



Solid FY 2023 results bring the Back to Growth strategic plan to a close with Quadiant well positioned for long-term profitable growth

Key highlights

- **FY 2023** consolidated sales of €1,062 million, **up +1.9% organically⁽¹⁾**
- FY 2023 **subscription-related revenue up +3.4%** on an organic basis, **representing 70% of total revenue**
- **Strong performance from North America** with all three solutions contributing to **the +4.5% organic growth** in the region in FY 2023. North America represents 57% of Group Sales
- FY 2023 **current EBIT⁽²⁾ of €157 million, up 9.3%** organically driven by both **software and locker profitability improvement**
- **Net attributable income of €69 million**, up from €13 million in FY 2022
- Proposed **dividend of €0.65 per share, up for the third consecutive year, and up +8% year-over-year**
- **Leverage ratio** excluding leasing at **1.65x³ exceeding the 1.75x target** set early 2021
- **Positive outlook for FY 2024**
- **Capital Markets Day** to outline the 2024-2026 strategic plan scheduled for **19 June 2024**

Paris, 25 March 2024,

Quadiant S.A. (Euronext Paris: QDT), a leader in business solutions for meaningful customer connections through digital and physical channels, today announces its 2023 fourth-quarter consolidated sales and full-year results (period ended on 31 January 2024). The full-year 2023 results were approved by the Board of Directors during a meeting held on 22 March 2024.

Geoffrey Godet, Chief Executive Officer of Quadiant S.A., stated: *“By thoroughly executing our Back to Growth strategic plan over the past five years, we successfully repositioned Quadiant as an integrated and innovative B-to-B subscription platform, powering billions of connections every day and meeting a wide range of essential business and communication needs. To deliver our strategic vision, we divested non-core activities and selectively acquired several key assets. This now provides us with the opportunity to leverage our 400,000+ customer base, having developed integrated, fast growing, synergistic, and therefore highly relevant solutions.*

“More specifically, the second phase of our plan, launched three years ago, was aimed at setting Quadiant on a sustainable top line and current EBIT⁽²⁾ growth trajectory. Today’s results confirm the positive trend followed by Quadiant since the low point reached in 2021 and evidenced by the 9.3% organic growth recorded in 2023. In addition, our disciplined capital allocation policy allowed us to bring our leverage down every year, standing at 1.65x in 2023 (i.e., exceeding the 1.75x target set three years ago) and increase our proposed dividend for the third consecutive year, while also making the necessary acquisitions and investments over the period. Importantly, ESG has remained at the core of Quadiant’s organization, with the Group being continuously recognized for its strong ESG credentials. I would like to thank our teams for their unwavering commitment to delivering such strong achievements.

“This solid performance coincides with three major successes for our Software activities: a return to operating profitability, the successful transition to a SaaS business model, and the deployment of a cloud platform recognized as an undisputed leader in its field by industry analysts, notably for its use of AI-driven technologies. The improving operating trend is expected to continue, driven by sustained organic growth in subscription-related revenue, thanks, in particular, to significant cross-

2022 figures have been restated to reflect Mail-Related Solutions Italian subsidiary being reclassified as discontinued operations in 2023 (as per IFRS 5) Organic change excludes currency and scope effects

(1) FY 2023 sales are compared to FY 2022 sales, from which is deducted revenue from Graphics activities in the Nordics and Shipping business in France and to which is added the revenue of Daylight for a consolidated amount of €(4) million and are restated for an amount of €25 million negative currency impact over the period

(2) Current operating income before acquisition-related expenses

(3) Including IFRS 16



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sales to our existing customer base. Meanwhile, our Mail business has continued to exceed expectations, through growth in product placements, and by maintaining a high level of profitability. Finally, in our Locker Solution, building upon our experience in Japan, we have increased our strategic focus towards scaling open networks. Whilst we are still in the initial investment phase in France and in the UK, the already high operating profit margin for the existing installed base gives us confidence in further improvement in revenue growth and profitability for this activity.

“As we are closing this key chapter in the history of the Company, I look forward to sharing the next stage of our journey with you, so please join us on 19 June 2024 for our 2024-2026 Capital Markets Day presentation”.

FINANCIAL PERFORMANCE BY SOLUTION AND GEOGRAPHY

Group sales came in at €1,062 million in FY 2023, a **1.9% organic growth** compared to FY 2022 and a (0.8)% decrease on a reported basis. Organic growth was in line with the guidance of c.2% revised in November 2023. The reported growth includes a negative currency impact of €25 million and a negative scope effect of €4 million. The change in scope is related to the divestments of the Graphic activities in the Nordics and the Shipping business in France, both sold in June 2022 as well as the acquisition of Daylight in September 2023. The FY 2023 financial statements reflect Quadiant’s decision to review the future of its Mail activity in Italy with a view to divest this subsidiary within the next 12 months. Therefore, the P&L contribution of the above-mentioned subsidiary is presented as discontinued operations. The FY 2022 financial statements have been restated for comparison purposes.

In the fourth quarter of 2023, **consolidated sales** stood at €284 million, up 1.4% on an organic basis and down (0.3)% on a reported basis compared to the fourth quarter of 2022.

Consolidated sales and current EBIT⁽²⁾ by Solution

FY 2023 consolidated sales

In € million	FY 2023	FY 2022	Change	Organic change
Intelligent Communication Automation	245	227	+7.9%	+9.0%
Mail-Related Solutions ^(a)	729	747	(2.4)%	(0.2)%
Parcel Locker Solutions ^(a)	88	91	(3.1)%	+1.6%
Other solutions divested in 2022	0	5	n/a	n/a
Group total	1,062	1,071	(0.8)%	+1.9%

(a) Mail-Related Solutions and Parcel Locker Solutions 2022 data have been restated to reflect the fact that they now include activities previously accounted for in Additional Operations.

Current EBIT^(b) and current EBIT margin^(b) by Solution – FY 2023

In € million	FY 2023		FY 2022	
	Current EBIT	EBIT margin	Current EBIT	EBIT margin
Intelligent Communication Automation	1	0.3%	(10)	(4.5)%
Mail-Related Solutions ^(a)	177	24.3%	187	25.0%
Parcel Locker Solutions ^(a)	(21)	(23.4)%	(25)	(27.8)%
Other solutions divested in 2022	-	-	(0)	(5.3)%
Group total	157	14.8%	151	14.1%

(a) Mail-Related Solutions and Parcel Locker Solutions 2022 data have been restated to reflect the fact that they now include activities previously accounted for in Additional Operations

(b) Before acquisition-related expenses



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Intelligent Communication Automation

In FY 2023, sales from **Intelligent Communication Automation** reached €245 million, up 9.0% organically and up 7.9% on a reported basis compared to FY 2022.

Subscription-related revenue recorded a strong **16.8% organic growth, now representing 80% of Intelligent Communication Automation total sales**, a significant increase compared to 75% in FY 2022. The successful onboarding of 4,000+ cloud customers on the new Quadiant Hub since April 2023 has been a key supportive factor for the upsell of additional modules of the Hub to existing customers. At **c.+10% in the FY 2023**, usage has increased further. The **share of SaaS customers also improved, reaching 82% at the end of FY 2023**.

The change in business model from on-premise licenses to SaaS and the lower requirements for installation and support services continue to drive the decline in professional services and license sales, which, together, are now representing only 13% and 7% of total revenue, respectively. At the end of FY 2023, **annual recurring revenue (ARR)**, which is a forward-looking indicator of future subscription-related revenue, **reached €206 million**, up from €187 million at the end of FY 2022, representing a **12.1% organic⁽⁴⁾ growth** compared to the end of FY 2022. Organic growth for the year was impacted by the postponement of two large contracts recorded in Q3 2023.

Throughout FY 2023, Quadiant continued to sign significant partnerships, notably with Altares and Coface, to offer highly accurate company rating and credit analysis for its Accounts Receivable module. Quadiant financial automation modules are now also recommended to Sage Intacct customers and partners, with Quadiant reaching Sage Tech Partner plus status. In addition, Quadiant solutions are now integrated with global small business platform Xero, offering their customers access to Quadiant's Accounts Payable automation capabilities to drive efficiencies.

In the course of the year, Quadiant Software product offering benefitted from continuous improvements with:

- The launch of the Quadiant Hub
- The addition of Daylight, acquired in Q3 2023, rebranded Inspire iForms and subsequently relaunched;
- Enhanced Cash Application module with machine learning and new next-gen payment user interface;
- On-premise solutions enhanced with private cloud deployment options.

Q4 2023 sales were up by 7.2% on an organic basis to €66 million with positive performance from all geographies. The subscription-related revenue showed a strong organic growth at +14.4%. In Q4 2023, Quadiant recorded its **highest quarter ever for Mail customers cross sold to the Software platform** in North America.

Current EBIT⁽²⁾ for Intelligent Communication Automation achieved a **significant milestone**, by reaching profitability, at €1 million, *i.e.* a current EBIT margin⁽²⁾ of **0.3%**, up 4.8 points compared to FY 2022. This solid improvement comes as Quadiant's Software Solution has almost completed its transition from on-premise licenses to SaaS. It confirms the upturn in profitability trend seen since the inflexion point in H2 2022, despite continued investments in R&D and product developments. The improving profitability trend is expected to continue in FY 2024 supported by a good level of SaaS bookings.

Mail-Related Solutions

Mail-Related Solutions sales reached €729 million in FY 2023, down only (0.2)% on an organic basis and down (2.4)% on a reported basis. North America and International recorded strong performances with year-over-year organic growth, while Main European Countries showed a contained decline thanks to improving trends in France/Benelux.

Hardware sales recorded a 2.1% organic growth in FY 2023, with a solid performance in Q4, notably a **double-digit increase in the United States**. The focus on investing into renewing the products offering continues to support solid product

(4) FY 2023 ARR was impacted by a €4.0 million negative currency effect vs. 31 January 2023



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placements, as seen in the further increase in the **share of the upgraded installed base, reaching 31.5% at the end of FY 2023** vs. 19.9% at the end of FY 2022.

Subscription-related revenues (68% of Mail-Related Solution sales) recorded a **limited (1.3)% organic decline** in FY 2023, thanks to a solid performance throughout the year, supported both by robust rental product placements and the positive impact on recurring revenue of recent good performance in hardware sales. Solid year-over-year increase in bookings throughout FY 2023 reflect the focus on maintaining an efficient go-to-market, drawing in particular on innovative products. The multiple contracts recently won within the US healthcare industry highlight how Quadiant Mail-Related Solutions is able to strengthen its position in an attractive industry with critical communications needs.

Q4 2023 sales continued to show strong resilience, reaching €196 million in Q4, up by 0.3% on an organic basis. Of note, the strong performance in hardware sales, up **3.4% year-over-year on an organic basis**.

Current EBIT⁽²⁾ for Mail-Related Solutions was €177 million for FY 2023. Current EBIT⁽²⁾ margin reached 24.3%. The level of profitability of Mail-Related Solutions remains high despite investments in sales capabilities. Tight cost control and continued focus on remanufacturing, as well as the increased penetration of the new generation of mail equipment all contributed to this strong performance.

Parcel Locker Solutions

Parcel Locker Solutions sales reached €88 million in FY 2023, a 1.6% increase on an organic basis and a (3.1)% decrease compared to FY 2022. **Quadiant's global locker installed base reached c.20,200 units at the end of FY 2023** vs. c.18,000 units at the end of FY 2022. Over the 2021-2023 period, it represents an 18% average increase per annum.

Subscription-related revenues were up 5.3% organically in FY 2023, benefiting from the contribution of the existing installed base and the deployment of existing contracts. Subscription-related revenue stood at 61% of total revenue for Parcel Locker Solutions in FY 2023 and the usage rate of the platform remained solid, standing at 58% in FY 2023.

FY 2023 has been a year of transition for Parcel Locker Solutions with two material events: i) **an increased focus on open networks** in France and in the UK and ii) the **renewal in July 2023 of the joint-venture with Yamato with significant changes brought to the commercial agreement** – from a mostly fixed rental model to a fee per parcel model (based on usage consumption) – to maximize volume usage. Consequently, the FY 2023 performance reflects these changes. Based on strong relationships with a significant number of international carriers, the open network strategy is aiming at growing both usage & the installed base through:

- **securing volumes** with international carriers (GLS, Evri, UPS, DHL, Yamato Transport...);
- **prime locations** to install parcel lockers.

Solid volumes ramp up into the existing open networks and continuous efforts to secure prime locations and **accelerate lockers deployment** should drive future growth in subscription-related revenue.

License and hardware sales were down (7.5)% organically in FY 2023. Hardware sales suffered from high comparison basis due to one off deals in FY 2022. Quadiant's US multifamily business, however, has continued to grow at a steady pace in FY 2023.

Q4 2023 sales stood at €22 million in Q4 2023, a (4.8)% organic decline due to a high comparison basis in International with one-off deals in Q4 2022 as well as the impact from the Yamato contract renegotiation.

Current EBIT⁽²⁾ for Parcel Locker Solutions was negative at €(21) million in FY 2023, compared to €(25) million in FY 2022, *i.e.* an EBIT margin⁽²⁾ of (23.4)%, **improving by 4.4 points compared to FY 2022.** The improvement in operating profitability was led by gross margin expansion through efficiency measures and lower freight costs. **Profitability is expected to continue improving in 2024.** Lastly, **profitability of the installed base continues to increase** year-over-year, **standing at 13.6% in FY 2023** vs. 12.5% in FY 2022.



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Consolidated sales by geography

FY 2023 consolidated sales

In € million	FY 2023	FY 2022	Change	Organic change
North America	607	599	+1.4%	+4.5%
Main European countries ^(a)	354	356	(0.8)%	(2.4)%
International ^(b)	101	116	(12.3)%	+1.9%
Group total	1,062	1,071	(0.8)%	+1.9%

(a) Including Austria, Benelux, France, Germany, Ireland, Italy (excluding MRS), 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, in Q1 2022, other solutions previously recorded under Additional Operation and divested in Q2 2022

Sales in **North America** (57% of Group sales) were up **4.5% organically** and 1.4% on a reported basis to €607 million. **All three Solutions posted organic growth in FY 2023. Intelligent Communication Automation** was the main contributor to the growth in the region with a **solid double-digit organic growth**. Penetration of Quadiant's cloud-based solutions continues to be well supported by successful cross-selling from the Mail customer base. **Mail-Related Solutions continued to show positive performance**, benefiting from the solid penetration of recently launched products meeting the requirements brought by the ongoing USPS decertification. **North America posted 4.9% organic growth in the fourth quarter** driven by the growth in the three solutions.

Main European countries (33% of Group sales) were down by (2.4)% organically and (0.8)% on a reported basis to €354 million, due to a limited decline from Mail-Related Solutions, and despite:

- The positive contribution from Intelligent Communication Automation with a good penetration of recently launched products, and
- Organic growth in Parcel Locker Solutions supported by both the ramp up in volumes in the open networks and the ongoing deployment of existing contracts.

Main European Countries posted a 1.8% organic decline in Q4 2023, with a contained decline from Mail-Related Solutions and solid organic growth from Intelligent Communication Automation.

Finally, the **International** segment (10% of Group sales) delivered a 1.9% organic growth, to €101 million, thanks to solid performance in Intelligence Communication Automation and Mail-Related Solutions partially compensated by both the impact from the change in contractual agreement with Yamato and the temporary slowdown in the expansion of the Japanese lockers network. International sales declined by (6.7)% organically in Q4 2023.



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REVIEW OF 2023 FULL-YEAR RESULTS

Simplified P&L

<i>In € million</i>	2023	2022	Change
Sales	1,062	1,071	(0.8)%
Gross profit	788	785	+0.4%
<i>Gross margin</i>	<i>74.2%</i>	<i>73.3%</i>	
EBITDA	244	240	+1.8%
<i>EBITDA margin</i>	<i>23.0%</i>	<i>22.4%</i>	
Current operating income before acquisition-related expenses	157	151	+4.4%
<i>Current operating margin (before acquisition related expenses)</i>	<i>14.8%</i>	<i>14.1%</i>	
Current operating income	147	140	+4.5%
Optimization expenses and other operating income & expenses	(15)	(73)	n.m
Operating income	132	67	+96.5%
Financial income/(expense)	(31)	(36)	n.m
Net income of continued operations	84	16	n.m
Net income from discontinued operations	(14)	(0)	n.m.
Net attributable income	69	13	n.m
Earnings per share	2.02	0.29	
Diluted earnings per share	2.01	0.29	

Gross margin increased to 74.2% in FY 2023 from 73.3% in FY 2022. Improvement was mainly driven by supply chain efficiency, cost control measures and positive volume/mix effect.

Current operating income before acquisition-related expenses (current EBIT⁽²⁾) increased for the third consecutive year on a reported basis, reaching €157 million in FY 2023 compared to €151 million in FY 2022. Current EBIT⁽²⁾ was up 4.4% on a reported basis and up **9.3% on an organic basis, in line with the c.10% organic growth guidance** for the year. Current **operating margin** before acquisition-related expenses stood at **14.8%** of sales in FY 2023 compared to 14.1% in FY 2022. The Group's improvement in operating profitability was achieved **without compromising on R&D spending and despite further investments** in go-to-market.

Acquisition-related expenses increased slightly to €11 million in FY 2023, compared to €10 million in FY 2022. Consequently, **current operating income** stood at €147 million in FY 2023, compared to €140 million in FY 2022.

Optimization costs and other operating expenses stood at €15 million in FY 2023, versus €73 million in FY 2022 which was impacted by goodwill impairment and corporate office restructuring.

Consequently, **operating income reached €132 million** in FY 2023, versus **€67 million** recorded in FY 2022.

Net attributable income

Net cost of debt was slightly up year-on-year at €29 million, against €27 million in FY 2022. Higher interest rates on the variable portion of the debt (one third of Quadiant's debt) and the **c.€2 million financial gain on the partial €57 million buy back** of the 2025 bond over the October 2023 - January 2024 period were the main factors behind the variation. The currency gains & losses and other financial items were a loss of €(1) million in FY 2023 versus a loss of €(4) million in FY 2022. Overall, net financial result was a loss of €31 million in FY 2023 compared to a loss of €36 million in FY 2022.



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Income tax expense was **stable year-over-year at €17 million in FY 2023** and benefitted from a positive impact of internal IP transfer in 2023.

The **corporate tax rate dropped to 16.6%** in FY 2023 compared to 54.8% in FY 2022. FY 2022 level was impacted by the low level of income before tax due to goodwill impairments.

Net income from discontinued operations of the Mail Italian subsidiary amounts to €(14) million, level which also includes exceptional charges linked to the sale process for this subsidiary.

Net attributable income after minority interest amounted to €69 million in FY 2023 compared to €13 million in FY 2022.

Earnings per share from continued operations came in at **€2.42 in FY 2023 compared to €0.30 in FY 2022**. The fully diluted earnings per share⁽⁵⁾ was €2.41.

Earnings per share stood at €2.02 in FY 2023 compared to €0.29 in FY 2022. The fully diluted earnings per share⁽⁵⁾ was €2.01.

Proposed dividend for FY 2023 stands at €0.65 per share, **representing an 8% increase against FY 2022**. This would be the **third consecutive year of growth for Quadiant's dividend**. The dividend is subject to approval by the Annual General Meeting, scheduled for 14 June 2024, and will be paid in cash in one instalment on 7 August 2024.

Cash flow generation

EBITDA⁽⁶⁾ reached €244 million in FY 2023, representing a slight increase compared to FY 2022, hence an **EBITDA margin at 23.0%** in FY 2023, vs 22.4% in FY 2022.

The change in **working capital** was negative by €6 million in FY 2023 compared to a net cash outflow of €40 million in FY 2022, mostly reflecting an improvement in stock levels after end of FY 2022 level was impacted by high locker and mail inventories due to delays in placements.

The **leasing portfolio and other financing services** stood at €598 million as of 31 January 2024, compared to €595 million as of 31 January 2023, thanks to the solid performance of the Mail activity and a small positive currency impact. On an organic basis, the leasing portfolio is stable year-over-year. At the end of FY 2023, the default rate of the leasing portfolio stood at around 1.3% compared to c.1.6% at the end of FY 2022.

Interest and taxes paid increased significantly to €55 million in FY 2023 versus the low amount of €35 million paid in FY 2022. The difference was mostly explained by the reimbursement of the 2020 tax loss carry-back measures in the US in H1 2022 as well as the impact from higher interest rates in FY 2023.

Capital expenditure was up to €101 million in FY 2023, compared to €87 million in FY 2022. Development capex was down slightly at €33 million in FY 2023, vs €36 million in FY 2022, back to a normalized level after high levels experienced in 2022 and 2021. **Equipment capex** was strongly up year-over-year at €44 million in FY 2023, compared to €30 million in FY 2022, thanks to the sustained level of Mail-Related Solutions hardware placements, as well as the focus on **deployment of open locker networks**. Maintenance capex is slightly down, at €10 million. The increase in capex linked to IFRS 16 was driven by new office leases.

All in all, **cash flow after capital expenditure** was down to €64 million in FY 2023 compared to €70 million in FY 2022.

(5) For the FY 2023, the average compounded number of shares is 34,520,833

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



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OPENING BALANCE SHEET ADJUSTMENTS UPDATE

As disclosed in the H1 2023 results press release⁽⁷⁾, released on 20 September 2023, at the time of closing the accounts for the first half of 2023, Quadiant identified accounting irregularities and practices that did not comply with Group procedures and were attributable to Mail-Related Solutions' Italian and Swiss subsidiaries.

The investigation, initiated by Quadiant in August 2023 in Italy and in Switzerland and conducted both internally and with the support of recognized external experts, is now completed. At the close of the FY 2023, the conclusions of this investigation are as follows:

- Active involvement of a few employees responsible for the management of the Italian and Swiss Mail-Related Solutions subsidiaries,
- Containment of these accounting irregularities to these local subsidiaries, and
- Absence of any material impact on the FY 2022 and FY 2023 income statements.

As a result of the investigation carried out, the Group has recorded additional adjustments for €23 million to the accounts of these local subsidiaries relating to previous financial years and recognized in shareholders' equity in the FY 2022 opening balance sheet (after the €29 million adjustment recorded in H1 2023).

As the investigation is now closed, Quadiant does not anticipate any additional financial impact on its historical financial statements. The Company has filed a criminal complaint against those believed to be involved and continues to reserve all rights in this matter.

In addition and considering the conclusion of the investigation carried out in Italy and in Switzerland (notably showing that the accounting adjustments impacted mostly the accounts of the Italian subsidiary), the Group decided in January 2024 to review the future of its Mail-Related Solutions activity in Italy and is engaged in the path of divesting this subsidiary within the next 12 months. Consequently, the assets and liabilities of this wholly owned subsidiary are presented in the financial accounts for the year ending 31 January 2024 as assets and liabilities held for sale as per IFRS 5. **Its profit and loss accounts and cash flow statements are presented as discontinued operations.** The FY 2022 financial statements have been restated to reflect this decision.

LEVERAGE AND LIQUIDITY POSITION

Net debt stood at €709 million as of 31 January 2024, a decrease against the €736 million of net financial debt recorded as of 31 January 2023 and adjusted for the aforementioned accounting corrections. In June 2023, the Group renewed its Revolving Credit Facility for an amount of €300 million with a new 5-year maturity. A €90 million stimulus participating loan was also signed in June 2023. From October 2023 to January 2024, Quadiant proceeded to a partial bond buy-back for a total amount of €57 million generating a financial gain c.€2 million.

The Group has **no significant debt maturity before 2025**, when its 2.25% bond is maturing.

The **leverage ratio** (net debt/EBITDA) **decreased from 3.0x⁽³⁾** as of 31 January **2023 to 2.9x⁽³⁾** as of 31 January **2024**. **Excluding leasing**, Quadiant **leverage ratio improved from 1.8x⁽³⁾** as of 31 January **2023 to 1.65x⁽³⁾** as of 31 January **2024**, therefore **exceeding the 1.75x target set early 2021** for the end of FY 2023.

As of 31 January 2024, the Group had a robust **liquidity position of €418 million**, split between €118 million in cash and a €300 million undrawn credit line, the latter maturing in 2028.

Shareholders' equity stood at €1,069 million as of 31 January 2024 compared to €1,030 million⁽⁸⁾ as of 31 January 2023 and adjusted for the aforementioned accounting corrections. The **gearing ratio⁽⁹⁾** stood at 77.4% as of 31 January 2024.

⁽⁷⁾ [Click here to access H1 2023 press release](#), published on 20 September 2023

⁽⁸⁾ FY 2022 Balance sheet has been restated for a total amount of €52 million linked to accounting corrections in relation to accounting irregularities and practices that did not comply with Group procedures in the Mail-Related Solutions Italian and Swiss subsidiaries

⁽⁹⁾ Net debt / shareholders' equity



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OUTLOOK

FY 2023 marks the end of Quadiant's Back to Growth strategic plan, with Phase Two covering the period 2021-2023. From a financial standpoint, the achievements are solid with only a small deviation against the mid-term outlook set in 2021:

- Organic sales CAGR for the 2021-2023 period was 2.5% in line with the 2.5% mid-term outlook revised in November 2023 (initially set in 2021 at minimum 3% CAGR),
- Organic current EBIT⁽²⁾ CAGR⁽¹⁰⁾ was 3.3% over the 2021-2023 period against the minimum mid-single digit organic current EBIT⁽²⁾ CAGR that was set in 2021.

The end of the second phase of Back to Growth also marks the completion of the portfolio rotation that had been planned by Quadiant early 2019 when the first phase of Back to Growth was launched. Over the past five years, all non-core assets have been sold or closed and important assets were acquired to complement the Solutions of the Group. Quadiant is now an innovative and integrated B-to-B subscription platform, focusing on powering billions of business transactions every day.

Quadiant's Solutions have achieved significant milestones over the second phase of Back to Growth. For Intelligent Communication Automation, the second phase of Back to Growth was a phase of cloud transformation. First, on the product side, by acquiring two SaaS financial automation modules (in 2020 and 2021 during phase one) to complete the cloud platform; this was followed in FY 2023 by the launch of the Quadiant Hub, an integrated cloud platform combining all modules for Intelligent Communication Automation. This innovative and integrated platform is an important driver of additional usage and upsell. The various modules of the Quadiant Hub have received numerous leader rankings from external surveys and analysts highlighting the quality of the offering and its market leadership. The **solid growth in ARR, which delivered a 19% CAGR over the period**, is the validation from customers of the attractiveness of these solutions. Second, from both a technological and financial standpoint, the Solution has almost completed its move from on-premise licenses to SaaS, temporarily impacting its revenue and profitability trajectory. However, as the level of subscription-related revenue increased (80% in FY 2023, vs. 61% in FY 2020), an inflexion point has also been reached for the operating profitability in H2 2022. In FY 2023, **the solution has been profitable at current EBIT level⁽²⁾ and further improvement is expected in the years to come.**

Mail-Related Solutions have been outperforming the market throughout the 2021-2023 period, delivering a **0.6% organic revenue CAGR over the period**. Whilst the Solution was significantly impacted by the Covid-19 crisis in terms of loss of revenues, the following years have demonstrated resilience and the success of its strategic choices to focus on re-investing in both its go-to-markets and its smart equipment range. Throughout the second phase of the plan, hardware sales showed strong dynamics, especially in the US that benefited from the USPS decertification and the placement of new generation of machines while the subscription related revenue showed strong resilience over the period. **Hardware sales posted three consecutive years of organic growth**. This **solid performance** is also confirmed by the share of upgraded installed base, moving from **4.9% at the end of FY 2020 to 31.5% at the end of FY 2023** demonstrating the **sound adoption trend for the new products**.

Lastly, the financial performance of Parcel Locker Solutions reflects the increased strategic focus towards open networks to drive higher returns per locker. Building on its Japanese network experience, Quadiant decided to focus its efforts onto deploying new open networks of parcel lockers, notably in the UK and France. This deployment is based on two major cornerstones: i) strong relationships with international carriers bringing parcel volumes into the networks thanks to long term agreements and ii) ability to secure prime locations to install lockers and benefit from the first mover advantage in the most attractive locations. The initial volume ramp up seen in the existing networks is encouraging. Innovation has also played a key part in the development of the parcel locker offering. Significant new features and models have been developed to respond to a wide range of use cases. Oversize lockers for DIY shops, rear-loading lockers for universities, larger configurations, or the award-winning drop box to consolidate returns are a few of these innovative features. The installed locker base has grown to over 20,000 lockers, **a 55% increase vs. the end of 2020 level**. This growth has been also driven by a steady expansion of the locker base in the US both in the universities and in the multifamily segments.

(10) 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 pro forma



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With the end of the Back to Growth strategy and the Group firmly positioned on a sustainable and profitable growth trajectory, the guidance for FY 2024 is for another year of organic growth both at the revenue and current EBIT⁽²⁾ levels.

Additional financial guidance, three-year strategic focus and trajectory for the Group will be discussed at Quadiant's Capital Markets Day planned for 19 June 2024.

Q4 2023 BUSINESS HIGHLIGHTS

Quadiant surpasses €200 million in Software Annual Recurring Revenue at the end of the third quarter 2023

On 30 November 2023, Quadiant announced it has reached a significant milestone as its Software Annual Recurring Revenue (ARR), a forward-looking indicator of future subscription revenue, surpassed €202 million at the end of the third quarter of the 2023 fiscal year, started on 1 February 2023.

Quadiant expands cloud-based Mail and Shipping offer to mid and small businesses with S.M.A.R.T. Essential

On 4 December 2023, Quadiant announced the release of its latest intelligent, cloud-based mailing and multicarrier shipping solution: S.M.A.R.T. Essential. This new subscription-based solution brings Quadiant's S.M.A.R.T. mailroom software, already a leading solution in large-sized company mail centers, to mid-sized and small businesses.

Quadiant's Open Parcel Locker Network Selected as Partner for UPS Access Point Expansion in the UK

On 7 December 2023, Quadiant is pleased to share that UPS has selected its Parcel Pending by Quadiant open locker network as one of their partners for the expansion of its UPS Access Point® network across the UK. The global package delivery leader has recently announced it will be opening additional locations for deliveries just in time for the holiday peak season.

Quadiant integrates with Xero to automate and streamline accounting for small and medium enterprises.

On 19 December 2023, Quadiant announced a strategic partnership in North America and the United Kingdom. Xero integrates with Quadiant's Accounts Payable (AP) capabilities to fully automate and streamline accounting processes. Xero is a cloud-based accounting software for small to medium-sized enterprises.

Quadiant Announces Appointment of New Chief Marketing Officer, Petra Wolf

On 2 January 2024, Quadiant announced the appointment of Petra Wolf as new Chief Marketing Officer, effective 2 January 2024.

With a professional journey spanning more than 20 years, Petra Wolf has excelled in senior management positions within the spheres of B2B and B2C technology marketing. Her seasoned expertise extends across various tech-related industries, encompassing semi-conductors, server and client hardware, consulting, and software development. Prior to joining Quadiant, Petra successfully steered Global Marketing for Small and Medium Businesses at Amazon Web Services, where she demonstrated her ability to identify and capitalize on market opportunities through innovative sales and marketing strategies.

POST-CLOSING EVENTS

Quadiant extends its footprint in Europe, welcoming 30,000 new customers with the acquisition of Frama

On 1 February 2024, Quadiant announced the acquisition of Frama, a significant mailing and document management solutions provider to small and medium-sized businesses, serving more than 30,000 customers, mostly in Europe.

Quadiant's Financial Automation Cloud Offerings Named as Recommended Solutions by Sage

On 6 February 2024, Quadiant announced that its financial automation cloud offerings for accounts receivable (AR) and accounts payable (AP) are endorsed as "Recommended Solutions" by Sage, the leader in accounting, financial, HR and payroll technology for millions of small and mid-sized businesses.

Quadiant's Sustainable and Convenient Parcel Locker Delivery and Pickup Solution Available in Over 20,000 Locations Worldwide



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On 12 February 2024, Quadiant announced that it has reached a new milestone in its parcel locker network expansion. At the end of January 2024, Quadiant accounted for more than 20,000 Parcel Pending by Quadiant locker units in operation across North America, Europe and Asia.

Quadiant Positioned as Leader in 2024 SPARK Matrix for Customer Communications Management for Fourth Consecutive Year

On 28 February 2024, Quadiant announced that it has been positioned as a Technology Leader in the SPARK Matrix™: Customer Communication Management (CCM) 2024 research report for the fourth consecutive year. The report, produced by independent technology analyst firm Quadrant Knowledge Solutions, provides a detailed analysis and strategic vendor performance assessment of the global CCM market.

Growing Quadiant Partner Program Extends to CCM and Financial Automation Solutions to Support Wider Customer Engagement

On 13 March 2024, Quadiant is expanding its Quadiant Experience Partner Program to include the company's financial automation solutions. Previously focused on Quadiant's CCM solutions, the new program brings more value to partners while expanding the reach of Quadiant's cloud solutions' rich features and functions to more customers.

Quadiant Partners with Stonegate Group to Offer Convenient Parcel Pickup and Returns at 400 New Locations Across the UK

On 19 March 2024, Quadiant announced that Stonegate Group – the UK's largest pub company with a portfolio of more than 4,500 managed, leased and tenanted sites, including Yates, Slug and Lettuce, and Walkabout – has joined the Parcel Pending by Quadiant Open Locker Network as a host partner. Quadiant has already started rolling out its carrier-agnostic parcel lockers, with an initial target of installing 400 locker units across Stonegate's 1,200 managed properties.

Bpifrance Investissement co-opted as an independent director of Quadiant

On 25 March 2024, Quadiant announced that the Board of Directors decided to approve the co-option of Bpifrance Investissement as an independent member of the Board of Directors, effective 22 March 2024. Bpifrance Investissement will be represented by Emmanuel Blot, Investment Director in Bpifrance Mid & Large Cap division.

Royal Mail offers new parcel drop off and collection experience to consumers by adopting Quadiant's open locker network in the UK

On 25 March 2024, Quadiant announced that Royal Mail, UK's largest parcel delivery company, has joined the Parcel Pending by Quadiant Open Locker Network under a multi-year contract. With the aim of offering a new customer service and a great customer experience, Royal Mail will start offering returns and outbound drop-off services in an initial c. 200 sites by May 2024, with the expectation that Royal Mail will ultimately use lockers in 3 000 locations as the UK network grows in the coming years.

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



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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: +1 786 697 3501.
- 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 May 2024: **First quarter 2024 sales release** (after close of trading on the Euronext Paris regulated market).
- 14 June 2024: **Shareholders General Meeting**
- 19 June 2024: **Capital Markets Day**

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 CAC® Mid & Small and EnterNext® Tech 40 indices. Quadiant shares are eligible for PEA-PME investing.

For more information about Quadiant, visit <https://invest.quadiant.com/en/>.

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APPENDIX

Q4 2023 consolidated sales

Q4 2023 consolidated sales by Solution

<i>In € million</i>	Q4 2023	Q4 2022	Change	Organic change
Intelligent Communication Automation	66	61	+7.6%	+7.2%
Mail-Related Solutions ^(a)	196	199	(1.6)%	+0.3%
Parcel Locker Solutions ^(a)	22	25	(9.3)%	(4.8)%
Group total	284	285	(0.3)%	+1.4%

(a) Mail-Related Solutions and Parcel Locker Solutions have been restated to reflect the fact that they now include activities previously accounted for in Additional Operations.

Q4 2023 consolidated sales by geography

<i>In € million</i>	Q4 2023	Q4 2022	Change	Organic change
North America	160	157	+2.2%	+4.9%
Main European countries ^(a)	97	97	+0.1%	(1.8)%
International ^(b)	27	31	(14.3)%	(6.7)%
Group total	284	285	(0.3)%	+1.4%

(a) Including Austria, Benelux, France, Germany, Ireland, Italy (excluding MRS), 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



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Full-year 2023

Consolidated income statement

<i>In € million</i>	FY 2023 (period ended on 31 January 2024)	FY 2022 restated (period ended on 31 January 2023)	FY 2022 reported (period ended on 31 January 2023)
Sales	1,062	1,071	1,081
Cost of sales	(274)	(286)	(291)
Gross margin	788	785	790
R&D expenses	(63)	(57)	(57)
Sales and marketing expenses	(275)	(274)	(277)
Administrative and general expenses	(176)	(185)	(186)
Service and support expenses	(109)	(112)	(114)
Employee profit-sharing, share-based payments and other expenses	(7)	(6)	(6)
Current operating income before acquisition- related expenses	157	151	150
Acquisition-related expenses	11	10	(10)
Current operating income	147	140	140
Optimization expenses and other operating income & expenses	(15)	(73)	(73)
Operating income	132	67	67
Financial income/(expense)	(31)	(36)	(36)
Income before taxes	101	32	31
Income taxes	(17)	(17)	(16)
Share of results of associated companies	(0)	1	1
Net income from continued operations	84	16	16
Net income of discontinued operations	(14)	(0)	0
Net income	70	16	16
Minority interests	1	3	3
Net attributable income	69	13	13



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Simplified consolidated balance sheet

Assets <i>In € million</i>	FY 2023 (period ended on 31 January 2024)	FY 2022 restated (period ended on 31 January 2023)
Goodwill	1,082	1,080
Intangible fixed assets	121	125
Tangible fixed assets	156	150
Other non-current financial assets	65	80
Leasing receivables	598	595
Other non-current receivables	2	5
Deferred tax assets	17	18
Inventories	67	83
Receivables	228	220
Other current assets	84	82
Cash and cash equivalents	118	158
Current financial instruments	2	3
Assets held for sale	9	0
TOTAL ASSETS	2,550	2,599

Liabilities <i>In € million</i>	FY 2023 (period ended on 31 January 2024)	FY 2022 restated (period ended on 31 January 2023)
Shareholders' equity	1,069	1,030
Non-current provisions	12	13
Non-current financial debt	715	730
Current financial debt	66	114
Lease obligations	46	50
Other non-current liabilities	2	3
Deferred tax liabilities	104	136
Financial instruments	5	6
Trade payables	79	81
Deferred income	212	203
Other current liabilities	225	234
Liabilities held for sale	15	0
TOTAL LIABILITIES	2,550	2,599



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Simplified cash flow statement

<i>In €millions</i>	FY 2023 (period ended on 31 January 2024)	FY 2022 restated (period ended on 31 January 2023)
EBITDA	244	240
Other elements	(19)	(17)
Cash flow before net cost of debt and income tax	225	223
Change in the working capital requirement	(6)	(40)
Net change in leasing receivables	0	8
Cash flow from operating activities	219	192
Interest and tax paid	(55)	(35)
Net cash flow from operating activities	165	157
Capital expenditure	(101)	(87)
Net cash flow after investing activities	64	70
Impact of changes in scope	(5)	3
Others	(1)	0
Net cash flow after acquisitions and divestments	58	73
Dividends paid	(21)	(21)
Change in debt and others	(38)	(394)
Net cash flow from financing activities	(59)	(415)
Cumulative translation adjustments on cash	(2)	(3)
Net cash from discontinued operations	(8)	2
Change in net cash position	(11)	(344)