



## Solid growth in subscriptions drives positive start to the year: Q1 2023 consolidated sales up 2.1% organically

### Key highlights

- Consolidated sales of €256 million, up +2.1% organically
- <sup>1</sup> and up +1.3% on a reported basis
- Q1 2023 subscription-related revenue up +3.1% on an organic basis, representing 72% of total revenue
- Strong performance from North America with all three solutions contributing to the +5.9% organic growth in the region
- FY 2023 outlook confirmed

Paris, 31 May 2023,

**Quadiant S.A.** (Euronext Paris: QDT, eligible for PEA-PME investing), a leader in business solutions for meaningful customer connections through digital and physical channels, announces today its 2023 first-quarter consolidated sales (period ended on 30 April 2023).

Geoffrey Godet, Chief Executive Officer of Quadiant S.A., stated: *“We had a positive start to the year with Q1 sales driven by continuous strong performance in North America and further growth in subscription-related revenue. The good momentum experienced in North America reflects the scale and maturity of our business model in the region while we are now increasingly focusing on rolling out our strategic plan in other regions, particularly in Western Europe. For example, in the UK and in France, we are driving the deployment of our open parcel locker networks as well as growing our recently launched automated accounts receivable and accounts payable software offerings. We are also very much encouraged by the contribution of each one of our three Solutions to the first quarter sales. Our Mail-Related Solutions continue to show a high level of resilience and good hardware placements. As the transition towards a SaaS<sup>2</sup> model nears completion, revenue from our Software activities is accelerating to a double-digit organic growth. And we expect higher customer retention, more up-selling and more cross-selling to be driven by our newly released integrated modular hub for which over 1,000 customers have already been onboarded within a few weeks. Last but not least, Parcel Locker Solutions delivered a healthy organic growth with improving trends in the US and positive developments in Europe. Based on this good start to the year, we confirm our FY 2023 guidance as well as our mid-term 2021-23 financial targets.”*

<sup>1</sup> Q1 2023 sales are compared to Q1 2022 sales, from which is deducted revenue from Graphics activities in the Nordics and Shipping business in France for a consolidated amount of -€3 million, and are restated for a €1 million positive currency impact over the period.

<sup>2</sup> Software as a Service



## FIRST-QUARTER 2023 SALES

**Group sales** stood at €256 million in Q1 2023, a 2.1% organic growth compared to Q1 2022 and a 1.3% increase on a reported basis. The variation includes a positive currency impact of +0.6% or €1 million and a negative scope effect of (1.4)% or €(3) million. The change of scope is related to the divestments of the Graphic activities in the Nordics and the Shipping business in France, both sold in June 2022.

## Consolidated sales by Solution

### Consolidated Sales

<i>In € million</i>	Q1 2023	Q1 2022 restated <sup>(a)</sup>	Change	Organic change <sup>1</sup>
Intelligent Communication Automation	58	52	+11.0%	+10.4%
Mail-Related Solutions	176	177	(0.3)%	(1.1)%
Parcel Locker Solutions	21	20	+7.4%	+8.7%
Other solutions divested in 2022	0	3	n/a	n/a
<b>Group total</b>	<b>256</b>	<b>253</b>	<b>+1.3%</b>	<b>+2.1%</b>

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

### Intelligent Communication Automation

In Q1 2023, sales from **Intelligent Communication Automation** reached €58 million, up 10.4% organically and up 11.0% on a reported basis compared to Q1 2022. Subscription-related revenue, which recorded a strong 20.7% organic growth, accounted for 80% of Intelligent Communication Automation total sales in Q1 2023, a significant increase compared to the 73% recorded in Q1 2022.

At the end of Q1 2023, annual recurring revenue, which is a forward-looking indicator of future subscription-related revenue, reached €193 million, up from €187 million at the end of FY 2022. Of note, the strong contribution of the Mail-Related Solutions sales force driving a 100% increase in Software cross-sell bookings.

The share of SaaS customers reached 80% at the end of Q1 2023 compared to 78% at the end of Q1 2022. As the transition to the SaaS model continues to progress, the weight of license sales has decreased further, recording an (8.5)% organic decline in Q1 2023. Software licence sales only represented 7% of Intelligent Communication Automation total sales in Q1 2023. Professional services (13% of sales) also went down, recording a (21.7)% organic decline. This acceleration of the decline is due to the change in business model, driving less services for onboarding cloud customers and to the customer mix evolution towards mid-sized companies.

Pursuing the mission to unify business communications and financial automation into one single cloud-platform, Quadient product teams released the first version of the new Quadient Hub, an intuitive and user-friendly interface for all Quadient software solutions with centralized access in one location. Focus is on powering the platform with Artificial Intelligence and on driving decisions with analytics to offer insightful recommendations and data-driven improvements. Over 1,000 customers have already been onboarded on this new platform. Importantly, this modular hub is providing the Group with a powerful driver of cross-sell and up-sell.

During the first quarter of 2023, Quadient further improved the features of its software offering. Firstly, Quadient released a new advanced AI-based cash application service to offer mid-market and enterprise customers a complete end-to-end accounts receivable (AR) automation solution. Secondly, Quadient's accounts payable (AP) solution was integrated with Sage 100, a leading business management enterprise resource planning (ERP) solution for small and medium-sized businesses.

Q1 2023 also brought additional external recognitions for Quadient's SaaS solutions. Quadient was again named as a leader in the 2023 SPARK Matrix™ for Customer Communication Management solutions and has also joined for the first time the



selective “Invoice to cash” Gartner® Magic Quadrant™ in 2023, being one amongst only nine ranked companies out of twenty surveyed by Gartner in a very competitive market.

### Mail-Related Solutions

**Mail-Related Solutions** sales reached €176 million in Q1 2023 slightly down (0.3)% on a reported basis and down (1.1)% on an organic basis. While the level of activity remains dynamic in North America, for both subscription-related revenue and hardware sales, the Main European countries are lagging.

Overall, the solid trend seen in the last few quarters for hardware sales continued in Q1 2023 with a 3.7% organic increase. Quadiant’s strategy to renew its product offering supports this positive trend thanks to the increasing penetration of the new generation of innovative machines. The share of the upgraded installed base reached 22.0% at the end of Q1 2023, vs 19.9% at the end of FY 2022.

Subscription-related revenues (70% of Mail-Related Solutions sales) recorded a limited (3.0)% decline in Q1 2023, a resilient performance driven by both the solid installed base and the contribution from multi-year largely indexed contracts.

This focus on mobilizing the sales force to both nurture its installed base and to seize cross-sell and up-sell opportunities remained extremely dynamic in Q1 2023 as Mail-Related Solutions sales force drove a 100% increase in Software cross-sell bookings.

### Parcel Locker Solutions

**Parcel Locker Solutions** sales increased by 7.4% on a reported basis, to €21 million in Q1 2023, an 8.7% organic increase compared to Q1 2022.

License and hardware sales were slightly up 1.5% organically in Q1 2023, as new US locker installations start to normalise after the recent delays experienced in the residential and retail segments.

Subscription-related revenues were up 11.2% organically, well oriented thanks to the strong contribution from the existing installed base and the deployment of existing contracts. Usage rate remains solid standing at 58% in Q1 2023. Subscription-related revenue stood at 65% of total revenue for Parcel Locker Solutions in Q1 2023.

The development of the UK open network progresses and in Q1 2023, Quadiant signed new partnerships with APCOA and Rontec. Those two parking and forecourts specialists represent up to 1,000 potential sites on which lockers could be installed as part of the deployment of the open network. Interest and request for information from retailer, carriers, and other e-commerce players for open networks of parcel lockers are high and Quadiant is capitalising on its agnostic approach to grow in this field. In France, for example, a second carrier recently joined the open network, alongside Relais Colis.

Quadiant’s global installed locker base reached c.18,500 units at the end of Q1 2023.



## Consolidated sales by geographies

In € million	Q1 2023	Q1 2022	Change	Organic change <sup>1</sup>
North America	145	135	+8.1%	+5.9%
Main European countries <sup>(a)</sup>	86	89	(2.8)%	(3.8)%
International <sup>(b)</sup>	24	29	(18.0)%	+2.9%
<b>Group total</b>	<b>256</b>	<b>253</b>	<b>+1.3%</b>	<b>+2.1%</b>

(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, in Q1 2022, other solutions previously recorded under Additional Operation and divested in Q2 2022s.

Sales in **North America** (57% of Group sales) were up 5.9% organically to €145 million and 8.1% on a reported basis. All three Solutions posted organic growth. Strong performance from Intelligent Communication Automation as well as solid hardware sales for Mail-Related Solutions, close to double digit growth and significantly outpacing the market, were the main contributors to the growth in the region. Penetration of Quadiant's cloud-based solutions continues to be well supported by successful cross-selling from the Mail customer base. Quadiant's Accounts Receivable and Accounts Payable cloud solutions also performed well in the region, contributing to the overall solid performance for the quarter. Parcel Locker Solutions experienced a solid double-digit increase following last year's delays in the deployment of retail and residential projects.

**Main European countries** (34% of Group sales) were down by 3.8% organically and 2.8% on a reported basis to €86 million. Performance has been contrasted by Solution in the region. Mail-Related Solutions posted a lower year-over-year organic contribution while Intelligent Communication Automation benefited from the penetration of the recently launched Accounts Receivable and Accounts Payable cloud solutions. However, the decline in license sales due to the change in business model continues to impact the overall growth for this Solution. Parcel Locker Solutions recorded growth in the region, supported by the on-going deployment of existing contracts.

The **International** segment (9% of Group sales) delivered a 2.9% organic growth, to €24 million, continuing the positive trend seen throughout 2022 with Intelligent Communication Automation as the prime contributor to the growth while Mail-Related Solutions showed strong resilience in the quarter. The 18.0% reported decline recorded by the International segment is due to currency impact and to the scope effect related to the divestment of the Graphic activities in the Nordics and the Shipping business in France, both sold in June 2022.



## OUTLOOK

### FY 2023 guidance and 2021-2023 financial outlook confirmed

The 2.1% organic growth recorded in Q1 2023 as well as the robust business trends seen across all three Solutions enable the Group to be confident in its ability to deliver its FY 2023 guidance as well as its three years 2021-23 CAGR targets. The recurring nature of the business model offers a good visibility of future revenues while demand for automation services remains very solid, fuelling growth. Further contribution from the phased pricing indexation is also expected to contribute to the full-year performance. FY 2023 guidance as well as the mid-term financial outlook are therefore confirmed.

#### Revenue guidance

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

#### Current EBIT<sup>3</sup> guidance

- Current EBIT<sup>3</sup> outlook is confirmed at minimum mid-single digit organic<sup>4</sup> current EBIT<sup>3</sup> CAGR over 2021-23
- FY 2023 organic growth<sup>5</sup> in current EBIT<sup>3</sup> is expected at c.10%.

## BUSINESS HIGHLIGHTS

### Quadiant introduces iX-1 postage meter in U.S. for small business and home offices

On 1 February 2023, Quadiant announced the general availability in the U.S. of the Quadiant 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 Quadiant lockers in UK; Evri to be the first carrier to use the technology

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

### Quadiant celebrates milestone of 10,000 smart locker units Installed in North America and 18,000 worldwide

On 28 February 2023, Quadiant 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 Quadiant's smart lockers for convenient, secure order pickup

On 13 March 2023, Quadiant 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 Quadiant 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 fifty states, many with same-day and next-day product availability.

<sup>3</sup> Current operating income before acquisition-related expenses.

<sup>4</sup> 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. The organic growth calculation excludes scope, forex and IFRIC impacts.

<sup>5</sup> Organic change excludes currency, scope and IFRIC impacts.



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**Quadiant accelerates growth of cloud-based solutions in the public sector with more than twenty new contracts signed in 2022**

On 15 March 2023, Quadiant 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 twenty new public sector organizations selected Quadiant's cloud-based solutions to manage critical multichannel communications, accounting for nearly 10% of new contracts' value and almost a tenfold increase over 2021.

**Already more than 20,000 customers signed up for Switch™, Quadiant's secure online mail platform for small businesses**

On 29 March 2023, Quadiant announced the growth of its digital mail business, supported by Switch™, a cloud-based platform for sending business mail online, replacing traditional document printing and mailing processes, as well as saving valuable time.

**Quadiant announces its eligibility for PEA-PME scheme**

On 31 March 2023, Quadiant announced its eligibility for the PEA-PME scheme, as it complies with the criteria for inclusion set by Article L.221-32-2 of the French Monetary and Financial Code.

Consequently, investment in Quadiant shares can be made through PEA-PME accounts.

**New international carrier joins Quadiant's open locker network in France**

On 6 April 2023, Quadiant announced that it has secured a new contract with an international carrier for the use of its open network of smart parcel lockers in France alongside Relais Colis, Quadiant's long-time partner in this business.

**Quadiant expands UK open locker network with two new host partners giving access to more than 1,000 sites**

On 12 April 2023, Quadiant announced that it will expand its Parcel Pending by Quadiant Open Locker Network in the UK, with two new host partners representing more than 1,000 potential sites for lockers:

- APCOA: UK and Ireland's leading parking mobility technology & solutions provider working across transportation, health & education, retail, and local government sectors.
- Rontec: One of the leading players in the UK forecourt industry, operating 264 roadside retail forecourts under the Esso, BP, and Shell brands.

**Quadiant achieves leader position in 2023 SPARK Matrix for customer communications management**

On 17 April 2023, Quadiant announced that it has been named by Quadrant Knowledge Solutions as a 2023 technology leader in the SPARK Matrix™: Customer Communication Management, 2023.

**Quadiant announces AI-based cash application module to accelerate invoice-to-cash processes**

On 26 April 2023, Quadiant announced the global availability of a new Advanced Cash Application module for Quadiant's Intelligent Communication Automation SaaS platform, to offer mid-market and enterprise customers a complete end-to-end Accounts Receivable (AR) automation solution.

**Quadiant connects its accounts payable solution to Sage 100 to enhance and streamline invoice processing**

On 27 April 2023, Quadiant announced that its accounts payable automation solution, Quadiant Accounts Payable (AP) by Beanworks, is now connected to Sage 100, a leading business management enterprise resource planning (ERP) solution for small and medium-sized businesses.



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## POST-CLOSING EVENTS

### **Bunker Hill community college selects Quadiant smart lockers to provide students with flexible, private access to food**

On 2 May 2023, Quadiant announced that Bunker Hill Community College (BHCC), a public community college in Boston, Massachusetts serving a diverse student population of over 16,000, has selected Parcel Pending by Quadiant refrigerated lockers to expand its successful DISH Food Pantry program that assists students struggling with food insecurity.

### **Quadiant recognized for the first time in 2023 Gartner Magic Quadrant for integrated invoice-to-cash applications**

On 9 May 2023, Quadiant announced that for the first time, it has been recognized by Gartner® in the Magic Quadrant™ for Integrated Invoice-to-Cash Applications for its offering, Quadiant Accounts Receivable (AR) by YayPay. The evaluation was based on specific criteria that analyzed the company's overall completeness of vision and ability to execute.

Gartner Magic Quadrant reports are a culmination of rigorous, fact-based research in specific markets, providing a wide-angle view of the relative positions of the providers in markets where growth is high and provider differentiation is distinct. The research enables organizations to get the most from market analysis in alignment with their unique business and technology needs.

### **Quadiant awarded Platinum rating by EcoVadis for second year, placing in the top 1% of companies**

On 11 May 2023, Quadiant announced it has been awarded a Platinum rating by EcoVadis for the second year running. EcoVadis is a leading ratings organization for sustainability, and its Platinum rating is the highest distinction awarded to the top 1% of performing companies that EcoVadis rates in different industries. EcoVadis assesses more than 100,000 companies in over 175 countries across two hundred industries, evaluating twenty-one sustainability criteria in four core themes: Environment, Labor & Human Rights, Ethics and Sustainable Procurement.

### **OneRail and Quadiant partner to provide faster and frictionless delivery solutions**

On 23 May 2023, Quadiant announced a partnership to provide smart lockers as part of an omnichannel solution for a fast and seamless delivery experience.

Integrated with OneRail's Omnipoint platform, the Parcel Pending by Quadiant smart locker system can be seamlessly incorporated into the existing order fulfillment process of retailers, enabling them to offer efficient and reliable delivery options to their customers and greater flexibility for delivery drivers to quickly pick up products, no matter the size, all while maintaining the visual integrity of the retail location.

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>.



**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**

- 16 June 2023: **Annual General Shareholders Meeting**
- 20 September 2023: **Half-year 2023 results**

**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. Quadient shares are eligible for PEA-PME investing.

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

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