



Good momentum maintained in Q3 2023, at the same pace as in H1, leading to a 6th consecutive quarter of organic revenue growth

Key highlights

- Both Q3 2023 and 9M 2023 consolidated sales **up 2.0% organically⁽¹⁾** with 9M 2023 revenue at €785 million
- 9M 2023 subscription-related revenue up +3.6%** on an organic basis, **representing 71% of total revenue**
- €200m ARR⁽²⁾ threshold crossed** for the Software Solution
- Strong performance from North America** with all three solutions contributing to the +4.4% organic growth in the region in 9M 2023
- AA rating maintained with MSCI ESG ratings.** Quadiant is ranked in the leader category for the 8th consecutive year
- FY 2023 organic revenue growth** is expected to remain broadly in line with current year-to-date level of c.2% vs. the c.3% previously expected
- FY 2023 current EBIT⁽³⁾ outlook confirmed at c.10% organic growth,** given tight costs control

Paris, 29 November 2023,

Quadiant S.A. (Euronext Paris: QDT), a leader in helping businesses create meaningful customer connections through digital and physical channels, today announces its 2023 third-quarter consolidated sales (period ended on 31 October 2023).

Geoffrey Godet, Chief Executive Officer of Quadiant S.A., stated: *“Our consistent momentum in organic revenue growth makes Q3 2023 our sixth consecutive quarter of expansion, a testament to the successful refocus of Quadiant as an integrated company with leading positions in its chosen markets. In the meantime, our subscription-based organic revenue growth continues to outpace the Group overall organic growth, demonstrating further progress in our strategic shift towards a stronger recurring revenue business model across all our solutions.*

As evidenced by the symbiotic relationship between our Mail business and our Software segment, the synergies amongst our solutions are a decisive factor of our strategy and they empower us to leverage our greatest asset—our large and diversified customer base—through continuous cross-selling initiatives. In addition, our commitment to innovation and a differentiated suite approach for our Software Solution has delivered further growth opportunities. As a result, we have now crossed the 200 million euros mark of ARR⁽²⁾ for our cloud software solution, setting Quadiant as the leader in its market.

Thanks to the constant upgrade of our offering, our Mail business has delivered another resilient quarter, outperforming the competition and continuously delivering solid cross-sell bookings for our Software Solution. Additionally, our ability to combine innovation with effective and differentiated go-to-market is also driving early success for our open network of parcel lockers, both in France and in the UK. The roll-out of these carrier-agnostic networks is progressing well and we are excited by the ramp up of the initial volumes both for the last mile deliveries and for the returns.

Despite the more challenging macro-economic landscape resulting in extended sales cycles amongst large enterprises, our SMB sales momentum stays robust. Our focus remains steadfast on nurturing recurring revenues while navigating these market complexities and we are confident in both our business model's resilience and our ability to drive profitable growth in Q4 2023 and beyond.

Finally, we welcome the arrival of new significant shareholders, namely Bpifrance and VESA Equity Investment, at a pivotal time in our history, as we are heading towards the end our three-year strategic plan and are about to present new ambitions in 2024 for our next phase of profitable growth.”

(1) 9M 2023 sales are compared to 9M 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 from Daylight for a total consolidated amount of €(5) million, and are restated for an amount of €19 million negative currency impact over the period.

Q3 2023 sales are compared to Q3 2022 sales, to which is added the revenue from Daylight for a total consolidated amount of €1 million, and are restated for an amount of €13 million negative currency impact over the period.

(2) Annual Recurring Revenue: Forward-looking indicator of future subscription-related revenue for Intelligent Communication Automation

(3) Current operating income before acquisition-related expenses



NINE-MONTHS 2023 CONSOLIDATED SALES

Group sales stood at €785 million in 9M 2023, a 2.0% organic growth compared to 9M 2022 and a (1.1)% decrease on a reported basis. The variation includes a negative currency impact of €19 million and a negative scope effect of €5 million. The change of scope is related to the divestments of the Graphic activities in the Nordics and the Shipping business in France, both in June 2022, and the acquisition of Daylight in September 2023.

Consolidated sales by Solution

Consolidated sales

In € million	9M 2023	9M 2022	Change	Organic change ⁽¹⁾
Intelligent Communication Automation	179	166	+8.0%	+9.7%
Mail-Related Solutions ^(a)	539	555	(2.9)%	(0.6)%
Parcel Locker Solutions ^(a)	66	67	(0.8)%	+3.9%
Other solutions divested in 2022	0	5	n/a	n/a
Group total	785	793	(1.1)%	+2.0%

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

Intelligent Communication Automation

In 9M 2023, sales from **Intelligent Communication Automation** demonstrated robust growth and reached €179 million, up 9.7% organically and up 8.0% on a reported basis compared to 9M 2022.

Subscription-related revenue recorded a strong 17.7% organic growth, accounting for 80% of Intelligent Communication Automation total sales in 9M 2023, a significant increase compared to 75% in 9M 2022. Transitioning toward a SaaS-centric business model continued to progress, with **SaaS customers representing 81% of the total Software customer** base at the end of 9M 2023. Organic growth in subscription-related revenue benefited from positive contributions from all regions and from a further strong acquisition of new logos within the SMB segment across multiple sectors. Q3 2023 witnessed substantial successes in cross-selling initiatives with 36% of the software bookings initiated from the mailing customer base. However, the postponement of two large projects, and delayed decisions by major enterprises impacted the growth of subscription-related revenue in Q3.

License sales and professional services continue to decline with licenses representing less than 7% of total sales and professional services declining to c.13%, primarily due to evolving customer preferences, cloud adoption requiring fewer onboarding services and customer mix evolving towards a higher share of mid-sized companies.

At the end of 9M 2023, **annual recurring revenue (ARR)**, which is a forward-looking indicator of future subscription-related revenue, **increased to €202 million**. It represents a 13.4% annualized organic growth⁽⁴⁾ versus the end of FY 2022 despite the negative impact of the postponed two large projects. Crossing the €200 million threshold establishes Quadiant cloud platform as the leader in its market.

Focus remains on improving the platform offering and on innovation, and since the beginning of Q3 2023, two new strategic partnerships were signed, to provide enriched corporate data for enhanced credit assessment. With Coface, the partnership offers an additional module for accounts receivable management within Quadiant's cloud platform. The second partnership with Altares further bolstered Quadiant's Account Receivables module by integrating their expertise in business data, empowering the platform's AI capabilities for predicting payment behaviors and tailoring effective reminder strategies. The new functionalities include highly accurate company rating and credit analysis to improve the management of payment collections.

Finally, Quadiant received notable recognition, maintaining its 15th position in the Top 250 Ranking of French Software Companies and securing the 5th position in the 'Horizontal Publishers' category.

(4) 9M 2023 ARR benefited from a €3.5 million positive currency impact vs. FY 2022



Mail-Related Solutions

Mail-Related Solutions sales of €539 million displayed resilience, down (2.9)% on a reported basis but only marginally down by (0.6)% on an organic basis in 9M 2023, thanks to a 0.9% positive organic growth in Q3.

Of note, hardware sales recorded a 1.3% organic growth in 9M 2023, including a strong 5.7% organic growth in Q3 2023, fueled by strategic placements in North America as well as positive contribution from the France/Benelux region. This goes along with an impressive International performance over Q3 thanks to the large NBT deal in the Nordics⁽⁵⁾

Quadiant commitment to innovation is highlighted in the substantial growth of its **upgraded installed base, reaching 30%** by the end of 9M 2023. This positive trajectory is supported by ongoing investments in renewing the product offering, fostering the adoption of Quadiant's latest generation equipment.

Importantly, cross-selling remains a key focus, as evidenced in the recent success in securing a cross-sell contract with the US Department of Veteran Affairs. This strategic win involved deploying three Quadiant products, showcasing the effectiveness of the Group's cross-sell strategy combining the latest mailing machine, with a folder/insertor and Intelligent Communication Automation software.

Additionally, the continuous progress on hardware placement is accompanied by the expansion of Mail Related Solutions' software portfolio with the launch, in Q3, of S.M.A.R.T. ESSENTIAL that allows for detailed cost accounting and multi-carrier shipping functionalities, in the USA. This expansion completes and extends the software range to meet the diverse needs of all customer segments, enhancing Quadiant's market positioning.

The modest (1.4)% decline in subscription-related revenues in 9M 2023 underscores the resilience of Quadiant business thanks to strong hardware placements in previous years and positive contributions from usage-related revenue, demonstrating its ability to effectively navigate the challenges of the mail industry. Quadiant solid order intake and backlog also highlight the enduring strength of the business model, despite facing longer sales cycles for large deals.

Parcel Locker Solutions

Parcel Locker Solutions sales reached €66 million in 9M 2023, a 3.9% increase on an organic basis and a 0.8% decrease on a reported basis compared to 9M 2022. Subscription-related revenues were up 7.6% organically in the first nine months of the year but growth was lower in Q3, at +2.9%. This slowdown was mainly due to the temporary negative impact of the new commercial agreement signed with Yamato in Japan in July, while both France and North America recorded double-digit organic growth in subscription-related revenue in Q3 2023.

License and hardware sales were down (3.4)% organically in 9M 2023, as they suffered from weaker placements in the retail sector in North America and the completion of the deployment of some contracts in the International region.

Quadiant strategic focus remains on establishing open networks of parcel lockers in the UK and France, witnessing fast volume increases that positively impact last-mile delivery and return processes. An exceptional achievement for Quadiant was the recognition of the Drop box locker as the Innovation of the Year 2023 in the Parcel and Postal Technology International Awards. This accolade underscores Quadiant's commitment to designing solutions that enhance the returns experience for consumers and retailers, simplifying the collection and return processes.

Quadiant continues to forge impactful partnerships, the latest collaboration having been signed with GLS France to grant a privileged access to Quadiant's French open locker network to the carrier. Space will be reserved on an exclusive basis in a number of specific sites within the carrier's priority geographical areas. GLS France will be able to access to up to 1,500 Quadiant drop-off and pick-up points, including those from the Auchan partnership, signed in September 2023.

Trend in parcel lockers installation accelerated in Q3 2023 with c.600 new lockers installed during the period. Quadiant's global **installed locker base reached c.19,500 units** at the end of 9M 2023 vs. c.18,000 units at the end of FY 2022.

⁽⁵⁾ Cf to the press release published on [20 June 2023](#)



Consolidated sales by geographies

In € million	9M 2023	9M 2022	Change	Organic change ⁽¹⁾
North America	447	442	+1.1%	+4.4%
Main European countries ^(a)	263	267	(1.4)%	(2.9)%
International ^(b)	75	84	(11.5)%	+5.3%
Group total	785	793	(1.1)%	+2.0%

(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 H1 2022, other solutions previously recorded under Additional Operation and divested in June 2022.

Sales in **North America** (57% of Group sales) were up **4.4% organically** to €447 million and up 1.1% on a reported basis. **All three Solutions posted organic growth** in 9M 2023 in the region. Intelligent Communication Automation was the main contributor with solid double-digit organic growth. The penetration of Quadiant's cloud-based solutions continues to be well supported by successful cross-selling across the Mail customer base while the Accounts Receivable and Accounts Payable cloud solutions also performed well in the region. Sales from Mail-Related Solutions were supported by the still solid penetration of recently launched products.

Main European countries (33% of Group sales) were down by (2.9)% organically and (1.4)% on a reported basis to €263 million, recording a contrasted performance between organic growth posted by France/Benelux and a decline in the UK and Germany.

The **International** segment (10% of Group sales) delivered a strong 5.3% organic growth, to €75 million, thanks to the solid performance from Mail-Relation Solutions in Q3 and despite the temporary negative impact from the new contractual commercial agreement signed with Yamato.

Q3 2023 SALES

Consolidated sales stood at €263 million in the third quarter of 2023, up 2.0% on an organic basis and down (2.6)% on a reported basis compared to the third quarter of 2022. The variation includes a negative currency impact of €13 million and a positive scope effect of €1 million. The change of scope is related to the acquisition of Daylight in September 2023.

In € million	Q3 2023	Q3 2022	Change	Organic change ⁽¹⁾
Intelligent Communication Automation	60	58	+2.7%	+5.8%
Mail-Related Solutions ^(a)	181	189	(3.7)%	+0.9%
Parcel Locker Solutions ^(a)	21	23	(6.6)%	+0.9%
Group total	263	270	(2.6)%	+2.0%

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

Intelligent Communication Automation sales were up by 5.8% on an organic basis to €60 million with a double-digit growth in North America. The subscription-related revenue showed a 12.5% organic growth, a lower level than in H1 2023 mainly due to one-offs:

- The postponement of the implementation of two large projects, and
- Longer sales cycles and delayed decision making from large enterprises

Mail-Related Solutions delivered a remarkable performance with revenue reaching €181 million in Q3, up by 0.9% on an organic basis with a good growth in hardware sales (+5.7%) and a resilient performance in subscription-related revenue (-1.2%). Of note, the double-digit organic growth in International.

Parcel Locker Solutions sales stood at €21 million in Q3 2023, with a +0.9% organic growth compared to Q3 2022.



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In € million	Q3 2023	Q3 2022	Change	Organic change ⁽¹⁾
North America	152	155	(2.4)%	+4.5%
Main European countries ^(a)	85	88	(3.9)%	(5.6)%
International ^(b)	26	26	+0.4%	+13.7%
Group total	263	270	(2.6)%	+2.0%

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

(b) International includes the activities of Intelligent Communication Automation, Mail-Related Solutions and Parcel Locker Solutions outside of North America and the Main European countries.

North America posted 4.5% organic growth in the quarter, driven by growth in all three solutions, including double-digit organic growth in Intelligent Communication Automation.

Main European Countries posted a 5.6% organic decline, despite a strong performance of Parcel Locker Solutions, benefitting from the development of the recent contracts in France. This was offset by a decline in Intelligent Communication Automation due to further change from license to SaaS business model.

International increased strongly by 13.7% organically, thanks to a strong performance in hardware sales, particularly in Mail-Related Solutions.

Investigations relating to the situation of the Italian and Swiss subsidiaries of Mail-Related Solutions

As far as the accounting irregularities detected in the Mail-Related Solutions' Italian and Swiss subsidiaries are concerned, the investigations have now confirmed that the irregularities are contained to these two subsidiaries. These investigations are however still ongoing and as stated in the H1 2023 results press release, the Group cannot exclude additional financial impacts in the 2023 financial accounts, whilst it reserves the right to take legal action against any person responsible for these accounting irregularities.

OUTLOOK

FY 2023 guidance and 2021-2023 financial outlook

FY 2023 organic revenue growth is expected to remain broadly in line with the 2% recorded in the 9M 2023 taking into account the current macro-economic environment. The FY 2023 organic growth guidance for Group revenue is therefore adjusted to c.2% vs c.3% previously and the 2021-2023 outlook at revenue level is also adjusted accordingly.

This level of organic growth together with both the operating leverage of the business and the focus on cost control enables the Group to maintain its FY 2023 guidance of c.10% organic growth at the EBIT⁽³⁾ level.

Revenue guidance

- FY 2023 organic sales growth is expected at c.2% vs. c.3% previously
- Sales organic CAGR over the 2021-23 three-year period is therefore expected at c.2.5% vs. a minimum of 3% previously

Current EBIT⁽³⁾ guidance reiterated

- FY 2023 organic growth in current EBIT⁽³⁾ is expected at c.10%.
- Current EBIT⁽³⁾ organic CAGR is therefore confirmed at minimum mid-single digit organic⁽⁶⁾ current EBIT⁽³⁾ CAGR over the 2021-23 three-year period

(6) Based on 2020 current operating income before acquisition-related expenses excluding Parcel Pending's earn-out reversal, i.e. €145 million, with a scope effect resulting in a €140 million proforma



BUSINESS HIGHLIGHTS

Quadiant positioned as leader in 2023 SPARK Matrix for accounts payable automation and accounts receivable applications

On 7 August 2023, Quadiant announced that it has been positioned as a Leader in two global market research reports on Accounts Receivable and Accounts Payable automation software solutions. Produced by management consulting firm Quadrant Knowledge Solutions, the two reports—SPARK Matrix™: Accounts Payable Automation, 2023 and SPARK Matrix™: Accounts Receivable Applications, 2023—give Quadiant strong ratings across the parameters of technology excellence and customer impact.

Quadiant Invests in Artificial Intelligence (AI) Capabilities Leveraging Microsoft Azure AI Services to Power up its Cloud Platform

On 24 August 2023, Quadiant announced the integration of its Intelligent Communication Automation (ICA) platform with Microsoft Azure AI, a portfolio of artificial intelligence (AI) services designed for developers and data scientists backed by a secure environment and responsible AI principles. The integration of generative AI into Quadiant's cloud platform will further contribute to transforming the way organizations engage with their customers.

Quadiant Partners with REPAY to Deliver Exceptional Payment Experiences with Accounts Payable Automation Solution

On 8 September 2023, Quadiant announced a technology partnership with Atlanta-based Repay Holdings Corporation (NASDAQ: RPAY) ("REPAY"), a leading provider of vertically-integrated payment solutions, to enhance the payment experience within Quadiant's cloud-based accounts payable (AP) automation solution. REPAY serves multiple Business Payments verticals in North America, including retail automotive, education, field services, governments and municipalities, healthcare, media, homeowner association management and hospitality.

Decarbonizing delivery: more than 300 Quadiant parcel lockers added to UPS France's pickup points network

On 12 September 2023, UPS and Quadiant announced their strategic partnership, giving UPS access to Quadiant's parcel locker open network throughout France. This collaboration will enable UPS to complement its French pickup points network, currently the logistic company's largest in Europe, comprising more than 6 150 UPS Access Points. Quadiant, whose parcel locker business already boasts over 1,000 units in France, is continuing to roll out its open network available to the various parcel logistic players.

Quadiant Enriches Customer Communication Cloud Solution with Acquisition of Intelligent Form Technology

On 18 September 2023, Quadiant announced the introduction of Quadiant Inspire iForms, a new intelligent forms capability added to its Customer Communication Management (CCM) solution Quadiant Inspire, following the acquisition of Daylight Automation⁽⁷⁾.

Daylight Automation, formerly FormHero, is a cloud-based low-code platform that allows organizations to rapidly build and deploy personalized digital solutions. Their customer base spans across key customer-centric industries such as banking and insurance, including three major financial institutions in Canada. Both companies had been collaborating closely since their partnership announced in 2022. The addition of this new intelligent form capacity to Quadiant Inspire will bring enhanced benefits to companies looking for cloud-based solutions that help create engaging customer experiences at scale.

Quadiant selected as French Social Security National Agency exclusive supplier for mail management solutions

On 28 September 2023, Quadiant announced having won a major tender for the French Social Security National Agency (UCANSS). The 4-year framework agreement gives Quadiant the exclusive mandate to supply a variety of mailing, inserting and letter-opening equipment to organizations affiliated to the French Social Security body.

⁽⁷⁾ From a financial standpoint, this acquisition is not material to Quadiant's financial results.



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POST-CLOSING EVENTS

Real estate company Galimmo partners with Quadiant to simplify parcel delivery and collection at its shopping centers in France

On 9 October 2023, Quadiant announced that Galimmo, a real estate company that owns and operates the shopping centers adjacent to Cora hypermarkets in France, will soon be offering Parcel Pending by Quadiant smart parcel delivery within its French network.

Quadiant Partners with MFG in the UK, Expanding Innovative Open Locker Network

On 12 October 2023, Quadiant announced a new partnership with Motor Fuel Group (MFG). MFG, one of the UK's leading independent forecourt operators, will start hosting a number of Parcel Pending by Quadiant Open Network Lockers in the coming weeks, offering 24/7 delivery and pickup for carriers and consumers across the UK.

Partial purchase by Quadiant under its €325,000,000.00; 2.25% notes due 2025 - ISIN Code FR0013478849

On 19 October 2023, Quadiant has proceeded to a partial purchase under the notes issued by Quadiant on the 23rd of January 2020 for an amount of €325,000,000.00 at a rate of 2.25% due 3rd February 2025 (ISIN code FR0013478849) (the "Notes"). The nominal amount purchased by Quadiant is € 34,200,000.00.

The outstanding nominal amount of the Notes after this partial purchase **was** € 290,800,000.00.

On 9 November 2023, Quadiant has proceeded to a partial purchase under the notes issued by Quadiant on the 23rd January 2020 for an amount of €325,000,000.00 at a rate of 2.25% due 3rd February 2025 (ISIN code FR0013478849) (the "Notes"). The nominal amount purchased by Quadiant is € 12,200,000.00.

The outstanding nominal amount of the Notes after this partial purchase **is now** € 278,600,000.00.

Quadiant Secures Good Position in the 2023 Top 250 Ranking of French Software Companies

On 9 November 2023, Quadiant announced it has maintained its 15th position in this year's Top 250 ranking of French software companies, also placing fifth in the 'Horizontal Publishers' category. The ranking takes into account 2022 software-related revenues reported by 275 software companies, including licenses, subscriptions and services.

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-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: +1 786 697 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

- March 2024: **Fourth quarter sales and full-year results 2023 release**

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/>

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