Packaging Systems, Graphic business in the Nordics and the Shipping activities in France, for a consolidated amount of €-3 million.

³ Current operational result before acquisition-related fees.

⁴ Compared to FY 2021 sales at constant exchange rates to which is added, prorata temporis, revenue from Beanworks (acquired in March 2021) and to which is deducted, prorata temporis, revenue from Automated Packaging Systems (divested in July 2021), Graphic business in the Nordics and the Shipping activities in France (divested in June 2022), accounting for a consolidated amount of €-21 million.

⁵ FY 2022 guidance last published in Quadiant press release - 2022 half-year results and second quarter sales, September 26, 2022



PRESS RELEASE

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consecutive quarter of resilience for our Mail-Related Solutions, which posted a marginal organic decline. Parcel Locker Solutions, which has been impacted by US projects postponement to 2023 with retailers, remains very dynamic with strong bookings achieved in Q3. Given the more challenging macro environment, it is important to stress the relevance of our offer and the resilience of our recurring business model. All our Solutions enable organizations to achieve significant time and costs savings while providing their customers with a superior experience. I am proud of the integrated and balanced portfolio of solutions we have built and confident in our ability to deliver a strong level of organic growth in Q4.”

SOLID GROWTH ON A REPORTED BASIS, ORGANIC TREND IN LINE WITH H1

Group sales stood at €793 million in the 9M 2022. On a reported basis, Group sales **went up 5.6% compared to 9M 2021**, including a positive currency impact of +6.7% and a negative scope effect of -2.2%. 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). Group sales were up 0.8% organic basis in the 9M 2022.

Consolidated sales

In € million	9M 2022	9M 2021	Change	Organic change ⁽¹⁾
Major Operations	749	689	+8.6%	+0.7%
<i>Intelligent Communication Automation</i>	166	147	+12.7%	+5.2%
<i>Mail-Related Solutions</i>	518	481	+7.8%	(0.4)%
<i>Parcel Locker Solutions</i>	65	62	+4.8%	(1.8)%
Additional Operations	45	62	(28.5)%	+2.0%
Group total	793	752	+5.6%	+0.8%

In € million	9M 2022	9M 2021	Change	Organic change ⁽¹⁾
Major Operations	749	689	+8.6%	+0.7%
<i>North America</i>	442	378	+17.0%	+3.0%
<i>Main European countries^(a)</i>	267	274	(2.5)%	(3.2)%
<i>International^(b)</i>	40	38	+5.7%	+5.2%
Additional Operations	45	62	(28.5)%	+2.0%
Group total	793	752	+5.6%	+0.8%

(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 €749 million (94% of total sales) in the 9M 2022, an 8.6% increase on a reported basis and a 0.7% year-over-year organic growth, which represents a small improvement compared to H1 2022. Growth in subscription-related revenue remains solid, at +2.9% on an organic basis in the 9M 2022, representing 71% of the Major Operations sales compared to 70% in 9M 2021, a further confirmation of the recurring nature of Quadiant’s business model.

Sales in **North America** (59% of Major Operations) were up 3.0% organically, to €442 million. Double digit organic increase from Intelligent Communication Automation as well as organic growth from Mail-Related Solutions with strong hardware sales were the main contributors to this positive performance. Parcel Locker Solutions reported an organic decline in the region due to a combination in the US of weaker installation in the residential market impacted by construction delays, some retail deals being postponed into 2023 and the high comparison basis from the completion of the roll-out of a large retail contract in Q1 2021.



Main European countries (36% of Major Operations) were down 3.2% organically to €267 million, mostly driven by a small organic decline in Mail-Related Solutions and, to a lesser extent, by lower revenue from Intelligent Communication Automation software license sales, as the Group continues to shift its business model to SaaS subscriptions. Parcel Locker Solutions benefited from a strong acceleration in organic growth, mostly driven by the ongoing deployment of the recently signed contracts in the region, as well as the initial contribution from the roll-out of the UK open network.

Sales from the **International** segment (5% of Major Operations) were up 5.2% organically to €40 million, with positive contribution from both Intelligent Communication Automation and Parcel Locker Solutions.

Intelligent Communication Automation

Sales from **Intelligent Communication Automation** reached €166 million in the 9M 2022, up +12.7% on a reported basis and 5.2% organically. The penetration of the SMB segment accelerated in the quarter, with the Account Payable (AP) and Account Receivable (AR) offer remaining very strong, (up c. 65% compared to Q3 2021), supported by a good level of cross-selling from Mail-Related Solutions sales organization. Performance was also well oriented in the enterprise segment.

Growth in subscription-related revenue continued to be solid at +17.8% organically in Q3 2022 after +16.9% in H1 2022. (+17.2% organically in the 9M 2022). **Subscription-related revenue now represents 75%** of Intelligent Communication Automation sales compared to 67% in the 9M 2021, further evidence of the successful shift in business model, from license sales to SaaS. Licenses sales were consequently down 43.1% organically in the 9M 2022.

Annual recurring revenue reached €179 million at the end of 9M 2022, up from €145 million at the end of 2021⁵ (a 22% annualized organic increase). Also illustrating the shift in revenue model, **the share of SaaS customers reached 79%** at the end of the 9M 2022. Lastly, professional services were slightly down organically (-2.8%) due to the evolution in product mix.

Mail-Related Solutions

Mail-Related Solutions sales stood at €518 million in the 9M 2022, up 7.8% on a reported basis and only down -0.4% organically compared to the 9M 2021 despite a relatively high comparison basis (+2.8% organic growth in 9M 2021 compared to 9M 2020). The resilient trend seen in recent quarters continues for Mail-Related Solutions supported by the positive organic contribution from North America, while decline from the Main European countries remained limited.

Of note, the **strong performance continued in hardware sales** (+3.5% organic growth in the 9M 2022) despite the very demanding comparison basis (+17.6% in the 9M 2021) and some supply chain issues which drove delays in product deliveries and led to a high level of backlog at the end of the period (over +20% compared to 9M 2021). Innovation, leading to positive product placement and continuous upgrade of the installed base, as well as the benefit from price increases were the main drivers behind this remarkable performance.

Subscription-related revenue (71% of total sales) proved resilient with a limited organic decline of -1.9% in the 9M 2022. This performance was largely explained by the resilience of the installed base and the largely indexed multi-year contracts associated with it, whilst volume-based revenue remain steady.

Parcel Locker Solutions

Parcel Locker Solutions sales stood at €65 million in the 9M 2022, a 4.8% increase on a reported basis and a -1.8% organic decline compared to the 9M 2021.

Volatility in lockers hardware sales remains high with a -14.2% organic decline in Q3 2022. This follows a strong Q2 up 25.1% on an organic basis and a very weak Q1, down -47.7% organically, due to the high comparison base linked to the final phase of the deployment of a large North American retail contract in Q1 2021. Overall, hardware sales were down -18.0% organically in the 9M 2022. The weaker Q3 performance was due to fewer installations in the period, mostly explained by longer lead-time for new constructions in the residential sector in the US impacting the delivery of the lockers. Growth was also impacted by the postponement of some US retail projects to 2023.

Subscription-related revenues were up 8.7% organically thanks to the continuous roll-out of existing contracts, especially in Europe with accelerating trends in France and the UK, while the usage rate continues to trend higher, reaching 57% at the end of the period. Subscription-related revenue accounted for 61% of total revenue in the 9M 2022. Total number of installed lockers surpassed 17,300 at the end of the period.

⁵ 9M 2022 ARR benefited from a €10.2m positive forex impact compared to FY 2021.



Whilst some retail deals in the US are being delayed into 2023, **the attractiveness of the business model (automation of the first and last mile delivery) remains unchanged** both in terms of cost savings and environmental benefits, as evidenced by the continuous high level of booking leading to a significant increase of over +65% in the backlog at the end of October 2022 compared to a year ago. Two third of this backlog relating to an increased mix of new builds impacted by increased construction lead times versus existing building. Therefore, a catch up in installations is expected in 2023 and 2024.

Q4 performance is expected to show a significant year-over-year improvement supported by the deployment of existing contracts and the contribution of recent deals signed.

Additional Operations

Revenue from **Additional Operations** stood at €45 million in the 9M 2022, up 2.0% year-over-year on an organic basis but down 28.5% on a reported basis. This decline is mainly due to the divestment of Automated Packaging Systems in 2021 and the prorata temporis impact of the divestments of the Graphics activities in the Nordic countries and of the Shipping Solutions which both took place in June 2022. Additional Operations accounted for less than 6% of total sales in the 9M 2022.

Q3 2022 SALES

Consolidated sales stood at €270 million in the third quarter of 2022, up 8.8% on a reported basis and 1.0% on an organic basis compared to the third quarter of 2021. Subscription-related revenue organic growth in Q3 was up +2.8%, confirming the solid trend seen year-to-date.

Major Operations sales stood at €257 million in the third quarter of 2022, up 0.9% organically compared to the third quarter of 2021. **North America** enjoyed a **solid 4.2% organic growth in the quarter**, with positive contribution from both **Intelligent Communication Automation growing at a double-digit pace** and **Mail-Related Solutions posting organic growth**. International increased slightly at +0.5% organically while Main European Countries posted a contained -3.5% organic decline mostly due to a weaker contribution from Mail-Related Solutions.

Intelligent Communication Automation sales were up 6.3% organically to €58 million, the double-digit organic increase in subscription-related revenue more than offsetting the still sharp decline in license. **Mail-Related Solutions** sales remained resilient, at €176 million, only down by -0.6% on an organic basis despite supply chain issues. **Parcel Locker Solutions** sales stood at €22 million in the third quarter of 2022, a -0.2% organic change compared to Q3 2021, mainly due to longer lead time for new constructions in the residential sector in the US impacting lockers installations. Delays in some retail deals in the US are also having a negative impact on the Solution organic growth in the short term.

Additional Operations sales stood at €13 million in the third quarter of 2022, down by -19.4% on a reported basis due to the changes in scope, but up 2.7% on an organic basis.



STRONG Q4 EXPECTATIONS REITERATED ACROSS SOLUTIONS, NOT FULLY OFFSETTING THE WEAK Q3 US LOCKERS PERFORMANCE

On a reported basis, Group FY 2022 revenue and current EBIT are expected to grow over last year level benefiting from a favourable forex contribution thanks to the Group's significant and growing US presence.

2022 Guidance updated⁴

- The Group maintains its expectations for both a **strong Q4 performance across Solutions** and a **step up in profitability in H2 2022 compared to H1 2022**. Intelligent Communication Automation delivered a solid Q3 performance in terms of subscription-related revenue growth and the positive trend is expected to continue, supported by strong Annual Recurring Revenue level. After another solid quarter for Mail-Related Solutions, innovation and new product launches continue to drive solid demand and therefore the Group expects this positive trend to continue in Q4. After a disappointing Q3 for Parcel Locker Solutions in the US, the deployment of existing contracts and the contribution of recent deals are expected to support a return to strong growth. Considering the weaker Q3 from Parcel Lockers and the uncertain level of backlog reduction in Q4, and despite unchanged expectations for a strong Q4 across Solutions, the Group now expects full-year 2022 organic sales growth at over 1% compared to 2% previously.
- H2 2022 current EBIT² margin is still expected to show a significant improvement against H1 2022 level thanks to
 - i) further price increases and more favorable supply chain costs comparison basis
 - ii) higher profitability from the growing installed base for both the SaaS activity and parcel lockers, and
 - iii) still high profitability of Mail-Related Solutions.

However, lower than expected Q3 organic revenue growth and the impact from salary inflation and investments into new product launches weighing on margins as seen in H1 2022, are leading to a more cautious approach for the operating profitability of the Group. Consequently, Group current EBIT² is now expected to decline organically year-on-year by a low to mid-single digit, compared to a low to mid-single digit organic growth previously.

2021-2023 outlook confirmed

- The Group confirmed the 2021-2023 outlook with both sales and current EBIT⁶ organic growth CAGR over the period *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.

Q3 BUSINESS HIGHLIGHTS

YayPay by Quadiant Listed a Technology Leader in the 2022 SPARK Matrix for Accounts Receivable Applications

On 26 October 2022, Quadiant announced that its cloud-based solution YayPay by Quadiant was listed as a 2022 Technology Leader by Quadrant Knowledge Solutions in the SPARK Matrix™ analysis of the global accounts receivable applications market.

The 2022 Quadrant Knowledge Solutions SPARK Matrix: Accounts Receivable Applications includes a detailed analysis of global market dynamics, major trends, vendor landscape and competitive positioning. The study provides competitive analysis and ranking of the leading accounts receivable applications vendors in the form of its SPARK Matrix. It gives strategic information for users to evaluate different vendor capabilities, competitive differentiation and market position.

Quadiant Launches Advanced Compact Folder Inserter and Cloud-based Document Integrity Mailroom Software

On 17 October 2022, Quadiant announced the global launch of the DS-77 iQ, Quadiant's new compact modular folder inserter solution, and docsecure by Quadiant mailroom software, the only fully cloud-based, closed-loop solution that tracks document integrity at every step, including proof that each mail piece has been properly processed.

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.



Quadiant Recognized for its Corporate Social Responsibility Program with a 2022 Tech Cares Award from TrustRadius

On 10 October 2022, Quadiant announced that TrustRadius, the most trusted research and review platform, has recognized Quadiant with a 2022 Tech Cares Award. This third-annual award celebrates companies that have gone above and beyond to provide impactful corporate social responsibility (CSR) programs for their employees and surrounding communities. Quadiant's corporate social responsibility (CSR) strategy is built around five pillars: People, Solutions, Ethics & Compliance, Environment and Philanthropy. These pillars are aligned with the UN Global Compact principles that Quadiant committed to respect, support and promote by joining the initiative in 2021. Becoming a signatory member also implies taking action to advance the UN Sustainable Development Goals (SDGs), eight of which Quadiant is already committed to.

Quadiant Launches SaaS Electronic Invoice Presentment and Payment Solution for Small and Medium-Sized Businesses

On 5 October 2022, Quadiant announced the release of Quadiant Impress Invoice, a software-as-a-service (SaaS) that securely and compliantly automates the preparation and delivery of invoices. Impress Invoice features built-in electronic invoice presentment, invoice delivery and facilitates payment of those invoices, so businesses get paid faster while offering customers added convenience and improved satisfaction. Impress Invoice is available in the US and UK and will launch in France, Germany and other European countries by the end of the year.

POST-CLOSING EVENTS

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

On 1 December 2022, Quadiant announced that Relais Colis, a key player in the French out-of-home parcel delivery market, is installing 200 to 300 Quadiant smart lockers in Carrefour retail stores. Relais Colis has shared the announcement below, also available on their website (in French).

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

On 25 November 2022, Quadiant 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.

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

On 21 November 2022, Esker and Quadiant announced that their years-long collaboration will take on a new dimension by partnering with the French government's upcoming Partner Dematerialization Platform (PDP). Quadiant and Esker have been working together for more than seven years through their joint subsidiary NCS, a strategic partnership that allows Quadiant to leverage Esker's technology expertise for automating and digitizing customer and supplier invoices. The new direction NCS is taking strengthens this collaboration and ensures that businesses of all sizes experience a smooth and secure transition to compliance with upcoming French tax regulations, according to the defined timetable, whether invoices are received or transmitted by mail, email in PDF format, portal, EDI or another channel.

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

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

With the Banking & Payments Federation Ireland (BPF) expecting 50,000 new homes to be built across 2022 and 2023, Quadiant will help property developers and property management organisations transform parcel pickup: providing a secure location for residents' parcel deliveries with 24/7 access; in turn freeing up time for building management to deal with other tasks; and reducing the physical and environmental footprint of parcel delivery.

To know more about Quadiant's newsflow, previous press releases are available on our website at the following address: <https://invest.quadiant.com/en-US/press-releases>.



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CONFERENCE CALL & WEBCAST

Quadiant 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: Quadiant

A replay of the webcast will also be available on Quadiant's Investor Relations website for 12 months.

CALENDAR

- **27 March 2023: FY 2022 results and Q4 2022 sales release** (after close of trading on the Euronext Paris regulated market).

About Quadiant®

Quadiant 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, Quadiant helps simplify the connection between people and what matters. Quadiant supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence. Quadiant 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 Quadiant, visit <https://invest.quadiant.com/>

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Appendices

Change in Q3 2022 sales

<i>In € million</i>	Q3 2022	Q3 2021	Change	Organic change ⁽¹⁾
Major Operations	257	232	+10.8%	+0.9%
<i>Intelligent Communication Automation</i>	58	51	+15.0%	+6.3%
<i>Mail-Related Solutions</i>	176	160	+9.8%	(0.6)%
<i>Parcel Locker Solutions</i>	22	21	+7.8%	(0.2)%
Additional Operations	13	16	(19.4)%	+2.7%
Group total	270	248	+8.8%	+1.0%

<i>In € million</i>	Q3 2022	Q3 2021	Change	Organic change ⁽¹⁾
Major Operations	257	232	+10.8%	+0.9%
<i>North America</i>	155	128	+21.7%	+4.2%
<i>Main European countries^(a)</i>	88	91	(3.1)%	(3.5)%
<i>International^(b)</i>	13	13	+0.1%	+0.5%
Additional Operations	13	16	(19.4)%	+2.7%
Group total	270	248	+8.8%	+1.0%

(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.