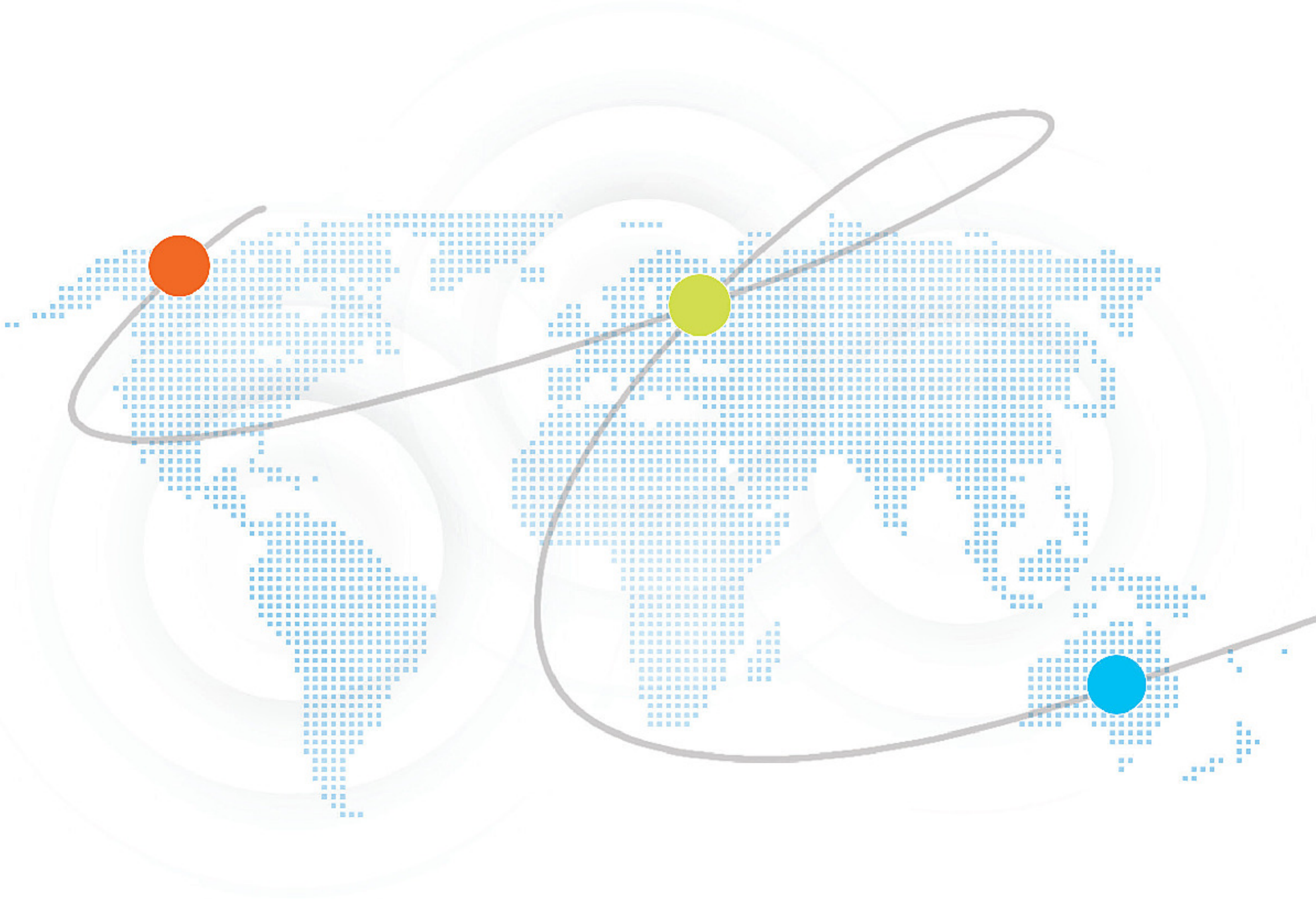
quadient



UNIVERSAL REGISTRATION DOCUMENT

2022

Contents

quadient

UNIVERSAL REGISTRATION DOCUMENT

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document was filed on 27 April 2023, with the French financial markets authority as the competent authority in accordance with Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said regulation. The Universal Registration Document may be used for the purposes of a public offering of financial securities or the admission of financial securities to trading on a regulated market if it is accompanied by a simplified prospectus and, where applicable,a summary and all the amendments made to the Universal Registration Document. The entirety thus constituted is approved by the French financial markets authority in accordance with Regulation (EU) 2017/1129.

This English version of the Universal Registration Document in PDF format is a free translation of the official French version of the Universal Registration Document in XHTML format, which is available on the website of the Autorité des marchés financiers, as well as on the Company's website.

This is a translation into English of the universal registration document of the Company issued in French and it is available on the website of the Company (https://invest.quadient.com/en-US).

Pursuant to article 19 of regulation (EU) 2017/1129, the following information is included in this universal registration document by reference:

- the consolidated financial statements, annual accounts and statutory auditors' reports may be found on pages 153 to 255 of the universal registration document for the year ending 31 January 2022 filed with the AMF on 3 May 2022 under number D.22-0411 and available on the website of the Company https://labrador.cld.bz/QUADIENT-2021-Universal-Registration-Document;
- the consolidated financial statements, annual accounts and statutory auditors' reports may be found on pages 137 to 247 of the universal registration document for the year ending 31 January 2021 filed with the AMF on 17 May 2021 under number D.21-0458 and available on the website of the Company https://resources.quadient.com/m/246ca30a25c9a90/original/Quadient_QDT_URD-2020_VA.pdf;
- the management reports for 31 January 2022 and 31 January 2021 may be found on pages 71 to 84 and 71 to 83 of registration documents D.22-0411 and D. 21-0458.

MESSAGE FROM **CHAIRMAN**

DIDIER **LAMOUCHE**

CHAIRMAN OF THE BOARD

« IN 2022, QUADIENT DEMONSTRATED ITS RESILIENCE DESPITE A MULTI-CRISES ENVIRONMENT ».

To the Shareholders,

2022, from a macro standpoint, has been another year of unexpected and unforeseen turbulences in the world. Whilst companies were still adjusting to the consequences of the Covid crisis, 2022 presented its own set of challenges with the war in Ukraine, the energy crisis, the return of high inflation and increased interest rates. In that context, businesses had to learn to navigate in a world of growing uncertainties. Faced with these challenging times, the Board is pleased with the resilience of the business model, articulated around a strengthened Mail business and two growth engines penetrating attractive markets. The resilience of Quadient's performance also stems from its growing recurring revenues and strong focus on delivering superior service to its large customer base, while remaining an employer of choice. This allowed the Group to strengthen its financial position through deleveraging, a positive move in the higher interest rates environment, whilst capital allocation is thoroughly defined by the Board to carefully balance the need for investments into the business and offering attractive and growing returns to shareholders.

Quadient's strategy has placed ESG goals at the heart of its transformation, and the Board gave particular attention to the Group execution of its extra-financial objectives for the 2021-2023 period. Solid progresses have already been made towards these targets, such as the share of remanufactured products which, at 73%, is well above the initial target of 50%. These ESG engagements are also reflected by the fact that, since March 2021, Quadient is a signatory to the UN Global Compact, committing to specifically support 8 of the 17 United Nations Sustainable Development Goals. By becoming a signatory of this program, Quadient asserted its commitment to respecting, supporting and promoting the 10 Principles of the Global Compact on Human Rights, labor, environment and anti-corruption within its sphere of influence.

In 2022, the Board continued to abide by the best governance practices and to dedicate time to maintain an active and as direct as possible dialogue with shareholders. Our governance roadshow initiative, now in its fourth year, has been well received and is now embedded in our set of key corporate processes. Board composition has been strengthened with two new members bringing additional expertise in areas of strategic focus and at the next AGM, on 16 June 2023, the Board is proposing the renewal of Eric Courteille, a proven successful entrepreneur, in line with our policy of carefully balancing new skills and the renewal of experienced members.

Whilst the Board remains vigilant in the face of still uncertain macro developments this year, we believe that Quadient has never been in a better position to deliver upon the "Back to Growth" strategic initiatives, and we remain grateful for the trust placed in us by our Shareholders.

DIDIER LAMOUCHE

THREE QUESTIONS FOR THE CHIEF EXECUTIVE OFFICER

GEOFFREY GODET

CHIEF EXECUTIVE OFFICER

« IN 2023, QUADIENT IS ON TRACK TO DELIVER ITS « BACK TO GROWTH » STRATEGIC PLAN ».

Can you highlight the progress made toward the Back to Growth strategic plan?

We are well on track to reach our three-year targets presented during the 2021 Capital Markets Day. After the successful transformation of the Group during the first phase of Back to Growth strategic plan, Quadient embarked in 2021 into the second phase of the plan, aimed at delivering sustainable value. From a financial standpoint, despite a challenging macro environment, Quadient delivered a robust performance in 2022. The year also marked the completion of the reshaping of Quadient's portfolio, with the divestments of the two remaining non-core activities. This important milestone enables Quadient to fully focus on its three integrated Solutions, with a new and simplified reporting structure aligned on these three Solutions. Quadient is now strongly positioned as an innovative B to B subscription platform combining a comprehensive connected hardware and software offering to power billions of critical business transactions every day. Quadient has also successfully evolved its large enterprises solutions, adapting them to meet the needs of small and medium-sized businesses, and now supports nearly half a million customers worldwide across multiple industries.

What were the key aspects of Quadient's 2022 results

Revenue for the Group reached €1.1 billion, a solid 5.6% reported growth with all three solutions contributing to this performance. We continued to develop our subscription-based business model, which now accounts for 69% of total revenues. Our Software business delivered a very solid 22% Annual Recurring Revenue organic growth, a testimony to the successful transition of the activity from an on-premise license model to a SaaS/cloud offering. This is providing us with a good visibility for 2023 and the years to come. Mail-Related Solutions delivered a second consecutive year of organic growth driven by the dynamic penetration of our recently upgraded product range. Lastly, our Lockers business performed well with the ongoing deployment of existing contracts and despite some delays in retail and residential projects in the US. From a profitability standpoint, current EBIT reached 150 million euros, with a marked improvement during the second half of the year. We are particularly pleased with both the acceleration in revenue growth and the increase in profitability through the year, setting a sustainable trajectory for 2023 and beyond.

How do you expect Quadient to perform in 2023?

We expect the organic growth trend seen at the revenue level to accelerate to c.3% in 2023, supported by the strong growth in Annual Recurring Revenue from our Software business, increasing level of lockers deployments and resilient mail equipment placements. In line with our ambition to deliver profitable growth, we remain fully committed to continuously improve our organization, foster synergies between our three Solutions and maintain a tight control of our costs, while investing in sales, marketing and R&D to support future growth. For 2023, this commitment should translate into a c.10% organic increase of the Group's current EBIT. With this 2023 guidance, we are pleased to confirm the financial engagement taken at the beginning of the 2021-2023 strategic plan in terms of organic CAGR over the period both at the revenue and current EBIT levels.

PROFILE & ACTIVITIES

Quadient helps companies to simply and efficiently create meaningful and personalized interactions with their customers and other key stakeholders.

Behind every customer interaction, there is always something meaningful, whether the interaction involves mailing a contract, confirming a reservation via text message, receiving a parcel, paying a bill, or communicating through a mobile or web app.

Quadient aspires to be the leader in each of its key areas of business.

Simplify the connection between people & what matters

440,000 customers

A diversified customer base in terms of industry and geography

440,000 existing customer base

Large enterprises and SMBs
Global footprint

Unique approach based on:

Subscription business model
Efficient **cross-selling**
Dynamic **upselling**
c.€30m cost synergies p.a.

Innovative & complete subscription platform

Business transactions management
Adaptable to suit customer size
Proven productization across geographies & industries

Solutions **leader in core markets/segments**

Recognized leader in cloud CCM(1)
#1 in Europe
#2 global player
#1 open network operator(2)

c. 80 Countries where Quadient products are distributed

4,900 Employees

€1.08 billion Revenue

+5.6% Revenue reported change(3)

(1) IDC MarketScape vendor assessment, 2022, World, SaaS Vendor; Forrester Q2 2022.

(2) In the main geographical areas where Quadient is present.

(3) Reported growth compared to 2021.

INTELLIGENT COMMUNICATION AUTOMATION

An intelligent set of integrated cloud platforms to automate critical business communications and processes, save time, reduce costs, drive better customer experience and high level of engagement from internal and external constituents.

- A true end-to-end cloud-based global business communications platform to manage over a billion customer-facing communications and critical business interactions each and every day.
- Supporting businesses in all aspects of customer communication and financial automation.

Sales
€227 million
+12.8 %[3]

MAIL-RELATED SOLUTIONS

Extensive line of software and hardware for preparing and sending mail (franking systems and folders/inserters suitable for both low and high volumes):

- Mail processing remains a large market despite the structural decline in letter volumes;
- A market with high barriers to entry;
- North America, where Quadient has 20% market share, represents more than 50% of the global market.

Sales
€757 million
+6.7%[3]

PARCEL LOCKER SOLUTIONS

This solution consists in a cloud platform connected with a parcel locker network which automates the tracking of parcel drop-off and pick-up, helps optimize the management of last-mile parcel delivery and simplifies parcel retrieval, whether that happens in public places, at retailers' sites or at residences.

- The only proven automated solution as of today, offering customers a convenient, secure and contactless way to retrieve their packages;
- A fast-growing, multi-local market suited to the rapid increase in the number of parcels resulting from the e-commerce step-up during the Covid crisis.
- Network of over 18,000 lockers as at 31 January 2023.

Sales
€91 million
+5.6%[3]

«BACK TO GROWTH» STRATEGY

«Transform» 2019-2020

1. Set up a sustainable value creation business model based on an integrated strategy
2. Foster revenue and cost synergies through a centralized organization
3. Initiate portfolio rotation to establish leading positions in three chosen solutions

«Drive Sustainable Value» 2021-2023

1. Complete portfolio rotation and build upon the established leadership positions
2. Accelerate the revenue and cost synergies
3. Align the CSR objectives and the corporate strategy

Initiated early 2019, the "Back to Growth" strategy aimed at transforming Quadient to become a unified Company, while refocusing its business portfolio on synergistic smart hardware and software solutions with high growth potential and market leading positions.

In March 2021, Quadient announced the phase two of "Back to Growth".

Quadient aimed at building leading market positions in fast growing businesses that are synergistic with its foundational mail-related activities. Cloud platforms for intelligent communication management and parcel delivery automation were selected to be the Company's growth engines while continuing to benefit from Quadient's strong position in the highly profitable and cash generative mail-related business.

With a clear focus on organic development, innovation and technology, Quadient continues to scale its smart hardware and software installed base solutions, accelerating further the shift to its suscription business model and fostering synergies across its solutions.

BOLT-ON ACQUISITIONS

c. €195-200 million cash-out to date

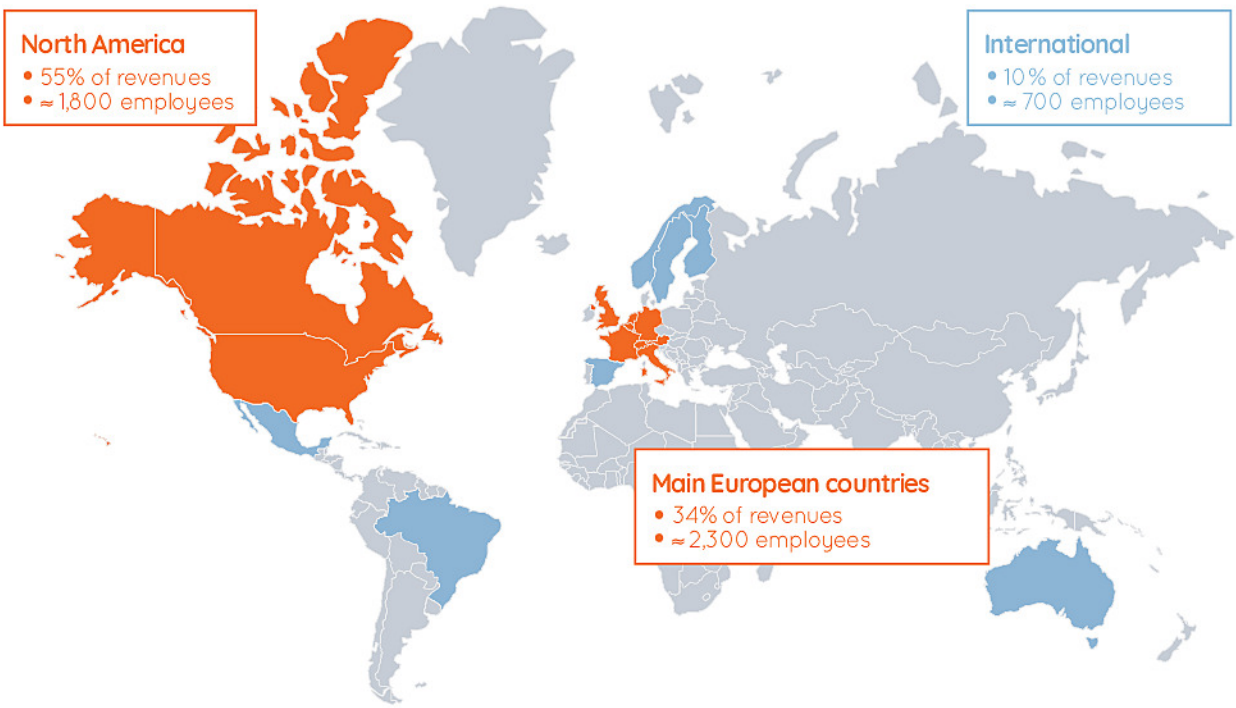
- PARCEL PENDING – Parcel locker solutions in the US
- YayPay – Accounts Receivable (AR) automation solutions
- Beanworks – Accounts Payable (AP) automation solutions

2019 – 2020 – 2021 – 2022

DIVESTMENTS

c. €110-115 million cash-in to date

- 2019: *Data quality* – Satori Software (Simply Powerful), Human Inference
- 2020: *Shipping software* – temando (Shut down), ProShip
- 2021: *Graphics business in Australia*; *Drachten factory and packaging system*
- 2022: *Graphics activities in the Nordic countries*; *Shipping activities in France*



Quadient also evolved its organisation to simplify its operational model, gain in efficiency and gather the company under an unified brand and a strong common culture. The executive team has been renewed with new talents hired to lead the transformation, leaner management layers were put in place with a strong regional focus, and centers of excellence were established to streamline internal tools and processes, and better leverage the teams' expertise.

On 2022, Quadient made significant progress in its "Back to Growth Strategy" with the end of its portfolio rotation program, concluded in June 2022 with the disposal of its two remaining non-core activities. Further to these divestments, the Group simplified its reporting structure by ending the Additional Operations segment and integrating the remaining activities into their respective solutions. FY 2022 results are published based on this new reporting structure, with the three solutions as reporting segments and the additional disclosure of a current EBIT by solution.

Continue building on our strengths and exectuting our strategy with clear ambition to deliver sustainable value

BUSINESS MODEL

INDUSTRY TRENDS

Digitalization,
a major catalyst in the change of customer communications and financial automation

STRENGTHS

An integrated company

- Integrated organizational structure and a representative brand for all activities. Tagline: «Because connections matter»
- Focus on three solutions in **key** geographic regions: **North America / Main European Countries / International**
- Direct or indirect distribution network covering **80** countries

A strong financial structure

- Robust liquidity position: **€572 million** in cash and **€400 million** of undrawn credit lines as of 31 January 2023
- Debt backed by future cash flows from rental operations and leasing portfolio (**€722 million** net debt)
- Leverage excluding leasing: **1.8x** EBITDA[1]

(1) Net debt excluding leasing/ EBITDA excluding leasing.

AN INSTALLED BASE BUSINESS MODEL, SHARED BY ALL THREE SOLUTIONS

	MAIL-RELATED SOLUTIONS	PARCEL LOCKER SOLUTIONS
Subscription-related revenue	• **Subscription: Rental / leasing Support / maintenance** (both solutions)	
	• **Supplies subscription** *(Ink & spare parts due to machine usage & processed mail volumes)* • **Subscription**	• **Subscription / usage** *(based on usage rate in certain cases)*
Revenue not related to subscriptions	• **Equipment sales** *(Acquisition of new customers, or upsell from the installed base)* (both solutions)	
		• **Installation services** *(Parcel Locker Solutions)*
Customers	• Small and medium-sized enterprises • Large accounts	• Residential • Universities & Corporates • Retailers • Carriers

VALUE CREATION

CUSTOMERS

- Circular economy: **73%** of hardware marketed are produced through a remanufacturing process
- **95%** customer satisfaction rate

PEOPLE

- **€458 million** paid in employee wages, bonuses, commissions and payroll charges
- **94.2%** of permanent contracts to support local jobs
- **34.3%** of women in the Company
- **29.2%** of managers are women

SUPPLIERS

- **€88.6 million** in production purchases
- **1,200+** screenings and due diligence reports processed on third parties

Despite its structural decline, **the mail market remains large and resilient**

Management of last-mile parcel delivery, a priority given the **high volumes of parcels**

A culture of R&D and innovation

- **5.3%** of sales dedicated to R&D
- More than **600** engineers
- **7** R&D centers
- A team dedicated to digital innovation

Expert teams

- **4,900** employees
- Diverse backgrounds: expertise, origins, skills, cultures, outlooks
- **78%** of employees completed a training session in 2022.

High-performing industrial assets

- **2** production centers
- **4** logistics centers
- **100%** of industrial sites are certified ISO 14001, OHSAS 18001/45001

INTELLIGENT COMMUNICATION AUTOMATION

- **Subscription (SaaS)** *(installed base)*
- **Volume** *(customers usage of the platform)*
- **Maintenance** *(installed base / charging for maintenance services)*

- **License sales** *(acquisition of new customers, or upsell from the installed base)*
- **Professional services** *(invoiced on a time spent basis)*

- Large accounts
- Segment of largest small and medium-sized enterprises
- Mail-Related Solutions direct sales channel #1 partner of ICA

2022 RESULTS

- SALES: **€1.08bn**
- SUBSCRIPTION-RELATED REVENUE: **69%**
- AN INTERNATIONAL COMPANY:
  - NORTH AMERICA: **55%**
  - MAIN EUROPEAN COUNTRIES: **34%**
  - INTERNATIONAL: **10%**
- CURRENT EBIT: **€150m**(2)

(2) Before acquisitions-related expenses.

LOCAL COMMUNITIES AND CHARITIES

- **50+** charities supported
- More than **€239,000** of donations raised

STATES AND REGIONS

- **€22.5 million** in taxes
- **10%** reduction in CO_2 emissions compared to 2018 (scopes 1, 2 and 3)
- **81%** of industrial waste recycled

SHAREHOLDERS

- A **€0.55** dividend per share has been paid for fiscal year 2021, increasing by **10%** compared to the previous fiscal year

QUADIENT, **A RESPONSIBLE COMPANY**

Quadient offers its customers innovative and sustainable solutions while working to limit its impact on the environment. Quadient has defined a CSR program, aligned with its operations and strategy, around five pillars.

By joining the UN Global Compact in 2021, Quadient asserted its commitment to respecting, supporting and promoting the 10 Principles of the Global Compact on Human Rights, environment and anti-corruption within its sphere of influence.

Key Results

0.05%
Absenteeism rate for work-related accidents with time off

29.2%
of women among managers

23.4% ↗
of women among Senior Leaders

81%
of industrial waste recycled

10%
reduction in GHG emissions compared to 2018 (Scopes 1, 2 and 3)

€239,000
of financial donations to nonprofit organizations

3,250
hours volunteered by Quadient employees

82%
of employees engaged in compliance and business ethics training program

95%
of overall customer satisfaction

• **See more: all 2022 results are presented in chapter 5.**

A strategy recognized by non-financial rating agencies

	vigeo eiris	Gaïa	ecovadis	CDP	ISS ESG	MSCI	Corporate Knights
2021	53%	81%	Platinum	B	« Prime » Statut	AA	62nd
2022	**NA**	**83%**	**Platinum**	**B**	**« Prime » Statut**	**AA**	**75th**
Evolution	=	↗	=	=	=	=	↘

Our 5 CSR pillars, challenges and objectives

Empowering Quadient's people to achieve Company's strategy

Ambitions

Provide great working conditions empowering all Quadient employees to perform at their very best.

Create an inclusive and diverse culture indicative of Quadient's equal opportunity employer philosophy.

Give all employees the opportunity and the means for personal and career development and empower them to contribute to the Company's success.

Objectives

> 80% of employees eligible to remote working 2 days or more per week.

> 30% of women among managers.

> 30% of women among Senior Leaders.

• See more: section 5.1.3

Enabling a culture of excellence and integrity

Ambitions

Promote a culture of integrity and ethical conduct through Quadient's compliance program.

Protect privacy and integrity of data entrusted to Quadient against internal and external threats.

Engage with partners and suppliers who observe standards similar to those of the Company.

Objectives

> 95% employees endorsed the code of ethics.

> 95% employees engaged in compliance and business ethics training program.

> 95% strategic business partners have endorsed the code of conduct for business partners.

• See more: section 5.1.4

Reduce Quadient's environment footprint

Ambitions

Take actions to combat climate change and support global transition to a low carbon economy.

Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint.

Objectives

Reduce CO_2 emissions by 50.4%, for scope 1 & 2 between 2018 and 2030.

Reduce CO_2 emissions by 40%/€m revenue for targeted categories, for scope 3 between 2018 and 2030.

Mail-Related solutions (MRS) equipment remanufacturing to account for more than 50% of MRS products placed on the market.

• See more: section 5.1.5

Build the best customer experience by offering innovative, reliable, and sustainable solutions

Ambitions

Leverage technology to consistently innovate and improve Quadient's portfolio of solutions.

Design cutting-edge sustainable solutions to help Quadient's customers fulfil their needs while contributing to sustainable development.

Deliver high quality, reliable and secure solutions to Quadient's customers.

Objectives

Achieve overall customer satisfaction above 95%.

Pursue investments in R&D above 4.5% of consolidated revenues.

• See more: section 5.1.6

Engage and support the communities

Ambitions

Embody the Company's values by supporting local communities in the fields of Education & Decent Employment, Inclusion & Diversity and the Reduction of Waste and Pollution.

Objectives

5,000+ annual hours contributed by Quadient's employees supporting communities.

> €100,000 of financial donations to Non-Profit Organizations.

25% of employees engaged and involved in volunteering & sponsorship projects (contribution rate).

• See more: section 5.1.7

A LARGELY INDEPENDENT **BOARD OF DIRECTORS**

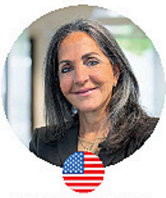
DIDIER LAMOUCHE
Chairman of the Board

The Board of Directors has 12 members, who provide their international expertise notably in the fields of digital, e-commerce, new technology and corporate governance.

The Board has approval power over Quadient's strategic guidelines and decisions, and checks the proper execution of the strategy, including new project launches, investments, divestments and acquisitions.

GEOFFREY GODET
Chief Executive Officer

6 Meetings — **98.6%** Average attendance — **80%** Independence of Directors* — **40%** Women*



MARTHA BEJAR
Since June 2019

HÉLÈNE BOULET-SUPAU
Since June 2017

ÉRIC COURTEILLE
Since July 2012

PAULA FELSTEAD
Since September 2021

NATHALIE LABIA
Employee representative director
Since August 2020

CHRISTOPHE LIAUDON
Employee representative director
Since August 2019

SÉBASTIEN MAROTTE
Since July 2021

VINCENT MERCIER
Since July 2009

RICHARD TROKSA
Since July 2016

NATHALIE WRIGHT
Since June 2017

Audit Committee — *Strategy and Corporate Social Responsibility Committee* — *Appointments and remuneration* — *Chairman of a committee*

MAPPING OF THE BOARD'S EXPERTISE

General management, executive functions, management, and entrepreneurship	8
Technology & IT	8
Digital (e-business, e-commerce, machine learning, customer experience)	8
Finance	5
Technology, cybersecurity	5
Strategy, innovation & transformation	5
M&A, private equity	2
Operations, supply chain	3
Consulting	2
Retail	3
Banking & insurance (FinTech)	2
Logistique	1
Other industries (travel and entertainment, capital goods, consumer goods)	6

(*) In accordance with French law and the AFEP-MEDEF Code, employee representative directors are not counted when determining the percentage of Independent Directors or the proportion of women on the Board of Directors.

AN INTERNATIONAL **MANAGEMENT TEAM**

GEOFFREY GODET
Chief Executive Officer

The management team is composed of the leaders from each support function, along with the business leaders within each solution and each operation by geographic region.

During fiscal year 2022, Quadient continued the evolution of its management team as part of the streamlining of its organisation. The Group now relies on more international and specialized profiles.

SUPPORT FUNCTIONS

BRANDON BATT
Transformation and Human resources

LAURENT DU PASSAGE
Finance

STEVE RAKOCZY
Digital

TAMIR SIGAL
Marketing

SOLUTIONS

CHRIS HARTIGAN
Intelligent Communication Automation

ALAIN FAIRISE
Mail-Related Solutions

BENOIT BERSON
Parcel Locker Solutions

OPERATIONS

STÉPHANIE AUCHABIE
France & Benelux

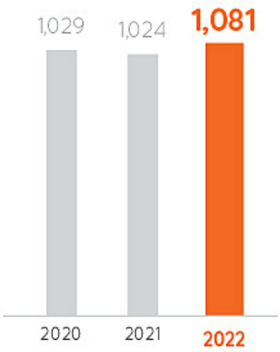
DUNCAN GROOM
Germany, Austria, Switzerland & Italy and United Kingdom & Ireland

IAN CLARKE
International

FINANCIAL **PERFORMANCE**

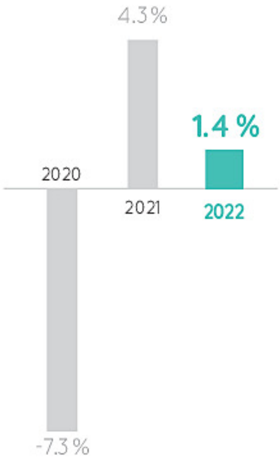
INCOME STATEMENT

SALES
(in million euros)



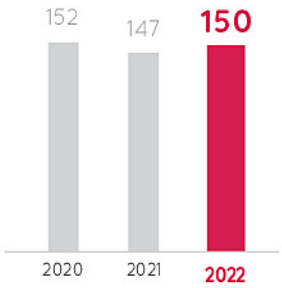
In 2022 subscription related revenue accounted for 69% of consolidated sales.

ORGANIC CHANGE[1]
(annual growth rate)



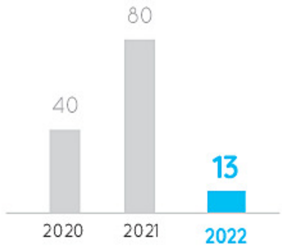
In 2022, quadient delivered further organic growth with all three solutions posting positive performances.

CURRENT EBIT[2]
(in million euros)



Marked improvement in current EBIT in H2 with the current EBIT margin reaching 15.2% in the period.

NET INCOME
(in million euros)

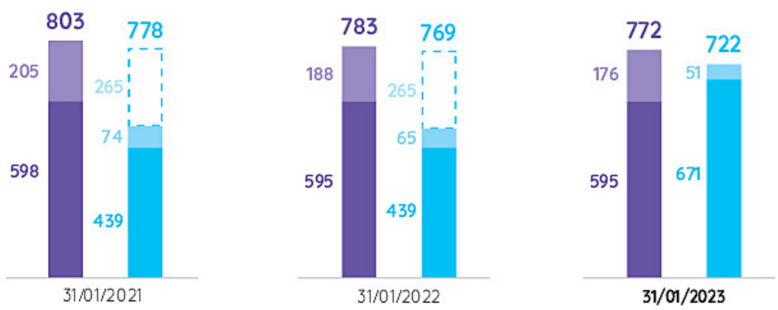


Net income Group share was 13 million euros in 2022, impacted by €70 million of non-cash one-off items. EPS was 0.29 euros for FY 2022.

(1) *Excluding currency and scope effects.*

(2) *Before acquisitions-related expenses.*

FINANCIAL STRUCTURE
(in million euros)



Net debt declined further in 2022, reaching 722 million euros as of 31 janurary 2023 vs. 769 million euros including the ODIRNANE instrument as of 31 january 2022. The ODIRNANE instrument was repaid in full in June 2022. Group financial leverage excluding leasing (net debt excluding leasing/EBITDA excluding leasing) decreased to 1.8x at the end of FY 2022 vs. 2.0x at the end of FY 2021. The Group targets a financial leverage of 1.75x at the end of its 2021-2023 strategic plan.

- *ODIRNANE*
- *Future cash flow from customer rental operations*
- *IFRS 16 impact*
- *Customer leasing portfolio*
- *Net financial debt excluding IFRS 16 impact*

INVESTOR **RELATIONS**

2023 financial agenda

Q1 2023 sales: 31 may 2023*

Annual General Meeting: 16 June 2023

Second quarter 2023 sales and first half-year 2023 results: 20 September 2023*

Q3 2023 sales: 29 November 2023*

(*) Publication after the close of trading on the Euronext Paris stock exchange.

Listing information quadient

Listing: Euronext Paris

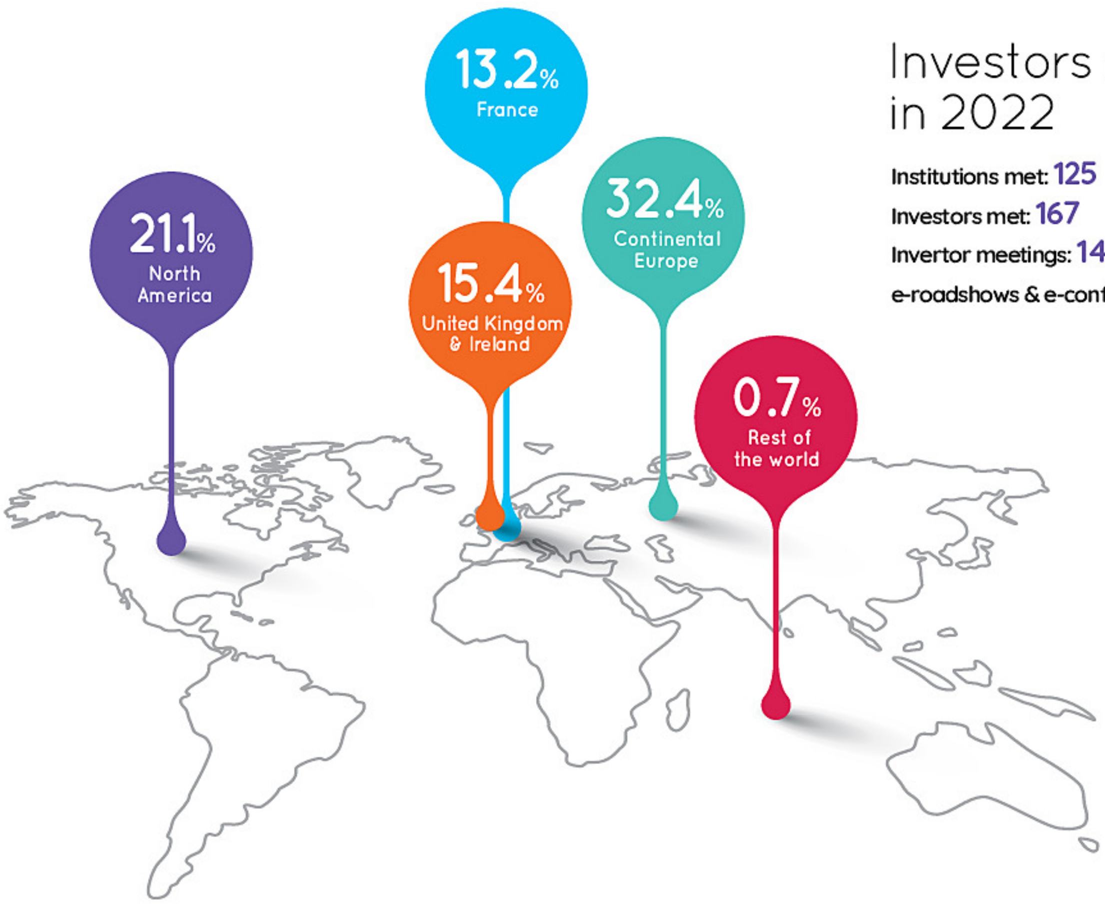
Market: Compartment B

ISIN Code: FR0000120560

Ticker: QDT

Indices: CAC® Mid & Small and EnterNext® Tech 40

GEOGRAPHIC DISTRIBUTION OF THE CAPITAL OF THE COMPANY (1)



Investors met in 2022

Institutions met: 125

Investors met: 167

Invertor meetings: 145

e-roadshows & e-conferences: 14

(1) Based on institutional ownership.

CORPORATE OVERVIEW

1.1 Activities

Quadient helps simplify the connection between people and what matters. The Company supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence.

Over the past four years, Quadient has focused its development on two growth drivers: the digitalization of business processes and customer communications, and the growth in e-commerce, which has led to increased volumes of deliveries leading to higher costs and carbon emissions control issues. The succession of crises in recent years, from the Covid-19 pandemic to the war in Ukraine and the return to high-inflation in 2022, has only increased the pressure on businesses forcing them to prioritize innovation, tight financial control and process streamlining. All areas where digital technology brings its full value.

Through targeted investments in external and organic growth, and in-depth work that has fundamentally simplified and streamlined its operations, Quadient is now a major player in helping companies achieve digital transformation and simplify their customer communication processes, building upon a solid, sustainable and profitable business model.

Quadient supports more than 440,000 small, medium and large businesses in 27 countries with a comprehensive hardware and software platform that facilitates billions of transactions every day, from invoicing and customer communications to multi-channel mail processing, last-mile parcel delivery and the consolidation of their return.

The Company is committed to responsible and sustainable growth by eco-designing its solutions, collecting and recycling equipment, as well as monitoring and minimizing the carbon footprint of its operations and solutions, which makes it a valuable partner for businesses committed to growth as well as environmental impact.

Quadient serves its customers and the community by focusing on three key solution areas:

- Intelligent Communication Automation (ICA),
- Mail-Related Solutions (MRS), and
- Parcel Locker Solutions (PLS).

1.1.1 INTELLIGENT COMMUNICATION AUTOMATION

Central to every successful customer relationship, are communications and interactions that need to be personalized and delivered at scale. Today's organizations need intelligent solutions that make it simple to empower remote employees to connect where, when, and how their customers want. Automating critical customer communications and business processes also saves time and money, and doing it with an intelligent set of integrated technologies helps drive better customer experience and a high level of engagement from all internal and external constituents.

For businesses of all sizes who need to digitize and automate their business-critical communication activities, Quadient provides world-class integrated cloud-based solutions that help companies transform quickly, save money, and make meaningful connections with their customers. Quadient offers a true end-to-end cloud-based global business communications platform under the name of Intelligent Communication Automation.

Over 12,000 companies globally rely on Quadient's Intelligent Communication Automation SaaS solutions to manage over a billion customer-facing communications and critical business interactions every day.

Quadient's ICA cloud solutions help organizations enable remote workforces to create and deliver meaningful customer interactions, automate business critical workflows to save time and money as well as differentiate from competitors by delivering a better overall customer experience.

Quadient's ICA cloud solutions support businesses in Customer Communications management (CCM) and Customer Experience management (CXM), including journey analytics and orchestration, as well as Accounts Receivable (AR) and Accounts Payable (AP) automation.

For businesses who must compete by creating exceptional customer experiences, Quadient provides omnichannel software solutions and expertise that deliver compliant and meaningful customer interactions.

These solutions enable companies to design, coordinate and harmonize all of their customer communications across various departments (sales, marketing, support, accounting, etc.), while adapting to each department's specific needs. The Quadient Inspire SaaS suite facilitates the creation and management of transactional and marketing communication documents, regardless of the medium and the channel used (physical mail, e-mail, fax, text messages, websites, social networks, etc.) and manages omnichannel delivery for these communications.

For businesses who want to streamline document production processes and departmental workflows, Quadient's ICA solutions help automate invoice-related communications and accelerate cash flows. The digitalization of business processes is at the heart of many organizations' plan to ensure business continuity and cost optimization programs, particularly in the field of invoicing flows (Accounts Receivable/Accounts Payable), driven by regulations accelerating the adoption of new digital and compliant processes such as e-invoicing. It is also a key enabler of delivering a better experience for all their stakeholders: customers, partners, suppliers and employees alike.

Quadient's ICA solutions are marketed and delivered primarily as a cloud-based SaaS (Software as a Service) model, with a legacy on-premise offering. Quadient also relies on a large network of partners to expand its footprint, integrate with other technologies or deliver specific solutions such as hybrid mail solutions

Market

Based on data from research firms and internal analyses, the ICA market is estimated to be worth around 6 billion euros in revenue, growing at more than 10% per year, driven by the digital transformation of companies and the continued focus on improving the customer experience.

Quadient software solutions remain consistently recognized as leaders in CCM, CXM, AR and AP markets, notably by IDC but also by customers and research firms such as Gartner, Forrester and Aspire.

Customers

Customers relying on Quadient's ICA solutions include the higher range of small and medium-sized businesses, large enterprises, primarily in the financial services, insurance and healthcare industries, as well as Print Service Providers. Around 70% of ICA customers have been cross-sold from Quadient's MRS customer base.

1.1.2 MAIL-RELATED SOLUTIONS

Mail-Related Solutions encompasses the historical business of Quadient. Quadient supplies software, equipment, and services to cover the entire process of managing incoming and outgoing mail. It provides expertise and training in organizing mailrooms and mailing processes, according to each customer's business and operations requirements.

Throughout the recent years, Quadient continued to invest in Mail-Related Solutions to remain on the cutting edge of the technology with new upgraded machines offering enriched features and connected services.

Quadient offers a competitive range of folders/inserters for the office, mailroom, and mail center segments. These systems, supplemented with intelligent software to interface with databases, make it possible to publish, prepare for insertion, combine, and route documents such as payslips, invoices and marketing mail shots. Quadient also offers ongoing maintenance on these systems to ensure business continuity for customers. Since these systems are connected, the maintenance can be performed remotely. Quadient is considered to be one of the world's leading manufacturer of folders/inserters for offices and mailrooms.

Quadient also offers mailing solutions which combine franking machines, franking management software solutions, accessories like postal scales, ink cartridges and other supplies to operate them. Quadient offers maintenance of its equipment (which may be remote) and the update of postal tariffs.

Furthermore, Quadient markets customized financing solutions for all equipment and services it sells, as well as long-term rentals in countries where regulation makes it mandatory, *i.e.,* France for the full franking machine suite, and the United States and Canada for the meter.

Quadient also has a financial service called postage financing. More recently, Quadient developed new offers such as the SWITCH online mailing service, allowing smaller companies to have access to a simple and online mail management tool.

Market

The mail solutions market continues to represent around 2 billion euros in annual revenue [(1)], and is expected to decline at a limited rate in the years to come. Quadient is the second-largest global player, with total revenue of 757.5 million euros in 2022 in Mail-Related Solutions at Group level. Its two main competitors are Pitney Bowes and Francotyp Postalia.

Customers

Quadient supports predominantly small and medium-sized enterprises across a variety of verticals. This customer base presents high cross-selling potential for Quadient's Intelligent Communication Automation solutions, Additionally, thanks to its high-end equipment range, Quadient also has contracts with large companies, especially Print Service Providers. These larger companies are also potential users of Quadient's Intelligent Communication Automation solutions.

Role of postal authorities

Postal authorities govern production, distribution, and maintenance of franking machines.

(1) *Quadient estimates exclude production mail.*

1.1.3 PARCEL LOCKER SOLUTIONS

For businesses and individuals who need to manage a growing volume of parcel deliveries and returns, Quadient provides and operates an automated parcel locker network for smart, secure pick-up and drop-off, offering users convenience and peace of mind for parcels of all sizes.

Quadient's network of parcel lockers offers simple parcel drop-off, storage, and retrieval in an automated and secure solution, eliminating the burden of missed deliveries and re-delivery attempts for carriers and the subsequent CO_2 emissions generated by delivery trucks journeys. It also enables consumers to pick up their parcels on their own terms and reduces the risk of lost or stolen packages.

With a state-of-the-art software platform associated with the physical network, Quadient proposes an innovative yet agnostic approach for all verticals with uniquely designed lockers, customized sizes to suit all needs (oversized lockers for large goods, drop box for consolidation of returns, capacity to deploy large quantity of lockers quickly).

Quadient has built leading positions in Japan and in the United States [(1)] and now capitalises on its strong expertise and existing assets to accelerate its development in Europe.

In 2022, Quadient penetrated the United Kingdom with a new disruptive open network offer. Four carriers representing over 50% of the UK parcel volumes have already committed to using Quadient's open network (out of which Evri, DPD and DHL).

A leader in the residential market in the United States since the acquisition of Parcel Pending in 2019, Quadient has experienced continued traction in this market, as well as growing customer demand in the retail industry.

Market

Driven by online sales that reached a new high during the Covid crisis, the parcel lockers market is growing in popularity and visibility and has strong potential for development due to its multi-local aspect. Quadient estimates that around 4 million boxes were installed in its key markets, *i.e.* the United States, Japan, France and the United Kingdom.

In Japan, Quadient is the market leader in the carrier market and is benefiting from its first entrant position. In the United States [(1)], following the acquisition of Parcel Pending in 2019, Quadient has a leading position in the residential segment.

At the end of 2022, Quadient's global installed base stood at around 18,000 lockers compared to 15,800 units at the end of 2021. Each installed locker comprises several boxes.

Customers

Parcel Locker Solutions customers are primarily large companies, spanning from logistics operators (carriers), residential and corporate property managers to retailers and higher education bodies such as college and university campuses.

1.1.4 OTHER SOLUTIONS DIVESTED IN 2022

Since 2019, as part of its "Back to Growth" plan, Quadient has been committed to executing its strategy to "grow, improve or exit" its other solutions. In 2022, with the divestment of the remaining non-strategic businesses, no other solutions remained in the Group.

(1) *Excluding Amazon*

1.2 Strategy

1.2.1 "BACK TO GROWTH" STRATEGY

On 23 January 2019, Geoffrey Godet, Quadient's Chief Executive Officer, unveiled the first phase of the Company's strategy "Back to Growth" aimed at expanding and growing the Company to reach a more balanced business profile designed to deliver sustainable and profitable organic growth going forward.

Since the launch of "Back to Growth", Quadient has deeply transformed its operating model, simplified its organization and reshaped its product portfolio, having completed acquisitions in the business areas that had been targeted. In the meantime, Quadient has successfully developed its software and parcel locker activities, contained the decline of its mail-related business, increased the proportion of subscription-related revenue and generated significant synergies within the organization as well as within its solutions.

The second phase of the "Back to Growth" was announced in March 2021, covering the period 2021-2023. With the integration of its acquisitions, the focus was set on organic development, innovation and technology. Quadient aims at continuing to leverage its leadership positions and its strong software and smart hardware installed base to generate additional growth from its highly contributive subscription-related revenue, and further deploy cross-selling opportunities and value creation synergies across its solutions.

1.2.2 STREAMLINED OPERATIONS

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

The end of the Additional Operations segment has led the Group to re-organise its segment reporting based on an approach by solution rather than the prior approach by geographies.

Each one of the three solutions are overseen by a dedicated Chief Solution Officer. The leaders of each solution report directly to the Chief Executive Officer.

Operations, on the other hand, are primarily structured under three geographical groups:

- North America, comprised of the United States and Canada;
- Main European countries, managed as two regions: France & Benelux; and United Kingdom, Ireland, Germany, Austria, Switzerland & Italy;
- International, including the activities of the three solutions outside of North America and the main European countries.

The centralised support functions continue to play a key role, including the oversight of the Company's overall transformation, driving the digital transformation of its systems and back-office operations, forging a common marketing vision, centralizing talent and employee experience management as well as the development and management of its product portfolio, strengthening synergies for both R&D and supply chain and continuing to maintain a discipline of financial planning, cash management and internal controls.

As one organization, Quadient is able to leverage its core assets across all solutions to better serve its customers. This includes supply chain and logistics, R&D for all software and cloud-based solutions, sales and services within the regions and back-office services such as human resources, finance, marketing, transformation, and IT/digital.

1.2.3 CAPITAL ALLOCATION

Focusing its growth trajectory on organic opportunities, Quadient bolsters the investments to support its operations as long as they offer attractive risk-adjusted returns. Quadient plans to maintain its R&D and maintenance capital expenditure (CAPEX) within a controlled range of approximately 70 to 80 million euros (including IFRS 16) per year over 2021-2023. In the meantime, its rented equipment CAPEX should reach 40 million euros or more per year over 2021-2023, depending on opportunities to accelerate the deployment of the rented parcel lockers installed base.

While continuing to generate recurring cash-flows, Quadient aims at maintaining a healthy, yet efficient balance sheet by bringing down its net debt excluding leasing/EBITDA excluding leasing below 1.75x in 2023 excluding IFRS 16.

Quadient's strategic approach is focused on an ongoing assessment of its invested capital in order to maximize long term value for its shareholders. This involves that Quadient regularly ensures that it is the best owner of its various businesses in terms of value creation, not excluding potential divestments or spin-offs, provided that capital could be re-deployed more effectively. Quadient may consider potential opportunistic bolt-on acquisitions over the 2021-2023 period applying disciplined criteria, including covering the cost of capital by year 3 post closing.

1.2.4 SHAREHOLDER RETURN POLICY

Quadient has set its annual pay-out ratio at a minimum of 20% of the Group attributable net income with the minimum annual dividend set at an absolute floor of 0.50 euro per share. The dividend will be paid in cash and in one instalment.

As part of its shareholder return policy, Quadient will also consider using yearly excess cash available for share buybacks.

1.2.5 MID-TERM INDICATIONS

Metrics by solution

Following the "Back to Growth" strategy, Quadient continues focusing on markets driven by the acceleration of digitization, dynamic e-commerce markets and declining but still large and resilient mail volumes. To drive its three solutions even more efficiently, Quadient has set Key Performance Indicators (KPIs) for each solution which will help the Company monitor its growth trajectory and its profitability.

Regarding Intelligent Communication Automation, to address the challenge of building an even more recurring *SaaS/Cloud* business model, Quadient monitors:

- the number of SaaS/subscription customers over the total number of customers;
- the annualized revenue to be generated by its subscription-related revenue streams; and
- the share of this subscription-related revenue over the total revenue of the solution.

Regarding Mail-Related Solutions, Quadient monitors:

- the share of new generation smart devices among total number of devices in the total installed base to size the upside potential for upgrading its installed base, in line with Quadient's commitment to invest in its offering to gain market share and maximize value over time;
- the spread between the evolution of supplies revenue and the total revenue of the solution to measure the resilience of its model regardless of the usage of its installed base; and
- the share of subscription-related revenue over the total revenue of the solution to ensure that Mail-Related Solutions continue to provide a high level of recurring cash-flows.

Finally, regarding Parcel Locker Solutions, Quadient monitors:

- the size of its lockers' installed base;
- the usage rate of its lockers; and
- the year-over-year growth in subscription-related revenue.

Ambitions by solution

As part of the new trajectory defined for the Phase Two of "Back to Growth", Quadient has set specific targets for each solution aimed at reaching an ambitious profile by the end the 2021-2023 three-year period, ensuring that each solution effectively contributes to sustainable value creation at Company level:

- <u>Intelligent Communication Automation:</u>
  - Over 20-25% subscription-related revenue CAGR over the three-year plan,
  - Around 13% solution current EBIT margin before acquisition-related fees on a full-year basis by the end of the three-year plan,

- Mail-Related Solutions:
  - Better than -5% organic CAGR revenue decline over the three-year plan,
  - Solution current EBIT margin before acquisition-related fees in the range of 22-24% on a full-year basis by the end of the three-year plan,
- Parcel Locker Solutions:
  - More than 25,000 lockers installed by the end of the three-year plan,
  - An estimation of around 19-24% current EBIT margin of the installed base on a full-year basis by the end of the three-year plan.

Additionally, on 27 January 2022, Quadient held an education session dedicated to its Intelligent Communication Automation (ICA) cloud-based software solutions, hosted by Geoffrey Godet, Chief Executive Officer and Chris Hartigan, Chief Solution Officer for ICA.

At the end of the education session, Geoffrey Godet detailed Quadient's ambitions for ICA by the end of the 2021-2023 three-year period as it relates to each of the ICA KPIs that are monitored within the framework of phase two of Back to Growth, namely:

- over 90% share of SaaS and subscription customers in ICA total customer base;
- c. 250 million euros (1) Annual Recurring Revenue (2); and
- c. 75% share of subscription-related revenue (3) in ICA total revenue.

Financial guidance

Full-year 2023 guidance (4) confirms the 2021-2023 financial outlook:

Revenue guidance

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

Current EBIT (5) guidance

- Current EBIT(5) outlook is confirmed at minimum mid-single digit organic (6) current EBIT(5) CAGR over 2021-23
- FY 2023 organic growth (7) in current EBIT before acquisition-related expenses is expected at c.10%.

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

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

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

Turning to the current EBIT(5), the improvement in profitability is expected to be driven by:

- The rising profitability of the installed base for both the SaaS activity and parcel lockers,
- Continued improvement in current EBIT(5) for Intelligent Communication Automation as the transition to SaaS is almost completed, significant increase in current EBIT(5) expected for Parcel Locker Solutions driven by acceleration of locker placements, whilst Mail-Related Solutions current EBIT(5) margin should remain high thanks to careful price control, and
- Lower freight costs.

However, salary inflation is expected to continue.

(1) At 2020 constant exchange rates.

(2) Annual Recurring Revenue (ARR) is an estimation of future recurring revenue per annum.

(3) Subscription-related revenue for ICA includes recognized revenue related to subscriptions, SaaS licenses, consumption and maintenance.

(4) The guidance or forecast has been prepared and estimated on a comparable basis to historical financial information and is consistent with the Group's accounting policies.

(5) Before acquisition-related expenses.

(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.

(7) The organic growth calculation excludes scope, forex and IFRIC impacts.

1.3 Organizational structure

1.3.1 HEAD OFFICE

Quadient S.A.'s head office is in Bagneux, France, in the Paris region. All the Company's strategic assets, such as research and development, intellectual property, production and distribution activities described below are held by majority-owned subsidiaries of Quadient S.A., the parent Company of the Group.

1.3.2 RESEARCH AND DEVELOPMENT CENTERS

Quadient has several research and development ("R&D") centers. The main R&D centers are located in Bagneux and Cavaillon (France), Loughton (United Kingdom), Hradec Králové (Czech Republic), Kiev (Ukraine), Vancouver (Canada) and Milford (United States).

More than 600 engineers and technicians work in the R&D field at Quadient.

1.3.3 PRODUCTION AND LOGISTIC CENTERS

Quadient has two production and assembly centers:

- Le Lude (France) for high-end mailing systems, as well as the customization of mail-related and parcel locker products for the European market; and
- Loughton (United Kingdom) for high-end folders/inserters.

These two sites are also the logistics centers used by the Company for Europe.

A team based in Hong Kong manages Quadient's network of subcontractors in Asia. These subcontractors assemble entry-level to mid-range mailing systems and entry-level folders/inserters for the Mail-Related Solutions activity. The team also provides solutions for parcel lockers.

The Byhalia (United States) center is responsible for the logistics and the customization of mail-related and parcel locker products for the North American market. The teams in Japan manage the logistics for local parcel lockers.

1.3.4 DISTRIBUTION

Quadient's international sales network is a key asset of its business.

The Company has wholly-owned subsidiaries and branches in 27 countries: Australia, Austria, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Mexico, Netherlands, Norway, Poland, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

Quadient also has a network of local distributors in c.50 countries in addition to the countries covered by its subsidiaries. Generally speaking, these distributors are independent, essentially dedicated to Quadient products and have signed long-term distribution contracts with the Company.

1.3.5 INVESTMENTS

Excluding acquisitions, Quadient invested 87.9 million euros in 2022, compared with 87.9 million euros in 2021.

Details of investments are shown in the table below:

(In millions of euros)	31 January 2023	31 January 2022
Acquisition of software	2.2	0.6
Capitalization of development expenses	35.6	37.4
Acquisition of machinery and equipment	2.4	1.2
Rented equipment	29.9	28.5
Other investments	8.3	10.1
Assets right of use (IFRS 16)	9.5	10.1
TOTAL	**87.9**	**87.9**

The breakdown of investments by solution is the following:

(In millions of euros)	31 January 2023	31 January 2022
Intelligent Communication Automation	28.0	26.0
Mail-Related Solutions	41.4	46.7
Parcel Locker Solutions	18.5	15.2
Others	0.0	0.0
TOTAL	**87.9**	**87.9**

CORPORATE GOVERNANCE REPORT

Letter from the Chair of the Appointments and remuneration committee

Dear shareholders,

On behalf of the Board of directors, I am pleased to present you with the Corporate Governance Report of the Company for the fiscal year ended 31 January 2023.

2022 was a challenging year and like many companies around the world, we were not immune to the higher cost of doing business and the challenges of competing in today's global economy due to an intense labor market causing hard difficulties to retain and attract the best talent, high inflation and increased costs as well as supply chain delays. However, 2022 is still a year we can be proud of in many respects, with 1.08 billion euros revenue – an organic growth of 1.4% from 2021, and 150 million euros in operating profit – an organic decline of (4.8)%. Additionally, we kept our transition effort to further improve Quadient's unique and innovative subscription platform that powers billions of critical business communications for more than 440,000 customers. Our business model continued to evolve in line with our Back to Growth strategy – now, nearly 70% of our revenue is subscription-related. Finally, across our three solutions, customers continue to express high levels of satisfaction.

Having completed my first year in the role of Chair of the Appointments and remuneration committee, I am proud of Quadient's accomplishments and excited to see what the future holds.

In 2022 the Appointments and remuneration committee's focus was on several areas:

- Adequacy of the CEO compensation package and executive long-term incentives programs
- Board effectiveness review and succession planning
- Governance trends and ESG developments

Quadient Board of directors has been deemed to be working well, making continuous efforts to follow Corporate Governance best practices. Following the external recommendations, the Appointment and remuneration committee engaged with the Board of directors into succession planning discussions to establish short-term and long-term strategy.

The Appointments and remuneration committee, together with the Board of directors, whilst making no fundamental change to the 2023 compensation policy of the CEO, Geoffrey Godet, has decided, however, to raise the bonus payment level upon meeting the financial criteria minimum threshold. This change was decided to avoid threshold effects as well as to provide a meaningful reward when the minimum levels are reached. Indeed, the range triggering bonus payment for financial KPIs remains narrow, and the revenue threshold has been increased this year. The minimum payout has been aligned with the market practices observed in the companies in the SBF 120.

The review of ESG objectives is an ongoing process. In line with the changes made last year, we have maintained the weight of sustainable development in the long-term incentive plan. Currently, 20% of the plan is linked to the goal of reducing greenhouse gas emissions. In 2021, the target was a 28% reduction by 2030 for Scopes 1 and 2 from the 2018 baseline. We updated this target to a 50.4% reduction by 2030 from the 2018 baseline. We have raised our ambitions and consider this new target to be demanding as we anticipate an increase in our emissions on the Scope 1, following the resumption of our activities and travel necessary to achieve the three-year plan.

The remainder of the 2023 compensation policy will remain unchanged compared to 2022.

There were no changes in the composition of the Board during the 2022 fiscal year. The directorships of Didier Lamouche, Nathalie Wright, Paula Felstead and mine were renewed by the General Assembly held on 16 June 2022, for a period of three years. Regarding the composition of the committees, Sebastien Marotte was appointed to the Appointments and remuneration committee in January 2023. This takes the percentage of independent directors to 75% increasing from 67% previously. The two employee representatives were appointed respectively to the Audit committee and the Strategy and corporate social responsibility committee in January 2023.

Upon the Appointments and remuneration committee's recommendation, the Board of directors decided to propose that the directorship of Mr. Eric Courteille be renewed at the next General Meeting for a period of three years.

As I present to you the performance of 2022, I'm privileged to serve in this role as Appointments and remuneration committee Chairwomen, and look forward to working with the Board of directors as we exercise our responsibility to the Company, its employees and its shareholders, and we will continue to apply the highest standards of governance in Quadient.

Sincerely yours,

Martha Bejar

Chairwoman of the Appointments and remuneration committee

2.1 Board of directors

2.1.1 GOVERNANCE STRUCTURE

Quadient S.A., Quadient's holding company, is a public limited company with a Board of directors ("Société anonyme à Conseil d'administration").

Quadient S.A. has made the choice of separating the function of Chairman of the Board of directors and Chief Executive Officer since the Board meeting held on 12 January 2018 on the appointment of Geoffrey Godet as Chief Executive Officer, with effect from 1 February 2018. This separation was last reiterated by the Board of directors at the meeting held on 16 June 2022 on the renewal of Didier Lamouche's mandate as Chairman of the Board. This decision reflects the Company's wish to comply with best practices in corporate governance.

The Board is led by an independent and non-executive Chairman, and comprises independent directors except for Geoffrey Godet, Chief Executive Officer, and Vincent Mercier, who lost his independence as he had been director for over than 12 years. The Board has three permanent Committees, whose members are independent except for Vincent Mercier who remains a member of the Appointment and remuneration committee and Strategy and corporate social responsibility committee.

Since February 2020, the management of conflicts of interest is carried out by the Chairman of the Board in conjunction with the Appointments and remuneration committee (the role and functions of the committees are detailed in section 2.2 of this chapter). Apart from the limitations imposed by law and regulations, limitations to the powers of the Chief Executive Officer are provided by the Board of directors' rules of procedure as described in section 2.1.2.

2.1.2 MISSIONS OF THE BOARD OF DIRECTORS

The Board of directors, a corporate body and forum for strategic discussion and decision-making, optimizes value creation while upholding the short, medium and long-term interests of the shareholders and all stakeholders.

Over and above applicable legal requirements, Quadient S.A. places particular importance on the Board of directors being able to perform the following roles:

- to approve all decisions concerning the Company's major strategic, economic, social and financial orientations and ensure that these are implemented;
- to be informed of material changes in the markets, the competitive environment and the key challenges, including in the domain of corporate social responsibility;
- to ensure there is an effective system in place within the Company that offers reasonable assurance that operations are conducted in accordance with current rules and regulations;
- to set up and run specialized committees with a view to enriching the decision-making process and adapt the internal rules of each committee in accordance with the situation of the Company, its environment and the applicable law, on the advice of each committee;
- to approve, upon recommendation of the Strategy and corporate social responsibility committee:
  - strategic choices and plans, aiming to promote long-term value creation by the Company and to take into account the social and environmental challenges of its activities,
  - significant restructuring and investments that are not budgeted for or falling outside the scope of the strategy that was announced, and
  - generally, any acquisition or divestment of any entity, company or activity, by any mean whatsoever (including the acquisition or disposal of securities or assets, merger, spin-off or capital contribution), for an enterprise value or price exceeding 15 million euros;
- to approve the annual budget, and review and approve the financial statements at regular intervals;
- to review the Company's financial communication policy;
- to appoint the Chief Executive Officer of the Company and the members of the Board Committees;
- to set the remuneration policy for general management on the recommendation of the Appointments and remuneration committee;
- each year, prior to publication of the annual report, to review on a case-by-case basis the position of each of the directors and then notify the shareholders of the results of its review with a view to identifying independent directors;
- to approve the corporate governance report on the conditions for preparing and organizing the Board of directors' work, together with the Company's internal control procedures.

Details on how the Board of directors operates and the rights, obligations and recruitment practices of its members within the limits of their authorized mandates are defined in the Internal Rules of the Board of directors which was last updated in March 2023 and can be found on the Company's website. The Internal Rules detail the Board's principal missions as well as the operations for which its approval is required.

Composition of the Board of directors as of 31 January 2023:

	Age	Nationality	Gender	Key competence	Indepen-dence	Years on the Board	Start/last renewal of directorship	End of term	Individual rate of attendance at Board meetings	Member of the Board Committees	Individual rate of attendance at Board Committees meetings
Geoffrey Godet Chief Executive Officer	46	F & US	M	Executive functions, Finance, e-business, technology	no	5 years	June 2018 Renewed in July 2021	2024 (AGM approving the 2023 financial statements)	100%	-	-
Didier Lamouche Chairman of the Board of directors	63	F	M	Executive functions, supply chain, multiple Chief Executive Officer (CEO) assignments, corporate governance in public and privately-owned companies	yes	4 years	June 2019 Renewed in June 2022	2025 (AGM approving the 2024 financial statements)	100%	-	-
Martha Bejar	60	US	F	ICT (Information, Communication, Technology), formerly CEO, business and digital transformation, M&A, cybersecurity/risk, customer experience, innovation	yes	4 years	Co-opted in January 2019 and ratified in June 2019 Renewed in June 2022	2025 (AGM approving the 2024 financial statements)	100%	Strategy and CSR committee Appointments and remuneration committee	100% 100%
Hélène Boulet-Supau	56	F	F	Finance, e-commerce services, entrepreneur, formerly CEO	yes	6 years	June 2017 Renewed in July 2021	2024 (AGM approving the 2023 financial statements)	100%	Audit committee Appointments and remuneration committee	100% 100%
Éric Courteille	55	F	M	Finance, e-commerce, entrepreneur, currently CEO	yes	11 years	July 2012 Renewed in July 2020	2023 (AGM approving the 2022 financial statements)	100%	Audit committee	100%
Vincent Mercier [a]	73	F	M	Corporate strategy, finance, M&A, private equity, logistics	no[b]	14 years	July 2009 Renewed in July 2021	2024 (AGM approving the 2023 financial statements)	100%	Strategy and CSR committee Appointments and remuneration committee	100% 100%
Richard Troksa	60	US	M	Consulting, new technologies, entrepreneur, formerly CEO, operational management	yes	7 years	July 2016 Renewed in July 2021	2024 (AGM approving the 2023 financial statements)	100%	Strategy and CSR committee	100%
Nathalie Wright	58	F	F	Management, new technologies	yes	6 years	July 2017 Renewed in June 2022	2025 (AGM approving the 2024 financial statements)	90%	Strategy and CSR committee	100%

	Age	Nationality	Gender	Key competence	Indepen-dence	Years on the Board	Start/last renewal of directorship	End of term	Individual rate of attendance at Board meetings	Member of the Board Committees	Individual rate of attendance at Board Committees meetings
Sébastien Marotte	58	F	M	Strategy, business development, digital	yes	1 year 7 months	July 2021	2024 (AGM approving the 2023 financial statements)	100%	Appointments and remuneration committee starting 25/01/2023	n/a
Paula Felstead	57	GB	F	Strategy, corporate development, digital, innovation	yes	1 year 4 months	September 2021 (co-opted) and renewed in June 2022	2025 (AGM approving the 2024 financial statements)	100%	Audit committee	100%

(a) *Vincent Mercier was the Board's lead director, and the lead director's term of office ended on 31 January 2020 as stipulated upon the appointment of the new independent Chairman of the Board in June 2019.*

(b) *As of 7 July 2021, on the 12th anniversary of Vincent Mercier's appointment as a director.*

	Age	Nationality	Gender	Key competences	Indepen-dence	Years on the Board	Start/ renewal of directorship	End of term	Individual rate of attendance at Board meetings	Member of the Board Committees	Individual rate of attendance at Board Committees meetings
Christophe Liaudon Director represen-ting the employees	52	F	M	Treasury, Finance	no	3 years 5 months	27 August 2019 Renewed in August 2021	2023	100%	Audit committee starting 25/01/2023	n/a
Nathalie Labia Director represen-ting the employees	47	F/BR	F	Communication Marketing	no	2 years 3 months	28 August 2020 Renewed in August 2021	2023	100%	Strategy and CSR committee starting 25/01/2023	n/a

Pursuant to law No. 2019-486 of 22 May 2019 concerning growth and transformation of companies (the "Pacte Law") and article L.225-27-1 of the French Commercial code, an additional employee representative director has been appointed in 2020. In accordance with applicable law, employee directors have the right to vote, the same rights, obligations, including confidentiality, and responsibilities as other Board members.

Changes within the composition of the Board of directors during fiscal year 2022:

There has been no changes within the Board of directors during fiscal year 2022. The directorships of Didier Lamouche, Nathalie Wright, Martha Bejar and Paula Felstead have been renewed by the General Assembly held on 16 June 2022, for a period of three years.

Upon the Appointments and remuneration committee's recommendation, the Board of directors decided to propose that the directorship of Mr. Eric Courteille be renewed at the next General Meeting for a period of three years.

2.1.3 CHAIRMAN OF THE BOARD

Didier LAMOUCHE

Expertise and management experience:

Didier Lamouche is the Chairman of the Board of Quadient S.A. since 28 June 2019.

Didier Lamouche, 63 years old, a French citizen, graduated from École Centrale de Lyon (France), holds a PhD in Semiconductor Technology. Until the end of 2018, Didier Lamouche was President and Chief Executive Officer of Idemia, a company resulting from the merger of Safran Identity & Security with Oberthur Technologies, the world leader in cyber security and digital identity technologies, which he had headed since 2013. He previously served as Chief Operating Officer of ST-Microelectronics from 2010 to 2013 and President and Chief Executive Officer of ST-Ericsson from 2011 to 2013. Didier Lamouche was previously President and Chief Executive Officer of the Bull group from 2005 to 2010, which he turned around and repositioned on growth segments.

Didier Lamouche began his career in 1984 as an R&D engineer at Philips Research Lab before joining IBM Microelectronics from 1985 to 1994, holding various industrial positions in the semiconductor space in France and in the United States, at Motorola Semiconductor in 1995-1996, then as founder and Chief Executive Officer of the IBM-Siemens joint venture, Altis Semiconductor, from 1998 to 2003, and finally as Global Vice President of IBM's semiconductor operations based in New York. Didier Lamouche has extensive experience in corporate governance, in both public and private environments, having served as a director of eight public and four private-equity backed companies for nearly 20 years.

Didier Lamouche was appointed as director of Quadient S.A. by the General Meeting of 28 June 2019 for a three-year term. He was appointed Chairman of the Board on the same date. These two mandates were respectively renewed by the General meeting and the Board meeting on 16 June 2022 for a three-year term, until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2025.

Other mandates currently held in the Group: none.

Other mandates currently held outside the Group: he is a non-executive director of the Board of Adecco (Swiss listed company and world leader in the staffing industry); non-executive director of ASM International (a Dutch listed company and leader of Semiconductor equipment industry); non-executive director of ACI Worldwide (Nasdaq-listed company and leader provider of software technologies for the payment industry); founder of DLT Consulting (French non-listed company), chairman of the board of directors of Utimaco (German non-listed company), director of Imagination Technologies Group Ltd. (UK non-listed company) and Associate Director of Granla (Belgian non-listed company).

Other mandates whose terms expired in the previous five years: President and Chief Executive Officer of Idemia (French non-listed company).

Member of the Board committees: no.

Didier Lamouche holds 8,000 Quadient shares.

2.1.4 CHIEF EXECUTIVE OFFICER

Geoffrey GODET

Expertise and management experience:

Appointed Chief Executive Officer of Quadient S.A. as of 1 February 2018, Geoffrey Godet, 46, is a dual French and American citizen and a graduate of HEC. Prior to Quadient, he has spent his entire career with the Flatirons Jouve group, a leader in digital solutions for banking, insurance, healthcare, manufacturing, aeronautics, publishing, media and education. Geoffrey had been Chief Executive Officer of Flatirons solutions, based in California, and most recently was Chairman and Chief Executive Officer of Jouve, based in Paris. Prior to that, he was successively Marketing and Communication director, Head of the Cultural Heritage digitization division and managing director of Jouve Aviation solutions. Geoffrey Godet was appointed director at the General Meeting of 29 June 2018 for a three-year term, which term was renewed by the General Meeting of 1 July 2021 until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2024.

Other mandates currently held in the Group: director of Quadient Holdings USA, Inc and President and CEO of Quadient, Inc.

Other mandates currently held outside the Group: none.

Other mandates whose terms expired in the previous five years: Chairman & Chief Executive Officer of Flatirons solutions, Inc. and Jouve, Director of DOCAPOSTE BPO IS SA and Director of Quadient CXM AG.

Member of the Board committees: no.

Geoffrey Godet holds 50,178 Quadient shares.

2.1.5 MEMBERS OF THE BOARD

In accordance with the law, the members of the Board of directors are proposed by the Board of directors, upon recommendation of the Appointments and remuneration committee, and appointed by the Ordinary General Meeting. The General Meeting may revoke their appointments at any time. The Board of directors must be comprised of at least three and at most eighteen members subject to the waiver provided for by law. Directors are appointed for a period of three years.

The Board is composed of twelve members, including two employee representatives.

Upon the Appointments and remuneration committee's recommendation, the Board of directors decided to propose that the directorship of Mr. Eric Courteille be renewed at the next General Meeting for a period of three years.

Regular renewal of members of the Board (the Board has been getting younger, with the average age decreasing from 60.9 in 2016 to 57.1 in 2022), compliance with law n° 2011-103 of 27 January 2011 on equal representation of men and women and openness of the Board to diversity are the Board's governance guidelines. Furthermore, 42% of the directors (including the employee representative directors) are of a foreign nationality. The Appointments and remuneration committee is in charge of establishing the terms of succession plans.

The number of directors aged over 70 shall not exceed one-third of director in office. The age limit for the Chairman is 75.

Vincent MERCIER

Expertise and management experience:

Vincent Mercier is 73 years old and a French citizen. He is a civil engineering graduate from the École des Mines and has a Masters in economic science, as well as an MBA from Cornell University (United States) For 10 years, he was one of the heads of the Industrial Development Institute while teaching strategy at HEC. He has extensive experience in the Service and Retail industries, having been a member of Wagons-Lits and then Carrefour Group's executive committees. Until 2014, he was Chair of the supervisory Board of Roland Berger Strategy Consultants, where he served as director for France and China until 2010.

Vincent Mercier was appointed director of Quadient at the General Meeting of 7 July 2009. His mandate was renewed at the General Meeting of 1 July 2021 for a three-year term, which means until the 2024 General Meeting called to vote on the financial statements for the financial year ending 31 January 2024.

Other mandates currently held in the Group: none.

Other mandates currently held outside the Group: member of the supervisory Board of Sucres et Denrées (Sucden) (French non-listed company), Altavia Europe (French non-listed company) and ADIE (French non-listed company), Azulis Capital (French non-listed company).

Other mandates whose terms expired in the previous past five years: FM Logistic (French non-listed company).

Member of the Board committees: Strategy & corporate social responsibility committee and Appointments and remuneration committee.

Vincent Mercier holds 13,096 Quadient shares.

Martha BEJAR

Expertise and management experience:

Martha Bejar is 60 years old and an American citizen. She is an expert in software and technology with an in-depth knowledge of the American market. She has held the position of Chief Executive Officer in technology/software services companies.

Martha is the recipient of numerous industry awards including 2020 and 2018 Top Corporate director by *Latino Leader Magazine*, 2019 NACD directorship 100, "Inspiring Women 2017" from Washington State, and was ranked among the 50 most influential Hispanic women in the United States by *Hispanic Inc. Business Magazine*.

The Board of directors co-opted Martha Bejar on 11 January 2019, to replace Catherine Pourre who resigned on 24 September 2018.

Her mandate was renewed at the General Meeting of 16 June 2022 for a three-year term, to be renewed during the General Meeting called to vote on the financial statements for the financial year ending 31 January 2025.

Other mandates currently held in the Group: none.

Other mandates currently held outside the Group: Senior Partner at DaGrosa Capital (non-listed company), independent director of Lumen Technologies (listed company), Sportsman's Warehouse (listed company), Commvault Systems (listed company), and Afiniti (non-listed company).

Other mandates whose terms expired in the previous past five years: Founder/CEO of Red Bison Advisory Group (non-listed private company), Chief Executive Officer of Unium, Inc (US non-listed company).

Member of the Board committees: Strategy and corporate social responsibility committee and Appointments and remuneration committee.

Martha Bejar holds 695 Quadient shares.

Hélène BOULET-SUPAU

Expertise and management experience:

Hélène Boulet-Supau is 56 years old and a French citizen. Having graduated from ESSEC, she started her career at Arthur Andersen, before joining the Pierre & Vacances group, where she held various finance positions from 1991 to 2000, before being appointed Group Financial director. Hélène Boulet-Supau then worked as a financial consultant, before taking over the reins of Larroque alongside the Company's founder. From 2007 to 2019, Hélène Boulet-Supau was Chief Executive Officer and shareholder of Sarenza. In 2020, she launched a facility management business providing services to companies, FabWorkplace. In 2021, she launched educawa.com, an educational website for parents and grandparents.

Ratification of the Board's appointment of Hélène Boulet-Supau's was approved by the General Meeting on 30 June 2017. Hélène Boulet-Supau's mandate was first renewed at the General Meeting of 29 June 2018 for a three-year term, and was again renewed 1 July 2021 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2024.

Other mandates currently held in the Group: none.

Other mandates currently held outside the Group: Member of the supervisory Board of Colisée Care (French non-listed company), director of Socotec (French non-listed company), director of the non-profit organization Entrepreneurs du Monde (French association), manager of FabWorkplace SARL and chairwoman of Educawa SAS (French non-listed company).

Other mandates whose terms expired in the previous past five years: Chief Executive Officer and director of Sarenza S.A. (French non-listed company).

Member of the Board committees: Audit committee and Appointments and remuneration committee.

Hélène Boulet-Supau holds, directly and indirectly, 3,850 Quadient shares.

Éric COURTEILLE

Expertise and management experience:

Éric Courteille is 55 years old, and a French citizen. He is Chairman of New R SAS. Éric Courteille is a graduate of ESCP-EAP and started his career at Arthur Andersen France, as an auditor, from 1995 to 2000. He then jointly founded the Sporever group. From 2002 to 2006, he held several positions in the finance department of the PPR group, At the end of 2006, he joined Redcats USA (part of Kering Group) as chief financial officer (CFO) and General Secretary. Eric Courteille held the position of Chief Executive Officer of La Redoute SAS from 2014 to March 2022.

On 4 July 2012, the General Meeting ratified the appointment of Éric Courteille as director. His mandate was renewed at the General Meeting of 30 June 2017 and 6 July 2020 for a further three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2023.

Other mandates currently held in the Group: none.

Other mandates currently held outside the Group: Chief Executive Officer of BCR SAS (French non-listed company); Chairman of NEW R SAS (French non-listed company) and Board member of Boulanger (French non-listed company).

Other mandates whose terms expired in the previous past five years: Independent Board member of Hygie31 since July 2020 (French non-listed company) and Chief Executive Officer of La Redoute (French non-listed company).

Member of the Board committees: Audit committee.

Éric Courteille holds 267 Quadient shares.

Richard TROKSA

Expertise and management experience:

Richard Troksa is 60 years old and an American citizen. He is the owner of Gold Aspen Consulting, LLC, a company dedicated to providing advice in strategy, development and operational efficiency for new technologies and solutions. Graduating with an bachelor's degree in electrical engineering from Purdue University and then a master's degree in engineering sciences from Colorado State University, Richard Troksa started his career at IBM in 1984 and held numerous technical and business positions before being appointed business Line Manager in 2000. He joined Exstream Software in 2004 and was appointed Chief Executive Officer in 2007. In 2008, he became Vice President of IPG Enterprise Software at Hewlett-Packard, a position he held until 2010. Richard Troksa has a solid financial and managerial experience focusing on the development and introduction of innovative technical solutions.

Richard Troksa was appointed director at the General Meeting of 1 July 2016 for a three-year term and was first renewed in advance at the General Meeting of 29 June 2018 for a three-year term and was therefore renewed 1 July 2021 until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2024.

Other mandates currently held in the Group: none.

Other mandates currently held outside the Group: member of the Board of directors of Gorilla Logic, LLC (American non-listed company), member of the Board of directors of Gryphon Networks (American non-listed company).

Other mandates whose terms expired in the previous past five years: Board member of 7Summits, LLC (American non-listed company).

Member of the Board committees: Strategy and corporate social responsibility committee.

Richard Troksa holds 1,500 Quadient shares.

Nathalie WRIGHT

Expertise and management experience:

Nathalie Wright is 58 years old and a French citizen. A graduate in economics from Paris Assas University, the IAE and INSEAD, she started her career at Digital Equipment France before joining NewBridge Networks France. She held the positions of Sales Manager and Country Leader at MCI, then Easynet and finally, Vice President Southern Europe in charge of Commercial Strategy for France, Italy, Spain and the Middle East for AT&T. Nathalie Wright joined Microsoft in 2009, where she held the positions of director of the Public Sector division, then General Manager for Enterprise & Strategic Alliances for 5 years. In 2017, Nathalie Wright was appointed Vice President Software France at IBM. She is currently Chief Digital Officer and member of the Rexel Group executive committee, as well as being responsible for the activity in the Nordic region. Nathalie Wright was made a *Chevalier de la Légion d'Honneur* in 2011 for her actions promoting diversity in the workplace. Nathalie Wright was co-opted to replace Jean-Paul Villot, who resigned from his directorship on 28 July 2017.

Nathalie Wright's mandate was renewed at the General Meeting of 16 June 2022 for a three-year term, to be renewed at the General Meeting called to vote on the financial statements for the financial year ending 31 January 2025.

Other mandates currently held in the Group: none.

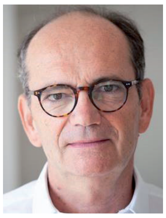
Other mandates currently held outside the Group: member of the supervisory Board of Groupe Keolis S.A.S (French non-listed company).

Other mandates whose terms expired in the previous past five years: none.

Member of the Board committees: Strategy and corporate social responsibility committee.

Nathalie Wright holds 1,015 Quadient shares.

Sébastien MAROTTE



Expertise and management experience:

Sébastien Marotte is 58 years old and a French citizen. Sébastien Marotte holds a Master's degree in Finance and business from ESLSCA business School Paris. He also serves as a Board member at Temporall. Over a 30+ year career, Sébastien Marotte has held executive roles at some of the world's highest-profile software companies including Google, Hyperion, and Oracle. He led Google Cloud's EMEA Channels as Vice President, having also served as Vice President of Google Cloud EMEA for almost a decade. As an early leader at Google Cloud, Sébastien Marotte was responsible for much of the foundational growth and development across EMEA, including the launch of G Suite (now Google Workspace).

Sébastien Marotte was appointed Board member at the General Meeting of 1 July 2021 for a three-year, which means until the General Meeting to be called to vote on the financial statements for the financial year ending 31 January 2024.

Other mandates currently held in the Group: none.

Other mandates currently held outside the Group: President Box EMEA and board member of Temporall.

Other mandates whose terms expired in the previous past five years: none.

Member of the Board committees: Appointments and remuneration committee.

Sébastien Marotte holds 1,901 Quadient shares.

Paula FELSTEAD

Expertise and management experience:

Paula Felstead is 56 years old and a British citizen. Paula holds a graduate degree in computer studies from University of West London. She started her career at BHP in Western Australia before working in many different industries including Telecom, Financial Services, Data services and Payments in Europe and the UK. She has held positions of Chief Digital & Innovation Officer, Chief Technology Officer and Chief Technology & Operations Officer at Visa Europe, and Ingenico Group. Paula Felstead was co-opted by the Board of 24 September 2021. Her mandate was ratified by the AGM of 16 June 2022 and renewed for a three-year term, meaning until the General Meeting to be called to vote on the financial statements for the financial year ending 31 January 2025.

Paula Felstead volunteers as a mentor for the Youth Group (charity to assist young people entering the workplace or education) and has been a guest speaker for two years at the Warwick business School MBA program on digital leadership.

Other mandates currently held in the Group: none.

Other mandates currently held outside the Group: Chief Technology and Operations Officer of HotelBeds Group.

Other mandates whose terms expired in the previous past five years: none.

Member of the Board committees: Audit committee.

Paula Felstead holds 2,001 Quadient shares.

2.1.6 EMPLOYEE REPRESENTATIVE DIRECTORS

Christophe LIAUDON

Expertise and management experience:

Christophe Liaudon is 52 years old and a French citizen.

After spending about ten years in both private and public sectors, he joined Quadient in 2002 to create and organize the treasury department. Since then, Christophe Liaudon has accompanied Quadient in its growth in building up the cash management organization and the optimization of the debt structure. Quadient has been a pioneer in the French private placement (PP) market after several USPP deals and was one of the first to issue a *Schuldschein* in USD.

Christophe Liaudon was appointed employee representative director of Quadient at the CSE meeting of 27 August 2019 for a two-year term. His mandate was renewed at the CSE held 27 August 2021 for a two-year term.

Other mandates currently held in the Group: none.

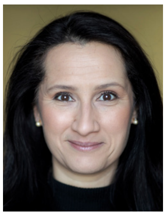
Other mandates currently held outside the Group: none.

Other mandates whose terms expired in the previous past five years: none.

Member of the Board committees: Audit committee.

Christophe Liaudon holds 1,699 Quadient shares.

Nathalie LABIA



Expertise and management experience:

Nathalie Labia is 47 years old and is a dual French and Brazilian citizen. She is currently Head of Brand and External Communications at Quadient. She began her career at IBM France, successively holding the positions of sales, channel marketing, product marketing and marketing management. In 2005, she joined Ricoh's European head offices in London, UK, where she was in charge of the launch of high-end printing solutions across Ricoh subsidiaries. Her career at Quadient began in 2009, responsible for product management and press relations in the former Shipping team, before moving to Group's corporate communications. Since joining the Company, Nathalie Labia has been one of the key contributors to strategic projects such as the Parcel Locker Solutions launch in 2013 and the Quadient global brand launch in 2019. Nathalie Labia holds a Master's degree in management from Audencia Business School.

Nathalie Labia was appointed employee representative director of Quadient during the CSE meeting of 28 August 2020 for a one-year term. Her mandate was renewed at the CSE held 27 August 2021 for a two-year term.

Other mandates currently held in the Group: none.

Other mandates currently held outside the Group: none.

Other mandates whose terms expired in the previous past five years: none.

Member of the Board committees: Strategy and corporate social responsibility committee.

Nathalie Labia holds 220 Quadient shares.

2.1.7 INDEPENDENT DIRECTORS

In accordance with the recommendations of the Afep-Medef code, the Internal rules of the Board of directors and its committees provide that :

- the Board of directors and the Audit committee be composed of at least two-thirds of independent directors and,
- the Appointments and remuneration committee and the Strategy and Corporate Social Responsibility committee be composed of the majority of independent directors.

The Afep-Medef code provides the following definition of an independent director: "A director is independent when he or she has no relationship of any kind whatsoever with the Company, its group or the management of either that could compromise his or her freedom of judgment." Pursuant to the recommendations of this code, the Appointments and remuneration committee issues its recommendation on the independence of the members of the Board of directors annually in light of these independence criteria. The last report was presented to the Board of directors on 2 December 2022. Eight out of the ten directors on the Board as of 31 January 2023 (80% [1]) were independent. Accordingly, all directors on the Board of Quadient S.A. are independent, except for the Chief Executive Officer, and Vincent Mercier, who lost his independent status on 7 July 2021, on the 12th anniversary of his appointment.

The following table shows the status of each director (except for the Chief Executive Officer and the employee representative directors) with regard to the criteria for independence set out in the Afep-Medef Code.

Criteria	Martha Bejar	Hélène Boulet-Supau	Eric Courteille	Paula Felstead	Didier Lamouche	Sébastien Marotte	Vincent Mercier	Richard Troksa	Nathalie Wright
Employee company officer during the previous five years: He/she shall not be an employee or executive corporate officer of the Company, an employee, corporate officer or director of its parent company or of a company that it consolidates, and not have served in any of these capacities during the previous five years	√	√	√	√	√	√	√	√	√
Cross-directorships: He/she shall not be an executive corporate officer of another company in which the Company holds, directly or indirectly, a position on the Board of directors, or in which an employee designated as such or an executive corporate officer of the Company (either present or within the last five years) holds a position on the Board of directors	√	√	√	√	√	√	√	√	√
Significant business relationships: He/she shall not be a major client, supplier, corporate banker or financial banker of the Company or the Group, or be an entity for which the Company or Group represents a significant percentage of business	√	√	√	√	√	√	√	√	√
Family ties: He/she shall not have close family ties with a corporate officer	√	√	√	√	√	√	√	√	√
Auditor: He/she shall not have been a statutory auditor of the Company in the previous five years	√	√	√	√	√	√	√	√	√
Period of office exceeding 12 years: He/she shall not have been a director of the Company for more than 12 years. The loss of status as independent director occurs after a period of 12 years.	√	√	√	√	√	√	X	√	√
Status of non-executive officer: He/she shall not receive variable remuneration in cash or securities or any remuneration related to the Group's performance	√	√	√	√	√	√	√	√	√
Status of the major shareholders: He/she shall not participate in the control of the Company, or hold more than 10% in the capital or voting rights of the Company	√	√	√	√	√	√	√	√	√

In the table, "√" represents a criterion of independence which is satisfied and "X" represents a criterion of independence which is not satisfied.

(1) *This rate does not take into account the employee representative directors.*

None of the directors considered to be independent have any direct or indirect business links with the Company.

There are no family ties between the directors. To the best knowledge of Quadient, none of the directors on the Board as of 31 January 2023 has been found guilty of fraud, managing a company placed in receivership or declared bankrupt, incurred any official public penalty and/or sanction, or been prevented from acting or operating in the management or conduct of a company, over the past five years. No directors have been involved in liquidation proceedings when they were a member of a Board of directors, a management body or supervisory Board over the past five years.

There are no potential conflicts of interest for the corporate officers and directors between their duties to Quadient and other interests or duties to which they may be bound.

No arrangements or agreements have been made with the principal shareholders, customers, suppliers or other parties, by virtue of which any of the corporate officers has been selected as a member of an administrative, management or supervisory body or as a member of the general management.

INTERNATIONAL COMPOSITION, GENDER EQUALITY AND DIVERSITY ON THE BOARD

Indicator	2022	2021
Non-French national directors	5[a]	5[a]
% non-French nationality	42%[a]	42%[a]
Number of women	4	4
% women	40%[b]	40%[b]

(a) Geoffrey Godet has a dual French and American nationality. Nathalie Labia, the employee representative director who has dual French and Brazilian nationalities, is also taken into account for the purpose of this ratio in 2022.
(b) In accordance with French legislation and the Afep-Medef code, employee representative directors are not taken into account when determining the proportion of women on the Board of directors.

The Board of directors ensures a balance in its composition and that of its committees in particular through the diversity and complementarity of experience, skills and professional expertise. The criteria prevailing in the process of selecting talents sought to renew or supplement those already present within the Board are as follows:

- independence, skills, international experience, motivation, availability;
- alignment with the strategy of the Company;
- adequacy with the current composition and appropriate evolution of the Board of directors;
- maintaining of the appropriate number of independent directors;
- balanced gender representation, nationalities and expertise.

As explained in sections 2.1.2 to 2.1.6 above-mentioned, the vast majority of the Board members has extensive international experience. 42% of them have a non-French nationality.

Four of the ten non-employee Board members are women (excluding employee representative, who are not taken into account when determining gender parity), bringing their current representation on the Board to 40% as of 31 January 2023.

Each director contributes to the Board's diversity through their respective career path, education, experience, age and nationality.

Board members skills and experience matrix

	Corporate governance and leadership	Strategy	Finance/ audit	International experience	CEO experience	Transfor- mation	CSR/ climat	Digital/ marketing and communication	Manufac- turing and logistics	Software (including B2B software) and IT
Didier Lamouche	X	X		X	X	X			X	X
Geoffrey Godet	X		X	X	X	X		X	X	X
Martha Bejar (2) (3)	X	X	X	X	X	X	X			X
Hélène Boulet- Supau (1) (3)	X	X	X		X	X		X		
Éric Courteille (1)	X		X	X	X	X		X	X	
Vincent Mercier (2)(3)	X	X	X	X		X	X		X	
Richard Troksa (2)	X	X	X	X	X		X			X
Nathalie Wright (2)	X	X					X	X		X
Sébastien Marotte (3)	X	X	X	X		X		X		X
Paula Felstead (1)	X	X		X		X		X		X
Christophe Liaudon (1) (4)	X		X	X						
Nathalie Labia (2) (4)	X			X			X	X		X
Percentage of Board members concerned for each skill/ experience	100%	67%	67%	83%	50%	67%	42%	58%	33%	67%

(1) Audit committee member
(2) Strategy & Corporate Social Responsibility committee member
(3) Appointments and remuneration committee member
(4) Employee director

Training and introduction of new directors

Upon taking office and in order to ease a smooth transition as a Board member, all new directors receive the documentation required to perform their duties. This documentation includes the Company's articles of association, the rules of procedure of the Board and its committees, the stock market code of ethics (to be signed) together with the annual calendar of authorized periods to trade on Quadient's securities, the annual schedule of Board and committee meetings, the date of the General Meeting and the most recent universal registration document.

In addition, each new director meets with members of Quadient's senior management to gain a deeper knowledge of the Company, its businesses and markets.

Each year, the directors attend at least one specific Board meeting on strategy. During this specific "strategy session", the management presents a number of topics for discussion concerning the Company's execution of its strategy and future planning, the evolution of its markets, solutions, customers and internal organization, and the organic and inorganic investment opportunities to accelerate the Company's transformation.

Additionally, each new director is registered with the French Institute of directors (IFA). The employee representative directors receive dedicated training from the IFA.

All directors receive press releases issued by the Company.

2.1.8 WORK OF THE BOARD OF DIRECTORS

In accordance with article 14.2 of the bylaws, directors may be called to Board meetings by any means, even verbally, at either the registered office or any other place indicated in the notice. Decisions are taken under the quorum and majority provided for by law. In the event of a tie vote, the Chairman of the meeting having the casting vote.

In accordance with the Internal rules of the Board of directors, the Board of directors meets at least four times a year and as many times as it considers necessary, upon notice of meeting by the Chairman, usually sent at least five days before the meeting, using all resources and communicative channels.

During the financial year ended 31 January 2023, the 12 members of the Board of directors met six times, (physically as well as virtually), with a global attendance rate of 98.6%. On average, the meetings lasted 3 hours and 7 minutes.

Directors' participation at Board meetings in the financial year 2022

	Attendance rate	Number of meetings
Geoffrey Godet	100%	6/6
Didier Lamouche	100%	6/6
Martha Bejar	100%	6/6
Hélène Boulet-Supau	100%	6/6
Éric Courteille	100%	6/6
Vincent Mercier	100%	6/6
Richard Troksa	100%	6/6
Nathalie Wright	83.3%	5/6
Christophe Liaudon	100%	6/6
Nathalie Labia	100%	6/6
Paula Felstead	100%	6/6
Sébastien Marotte	100%	6/6

The main themes discussed at Board meetings in 2022 were as follows:

Strategy	- Monitoring the Company's strategy and organization over a three-year plan - Results of the Strategy and corporate social responsibility committee's work - Financial communications and investor relations - Review of the acquisitions, divestments and other strategic projects underway
Corporate Governance	- Analysis on the Company's business plan - Review and monitor the Board members' independence under the definition provided in the rules of procedure - Amendment to the Stock and Market Code of Ethics
Business and customers	- Regular review of the Company's markets, solutions and customer needs - Assess technical risks and opportunities related to the Company's research and development, innovation and Supply chain activities - Remuneration policy of the Chairman and the Chief Executive Officer - Monitor the Company's organization and human resources priorities - Monitor the Company's activities related to environmental, social and governance risks and opportunities
Internal controls	- Results of the work conducted by the Audit committee concerning audits and evaluation of the internal control system in the Group - Approval of the report on the work of the Board related to internal control and risk management procedures
Finance	- Highlights, presentation and analysis of 2021 financial year results - Budget and outlook for 2022 financial year - Forecasts and quarterly results - Approval of the annual and interim consolidated financial statements for Quadient S.A. - Approval of the annual and interim individual financial statements for Quadient S.A. - Cash and debt positions, dividends, launch and monitoring of share buyback programs - Refinancing operations

Remuneration	- Results of the Appointments and remuneration committee's work - Performance of free share allocation programs - New allocation of directors' remuneration fees for the fiscal year 2023 - Plan for allocating free performance shares - Implementation of the share buyback program and delegations granted to the Chief Executive Officer
Appointments	- Appointment of Martha Bejar as Chair of the Appointments and remuneration committee. - Appointment of Christophe Liaudon to the Audit committee. - Appointment of Nathalie Labia to the Strategy and corporate social responsibility committee. - Appointment of Sebastien Marotte to the Appointments and remuneration committee.

Once finalized, all documents relating to a Board meeting's agenda are transmitted to the directors by the management at the earliest opportunity, *i.e.* several days before the meeting. The elements can be accessed by all Board members *via* the Internet platform that enables them to review documents prior to meetings, as well as information such as the articles of association and the Board's rules of procedure. This platform also provides access to the documents of the various committees, exclusively for directors who sit on each committee.

According to the Company's rules of procedure, the Chairman's obligation to disclose information goes hand-in-hand with each director's duty to be diligent in remaining informed, to request any information they may require to aid understanding of the items on the agenda from the Chairman in good time, to make themselves available, and allow the necessary time and attention to perform their duties.

2.1.9 CORPORATE GOVERNANCE CODE

Quadient has long pursued an active corporate governance policy. The Company refers to the French Corporate Governance Code for listed companies established by Afep-Medef ("Afep-Medef code").

Implementing the "comply or explain" principle of the Afep-Medef code

Under the "comply or explain" rule set out in article L.22-10-10, 4° of the French commercial code and article 28.1 of the Afep-Medef code, Quadient considers that its practices comply with the code's recommendations, except for the following recommendations:

Afep-Medef recommendation not applied	Quadient's position and explanation
According to article 18.1, the remuneration committee "must not include any executive officer and must mostly consist of independent directors. It is recommended that the Chairman of the committee should be independent and that one of its members should be an employee representative director".	The Board of directors has decided not to appoint an employee representative director at the remuneration committee since such committee has been merged in 2018 with the appointments' committee. In practice, the employee representative directors effectively participate in all meetings of the Board during which the remuneration policy of corporate officers is reviewed and discussed, but since the Appointments and remuneration committee deals with broader subjects than the remuneration policy, it has been decided that employee representative directors will not participate in this committee. This explanation has been communicated to the "*Haut Comité de Gouvernement d'Entreprise*".
According to article 21, "In the absence of legal provisions to the contrary, the director should personally be a shareholder and, by virtue of the provisions in the by-laws or the internal rules, hold a minimum number of shares that is significant in relation to the compensation awarded to them. If he or she does not hold these shares when assuming office, he or she should use his or her compensation to acquire them. The director will notify the corporation of this information, which will publish it in its report on corporate governance".	According to article 5 of the Internal Rules of the Board, "On appointment, each Director commits: to acquiring a minimum number of shares in the Company representing a value roughly equivalent to the Director's Fees he/she received over a year". The Board of directors follow ownership guidelines as set forth in the Internal Rules of the Board. For those Board members who do not have the requisite ownership, active discussions are had with those Board members who still progressively increasing their ownership.

2.1.10 RULES OF PROCEDURE OF THE BOARD AND COMMITTEES

The Internal rules of the Board and committees were drafted on 30 March 2004 and last updated in March 2023.

The Internal rules of the Board were amended during the Board meeting of 27 June 2019 to take into account the appointment of an independent Chairman of the Board and the expiry of the Lead director's term of office. As explained in section 2.1.2 above, the Board of directors' meeting of 13 December 2019 also introduced a limitation on the powers of the Chief Executive Officer in the rules of the Board. The amendments approved by the Board meeting of 23 September 2021 permit under certain exceptional circumstances to retain the appointment of a chair of the Appointments & remuneration committee not qualifying as an independent director for a temporary period if time to allow an orderly position. The amendments approved by the Board meeting of 24 March 2023 authorised a fifth member in the Strategy & CSR committee.

The aim of the rules of procedure is to set out the role and operating procedures of the Board of directors, together with the rights, obligations and recruitment practices of its members, within the scope of their actual skills, in order to ensure the Company's long-term future, its smooth running and the sustained creation of value for shareholders, employees and the Company's other stakeholders. The rules of procedure can only be approved and amended by decision of the Board of directors.

The following are scheduled to the rules of procedure:

- the rules of the Appointments and remuneration committee;
- the rules of the Strategy and corporate social responsibility committee;
- the rules of the Audit committee;
- the definition of independent director, as provided by the Appointments and remuneration committee;
- the directors' charter, which is provided also in the rules of procedures of the Board of directors;
- the stock market code of ethics last updated in June 2022;
- the Market Abuse regulation committee was created in 3 February 2021 in order to oversee the treatment of inside information within the Company and assist the Board of directors and the management team in implementing the stock market code of ethics.

In addition to the duties attributed to the Board by the law and the articles of association, the Board approves strategic decisions, budgets, material acquisitions and divestments, and restructuring plans impacting the Company as a whole. It also ensures the quality and reliability of financial and non-financial information and of communications to shareholders.

In particular, the Board of directors' duties include:

- approving this Corporate Governance report, the organization and preparation of the Board's work and on internal control procedures;
- defining the role of an independent director;
- defining the remuneration policy for the Company's executives; and
- making necessary changes to the rules of procedure governing the various committees.

The specialized committees make proposals to the Board relating to their field of expertise.

The rules of procedure set out the rights and obligations of directors, particularly as regards to attendance, confidentiality of information, directors' information rights and restrictions in trading on Quadient securities.

Rules on managing conflicts of interest are set out in the rules of procedure of the Board and committees: "article 5 – Independence and conflict of interests: directors endeavour to avoid any conflict of interest that could arise between their moral and material interests and those of the Company. They inform the Board of directors of any conflict of interest in which they could be involved. Where they cannot avoid a conflict of interest, directors refrain from taking part in debates and any decision on the matters concerned."

In addition, all directors must file an annual declaration with Quadient confirming the absence of any conflict of interests and that they have not been found guilty of fraud, managing a company placed in receivership or been declared bankrupt.

The rules of procedure specify that a minimum of four Board meetings are to be held per financial year and that each director must hold Quadient securities worth at least one year of remuneration paid to directors.

They also set out the rules for transcribing the minutes of meetings.

The full text of the rules of procedure is available on the Company's website: https://invest.quadient.com/en-US/regulated-information.

2.1.11 ASSESSMENT OF THE BOARD

In compliance with the Internal rules of the Board of directors, the Board is assessed at least once a year at the initiative of the Chairman of the Appointments and remuneration committee. This self-assessment notably includes the following subjects: composition of the Board, skills of its members, remuneration policy, new mandates and the staggering of the renewal of mandates. The last Board assessment took place in December 2022.

2.1.12 DIRECTORS' CHARTER

Continuing the initiatives undertaken in recent years on good corporate governance practices, the directors' charter was approved on 28 March 2011.

It allows all directors to use their full skills and ensures that each of them makes an effective contribution, while adhering to the rules of independence, ethics and integrity that are expected from them. The nine articles of the directors' charter set out a number of principles:

- article 1 – Administration and corporate interest;
- article 2 – Compliance with laws and the articles of association;
- article 3 – Exercise of office: guiding principles;
- article 4 – Independence and duty of expression;
- article 5 – Independence and conflict of interests;
- article 6 – Integrity, loyalty and duty of discretion;
- article 7 – Professionalism and involvement;
- article 8 – Professionalism and efficiency;
- article 9 – Application of the Charter.

Quadient has also drawn up an ethics code designed to help employees and stakeholders by providing a framework for business decisions and activity. It includes its own references in terms of requirements and practice, as well as providing useful tools and resources for all Group employees.

In addition, various internal whistleblowing systems have been implemented in the different countries to detect, penalize and prevent repetition of conduct or situations that are contrary to the ethics approach of Quadient. In 2019, the Group created Ethics committee, which works in particular to monitor the whistleblowing system more widely through the use of appropriate tools. Ethics Committee is chaired by the Chief Transformation Officer who has access to Company's Audit committee.

2.1.13 STOCK MARKET CODE OF ETHICS

In terms of stock market ethics, the rules of Procedure define the rights and commitments of directors with a particular emphasis on respecting the confidentiality of information received and restrictions on trading Quadient shares.

The stock market code of ethics has been updated and approved by the Board on 16 June 2022. The main change in the code is the creation of Quadient's Market Abuse regulation committee which oversees the treatment of inside information within the Company and assists the Board of directors and management team in implementing the code.

The purpose of the code is to draw the attention of employee and occasional insiders to applicable laws and regulations in this respect, as well to the administrative and/or criminal sanctions associated with non-compliance with these laws and regulations and implementing preventive measures to enable each and every one to invest in Quadient securities in full compliance with rules regarding market integrity.

The stock market code of ethics sets out the rules for corporate officers, informed employees and occasional insiders, and includes:

- a summary of the existing laws and regulations in the field of stock market ethics together with the corresponding administrative and/or criminal penalties;
- a definition of the key concepts (inside information, informed employees, etc.);
- clarifications and examples related to the notion of inside Information;
- a summary of the confidentiality obligations imposed upon corporate officers, informed employees and occasional insiders;
- clarifications regarding the no-trading rules and an appendix containing a schedule of (i) the periods during which trading is authorized – the table of red and green periods – and (ii) the embargo periods related to Quadient's financial communication;
- clarifications, for the purposes of transparency and caution, of the Company's disclosure obligations vis-à-vis the AMF, with an appendix containing a model declaration;
- a summary of specific provisions relating to stock options and free shares.
- Every corporate officer and informed employee must sign an undertaking certifying that he/she has read and understood the stock market code of ethics and promises to comply with the terms of the code.

2

2.2 Board Committees

The attendance rate of directors at each committee is detailed below:

	Audit committee Chair: É. Courteille	Strategy and corporate social responsibility committee Chair: R. Troksa	Appointments and remuneration committee Chair: M. Bejar
Martha Bejar		*100%*	100%
Hélène Boulet-Supau	100%		100%
Éric Courteille	100%		
Vincent Mercier		100%	100%
Richard Troksa		100%	
Nathalie Wright		100%	
Paula Felstead	100%		
Sebastien Marotte			n/a
Christophe Liaudon	n/a		
Nathalie Labia		n/a	

n/a : non applicable, as appointed in January 2023 with first attendance after the end of the 2022 fiscal year.

Changes in the composition of the Board committees during the 2022 fiscal year are detailed below:

- Appointments and remuneration committee:
  - Vincent Mercier was chairman until March 2022. Martha Bejar is chairwoman since March 2022;
  - Sébastien Marotte is a member of the Appointments & remuneration committee since 25 January 2023.
- Audit committee:
  - Christophe Liaudon is a member of the Audit committee since 25 January 2023.
- Strategy and corporate social responsibility committee:
  - Nathalie Labia is a member of the Strategy and corporate social responsibility committee since 25 January 2023.

2.2.1 APPOINTMENTS AND REMUNERATION COMMITTEE

Indicators	2022	2021
Number of meetings	6	6
Average attendance rate	100%	100%
Number of members	4	3
% of independent directors	75%	67%

This committee is composed of four directors, three of which are independent and is not composed of any executive corporate officer and met 6 times in 2022 with a 100% attendance percentage. The average length of meetings was 2 hours and 07 minutes.

This committee is composed of Vincent Mercier (chair until March 2022), Hélène Boulet-Supau, Martha Bejar, who joined the committee on September 2021 and has been chairing it since March 2022, and Sébastien Marotte who joined the committee on January 2023.

The Appointments and remuneration committee is in charge of:

- proposing the definition of independent director and, where necessary, issuing an opinion on the independence of a director and suggest to the Board any changes in its composition;
- preselecting candidates for the Board of directors according to various criteria relevant to the Company's need;
- ensuring the adequacy of the current composition, to the desirable evolution of the Board of directors and to the Group's strategy;
- maintaining the required number of independent directors on the Board;
- setting a succession plan for the Chairman and the Chief Executive Officer (emergency and long-term succession plan);

- considering all matters relating to the rights and obligations of members of the Board of directors;
- proposing to the Board of directors the remuneration policy for the Chairman and the Chief Executive Officer, including retirement, end-of-career or termination payments, various benefits and award of stock options and for free shares;
- recommending the remuneration policy for directors and the way in which it is to be allocated, based on the contribution of each of the members to the Board and to the specialized committees including *ad hoc* committees from time to time;
- examining the Group's compensation policy;
- reviewing the figures on remuneration, which will be published in this report and in the annex to the individual financial statements.

The committee is also informed by general management of the level of remuneration of the Company's senior leaderships.

The Appointments and remuneration committee primarily interacts with general management and the human resources department. It may commission any specific study that it deems necessary and may involve external experts. In any case it may refer to salary surveys and relevant benchmarking conducted by the human resources department.

When resolving on remuneration, committees are preceded by preparatory meetings between the Chairman of the committee, the interim Chief People Officer and, where applicable, the Chief Executive Officer.

The main topics discussed at the Appointments and remuneration committee meetings in 2022 were:

Composition and operation of the Board of directors and the various committees	- Review of the Board's composition, independence and of its members' key competencies - Follow up of improvement orientations suggested by the Board's external assessment - Validation of the Board's committees composition - Appointment process of the Board members - Chairman and Chief Executive Officer succession plan
Executive directors	- Remuneration of the Chairman - Remuneration of the Chief Executive Officer, in particular the objectives of the variable portion, the evaluation of the achievement of the 2021 objectives - Review of long-term remuneration plans (free shares grant) - Directors' remuneration policy - Group bonus objectives for the year 2022 - Additional pension of the Chief Executive Officer - Definition of the objectives and modification of the duration of the Chief Executive Officer's severance fee - Exceptional remuneration of the Chief Executive Officer - Salary policy for executives – Steering tables
Miscellaneous	- Information on Quadient working style evolution, Work From Anywhere program - Information on Parcel Locker organisation and its HR challenges - Information on the "Customer Experience management" organisation and its HR issues - Information on the digitization of the corporate culture and the employee experience

2.2.2 AUDIT COMMITTEE

Indicators	2022	2021
Number of meetings	3	3
Average attendance rate	100%	100%
Number of members	4	3
% of independent directors *(Excluding the directors representing employees in accordance with the recommendations of the Afep-medef Code)*	100%	100%

The Board is assisted by an Audit committee, composed of four directors, three of which are independent members, which met three times in the financial year 2022 with an attendance rate of 100%. On average, the meetings lasted 2 hours and 43 minutes.

The Audit committee comprises Éric Courteille (Chair), Hélène Boulet-Supau, Paula Felstead and Christophe Liaudon (employee representative director) since January 2023.

The Audit committee monitors all matters relating to the drafting and auditing of financial and accounting information, and in particular:

- the process of preparing financial information, notably by examining the scope of the consolidated companies;
- the effectiveness of internal control and risk management systems, their application and the implementation of corrective measures, where needed;
- legal audit by the statutory auditors of the annual financial statements and, where appropriate, the consolidated financial statements;
- the competence and independence of the external experts used by the Group.

In this context, the tasks of the committee are:

- to review the scope of consolidation and examine all draft consolidated and individual financial statements and related reports which will be submitted to the Board for approval;
- to select a consolidation frame of reference, to ensure the appropriateness and permanence of the accounting policies used to draw up the consolidated and individual financial statements and to ensure the appropriateness of the treatment of significant operations at Group level;
- to ensure with respect to the Executive management that all legal and financial communications are correctly performed with respect to stock market authorities;
- to assess the level of satisfaction of statutory auditors with the quality of information received from the Company's departments when performing their task and gather comments from management regarding the degree of sensitivity of the statutory auditors to the Group's business and its environment;
- to examine the key points of the statutory auditors' audit, any information brought to its knowledge with respect to operations and transactions by the Company that raises ethical issues, and transactions which, due to their nature and the person concerned, may reveal a conflict of interests;
- to ensure that key risks are identified, managed and brought to its attention. To this end, it examines the internal control and risk management systems, the internal audit program, monitors its development and the results of action plans, and draws the Board's attention to any improvements that have been made or remain to be made;
- to issue an opinion on the appointment or renewal of the statutory auditors; and
- to ensure the statutory auditors' independence and objectivity.

The main topics discussed at the Audit committee meetings in 2022 were:

Financial position	- Organization of work for the annual closing - Review of the annual financial statements - Review of the six-months financial statements - Review of the management report - Review of the statutory auditors' assignments and fees - Review of acquisition price allocation - Review of deferred taxes - Examination of off-balance sheet commitments - Review of the key points of the statutory auditors' audit - Review of the impacts of acquisitions and divestments - Review of tax aspects and changes in ongoing litigation - Review of services, excluding audit work, provided by the EY network - Review of impairment tests - Contemplated IFRS 8 Segment reporting change and estimated impact
Internal audit and risk management	- Review of internal audit procedures - Review of cybersecurity risk and assessment - Monitoring of the programs carried out by internal audit - Risk mapping - Review of corruption risk and anti-corruption framework

The Audit committee primarily interacts with general management, the finance department, the head of internal audit and the Company's statutory auditors. The statutory auditors attend every audit committee meeting.

The Audit committee can commission specific studies as required and may involve external experts.

2.2.3 STRATEGY AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Indicators	2022	2021
Number of meetings	4	5
Average attendance rate	100%	100%
Number of members	5	4
Percentage of independent directors *(Excluding the directors representing employees in accordance with the recommendations of he Afep-medef Code)*	75%	75%

Since 24 September 2018, the Board has been assisted by a Strategy and corporate social responsibility committee.

This committee is composed of Richard Troksa (chair), Vincent Mercier, Martha Bejar, Nathalie Wright and Nathalie Labia (employee representative director) since 25 January 2023. The committee is composed of three independent directors and met four times in 2022 with an attendance rate of 100%. On average, the meetings lasted 3 hours and 08 minutes.

The committee's task includes reviewing and making recommendations on:

- the strategic focus of Quadient's business and key investments;
- the development projects of strategic importance to the Company, in particular in terms of organic growth and inorganic opportunities; and
- the guidelines, resources and achievements related to the environmental, social and governance responsibility policy of the Company.

In addition to strategy, the Strategy and corporate social responsibility committee is responsible for the following subjects: review of the extra-financial performance statement, extra-financial risks, the due diligence plan under Article L.225-102 of the French Commercial Code for the companies concerned, and taxonomy.

The Strategy and corporate social responsibility committee mainly interacts with members of the executive management. It may also engage with members of the operational or functional divisions of the Company.

The committee carries out its tasks independently and may, where appropriate, be assisted by external consultants. The committee invites other directors from time to time to participate in the committee's debates. The Chairman of the Board of directors and the CEO are invited to all Strategy & CSR committee meetings to participate in the committee's debates.

The main topics discussed at the Strategy and corporate responsibility committee meetings in 2022 were:

Strategy	- Monitoring the "Back to Growth" strategy - Reviewing the selection and plans on key investments - Regular review of each solution's operational performance, following the key performance indicators communicated to investors. - M&A governance and opportunity discussions in the framework of "Back to Growth" strategy - Review of the main acquisition and divestment projects, including strategy and financial evaluation within the capital allocation process
Corporate social responsibility	- Review of CSR for 2021-2023 related to the 5 pillars (people, ethics/compliance, environment, solutions and philanthropy), along with the associated roadmap and key initiatives - Review of CSR's 2022 reporting obligations, achievements, communication and ESG ratings (*e.g.* Vigeo, Gaia Research, ISS ESG, EcoVadis, CDP)

2.3 Remuneration report

2.3.1 2022 REMUNERATION PAID TO THE DIRECTORS AND CORPORATE OFFICERS

The total remuneration and benefits in kind paid by Quadient S.A. and the companies it controls to the directors, Didier Lamouche, Chairman and Geoffrey Godet, Chief Executive Officer, during the financial year 2022, which ended 31 January 2023, were awarded based on the resolutions approved by the General Meeting of 16 June 2022. These resolutions approved the principles and criteria for setting, allocating and awarding the various elements of this remuneration.

At Quadient, the remuneration policy for the executive director is determined by the Board of directors, upon the Appointments and remuneration committee's proposal.

The Board of directors and the Appointments and remuneration committee refer to the recommendations of the Afep-Medef code when establishing the remuneration and benefits awarded to Quadient's executive directors. In accordance with these recommendations, they ensure that the remuneration policy complies with principles of comprehensiveness, balance, comparability, consistency, transparency, and moderation, also considering market practices and, more generally, Quadient's corporate interest.

2.3.1.1 2022 Remuneration paid to the directors

TABLE #3 AFEP-MEDEF CODE: TABLE ON THE COMPENSATION RECEIVED BY NON-EXECUTIVE DIRECTORS

(In euros)	31 January 2023	31 January 2022
Remuneration of directors		
Martha Bejar	58,500	58,500
Hélène Boulet-Supau	51,500	51,500
Éric Courteille	52,500	53,500
Virginie Fauvel	0	10,333
William Hoover Jr.	0	16,460
Christophe Liaudon, employee representing director	31,500	31,500
Nathalie Labia, employee representing director	31,500	31,500
Vincent Mercier	56,500	73,500
Richard Troksa	52,500	63,500
Nathalie Wright	38,833	41,500
Sébastien Marotte	31,500	10,500
Paula Felstead	41,500	8,584
TOTAL COMPENSATION OF NON-EXECUTIVE DIRECTORS	**446,333**	**450,877**
Other remuneration	-	-
Chairman remuneration as a director	**30,000**	**30,000**
Chief Executive Officer's remuneration of director	**30,000**	**30,000**
TOTAL REMUNERATION OF NON-EXECUTIVE DIRECTORS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER	**506,333**	**510,877**
Maximum amount authorized by the General Meeting	555,000	560,000

In relation to their respective mandate as a director, the Chairman of the Board and the Chief Executive Officer receive a fixed amount of 30,000 euros per year for 100% attendance. The Chairman and Chief Executive Officer each regularly attend regular and *ad hoc* committee meetings as part of their mandates, and for *ad hoc* committees each of them have declined additional compensation for their attendance.

2.3.1.2 2022 Remuneration paid to the Chairman of the Board and to the Chief Executive Officer

OVERVIEW

The total remuneration and benefits in kind paid and owed by the Quadient S.A. and the companies it controls to Didier Lamouche during the financial year 2022, which ended on 31 January 2023, is allocated as follows:

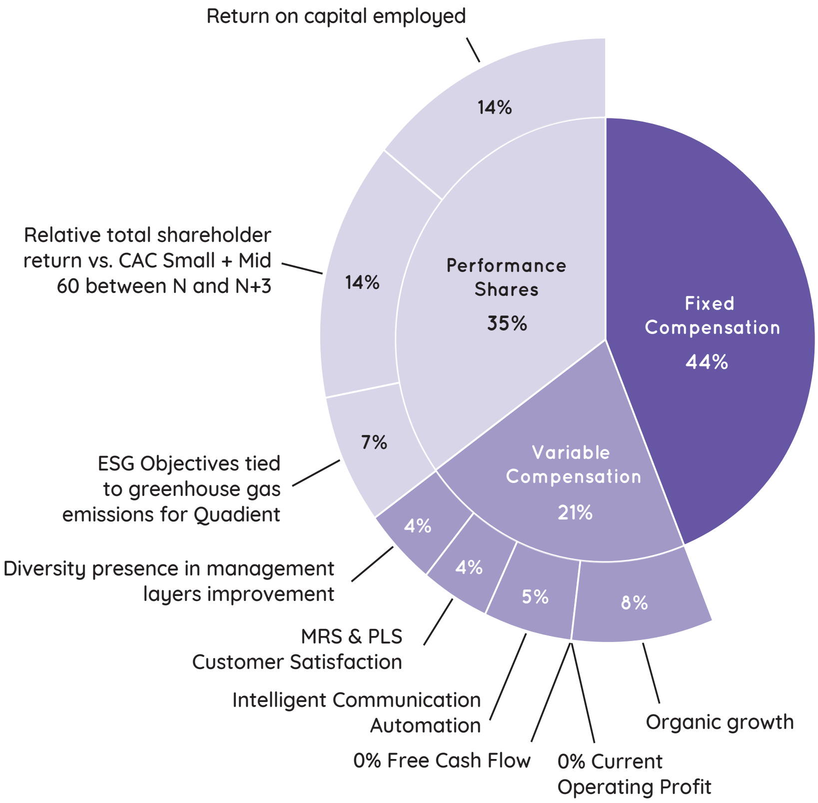
Overview of the components of Didier Lamouche's remuneration in his capacity as Chairman *(In thousands of euros)*	**Paid or due as of 31 January 2023**
Fixed remuneration	120.0
Annual variable remuneration	-
Multiannual variable remuneration	-
Remuneration as director	30.0
Benefits in kind (company car, unemployment insurance for business directors)	-
Exceptional remuneration	-
Remuneration linked to the assumption or termination of duties	-
Valuation of performance shares granted during the financial year	-

The total remuneration and benefits in kind paid and owed by Quadient S.A. and the companies that it controls to Geoffrey Godet during the fiscal year 2022, which ended on 31 January 2023, is allocated as follows:

Overview of the components of Geoffrey Godet's remuneration in his capacity as Chief Executive Officer *(In thousands of euros)*	**Paid or due as of 31 January 2023**
Annual fixed remuneration[(a)]	paid: 649.3 due: 650.0
Annual variable remuneration	paid: 708.8 due: 318.8
Multiannual variable remuneration	-
Compensation of directors	30.0
Benefits in kind (company car, unemployment insurance for business directors, supplementary retirement plan paid in cash)	paid: 195.6 due: 110.6
Compensation linked to the assumption or termination of duties	-
Valuation of performance shares awarded during the financial year	531.0

(a) The fixed remuneration is divided in two parts: 487,500 euros paid in France and 193,375 United States dollars paid in the United States. The EUR/USD exchange rate used is the budget rate, i.e. 1.19 for the financial year 2022.

CHIEF EXECUTIVE OFFICER FISCAL YEAR 2022 ACTUAL TOTAL COMPENSATION[(A)]



(a) Excluding supplemental pension scheme and benefits in kind that amounted to 110,612 euros for the fiscal year 2022

Pursuant to article L.22-10-8 of the French commercial code, it is hereby specified that the payment of variable components to Geoffrey Godet for the financial year 2022 shall be subject to approval of the General Meeting called to vote on the financial statements for the financial year which ended on 31 January 2023.

THE CHIEF EXECUTIVE OFFICER'S 2022 ANNUAL VARIABLE REMUNERATION

The Chief Executive Officer's annual variable remuneration for 2022 is dependent on the Group's results as well as his individual performance. CEO's objective weighting is based on quantitative financial criteria for 70% of the target bonus, supplemented by qualitative individual performance objectives for the remaining 30%.

As illustrated below, the Chief Executive Officer's bonus achievement for the fiscal year 2022 stands at 49.1% and his annual variable remuneration for 2022 amounts to 239,122 euros paid in France and 94,852 United States dollars, subject to approval of the General Meeting to be held on 16 June 2023.

Targets have been restated from the ones set up at the start of the year to account for inorganic and un-budgeted divestments of the Shipping and Graphics activities, the change in IFRIC accounting and the cease of activities with Russian businesses.

(In thousands of euros)	Weight	Criteria	Threshold (0.0%)	Target (100%)	Maximum (150%)
	30%	Revenue	991.0	1,032.3	1,053.9
	30%	Current Operating Profit[(a)]	137.8	146.6	152.5
	10%	Free Cash Flow[(b)]	78.1	86.8	104.2

(a) Before acquisition related expenses, excluding innovation expense and assuming a constant scope.
(b) Cash flow after capital expenditure.

The achievements for the fiscal year 2022 of the quantitative criteria of the Chief Executive Officer's bonus, at the 2021 exchange rate, are the following:

(In thousands of euros) Weight	Criteria	Performance	Bonus Achievement
30%	Revenue	1,017.3	63.5%
30%	Current Operating Profit[(a)]	133.7	0%
10%	Free Cash Flow[(b)]	70.3	0%
TOTAL			**19.1 %**

(a) Before acquisition related expenses, excluding innovation expenses and assuming a constant scope.
(b) Cash flow after capital expenditure.

In addition, the Appointments and remuneration committee estimated that the individual (qualitative) performance objectives' achievement rate was 100% compared to a maximum 150%.

For the 2022 financial year, the performance relating to the qualitative objectives assigned to Geoffrey Godet were as follows:

- 10% tied to Intelligent Communication Automation (ICA): create and develop a mature ICA organization which encompasses R&D organization transformation into a global integrated team with operational synergies and a standard set of key performance indicators (KPIs), a solution portfolio vision and successful acquisitions integration.
- During 2022, ICA went through a major reorganization, integrating fully the R&D team, together with the product management team within the solution. YayPay and Beanworks teams were also included to his transformation in order to create a unique ICA global platform bringing together all of Quadient's software offerings. Synergies have emerged thanks to the streamlining of R&D, with a global platform architecture, a single roadmap defined with shared components, documentation etc. ICA has been showing strong progresses following this reorganization with a consolidated product launch roadmap with key milestones met according to schedule. Consequently, the Appointments and remuneration committee recommended that the performance was deemed achieved at 102.0%.
- 10% tied to Mail-Related Solutions and Parcel Locker Solutions: maintain MRS customer satisfaction at 97%. The threshold is set at 95% and the maximum would be triggered at 98%. Maintain PLS customer satisfaction at 77%. The threshold is set at 75% and the maximum would be triggered at 80%.

  MRS customer satisfaction has reached 97% and PLS customer satisfaction has reached 78%. The performance is achieved at 100.6%.
- 10% tied to an improvement in diversity presence for management layers: the ratio of women in the senior leader and executive committee population should be increased to 24%. The threshold is set at 23% and the maximum would be triggered at 26%. The calculation will be triggered only if there is a minimum of 28% of women among directors and middle management layers by the end of fiscal year 2022.

  The ratio of women amongst directors and middle management by the end of fiscal year 2022 is 28.3%. The ratio of women in the Senior Leaders and the Executive Committee by the end of fiscal year 2022 is 23.4%. The performance is achieved at 97.3%.

THE CHIEF EXECUTIVE OFFICER'S 2022 SUPPLEMENTAL PENSION SCHEME

In addition to the defined-contribution supplemental pension scheme (article 83 of the French general tax code) the Board of directors, on the recommendation of the Appointments and remuneration committee and in accordance with the resolutions of the General Meeting of 16 June 2022, approved the principle of granting the Chief Executive Officer a supplemental pension scheme. This scheme is based on payments made in cash that will represent 15% of his theoretical annual fixed and variable remuneration assuming objectives are met at 100%, such payments will be degressive in proportion to the achievement of such performance objectives. The percentage of achievement relating to the annual variable compensation of the Chief Executive Officer therefore applies to these payments, but would be capped at 100% of the objectives achieved.

On the recommendation of the Appointments and remuneration committee, the Board of directors, which determined the variable remuneration of the Chief Executive Officer based on performance for 2022, approved the payment of 71,737 euros to be paid in France and 28,456 United States dollars to be paid in the United States, in respect of this supplemental pension scheme, for the financial year 2022. Pursuant to article L.225-37-2, it is hereby specified that this payment shall be subject to the approval of the General Meeting called to vote on the financial statements for the financial year which ended on 31 January 2023.

TABLE # 1 AFEP-MEDEF CODE: TABLE SUMMARISING THE COMPENSATION, OPTIONS AND SHARES AWARDED TO EACH EXECUTIVE OFFICER

(In thousands of euros)	31 January 2023	31 January 2022
Didier Lamouche		
Remuneration due for the fiscal year	150.0	150.0
Valuation of multiannual variable remuneration awarded during the fiscal year	-	-
Valuation of options awarded during the fiscal year	-	-
Valuation of long term incentive plans awarded during the fiscal year	-	-
TOTAL	**150.0**	**150.0**

(In thousands of euros)	31 January 2023	31 January 2022
Geoffrey Godet – Chief Executive Officer		
Remuneration due for the fiscal year	1,109.4	1,523.6
Valuation of multiannual variable remuneration awarded during the fiscal year	-	-
Valuation of options awarded during the fiscal year	-	-
Valuation of long term incentive plans awarded during the fiscal year	531.0	492.2
TOTAL[A]	**1,640.4**	**2,015.8**

(A) The 2022 fixed remuneration is divided in two parts: 487,500 euros paid in France and 193,375 United States dollars paid in the United States. The exchange rate EUR/ USD used is the budget rate, 1.19 for financial year 2022 and 1.24 for financial year 2021.

TABLE # 2 AFEP-MEDEF CODE: TABLE SUMMARISING THE COMPENSATION OF EACH EXECUTIVE OFFICER

	31 January 2023		*31 January 2022*	
(In thousands of euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Didier Lamouche - Chairman				
Annual fixed remuneration	120.0	120.0	120.0	120.0
Annual variable remuneration	-	-	-	-
Multiannual variable remuneration	-	-	-	-
Remuneration as director	30.0	30.0	30.0	30.0
Benefits in kind	-	-	-	-
TOTAL	**150.0**	**150.0**	**150.0**	**150.0**
Geoffrey Godet – Chief Executive Officer				
Annual fixed remuneration[a]	650.0	649.3	596.3	590.9
Annual variable remuneration[b]	318.8	708.8	701.8	-
Multiannual variable remuneration	-	-	-	-
Remuneration as director	30.0	30.0	30.0	30.0
Benefits in kind	110.6	195.6	195.5	16.6
Exceptional remuneration[c]	-	-	-	240.1
TOTAL	**1,109.4**	**1,583.7**	**1,523.6**	**877.6**

The exchange rate used is the budget rate, 1.19 for financial year 2022 and 1.24 for financial year 2021.

(a) The 2022 fixed remuneration is divided in two parts: 487,500 euros paid in France and 193,375 US dollars paid in the United States.

(b) The 2022 variable remuneration is divided in two parts: 239,122 euros paid in France and 94,852 US dollars paid in the United States.

(c) The exceptional remuneration is divided in two parts: 204,000 euros paid in France and 44,800 US dollars paid in the United States.

TABLE # 4 AFEP-MEDEF CODE: SUBSCRIPTION OR PURCHASE OPTIONS AWARDED DURING THE FISCAL YEAR TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ANY GROUP COMPANY

(In euros)	Number and date of plan	Type of options	Valuation of options[(a)]	Number of options granted during the fiscal year	Exercise price	Exercise period
Didier Lamouche – Chairman	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer	-	-	-	-	-	-

(a) *Valuation under IFRS standards.*

TABLE # 5 AFEP-MEDEF CODE: SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH EXECUTIVE OFFICER

(In euros)	Number and date of plan	Number of options exercised during the year	Exercise Price
Didier Lamouche – Chairman	-	-	-
Geoffrey Godet – Chief Executive Officer	-	-	-

TABLE # 6 AFEP-MEDEF CODE: PERFORMANCE SHARES AWARDED DURING THE FINANCIAL YEAR TO EACH EXECUTIVE OFFICER BY THE ISSUER AND BY ANY GROUP COMPANY

(In thousands of euros)	Number and date of plan	Number of shares granted during the year	Valuation of shares[(a)]	Vesting date	Availability date	Performance criteria
Didier Lamouche – Chairman	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer	Performance share plan 01/09/2022	46,000[(b)]	464.1	02/09/2025	02/09/2025	ROCE[(c)] RTSR[(d)] GHG[(e)]
Geoffrey Godet – Chief Executive Officer	Phantom share plan 23/09/2022	8,267	66.8	24/09/2025	24/09/2025	ROCE[(c)] RTSR[(d)] GHG[(e)]

(a) *IFRS valuation standards.*
(b) *i.e 0.13% of the share capital.*
(c) *Return on capital employed*
(d) *Relative total shareholder return vs. CAC Small + Mid 60 between 2022 and 2024 share price on the acquisition date, less the opening Quadient share price on the attribution date, plus any dividends paid during the period concerned, divided by the opening Quadient share price on the attribution date and compared to the average Total Shareholder Return ratio, (calculated in the same manner) of the CAC Small + Mid 60 index companies.; The performance is measured at the end of the 3 years on the basis of the average TSR of the February month of year 2022 and (ii) the January month of year 2025, in order to determine the percentile of Quadient within the CAC Small + Mid 60 index during this one-year period.*
(e) *Greenhouse Gas Emission targets for Quadient*

As per 2023 policy, the Board of directors used the provision allowing the grant of phantom shares to the Chief Executive Officer as the company share price was not high enough to guarantee a grant of 135% of his base salary, while remaining within the limitation of 10% of the total number of free shares allocated annually. To determine the number of phantom shares to be granted, the Company used the average closing share price of the month preceding the Board of directors that approved the plan, which occurred on 23 September 2022. The vesting of the phantom shares is subject to the same conditions as the performance shares.

2

TABLE # 7 AFEP-MEDEF CODE: PERFORMANCE SHARES THAT HAVE BECOME AVAILABLE DURING THE FINANCIAL YEAR FOR EACH EXECUTIVE OFFICER

	Date of plan	Number of shares initially granted	Number of shares that met the vesting conditions
Didier Lamouche – Chairman	-	-	-
Geoffrey Godet – Chief Executive Officer	23/09/2019	40,000	9,680

2.3.1.3 2022 Comparison of compensation levels between corporate officers and employees

MANAGEMENT TEAM MEMBERS

The management team is composed of the leaders from each support function, along with the business leaders within each solution and each operation by geographic region.

During the fiscal year 2022, Quadient continued the evolution of its management team as part of the streamlining of its organisation. The Group now relies on more international and specialized profiles.

On 1 February 2022, the management team, together with the Chief Executive Officer, were as follows:

Geoffrey Godet	Chief Executive Officer
Support functions	
Stéphanie Auchabie [a]	Chief People Officer
Brandon Batt	Chief Transformation Officer
Laurent du Passage	Chief Financial Officer
Steve Rakoczy	Chief Digital Officer
Tamir Sigal	Chief Marketing Officer
Solutions	
Alain Fairise	Mail-Related Solutions
Chris Hartigan	Intelligent Communication Automation
Daniel Malouf	Parcel Locker Solutions [b]
Zbynek Hodic [c]	*Software Technology*
Thierry Le Jaoudour [d]	*Hardware Technology*
Operations	
Benoît Berson [b]	France and Benelux [a]
Duncan Groom	Germany, Austria, Switzerland & Italy and United Kingdom & Ireland
Ian Clarke	International

(a) Stéphanie Auchabie was appointed COO France-Benelux in June 2022. Consequently, Brandon Batt was appointed interim Chief People Officer.
(b) Benoît Berson was appointed Head of the Parcel Lockers Solutions in June 2022. He has succeeded Daniel Malouf who has left the Group.
(c) In July 2022, Zbynek Hodic was appointed Chief Technology Officer of ICA, reporting to Chris Hartigan. He is no longer part of the management team.
(d) In July 2022, Thierry Le Jaoudour was appointed Chief Technology and Supply Chain Officer of PLS, reporting to Benoît Berson. He is no longer part of the management team.

The key task of the management team is to help execute the Company's strategic decisions and coordinate their implementation worldwide.

To achieve the objectives it has set, Quadient has invested and will continue to invest in diversity and improving gender parity, when looking at the representation of women in the Board of directors, in executive management and in the management team, and by creating a positive environment not only for its women employees, but also for people of diverse backgrounds.

Quadient's Chief Executive Officer and executive team members all have diversity and inclusion targets in their annual variable bonus qualitative objectives.

As a reference, Quadient launched its inclusion and diversity policy on 23 October 2020. More information can be found here : https://careers.Quadient.com/global/en/diversity-and-inclusion.

Quadient's commitments are:

1. Create an environment of openness allowing all employees to bring their whole selves to work and grow a sense of belonging. Quadient does not discriminate against any individual because of their age, gender identity or reassignment, marital or civil partnership status, pregnancy, paternity, maternity, parental or family status, race or ethnicity, nationality or national origin, colour, religion, disability status, sex or sexual orientation, veteran status, political affiliation, language, genetic information (including family medical history), or any other dimension of diversity. The Company embraces and encourages its employees' differences and all employees will be treated fairly and with respect;
2. Build diverse talent and teams by attracting, recruiting and hiring from diverse talent pools to enrich the organization;
3. Embed inclusion and diversity practices into all our talent practices to ensure that the Company has a global workforce of talent to grow our leadership pipeline across the globe;
4. Set up empowered Communities to support an inclusive culture and offer a sense of community and connection among employees; and to support diversity initiatives in Quadient's external community through its philanthropy program;
5. Promote awareness and understanding amongst all employees thereby developing an educated workforce on inclusion and diversity; and
6. Set measurable objectives for diversity and inclusion which will be monitored and reviewed against the effectiveness of this policy and associated procedures.

The initiatives put in place in 2022 are as follows:

- to address gender diversity in leadership: the Company continues to invest in a women's leadership program. This program is called "Empower" and is supported by Geoffrey Godet and Quadient's management team. It is designed to deliver practical insights and skills focused on both the challenges and opportunities for women in leadership. The program provides participants with opportunities to reflect, reframe and retool, build a powerful learning network and in turn, empower other women to be a part of their success story.
- to create an inclusive environment: Quadient has launched employee network groups, named Empowered Communities which are employee-led and promote opportunities for members and allies to network, learn together and share experiences in a safe psychological space with 4 main focuses: women, LGBT+, disabilities, ethnicity & cultural background;
- Quadient has also decided to take an active part in events dedicated to women's rights, which help to develop the awareness of employees on this subject. Training for both managers and employees are available and promoted to help them fight against unconscious bias;
- to accelerate the acquisition of talents from diverse backgrounds, Quadient has launched specific recruitment campaigns with the aim of diversifying the profiles recruited within the Company.
- Executive committee leaders have diversity targets included in their annual goals.

PAY RATIO

This presentation was made in accordance with the terms of article L.22-10-9 of the French commercial code.

The ratios below have been calculated on the basis of fixed and variable remuneration, incentive schemes, profit-sharing and benefits in kind paid during the years in question, as well as free shares awarded during the same period and valued according to their fair value.

The calculation of averages and medians considers 1,168 employees for the 2022 fiscal year, excluding executive directors. This scope covers employees who have been continuously compensated by one of Quadient's French entities and who were present for the entire fiscal year in question.

PAY RATIO 2022

	31 January 2023	31 January 2022	31 January 2021	31 January 2020	31 January 2019
Chairman of the Board of directors					
Ratio of Chairman's remuneration/average employee remuneration	2.4	2.4	2.4	2.4	2.8
Ratio of Chairman's remuneration/median employee remuneration	3.0	3.1	3.1	3.0	2.8
Chief Executive Officer					
Ratio of Chief Executive Officer's remuneration/average employee remuneration	34.4	22.1	30.5	29.7	16.7
Ratio of Chief Executive Officer's remuneration/median employee remuneration	42.6	28.1	38.2	37.4	21.0
Employees of Quadient					
Change in average employee remuneration	(0.8)%	+0.7%	(2.8)%	+6.3%	n/a
Change in median employee remuneration	+1.8%	(0.8)%	(2.8)%	+4,8%	n/a
Financial performance of Quadient					
Change in revenue	+5.6%	(0.5)%	(9.9)%	+4.7%	(1.8)%
Change in current operating income	+3.5%	+2.3%	(17.1)%	(7.1)%	(1.5)%

The decrease in the ratios relating to the remuneration of the Chief Executive Officer between 2020 and 2021 is due to the fact that Geoffrey Godet waived his variable remuneration and supplemental scheme for the year 2020. Consequently, as the table is based on compensation paid during the year, no variable remuneration is accounted for in the calculation.

The decrease in average employee remuneration is non-significant, and is due to our methodology of taking into account only employees that were employed during the whole fiscal year.

The change of median employee remuneration has increased by 2%.

2.3.2 2023 REMUNERATION POLICY FOR THE DIRECTORS AND CORPORATE OFFICERS

At Quadient, the remuneration policy for all corporate officers is determined by the Board of directors based on proposals from the Appointments and remuneration committee.

The work of the Appointments and remuneration committee relating to the remuneration policy for corporate officers is organized through preparatory meetings between the chairperson of the committee, the Chief People Officer and, where appropriate, the Chief Executive Officer.

Members of the Board of directors and of the Appointments and remuneration committee are required, in the context of the preparation of the remuneration policy for corporate officers, to comply with rules relating to the management of conflicts of interests set out in article 3.b of the rules of Procedure of the Board and committees and the principles set out in article 5 of the directors' charter. The Chairman and the Chief Executive Officer may participate in the work of the committee ruling on remuneration, except with respect to their own remuneration.

Each year, the Board of directors and the Appointments and remuneration committee evaluate and revise if necessary – Quadient's overall remuneration policy in the context of the work of these two bodies. The Board of directors and the Appointments and remuneration committee refer to the recommendations of the Afep-Medef code to ensure that the remuneration policy:

- respects the principles of completeness, balance, comparability, consistency, transparency and moderation;
- respects the corporate interest, contributes to the Company's commercial strategy and sustainability, in particular by adopting criteria that assess the implementation of the new "Back to Growth" strategy and the Company's long-term development;
- considers the vote of the shareholders and, where applicable, the opinions expressed at the General Meeting;
- considers the terms and conditions of remuneration and employment of employees, the review of the Group's salary policy being among the duties of the Appointments and remuneration committee; and
- considers market practices.

The remuneration policies and structure described below will also apply to the corporate officers whose term of office would be renewed, or (where applicable on a *pro rata* basis) to any new corporate officer who would be appointed, during the period of the application of this policy.

2.3.2.1 2023 Remuneration policy for the directors

The maximum amount for the director's remuneration requested for approval at the next General Meeting of 16 June 2023 will be 580,000 euros. This increase compared to the 2022 envelope follows the appointment of Mr. Liaudon and Mrs. Labia to, respectively, the Audit and the Strategy and corporate social responsibility committees. There is a continuation of the *ad hoc* committee, set up by the Board in 2022, with an unchanged maximum number of meetings a year set to 10, and a total envelope of 50,000 euros, as determined with the 2022 policy. The director's remuneration policy is therefore unchanged compared to the previous year.

The methods for calculating the remuneration of non-executive directors will be as follows:

- base remuneration: 15,500 euros per year;
- attendance remuneration I: maximum of 13,000 euros per year, for regularly scheduled meetings; the amount may be reduced depending on personal attendance in each of these meetings (attendance remuneration I/meeting = 13,000 euros/number of ordinary meetings * attendance rate at these scheduled meetings);
- attendance remuneration II: maximum of 3,000 euros/year, regardless of the number of extraordinary meetings convened during the year; the amount may be reduced based on personal attendance in each of these meetings (attendance remuneration II/meeting = 3,000 euros/number of extraordinary meetings * attendance rate at these unscheduled meetings);
- in the event no extraordinary meeting is convened, the 3,000 euros shall be allocated to each director in proportion to his or her actual attendance in the (ordinary) scheduled meetings;
- the total attendance remuneration (variable portion) is therefore capped at 16,000 euros per year, and the annual total amount of remuneration (base + attendance) is capped at 31,500 euros.

The methods for calculating the remuneration of committee members will be as follows:

- committee members: 10,000 euros per year;
- committee chairperson: 20,000 euros per year;
- *ad hoc* committee members: 1,000 euros per meeting with a maximum of 10,000 euros per year.

The Board of directors may also propose, in addition to the maximum amount authorized by the General Meeting for the remuneration of directors, to allocate, upon the recommendation of the Appointments and remuneration committee, to one or several directors an exceptional remuneration for a specific mission assigned in accordance with article L.22-10-15 of the French commercial code, considering, notably, the scope of such mission, its duration and the involvement required. The allocation of such remuneration shall be subject to the related-party agreement review and approval process.

2.3.2.2 2023 Remuneration policy for the Chairman of the Board and the Chief Executive Officer

Pursuant to article L.22-10-8 of the French commercial code, this report sets out the principles and criteria for setting, allocating and awarding the fixed, variable, and exceptional components that comprise the total remuneration and benefits in kind awarded to the Chairman of the Board and the Chief Executive Officer, in respect of their respective corporate office, these principles and criteria will be the subject of resolutions put to the vote of shareholders during the General Meeting of 16 June 2023.

2023 REMUNERATION POLICY FOR THE CHAIRMAN OF THE BOARD

Pursuant to article L.22-10-8 of the French commercial code, this report sets out the principles and criteria for setting, allocating and awarding the fixed, variable, and exceptional components that comprise the total remuneration and benefits in kind awarded to the Chairman of the Board, in respect of his corporate office, these principles and criteria will be the subject of a resolution put to the vote during the General Meeting of 16 June 2023.

Should the General Meeting of 16 June 2023 not approve this resolution, the remuneration shall be set in accordance with existing practices within the Company.

The remuneration policy of the Chairman is determined in compliance with Quadient remuneration policy, considering his duties, experience, years of service and performance, as well as market practices.

The remuneration of the Chairman consists of compensation for his mandate as director (formerly directors' fees), annual fixed compensation for his corporate mandate and benefits in kind.

1° Remuneration as a director (formerly directors' fees)

The Board of directors may decide to pay the Chairman of the Board compensation for his mandate as director. The principle is to award a fixed amount.

The Chairman should receive a maximum of 30,000 euros in 2023 on an annual basis in respect of the corporate office he holds in Quadient. This amount is unchanged compared to the previous year.

This item of remuneration accounts for 20% of the total remuneration provided for in the remuneration policy of the Chairman.

2° Annual fixed remuneration

Annual fixed remuneration is set by the Board of directors on the Appointments and remuneration committee's recommendation in accordance with the Afep-Medef code's principles. The fixed remuneration of the Chairman has thus been established in relation to the scope of the position and to practices observed in French and international groups where activities, revenues, market capitalization, number of employees and challenges are similar to those of Quadient's.

The Appointments and remuneration committee uses studies produced by the external consulting firm Mercer to draw remuneration benchmarks for all Board positions. As regards the Chairman's remuneration, the committee refers to a panel comprised of around 30 companies and, with the assistance of the aforementioned consulting firm, verifies Chairman remuneration's position, which appears to be in line with the practices of this panel, both in terms of structure and amount.

For the fiscal year 2023, the Chairman's annual fixed remuneration would be 120,000 euros, unchanged compared to the previous year.

This item of remuneration accounts for 80% of the total remuneration provided for in the remuneration policy of the Chairman.

3° Performance shares

The Chairman is not eligible for any long-term remuneration plan offered by the Company.

4° Benefits in kind

The Chairman can benefit from reimbursement of reasonable business expenses incurred while performing his duties, on presentation of appropriate receipts, in accordance with the Company policy.

The Chairman does not receive any other remuneration for his corporate office. Therefore, he does not receive any multiannual variable remuneration, exceptional remuneration, nor any allocation of stock subscription or purchase options. He is not entitled to any severance payment or remuneration relating to a non-compete clause.

These remuneration items will be the subject of a resolution submitted by the Board of directors to the General Meeting. The resolution will be worded as follows: "Having considered the report corporate governance provided for in article L.225-37 and in compliance with article L.22-10-8 II of the French commercial code, the General Meeting, ruling in accordance with the quorum and majority required for Ordinary General Meetings, approves the remuneration policy including the principles and criteria for setting, allocating and attributing the fixed, variable and exceptional components comprising the total remuneration and benefits of all kind detailed in the aforementioned report and payable to the Chairman's in respect of his corporate office, which was established in accordance with article L.22-10-8 I of the French commercial code. This information is provided in section 2.3.2.2 "The Chairman – Remuneration 2023" of the 2022 universal registration document."

2023 REMUNERATION POLICY FOR THE CHIEF EXECUTIVE OFFICER

The remuneration elements for the Chief Executive Officer are established on the basis of the Quadient remuneration policy considering his duties within Quadient, his experience, years of service and performance, as well as market practices and regulatory codes or policies. Any increases and changes in remuneration shall consider Quadient's performance as well as market practices.

Pursuant to article L.22-10-8 of the French commercial code, this report, drawn up by the Board of directors, sets out the principles and criteria for setting, allocating, and awarding the fixed, variable, and exceptional components comprising the total remuneration and benefits in kind awarded to the Chief Executive Officer, Geoffrey Godet, in respect of his corporate office, which shall be put to the vote during the General Meeting of 16 June 2023.

Should the General Meeting of 16 June 2023 not approve this resolution, the remuneration shall be set in accordance with existing practices within the Company.

For 2023 the Appointment and remuneration committee proposed to the Board of directors to maintain the Chief Executive Officer base salary at the same level as approved during the last General Meeting. The breakdown of the total remuneration in euros and US dollars remains 75% in euros and 25% in US dollars.

The breakdown of the gross annual fixed remuneration between the various duties of the Chief Executive Officer of the Company and his roles in the US subsidiaries may be reviewed by the Board of directors during the year, by mutual agreement, with the Chief Executive Officer, to reflect the time and resources dedicated to each of these duties.

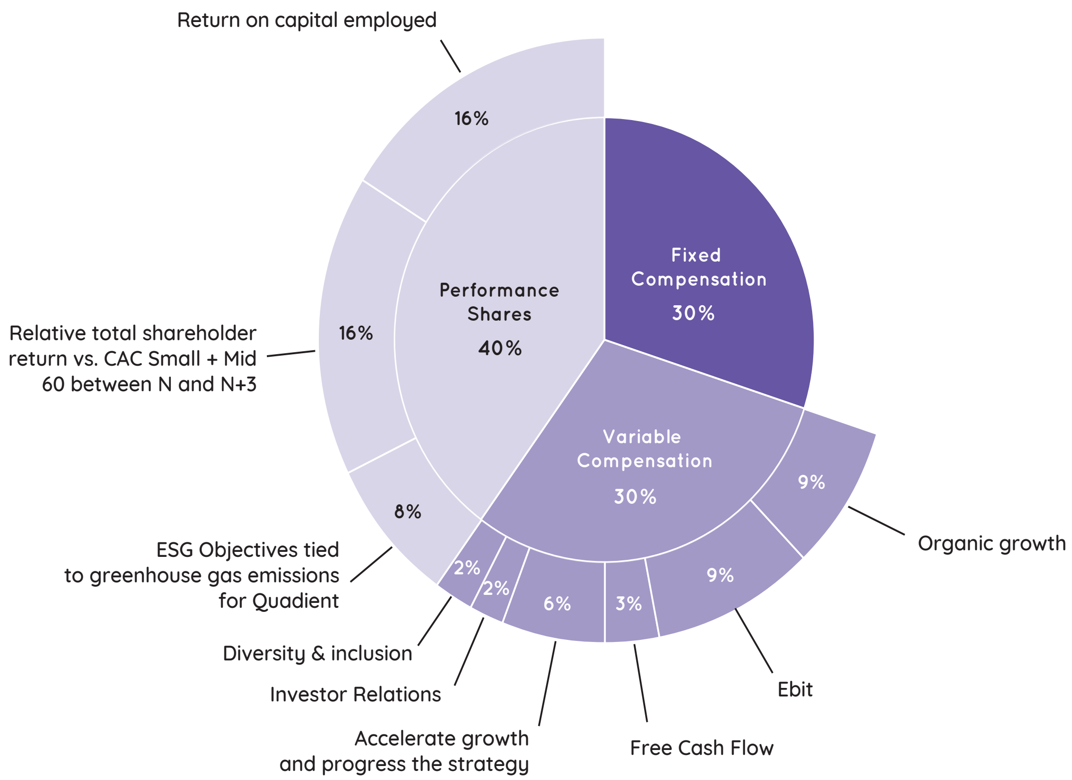
It is noted, however, that an at-will Executive Agreement has been put into place in 2021 to support his role and time spent in the U.S. as President and Chief Executive Officer of certain US subsidiaries. This Executive Agreement is at-will and does not provide any employment protection to Mr. Godet.

Last year the Board of Directors decided to integrate ESG criteria into the long term incentive plan. Considering the process already achieved, and Quadient's Board of directors and management's commitment to its ESG roadmap, management have raised Quadient's emission reduction target from 28.0% to 50.4% by 2030 as compared to the 2018 referenced target.

Given the competitive market, Quadient's peer group practices, and the small margin (3%) between the threshold target and the revenue target in favor of establishing ambitious goals, the Board of directors approved increasing the bonus payout at threshold from 0 to 50% of target payout. This mechanism is deployed throughout the company to align all contributors' behavior and foster delivery of the best possible results even below targeted goal. Furthermore, payout at threshold at 50% is comparable with the practices observed for companies in the SBF 120 index.

Decisions regarding the remuneration of the Chief Executive Officer are the responsibility of the Board of Directors and are based on the proposals of the Appointments and remuneration committee.

CHIEF EXECUTIVE OFFICER FISCAL YEAR 2023 TARGET TOTAL COMPENSATION(A)



(A) *Excluding supplemental pension scheme that is entirely variable and could represent a maximum of 15% of the base salary + variable compensation at target.*

The remuneration of the Chief Executive Officer breaks down as follows:

1° Remuneration as a director

The Chief Executive Officer should receive a maximum of 30,000 euros in 2023 on an annual basis in respect of his corporate office as director of Quadient. This amount is unchanged compared to the previous year.

This item of remuneration accounts for 1.4% of the total target remuneration provided for in the remuneration policy of the Chief Executive Officer.

2° Annual fixed remuneration

Annual fixed remuneration is set by the Board of directors on the Appointments and remuneration committee's recommendation in accordance with the Afep-Medef code's principles. The fixed remuneration of the Chief Executive Officer remains the same in 2023 as in the previous year at 650,000 euros.

With a split pay of 75% euros and 25% dollars for 2023, the Chief Executive Officer's annual fixed remuneration would be the following:

- gross annual fixed remuneration of 487,500 euros for his duties as Chief Executive Officer of the Company, paid in France;
- gross annual fixed remuneration of 193,375 US dollars for his duties and time spent as both Director of Quadient Holdings, Inc. and Director, President and Chief Executive Officer of the subsidiary Quadient, Inc., paid in the United States.

3° Annual variable remuneration

The Chief Executive Officer's annual variable remuneration depends on the progress made by the Group and his individual performance. By way of illustration, for 2023, the variable part of the Chief Executive Officer's remuneration would represent 100% of the fixed part if quantitative and qualitative targets are met. It could rise to 150% if targets are exceeded. This variable part of the remuneration would be divided in the same proportions as the fixed remuneration between the Company and Quadient Holding Inc.

The variable remuneration depends on the Group's results as well as its individual performance and has previously been based on financial criteria for 70% of the target bonus, supplemented by specific qualitative individual performance objectives for 30%.

The financial criteria used for the Group's variable compensation for 2023 are as follows:

- Revenue: this criterion was selected to demonstrate the recovery in growth as part of the "Back to Growth" strategy;
- EBIT - or current operating profit - assuming a constant scope: the measure of EBIT was chosen to ensure that profitable and sustainable growth is maintained over time;
- Free Cash Flow: this constitutes the main marker of value creation over time, and therefore a fundamental indicator for shareholders.

The target figures related to the revenue and current operating profit are not communicated due to the sensitive nature of this confidential information but will be published *a posteriori* to present the calculation of the bonus achievement rate. The target figures are aligned with the budget which is coherent with the 2023 guidance.

Criteria	Weight	Threshold (50.0%)	Target (100%)	Maximum (150%)
Revenue[(a)]	30%	97% of the target amount	Aligned with FY2023 guidance of organic sales growth	102% of the target amount
EBIT[(a)]	30%	94% of the target amount	Aligned with FY 2023 guidance of organic current EBIT growth[(b)]	104% of the target amount
Free Cash Flow[(c)]	10%	63.1	70.1	84.1

(a) Not disclosed prior to the sensitive nature of such confidential information - will be disclosed a posteriori.
(b) Before acquisition-related expenses.
(c) Cash flow after capital expenditure.

The qualitative component is based on achieving formalized individual objectives. For 2023, the qualitative objectives of Geoffrey Godet are as follows:

- 20% – Accelerate the growth of the Company and progress the strategy of each of the solutions in alignment with market guidance.
  - 10% - Continue ICA's transformation and achieve planned Annual Recurring Revenue incremental acceleration
  - 5% - Achieve 2023 ambition for cross-selling ICA products via the MRS channel.
  - 5% - Execute and achieve deployment of large PLS deals.
- 5% Investor Relations – Prepare the 2024-26 strategy and engage effectively with investors accordingly.
- 5% Diversity & Inclusion: Maintain the inclusive and EPIC culture of Quadient.

It is however specified that, notwithstanding the achievement of said objectives, no variable remuneration will be paid in cases of resignation or dismissal for gross negligence (as defined by French labor law), occurring prior to the date of payment.

4° Long-term incentives

The long-term component of the Chief Executive Officer's remuneration comprises a performance share allocation plan open to a range of executives and key talents within the Group, following a decision of the Board of directors taken upon the Appointments and remuneration committee's recommendation.

The allocations awarded to the Chief Executive Officer are capped at 10% of the total number of free shares allocated annually, which represents a maximum of 0.13% of the share capital of Quadient.

In 2022, it was decided to set the current performance share package to 135% of the Chief Executive Officer's base salary. The face value of the stock price will be determined by using the monthly average value of the stock price before the grant date.

The number of performance shares granted cannot vary more than 30% (up or down) year over year to prevent windfall effects that could result from stock volatility. Performance shares will be subject to a three-year vesting period.

In case where the calculation of the number of shares to be granted to the Chief Executive Officer would exceed the maximum percentage attributable - remaining within the 30% shares variation limitation stated above or within the 10% of the total number of free shares allocated annually - then the excess would be delivered under the form of phantom shares stock units. They would follow the share price evolution and the same performance conditions of the free share plans. Therefore, they will be settled in cash at the end of the vesting period with an obligation for the Chief Executive Officer to invest 50% of these phantom stock units into shares of the Company.

The vesting of free shares is subject to the existence of a corporate appointment or employment contract within the Quadient Group. Accordingly, no delivery can take place after the termination of any corporate office or employment contract, except in case of death, disability, or retirement. Additionally, the Board of directors, acting on the recommendation of the Appointments and remuneration committee and in accordance with the regulations governing free share plans, may decide to grant to the Chief Executive Officer post-mandate vesting on a pro rata basis for time and performance.

The final acquisition of the allocated free shares is subject to a condition of presence and the following performance criteria will be assessed by the Board of directors at the end of a period of three years following the date allocation.

Finally, following the integration of ESG criteria in the long-term incentive plan, it was decided to raise Quadient's emissions reduction targets to 50.4% in 2030 compared to the 2018 reference, in order to maintain high requirements for greenhouse gas emission reductions in the context of the resumption of activities and travel necessary to achieve the three-year plan.

Criteria	Weight	Threshold (0%)	Maximum (100%)
ESG- Objective/target(s) tied to greenhouse gas emissions for Quadient	20%	48.2% reduction	51.8% reduction
Relative total shareholder return *vs.* CAC Small + Mid 60 between N and N+3[(a)]	40%	33rd percentile	70th percentile
ROCE[(d)]	40%	7.3%	9.0%
Maximum number of shares that can be granted to the Chief Executive Officer	Total	0	135% of base s! alary (at face value)

(a) Vs 2019 baseline.
(b) The share price is the average of the stock price of the month preceding the grant date. The exit price is the average of the stock price of the month preceding the vesting date. The price includes dividends and shares buy-back.
(c) NOPAT/Capital employed, with NOPAT being current operating income (including M&A related expenses), minus tax.
(d) Excluding scope change effect.

It is hereby specified that a minimum 50% of the number of free shares definitively acquired by the Chief Executive Officer should be held until the end of his corporate offices. This will be the case until he holds a quantity of 50,000 definitively acquired free shares, which he shall then be bound to keep until the termination of said corporate offices.

Geoffrey Godet has undertaken not to hedge his risk with respect to the performance shares awarded by using hedging instruments throughout his term of office, in accordance with the recommendations of the Afep-Medef code.

5° Supplemental pension scheme

The Chief Executive Officer benefits from the same supplemental pension structure as the employees of Quadient S.A to drive alignments of goals. This is unchanged compared to the previous year.

The Chief Executive Officer's supplemental pension structure remains consistent with 2022 and comprises a defined-contribution scheme (article 83 of the French general tax code) into which is paid a total of 5% of his remuneration, capped at five times the Social Security ceiling.

To qualify for this payment, the Chief Executive Officer must liquidate his pension entitlements related to both the French Social Security pension scheme and supplemental schemes.

Furthermore, the Chief Executive Officer is also eligible to receive an additional annual cash payment equal to a certain percentage of his total annual remuneration in the year in question (fixed and variable), to enable him to constitute his own supplemental pension directly, year after year. These payments are subject to performance objectives that are the same as those relating to his annual variable remuneration, and will represent a maximum of 15% of the total annual remuneration assuming objectives are achieved at 100%, it is specified that such payments will be degressive in proportion to the achievement of such performance objectives. The percentage achievement relating to the Chief Executive Officer's annual variable remuneration would therefore apply to these payments but would be capped at 100% of the objectives achieved.

Finally, as an employee of Quadient, Inc., Geoffrey Godet benefits from participating in the subsidiary's US defined-contribution pension plan, 401(K) retirement plan (NEOPOST USA INC.401(K) PLAN – as amended and restated effective 1 January 2010), whereby employees who chose to contribute into the plan can benefit from a company-match, up to 7,000 US dollar annually.

6° Remuneration for termination of duties

In accordance with recommendation 25.5 of the Afep-Medef code, in the event of (i) dismissal (other than for gross negligence or serious misconduct as defined by French labor laws) or (ii) forced departure (*e.g.* resignation within twelve months following (a) a change of control of the Company, (b) a major and imposed change in the Chief Executive Officer's duties approved by the Company's corporate bodies, or (c) a significant change of Quadient's strategy duly approved by the Company's corporate bodies and resulting in a reorientation of the Company's business), the Chief Executive Officer would receive remuneration for termination of duties, the gross amount of which would depend on the extent of the achievement of annual performance objectives.

In accordance with current market practices, remuneration for termination of duties of the Chief Executive Officer would apply from 1 February 2023 until the General Meeting called to vote on the financial statements for the fiscal year that will end on 31 January 2024.

The conditions of this indemnity, for each financial year within this period, would be the following: in the event of a qualifying termination, the gross amount of this indemnity would amount to 18 months of remuneration based on his target annual fixed and variable remuneration (calculated for objectives achieved at 100%), if the average variable remuneration received during the last three financial years corresponds to at least 50% of his theoretical annual variable remuneration (assuming objectives are achieved at 100%), and this, as confirmed by the Board of directors in respect of the criteria set. The fiscal years in which the remuneration policy of the Chief Executive Officer does not plan for any variable remuneration would be neutralized for the purposes of this calculation.

Throughout this period, this remuneration is subject to the approval of the General Meeting, in accordance with applicable legal rules. This commitment would continue under these terms and conditions, subject to the approval of the General Meeting.

7° Benefits in kind

The Chief Executive Officer benefits from the current life and disability insurance and supplemental health insurance schemes, unemployment insurance for company directors, a company car, assistance with filing his annual French and United States tax declarations and reimbursement of reasonable business expenses incurred while performing his duties, on presentation of appropriate receipts, in accordance with the Company's policy.

The Chief Executive Officer does not receive any other remuneration for his corporate appointment. He does not,therefore, receive any multi-annual variable or exceptional remuneration nor any allocation of share subscription or purchase options. The Chief Executive Officer has not signed a non-compete clause, but must give a notice period of six months in the event of resignation.

These remuneration items will be the subject of a resolution submitted by the Board of directors to the General Meeting. The resolution will be worded as follows: "Having considered the report on corporate governance provided for in article L.225-37 and in compliance with article L.22-10-8 II of the French commercial code, the General Meeting, in accordance with the quorum and majority required for Ordinary General Meetings, approves the remuneration policy including the principles and criteria for determining, distributing and attributing, the fixed, variable and exceptional (including performance shares) components of the total remuneration, the commitments set forth in the fourth subparagraph of article L.22-10-9 of the French commercial code and benefits of all kinds detailed in the aforementioned report and payable to the Chief Executive Officer in respect of his corporate office, which was established in accordance with article L.22-10-8 I of the French commercial code. This information is provided in section 2.3.2.2 "2023 Remuneration policy for the Chief Executive Officer" of this universal registration document."

TABLE # 11 AFEP-MEDEF CODE

Executive directors (as at 31 January 2023)	Employment contract	Supplemental Pension plan	Remuneration or benefits due or likely to be due in case of termination or change in functions	Remuneration in view of a non-compete clause
Didier Lamouche	No	No	No	No
Start date of the mandate: 28 June 2019 End date of the mandate: General Meeting called to approve the financial statements for the financial year that will end on 31 January 2025.				
Geoffrey Godet	Yes[(a)]	Yes[(b)]	Yes[(b)]	No
Start date of the mandate: 29 June 2018 End date of the mandate: General Meeting is called to approve the financial statements for the financial year that will end on 31 January 2024				

(a) Executive agreement to support his role and time spent in the U.S. as director of the U.S. subsidiaries. This executive agreement is at-will and does not provide any employment protections to Geoffrey. Godet.
(b) Cf. 2.3.2 of this universal registration document, the commitments mentioned in the fourth paragraph of article L.22-10-9.

2.3.3 COMPENSATION OF SENIOR EXECUTIVES: STOCK OPTION PLANS AND PERFORMANCE SHARE GRANTS

2.3.3.1 2019 Performance Plan share – Details of the acquisition in 2022

Upon proposal of the Appointments and remuneration committee, the Board considered on 6 May 2021, in the exceptional context induced by the Covid-19 crisis, that the elements relating to the 2020 fiscal year were not representative of Quadient's global performance over the reference period of the ongoing performance share plans and would thus have a disproportionate impact by entailing a demotivating loss of performance shares for all beneficiaries who were instrumental in the recovery and rebound of Quadient's performance. Shareholders approved the adjustment of the performance share plans with regard to the Chief Executive Officer remuneration policy at the General Meeting of 16 June 2022.

Therefore, the indicators were re-calculated as described below and the plan overall vesting amounts to **24.2%** of the total.

		Objectives					
			Threshold	Maximum			
Criteria[a]	Weight	Year	*0%*	*100%*	Value	Achievement Level	Acquisition Level
Relative total shareholder return (from 1 February 2019 until 31 January 2022 included). For January 2022 only, the TSE performance is measured on the average TSR of the month.	60%		0.0%	2.0%	(17.6)%	(881.5)%	0.0%
Organic sales growth[b]	40%	2019	0.0%	2.0%	1.6%	81.5%	81.5%
		2020	Not taken into account	Not taken into account	-	-	-
		2021	1.2%	3.2%	4.3%	155.0%	100.0%
TOTAL							**24.2%**

(a) The measurement of the performance is linear between the lower limit and the maximum
(b) Based on the average performance of 2019 and 2021 (at constant exchange rates and scopes)

2.3.3.2 History of share subscription or purchase options and performance share granted

STOCK SUBSCRIPTION OR STOCK PURCHASE OPTIONS GRANTED TO THE TOP TEN NON-CORPORATE OFFICER BENEFICIARY EMPLOYEES AND OPTIONS EXERCISED BY THE LATTER

There have been no subscription or stock purchase plans since 2012. As regards to previous or ongoing plans, no options have been exercised by the top ten non-corporate officer employees.

Stock subscription or stock purchase options granted to the top ten non-corporate officer beneficiary employees and options exercised by the latter.	Total number of options granted/shares subscribed or purchased	Weighted average price
Options granted, during the financial year, by the issuer and any company included in the scope of allocation of the options, to the ten employees of the issuer and of any company included in this scope, for which the number of options granted is highest (aggregate information)	-	-
Options held on the issuer and the companies referred to above, exercised during the financial year by the ten employees of the issuer and these companies, whose number of options thus purchased or subscribed is the highest (aggregate information)	-	-

PERFORMANCE SHARES

Date of General Meeting	Number of shares to be allocated	Duration of authorization
1 July 2021	400,000	14 months
16 June 2022	460,000	14 months

The awards granted are listed in table #9 of the Afep-Medef recommendations in this section.

EMPLOYEE SAVINGS PLAN

A Group Company savings plan (PEE) was introduced by Quadient S.A. in September 1998. Employees of Quadient S.A. or French companies related to it as defined in article L.225-180 of the French commercial code, are eligible to join the Quadient Group Company savings plan, subject to a minimum of six months of service in the Company.

A collective pension saving scheme (PERCO) was introduced in Quadient S.A. and the Group's French companies, open to employees that have a minimum of three months of service in the Company. A collective employee shareholding fund (FCPE) was created and approved by the Securities and Stock Exchange Commission, now the AMF, on 19 January 1999. This fund was created to manage the amounts received under the Quadient Group company savings plan. The Quadient FCPE mainly invests the amounts received in Quadient shares and the investments are frozen for a period of five years, except in legally allowed cases of early release.

The Quadient S.A. General Meeting of 16 June 2022 granted the Board of directors the powers required to issue, on one or more occasions and over a 26-month period, shares reserved particularly for employees benefiting from the Quadient Group Company savings plan, subject to a nominal limit of 1,200,000 euros.

TABLE # 8 AFEP-MEDEF CODE: PAST AWARDS OF SUBSCRIPTION OR PURCHASE OPTIONS

Stock options
Date of General Meeting
Date of Board meeting (start of exercise period)
Expiry date
Performance conditions
Initial number of options available for subscription or purchase
including attributable under performance conditions
Adjusted[a] number of options that could be available for subscription or purchase
of which available for subscription or purchase by Didier Lamouche – Chairman
of which available for subscription or purchase by Geoffrey Godet – Chief Executive Officer
Initial subscription or purchase price (in euros)
Adjusted[a] subscription or purchase price (in euros)
TOTAL NUMBER OF OPTIONS SUBSCRIBED
Adjusted[a] cumulative number of subscription or purchase options cancelled or nullified
NUMBER OF SHARE SUBSCRIPTIONS OR PURCHASE OPTIONS OUTSTANDING AS OF 31 JANUARY 2023

(a) *Adjusted value after the payment of dividends, partly paid from capital reserves.*

TABLE # 9 AFEP-MEDEF CODE: PAST AWARDS OF PERFORMANCE SHARES

Free shares								
Date of General Meeting	30/06/2017	28/06/2019	28/06/2019	06/06/2020	06/06/2020	06/06/2020	01/07/2021	01/07/2021
Date of Board meeting	26/04/2019	23/09/2019	06/01/2020	25/09/2020	25/09/2020	25/09/2020	24/09/2021	24/09/2021
Grant Date	26/04/2019	23/09/2019	06/01/2020	15/01/2021	08/02/2021	15/02/2021	24/09/2021	01/12/2021
Performance conditions	Yes, for the entire plan	Yes, for the entire plan	Yes, for the entire plan	Yes, for the entire plan	Yes, for the entire plan	Yes, for the entire plan	Yes for 193,690 shares, including the entire package of 40,000 granted to the CEO	Yes, for 1,450 shares
Total number of shares granted, of which to:	12,000	391,030	5,000	383,500	2,500	4,000	385,500	3,800
Didier Lamouche – Chairman	-	-	-	-	-	-	-	-
as percentage of share capital	-	-	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer	-	40,000	-	40,000	-	-	40,000	-
as percentage of share capital	-	*0.12%*	-	*0.12%*	-	-	*0.12%*	-
Vesting date of shares	27/04/2022	24/09/2022	07/01/2023	16/01/2024	09/02/2024	16/02/2024	25/09/2024	02/12/2024
End of lock-up period date	27/04/2022	24/09/2022	07/01/2023	16/01/2024	09/02/2024	16/02/2024	25/09/2024	02/12/2024
Number of shares vested as of 31 January 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cumulative number of shares cancelled or nullified as of 31 January 2023	11,867	317,519	5,000	65,150	-	-	47,200	-
NUMBER OF SHARES OUTSTANDING AS OF 31 JANUARY 2023	**0**	**0**	**0**	**318,350**	**2,500**	**4,000**	**338,300**	**3,800**

Free shares

Date of General Meeting	01/07/2021	01/07/2021	16/06/2022	16/06/2022	16/06/2022
Date of Board meeting	24/09/2021	24/09/2021	16/06/2022	16/06/2022	16/06/2022
Grant Date	01/03/2022	20/05/2022	01/09/2022	23/09/2022	01/12/2022
Performance conditions	No	No	Yes for 212,340 shares, including the entire package of 46,000 granted to the CEO	Yes, for the entire plan	Yes, for 2,010 shares
Total number of shares granted, of which to:	1,000	4,600	433,750	8,267	5 900
Didier Lamouche – Chairman	-	-	-	-	-
as percentage of share capital	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer	-	-	46,000	-	-
as percentage of share capital	-	-	*0.13%*	-	-
Vesting date of shares	02/03/2025	21/05/2025	02/09/2025	30/09/2025	02/12/2025
End of lock-up period date	02/03/2025	21/05/2025	02/09/2025	30/09/2025	02/12/2025
Number of shares vested as of 31 January 2023	**-**	**-**	**-**	**-**	**-**
Cumulative number of shares cancelled or nullified as of 31 January 2023	-	2,000	20,250	-	-
NUMBER OF SHARES OUTSTANDING AS OF 31 JANUARY 2023	**1,000**	**2,600**	**413,500**	**8,267**	**5,900**

2.3.3.3 2023 Allocation policy for the free share plans

Quadient S.A. has implemented a long term incentive policy to involve key talents and senior executives in the Group's future performance. This entails granting performance shares each year to numerous employees, for reference, in 2022 free shares were granted to 167 Quadient employees. The Board of directors approves the free share plans based on the work and recommendations of the Appointments and remuneration committee. This committee examines the allocation proposals, pursuant to the general scheme set by the Annual General Meeting, and reviews the list of beneficiaries to ensure it follows the policy set up by management (*i.e.*, gender diversity, representation of business activities positions, ensuring a significant proportion of non-executive employees receive grants, focusing on key talents and the best performers whilst maintaining a rotation of beneficiaries).

The aim of performance share allocations is to associate the worldwide management team and key talents of Quadient with the development of the group's value by allowing them to share ownership of the Company, and to develop common interests with shareholders of the Company. The performance conditions are designed to encourage beneficiaries to focus on common and meaningful goals for the Company. The plan also provides recognition of executives whose impact on revenue generation, efficiency and productivity, leadership and professional values has contributed to Quadient's success. Lastly, it helps to promote loyalty in executives who are of particular value to the Company. The allocation of free shares increases their commitment and motivation to implement progress and growth in Quadient. There was an introduction of free shares without performance conditions in 2022.

For 2023 the Board of directors proposed to maintain the total envelope of shares to 460,000 included 230,000 free share without performance conditions. As last year, the portion of the envelope without performance condition will be used to secure our most critical team.

Acquisitions of free shares under selective plans become definitive only at the end of a three-year vesting period. Part of the free shares plan are subject to the fulfilment of performance conditions. Those performance conditions are aligned with the performance conditions selected by the Board of directors for the 2023 long term incentive plan for the Chief Executive Officer. At the end of the vesting period, and provided that the conditions described are met, the Quadient shares are definitively acquired by the beneficiaries.

2.4 Related-party agreements

In accordance with article L.22-10-12 of the French commercial code, the Board of directors has implemented a procedure to regularly assess whether the agreements relating to day-to-day operations and entered into under the normal conditions referred to in article L. 225-39 met these conditions. The Board of directors carries out, when necessary, the assessment of agreements entered into under normal terms and conditions to ensure that they continue to meet these conditions.

The Board of directors is informed of any draft agreement likely to constitute a related party agreement or a so-called free agreement and of its evaluation by the competent management, for qualification purposes. When a member of the Board of directors has a direct or indirect interest in the agreement, he or she does not take part in its evaluation.

At least once a year, and regularly, an item on the agenda of the Board of directors shall be dedicated to the application of this process.

2.5 Summary table of the current General Meeting delegations of powers to the Board of directors and indicating the use made of these delegations during the 2022 fiscal year (article L.225-37-4,3° of the French commercial code)

Authorizations	Date of the General Shareholders' Meeting resolution	Term	Use during 2022 fiscal year which ended 31 January 2023
Share buyback program - to proceed, directly or indirectly, on one or more occasions which it shall decide, to buy back shares up to a maximum of 10% of the total number of shares comprising the share capital, with the option to sub-delegate. The maximum purchase price may not exceed €50.	16 June 2022	18 months	used
Issue ordinary shares and securities giving access to the Company's share capital, with the maintenance of the shareholders' preferential subscription rights	16 June 2022	26 months	not used
Issue ordinary shares, with the removal of the shareholders' preferential subscription rights through public offering (excluding an offer referred to in 1, article L.411-2 of the French monetary and financial code)	16 June 2022	26 months	not used
Issue ordinary shares, with the removal of the preferential subscription rights through an offer referred to in 1, article L.411-2 of the French monetary and financial code	16 June 2022	26 months	not used
Issue securities giving access to the Company's share capital, with the removal of the shareholders' preferential subscription rights through public offering (excluding an offer referred to in 1, article L.411-2 of the French monetary and financial code)	16 June 2022	26 months	not used
Issue securities giving access to the Company's share capital, with the removal of the shareholders' preferential subscription rights through an offer referred to in 1 of article L.411-2 of the French monetary and financial code	16 June 2022	26 months	not used
Increase the amount of shares issued in the event of over subscription to ordinary shares or securities giving access to the Company's share capital	16 June 2022	26 months	not used
Increase share capital by incorporation of reserves, profits or premiums	16 June 2022	26 months	not used
Increase the share capital by issuing new ordinary shares and securities giving access to the Company's share capital in return for contributions in kind within a limit of 10% of the share capital	16 June 2022	26 months	not used
Issue ordinary shares and securities giving access to the Company's share capital, in the event of a public exchange offer initiated by the Company	16 June 2022	26 months	not used
Proceed with share capital increases and sales of shares reserved to members of a company or Group savings plan in application of article L.3332-1 and subsequent sections of the French labour code	16 June 2022	26 months	not used
Proceed with share capital increases reserved to employees and corporate officers of foreign subsidiaries or branches who cannot subscribe, directly or indirectly, to the Company's shares under the previous resolution, and for all financial institutions or companies created specifically and exclusively to implement an employee savings scheme for employees (or former employees) of foreign subsidiaries or branches who cannot subscribe, directly or indirectly, to the Company's shares under the previous resolution	16 June 2022	18 months	not used
Proceed with allocation of existing performance shares or performance shares to be issued with the removal of the shareholders' preferential subscription rights	16 June 2022	14 months	not used
Cancel shares acquired pursuant to the Company's share buyback program	16 June 2022	18 months	Capital reduction corresponding to the cancellation of 94,000 shares (Board meeting of 2 December 2022)

Only the authorizations relating to the Company's share buyback program and to cancel shares acquired pursuant to the Company's share buyback program were used during the financial year 2022.

The full wording of these authorizations is available on request from Quadient head office. The General Shareholder Meeting of Quadient called on 16 June 2023 to vote on the financial statements for the financial year that ended on 31 January 2023 will be asked to renew these authorizations on similar terms.

2.6 Information that could have an impact in the event of a takeover bid or exchange offer

In accordance with the provisions of article L.22-10-11 of the French commercial code, the factors that could have an impact on a takeover bid are the following:

- the Company's capital structure as described in section 7 of the universal registration document;
- direct or indirect investments in the Company's capital known to the Company pursuant to articles L.233-7 and L.233-12 of the French commercial code, as described in section 3 of the universal registration document;
- the rules applicable to the appointment and replacement of members of the Board of directors and amendments to the Company's articles of association, which are decided by General shareholders' Meetings;
- the Board of directors' powers as delegated by the General shareholders' Meeting, particularly those relating to the issue or buy-back of shares, as described in section 2.5 of the universal registration document.

To the best of the Company's knowledge, there are no agreements between shareholders that could lead to restrictions in the transfer of shares and the exercise of voting rights.

2.7 Practical information for attending the General Meeting

Pursuant to applicable law, the particular modalities relating to the participation of shareholders in the General Meeting are set out in the articles of association, available on the Company's website. The notice of meeting including the draft agenda and proposed resolutions will be published in the *Bulletin des Annonces Légales Obligatoires* (BALO) and on the Company's website.

All shareholders may participate in the General Meeting, regardless of the number of shares they own, notwithstanding any provisions to the contrary provided for by the articles of association.

The right of shareholders to participate in the General Meeting is conditional on their shares being registered in their name, or in the name of the intermediary acting on their behalf pursuant to paragraph 7 of article L.228-1 and article R.22-10-28 I. of the French commercial code, no later than 00:00, Paris time, on the second business day prior to the General Meeting, *i.e.* 14 June 2023, either in the registered share accounts held by the Company or in the bearer share accounts kept by the authorized intermediary.

Registration of the shares in bearer share accounts kept by authorized intermediaries must be evidenced by a certificate of participation issued by such intermediaries, or can be transmitted electronically if applicable under article R.225-61 of the French commercial code. This certificate of participation must be attached to the voting form or the proxy form, or to the request for an admission card in the shareholder's name or that of the broker that manages the share account. Shareholders wishing to attend the Meeting in person and who have not received their requested admission card by 00:00, Paris time, two working days prior to the General Meeting will also be issued a certificate. If shareholders do not wish to attend the General Meeting in person, they may choose one of the following three options:

1. send a proxy vote to the Company without specifying a proxy holder. All proxy votes granted without a specified proxy shall result in a vote for the approval of the draft resolutions presented or accepted by the Board of directors and a vote against all other draft resolutions;

2. authorize a proxy vote by their spouse or partner with whom they have entered into a civil union or a shareholder or any other natural or legal person of their choosing, in accordance with article L.22-10-40 of the French commercial code. Duly completed and signed proxy forms must include the full name and address of the shareholder and their proxy and be mailed along with a photocopy of the shareholder's ID and that of their proxy to Uptevia. The same formalities that apply for granting a proxy apply for withdrawing it.

3. vote by mail either by using the printed form or by using the internet platform Votaccess.

In accordance with the provisions of article R.22-10-24 of the French commercial code, notifications to appoint a proxy holder or withdraw a proxy may also be sent electronically, as follows:

- for registered shareholders: by sending an email with an electronic signature obtained from an accredited certification service provider to: ct-mandataires-assemblees@uptevia.com, indicating their full name, address and Uptevia ID for direct registered share (information printed in the top left-hand corner of share account statements), or indicate their ID with their bank or broker if the case administered registered shares, as well as the full name of the designated proxy holder or the person from whom the proxy is being withdrawn;
- for bearer shareholders: by sending an email with an electronic signature obtained from an accredited certification service provider to: ct-mandataires-assemblees@uptevia.com, indicating their full name, address and full bank details, and the full name of the designated proxy holder or the person from whom the proxy is being withdrawn, and by asking their bank or broker managing the share account to send a written confirmation (by letter) to Uptevia – Service Assemblée Générale – 12, Place des Etats-Unis, CS 40083, 92549 Montrouge cedex.

Only duly completed and signed notifications received three days prior to the General Meeting at the latest will be taken into account. In addition, only the aforementioned email address may be used to send notifications to appoint or withdraw proxies; requests or notifications concerning other matters will not be taken into account and/or processed.

Shareholders who have cast a postal vote, appointed a proxy or requested an admission card or share ownership certificate may still sell all or some of their shares at any time. However, if the sale takes place more than two business days prior to the General Meeting, namely 14 June 2023, 00:00, Paris time, the Company will take the appropriate measures to cancel or amend the related postal vote, proxy, admission card or share ownership certificate. The shareholder's bank or authorized intermediary must therefore notify the Company or its registrar of any such sale and provide it with the necessary information.

No sale or other transactions carried out after the second business day prior to the General Meeting, at 00:00, Paris time, irrespective of the method used, will be notified by the authorized intermediary or taken into account by the Company, notwithstanding any agreements to the contrary.

Postal voting forms or proxy forms will be automatically sent by mail to the holders of direct or administered registered shares.

Pursuant to the applicable laws and regulations, all documents that must be made available to shareholders for the purpose of this General Meeting, may be consulted, within the legally prescribed time frames, at the Quadient S.A. head office and on the Company's website https://invest.quadient.com/assemblees-generales or sent on written request to Uptevia.

Bearer shareholders should request a postal/proxy voting form by way of a letter, which must be received by registered mail with acknowledgement of receipt by Uptevia – Service Assemblée Générale – 12, Place des Etats-Unis, CS 40083, 92549 Montrouge cedex at least six days prior to the General Meeting.

In order for postal votes to be taken into account, the completed and duly signed postal voting forms must be sent to Uptevia – Service Assemblée Générale – 12, Place des Etats-Unis, CS 40083, 92549 Montrouge cedex at least three days prior to the General Meeting.

Shareholders who have cast a postal vote, appointed a proxy or requested an admission card or share ownership certificate will not be able to participate in the General Meeting in any other way, unless the articles of association provide otherwise.

Shareholders may submit written questions to the Company as from the publication date of this Notice. Any such questions must be sent to the Company's head office by registered mail with acknowledgement of receipt by the fourth business day prior to the date of the General Meeting. A share registration certificate must be attached to the letter. The Board of directors is required to reply to these questions during the General Meeting and a joint response can be given to questions that have the same content. Answers to the questions will be posted on the Company's website at the following address:
https://invest.quadient.com/assemblees-generales.

Shareholders that meet applicable legal conditions may submit items or draft resolutions for the agenda of the General Meeting by sending a request by registered mail with acknowledgement of receipt, to be received at least 25 calendar days prior to the date of the General Meeting. A share registration certificate must be sent with any such request, evidencing that the applicant holds or represents at least 5% of the Company's capital.

Any draft resolutions proposed by shareholders, as well as a list of any items that have been included in the agenda of the General Meeting further to a shareholder's request, will be published on the Company's website: https://invest.quadient.com/assemblees-generales

In addition, review by the General Meeting of any items or draft resolutions submitted is conditional on the relevant parties providing, on the second business day prior to the date of the General Meeting, no later than 00:00, Paris time, a new certificate evidencing that their shares are registered in accordance with the requirements specified above.

2.8 Statutory auditors' report on related party agreements

Annual General Meeting held to approve the financial statements for the financial year ended 31 January 2023.

To the Annual General Meeting of Quadient S.A..

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

On the basis of information made available to us, we are responsible for communicating to you the characteristics and essential terms of, and the grounds supporting the Company's interest in, the agreements of which we have been informed of or that we discovered during our assignment, without having to express our own opinion on their utility or appropriateness or being required to seek whether other agreements and commitments exist. Pursuant to article R.225-31 of the French commercial code (*Code de commerce*), you are responsible for assessing the interest in entering into these agreements and commitments in view of their approval.

In addition, we are responsible for communicating to you the information contemplated by article R.225-31 of the French commercial code (*Code de commerce*) relating to the performance over the period under review of the agreements already approved by the Annual General Meeting.

We carried out the procedures which we deemed necessary in compliance with the professional standards of the French Institute of statutory auditors (*Compagnie nationale des Commissaires aux comptes*) relating to this type of engagement.

1. AGREEMENTS SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING

We hereby inform you that we have not been notified of any agreements authorized during the year ended 31 January 2023 to be submitted to the Annual General Meeting for approval in accordance with article L.225-38 of the French commercial code (*Code de commerce*).

2. AGREEMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting and the performance of which may have continued during the year ended 31 January 2023.

Paris and Paris-La Défense, on 27 April 2023

The statutory auditors

French original signed by

MAZARS	**ERNST & YOUNG et Autres**
Francisco SANCHEZ	May KASSIS-MORIN

MANAGEMENT REPORT

3.1 Review of Quadient's financial position and results in 2022

For the full-year 2022, consolidated sales amounted to 1,081.2 million euros, up 5.6% compared to the full-year 2021. Organic change stood at 1.4% (1) for the period. Subscription-related revenue (69% of the Group's total sales) recorded an organic growth of 3.1% in 2022 compared to 2021.

Current operating income (2) amounted to 150.0 million euros in 2022 compared to 146.8 million euros in 2021.

Current operating margin stood at 13.9% of sales in 2022 compared to 14.3% in 2021.

Net attributable income amounted to 13.3 million euros in 2022 compared to 87.8 million euros in 2021.

The net margin (3) stood at 1.2% of sales in 2022 compared to 8.6% in 2021.

Cash flow after capital expenditure amounted to 70.3 million euros in 2022 compared to 104.1 million euros in 2021.

3.1.1 HIGHLIGHTS

Quadient Launches its Accounts Payable Automation Solution Beanworks in France and the UK Amidst Rising Demand

On 16 February 2022, Quadient announced the launch of Beanworks by Quadient in the United Kingdom (UK) and France. The leading accounts payable (AP) automation solution provides accounting teams with a faster, more secure and easier way to approve invoices and pay vendors from anywhere.

Purolator Installs Parcel Pending by Quadient Smart Lockers to Enhance Customer Experience and Meet Increased Package Delivery Demands

On 22 February 2022, Quadient announced that Purolator, one of Canada's leading integrated freight, package and logistics solutions providers, has installed more than 20 Parcel Pending by Quadient smart locker systems at its busiest terminals in Canada. The automated smart lockers provide Purolator's customers with a convenient and secure way to retrieve their packages, any time, day or night.

Quadient Continues Footprint Expansion in Document Automation Cloud Solutions with Impress Distribute now Available in Germany

On 12 April 2022, Quadient announced the launch of Impress Distribute in Germany, expanding in yet another major European market the capabilities of Quadient® Impress, its cloud-based document automation for small and medium businesses (SMBs). With Impress Distribute, Quadient now brings additional communication channels to German users, in particular print mail outsourcing in partnership with SPS, a global full-service provider of business process services.

Quadient and Decathlon Reaffirm Partnership on Parcel Lockers

On 3 May 2022, Quadient announced that Decathlon, a leading global sporting goods retailer, will equip dozens of additional stores with Quadient's automated parcel lockers in 2022. Since the adoption of the first Quadient locker solutions in 2015, Decathlon has equipped 62 stores in France with the lockers. The success of the lockers, which has been tested and certified by the retailer's teams, motivated the sports brand to expand its partnership with Quadient. New consumer consumption patterns and growing demand for more convenient delivery solutions, accelerated by the global pandemic, led Decathlon to refine its omnichannel strategy by increasing the pick-up options for its "click & collect" offers.

(1) FY 2022 sales are compared to FY 2021 sales, from which is deducted revenue pro rata temporis from the APS business and production facility in the Netherlands, Graphics activities in the Nordics and Shipping business in France and to which is added revenue pro rata temporis from Beanworks, for a consolidated amount of €(21.2) million, and are restated after a €63.9 million positive currency impact over the period.

(2) Excluding acquisition-related expenses.

(3) Net margin = net attributable income/total sales.

Quadient Launches Automated Accounts Receivable Solution YayPay in France

On 10 May 2022, Quadient announced the launch in France of YayPay by Quadient, a cloud-based intelligent account receivable (AR) solution that automates the entire AR process from credit to cash application. The YayPay expansion comes on the heels of the launch earlier this year of Quadient's accounts payable (AP) automation solution, Beanworks, in France and the United Kingdom, as well as last month's launch of Impress Distribute, its cloud-based omnichannel document distribution solution, in Germany. Powered by artificial intelligence and machine learning, YayPay's predictive analytics engine provides insights on payer behavior and their impact on cash flow, with the use of dynamic dashboards and process automation that help to reduce outstanding receivables and day sales outstanding (DSO) for companies.

Quadient Named a Leader in IDC MarketScape for Cloud Customer Communications Management

On 2 June 2022, Quadient announced that Quadient was named a leader in the IDC MarketScape: Worldwide Cloud Customer Communications Management Applications 2022 Vendor Assessment - Dynamic Delivery of Multi-channel Personalized Experiences (doc #US48167722, May 2022). The report provides details to assess providers of customer communication management (CCM) solutions, including Quadient Inspire and Quadient Impress. According to the IDC MarketScape report, enterprises that seek omni-channel customer experiences through the lens of a customer journey should consider Quadient. The IDC MarketScape listed customer experience strategy, performance and scale and implementation experience as strengths of Quadient.

Quadient Reaches Milestone of 12,000 Global Customers for Cloud Software Solutions

On 14 June 2022, Quadient confirms that the number of customers of its cloud software business has surpassed the 12,000 mark globally, with a net increase of about 450 in the first period of 2022. The growth in Quadient's Intelligent Communication Automation (ICA) software business was fuelled by existing customers of Quadient's mail equipment, who turned to the company's cloud software solutions for digital transformation. Additional growth was driven by the deployment in France and the UK of Quadient's recently acquired accounts payable automation software solution, Beanworks.

Quadient announces the sale of its Graphics activities in the Nordic countries to Ricoh

On 16 June 2022, Quadient announced the completion of the transaction for the divestment of its Graphics activities in the Nordic countries to the print company, Ricoh. As part of its 'Back to Growth' strategy, Quadient remains fully committed to accelerate the growth of its strategic software and parcel locker solutions, driven respectively by the acceleration of business processes digitalization and the growth of e-commerce. As a result, Quadient has been reshaping its portfolio by divesting non-core activities within its Additional Operations. Quadient's Graphics business in the Nordic countries mainly consists in the distribution of printing and print finishing business solutions in Sweden, Norway, Denmark, and Finland.

Quadient rejoins the Euronext SBF 120 index

On 20 June 2022, Quadient announced that it has re-entered the Euronext SBF 120 and CAC Mid-60 indices in accordance with the decision taken by the Euronext Index Steering Committee. The integration took place on 17 June 2022 after market close and is effective from Monday 20 June 2022.

Quadient Announces Roll-out of a Large Parcel Locker Network Available to Carriers and Retailers Across the UK

On 24 June 2022, Quadient announced it will install carrier-agnostic parcel lockers at large scale in the UK. Over 500 parcel lockers this year, and 5,000 in the coming years, will be made available to all UK carriers and retailers to offer convenient parcel pickup and drop-off locations and an exceptional shopping experience to their customers, with a flexible choice of pickup times and locations. Quadient teams have ensured technical integration with the systems of key carriers in the UK and have secured hundreds of prime locations for locker units to quickly scale. Quadient's ambition is to establish a dense, large and scalable network to consolidate first and last mile deliveries, especially in urban areas where there is medium to high delivery density. Having readily available open access to a large parcel delivery network alleviates the mounting pressure experienced by carriers and retailers to scale to increasing demand and parcel volumes.

Quadient announces completion of divestment series with the sale of its Shipping activity

On 30 June 2022, Quadient announced the sale of its Shipping solutions business. This activity, reported under the Additional Operations segment, includes a complete logistics and transport management solution, as well as the production, management, and distribution of RFID systems for asset tracking. The sale covers assets, industrial processes, and activities of the Shipping business, and is done through a management buyout (MBO). The revenue from the divested activities amounted to c.5 million euros in 2021. Upon completion of this sale, forty Quadient employees will be transferred to the new entity.

Quadient Named a Leader in Journey Mapping by Independent Research Firm

On 6 July 2022, Quadient announced that the company has been named a Leader in The Forrester Wave™: Journey Mapping Platforms, Q2 2022. Forrester Wave reports provide an overview of the top providers in a market space with analysis of their current offerings and strategies. Forrester, an international research, and advisory firm, included 12 vendors in its journey mapping platforms assessment, with Quadient named as one of only three Leaders. Providers were evaluated against 25 criteria grouped into three categories: current offering, strategy, and market presence.

3

Acceleration of Quadient's UK smart locker network adoption

On 22 July 2022, Quadient announced the first contracts signed with international carriers to use its new smart parcel locker network in the UK. Since the announcement end of June of the roll-out of the large network of Parcel Pending by Quadient smart lockers available to all carriers and retailers in the UK, global parcel delivery expert DPD UK confirmed it was the first major partner committing to utilize Quadient's network to add more choice and convenience for its customers with parcel locker delivery. Quadient's ambition is to implement the solution at 500 locations by the end of 2022, and 5,000 locations in the coming years. With the technical integration with DPD UK complete, DPD customers will start using Parcel Pending by Quadient smart lockers in the UK this month.

Following on from this first partnership, a second large international carrier has also committed to access Quadient's Parcel Pending locker network. The signing of an additional carrier reinforces the strategic importance and attractiveness of a smart locker network for the automation of last-mile delivery in the world's third-largest e-commerce market. Quadient expects to announce additional partnerships with carriers, as well as retailers, in the coming months.

Quadient Named as a Leader in the Aspire CCM-CXM Leaderboard for the Fifth Consecutive Year

On 26 July 2022, Quadient announced that it has been positioned as a Leader in the 2022 Aspire Leaderboard™ of customer communications management (CCM) and customer experience management (CXM) vendors. This is the fifth consecutive year Quadient has earned the distinction. Aspire, a leading international consulting firm specializing in CCM and CXM industries, features five interactive grids in its 2022 Leaderboard, placing vendors into categories to help identify the best solution to meet an organization's current and future needs. Quadient is recognized as a Leader on both the AnyPrem CCM Software, and Vendor Hosted SaaS CCM grids, as well as a Leader in the grid for Communications Experience Platform (CXP).

Quadient in the Top 10 of the Truffle 100 Ranking of French Software Companies for the Fifth Year in a Row

On 4 August 2022, Quadient announced it has positioned 10th in the Truffle Top 100, a ranking of French software companies. The latest ranking marks the fifth consecutive year Quadient has placed in the top 10 of the Truffle 100, which is compiled by Truffle Capital and teknowlogy group|CXP-PAC. The ranking is based on the software revenue submitted by each participating company.

Quadient among Finalists for Reuters Events 13th Annual Responsible Business Awards

On 7 September 2022, Quadient announced the company has been named a finalist for the Reuters Events 13th Annual Responsible Business Awards, in the Diversity, Equity & Inclusion category.

The Responsible Business Awards recognize and celebrate leaders in sustainable businesses that are positively impacting society, business and the environment. The award program serves as a benchmark for companies from across the globe looking to showcase leadership against international peers.

Quadient Introduces the DS-700 iQ Next-generation, Flexible and Scalable Folder Inserter Solution

On 15 September 2022, Quadient announced the global launch of the DS-700 iQ, Quadient's newest modular, flexible and scalable folder inserter solution. The DS-700 iQ is equipped with more than 30 enhancements designed to address the evolving workflow demands of today's high-volume mailing environments.

DHL Parcel UK announces partnership with Quadient to offer smart locker delivery

On 21 September 2022, Quadient announced that DHL Parcel UK is joining its growing parcel locker network in the United Kingdom. DHL Parcel UK shared the announcement below:

DHL Parcel UK today announced a new partnership with Quadient to offer smart lockers parcel pick-up throughout the UK. The contactless, secure locker stations will give recipients more choice and flexibility to receive their parcels at a time and location that suits them. The deployment is underway to have 500 operating locker stations across the UK by the end of 2022, with plans for a further 5,000 in the coming years. Most installations will be outdoor facilities accessible 24 hours a day. [..]

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

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

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

On 10 October 2022, Quadient announced that TrustRadius, the most trusted research and review platform, has recognized Quadient with a 2022 Tech Cares Award. This third-annual award celebrates companies that have gone above and beyond to provide impactful corporate social responsibility (CSR) programs for their employees and surrounding communities.

Quadient's corporate social responsibility (CSR) strategy is built around five pillars: People, Solutions, Ethics & Compliance, Environment and Philanthropy. These pillars are aligned with the UN Global Compact principles that Quadient committed to respect, support and promote by joining the initiative in 2021. Becoming a signatory member also implies taking action to advance the UN Sustainable Development Goals (SDGs), eight of which Quadient is already committed to.

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

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

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

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

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

Quadient launches Parcel Pending smart lockers in Ireland to support ongoing modernisation of the residential property industry

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

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

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

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

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

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

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

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

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

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

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

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

Quadient's acceptance of its recently launched large open network of parcel lockers in the UK continues to accelerate as an additional international carrier has recently confirmed its commitment to join the open network currently being rolled out nationwide. Quadient therefore confirms that there are now four international carriers that will be actively using Parcel Pending by Quadient lockers for their last and first mile deliveries, since the launch of the roll-out of a UK open network announced in June.

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

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

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

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

Earlier in 2022, the long-standing Quadient mail solutions customer had selected Quadient's leading Customer Communications Management (CCM) solution to create, manage and distribute personalized and compliant customer communications across multiple touchpoints and channels. The recent contract extension includes a full set of professional services to support the migration from dozens of existing systems across their enterprise to Quadient® Inspire, as the health insurance company decided to make the platform its unique and centralized CCM hub going forward. Overall, the project expansion, on top of the initial scope, represents more than $6 million per year revenue on average, with a start of contribution as soon as the fourth quarter of this fiscal year ending on 31 January 2023.

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

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

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

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

3.1.2 INCOME STATEMENT

(In million euros)	31 January 2023		31 January 2022	
Sales	**1,081.2**	**100.0%**	**1,024.3**	**100.0%**
Cost of sales	(290.9)	(26.9)%	(279.9)	(27.3)%
Gross margin	**790.2**	**73.1%**	**744.4**	**72.7%**
R&D expenses	(57.5)	(5.3)%	(51.8)	(5.1)%
Sale and marketing expenses	(276.6)	(25.6)%	(255.9)	(25.0)%
Administrative expenses	(186.3)	(17.2)%	(175.6)	(17.1)%
Service and support expenses	(114.3)	(10.6)%	(109.2)	(10.7)%
Employee profit-sharing and share-based payments	(5.6)	(0.5)%	(0.5)	(0.0)%
Current operating income excluding expenses related to acquisitions	**150.0**	**13.9%**	**146.8**	**14.3%**
Expenses related to acquisitions	(10.3)	(1.0)%	(11.8)	(1.1)%
Current operating income	**139.7**	**12.9%**	**135.0**	**13.2%**
Structure optimization expense and other operating expenses	(73.2)	(6.8)%	(19.3)	(1.9)%
Operating income	**66.5**	**6.2%**	**115.7**	**11.3%**
Financial income/(expenses)	(35.6)	(3.3)%	(7.8)	(0.8)%
Income before taxes	**30.9**	**2.9%**	**107.9**	**10.5%**
Income taxes	(16.0)	(1.5)%	(19.7)	(1.9)%
Income from associated companies	0.9	0.1%	1.1	0.1%
NET INCOME	**15.8**	**1.5%**	**89.3**	**8.7%**
Attributable to:				
• holders of the parent company	13.3	1.2 %	87.8	8.6%
• non-controlling interests	2.5	0.2 %	1.5	0.1%

3.1.3 CHANGE IN SALES AND CURRENT EBIT BY ACTIVITY

Group sales stood at 1,081.2 million euros in FY 2022, a 1.4% organic growth compared to FY 2021 and a 5.6% increase on a reported basis. The variation includes a positive currency impact of +6.2% or 63.9 million euros and a negative scope effect of (2.1)% or (21.2) million euros. The changes of scope are related to the acquisition of Beanworks in March 2021, the divestment of Automated Packaging Systems in July 2021 as well as the more recent divestments of the Graphic activities in the Nordics and the Shipping business in France (both in June 2022).

Segment reporting evolution and accounting changes

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

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

Aside from the simplification effort in segment reporting, the FY 2022 current EBIT2, both at the Group and at Solution levels, was impacted by the new IFRIC accounting standard on Cloud Software investments. At Group level, the FY 2022 negative impact on current EBIT before acquisition-related expenses was (4.7) million euros.

Sales

(In million euros)	2022	2021 Pro forma[(a)]	Change	Organic change[(b)]
Intelligent Communication Automation	227.1	201.3	+12.8%	+6.3%
Mail-Related Solutions	757.5	709.6[(a)]	+6,7%	+0.1%
Parcel Locker Solutions	91.3	86.5[(a)]	+5,6%	+0.4%
Other solutions divested	5.3	26.8[(a)]	(80.4)%	+12.5%
GROUP TOTAL	**1,081.2**	**1,024.3**	**+5.6%**	**+1.4%**

(a) Mail-Related Solutions and Parcel Locker Solutions now includes activities previously accounted for in Additional Operations
(b) FY 2022 sales are compared to FY 2021 sales, from which is deducted revenue pro rata temporis from the APS business and production facility in the Netherlands, Graphics activities in the Nordics and Shipping business in France and to which is added revenue pro rata temporis from Beanworks, for a consolidated amount of (21.2) million euros, and are restated after a 63.9 million euros positive currency impact over the period

Current EBIT and EBIT margin[(a)]

(In million euros)	FY 2022 (including new 2022 IFRIC)		FY 2022 (excluding new 2022 IFRIC)		FY 2021 pro forma (no IFRIC impact)	
	Current EBIT[(c)]	EBIT margin[(c)]	Current EBIT[(c)]	EBIT margin[(c)]	Curent EBIT	EBIT margin
Intelligent Communication Automation	(10.2)	(4.5)%	(9.2)	(4.1)%	(3.3)	(1.6)%
Mail-Related Solutions	185.9	24.5%	189.2	25.0%	171.3	24.1%
Parcel Locker Solutions	(25.4)	(27.8)%	(25.0)	(27.4)%	(19.0)	(22.0)%
Other solutions divested	(0.3)	(5.7)%	(0.3)	(5.3)%	(2.3)	(8.6)%
GROUP TOTAL	**150.0**	**13.9%**	**154.7**	**14.3%**	**146.7**	**14.3%**

(a) Before acquisition-related expenses
(b) Mail-Related Solutions and Parcel Locker Solutions now includes activities previously accounting for in Additional Operations
(c) 2022 current EBIT and EBIT margin were negatively impacted by the (4.7) million euros negative impact from the new IFRIC accounting standard for cloud computing

Intelligent Communication Automation

Sales from Intelligent Communication Automation were up 6.3% organically and 12.8% on a reported basis to 227.1 million euros. Subscription-related revenue continues to grow at a double-digit rate closing the year on an 18.5% organic growth. Q4 marked a further acceleration of the organic growth trend reaching 22.1% for the quarter. Record year for cross-selling software modules to Mail-Related Solutions customers and several large subscription deals (>1 million euros/year each) signed in 2022 have both contributed to this solid performance. It is also worth highlighting the fast organic increase in revenues delivered by Quadient's Account Receivables and Account Payables modules growing at over 50% for the fiscal year 2022. Overall, demand for Quadient's cloud-based offering has remained strong throughout 2022 with each quarter of the year posting a double-digit organic increase in subscription-related revenue, which now accounts for 74.8% of Intelligent Communication Automation total sales in 2022 compared to only 67.0% in 2021.

The share of SaaS customers reached 80% at the end of the fiscal year 2022, a further increase compared to 76% in 2021, also highlighting the progress made in the change in business model from license sales to a cloud-based offer. Annual recurring revenue set a new record, reaching 187 million euros at the end of the fiscal year 2022, up from 145 million euros at the end of the fiscal year 2021, representing a 22% organic increase[(1)]. Annual recurring revenue is a forward-looking indicator of future subscription-related organic growth, which is expected to further accelerate in 2023.

(1) FY 2022 ARR benefited from a €10 million positive currency impact vs January 2022

With the strong increase in Subscription-related revenue, the weight of license sales continues to decrease, now only representing 7.9% of total Solution sales. License sales decreased by 37.6% organically in FY 2022 bringing the transformation of the business model close to completion. The negative impact of this transition on the Solution growth should therefore be more limited going forward. Professional services were slightly down organically, by 5.4%, professional services revenue being directly linked to the evolution in product mix.

Current EBIT before acquisition expenses for Intelligent Communication Automation was negative at (10.2) million euros, leading to an EBIT margin (1) of (4.5)%. The operating profitability of Intelligent Communication Automation was mainly impacted in the first half of the year by the high inflation weighing on personnel costs, a return to normalised marketing expenses post-Covid and additional costs linked to the launch of new modules in selected European countries. The second half of the year showed a marked improvement in current EBIT with an EBIT margin(1) moving from (9.7)% in H1 to 0.2% in H2 thanks to the increase in revenue and in gross margin as well as to a tight cost control, lower impact from salary inflation and reduced travel expenses. Furthermore, the on-going change in business model continues to impact the solution profitability, whereas H1 2022 was also impacted by a high comparison basis due to a large license deal signed in Q2 2021.

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

Mail-Related solutions

Mail-Related Solutions sales reached 757.5 million euros in FY 2022, up 6.8% on a reported basis and slightly up organically (+0.1%). Revenue from Mail-Related Solutions now includes former Additional Operations Mail activities in non-core geographies for 51 million euros. This is the second consecutive year of organic increase, a remarkable performance for Mail-Related Solutions as it comes against a high comparison basis (a 1.8% organic growth in the FY 2021) and while the second half of the year was impacted by supply chain disruption. Looking at the geographic contributions, this outstanding performance was mostly driven by organic growth from North America (both subscription-related revenue and license & hardware sales), while the Main European countries showed contrasted contributions.

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

Subscription-related revenues (68.6% of Mail-Related Solutions sales) recorded a limited 1.7% decline in FY 2022. This solid performance is driven by both the resilience of the installed base and the multi-year largely indexed contracts.

Current EBIT before acquisition expenses for Mail-Related Solutions was 185.9 million euros for FY 2022 including a c.(3.3) million euros negative impact from the new IFRIC accounting standard for cloud computing. Current EBIT margin(1) for FY 2022 was 24.5%. The high profitability level of Mail-Related Solutions is even more remarkable given the high inflationary environment as well as still high freight costs. Record cross-selling of Intelligent Communication Software leading to increased costs synergies, strong focus on costs control, continuous increase in remanufacturing placements and the benefit from the indexation have all contributed to this solid performance.

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

Parcel Locker Solutions

Parcel Locker Solutions sales increased by 5.6% to 91.3 million euros in FY 2022, a 0.4% organic increase compared to FY 2021. FY 2022 revenue includes Lockers activities in non-core geographies from the former Additional Operations segment for 4 million euros.

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

(1) Before acquisition-related expenses.

Subscription-related revenues were up 10.0% organically supported by the deployment of existing contracts, solid usage rate (standing at 64% at the end of FY 2022) and the benefits from price increases on the installed base. Subscription-related revenue stands at 59.2% of total revenue for Parcel Locker Solutions.

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

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

Current EBIT before acquisition expenses for Parcel Locker Solutions was negative at (25.4) million euros in 2022, with a current EBIT margin before acquisition expenses of (27.8)%. Current EBIT margin for the existing installed base was 12.5% vs 11.3% a year ago. Profitability in 2022 has been impacted by several one-off factors, namely:

- Increased costs associated with the development and the launch of new products;
- Go-to-market and initial deployment costs associated with the new UK open-network; and
- Delays in retail deals and residential installations in the US.

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

3.1.4 CHANGE IN SALES BY GEOGRAPHY

In million euros	2022	2021	Change	Organic change[(a)]
North America	599.2	519.4	+15.4%	+3.0%
Main European countries[(b)]	372.5	376.4	(1.0)%	(1.4)%
International[(c)]	109.5	128.4	(14.7)%	+3.6%
TOTAL GROUP	**1,081.2**	**1,024.3**	**+5.6%**	**+1.4%**

(a) FY 2022 sales are compared to FY 2021 sales, from which is deducted revenue pro rata temporis from the APS business and production facility in the Netherlands, Graphics activities in the Nordics and Shipping business in France and to which is added revenue pro rata temporis from Beanworks, for a consolidated amount of (21.2) million euros, and are restated after a 63.9 million euros positive currency impact over the period
(b) Including Austria, Benelux, France, Germany, Ireland, Italy, Switzerland, and the United Kingdom.
(c) International includes the activities of Intelligent Communication Automation, Mail-Related Solutions and Parcel Locker Solutions outside of North America and the Main European countries as well as divested other solutions previously recorded under Additional Operations.

Sales in **North America** (55.4% of Group sales) were up 3.0% organically to 599.2 million euros and 15.4% on a reported basis. Solid hardware sales for Mail-Related Solutions as well as a strong performance from Intelligent Communication Automation were the main contributors to the growth in the region. Penetration of Quadient's cloud-based solutions continues to be well-supported by successful cross-selling with two-thirds of new Software customers coming from the Mail customer base. Quadient's Account Receivables and Account Payables solutions also performed well in the region contributing to the overall solid performance for the year. Parcel Locker Solutions, however, suffered from both delays in the deployment of retail and residential projects and from a high comparison basis with the completion of the roll-out of a large retail contract in Q1 2021.

Main European countries (34.5% of Group sales) were marginally down by 1.4% on an organic basis to 372.5 million euros. Performance has been contrasted by countries and by Solution in this region. Mail-Related Solutions performed well in terms of hardware sales in most European countries except for France. For Intelligent Communication Automation, penetration of the recently launched Account Receivables and Account Payables modules have started to contribute to the growth in the region but the decline in license sales due to the change in business model continues to impact the overall growth. Parcel Locker Solutions was the main contributor to growth in the region (+c.50% on an organic basis), benefiting from the ongoing deployment of the recently signed contracts most notably in France.

The **International** segment (10.1% of Group sales) delivered a 3.6% organic growth, to 109.5 million euros, mostly driven by the good dynamics of both Intelligent Communication Automation and Parcel Locker Solutions.

3.1.5 RESEARCH AND DEVELOPMENT EFFORT

Research and development expenses amounted to 57.5 million euros in 2022 compared to 51.8 million euros in 2021, representing 5.3% and 5.1% of 2022 and 2021 sales respectively. The expenses presented in the income statement do not reflect the whole effort as a part of the amount of R&D expenses is capitalized: 35.6 million euros in 2022 compared to 37.4 million euros in 2021. The main focus of research and development is on developing future offers in digital communications and parcel lockers. The Group continues to dedicate a part of its research and development effort to the future generations of franking machines and folders-inserters.

3.1.6 CURRENT OPERATING INCOME (1)

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

Current operating income (current EBIT) before acquisition-related expenses increased to 150.0 million euros in 2022 compared to 146.7 million euros in 2021, up 2.2% on a reported basis and down 4.8% on an organic (2) basis. The **current operating income before acquisition-related expenses** includes a (4.7) million euros negative impact from the new IFRIC rule for cloud computing. Current operating margin(1) before acquisition-related expenses stood at 13.9% of sales in 2022 compared to 14.3% in 2021. Excluding the negative IFRIC impact, the current operating margin before acquisition-related expenses would have been stable year over year at 14.3%. The Group's operating profitability was impacted by higher personnel costs, increased R&D, and go-to-market spendings. Investments into scaling the network of parcel lockers with the launch of the UK open network also weighed on profitability as well as the recent delays in retail and residential lockers projects in the US. Price increases through the year, the benefit of indexation for part of the Group's installed base as well as tight cost control helped mitigate these negative elements. As anticipated, H2 current EBIT margin(1) showed a marked improvement versus H1 2022 level, at 16.1% excluding IFRIC vs 12.5%. The solid H2 performance was driven by all three Solutions with notably Intelligent Communication Automation showing strong recovery while Mail-Related Solutions managed to further improve an already high level of profitability.

With no significant M&A activities in 2022, **acquisition-related expenses** declined slightly to 10.3 million euros in 2022, compared to 11.8 million euros in 2021.

Consequently, **current operating income** stood at 139.7 million euros in 2022 including the negative IFRIC impact, compared to 135.0 million euros in 2021.

3.1.7 OPERATING INCOME

Optimization costs and other operating expenses stood at 73.2 million euros in 2022, versus 19.3 million euros in 2021. In particular, this included:

- Goodwill impairment for 48.5 million euros, resulting from the WACC increase in UK, Ireland and DACHIT regions and tax rate increase in the United Kingdom;
- Real estate write-offs linked to the optimisation of the office footprint for a total amount of 15.7 million euros.

Including these non-current items, **operating income** for 2022 was 66.5 million euros, versus 115.7 million euros recorded in 2021.

3.1.8 FINANCIAL INCOME

2022 **net cost of debt** was marginally up year-on-year at 26.9 million euros, against 24.5 million euros in 2021. The increase is mainly due to the refinancing of the ODIRNANE instrument, which was booked in equity, through the emission of *Schuldschein* debt in November 2021.

The currency gains & losses and other financial items were a loss of 8.6 million euros in 2022 versus a gain of 16.7 million euros in 2021. This is partly due to a decrease of (4.7) million euros in the fair value of the investment made by Quadient in private equity funds X'Ange 2 and Partech Entrepreneurs while, in 2021, **currency gains and other financial** items benefited from the 20.0 million euros increase in the fair value of these investments.

Overall, **net financial result** was a loss of (35.6) million euros in 2022 compared to a loss of (7.8) million euros in 2021.

(1) Current operating income before acquisition-related expenses.

(2) Organic change excludes currency, scope and IFRIC impacts.

3.1.9 NET INCOME

Income tax decreased to 16.0 million euros in 2022 versus 19.7 million euros in 2021. This is mainly due to the favourable impact of a tax loss carry forward recognition, partly offset by an increase in the tax charge in the United States.

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

Net attributable income after minority interest amounted to 13.3 million euros in 2022 compared to 87.8 million euros in 2021.

Earnings per share stood at 0.29 (1) euro in 2022 compared to 2.32 euros in 2021.

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

3.1.10 FINANCIAL POSITION

EBITDA (2) was 239.7 million euros in 2022 compared to 244.6 million euros in 2021. EBITDA margin decreased from 23.9% in 2021 to 22.2% in 2022. Excluding the negative IFRIC impact, EBITDA margin for the 2022 would have been 22.7%. The decline in EBITDA margin was mainly due to increased go to market efforts to support the Group's growth engines, product launches in new geographies as well as the impact from salary inflation.

The **change in working capital** was negative by (38.4) million euros in 2022 compared to a net cash outflow of (7.6) million euros in 2021. The degradation in working capital was primarily driven by the higher level of inventories at the end of the year due to both supply chain disruptions for the Mail business and delays in retail and residential projects for the Parcel Locker Solutions. The slower collection of receivables compared to the exceptional level in 2021 (catch up impact post Covid-19 crisis) also impacted the working capital.

Lease receivables recorded a remarkable small decrease of only 8.5 million euros in 2022 compared to a decrease of 38.6 million euros in 2021. This extremely solid performance has been achieved thanks to the high level of hardware placement for Mail-Related Solutions, which in turns slows the decline of the leasing portfolio.

The **leasing portfolio and other financing services** is stable at 594.8 million euros as of 31 January 2023, the same level as of 31 January 2022 helped by a positive currency impact. On an organic basis, this represents a slower decrease of 1.4% at the end ofthe fiscal year 2022 compared to a decrease 6.4% at the end of the fiscal year 2021. At the end of the fiscal year 2022, the default rate of the leasing portfolio stood at around 1.6% compared to 1.7% at the end of the fiscal year 2021.

Interest and taxes paid decreased significantly to 34.9 million euros in 2022 versus 65.4 million euros in 2021. The lower amount paid in 2022 is mostly explained by the reimbursement of the 2020 tax loss carry-back measures in the United States.

Capital expenditure remained stable in 2022 at 87.9 million euros. Development capex was also stable at 35.6 million euros in 2022 (vs. 37.4 million euros in 2021) and was mostly spent on R&D investments for software developments and Parcel lockers innovations. Rented equipment capex was slightly up year-over-year at 29.9 million euros in 2022, compared to 28.5 million euros in 2021, thanks to the sustained level of Mail-Related Solutions hardware placements, the ongoing deployment of Parcel Locker Solutions contracts in France and Japan as well as the start of the installation of the new UK open network. The small increase in maintenance capex, to 12.9 million euros, was mostly linked to software projects and IT equipment spendings. To be noted, while previously capitalised, cloud computing investments are now expensed or moved to prepaid expenses in line with the new IFRIC accounting standard for an amount of 8 million euros.

Consequently, **cash flow after capital expenditure** for the year was down to 70.2 million euros in 2022 compared to 104.3 million euros in 2021.

Net debt stood at 721.6 million euros as of 31 January 2023, an increase against the 503.9 million euros of net financial debt recorded as of 31 January 2022, but this represents a significant decrease versus the 769 million euros, comprising the 2021 net financial debt plus the 265 million euros ODIRNANE facility accounted for as equity. Therefore, the overall financial structure for the Group has improved significantly in 2022 despite the increase in debt level which is due to the repayment in full of the ODIRNANE instrument in June 2022. The ODIRNANE was repaid following the successful issuance of a 270 million euros *Schuldschein* emission in November 2021. The Group has no significant debt maturity before its 325 million euros 2.25% bond maturing in 2025.

(1) For the full year 2022, the average compounded number of shares is 33,927,065, and the fully diluted number of shares is 33,927,065.

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

The **leverage ratio** (net debt/EBITDA) improved slightly to 3.0x [1] as of 31 January 2023 versus 3.1x [3] as of 31 January 2022 (adjusted for the ODIRNANE). Excluding leasing and adjusted for the ODIRNANE, the leverage ratio also improved to 1.8x [3] as of 31 January 2023 vs 2.0x [3] at the end of FY 2021 (31 January 2022). The **Group remains focused on reaching its leverage ratio target of 1.75x [3] excluding leasing as of 31 January 2024.**

As of 31 January 2023, the Group had a robust **liquidity position** of 572.2 million euros, split between 172.2 million euros in cash and a 400 million euros undrawn credit line, the latter maturing in 2024.

Shareholders' equity stood at 1,081.5 million euros as of 31 January 2023 compared to 1,358,9 million euros as of 31 January 2022. The **gearing ratio** [2] went up to 66.7% as of 31 January 2023 from 37.1% as of 31 January 2022 due to the mechanical impact from the ODIRNANE reimbursement (double impact from lower equities and higher debt).

3.1.11 DIVIDEND

As part of its "Back to Growth" strategy, Quadient has decided, as part of its shareholder return policy, to set its annual pay-out ratio at a minimum of 20% of the Group attributable net income with the minimum annual dividend set at an absolute floor of 0.50 euros per share.

The dividend proposal related to the 2022 financial year will be submitted to the approval of shareholders at the General Meeting on 16 June 2023.

	Date[a] of the interim dividend	Amount of the interim dividend	Date[a] of the balance of the dividend	Amount of the balance of the dividend	Amount of the full year dividend
2022	-	-	07/08/2023	-	EUR 0.60
2021	-	-	08/08/2022	-	EUR 0.55
2020	-	-	09/08/2021	-	EUR 0.50
2019	-	-	09/09/2020	-	EUR 0.35
2018	-	-	06/08/2019	-	EUR 0.53

(a) Payment date.

3.1.12 SHARE BUYBACK PROGRAM

A share buyback program involving a maximum of 10% of the issued share capital at a maximum purchase price of 50 euros could be presented for approval to the Annual General Meeting to be held on 16 June 2023.

(1) Including IFRS 16.

(2) Net debt / shareholders' equity

3.2 Ownership structure

Quadient S.A. is not controlled either directly or indirectly. There is no agreement which might lead to a change of control.

To the best knowledge of the Company, as of 31 January 2023, Quadient S.A.'s share ownership was as follows:

	Number of shares[(a)]	%	Number of exercisable voting rights in general meetings[(b)]	%
Management and employees	277,983	0.806%	277,983	0.808%
Directors (non-executive)	33,760	0.098%	33,760	0.098%
Treasury shares held under liquidity contract	51,321	0.149%	-	-
Treasury shares held for stock option and free share allocations	22,160	0.064%	-	-
Teleios Capital Partners GmbH [(c)]	4,825,300	13.999%	4,825,300	14.029%
Janus Henderson Investors (U.K.) [(c)]	1,838,800	5.335%	1,838,800	5.346%
Dimensional Fund Advisors, L.P. (U.S.) [(c)]	1,402,300	4.068%	1,402,300	4.077%
M&G Investment Management, LTD [(c)]	1,234,400	3.581%	1,234,400	3.589%
The Vanguard Group, Inc. [(c)]	1,186,300	3.442%	1,186,300	3.449%
Wellington Management Company, LLP [(c)]	1,078,800	3.130%	1,078,800	3.136%
Other shareholders	22,517,788	65.328%	22,517,788	65.467%
TOTAL	**34,468,912**	**100.000%**	**34,395,431**	**100.000%**

(a) The number of shares composing the share capital is equal to the number of theoretical voting rights
(b) Not including the voting rights attached to treasury shares
(c) Source: IHS Markit as of 31 January 2023.

To the Group's knowledge, as of 31 January 2023, no other shareholder, apart from those listed in the table above, owned directly or indirectly, alone or in concert, more than 3% of the share capital or voting rights.

CHANGE IN THE DISTRIBUTION OF THE SHARE CAPITAL AND VOTING RIGHTS OVER THE LAST THREE FISCAL YEARS

To the best knowledge of the Company, the breakdown of the Company's share capital and voting rights (in percentage), over the last three fiscal years, was as follows:

	31 January 2022		31 January 2021		14 February 2020	
	Participation [a]	Number of exercisable voting rights in general meetings[b]	Participation [a]	Number of exercisable voting rights in general meetings[b]	Participation [a]	Number of exercisable voting rights in general meetings[b]
Management and employees	0.65%	0.65%	1.27%	1.28%	1.55%	1.56%
Directors (non-executive)	0.06%	0.06%	0.04%	0.04%	0.02%	0.02%
Treasury shares held under liquidity contract	0.48%	-	0.45%	-	0.38%	-
Treasury shares held for stock option and free share allocations	0.28%	-	0.06%	-	0.02%	-
Teleios Capital Partners GmbH [c]	13.96%	14.07%	15.33%	15.41%	10.92%	10.96%
Janus Henderson Investors (U.K.) [c]	5.57%	5.62%	3.39%	3.41%	n/a[d]	n/a[d]
Dimensional Fund Advisors, L.P. (U.S.) [c]	4.41%	4.45%	3.92%	3.94%	4.33%	4.35%
Marathon Asset Management, LTD [c]	3.41%	3.43%	3.52%	3.52%	4.38%	4.40%
Wellington Management Company, LLP [c]	3.13%	3.16%	n/a[d]	n/a[d]	4.02%	4.04%
The Vanguard Group, Inc. [c]	3.07%	3.10%	n/a[d]	n/a[d]	n/a[d]	n/a[d]
M&G Investment Management, LTD [c]	3.05%	3.07%	n/a[d]	n/a[d]	n/a[d]	n/a[d]
Norges Bank Investment Management (Norway) [c]	n/a[d]	n/a[d]	3.81%	3.83%	4.53%	4.54%
LLB Asset Management AG [c]	n/a[d]	n/a[d]	3.74%	3.76%	n/a[d]	n/a[d]
Braun von Wyss & Müller AG [c]	n/a[d]	n/a[d]	n/a[d]	n/a[d]	3.70%	3.72%
Other shareholders	61.93%	62.40%	64.47%	64.79%	66.16%	66.42%
TOTAL	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
TOTAL IN NUMBER	**34,562,912**	**34,302,849**	**34,562,912**	**34,389,545**	**34,562,912**	**34,424,476**

(a) *The number of shares composing the share capital is equal to the number of theoretical voting rights*
(b) *Not including the voting rights attached to treasury shares*
(c) *Source: IHS Markit*
(d) *Percentage of ownership equal to 0% or below 3%*
The percentages shown in the here-above table are rounded to the nearest decimal. As a consequence, the sum of the rounded values may be insignificantly different to the total reported.

During the fiscal year 2022, Quadient was notified by its shareholders of the following statutory and legal thresholds being crossed:

STATUTORY THRESHOLD CROSSING

Date	Name of Investment Fund	Threshold crossed
03/02/2022	Wellington Management Group LLP	Crossed downward the 3% threshold with 2.96% of the voting rights
08/02/2022	Wellington Management Group LLP	Crossed upward the 3% threshold with 3.00% of the voting rights
23/02/2022	M&G plc	Crossed upward the 3% threshold with 3.05% of the voting rights
10/11/2022	Norges Bank	Crossed downward the 3% threshold with 2.98% of the voting rights
30/11/2022	Wellington Management Group LLP	Crossed downward the 3% threshold with 2.98% of the voting rights

Legal threshold crossing: none.

Since 1 February 2023, Quadient S.A. has been notified of the following legal and statutory thresholds being crossed:

STATUTORY THRESHOLD CROSSING

Date	Name of Investment Fund	Threshold crossed
21/03/2023	Bpifrance Participations[a]	Crossed upward the 3% threshold with 3.03% of the voting rights

(a) Bpifrance Participations is controlled by Bpifrance SA, itself jointly controlled at 49.2% by Caisse des Dépots et Consignations and 49.2% by the EPIC Bpifrance.

Legal threshold crossing: none.

3.3 Information on trends and outlook

Please refer to the section “Mid-term indications” in chapter 1 “Corporate overview” of this universal registration document.

RISK FACTORS AND INTERNAL CONTROL

4.1 Risk factors

Quadient identifies the risk factors to which it is exposed using a formal Enterprise Risk Management (ERM) approach based on the reference framework of the internal control and risk management system, developed under the supervision of the French financial markets authority (AMF).

The risks factors presented below are the risks, that Quadient is exposed to at the date of this Universal Registration Document and considers may have a significant negative impact on its business, results, outlook, or reputation, should they occur. The list of these risks is, however, not exhaustive, and other risks, unknown at the date of this document, could occur and would have a negative effect on the Company's business.

2022 was marked by a return to higher inflation causes in party by the effect of the conflict between Ukraine and Russia, but also, after two years of the Covid-19 pandemic, a growing demand for energy and raw materials. Several episodes of drought have had an impact on the yield of certain crops, several animal health crises such as avian flu, or even economic difficulties such as labor shortage have resulted in cost increases with an impact on the prices of certain products and services. This situation has already contributed to higher energy costs and raw materials and caused supply chain delays even disruptions. It potentially generates exogenous risks increasing the uncertainty and the criticality of certain risks which could affect the Company's operating and financial performance.

4.1.1 RISK MANAGEMENT FRAMEWORK

Risk assessment methodology

As part of its Enterprise Risk Management (ERM) policy, Quadient revises every year its global risk mapping addressing the Company's most material risks from strategic, operational, finance, sustainable development, legal, ethics and compliance perspectives. In this respect, a risk management framework, under the oversight of the head of compliance has been set to ensure:

- the identification and assessment of the different risks encountered by the Company in the course of its business activities
- the assessment of the level of maturity of the management of each risk based on the existence and implementation of policies and means of control (organizational structures, processes, procedures)
- the definition and the follow-up of the main remedial action plans undertaken to mitigate these risks.

The ERM process is broken down into the following three stages:

1. Context analysis and data collection

The first stage of the ERM process begins with the analysis of the internal and external context of the Company to consider the changes in terms of business, strategy, finance, and other factors that may present an emerging risk for Quadient or impact significantly the risks already identified. Then comes the collect of relevant data and information, such as KPIs, survey results, incidents, local risk assessment results, audit outcome from operational managers and experts to report the evolution (positive or not) of the risks and their level of control.

2. Risk analysis and assessment update

This second stage starts with the update of the risk cards established for each of the existing risks identified in the previous stage. It consists in reviewing with the risk owners the potential causes, the aggravating or limiting factors, the consequences of the risks and analyse the data collected at the previous stage to update the risk assessment. This evaluation is based on the probability of occurrence which is characterized by a frequency on a 4-level scale and on the impact which characterizes the effect on the Company's strategy, finance, reputation, or ability to comply with laws and regulations, also on a 4-level scale. These two criteria are used to position the risks on our risk matrix and therefore determine their level of criticality among the 4 levels: low, medium, high, and very high.

3. Review of the existing control measures and definition of mitigation action plans

The third stage of the process consists in the review and the update of the existing control measures also listed in the risk cards. The data collected during the first stage also help to check the adequacy and effectiveness of these controls. In this respect, a third criterion is used to assess their level of maturity. Combined with the criticality level of each risk, this criterion enables to position the risk on a prioritization matrix of the mitigation action plans to be implemented.

Governance and organization of risk management

The Company Enterprise Risk Management program is governed by the General management through its risk and compliance committee chaired by the Company's Chief Executive Officer. This committee comprises the Chief Finance Officer, the Chief People Officer, the Chief Transformation Officer, the Vice-President of Internal Control and Internal Audit, and the Vice-President of Corporate Social Responsibility and Compliance. They meet each quarter (more often if circumstances so require) to ensure the ERM process described above takes place effectively, decide on which risks are unacceptable within the context of the business, define the Company's main orientations in terms of risk management, and monitor compliance in such respect.

This approach is leaded by the Vice-President of Corporate Social Responsibility and Compliance with the Vice-President of Internal Control and Internal Audit using:

- the resources of the solutions, operations and support functions teams in charge of implementing the 1st level of control measures (e.g., checks carried out by employees and their managers as part of their activities) ensuring compliance with the applicable global policies and internal standards set out to control the Company risks
- the resources from the compliance center or excellence and local compliance teams, composed of experts in the fields of information security, data privacy, legal, ethics, quality, environment, health and safety, and social matter, in charge of implementing the 2nd level of control measures (e.g. controls specific to regulatory compliance programs such as anti-corruption, anti-money laundering, data protection)
- the resources from the internal control and internal audit team in charge of performing the 3rd level of control measures through regular reviews and internal audits of the internal control framework to assess it in terms of efficiency, consistency and completeness, to take corrective actions in case of deviation and to monitor their implementation.
- External auditors, particularly the statutory auditors also form part of the 3rd line of control measures

In 2021, the compliance center of excellence has developed a common process and a methodology founded on a Governance Risk and Control (GRC) digital tool enabling:

- the consolidation of major risks from all sites, regions, and business lines
- the disclosure of Quadient's policies, procedures and standards to all employees
- the management of compliance audits and corrective actions

The compliance center of excellence works with all Quadient's departments and more particularly with the Internal Control and Internal Audit team in order to:

- link up the identified risks and Quadient's policies, processes, standards, compliance programs and propose changes where appropriate
- contribute to defining the annual internal audit program
- use the results from the internal audits carried out to enhance the risk assessments conducted within the Company.

By verifying the Company's key processes, the Internal Audit team provides assurance that internal control and risk management procedures have been implemented and are effective.

The Global Risk mapping has been updated between December 2022 and March 2023, approved by the General Management Risk Committee and presented to the Board of directors audit Committee at the end of March 2023.

Main programs of the risk management system

Since 2021, more granular risk analyzes have been carried out at the level of certain functions or certain sites for specific risks and these feed into the global risk assessment. The main risks covered are described hereafter.

CSR RISK MAPPING

The environmental and societal risks are revised every year by the CSR team. The most material ones are part of the global risk mapping and presented in a more detailed way in chapter 5 "non-financial performance statement" of the present document. In 2023, Quadient intends to update its materiality analysis in compliance with the CSRD regulation and the principles of the double materiality to identify the most material risks and opportunities for the Company based on their impacts on the environment and the Company and the financial impacts for the Company and its stakeholders.

CORRUPTION AND BRIBERY RISK MAPPING

In March 2022, the compliance center of excellence has updated the Company risk assessment of corruption and bribery with the support of operational managers coming from different functions, countries and business lines. About 20 different risk scenarios have been identified with different impact and probability of occurrence depending on the regions/countries and the functions involved. The results were presented to the General Management Risk Committee in April 2022, audited by the internal audit team in July 2022 and presented to the Board of directors Audit Committee in January 2023.

COMPETITION RISK MAPPING

The detailed competition risk assessment was also updated by the compliance center of excellence in March 2022 involving mainly the sales development and finance teams from the various countries where the Company operates. About 8 different risk scenarios have been identified across the Company's activities. As for the risk assessment related to corruption and bribery, the results of this assessment were presented to the general management risk committee in July 2022.

DATA PRIVACY RISK MAPPING

The data privacy detailed risk assessment was last updated in February 2023 by the data protection organization across Quadient. It considers all the risk that may result in data loss or breach and also the compliance with privacy laws worldwide. The outcome of this risk assessment feeds the Company's global risk mapping and was presented to the Data Council, the steering committee overseeing the effectiveness of the Company's compliance program to privacy and information security.

INFORMATION SECURITY AND CYBER RISK MAPPING

The detailed risk assessment of information security and cyber risks was also updated in 2022 under the supervision of the Chief Digital Officer managing the Information Security organization for the Company's IT infrastructures and assets. Each business line supplements this risk assessment by another one covering the IT infrastructure and applications used by their own teams but also the ones used for the services sold to the Company's customers. Likewise, the privacy risks, the Data Council oversees the effectiveness of the information security compliance program which is also brought to the attention of the Audit committee and the Board of directors.

THIRD PARTY RISK MAPPING

Since 2021, the compliance center of excellence has implemented a platform to manage the risks related to the 3rd party partners. This platform enables the compliance team to perform integrity checks and assess the risk with third party based on several criteria such as spendings, Corruption Perception Index, 3rd party category, etc. Based on the risk level, the Company has set various questionnaires that are used for its onboarding and due diligence process.

4.1.2 DESCRIPTION OF RISK FACTORS

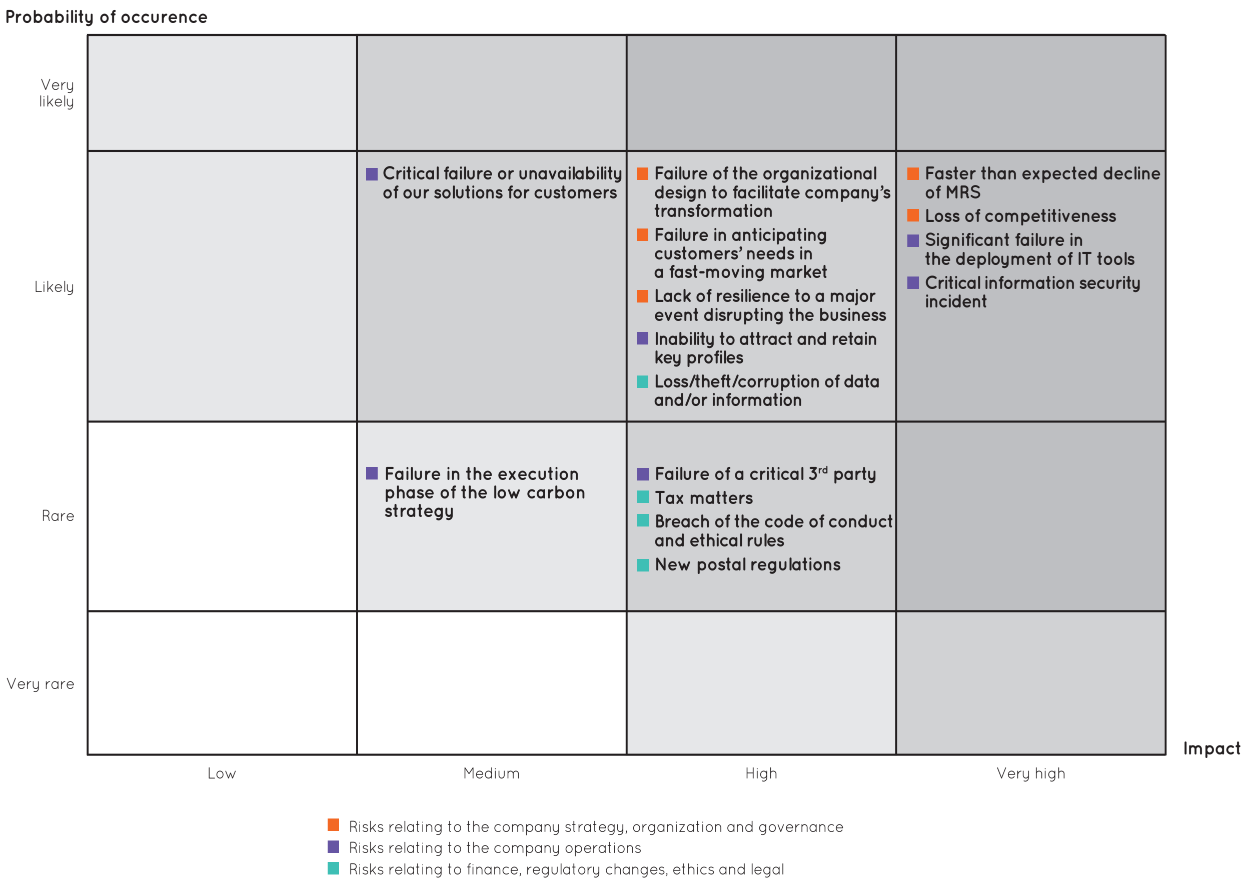
Summary of the risk factors

Each year, the Company updates its global risk mapping which summarizes the main risks in terms of impact and probability. The risks are classified in the following categories:

- risks relating to the Company strategy, organization and governance,
- risks relating to the Company operations, and
- risks relating to finance, regulatory changes, ethics and legal.

These categories are not set out in order of importance.

Instead, within each category, the risk factors are set out in decreasing order of importance determined by the Company as of the date of this universal registration document, on the basis of an assessment of their probability and potential impact. The assessment made by the Company of this ranking in terms of importance may however be modified at any time, in particular, in response to new events outside or within the Company. Moreover, even a risk that is currently considered to be of lesser importance could have a significant impact on the Company, should it occur at a future date. The chart below represents the major risks identified during the risk assessment update. This global risk mapping has been reviewed by the Audit Committee of the Company as well as the Board of directors.



Risks relating to the Company strategy, organization and governance

FASTER THAN EXPECTED DECLINE OF MAIL-RELATED SOLUTIONS (MRS)

Risk description

Mail volumes are down in all countries where the Company operates and the Mail-Related Solutions activity is characterized by an already identified decline. Quadient expects a better than (5)% organic CAGR revenue decline over the 2021-2023 period. However, the pace of this decline could accelerate, making it more difficult for the Group to finance its new growth drivers, Intelligent Communication Automation (ICA) and Parcel Locker Solutions (PLS).

Potential impacts

This risk could affect the Company on the following:

- strategic:
  - Accelerated decline in revenue could have a negative impact on EBIT generation by MRS that would compromise the ability to invest in new growth drivers (ICA, PLS);
- financial:
  - decline in the margin generated by the Group.

Risk management measures

As part of the "Back to Growth" strategy, the Company seeks to anticipate as much as possible the speed of decline of MRS business to forecast the financing of its redeployment towards new growth engines that are digital activities (ICA) and parcel lockers (PLS). Thus, the Company has been aggressive to stabilize its global market share and mitigate the decline of the market size by becoming a larger part of that market: globally the Group has a 25% market share in units and 33% in revenue globally. Also, the Company has succeeded in reducing its cost's structure and governs this activity through stringent monthly operating reviews.

In terms of MRS product offer, Quadient continues to invest in R&D in the product range renewal and to innovate by introducing new innovative products with associated services through a SaaS platform bundled with new intelligent hardware. For instance, Quadient has launched new solutions such as Simply mail SMART and Doc Secure and also AIMS enabling data privacy and audit trail. With these new offers, Quadient also aims at maximizing cross-selling with ICA and PLS business lines.

LOSS OF COMPETITIVENESS

Risk description

Quadient is a global player in Mail Related Solutions (MRS), Intelligent Communication Automation (ICA) and Parcel Lockers Solutions (PLS) and the Company must respond to clients demands for increasingly complex in a vast variety of sectors. On MRS, Quadient competes with two other international players: Pitney Bowes, listed on the New York Stock Exchange with North America as its main market and Francotyp Postalia listed on the Frankfurt Stock Exchange with Germany as its main market. On Intelligent Communication Automation and Parcel Locker Solutions (PLS), the Company's competitive environment is expanding and includes several other players such as tech or fintech startups strengthened by the presence of cash intensive funds or global leaders with high investments capabilities able to develop the business at all costs. Therefore, Quadient operates within an extremely competitive environment, in which the ability to innovate and adapt solutions to the needs of its customers is a major priority for the Company. The expansion and growing complexity of this competitive environment could force the Company to reduce its prices, which could adversely impact revenue and earnings.

Potential impacts

This risk could affect the Company on the following:

- financial:
  - inability to generate sufficient revenue to compensate for the decline in the historical business (MRS);
- strategic:
  - loss of market shares and of businesses;
  - inability to successfully make the transition outlined in the "Back to Growth" strategy,
  - losing the specialization in each of the 3 solutions.

Risk management measures

Quadient's is organized around dedicated business segments for each of its activities, MRS, PLS and ICA which benefits all from customer-facing employees and partners within the Company's operations to understand and respond quickly to customers, using agile methodologies and processes for product design and development to provide them with the best solution based on their needs.

Furthermore, the business lines are supported by the Market Intelligence team in charge of analyzing the competition and deliver data to the Chief Solution Officer and the leadership team of each business line. These competition analyses are reviewed each quarter during the Operating reviews for each of the solution lines to evaluate loss of competitiveness risks, decide on the actions to take and follow up on their progress. This important topic is also discussed with the Strategy and CSR committee and with the Board of directors.

Since 2019, Quadient refocused its operations and solutions portfolio to become a leader in each of the growth markets it serves. Thanks to the successive acquisitions of Parcel Pending, YayPay and Beanworks, the Company strengthened its offer especially in PLS and ICA business lines.

The Company also continues to invest and innovate in its 3 business lines to renew its products and solutions portfolio. For instance, the MRS business line has launched innovative solutions bundling digital applications with intelligent hardware such as Simply mail, S.M.A.R.T. mail, Doc Secure, and the AIM solution to ensure the highest level of mail piece integrity through file-based processing software and enable control of every aspect of the feeding, folding, and inserting hardware system process. For the PLS business, the Company has given in-depth thoughts to its differentiation strategy and Quadient is now positioning itself as a player capable of offering carriers, retailers and residential buildings, lockers where everyone can drop off their items. For the ICA business, the Company has decided to combine its Customer Experience Management and Business Process Automation software solutions into a true end-to-end cloud-based global business communications platform.

Finally, Quadient's solutions are regularly recognized by consulting firms or research firms specializing in our businesses. For instance, Quadient has been positioned as a Leader in the 2022 Aspire Leaderboard™ of customer communications management (CCM) and customer experience management (CXM) vendors. This is the fifth consecutive year Quadient has earned the distinction. Aspire, a leading international consulting firm specializing in CCM and CXM industries, features five interactive grids in its 2022 Leaderboard, placing vendors into categories to help identify the best solution to meet an organization's current and future needs. Quadient is recognized as a Leader on both the AnyPrem CCM Software, and Vendor Hosted SaaS CCM grids, as well as a Leader in the grid for Communications Experience Platform (CXP). The cloud-based solution YayPay by Quadient was listed as a 2022 Technology Leader by Quadrant Knowledge Solutions in the SPARK Matrix™ analysis of the global accounts receivable applications market. The 2022 Quadrant Knowledge Solutions SPARK Matrix: Accounts Receivable Applications includes a detailed analysis of global market dynamics, major trends, vendor landscape and competitive positioning. The study provides competitive analysis and ranking of the leading accounts receivable applications vendors in the form of its SPARK Matrix. It gives strategic information for users to evaluate different vendor capabilities, competitive differentiation, and market position.

FAILURE OF THE ORGANIZATION DESIGN TO FACILITATE OUR TRANSFORMATION

Risk description

The 1st phase of the "Back to Growth" strategy, implemented early 2019, has implied many changes around the following pillars:

- reinvest in Quadient highly cash generative Mail-Related Solutions offering;
- focus on major solutions in the main geographies;
- seize bolt-on acquisition opportunities;
- streamline the Company's organization;
- either grow, improve or divest the Company's Additional Operations by no later than 2022;
- adapt the Company's shareholder return policy.

The phase two of "Back to Growth" started in March 2021 and will encompass in 2022 further changes in Quadient's operating model.

The objectives set in terms of transformation and reorganization of the Group may not be achieved and may jeopardize the proper functioning of the business or prevent the Group from benefiting from the expected effects.

Potential impacts

This risk could affect the Company on the following:

- operational:
  - loss of efficiency between teams, business lines and regions,
- strategic:
  - inability to successfully make the transition outlined in the "Back to Growth" strategy,
  - damage to reputation with key stakeholders;
- People:
  - rising tensions between teams/collaborators,
  - increased staff departures.
  - Lack of accountability

Risk management measures

Implemented early 2019, the "Back to Growth" strategic plan involved both a strong refocus of Quadient's solutions portfolio and a major transformation of its operating model. Quadient aimed at building leading market positions in highly growing businesses that are synergistic with its foundational mail-related activities. Customer communication and experience management, business process and document workflow automation, as well as automated parcel locker solutions were selected to be the company's growth engines while continuing to benefit from Quadient's strong position in the highly profitable and cash generative Mail-Related Business, which the Company continues to invest in with the objective to gain market share each year. Gradually increasing the contribution of these growth engines within Quadient's total revenue has been set as a critical metric of Quadient's transformation. In 2022, Intelligent Communication Automation represents 227 million euros in revenue, including 75% of subscription-related revenue, the latter having increased by 18.5% this year. Concerning Parcel Locker Solutions, the revenue is of 91 million euros, including 59% of subscription-related revenue. In total, the ICA and PLS businesses represent 29% of total revenue vs. 28% in 2021.

The Company's Board of directors and Executive Committee regularly review business performance and the management team's execution against the objectives set in the Back to Growth strategy. The Company has several large scale initiatives to support the Company's transformation, which are supported by dedicated and shared resources to prioritize actions and ensure execution objectives are met. When risks or deficiencies are identified, mitigation plans and other proactive measures are regularly put in place.

INABILITY TO ADDRESS CUSTOMERS' NEEDS IN A FAST-MOVING MARKET

Risk description

The Company may be unable to upgrade its existing or newly acquired solutions to efficiently address customers' needs and/or to identify the right solutions to acquire/develop. Customer satisfaction and Quadient's brand image could be severely affected.

Potential impacts

This risk could affect the Company on the following:

- financial:
  - financial losses due to the launching of an inadequate new solution in a local market;
- strategic:
  - missing a strategic opportunity and losing market share in a rapidly changing market,
  - deterioration of customer satisfaction;
- reputational:
  - deterioration of the Group's brand and professional image, which may hinder the ability to attract new business partners or retain existing ones (being seen as non-innovative).

Risk management measures

The Company has worked on its go-to-market and verticals to address all ranges of customers. It has developed a streamlined omni-channel strategy to address many needs simultaneously rather than solving one particular issue at a time. Moreover, the Company is focusing its efforts on bolstering its ability to manage the marketing launch in a faster, more efficient and coordinated way so that a theoretical solution thought out at corporate level can be adapted to a regional market in a fast and effective way. In this respect, the Company has appointed a Product/Marketing manager for each solution set, working locally with salespeople to anticipate the clients' needs and up the feedback in the global organisation.

Regarding the ICA offering, software R&D teams are prepared to manage and react to new technological features proposed by the market and to respond to technological obsolescence. Quadient provides now a single fully connected AR/AP platform where all customer/vendor/employee communications can be automated.

The Company has put in place a precise monitoring of customer satisfaction as it relies heavily on customer loyalty (customer satisfaction surveys at corporate level tightened by on-the-spot surveys).

LACK OF RESILIENCE TO A MAJOR EVENT DISRUPTING THE BUSINESS

Risk description

Quadient's activities depend heavily on its employees, the operational functioning of its manufacturing premises and logistic hubs as well as the reliability and availability of its IT infrastructures, core systems, and the data centers hosting all the servers, software applications and data.

Considering the COVID-19 pandemic that occurred two years ago, the changing international climate, including increasing tensions between or in some countries, the persistence of terrorist threats, or the increasing number of natural disasters arise in the recent years, the Company may be exposed in certain countries to some economic, financial and operational risks, as well as risks affecting the safety of its employees. Major events such as pandemics, cyber-attacks, natural disaster, supply chain disruption or industrial incident could have a material adverse effect on the Company's business continuity, on potentially many Company's customers, and, ultimately, its reputation.

Potential impacts

This risk could affect the Company on the following:

- operational:
  - significant business disruption
- financial:
  - loss of revenue
- reputational
  - degradation of the reputation with customers globally

Risk management measures

Quadient has defined a set of programs and measures to address these continuity risks.

The manufacturing and assembly of the hardware equipment is outsourced to several OEM and ODM vendors and the Company's assembly sites on several locations which make it possible to switch the production of a site to another in case of unavailability of one of them. Quadient has also selected alternative sources of procurement for its key tier 2 suppliers. The manufacturing tooling such as the moulds or assembly jigs are owned by Quadient and can be transferred to another supplier if needed.

On the IT infrastructure, core systems, and data centers, the Company has the ability/skills to restart/restore all its business-critical systems (business resilience and disaster recovery capabilities) but the time-frame will depend on how widespread and material the attack is. The IT team is testing most Disaster Recovery Plans (DRPs) on a regular basis. Furthermore, most of the business-critical systems have been migrated to cloud-based services provided by AWS or Microsoft or are hosted in Tier 3 certified data centers.

Since the Covid-19 pandemic, the Company has made some investments in new digital tools over the last years, enabling the Company's employee to work remotely from their home or another Quadient site in a secure way to ensure the continuity of the activities. In 2022, 84% of the Company's employee has the means to telework in a secure way.

Risks relating to the Company's operations

CRITICAL INFORMATION SECURITY INCIDENT (CYBER-ATTACK, MALWARE, RANSOMWARE) WITH A LASTING EFFECT ON THE COMPANY'S ACTIVITIES

Risk description

As part of its business the Company manages several IT systems, infrastructure, applications and databases for its own usage but also to deliver the services to its customers. The Company could face malicious actions, individual or organized, of internal or external origin, on the Company's assets that could compromise the security of its data or could cause interruptions in the operations of its businesses and expose the Company to increased costs, litigation and other liabilities.

Potential impacts

This risk could affect the Company on the following:

- operational:
  - significant business disruption,
- financial:
  - costs of bringing the systems up & running,
  - loss of revenue (for sales critical applications, or if a ransom has been paid in precipitation, etc.)
  - fines or penalties in case of non-compliance with external standards (Data privacy, GDPR etc.): have to notify national authorities about the incident and potential leakage;
- reputational:
  - degradation of the reputation with customers globally.

Risk management measures

The Company has set a general information security framework in which security policies and internal digital standards have been implemented as well as mitigating measures to address the security and cyber-attack risks.

The Chief Digital Officer oversees this information security framework and the related compliance programs. He chairs, every quarter, the Company's Security Board which is the overarching Information Security technical governance authority within Quadient, reporting to the Quadient Executive Committee. Its role is notably to establish global information security objectives and priorities, perform global information security risk assessments, maintain Information Security policies, and create global awareness of Information Security Policies and safe working practices. The members of the security Board are the Vice-President Digital Strategy & Performance, the Vice-President Global Digital Operations, the Vice-President CSR & Compliance, the Director of Digital Standards, Risks & Compliance, the Director of Information Security, the deputy Data Protection Officer and the Directors of solutions' security teams.

Quadient has deployed security technologies to provide protection & detection against main threats (e.g MFA, email security with Mimecast, global backup solution, vulnerability scanning, MDM, Security hardening of networks, others…)

The Group has the ability/skills to restart/restore all its business-critical systems (business resilience and disaster recovery capabilities) but the time-frame will depend on how widespread and material the attack is. The IT team is testing most Disaster Recovery Plan (DRPs) on a regular basis.

The information security also depends on the awareness and ability of the Company's staff to understand the stakes of security. In this respect, the Company has implemented a mandatory training program for all employees and push regularly communications to all employees on the right things to do or alerts on phishing for instance. A phishing test was performed company-wide in 2021.

As part of its information security compliance program, Quadient has obtained the ISO 27001 certification for its operations in the UK and in ICA software development activities.

SIGNIFICANT FAILURES IN THE DEPLOYMENT OF CRITICAL IT TOOLS

Risk description

Quadient past decentralized organization and growth by acquisitions has led the Company to manage a large range of information systems. In the framework of the "Back to Growth" strategy, the Company is currently in the process of evolving its digital eco-system by consolidating, and deploying global applications for which the Company may experience failures in the subsequent deployment (delays, additional costs, non-deployed functions, etc.).

Potential impacts

This risk could affect the Company on the following:

- operational:
  - significant business disruption (failure to meet planned implementation timetables);
- financial:
  - failure to meet planned costs;

Risk management measures

The Chief Digital Officer has the responsibility to align operational processes and IT systems within the Company. All IT teams report to him. This new team aims to focus on operational processes, collaborate with the management team to enforce new security and operational measures intended to secure the Company from a technical perspective

Regarding CRM tools, the Company has already consolidated its CRM tools during the past 3 years. There are 2 global CRM applications (one for MRS and another for CXM) with 2 others dedicated to US and France.

The Company has finalized the implementation of its global HRIS. This platform, unique to all the Group's entities, allows the Company's employees to access the HR management processes, to manage talent and performance, to securely manage data in accordance with the GDPR and to generate the associated HR reporting.

Regarding ERP tools, while the Company currently has to manage several legacy and heterogeneous ERPs, a global ERP project is currently being deployed. This project aims at reducing from 20 to a maximum of 1 or 2 the number of ERPs for all the Company's activities. It should be up and running in NORAM by the end of 2023 and will be progressively extended to the other countries in which the Company operates.

INABILITY TO ATTRACT AND RETAIN KEY TALENTS

Risk description

The long-term performance of Quadient, as for every company, is driven, in particular, by the quality of its employees, their skills, and their engagement. In 2022, the global labor market was tightened resulting in wage growth in some countries and certain businesses and increasing at the same time to competition to attract and retain new talents. Quadient's strategy focuses on the development of its three business lines and its operations in its four regions requiring talents qualified notably on new technologies and digital skills. In this context, the Company could experience difficulties in attracting and retaining the necessary talents to drive its transformation and development in order to sustain its growth.

Potential impacts

This risk could affect the Company on the following:

- operational:
  - business disruption, not being able to deliver on the roadmap,
  - dysfunction, shortage of key profiles, staff leaving without being replaced,
  - falling behind in R&D due to lack of new innovative talent,
  - losing business opportunities in certain geographies,
- financial:
  - pace of labor markets can exceed business planning to otherwise reduce cost or increase prices, having a negative impact on margins over time;
- people:
  - higher turnover than a few years ago: recruiting more external candidates than promoting internal collaborators who have a deep understanding of the Company's culture and habits affects the Group identity/corporate culture,
  - lack of sufficient pipeline of diverse talents can result in a less inclusive talent pool to drive the transformation
- strategy,
  - lack of needed talent will result in lower-than-planned performance, ultimately slowing the transformation of the Company.

Risk management measures

Quadient has defined and deployed global policies and programs related to the recruitment, development, working conditions and well-being and compensation to attract and retains talents.

On talent recruitment, the Company has implemented Career Hub platform to post all the job opportunities Quadient offers. This platform provides helpful information about the Company such as its core values, activities, culture, recruitment process or its various programs related to inclusion & diversity, learning & development or its philanthropy program, Quadient Cares. In this domain, the Company has also implemented a referral program, which enable our employees to refer people they know who desire to join Quadient's teams. All new hires benefit from an onboarding program enabling them to find out more about the Company and its values, strategy and organization.

In addition to Career hub, Quadient has also implemented an internal mobility policy and personal development programs and career management. Thanks to Learning Hub, a learning platform, employees have access to a large catalogue of courses and with corporate training programs offer development opportunities to help add to their skills and continue to learn and grow their career. Quadient has a talent identification and succession plan process. After a period during which employees successfully demonstrate their talents, the Company offers employees cross-functional career paths to help them continue to realize their full potential.

Quadient cares about the health, safety and well-being of its employees. In this respect, the Company has developed, even before the COVID-19 pandemic, its Work From Anywhere policy, enabling employees with a position compatible with teleworking, to gain more flexibility and work-life balance. Beyond its health and safety policy, an employee assistance program has been deployed across the organization to support employees with any work or personal issue, including short-term professional counselling and connecting them to local resources to help them manage emotional, practical or physical needs. Finally, the Company has implemented an inclusion & diversity policy to create an inclusive place where everyone feels they can be respected, develop and succeed regardless of ethnicity, gender, sexual orientation or any other dimension that can be used to discrimination.

On employee recognition, the Company's total reward policy is subject to annual review with the support of specialized firms and external benchmarks in order to ensure competitiveness with the local labor market. Every year, the Company has a merit increase and bonus payout campaign which is based on annual individual and Company performance. In addition, there are other benefits and compensation plans for employees such as insurance plans, or profit sharing and long-term incentive plans.

Finally, Quadient launches every year an engagement and inclusion survey to all employees to measure their level of engagement and get their feedback on areas where the Company should improve. Action plans at corporate level but also in each department are designed and executed in this respect.

CRITICAL FAILURE OR UNAVAILABILITY OF SOLUTIONS

Risk description

As part of its business the Company manages several IT systems, infrastructure, applications and databases for its own usage but also to deliver the services to its customers. Failure of such systems could result in significant unavailability or data loss and thus in major disruptions and/or major malfunctions for its customers.

Potential impacts

This risk could affect the Company on the following:

- operational:
  - significant disruption for customers;
- financial:
  - costs of bringing the systems back up & running,
  - penalties, fine in case of non-compliance with customer contracts;
- reputational:
  - degradation of the reputation with customers.

Risk management measures

The Company has implemented a business continuity plan for all critical services delivered to its customers. It starts with the backup of customer and business data to the setup of a secondary environment redundant with the primary environment. Almost all the services delivered to customers come from applications that are hosted on a cloud-based environment or in data centers operated by certified suppliers and monitored by dedicated teams, ensuring a high level of security. In addition, the Company performed a risk analysis, put in place measures to prevent them and a procedure for dealing with incidents, in connection with its digital standards and Information security management system. The ICA activities are ISO 27001, 27017 and 27018 certified.

FAILURE OF A CRITICAL THIRD PARTY

Risk description

Quadient evolves in an environment in which it interacts with several business partners and joint-venture partners to market its solutions. The Company also uses numerous suppliers and service providers based in different countries. It has a certain dependency to some OEM and ODM vendors on the manufacturing of its hardware equipment and on some cloud service providers used to deliver the Company's solutions to its customers. Quadient could be impacted in the event of a failure from one of its partners or vendors (supply-chain disruptions, bankruptcy for instance) and this could jeopardize its ability to maintain its operations resulting in a loss of revenue.

Potential impacts

This risk could affect the Company on the following:

- operational:
  - disruption of the production/supply chain,
  - delay in delivery time,
  - extra workload to relocate production or to find alternative solution/design, delaying other R&D projects and postponing the launch of new products;
- financial:
  - extra costs associated with the redesign and/or the selection process of a new supplier,
  - the Company is forced to build up stock levels to prevent contract losses.

Risk management measures

Quadient's purchasing teams carry out risk assessment of the suppliers they engage with and conduct regular reassessment. As early as the supplier selection process, they check the capability, the solvency, the integrity and the ability of the suppliers to comply with Quadient's responsible purchasing policy and its code of business conduct. Contractual agreements are also established to protect the Company against such risks. Overall, Quadient seeks also to reduce its dependencies to some suppliers and service providers. For instance, for PLS, the decision was made to reintegrate the design and development of the parcel lockers into the Company so Quadient will be able to work with any partner in the world and have a better control over design.

On its key production suppliers, the Company set alternative solutions in case of failure of its OEM or ODM vendor by organizing the transfer of the production to each other if required. Quadient has also selected alternative sources of procurement for its key tier 2 suppliers. The manufacturing tooling such as the moulds or assembly jigs are owned by Quadient and can be transferred to another supplier if needed. Furthermore, regular contacts have been established with key suppliers to anticipate their decisions of production stoppage, business closure, component changes, bankruptcy etc.

On strategic service providers such as SaaS critical applications, cloud services or data centers, this is part of the Company's requirements to ensure the service providers has implemented security measures and business continuity plan to avoid any disruption of service.

On business partners such as commercial dealers, the same risk assessment and due diligence procedures apply.

INABILITY TO EXECUTE THE COMPANY'S LOW CARBON STRATEGY

Risk description

The demand and expectations from the Company's stakeholders regarding its carbon footprint as well as the one of its solutions are growing year-on-year. Since the introduction of the Article 173 of the French law on energy transition, institutional investors have to transparently publish their integration of environmental, social and governance (ESG) criteria in their investment operations. Therefore, they have increased their level of requirements as well as the customers who also need to demonstrate the effort, by cutting the greenhouse gas emissions tied to their activities. The new EU Directive on green taxonomy entered in force in January 2022 and the new CSRD directive entered in January 2023 will accelerate the need to get data on companies' strategy related to climate change. Quadient has defined its low-carbon strategy but may find it difficult to implement it (energy consumption, eco-design, circular economy, remanufacturing, etc.).

Potential impacts

This risk could affect the Company on the following:

- financial:
  - decrease in the stock price,
  - loss of customers, revenues;
- reputational:
  - bad image on the market (business stakeholders/ partners, civil society, rating agencies, regulators, etc.)
- legal
  - non-compliance with forthcoming EU environmental regulations

Risk management measures

As a responsible company, Quadient has been committed for several years to the proactive reduction of its carbon footprint. The Company's long-term ambition is to contribute to carbon neutrality by 2050. To this end, Quadient has defined in 2020 targets for reducing its greenhouse gas emissions in order to limit global warming of the planet to the well below 2 °C trajectory, in accordance with the 2015 Paris Agreement (COP21).

These objectives have been revised in 2022 to align the scope 1 & scope 2 emissions reduction targets with the 1.5 °C trajectory. Therefore, the Company's objectives are:

• 50% reduction of direct and indirect emissions (scope 1 & 2) between 2018 and 2030

• 40% per M€ revenue reduction of other indirect emissions (scope3) between 2018 and 2030

To meet with its reduction targets, Quadient is implementing its low carbon strategy and transition plan to 2030 by considering the following programs:

• Develop the usage of renewable energy and energy conservation measures into our premises: whenever possible relocate offices in certified high environmental performance buildings (BREEAM or LEED), streamline the real estate footprint, maintain ISO certifications 14001 of the industrial sites, increase the use of renewable and low-carbon energies for our buildings, select equipment certified by eco-labels on energy efficiency (Energy Star or EPEAT for IT equipment), LED or low consumption lighting

• Foster sustainable mobility: conversion of company car fleet to electric or hybrid, avoid travels, travel by train rather than plane whenever possible, incentive for carpooling and public transportation

• Design sustainable solutions and offers to our customers: eco design and responsible manufacturing promoting a circular economy of Mail Related Solutions, contribute to reduce the emissions on the last mile delivery of parcels thanks to eco designed Parcel Lockers Solutions, Consider the digital sobriety in the design of our Intelligent Communication Automation solutions

• Invest in Carbon offsetting projects: certified projects enabling carbon sequestration or development of renewable energy

Risks relating to finance, regulatory changes, ethics and legal

LOSS/THEFT/CORRUPTION OF DATA AND/OR INFORMATION

Risk description

In the context of its activities, as a data controller, the Company collects, processes and transfers various employee data, including personal data. Quadient also acts as a data processor when collecting and processing personal data belonging to its customers using the solutions offered by the Company. Beyond GDPR regulation in the European Union, the laws and regulations related to personal data protection is increasing in other countries where the Company operates such as US (CCPA), Canada and Brazil. Non-compliance with legal or contractual obligations as well as losses, thefts, alteration, destruction or disclosures of confidential or personal data could lead the adverse consequences for the Company and result in significant fines, litigation costs and damage Quadient's reputation.

Potential impacts

This risk could affect the company on the following:

- financial:
  - fine in case of non-compliance with external standards (Data privacy, GDPR, etc.);
- legal:
  - international & economic sanctions, criminal conviction of leaders,
  - prosecution by data subjects;
- reputational:
  - degradation of the reputation on the market.

Risk management measures

Quadient has implemented global policies on both data privacy and information security, available to all employees on the corporate intranet. These policies provide the control measures taken by the Company to limit any risk of fraud, loss, theft or corruption of data, including personal data. All employees are required to follow the mandatory training courses related to data privacy and information security global policies.

In terms of organization and governance, Quadient has nominated a Data Privacy Officer (DPO) who is part of the Executive Committee and has access to the Board of directors. The Data Privacy Officer is supported by its deputy officer, in charge of leading the data privacy compliance programs for the Company. The deputy DPO also coordinates the regional data privacy officers assigned in each region. Their role is to ensure the control measures and processes defined are applied across the Company. Among other things, they assess privacy risks, define, and maintain the register of data processing, answer to Data Subject Access Requests (DSAR), conduct Privacy Impact Assessments (PIA) and Data Protection Impact Assessments (DPIA), establish Data Processing Agreement with the suppliers and sub-contractors, and manage data privacy incident and data breach.

The Data Privacy Officer chairs the Data Council of the Company which takes place each quarter. The role of this committee is to oversee the data privacy policy, risk assessment, compliance program, security incidents involving data issues and audit results. The members of this committee are the Chief Digital Officer, the Chief Marketing Officer, the Vice-President of Employee Experience, the Vice-President of CSR & Compliance, the Vice-President of Internal Control and Internal Audit, the Information Security Director and the deputy Data Privacy Officer.

As part of its data privacy compliance program, Quadient has obtained the ISO 27701 certification for its operations in the UK and its YayPay software development activities.

TAX MATTERS

Risk description

As an international Company, Quadient is doing business in many countries and is therefore subject to multiple tax laws and must, accordingly, ensure that its global operations comply with the various regulatory requirements while achieving their commercial, financial and tax objectives.

The fiscal compliance refers to the degree to which the Company interprets and complies or not with applicable tax rules of a given country by declaring income, filing a return and paying the due tax in a timely manner. This risk may arise from:

- unfavorable changes in local or international regulations;
- challenges in the application of current regulations or standards;
- errors when completing tax returns;
- regular audits by tax authorities which could lead to disagreements over the interpretation of facts.

Any violation of tax laws could lead to tax assessments or the payment of late fees, interest, fines and penalties. This could have a negative impact on the Group's effective tax rate, cash flow or results of operations.

Potential impacts

This risk could affect the Company on the following:

- strategic:
  - reduction of the activities in a given country;
- financial:
  - financial costs due to tax surcharges and regulatory fines;
- reputational:
  - adverse reputational impact with the general public for avoiding tax;
- legal:
  - the Company faces penalties and surcharges in cases of non-compliance with tax regulations.

Risk management measures

Recruiting a Head of Tax in December 2020 has allowed Quadient to be proactive on this important subject and to improve the control over this risk. The Company has implemented an anti-facilitation of tax evasion policy that aims to ensure compliance with applicable laws and regulations of the countries where Quadient operates, in addition to the Code of Ethics principles relating to business integrity. A tax review is performed at least annually in each entity, with the help of an external tax adviser. With regard to their current activities in France and abroad, Quadient entities are regularly subject to tax audits. Tax adjustments or uncertain tax positions not yet subject to tax adjustments are covered with appropriate provisions. The amounts of these provisions are regularly revised. The legal, tax and compliance teams monitor the applicable legal frameworks in the countries where the Company operates.

BREACH OF THE CODE OF CONDUCT AND ETHICAL RULES (CORPORATE GOVERNANCE, CORRUPTION, FRAUD, HUMAN RIGHTS, ETC.)

Risk description

With around 5,000 employees operating in 27 countries, Quadient may be exposed to inappropriate behavior by some of its employees or by third parties in regards with ethical rules, respect for human rights or fraud and corruption. Non-compliance with business ethics rules and laws and regulation such as anti-corruption or anti-money laundering would expose the Company to prosecution by its staff, its partners or the authorities impacting its overall credibility as a responsible company and trusted partner for all its stakeholders.

Potential impacts

This risk could affect the Company on the following:

- operational:
  - termination of operations in a given country (ban from doing business in the country);
- legal:
  - civil, criminal or administrative penalties for Quadient, its managers, employees or partners;
- financial:
  - payment of damages, national or international sanctions;
- reputational:
  - lasting damage to the Company's image among all stakeholders.

Risk management measures

Quadient is committed to conduct its business responsibly and with integrity. In this respect, the Company is a signatory of the United Nations Global Compact which aims to align businesses with human rights, labor, environmental and anti-corruption principles.

The Company has defined a Code of Ethics, which is communicated to all employees who must take a training course and sign in a form to endorse it.

Global policies have been designed to supplement the Company's stance settled in the Code of Ethics and serve as also the reference and internal standards in terms of Company rules. The following global policies have been revised in 2022: anti-corruption and bribery, fair competition, sanctions and money laundering, information security, data privacy, inclusion & diversity, philanthropy, tax evasion, whistleblowing. In addition to the Code of Ethics, employees are required to take training on the anti-corruption and bribery, information security, data privacy, health & safety, harassment and bullying, and inclusion & diversity.

Furthermore, the Company has developed a global compliance program to fight against corruption and influence peddling, in accordance with the French Sapin II law, and based on the recommendations of the AFA ("Agence Française Anti-corruption). This program was audited in 2022 by the Internal Audit and Internal Control team and the results were presented to the Audit Committee in January 2023.

The Company has also defined a code of Conduct for Business partners in order to communicate to its partners the company's requirements in terms of Ethics & Compliance. This Code is under deployment to all the Company's partners. Strategic ones must adhere to this Code.

Compliance clauses including compliance with applicable laws, code of conduct, anti-corruption, fair competition, data privacy and confidentiality, export controls have been revised and incorporated in the partner agreement templates by legal department. Failure to comply with these clauses (compliance, ethics, CSR, etc.) represents a case of breach and that the Group has the option of terminating the relationship with the 3rd party.

A due diligence process has been implemented to perform risk-based due diligence to ensure the integrity of the third-party companies to engage with. This process includes reputational screening based on sanctions/watch lists, politically exposed persons lists, checks for exposure to global adverse media and questionnaires related to information security, data privacy and corporate social responsibility. The process also incorporates an enhanced level of due diligence to be performed where a prospective third party resides in a designated high-risk jurisdiction, or where other red flags are identified.

A whistleblowing system exists and is available 24h a day. Any Quadient employee or any person or third party is encouraged to speak up, in compliance with the law and the rules applicable in the country where he resides or exercises his activities if they suspect a violation of our Code of Ethics or Quadient rules and policies.

ACCELERATION OF NEW POSTAL REGULATIONS UNFAVORABLE (AND/OR UNANTICIPATED) TO QUADIENT'S BUSINESS

Risk description

The MRS business is subject to postal regulations in the countries where the Company operates. The Company could face increased difficulties to maintain its activities in a strategic country following the implementation of new regulations by governments or the various postal authorities, thus removing it from its dominant position. The Company could also lose its certifications, which would threaten its MRS business.

Potential impacts

This risk could affect the Company on the following:

- financial:
  - attrition of the Group's P&L: diluting the cash generation of the MRS Business;
- operational:
  - adaptation costs: accelerated renewal of the installed base;
- strategic:
  - accelerated decline in EBIT generation by MRS would compromise the ability to invest in new businesses,
  - loss of market share, loss of access to certain markets, the right to operate or the right to market a product.

Risk management measures

Quadient has established long-lasting relationships with postal regulators and the Company has appointed a local relay in each region to assist the Vice-President of Global Postal Relations. The dialogue with postal authorities gives most of the time sufficient visibility to the Company ahead of the plan, so that the Company has the capacity to anticipate and respond to these changes.

4.2 Insurance

All Quadient companies are covered by a worldwide insurance program which covers operating damage and loss, liability, and transport risks. All subsidiaries adhere to the guarantees set up and negotiated at Group level, subject to local regulatory restrictions or specific geographic exclusions.

Quadient's risks include a high level of geographic dispersion, which substantially dilutes the consequences of any claim. The cover negotiated by the Group is high and is above all aimed at insuring the largest risks which might have a material impact on the Group's financial position.

The operating damage and loss insurance cover was renewed on 1 April 2023 for one year under the same conditions.

The insurance covering transport risks was renewed on 1 April 2023 under the same conditions for 12 months ending 31 March 2024.

The insurance policy covering "liability" was renegotiated and renewed for one year ending on 31 March 2024.

Given the development of Quadient in software activities, it was decided in 2014 to cover the risk of possible claims from third parties against Quadient for infringement of copyright and intellectual property. The policy was renewed on 1 April 2023 for one year.

Finally, it has been decided to cover cyber risks in June 2019.

Total cost of insurance amounted to 0.9 million euros in 2022.

Quadient's insurance policies are regularly updated to reflect changes in the Company's scope of consolidation and to cover industrial risks within the global insurance market framework.

The Company's guarantees are placed with leading insurers with worldwide reputation.

4.3 Internal control and internal audit framework

4.3.1 INTERNAL CONTROL FRAMEWORK

As part of the organization of the internal control and for the preparation of this report, Quadient adheres to the AMF reference framework. In accordance with the AMF definition, the Company has designed and implemented its internal control system to ensure:

- reliability of financial information;
- compliance with existing laws and regulations;
- implementation of the instructions and directions given by Group management;
- proper functioning of the Company's internal processes, especially those relating to the protection of its assets.

On a general level, the internal control system helps the Company monitor its activities, improves the efficiency of its operations and ensures the efficient use of its resources.

4.3.2 INTERNAL CONTROL AND AUDIT ORGANIZATION

Quadient internal control and audit function was set up early 2009, its purpose is to serve the Group at three levels:

- identify and assess risk;
- conduct internal audits;
- coordinate internal control.

The Group's internal control and audit department includes two permanent auditors and coordinate the work of a network of specially trained non-permanent auditors comprising the chief financial officers and financial controllers in the various Group companies. They are selected in accordance of the skills required for each audit. This structure gives the Group access to a wide range of skills.

The internal control and audit department reports to the Group finance department and can address all topics without restriction. It also reports to the Audit Committee regularly and at least twice a year as part of the audit committee meetings.

Procedures are made available on the Group Intranet in a dedicated internal control section, designed to improve circulation of procedures and to facilitate communication by providing information on internal control, audits, legal affairs and cash management.

Every new or updated procedure is circulated electronically to the manager of each subsidiary. Each subsidiary arranges internal communication of the procedure and ensures they are implemented and applied by employees.

The consistent involvement of the headquarter's management in subsidiaries' operations through regular reviews also allows for the rapid identification of any anomalies and the efficient and timely implementation of appropriate remedial action plans.

Furthermore, the internal audit department conducts cross audits to strengthen these controls.

Ethical reference framework

The integration of new activities and the strategic shift that the Company has made in recent years has led him to redefine its values to better reflect its organizational identity:

THE GROUP'S ETHICAL PRINCIPLES

Quadient believes that conducting its business in an ethical and responsible manner is essential to its sustainable growth and success. The Company's Code of Ethics sets out principles of ethics and business conduct that help each of its employee to act with integrity and ethically as well as best practices and policies that will elevate the Company's reputation. In short, this code of ethics stands as a testament for doing what the Company knows is right. It covers the following topics: Human Rights, employees, business ethics, business relationships, Quadient assets and third parties, citizenship and responsible engagement. It also includes useful recommendations for how to anchor the code of ethics in Quadient's corporate culture and takes into account Quadient's new "EPIC" (Empowerment, Passion, Inspiration and Community) values.

Quadient asks every employee, regardless of their role, function or entity, to follow the code of ethics when working for or representing Quadient. In this respect, each employee is required to follow the dedicated training and endorse the code of ethics.

The code of ethics is available on the corporate intranet and publicly available on the Company's corporate website in the following languages: French, English, Dutch, German, Italian, Spanish, Japanese and Czech.

ETHICS & COMPLIANCE COMMITTEE

In terms of governance, an Ethics & Compliance committee, chaired by the Vice-President of CSR & Compliance and composed of the Chief People Officer, the General Counsel and the Vice-President of Internal Control and Internal Audit meets as necessary to manage any compliance issues and the whistleblowing reports received, the investigations and the progress of the remedial plans. The Vice-President of CSR & Compliance reports on the progress of the compliance program through quarterly reports and updates to the Chief Transformation Officer, the Chief Financial Officer and the CEO to the company.

APPLICATION OF THE SAPIN 2 LAW

Quadient is fully committed to the fight against corruption and has made clear commitments as part of its commitment to the United Nations Global Compact. The Company applies strict principles which are enshrined in its Code of Ethics and its global policy against corruption and influence peddling. The Company's program revolves around the following themes:

- Code of ethics
- Annual mapping of corruption risks
- Raising awareness and training of exposed persons and all employees
- Control devices
- Accounting procedures
- Due diligence and evaluation procedure of third parties
- Disciplinary system
- Whistleblowing procedure and system

In this context, the Company has continued to improve and strengthen its processes and tools. Therefore, since 2021, the Company has revised and supplemented its anti-corruption and bribery policy; updated the assessment of risk scenarios on corruption and bribery, implemented a procedure for knowing third parties with a particular focus on commercial distributors, but also the implementation of due diligence for suppliers and associations benefiting from donations or sponsorship actions. The Company's whistleblowing system has also been extended to all 3rd parties. Some training actions have been taken for employees who were the most exposed to these risks, as well as the legal and compliance teams. The Compliance and Internal Control and Internal Audit teams work closely to implement the controls required, such as the annual declaration of conflict of interest.

Furthermore, the Company has developed a global compliance program to fight against corruption and influence peddling, in accordance with the French Sapin II law, and based on the recommendations of the AFA ("Agence Française Anti-corruption). This program was audited in 2022 by the Internal Audit and Internal Control team and the results were presented to the Audit Committee in January 2023.

Information Systems

The key priority for the Digital organization remains the harmonization of global processes and systems, underpinned by investments in ERP, CRM & HCM. Additionally, Digital is investing in contact center and e-commerce platforms, to enhance customer interactions.

Alongside these investments, the Digital Departement continues to drive standardization across information systems by adopting global standards and backed-up by audit and compliance processes, resulting in higher quality systems, with reduced risk and at a lower operational cost. Global risk management ensures the continuous assessment and mitigation of key operational risks.

Information security remains a major focus for Quadient. The need for security is even greater with the deployment of new SaaS solutions. With that in mind, Quadient has implemented an Information Security organization that enables specialist focus around solutions, group activities and use of personal data. This specialist approach ensures that dedicated capabilities are engaged where security matters most: in protecting customers, employees and protecting personal data that is entrusted to us. For the second year running, information security is a top three investment area for Digital, enhancing protection, detection, response and recovery capabilities, and demonstrating effective practice that has enabled CyberSecurity insurance renewal.

At the core of information systems, data management is paramount. In this regard, Quadient ensures that employee and customer data management is compliant with the GDPR and other similar regulations.

Accounting and financial information

PREPARATION AND RELIABILITY CONTROL OF INFORMATION

Each subsidiary has a team which reports to the local chief financial officer who is a member of the subsidiary's management committee. Each team includes a management control structure and is responsible for preparing accounting and management data as part of the monthly reporting process.

The Group finance department is responsible for identifying changes in operating conditions in order to anticipate any possible impacts these may have on the Company's accounting principles. Headquarters' management is also informed about significant local developments at regular operational reviews, and during other visits to subsidiaries. The Group financial controlling department has the role of coordinator in this domain.

CONSOLIDATION

The current electronic reporting and consolidation system, which is in place at all consolidated subsidiaries, delivers consistent monitoring of budget and management data, improves lead times for producing the data (through automatic task scheduling management, with a reminder system) and improves the accuracy of consolidation information. Using the analysis data which is provided by the subsidiaries' management control departments *via* this system and reviewed by local management, the Company's chief financial officer receives a permanent flow of data that explains any differences in the consolidated reporting.

The number of access authorizations to the information system is limited to a certain number of people per subsidiary to ensure the reliability and integrity of the reporting and consolidation data. This system has made it possible to monitor management indicators; it also produces sales and marketing data for the subsidiaries.

CASH AND FINANCING

Quadient S.A.'s financial team manages the Company's cash centrally. In order to mitigate its risk exposure, the Company has developed procedures, including exchange rate and interest rate risk management, cash pooling and the optimization of the Company's financing requirements.

FORECASTS

Quadient provides its shareholders with information on its forecasts. These forecasts are formulated based on the Company's three-year plan and take into account market conditions at the beginning of each year, namely the competitive environment and the economic conditions in the countries where the Company operates. Should there be a significant change in market conditions or the competitive environment, Quadient cannot guarantee that it would be able to achieve its forecasts.

NON-FINANCIAL PERFORMANCE STATEMENT

5.1 Social, societal, and environmental information

5.1.1 PREAMBLE

For more than a decade, Quadient has been actively building a culture that conducts its business with the utmost integrity, offers innovative and sustainable solutions, and with limiting the Company's impact on the environment, takes actions to combat climate change and support global transition to a low carbon economy. Quadient believes that these continuous efforts will ultimately result in a better future for the Company's customers, employees, and the communities it serves. Quadient also believes that conducting business in an ethical and responsible manner is essential to its sustainable growth and success. As the world faces rapidly evolving environmental, social and economic dynamics, global hotspots and crisis like the Covid-19 pandemic, Quadient is prepared to face and address these challenges as a responsible leader in its field. As a result of the Company's strategy announced in January 2019, Quadient has also adjusted its CSR (Corporate Social Responsibility) strategy and organization to meet the needs of its future. Quadient's CSR strategy is guided by an in-depth materiality analysis, and is summarized in this document. In terms of organization and governance, the CSR & Compliance team is part of the transformation department, which is in charge of driving the strategic initiatives and transformation of the Company. The Strategy and Corporate Social Responsibility Committee of the Board of directors, created in September 2018, now reviews the Company's progress on CSR matters regularly and offers its advice and support for future improvements.

This chapter explains the non-financial risks, challenges and opportunities that have been incorporated into Quadient's CSR strategy, as well as the main results in 2022 [1].

5.1.2 CSR STRATEGY AND POLICY

Quadient has deployed a CSR strategy that is in line with the Company's business and meets the environmental, social and societal challenges the Company faces. To achieve these objectives, the CSR strategy is built around five pillars:

- empower Quadient's employees to achieve the Company strategy;
- enable a culture of excellence and integrity;
- reduce Quadient's environmental footprint;
- build the best customer experience by offering innovative, reliable and sustainable solutions; and
- engage within local communities and support them.

Quadient believes that anticipating environmental and social issues, together with the management of risks and opportunities, are important drivers of operational performance.

The CSR strategy takes into account the specific challenges of Quadient's activities as identified through the materiality analysis following consultation with internal and external stakeholders. This approach allows those stakeholders to participate in building a sustainable future while ensuring the Company's performance and stability.

A CSR ambition defined with stakeholders

Quadient CSR ambition is based on a constructive dialogue with its stakeholders. Engaging through an ongoing dialogue with all of them enables to improve Quadient CSR strategy on a regular basis. Such momentum is based on a detailed knowledge of the Company stakeholders and their specific concerns and expectations. In order to identify the most important stakeholders to be involved, the Company has set up an approach founded on the analysis of their level of influence based on their needs and expectations and on their interest in Quadient business. Through its CSR programs, Quadient is willing to address its stakeholders' expectations to create value for them and the Company.

Quadient's dialogue with its key stakeholders is part of well-established processes taking place all along the year. In 2022, Quadient continued to dialogue with all its key internal and external stakeholders. Regarding the investors and shareholders, Quadient has explained its strategy, ambitions, programs and targets during the Capital Markets Day in March 2022 and through several road show meetings and announcement of the Company's quarterly results.

Regarding the public bodies, Quadient has forged strong, long-standing relationships with postal organizations in the countries where it operates. The Company also participates actively in the professional organizations of the French Information Technology Industry Union (AFNUM), Syntec, FEVAD among others as well as the working meetings of the National Authority in France allowing Quadient to follow these developments and to anticipate future ones.

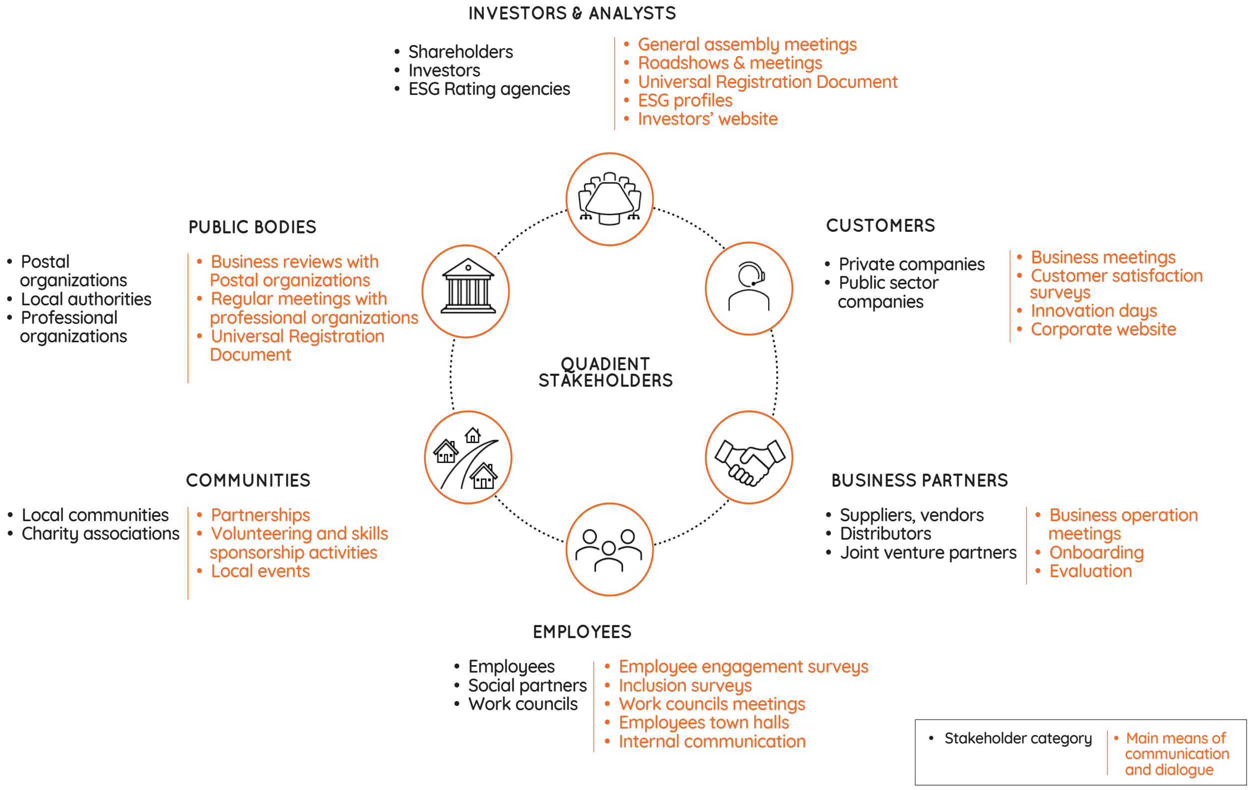
With its customers, Quadient has strengthened its dialogue though business meetings, Innovation days (refer to this document in "Leverage technology to consistently innovate and improve Quadient's portfolio of solutions" in section 5.1.6) and information provided through its corporate website and replies to customer's requests for information and through customer satisfaction surveys.

(1) *In accordance with the order of 19 July 2017 and the decree of 9 August 2017. The value creation model can be found in the introduction book of this document.*

Regarding its business partners, Quadient has reinforced its dialogue approach by implementing long term partnerships and introducing a new onboarding process with a new code of conduct for business partners and due diligence process (refer to this document in "A new responsible procurement strategy" in section 5.1.4).

Internally, Quadient has continued to put the emphasis on its CSR programs and raise the awareness of its employees through different channels such as the internal platform called "The Hub", engagement & wellness surveys, inclusion and enggement surveys, emailing campaigns and dedicated townhalls for instance for the Empowered Communities (refer to this document in section 5.1.3 Empowering Quadient's people to achieve the Company strategy). Moreover, the Company has implemented Quadient Cares, its philanthropy program in which several corporate events enable the dialogue between employees and volunteers from various charity associations and foundations (refer to this document in section 5.1.7 "Engage and support local communities") on top of the partnerships developed by the Company in the framework of its program.

The stakeholders' mapping shown hereafter represents the ecosystem in which Quadient evolves as well as the main means/practices used by the Company to dialogue and communicate with all of them.



Materiality matrix

In 2019, Quadient reviewed its materiality analysis, taking into account the transformation initiated by its new strategy, the evolution of the Company's activities and organizational changes. This assessment, aimed at identifying emerging material challenges with a horizon of three to five years, also provides insight into the Company stakeholders' expectations and informs them about the importance of sustainability. In order to focus its efforts on the most material challenges, the Company conducted this assessment using the four-step process described below.

IDENTIFICATION OF CSR CHALLENGES

To meet the Company's sustainability and CSR challenges, Quadient benchmarked sector best practices, international standards such as ISO 26000, the United Nations Sustainable Development Goals, the Global reporting Initiative (GRI), and the issues raised by the Environment Social and Governance (ESG) agencies rating Quadient's non-financial performance. In total, 52 topics have been considered and classified into five areas (People, Solutions, Ethics & Compliance, Environment, and Philanthropy).

CONSULTATION OF INTERNAL & EXTERNAL STAKEHOLDERS

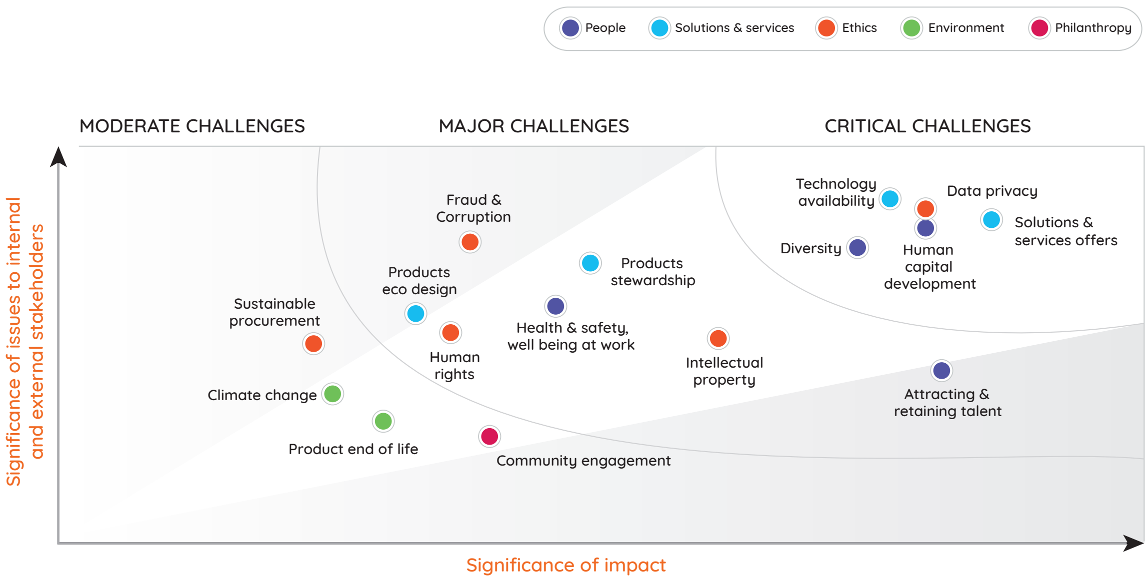
This consultation was the opportunity to spark open discussions with Quadient's stakeholders to better understand their perception of the performance, risks and opportunities, and their expectations of the Company's CSR strategy. In addition, they were asked to rate each of the non-financial challenges according to three criteria: importance level for the stakeholders, importance level for the Company's business, and maturity level of the Company on these topics.

CONSOLIDATION AND MATERIALITY MATRIX

To design the materiality matrix, internal and external scores were averaged using equal weighting between the different categories of stakeholders. The challenges retained were plotted on a materiality matrix. Stakeholder ratings were reported on the y-axis, with ratings based on importance to the business reported on the x-axis. The Company classified CSR challenges into three groups: critical, major, and moderate.

ANALYSIS OF MATERIALITY RESULTS

Quadient retained 18 sustainability and CSR challenges from its materiality assessment. Of these challenges, six are considered critical, eight as major, and four as moderate. Critical challenges correspond to the main issues related to the transformation of the Company: new strategy, new digital business and organizational changes. Major challenges are historical in nature for Quadient; they were previously assessed and are still being carried out. Moderate challenges are still relevant, but only minimally affect the Company's performance and are well under control due to existing programs.



Non-financial risks

The non-financial risk mapping has been built in accordance with the Company's global risk mapping introduced in chapter 4, "Risk Factors and Internal Control", of this universal registration document. Each risk has been assessed according to the same methodology and criteria. All Executive Leaders were asked to list all risks relevant to them and rate them on their likelihood (from "Improbable" to "Probable/Very Likely") and their impact (from "Low" to "Very High") for the Company. Consolidated results were presented and validated by Quadient's risks committee.

PRESENTATION OF THE MAIN NON-FINANCIAL RISKS

Main CSR risk/ opportunity	Risk description	*Risk value*
People		
Human capital development, talent attraction and retention	Anticipate problems with the transmission, transfer and acquisition of key or rare skills. Provide expert advice to employees and ensure they use it effectively to provide the highest quality of service. Prevent any risk related to recruiting and retaining key people and qualified staff.	•••
Diversity and inclusive workplace	Promote equal opportunities in terms of recruitment, pay and benefits, promotion, access to leadership programs, training and career management. Prevent any risk of discrimination in general (age, race, gender, ethnic or social origin, nationality, language, religion, health, disability, marital status, sexual orientation, political or philosophical opinion, veteran status or otherwise, trade union membership or other characteristics protected by applicable laws and regulations).	••
Health & safety and well-being at work	Promote work/life balance (flexible work, parental leave, teleworking, etc.). Prevent the risk of deterioration of working conditions and the working atmosphere within the Company leading to an increase in accidents and harming physical and mental health (especially during Covid-19 pandemic and the war in Ukraine).	••
Ethics & Compliance		
Breach of ethical rules	Adopt transparent communication regarding the Quadient's policies on fraud, corruption and anti-competitive practices. Act in accordance with the legal requirements of the host country on the implementation of anti-corruption and anti-fraud policies, including third party whistle-blower programs.	••
Data privacy & integrity	Protect data integrity against cyber-attacks, negligence or illegal access resulting in the corruption, theft, loss, leak of the Company's data or personal data or disruption of business.	••
Sustainable procurement & Human Rights	Prevent the risk of Human Rights violations and abuse in the supply chain and operations by applying reasonable due diligence to both direct and indirect subcontractors and suppliers. Prevent the risk of failure to reduce the environmental footprint of products by acting with suppliers.	•••
Environment		
Circular economy	Incorporate the principles of a circular economy (ecodesign, waste recycling, reuse, remanufacturing) when defining Quadient's solutions and services and in their business models.	••
Climate change	Reduce Quadient's carbon footprint and seize opportunities to reduce operational costs at a time when climate change regulations are becoming more restrictive and carbon taxes a reality.	•
Solutions		
Ecodesign and sustainable products and solutions	Offer the best customer experience through innovative, competitive and sustainable solutions and services launched on the market at the right time.	••
Intellectual property rights	Respect and enforce Quadient' intellectual property rights to avoid patent litigation, statutory fines and regulations associated with anti-competitive practices.	•••
Philanthropy		
Community engagement	Encourage employees to support local communities and embody Quadient's values.	•

Legend: ••• High risk, •• Medium risk, • Low risk

Quadient's CSR strategy

Quadient's CSR strategy is built around 5 pillars, which establishes a link between the Company's strategic vision and its main non-financials risks and challenges. In 2020, the Company has outlined its CSR Roadmap 2021-2023 and defined clear objectives and targets intended to be reached by the end of 2023. In addition, Quadient has set ambitious 2030 targets to reduce the carbon footprint of its activities and solutions.

This roadmap is structured around 12 ambitions and 14 objectives, in line with the United Nations' Sustainable Development Goals (SDGs). For each of them, initiatives, programs and monitored annual targets have been developed. The table below illustrates the CSR pillars and ambitions, the main objectives and the results achieved in 2022.

Non-financial risks	Challenges	2023 Objectives	2022 Results	SDG
Empowering Quadient's people to achieve Company's strategy	**See section 5.1.3**			
Talent attraction and retention Health & Safety and well-being	Provide great working conditions empowering all Quadient employees to perform at their best	> 80% of employees eligible to remote working 2 days or more per week[(a)]	**84.26%**	
Inclusion & Diversity	Create an inclusive and diverse culture indicative of Quadient's equal opportunity employer philosophy	>30% of women among managers	**29.2%**	
Human capital development	Give all employees the opportunity and the means for personal and career development and empower them to contribute to the Company's success	>30% of women among Senior Leaders	**23.4%**	
Enabling a culture of excellence and integrity	**See section 5.1.4**			
Breach of ethical rules and Responsible procurement	Promote a culture of integrity and ethical conduct through Quadient's compliance program	>95% employees endorsed the code of ethics >95% employees engaged incompliance and business ethics training program[(b)]	**65%** **82%**	
Data privacy	Protect privacy and integrity of data entrusted to Quadient against internal and external threats			
Human Rights, Corruption & Bribery	Engage with partners and suppliers who observe standards similar to those of the Company	>95% strategic business partners have endorsed the code of conduct for business partners[(d)]	**46%**	

CSR challenges/ Non-financial risks	Ambitions	2023 Objectives	2022 Results	SDG
Reduce Quadient's environmental footprint	See section 5.1.5			
Circular economy Climate change	Take actions to combat climate change and support global transition to a low carbon economy. Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint.	Reduce CO_2 emissions by: (i) 50.4%, for Scope 1 & 2 between 2018 and 2030 (ii) 40%/€m revenue for targeted categories, for Scope 3 between 2018 and 2030	**47.2% for Scope 1 and 2** **0.4% /€m revenue for Scope 3**	
		Mail-Related solutions (MRS) equipment remanufacturing to account for more than 50% of MRS products placed on the market	**72.9%**	
Build the best customer experience by offering innovative, reliable, and sustainable solutions	See section 5.1.6			
Customer satisfaction Innovation, technology availability	Leverage technology to consistently innovate and improve Quadient's portfolio of solutions.	Achieve overall customer satisfaction above 95%	**95%**	
Innovation, technology availability				
Intellectual property Eco design and low carbon products and solutions	Design cutting-edge sustainable solutions to help Quadient's customers fulfil their needs while contributing to sustainable development.	Pursue investments in R&D above 4.5% of consolidated revenues	**5.3%**	
Product stewardship	Deliver high quality, reliable and secure solutions to Quadient's customers.			
Engage and support local communities	See section 5.1.7			
Community engagement	Embody the Company's values by supporting local communities in the fields of Education & Decent Employment, Inclusion & Diversity and the Reduction of Waste and Pollution.	5,000 annual hours + contributed by Quadient's employees[f] supporting communities >€100,000 of financial donations to Non-Profit Organizations[f] 25% of employees engaged and involved in volunteering & sponsorship projects (contribution rate)	**3,250 hours[f]** **€239,000[f]** **14%[f]**	

(a) Percentage of employees eligible to remote working on Workday.

(b) These KPIs represent the whole company and not the CSR reporting scope.

(c) Training program in 2022 was tied to code of ethics, data privacy, information security, corruption and bribery, competition.

(d) The code of conduct initially intended for production suppliers has been extended to all strategic business partners (suppliers, vendors, joint-venture partners, commercial dealers).

(e) This score is tied to the deployment of the updated code of conduct for dealers in France and worldwide. The deployment will continue across the other third parties in 2023.

(f) A new platform was implemented in April 2021 to better monitor the Company's efforts but doesn't reflect all the number of employees already involved in volunteering & sponsorship projects. Number of volunteered hours cumulated since the introduction of Quadient Cares program in April 2021. In 2022, the total amount includes donations made in 2022 for the new Quadient Cares Relief Fund (€24,128 funds raised by employees and €50,000 of matching from the Company allocated to the Quadient Cares Relief Fund to support Ukrainian employees affected by the war and to support US employees affected by Hurricane Ian in Florida). The contribution rate was calculated with the data linked to employees engaged on the platform and the volunteered hours registered on Workday with a total of 680 contributions at the end of January 2023. Source platform implemented in April 2021 to monitor the Company's efforts and Workday.

International Standards

QUADIENT COMMITS TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) AS A SIGNATORY OF THE UN GLOBAL COMPACT

By joining the UN Global Compact in 2021, Quadient asserts its commitment to respecting, supporting and promoting the 10 Principles of the Global Compact on Human Rights, labor, environment and anti-corruption within its sphere of influence. Quadient will also undertake actions to advance the broader development goals of the United Nations, and already intends to contribute to the achievement of the following eight Sustainable Development Goals (SDGs):

- Goal 4: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all". Indeed, Quadient is involved in education matters, mainly through its philanthropic initiatives with Quadient Cares program (in kind donation of devices to schools, financial donations, on site volunteering with students) and also through partnerships with charities, schools and universities in France, the United Kingdom and Czech Republic for instance. The Company also regularly builds effective learning programs to enhance skills and capabilities of employees and recently invested in e-learning solutions such as Learning Hub (Udemy), English courses online, Empower Women and Ignite program for Senior Leaders.

  Main stakeholders: employees and communities;

- Goal 5: "Achieve gender equality and empower all women and girls." Quadient is committed to gender equality and, as far as possible, it wants to not only recruit more women but also allow them to access management positions through internal promotion. In this respect, a women's leadership program has been developed. Sponsored by Quadient's CEO and the Executive management team, the program delivers practical insights and skills focused on both the challenges and opportunities for women in leadership. Women leaders will build a powerful learning network and in turn empower other women and be part of their success story. Through Quadient Cares program, several partnerships like those with Dress for Success Greater London or Czechitas also contribute to the empowerment of girls and women.

  Main stakeholders: employees and communities;

- Goal 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all." In accordance with its code of ethics and supplier code of Conduct, Quadient is particularly vigilant as to the working conditions of all its suppliers and partners, and is committed to respecting the fundamental principles set out in the United Nations' Universal Declaration of Human Rights and the conventions of the International Labour Organization. Moreover, it helps boost employment in the different regions of the world in which it operates. Several partnerships with charities in UK and France also allow Quadient to support decent employment for young people and women at local level.

  Main stakeholders: partners, employees and communities;

- Goal 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation." As a committed and innovative player in the fields of digital communication (Customer Communication and Experience management solutions, paperless digitalization) and the value chain for parcels (automated packing systems, parcel lockers), Quadient's business naturally dovetails with this goal.

  Main stakeholders: partners, customers and communities;

- Goal 10: "Reduce inequality within and among countries". Quadient aims to create an inclusive and diverse culture indicative of the Company's equal opportunity employer philosophy. The Company give all employees the opportunity and means for personal and career development worldwide. Quadient also strives to provide the same good working conditions and advantages (mutual insurance, paid holidays, decent salary) to all its employees working in around 30 countries. Quadient hires local employees whenever possible. For example, the relocation of the Memphis logistics center to Byhalia created 75 local jobs, Finally, Quadient supports its local communities mainly in the fields of Education & Decent Employment, Inclusion & Diversity, and the reduction of waste and pollution, through its philanthropic program.

  Main stakeholders: employees, partners and communities;

- Goal 11: "Make cities and human settlements inclusive, safe, resilient and sustainable". Quadient leverages technology to consistently innovate and improve its portfolio of high-quality, reliable and secure solutions for customers. The Company develops cutting-edge sustainable solutions to help its customers fulfill their needs while contributing to sustainable development. For example, in cities facing higher volumes of e-commerce deliveries as a result of consumers shopping online, traffic congestion from delivery trucks continues to grow, leading directly to increased CO_2 emissions. Parcel lockers solutions help to reduce missed deliveries and therefore reduce CO_2 emissions related to the re-delivery of parcels.

Main stakeholders: communities, partners and customers;

- Goal 12: “Ensure sustainable consumption and production patterns.” Quadient is a player in the circular economy through its remanufacturing approach. Furthermore, the Company deploys collection processes for its end-of-life products and consumables.

  Main stakeholders: customers;

- Goal 13: “Take urgent action to combat climate change and its impacts.” Quadient participates in initiatives to reduce energy consumption, optimize upstream and downstream freight transport, and reduce the carbon footprint of its products, detailed in the environmental section below.

  Main stakeholders: communities, partners and customers.

GLOBAL REPORTING INITIATIVE (GRI) STANDARDS FRAMEWORK

Quadient is committed to transparent reporting on its sustainability performance.

The Company use the Global Reporting Initiative (GRI) Standards as a basis for disclosure. GRI Standards help businesses and other organizations understand and communicate their impacts on ESG issues by providing them with the global common language. They are regularly reviewed to ensure they reflect international best practices for sustainability reporting and help the Company respond to the expectations of its stakeholders.

This report has been prepared with reference to the GRI Standards: 2021 (GRI 1, GRI 2, GRI 3). This Standard is effective for reports or other materials published on or after 1 January 2023.

A table cross-referencing the information in this document with GRI Standards is available in section 8.7.4 / Table of concordance for the Global Reporting Initiative pages 280 - 283.

ISO 9001, 14001, 27001, 27701, AND 45001 STANDARDS

Quadient has deployed an Integrated Management System (IMS) and is committed to global standards since many years.

ISO certifications drive Quadient to continually improve its processes and services, to deliver products and services on time and fit for purpose; to offer support and services that ensure the best use of its products and solutions; to conform to regulatory requirements and applicable international and industrial standards and to understand and meet the requirements of its customers, suppliers, employees and shareholders.

Regarding quality management system, all the Company’s R&D, manufacturing and logistic sites are ISO 9001 certified. This enables Quadient to continually monitor and manage quality across all operations and means that from design to after-sales service, operating procedures are deployed, and rigorous controls are applied to ensure a high level of product performance.

For environmental management system, Quadient introduced ISO 14 001 standard in 2005. In 2022, 45% of the Company’s entities are ISO 14001 certified. In its industrial sites, all of which are certified ISO 14001, Quadient is committed to manufacturing and assembling its products to the highest industry standards, respecting responsible environmental practices.

Regarding occupational health and safety, the Company has had OHSAS 18001 certifications since 2006 and ISO 45001 certifications since 2018, mainly for its industrial sites. These certifications, issued by an independent third party, attest to Quadient’s commitment to the health and safety of its employees. In 2022, 11 entities, including all the industrial sites, were certified OHSAS 18001/ISO 45001.

For Information security management standard, Quadient is committed to following the best practices in international security and since 2017 has been the proud holder of the ISO 27001 certification across multiple sites. Quadient UK and Yaypay are also certified to ISO 27701.

In the process of 2017, Quadient extended its Information Security Management System to cover cloud services. To achieve this, the Company introduced the ISO 27017 and ISO 27018 standards (specific to cloud based operations) within its Research and Development sites in the Czech Republic.

OCDE/ILO

Quadient respects the standards of the International Labour Organization (ILO) as a signatory of the Global Compact since March 2021 and its main principles are mentioned in its Code of Ethics. The Company also respects labour standards, develops policies and devises programs promoting decent work for all women and men at corporate but also at local level.

The Company strives to continuously improve its policies by following the principles and guidelines of the Organization for Economic Co-operation and Development (OECD) which establishes evidence-based international standards and finds solutions to a range of social, economic and environmental challenges.

Evaluation of the Company’s CSR performance by independent third parties

As part of its environmental strategy, Quadient responds to the Carbon Disclosure Project (CDP) since 2009. In 2022, Quadient obtained a score of “B” corresponding to “Management level”, positioning Quadient above the average of companies in its industry (average score of “B-”). The CDP is an independent international organization that provides a global system for measuring and publishing environmental information. In particular, it assesses companies’ management and performance in relation to climate change and ranks them from “D” (lowest) to “A” (highest).

In 2022, ISS ESG, one of the world’s leading rating agencies for sustainable investments, granted a “C+” score to Quadient that was rated as a “Prime” Company. This status is given to companies with an ESG performance above the sector-specific prime threshold.

MSCI ESG Rating is designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks. MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). Quadient received a 'AA' score in 2022 for the 7th consecutive year in a row.

Sustainalytics' ESG Risk Ratings are designed to help investors identify and understand financially material ESG risks at the security and portfolio level. Risk Ratings are categorized across five risk levels: negligible, low, medium, high, and severe and are underpinned by more than 350 indicators (depending on the sub-industry) and 1,300 data points. Quadient received a low-risk rating of 15.4 in 2022.

Vigeo Eiris is an international agency of extra-financial rating that evaluates the level of integration in organizations of social, environmental and governance factors in particular in their strategy, operations and management functions. Quadient score in 2021 is 53/100 positioning the Company at the 3rd place out of 56 within the mechanical components and equipment sector. Quadient is included in the Ethibel EXCELLENCE and Ethibel PIONEER Investment Register.

Gaïa Research is the sustainability rating agency of EthiFinance and specializes in ESG analysis and rating of French and European companies. Since 2009, it has been establishing rankings by revenue category to recognize the best companies in a panel of 230 small and medium-sized enterprises listed on Euronext Paris. In terms of its overall position, Quadient scored 83%, marking an increase of 2 points from last year.

In January 2023, Quadient ranked among Global 100 most sustainable companies for second year in a row. Quadient has been included at the 75th position of the 2023's Global 100 with an overall score of 52.32%. The Global 100 ranking is based on a rigorous assessment of publicly listed companies with more than US$1 billion of gross revenue. As part of its assessment, Corporate Knights determined each ranking based on a thorough review of 25 key performance indicators, increasingly demanding from year to year, covering sustainability, resource management, employee management and financial performance, in particular sustainable revenue share.

In April 2023, Quadient is awarded the "Platinum" certification awarded medal by EcoVadis, the highest distinction, by Ecovadis for its Corporate Social Responsibility commitment and performance, for the second year in a row. The EcoVadis rating agency certifies companies' commitment to sustainable business development, specializing in assessing suppliers for global supply chains. Quadient received an overall rating of 79/100 and ranked among the top 1% of suppliers in its industry sector.

5.1.3 EMPOWERING QUADIENT'S PEOPLE TO ACHIEVE THE COMPANY STRATEGY

Quadient firmly believes that its employees are the key to success. Their talents, ideas, engagements and actions shape the future of the Company's business on a daily basis. This is especially important as part of the Company's transformation and to adapt to new business trends. To sustain its operations around the world and get ready to innovate and to grasp the opportunities generated by its strategy, Quadient conducts a review each year of the conditions needed for a reciprocal, lasting and loyal commitment between the Company and its employees. Quadient is also committed to supporting its employees in changing its business by providing the means and opportunity to grow and help fulfil the Company's strategy in a sustainable manner. Quadient cares about the well-being of its employees and is committed to improving working conditions, ensuring health and safety at work for all, enhancing their professional skills and promoting diversity and an inclusive culture for all employees. The Covid-19 pandemic accelerated the evolution towards hybrid work in the Company and was an opportunity to offer more support and facilities to employees to find the right work-life balance in such a particular context. In 2022, in the continuity of Work form Anywhere program, the flex office was also introduced in countries like France.

AMBITIONS & TARGETS 2021-2023

Ambitions	Key Performance Indicators (KPIs)	2022 Results	Target achievement by end of 2023
Provide great working conditions where all employees perform at their best	% of employees eligible to remote working 2 days or more per week	84.3%[(a)]	>80%
Create a diverse and inclusive culture and be an equal opportunity employer	% of women among managers	29.2%[(b)]	>30%
	% of women among Senior Leaders	23.4%[(b)]	>30%
Give all employees the opportunity and means for personal development and to contribute to the Company's success	% of employees having received at least one training course over the year	78.42%	>90%
	Number of training hours per FTE	12.5h	N/A
	% of employees having received a regular performance and career development review during the year	79.24%	>90%

(a) *Employees eligible to telecommuting/teleworking and projected as "mobile".*
(b) *These KPIs represent the whole Company and not the CSR reporting scope.*

Provide great working conditions where all employees can perform at their very best

As a responsible employer, Quadient prioritizes the well-being of its employees, encourages professional and personal development, and fosters a culture of collaboration. These commitments are formalized in the Company's code of ethics and the Global HR policy, implemented across the organization. The Company focuses on issues such as work/life balance by increasingly allowing employees to work remotely with an average of at least 2 days per week, more hybrid work in all entities, the right to disconnect, more flexible working hours, the prevention of psycho-social risks notably through training, and regularly monitoring employee commitment through an engagement and inclusion survey. Quadient provides its employees with safe, risk-free workplaces, and does not tolerate any form of harassment, intimidation, threat or violence. These commitments protect employee's quality of life based on the health and safety and also wellness of each individual. This philosophy is a fundamental duty, driven by all entities within the Company and was essential during the Covid-19 pandemic and after.

ENGAGEMENT & INCLUSION SURVEY AND SOCIAL DIALOGUE

Quadient attaches great value and importance to the feedback of its employees. To assess the level of employee engagement and identify areas for improvement, the Company launched its second comprehensive survey in November 2022, in partnership with Culture Amp. The level of participation was 83%, with an increase of 31 percentage points from the previous year. The Engagement score was 67% (76% in 2021) and the Inclusion score was 72% (no change from 2021 for countries outside of North America and down 3 percentage points for North America).

Regarding employees dialogue, in 2022, 8 collective agreements were signed with workers' representative bodies. 92 collective agreements are currently effective and cover, for example, work arrangements, teleworking, work/life balance, quality of life at work and among them 10 on health and safety. At global level, 41.71% of employees are covered by a formal collective agreement in 2022 (in 5 entities in France, for Quadient Technologies UK Limited, Quadient Netherlands BV, Quadient Sverige AB, Quadient Finland Oy, Quadient Germany and Quadient Technologies Czech s.r.o.).

HEALTH & SAFETY AT WORK

Health and safety at work are areas of concern addressed by the entire Company and handled by each entity. Each entity within the Company is responsible for developing a local health and safety policy according to its activities and coordinating its own health and safety management system. The Company has had OHSAS 18001 certifications since 2006 and ISO 45001 certifications since 2018. The system has been implemented based on recognized risk management especially for its industrial sites. These certifications, issued by an independent third party, attest to Quadient's commitment to the health and safety of its employees. Renewed every year, OHSAS 18001 and ISO 45001 also reflects the Company's continued improvements in the areas of health and safety at work. In 2022, 55.3% of the Company staff are covered by OHSAS 18001 or ISO 45001 certifications programs. The countries covered by those certifications are the following: France, UK, Ireland, Belgium, Netherlands, USA and Hong Kong.

Above and beyond compliance with regulations, each site has implemented prevention plans to improve safety. An annual report, in the form of a single document on occupational risk assessment for French entities, identifies the risks by population for the purposes of control and prevention. A number of Company's entities, though not certified, have established preventative measures, such as laying down procedures in the event of fires or other disasters; making employees aware of these procedures and giving them some basic training; and training special teams in charge of safety. The issue of stress at work is covered in Smart Work program with tips provided to all employees at global level and also addressed locally by entities such as Quadient Inc, Quadient Netherlands BV and Quadient France for instance. Training sessions on psycho-social and occupational safety and health risks are offered to staff every year. Quadient France provided more training on those topics with 2 QSE (Quality, Safety, Environment) days animations in 2022 with for instance sessions sharing good practices for preventing the risk of isolation or ergonomics awareness in telework.

The weekly working hours (full time) was of 38.33 hours and the annual working hours represented 8,222,288 hours, i.e. 1,080,792.71 days in total. The frequency rate for Quadient employees for 1,000,000 hours worked per day (hwd) represented 1.58 and for 200,000 hwd 0.32. Regarding temporary employees, the frequency rate for 1,000,000 hwd represented 0.24 and for 200,000 hwd 0.05. In 2022, for Quadient employees, the severity rate was at 0.07.

The global absenteeism rate was at 3.02% (2.93% for absenteeism due to sickness, 0.03% for absenteeism due to occupational diseases, 0.05% for absenteeism due to work accidents, 0.01% for absenteeism due to commuting accidents).

Regarding work accidents in 2022, the total number was 26 with 0 accidents for external temporary employees (contractors / temps) and interns and 26 for Quadient employees (permanent contracts, fixed term contracts, apprenticeship contracts).

There were 15 work accidents with time-off and among them 13 for Quadient employees and 2 for external temporary employees), 4 accidents while commuting (only for Quadient employees), 0 fatal accidents, 35 near misses and among them 33 for Quadient employees and 2 for or external temporary employees (contractors / temps).

For lost working days, 541 were due to work accidents for Quadient employees (11.5 for contractors, temps and interns), 138 due to accidents while commuting for Quadient employees, 31,402.16 lost working days were due to sickness for Quadient employees and 0 for external temporary employees (contractors / temps) and interns and 365 lost working days due to occupational disease only for Quadient employees.

ORGANIZATION AND FACILITIES SET UP TO SUPPORT EMPLOYEES SINCE THE COVID-19 PANDEMIC AND AFTER

During the Covid-19 pandemic in 2020 and 2021, Quadient implemented measures to ensure the well-being of its employees and maintain social connections despite teleworking. Among other measures, the Company provided masks and hydro alcoholic gel to all its employees and made them regularly aware of the safety precautions. Quadient also proposed daily reminders to employees of how to care for their well-being while telecommuting, such as taking active breaks and stretching, to stay fit and healthy and preserve their mental health during the health crisis. For employees working on industrial sites and those whose positions were not eligible for telework, part-time and short-time working arrangements or flexible working hours were put in place wherever possible. Virtual coffees breaks were also organized within different teams to maintain links between employees, and several town halls provided an opportunity to gather virtually the different teams worldwide.

Additional initiatives have also been taken to try to make life easier for employees during this difficult time and were then maintained in a sustainable way in the Company. As a gesture of solidarity, the Company has ensured that health coverage, life insurance and pension contributions were maintained for all employees, including in countries where this is not a legal requirement. The “Gift of time” program allows Quadient's executives (Executive Committee and Senior Leaders) to donate their unused vacation days (days off) to other Quadient employees worldwide. This initiative is designed to help those who need more time to care for family members who are ill or who are struggling with the stress of balancing telecommuting and family responsibilities. The program aims to provide a practical solution by providing additional time off, without taking away pay, and has benefited colleagues directly affected by Covid-19 and maintained afterwards.

In addition, Quadient has made a medical teleconsultation service available to its employees in France: MédecinDirect. It can be used in case of symptoms of coronavirus or other health issues. MédecinDirect is accessible 24/7 from France and abroad, and is entirely covered by the insurer; employees are not required to pay to use the service.

In addition, in March 2022, the Company launched Quadient Cares Relief Fund, first of all to support financially Ukrainian workforce during the war but also to help employees affected by natural disasters (to learn more about it, you can consult the chapter 5.1.7 "Engage and support local communities").

Initiatives	2022 Results
Engagement and Inclusion survey	• The overall engagement score was 67% and the overall Inclusion score was 72%.
Flexible working	• 93% of the sites offer their employees teleworking (excluding industrial sites: Le Lude, Loughton and Byhalia). • Over 84.3% of employees are eligible to teleworking. • Deployment of the right to disconnect in at least 5 entities since 2017. • Flex-office implemented in France (Bagneux and Rueil-Malmaison) in September 2022
Health and safety prevention	• OHSAS 18001/ISO 45001: 55.3% of the Company staff are covered by these certification programs. • Training sessions on psycho-social and occupational health and safety are offered to employees every year. In 2022, new sessions were dedicated to teleworking. • The absenteeism rate for work-related accidents with time off was: 0.05% for Quadient employees and 0.001% for contractors/temporary employees.

WORKING AND SOCIAL BENEFITS AND REWARDS

Some benefits are provided to full-time or part-time employees of the organization (but are not always provided to temporary employees): life insurance, health care, disability and invalidity coverage, parental leave, retirement provision, stock ownership. A new Global Total Rewards policy was introduced in 2022 to develop, implement and ensure a consistent approach, that meets standards and is applied to all employees while respecting local laws, regulations and customs for compensation and benefits. This policy provides harmonized guidelines and are transcribed into local applications and approaches to meet market standards and regulations. Total Rewards is a concept that describes all the tools available that may be used to attract, motivate and retain employees in a transparent and equitable way.

And some additional initiatives were taken locally to improve work-life balance. For example, Quadient DOPIX in Germany offered additional parental leave and flex-time to its employees and Quadient Technologies UK Ltd gave additional parental, maternity and paternity leaves. Quadient Canada also recently adopted a flex-time policy which provides the opportunity for employees to elect a flexible work schedule to allow for a good balance between work and home responsibilities.

Through an internal platform, Quadient Inc. in the USA provides employees with wellness, fitness, and stress management challenges. Through these challenges, participating employees receive resources, education, and guides on how to take steps to make lifestyle changes to improve their health and wellness. For instance, virtual sessions were provided for employees on health, safety, and well-being topics, some of which included virtual yoga, stress management, mental health, healthy tips, one-on-one nutrition sessions, developing resilience, emotional wellness, and understanding addictive behaviors employees who participate in these challenges receive points that they can exchange for items through the Company-wide rewards program. They can earn additional incentives by participating daily in the challenges.

FOCUS ON TELEWORKING AND WORK FROM ANYWHERE PROGRAM

For several years now, the Company has offered employees the option of working remotely (teleworking) and adopting flexible work hours, as long as this remains compatible with the nature and purpose of their duties and complies with local laws. This approach is part of a process to improve the quality of life at work. To do so, Quadient provides employees with the digital tools necessary to work remotely. Most employees are equipped with laptops and mobile phones. The migration to Office 365 and a connection through the Company's VPN (Virtual Private Network) enables access to all applications and collaboration tools employees need for remote work. Furthermore, the introduction of teleworking plays an important role in the business Continuity Plan implemented by the Company in the context of the Covid-19 pandemic. Some agreements regarding teleworking were negotiated in some countries, with an average of 2 or 3 days of teleworking per week, and a new collective agreement was signed in France in November 2021 allowing 3 days per week of remote working or 60% of time during the month (except for positions that are not eligible or that require a greater presence on site). In September 2022, the flex-office was also introduced in France for instance with a reduction of surfaces in Bagneux and Rueil-Malmaison offices and a new application allowing employees to book their place in advance when they come to the office.

The program called "Work from Anywhere" and the dedicated policy have been built based on feedbacks collected in different countries and launched in 2021 to provide employees with more flexible and agile working conditions. Quadient's business strategy includes reduction costs in every region and this program also enables to reduce office costs such as buildings invoices related to energy and water consumptions. The main idea is also to facilitate the development of teleworking and to provide flexible working conditions even at the office with the organization of working spaces or flexible working hours for instance. And the challenge is also to retain and attract top talents by providing hybrid work and taking into account new trends on labor market.

The Work from Anywhere policy is an initiative for improving the safety and well-being of employees from Covid-related exposure and to provide more flexible working conditions and hybrid work for interested employees. The main objectives of "Work from anywhere" are also to improve employees' efficiency, agility, and productivity, to ensure a fit-for-purpose office network-purpose and finally to support Quadient's employees in ways that help them do their best work together, wherever they are working from. Quadient has announced the next steps of Work from Anywhere on July 2021 and decided on being a predominantly "remote" workplace meaning more than 80% of employees spend a large majority of their time working from home.

FOCUS ON SMART WORK PROGRAM

Smart Work is a skills development program launched in October 2020, which supports people working flexibly, remotely or with a hybrid way of working. It combines digital transformation with new ways of working and offers employees more choice in how they do their work. The main aim of this program is to lead change within Quadient's internal community. In 2021, the Company provided employees with a toolkit containing self-study kits, exercises, and additional resources that introduce the principles and ideas of flexible and agile work and help to improve employee overall well-being with the change to remote work from in the office. This toolkit also guides employees through a range of activities helping them to expand their knowledge in the following three areas: self-care, empathy and the way of working. All these tools are used to create team engagements that allow employees to work better together. The second part of this program was deployed in November 2021 to all managers and ran throughout 2022. This new part of the Smart Work program is designed to equip managers with the tools and skills to lead remote and hybrid teams through a series of 3 highly interactive virtual workshops on the following topics: How to communicate strategies that motivate and inspire; How to lead cohesive and collaborative hybrid teams; How to create a culture of self-leadership and accountability. The workshops are designed to move the needle on the required management behaviors and following each of the 3 workshops the Company provides managers with a series of weekly action guides to extend the learning opportunity by working on practical strategies individually and with their teams.

WELLNESS AND EMPLOYEE ASSISTANCE PROGRAM

In 2019, the Company implemented an Employee Assistance Program to help employees deal with challenges and prepare them to be more effective and perform better at work and in life in general. Through this Program, employees and their families can access practical information and advice on a broad range of topics, from financial advice to addiction. It helps to manage emotional, practical or physical needs. Information can be provided over the phone or via meetings arranged at the employee's convenience. The support is provided by Workplace Options, an independent company specializing in the provision of wellness offerings and employee assistance programs. In France, the program is managed by its French subsidiary Réhalto, in the United States by Ginger and in Canada by Cigna.

It has no cost to the employee and is available 24 hours a day, 7 days a week, 365 days a year. Employees have access to 6 counselling sessions per issue, per year. It is confidential. Quadient only receives utilization statistics but no personal, identifying information will be disclosed. This is an independent, impartial source of support.

For several years, the Quadient Wellness Program in the United States received the Platinum award from the Fairfield business Council in Connecticut as a Healthy Workplace. This program provides many resources and activities to help employees live healthier lives including wellness, health, and fitness seminars, webinars, and mental and physical challenges. In 2021, Quadient's U.S. operations have also once again received a Gold award from the American Heart Association as a Heart Healthy Workplace.

Some actions were taken to promote the practice of physical activities and sports. In Bagneux of instance a "conciergerie" provides services to employees and give them access to a sport halls with the possibility of enrolling in group classes.

In France, some QSE virtual training sessions were offered to employees with for instance back gymnastics, sophrology, cooking classes. The CSE also provides some benefits to employees in France for entertainment, sports, travels.

Create an inclusive and diverse culture indicative of Quadient's equal opportunity employer philosophy

Quadient's growth is intrinsically linked to the diversity and complementarity of the skills of its workforce. The Company is proud of the multiculturalism of its teams, and relies on them to encourage innovation, creativity and collaboration. Quadient adheres strictly to a fair and equitable hiring process. By respecting all cultures and fostering an inclusive work environment, every employee is empowered to do inspired, passionate work and help the Company succeed. Quadient offers equal employment opportunities to all employees and applicants.

Inclusion and Diversity

Our Commitments

Identified organizational commitments to build a more inclusive environment

Diversity **goals** for all Senior Leaders

Inclusion & diversity policy and trainings

Signatory of the CEO Action for Diversity & Inclusion pledge

Partnership with Valuable 500 to help move the inclusion agenda forward

Empowered Communities

Love is love
Promote an inclusive workplace for LGBT+ employees through maximizing the engagement, visibility, well-being, advancement, development and contributions of the LGBT+ community and allies at Quadient.

Fearless Women
Empower, strengthen, and encourage women to be inspired, to connect in a safe space where learning, sharing life experiences, being creative and passionate for the causes we care about that unite us.

Mosaic
Committed to exploring ways in which we can expand our efforts towards eliminating biases to deliver change within our organization, in turn, play our part in combating racism across the world.

DiverseABILITY
Foster an attitude of inclusion, support colleagues with a disability, and promote greater equality throughout Quadient through education, awareness, and the sharing of lived experiences.

Act4Earth
Actively promoting changes in daily habits, providing information and education on natural resources and environmental protection.

Key results

72%
Company inclusion index score (73% in 2021)

3.3%
Employment of people with disabilities (+2.2% in 2021)

29.2%
Number of women in Quadient (33.76% in 2021)

22%
Staff over 55 years in Quadient (21.38% in 2021)

The Company does not tolerate discrimination on the basis of age, race, gender, ethnic or social origin, nationality, language, religion, health, disability, marital status, sexual orientation, political or philosophical opinion, veteran or other status, trade union membership or other characteristics protected by applicable laws and regulations. All employees, regardless of job title or level, must be treated fairly in matters relating to promotion, training, hiring, compensation and termination.

Quadient has set high ethical standards for everyone who acts on behalf of Quadient, and strictly prohibits any acts of violence, harassment and bullying, whether carried out by an employee or a non-employee.

In 2022, three incidents of discrimination, harassment or unfair treatment have been reported. All of them were taken very seriously and have been subject to strict investigations. A remedial plan was conducted on each of them with disciplinary actions and obligations to take specific training on harassment. All the incidents have been closed during the year.

Initiatives	2022 Results
Inclusion survey	• The Company inclusion index score was 72%.
Gender diversity	• At 34.3%, the number of women in Quadient up 0.5 percentage point compared with 2021. • At the end of the 2022 full-year, female managers accounted for 29.2%[(a)] of the total number of managers. • Women represented 23.4%[(a)] of Senior Leaders.
Feminization of the governing bodies	• Board of directors: 40% women at the end of 2022[(b)]. • Executive committee: 9%.
Adhesion to inclusion & diversity charters	• Since 2020, Quadient has signed charters in France, UK, Germany, Austria, Italy and Switzerland. In 2021 and 2022 partnerships signed with the Valuable 500, CEO Action for Diversity & Inclusion, Stonewall.
Employment of people with disabilities	• Employment rate of people with disabilities at Company level: 3.3%. • Employment rate of people with disabilities in France: 4.2%.
Representation of employees per age category	• Under the age of 25 represent 2.3% of the workforce in 2022. • Between the age of 25 and 35 represent 21.8%. • Between the age of 36 and 45 represent 25.7%. • Employees between the age of 46 and 55 represent 28.2%. • Staff over 55 years of age account for 22% of the Company's total workforce.

(a) These KPIs represent the whole Company and not the CSR reporting scope.
(b) In accordance with French law and the Afep-Medef code, employee-representative directors are not taken into account when determining the proportion of women on the Board of directors.

EMPOWER WOMEN PROGRAM

Quadient believes that greater gender balance at the leadership level is a real lever for the Company's business performance. The Empower Women Program is a 12-month virtual learning program incorporating a series of 10 workshops, mentoring by a Quadient Senior Leader, an on-line strengths assessment, coaching and feedback, designed to help women navigate the complexity of attaining leadership roles. The program is designed to deliver practical insights and skills focused on the challenges and opportunities for women in leadership. Women leaders will build a powerful learning network and in turn, empower other women and be part of their success story. In 2022, 810 hours were allocated to this program. 70 female employees participated in the program and in addition to the workshops and group coaching sessions, an additional 119 hours of mentoring from ExCom and Senior Leaders was also delivered. The Empower Women Program is sponsored by Geoffrey Godet, Chief Executive Officer, and Quadient's management team.

INCLUSION & DIVERSITY PROGRAM

Building and fostering a diverse and inclusive culture continues to be high priority, is indicative of Quadient's equal opportunity philosophy and remains one of the objectives of Quadient's HR policy and CSR approach. Quadient's inclusion policy training was rebuilt in 2021 in readiness for hosting on the new Learning Hub. This training is now embedded in the new joiner's pathway with a requirement to complete it within the first 90 days of joining. Quadient's five Empowered Communities (Employee Network Groups) continue to be well represented from employees identifying with the protective characteristics or joining as an ally. During 2022, the Communities hosted and enjoyed participating in a variety of events such as Townhalls with guest speakers, book clubs and philanthropy activities. Quadient's five Empowered Communities are: Fearless Women, Love is Love, The Mosaic, DiverseABILITY and Act4Earth.

The Empowered Communities project was designed to facilitate opportunities for development through education and knowledge sharing, raise awareness and celebrate uniqueness through events and partnerships, and regularly bring together small groups for support. These groups act as safe places for discussions and ideas around inclusion and diversity developments regarding women, origins and ethnicity, sexual orientation and gender identity, as well as disabilities, and the environment. The groups also assist in outreach programs with charitable and non-profit organizations involved in the Company's philanthropic activities. Among the initiatives taken this includes: a global celebration of one key event per year for each of the Empowered Communities such as the Black History Month, International Women's Day, PRIDE, and the International Day of People with Disabilities. Members from each Community run a global townhall with external speakers. Other events consist of media clubs, coffee sessions, learning & networking sessions. All providing a safe and inclusive space for employees to meet.

Alongside launching the Inclusion & Diversity program, Quadient has signed charters and committed to inclusion objectives of local support organizations in France, the United Kingdom, Germany, Austria, Italy, and Switzerland. For example, Quadient has signed the French Diversity Charter, joining more than 4,200 signatories to fight discrimination and promote diversity within the Company. In France, members of the Management team and employee representatives signed the LGBT+ Engagement Charter of L'Autre Cercle, an association that fosters the inclusion and visibility of LGBT+ people in the professional world.

In 2021, Quadient signed pledges forming coalitions with organizations committed to taking collective action on diversity, equity and inclusion. For example, with The Valuable 500, a global initiative for the inclusion of people with disabilities in business. This initiative aims at gathering 500 companies to be the tipping-point for change and help unlock the social and economic value of over 1 billion people living with disabilities across the world. The mission of The Valuable 500 aligns with Quadient's initiatives to further drive its culture of inclusion, fairness and respect.

Quadient continues to leverage the Diversity and Inclusion coalitions with CEO Action and the Valuable 500, and in December 2022 Quadient became a member of Generation Valuable, a career development and mentoring program, initiated by the Valuable 500, for employees living with or supporting a family member with a disability, addressing the gap in disability talent at all levels and preparing the leaders of tomorrow.

In November 2022, Quadient launched a combined engagement and inclusion score, using the Culture Amp platform. Diversity and Inclusion were the 2nd and 3rd highest rating factor scores respectively out of 12 factors employees were asked to give feedback on. The Diversity index score of 73% is derived from three related questions and the Inclusion index score of 72% (one percentage point drop from 2021), derived from four related questions. Feedback from employees rate these areas highly:

- Diversity: Being comfortable sharing my personal background and experience at Quadient, Quadient values diversity and Quadient builds teams that are diverse.
- Inclusion: Feeling I belong at Quadient, feeling respected at Quadient and being able to be my authentic self at work.

EQUAL PAY BETWEEN WOMEN AND MEN

Quadient has published the gender equality indexes for the relevant French entities, in accordance with French law 2018-771 of 5 September 2018, on the elimination of pay differences between men and women.

These indexes measure differences in pay between men and women, using five key indicators which are: average earnings between male and female employees; gender equality in salary increases; gender equality in promotions; salary increases during maternity leave; and the proportion of women and men in the top 10 salary earners.

Quadient France and Quadient Industrie France and Quadient Technologies France, French subsidiaries with more than 250 employees, have indexes of 91 and 90 respectively, this year (based on 2022 social data). Details of the results by entity are updated annually and can be accessed via the Group's website.

In the United Kingdom, Quadient UK Limited also published a gender pay gap report, In line with UK government regulation.
This report shows the difference in mean and median of both hourly pay and bonus payments for women and men across the organization.

QUADIENT SUPPORTS DIVERSITY IN THE WORLD OF INFORMATION TECHNOLOGY

In the Czech Republic, Quadient continuous its partnership with Czechitas, a non-profit organization that helps women, girls and children to explore the world of information technologies. The organization teaches them to code in various programming languages, tests software, and analyzes complex data. As a regional Partner of Czechitas, Quadient will offer mentoring skills on requalification courses for women during a one-year period and offer expertise to support other local workshops throughout the year.

QUADIENT SUPPORTS PEOPLE WITH DISABILITIES

Quadient continues to support people with disabilities, having formed an Empowered Community named DiverseABILITY for this impacted group where employees can discuss together and drive positive change on this topic. This Empowered Community is employee-led and sponsored by the Chief Transformation Officer. In 2022 focus topics of this group were "Education" and "Change". Under this thematic umbrella the community hosted among others employee townhalls about "Building an inclusive culture and "How to hire and develop people with disabilities " on occasion of the International Day of Persons with Disabilities.

Also, on regional level Quadient is promoting inclusion for people with disabilities. For example, in Switzerland, it has outsourced certain tasks, such as consumable order fulfilment or certain warehousing tasks to the ESPAS Foundation. This foundation works to promote the social and economic integration of people whose health prevents them from playing a full role in the workplace. Its primary aim is the successful integration of women and men with a physical or mental disability. ESPAS offers commercial and industrial outsourcing opportunities for companies, institutions and other organizations.

In France, Quadient has partnerships with ESAT (assistance and service centers helping disabled people into work) organizations. The Company outsources activities such as providing offices with supplies and manual packaging or administrative and mechanical tasks.

Quadient accounts 160 employees who have identified themselves with disabilities as part of the workforce. The Company seeks to facilitate their hiring and integration by offering adapted workstations where necessary.

Give all employees the opportunity and the means for personal development and to contribute to the Company's success

Employees are essential to Quadient's success and are the main driver of its performance. To recruit and retain the best talent in its key business areas, the Company aims to provide employees with an attractive work environment that encourages them to take initiative and work together to fulfil its mission: achieving sustainable growth for Quadient's internal and external stakeholders.

Developing talent and skills is central to Quadient's human resources policy. A particular challenge exists in terms of the transfer and acquisition of key or rare skills, specifically in the digital sector, which is highly competitive and constantly changing.

Initiatives	2022 Results
Recruitment of new staff	• 732 people joined the Company under permanent contract (288 female and 444 male) and 30 under fixed-term contracts during the 2022 financial year (16 female and 14 male).
Retention of staff	• As of 31 January 2023, 94.19% of staff have a permanent contract. • Employees on temporary contracts accounted for 4.93% of the Company's total workforce.
Increase staff commitment	• The inclusion survey had an overall result of 72%. • The staff turnover is 15.48%[a]. • Average employee tenure is 10.7 years (9.8 for women and 11.2 for men) • The absenteeism rate was 3.02% in 2022
Pay and recognition	• Wages and payroll charges represent 458 million euros.
Employee training	• 78.42% of employees attended at least one training course in 2022. This included 34.23% female employees and 65.77% male employees. 21.70% were managers, 78.30% non-managers. • 3,812 employees trained and 12.49 hours of training on average per headcount, 11.59 average hours for female and 12.95 for male.
Training budget	• 1.50 million euros allocated to staff training
Training hours	• 60,693 hours of training including local and corporate training program. • 3,518.8 hours delivered on the Udemy for Business Learning platform since its start in June 2022.
Annual appraisal interviews	• 79.24 % of the overall staff had an annual appraisal interview (among 2,541 male; 1,258 female)
Internal mobility	• 437 employees benefited from internal promotion.

(a) Arithmetic average of the number of employees who left and the number of new hires, divided by the initial number of employees at the start of the period.

ATTRACTING TALENTS AND INCREASING EMPLOYEE'S COMMITMENT

The energy and motivation of Quadient's staff is a key link in its value creation chain. The Company measures the commitment of its employees and develops action plans as necessary to strengthen its employer identity and nurture loyalty within the business.

Recruiting future talents

Quadient partners with local schools and universities. For example, Quadient s.r.o. regularly cooperates with universities and local high schools in the Czech Republic where Quadient staff have taught classes, organized IT events and BarCamps (participatory workshops related to new technologies where content is proposed by participants); this has occurred mainly at the University of Hradec Králové. Quadient works to attract young people to developer functions as part of its digital activities.

Cheers to peers

Cheers to Peers is Quadient's recognition platform that allows colleagues to collaborate in a more interactive way. It offers the opportunity to thank a peer or congratulate a colleague on a job well done, welcome a team member or celebrate a life event. Employees can give different types of recognition to their colleagues using a Cheers to Peers e-card. Once the e-card is selected, an email is sent to the recipient letting the employee know that they have received an e-card. Employees are invited to log into the Cheers to Peers platform to view the e-card. The recipient's manager will also be notified that their team member received an e-card. The e-card is also posted on Wall of Fame on the Cheers to Peers platform. In 2022, activation levels continue to increase with 61.28 % of Company employees activated their account with 6,509 recognitions being received from the 4,364 recognitions sent (recognition cards can be sent to individuals or teams).

Referral program

In 2021, Quadient launched a Global Referral Program. The goal of this initiative is to enlist and reward an employee for being talent scouts levering their personal networks for Quadient employment opportunities. Employees can share and refer candidates through the Career Hub postings, the Company internal mobility portal, or by having external candidates identify them as their source on the Career website. In 2022, 170 new employees were hired thanks to referrals. Overall, 413 referrals have been made by 214 employees.

Workday

In 2022, Quadient has continued to successfully deploy Workday, a global human capital management system across all legal entities launched in 2020. This user-friendly technology tool, which is an important part of Quadient's ways of working and digital transformation, provides a better employee experience, reliable and real-time data for decision making, and helps managers lead their teams more effectively. The Talent and Performance module was largely deployed allowing users to set goals, complete their annual performance reviews and development plans in the system and managers to review their talents and propose next career moves. The Learning Hub (Workday Learning module) was also implemented enabling employees and extended learners (dealers and partners) to access the Quadient Products training. The integration with Udemy was also finalized and employees have now access to a library of more than 17,000 external courses. The implementation of the Compensation module made it possible to track compensation reviews in the system and to better manage merit increase and bonuses. In 2023, the Company will continue to deploy other modules on Workday such as Workforce Planning.

BUILDING EFFECTIVE LEARNING PROGRAMS AND EMPOWERING EMPLOYEES TO GROW IN THEIR CAREER

Developing talent and skills is at the heart of Quadient's human resources policy. The Company aims to provide employees with tools and resources necessary to ensure they play an active role in developing their skills and careers through innovative training content, appropriate and varied formats (e-learning), and personalized training modules. In 2022, more than 78% of staff had completed at least one training course.

People development strategy

Quadient's training strategy is built around five pillars:

- Access to a global learning platform, providing self-directed learning opportunities for everyone at Quadient including internal Quadient training and an external learning library with content supporting all business areas;
- Focus on digital learning; providing a personalized learning experience driven by machine learning, surfacing resources in the flow of work, instantly accessible at the moment of need anywhere and anytime;
- Career and role skill paths; aligned to Quadient's job catalogue and skill frameworks supporting career growth, internal mobility and cross skilling;
- Leadership development; providing leadership programs and skill paths for all levels of leaders to develop an inclusive leadership culture, support hybrid working and embed continuous performance feedback in the organization;
- Language and culture; supporting an inclusive culture with opportunities for language training; access to learning content in Quadient's key languages; training for all employees to understand their role in helping Quadient act in an ethical, inclusive and responsible manner.

Focus on e-learning

In 2022, Udemy for Business replaced LinkedIn Learning as Quadient's learning resource. It's fully integrated into the Workday Learning hub, so employees find all internal and external resources in one place. Employees enjoy over 17,000 courses, access to market-leading content in multiple languages, a global community of learners, experts and instructors and can create and share interactive content. Employees are able to identify relevant learning associated with the skills they need to empower their career growth. Part of Workday, the Learning hub is connected to employees' goals and development plans. When career interests and skills kept updated in the Workday profile, they will receive customized learning suggestions.

Ignite Leadership Program

In 2020, Quadient launched an innovative leadership development program that focuses on developing a critical mindset and skill set to be an effective leader. Ignite is designed to help employees perform at the caliber necessary to drive and deliver Quadient's Back to Growth strategy. Employees are encouraged to meet their managers to set their learning goals, share key insights and plan for action. This learning experience is a major investment in employees' growth and development as a leader. To deliver this innovative program, Quadient has partnered with Harvard Business Publishing. In 2022, 103 employees participated in this course.

Promotion of internal mobility

The diversity of career paths brings a wealth of human and technical experiences. It enables the sharing of ideas, breaks down departmental silos, and nurtures cohesion and creativity by forming teams of professionals with varied profiles. Quadient encourages employees to grow their career and achieve their full potential. In 2019, the Company launched an internal mobility portal called Career Hub. This platform allows employees to view all internal vacancies across all departments around the globe and receive personalized job recommendations based on their preferences. In 2022, 41 colleagues moved to another department within the Company, an 141 % increase compared to 2021.

Online English course

Quadient is committed to creating a culture of inclusion across the organization and offers an online English course to interested employees to facilitate their collaboration with colleagues and customers worldwide. This six-month program supports employees for whom English is not a first language, from beginner to advanced level. Lessons are based on real situations, using interactive exercises, role plays and videos, making it relevant and easy to apply. The course is entirely online and can be accessed at any time from any device so that each employee can learn at their own pace. In 2022, 584 colleagues spent 6,051 training hours improving their English language skills.

5.1.4 ENABLING A CULTURE OF EXCELLENCE AND INTEGRITY

The Quadient ethics and compliance program is an integral part of its daily business operations and practices. To ensure this commitment to compliance and enabling a strong culture of excellence and integrity the Company has developed a program around its code of ethics, its compliance policies and practices, measures and mechanisms to conduct due diligence on third party companies (commercial distributors, suppliers, vendors, service providers, agents, intermediaries and joint-venture partners), an ethics line to report any violation or misconduct and a worldwide compliance team responsible for their implementation. Quadient expects each of its employees to act with honesty and integrity, and to comply with applicable laws, rules and regulations governing all aspects of the business including research, development, manufacturing, marketing, sales and distribution of products and associated services and solutions. Beyond the regulatory obligations, Quadient has defined the ethical standards it wishes to encourage among its employees and as part of its dialogue with external stakeholders.

AMBITIONS & TARGETS 2021-2023

Ambitions	KPIs	2022 Results	Target Achievement by end of 2023
Promote a culture of integrity and ethical conduct through Quadient's code of ethics and compliance program	% of employees that endorsed the code of ethics	65%	>95%
	% of employees that completed the training on the code of ethics	65%	>95%
	% of employees engaged in compliance and business ethics training program[(a)]	82%[(a)]	>95%
Protect privacy and integrity of data entrusted to us against internal and external threats	% of employees having completed data privacy training program	70%	>95%
	% of employees having completed information security training program	50%	>95%
	% of newly delivered digital services compliant to Quadient's Digital security Standards[(b)]	95.56%	>95%
Engage with partners and suppliers who observe ethical standards like those of the Company	% of strategic business partners that endorsed the code of conduct for business partners[(c)]	46%	>85%

(a) Training program in 2022 was tied to code of ethics, data privacy, information security, corruption and bribery, competition.
(b) This KPI presents the level of compliance of new digital services with our internal digital standards developed in 2020. Nine new services were launched in 2021, and none in 2022.
(c) The code of conduct initially intended for production suppliers has been extended to all strategic business partners (suppliers, vendors, JV partners, commercial dealers). This score is tied to the deployment of the new code of conduct for dealers in France and worldwide. The deployment will continue across the other third parties in 2023.

Promote a culture of integrity and ethical conduct through Quadient's compliance program

As a signatory of the UN Global Compact, Quadient strives each day to conduct its business with the highest standards of professionalism and integrity. Quadient's senior management is committed to complying with all applicable laws, applying the ethical standards set forth in the Company's code of ethics and corporate policies, enabling a culture of Excellence and Integrity by raising the awareness of its employees, providing relevant training and communication, and enforce the ethics & compliance program across the organization.

ORGANIZATION AND GOVERNANCE

The Compliance organization is led by the VP of CSR and Compliance who reports directly to the Chief Transformation Officer, who is a member of the Company's Executive Committee.

The Compliance team is organized around:

- a center of excellence which establishes the Company-wide policies and standards and dedicated to the supervision of the various risks and controls as well as key cross-functional activities such as training;
- teams dedicated to each business line, regions and other support functions.

The Compliance team works daily to execute a unified ethics and compliance program across Quadient, which includes the following activities: monitoring regulatory changes; identifying compliance risks and areas of opportunity, monitoring and supporting the update of compliance-related policies, managing Quadient's Integrated Management Systems (IMS), implementing processes and controls to improve the Company's business, investigating any compliance issues, and supporting the implementation of any related remedial action plans and as needed, auditing Quadient teams' compliance.

In terms of governance, a risk management and compliance committee has been created. This committee is composed of the Company's Chief Executive Officer, the Chief Finance Officer, the Chief People Officer, the Chief Transformation Officer, the Vice-President of internal audit and internal control, and the Vice-President of CSR and Compliance. Quarterly meetings take place in which the Vice-President of CSR and Compliance report on the progress of the compliance program, of investigations and remediation plans, of risk assessment and mitigation actions and the audit results on the ethics & compliance program. In conjunction with the Vice-president of internal audit and internal control, he also advices the committee on the directions and priorities to set for compliance at Quadient.

Regarding the management of compliance incidents or whistleblowing reports, an Ethics & Compliance committee, chaired by the Vice-President of CSR and Compliance and composed of the Chief People Officer, the General Counsel and the Vice-President of Internal audit and internal control, meets as necessary to check the admissibility of the reports, launch required investigations, provide recommendations and follow up on the remedial actions.

Finally, the global risk mapping and performance of the compliance program is presented to the Board's audit committee at least once a year.

THE CODE OF ETHICS

Quadient believes that conducting its business in an ethical and responsible manner is essential to its sustainable growth and success. The Company's Code of Ethics sets out principles of ethics and business conduct that help each of its employee to act with integrity and ethically as well as best practices and policies that will elevate the company's reputation. In short, this code of ethics stands as a testament for doing what the Company knows is right. It covers the following topics: Human Rights, employees, business Ethics, business relationships, Quadient assets and third parties, citizenship and responsible engagement. It also includes useful recommendations for how to anchor the code of ethics in Quadient's corporate culture and takes into account Quadient's new "EPIC" (Empowerment, Passion, Inspiration and Community) values.

Quadient asks every employee, regardless of their role, function or entity, to follow the code of ethics when working for or representing Quadient. In this respect, each employee is required to follow the dedicated training and endorse the code of ethics. In 2022, 65**%** of the employees followed the code of ethics training and 65**%** of them have endorsed the code.

The code of ethics is available on the corporate intranet (WeConnect) and is publicly available on the Company's corporate website in the following languages: French, English, Dutch, German, Italian, Spanish and Czech.

QUADIENT'S COMPLIANCE POLICIES AND PRACTICES

In 2021 Quadient has implemented a GRC platform (Governance, Risk and Compliance) to help the organization to deploy its compliance framework and controls. This platform enables the management of the risk assessment, the compliance to the standards the Company has subscribed to (*e.g.* ISO standards, CMMI, HITRUST…), and the management of data privacy processes. The deployment of this platform was completed in 2022 with the implementation of the audit management module, and policy communication module. Corresponding processes have been implemented and dedicated training delivered to the compliance team on those two new modules

Based upon the assessment of Quadient compliance risks, policies, procedures and practices have been implemented to control these risks and thus avoid misconducts or compliance violations. The main ones are described below.

HUMAN RIGHTS

By joining the UN Global Compact in March 2021, Quadient asserted its commitment to supporting and promoting respect of human rights within its sphere of influence. Quadient runs its business in accordance with the fundamental principles outlined in the United Nations Universal Declaration of Human Rights and conventions of the International Labour Organization. The Company strongly condemns the following: modern slavery and the trafficking of human beings; all forms of illegal, forced or compulsory labor, in particular child labor; discrimination in respect of employment and occupation; restriction of freedom of association and the right to collective bargaining. Quadient supports these principles in its code of ethics, its position on labor relations, hiring practices and its relationships with partners, suppliers and customers. The Company ensures that its operations comply with its code of ethics through its procedures and internal control systems including regular operating reviews, risk management, internal audits and supplier assessments. In 2021, Quadient has revised and supplemented its compliance clauses to incorporate within the agreements and contracts templates used in its business relationships. Among these clauses, the Company has implemented a clause requiring strict compliance with applicable laws, regulations, rules and orders including Unites Nations, World Trade Organization, and other international organizations resolutions with respect to business conditions, trade, competition, business ethics and human rights.

PREVENTION OF AND FIGHT AGAINST FRAUD AND CORRUPTION

In accordance with its code of ethics, Quadient complies with the anti-corruption laws of the countries in which it operates and has a zero-tolerance policy for corrupt practices, including in particular giving or accepting bribes, either by an employee or a third party acting on behalf of the Company. Quadient rejects all forms of corruption and prohibits demanding, accepting, offering or giving bribes, gifts or other benefits, either directly or indirectly.

It also raises awareness and provides training to its employees on the prevention of fraud and corruption. In 2021, the staff of the sales export team and the legal and compliance teams have been trained on corruption risks scenarios identified at Quadient. Additional trainings took place in 2022 for other functions and teams that may be exposed to these risks, thanks to the development of an anti-corruption training course in 7 languages. Quadient's anti-corruption and anti-bribery policy (available on the Intranet and publicly available on the Corporate website) summarizes its commitment, principles and measures to preventing its employees from the key risk situations such as improper and facilitation payments, gifts and hospitality, conflict of interest, charitable contributions and engaging with third parties. As an example, a conflict-of-interest procedure requests all the managers to sign an annual disclosure form on the conflicts of interests.

In 2022, no incident related to corruption and influence peddling has been reported. Moreover, there was no fine nor public legal cases regarding corruption brought against the organization or its employees during the reporting period.

ANTI-TRUST LAWS AND FAIR COMPETITION

Quadient does not tolerate anti-competitive practices, including price fixing, the rigging of tenders and responses to tenders, or sharing customers, markets or territories. Accordingly, Quadient forbids its employees from entering into any agreement with competitors intended to restrict the nature or quantity of products and services offered, as well as any agreement with suppliers or other partners to obstruct fair competition or the exchange of information with competitors regarding corporate strategy on products or pricing.

SANCTIONS, ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

Quadient conducts business with zero tolerance for commercial, financial, or other dealings involving sanctioned countries, territories, and third parties. To prevent the Company from any risks related to economic sanctions or money laundering (AML), the Company has implemented appropriate risk-based mechanisms for screening business partners, third parties, and transactions for potential economic sanctions and AML exposure.

WHISTLE-BLOWING PROCEDURES

Any Quadient employee or any person or third party who know or suspect a violation of the code of ethics or Quadient rules and policies, is encouraged to speak up, in compliance with the law and the rules applicable in the country where he/she resides or exercises his/her activities.

Different escalation channels are available to raise concerns. Regarding mechanisms for advice and concerns about ethics, employees are encouraged to report through the management line first. However, if an employee considers that informing their direct line manager could cause difficulties (for example, if the direct line manager was involved in the alleged misconduct) or that the alert notified may not be properly followed-up, they may directly contact the Quadient Ethics line. Employees or any person or third party seeking for advice may use the dedicated email address (ethics_compliance@quadient.com) or contact directly the Vice-President of CSR & Compliance who oversees the mechanisms for advice and concerns and Quadient Ethics line.

Launched in May 2020, Quadient Ethics line is a comprehensive and confidential reporting tool, hosted and operated by NAVEX, a third-party provider, which assists employees to report anonymously or not, any concerns related to ethics & compliance (*e.g.* fraud, abuse, and other misconduct in the workplace), *via* a form online (website) or a hotline, available 24 hours a day, 365 days a year in all the countries where the Company operates. This dedicated website is available in the same languages as the code of ethics (8 languages): English, French, Czech, Spanish, Japanese, German, Dutch and Italian. Regarding the hotline, there is a dedicated phone number per country enabling anyone to speak up in its native language. The reporting categories are the following: antitrust, fair competition and business compliance, asset/information misuse and access, corruption and influence peddling, discrimination or harassment or unfair treatment, financial issues, fraud, health, safety & environment, Human Rights.

This ethics line accessible through the corporate intranet and Quadient's corporate website is available for Quadient's employees and to any third parties (*e.g.*, customers, suppliers, partners). Beyond the reporting of ethical and compliance concerns, this platform enables anyone to ask confidentially any questions related to the code of ethics and other corporate policies and standards.

After completing the report, the employee (or third party) will be assigned a unique code called a "report key". The reports and questions are confidential. The information provided to the NAVEX Global representative by phone or *via* their website is then sent to a designated representative within Quadient.

Quadient strictly forbids retaliation against employees for submitting an ethics concern to the Company. Complaints made in good faith will not expose the whistleblower to any sanctions, regardless of whether the underlying facts prove to be correct or result in any corrective action.

INVESTIGATION AND REMEDIATION

Quadient takes seriously its responsibility to investigate potential violations or instances of misconduct. Quadient has developed an investigation policy and a disciplinary actions' policy to ensure that these investigations are conducted in a consistent and professional manner, and that disciplinary actions are considered in full objectivity, fairly and independence.

All suspected violations are analyzed by the Ethics & Compliance committee composed of the Chief People Officer, general counsel, vice president of internal audit and vice president of CSR & Compliance. This committee decides whether further investigation must be conducted and follow the progress of the investigation and the remedial plan until its completion.

In 2022, five whistleblowing cases were reported, all of them have been investigated and remedial actions taken. All of them are now closed.

Protect privacy and integrity of data entrusted to Quadient against internal and external threats

In an increasingly connected world, with ever-increasing amounts of electronic mail and parcel volumes increasing in line with the growth of e-commerce, Quadient has made a firm shift to digital. In addition to smart machines to process traditional mail, the Company's offering now includes solutions and software either dedicated to digital communications management or aimed at facilitating parcel processing.

Quadient handles a lot of sensitive information every day and protecting such information has always been of very high concern for the Company, including the protection of postal transactions, customer's data, and the Company's data. Aware of the consequences of a security failure in its operations, the Company is committed to safeguarding the confidentiality, integrity and availability of all physical and electronic information assets to ensure that regulatory, operational and contractual requirements are fulfilled.

Initiatives	2022 Results
Establishment of a global quarterly Information Security Board	• Analysis of security incidents, security performance and the progress of security-related projects during quarterly security reviews. • Deployment of Digital Standards supported by compliance and audit processes. Since 2021, more than 95% of newly delivered digital services are compliant to Quadient's Digital security Standards.
Global Security Incident Management Process improving reporting, aligned to DPO requirements	• Extension of the detection capability with addition of new sources and centralization to a 24/7 externally provided SOC service. • Renewed cyber insurance contract.
ISO 27001 certification program	• 12 entities are ISO 27001 certified (covering 23% of staff), Inspire cloud-based solution have ISO 27017 and ISO 27018 certification (cloud) and meet the OpenSAMM security standards. • Quadient UK and YayPay were recertified to ISO 27701.
Program of internal and external audits in 2022 on the Company's systems and applications	• 41 security audits carried out in 2022 covering MRS, PLS and ICA.
Personal data protection program complying with the data regulation	• Completing implementation of GDPR[(a)] requirements for international transfers of data outside the European Economic Area. • Improving documentation. • Improving visibility and support of data protection organization.
Training on information security and data privacy policies	• More than 50% of employees have completed the online training on information security and data privacy.

(a) General Data Protection regulation.

A WORLDWIDE INFORMATION SECURITY OPERATING MODEL

The Company has defined security policies that detail the requirements for correct and secure use of its own data and data entrusted to Quadient by its stakeholders such as staff, customers, suppliers, and other partners. These security policies have been rolled out in all countries in which Quadient operates. They are mandatory and apply to all legal entities, employees, service providers and consultants working on company sites or to anyone with access to company systems.

As part of its transformation, Quadient has implemented a global Information Security operating model. Core to this operating model is a specialist focus, ensuring that the Company has dedicated capabilities where security matters most: in protecting its customers, its employees and personal data that is entrusted to Quadient. The Company's holistic approach means it consistently focuses on areas of the biggest risk with the means to effectively recover from security events should they happen.

Quadient's policies are practicable and designed to drive the right behaviors in its people and partners, complemented by effective global operating standards. The Company certifies to ISO standards to underpin its practices.

The director of information security chairs a corporate information security board to govern corporate information security activities. The security board meets quarterly and includes representation from solutions security teams, the data protection organization, corporate compliance, digital organization and Corporate Information Security. This is the overarching Information Security technical governance authority within Quadient, reporting to the Quadient Executive Committee. Its role is notably to establish global information security objectives and priorities, perform global information security risk assessments, maintain Information Security policies, and create global awareness of Information Security Policies and safe working practices.

In 2022, the worldwide training modules on information security and data privacy were migrated to a new training platform to facilitate access for all employees. It includes a video and a short quiz, explaining Quadient policies in these two domains.

ISO 27001 CERTIFICATION PROGRAM

Quadient is rolling out a certification program based on the ISO 27001 standard, primarily covering sites whose business is the development of software solutions, infrastructures, and their support. In 2022, twelve entities were ISO 27001 certified, and the cloud-based Inspire solution is also ISO 27017 and ISO 27018 certified. In 2022, Quadient UK and YayPay were recertified to ISO 27701.

COMPLIANCE WITH DATA PRIVACY REGULATIONS

Quadient is committed to processing personal information in accordance with applicable data privacy laws and regulations. Quadient's also remains focused on reinforcing its foundation in data privacy areas to ensure the proper security, handling and disposal of data and personal information. According to its data privacy policy, Quadient collects, uses, and retains personal data when it is necessary to ensure the effective operations of the Company. Moreover, Quadient protects confidential and personal information entrusted by its customers, suppliers, and other business partners as carefully as it protects its own information.

Additionally, a Data Council was established in 2020, led by the Company's Chief Transformation Officer and Chief Digital Officer and comprised of stakeholders across the organization to provide the proper governance, transparency and guidance related to these important issues.

In 2022, a cross-functional data protection team has worked to accomplish the data privacy objectives. Notable achievements include: implementation and maintaining of a single record of processing to inventory and manage all Quadient processing activities; update of critical policies related to information security and data privacy; and extending the implementation of a global data incident management process. In addition, Quadient updated vendor on-boarding process, enriched its repository to collect proofs for due-diligence while Quadient continues to secure its relationships with its subcontractors by requesting the signature of companies' data protection agreements, according to new EU model clauses. In 2022, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.

Engage with partners and suppliers who observe standards similar to those of the Company

Quadient is committed to doing business in a responsible, ethical and sustainable manner. As a signatory of the UN Global Compact, Quadient is committed to promoting the 10 fundamental principles addressing Human Rights, labour standards, environmental protection and anti-corruption.

Quadient extends its CSR and ethical commitments to all its business partners, who must comply with applicable laws and regulations, International Labour Organization conventions and the Company's responsible procurement policy.

Quadient is also committed to choosing its suppliers carefully, fairly and with integrity. They are selected using the established procurement strategy or by invitation to tender based on their ability to meet the Company's requirements in terms of quality, price, service, reliability, technology, safety, the environment, and ethics. The Company also endeavors not to create a situation of mutual dependence in terms of revenue, technology, and know-how.

Most of the production procurement occurs with suppliers based in Europe (47%, including 9% in France) and Asia (37% in Malaysia, China, and Vietnam). The main production supplier of the Group is Sparck Technologies, a global provider of automated packaging solutions based in the Netherlands, which accounted for 16.8% of total Group production purchases in 2022.

UPDATED RESPONSIBLE PROCUREMENT STRATEGY

Since 2016, the industrial partnership and procurement department, in collaboration with CSR and Compliance management, has rolled out its responsible procurement policy across its entire range of manufacturing suppliers. The policy against modern slavery and human trafficking complements the measures taken by the Company to support human rights. Quadient has also disclosed its conflict minerals policy to its electronic suppliers and requested them to provide evidence that they do not use conflict minerals in the manufacturing of components they deliver to Quadient.

In 2021, Quadient has redefined its responsible procurement strategy and updated its code of conduct to cover all its business partners. This Code covers Quadient commitments and expectations of its business partners regarding compliance with applicable law, respect for labour and human rights, environmental management, and anti-corruption.

Quadient encourages all third-party companies that desired doing business with the Company to become familiar with all the principles and respect the requirements set out within the code of conduct for business partners to help align their actions in ways that benefit all.

Quadient started to roll out its updated code of conduct to its French dealers in 2021 and extended it to worldwide dealers in 2022. In 2023, a new campaign was launched for production suppliers. The deployment to all business partners will continue in the coming years.
In 2022, 46% of worldwide dealers have endorsed the code of conduct for business partners, including 65% of French dealers.

The Company has also defined a new onboarding and due diligence process to ensure the integrity of the third-party companies to engage with. The Company has implemented a new tool to uphold this new vision.

This due diligence process includes a reputational screening based on sanctions and watch lists, politically exposed persons lists, checks for exposure to global adverse media and questionnaires related to information security, data privacy and corporate social responsibility. The process also incorporates an enhanced level of due diligence to be performed where a prospective third party resides in a designated high-risk jurisdiction, or where other red flags are identified. The due diligence is updated periodically on a risk basis and in case of significant changes in the relationship with a third party.
In 2022, more than 1,200 screening and due diligence reports were processed.

Quadient ensures that its suppliers comply with its requirements through dialogue, visits, audits, and performance assessments carried out by its teams. Over and above contractual matters and supplier selection audits, since 2017 the industrial partnership and procurement department has launched CSR assessment campaigns for its suppliers. Those who do not fulfil the Company's assessment are asked to provide an action plan.

Initiatives	Main achievements
Updated responsible procurement strategy	• Definition and implementation of updated onboarding and due diligence processes. • Update and start of deployment of the Code of conduct to cover all business partners. In 2022, 46% of distributors have endorsed the Code.
Assessment of suppliers' integrity and CSR performance	• 1,200+ screening / due diligence reports processed in 2022. • No on-site suppliers CSR audit has been carried out in 2022.
Involvement of suppliers and responses to non-financial rating agencies	• Listed according to the criteria defined by the Company. • The Company was awarded "Platinum" status (79/100) for the second time at the latest assessment conducted by EcoVadis in 2023. Quadient shares its profile with its customers (selection criterion in certain cases) and suppliers.

5.1.5 REDUCING QUADIENT'S ENVIRONMENTAL FOOTPRINT

For several years, Quadient has been committed to protecting and preserving the environment. Given its activities, the Company's main environmental challenges relate to its carbon footprint and the impact of its products and solutions throughout their life cycle.

Quadient's environmental policy, formalized in the Company's code of ethics, focuses on innovation and the eco-design of products, their remanufacturing and the recycling of waste generated by the industrial sites and products at the end of their life, thus encompassing circular economy principles. Quadient has also defined a low-carbon strategy in line with the 2015 Paris Agreement, thus factoring its stakeholder expectations.

This low carbon strategy defines a framework for all Quadient's entities committed to reducing their energy consumption and carbon footprint.

AMBITIONS & TARGETS 2021-2023

Ambitions	KPIs	2022 Results	Target Achievement by end of 2023 and 2030
Take action to combat climate change and support global transition to a low carbon economy	% of reduction of CO_2 emissions related to scope 1 & 2 compared to 2018 (Energy consumption and company vehicles)	47.2%	50.4% by 2030[(a)]
	% of low carbon energy (renewable energy and heating network)	26.9%	25% by 2023
	% of reduction of CO_2 emissions related to scope 3 for targeted categories compared to 2018	0.4%/€m revenue	40% by €m revenue by 2030[(b)]

	KPIs	2022 Results	Target Achievement by end of 2023
Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint	% of industrial waste recycled	81%	>90%
	% of hardware units remanufactured	72.9%	>40%

(a) Reduction target of 50.4% between 2018 (baseline year) and 2030 for scope 1 & 2 based on scenario of 1% growth to 3% growth per year.

(b) Reduction target of 40% per €m revenue for scope 3 on targeted categories between 2018 and 2030: use of sold product, purchase of goods and services, business trips and employee commuting.

Take actions to combat climate change and support global transition to a low carbon economy

Aware of the consequences of climate change, Quadient is committed to making a positive contribution to the global move to a low carbon economy. As part of its low carbon strategy, the Company has set goals for 2030 in line with the Paris Agreement and committed publicly to reaching them. The risks and challenges related to climate change are followed up at the highest level.

Carbon footprint

Our Commitments

Company vehicles
Selecting vehicles with lower gCO_2 per km, shifting to low-carbon vehicles, developing remote services.

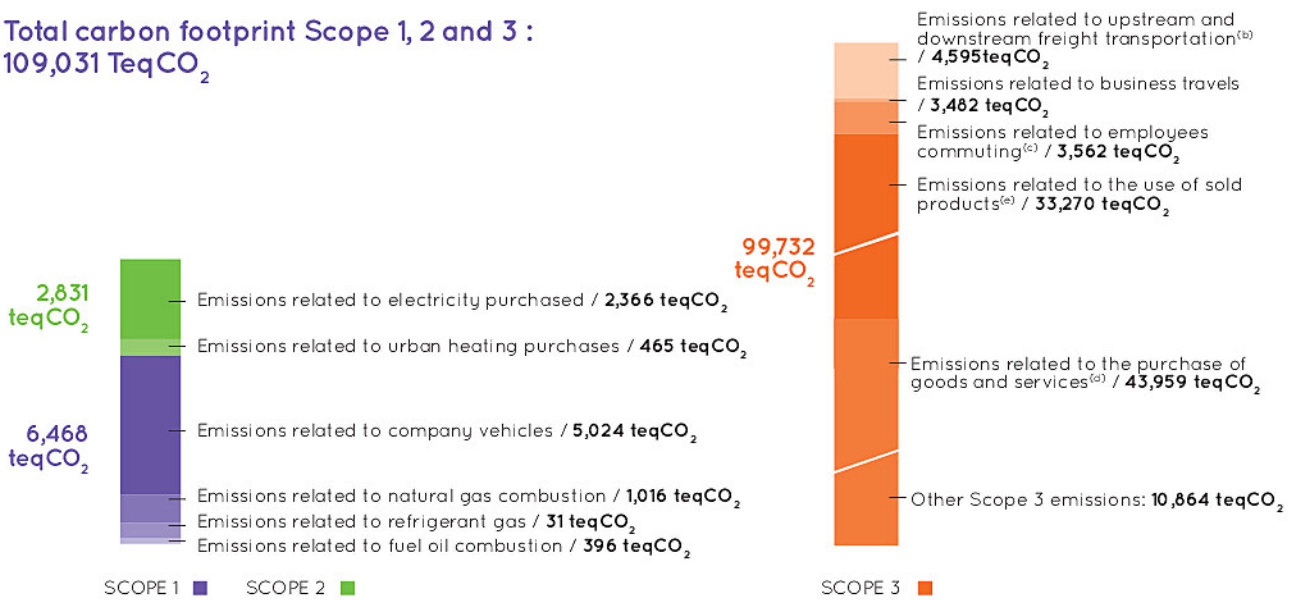
Energy and buildings
Reducing the emissions related to energy consumption by reducing building occupancy, switching to high-efficiency buildings.

Hardware and Digital Solutions
extending eco-design to all our hardware solutions and encouraging a circular economy.

Transportation
fostering low-carbon transportation means, avoiding business travels whenever possible and offering the option of working remotely.

Engaging with partners
minimizing and consolidating shipments, using environmentally friendly modes of transportation

Total carbon footprint Scope 1, 2 and 3 : 109,031 $TeqCO_2$



Trajectory to 1.5°C for Scope 1 & 2 emissions

Our 2030 objectives

-50.4%
Scope 1 & 2 vs. 2018

-40%/€M
Scope 3[1] vs. 2018

(1) On targeted categories: purchased goods and services, used of sold products, business trips and employee commuting.

GOVERNANCE

As part of the CSR program, environmental governance, which includes the management of climate-related issues, is managed by the Vice President (VP) CSR & Compliance. The main responsibilities of the VP CSR & Compliance related to climate change are the following: implementing the annual risk and opportunity assessment of the impact of business on the environment across Scope 1, 2 and 3 emissions, managing the Company's action plans related to climate change and reduction of greenhouse gases, monitoring and managing relevant KPIs. He reports to the Chief Transformation Officer and is working with the Executive Committee of C-Suite executives, to manage the design and execution of this strategy.

Reporting to the VP CSR & Compliance, the Integrated Management System & Compliance teams oversee the implementation of environmental actions worldwide. To coordinate activities between CSR and compliance teams a quarterly meeting takes place, where information and best practices are shared, and actions are decided in accordance with the low carbon strategy and targets.

The Company's Strategy and Corporate Responsibility Committee was created within the Board in September 2018 to assist the Board of Directors. The Committee's task includes reviewing and making recommendations on the guidelines, resources, and achievements related to the Company's social and environmental responsibility policy (including climate-related issues). This Committee meets quarterly and regularly reviews climate-related topics.

In 2022, a greenhouse gas (GHG) emissions target was set within the LTI plan tied to Quadient's public climate objectives. This target covers scope 1 and 2 emissions and is described in the Chapter 2 of this document.

RISKS RELATED TO CLIMATE CHANGE

Quadient has analyzed the potential effects of climate change on its activities. Three risks that could have a medium- or long-term impact have been identified. These risks and the mitigation actions associated are described below. None of the estimated financial impacts of these risks has been considered as severe. The mitigation actions also provide opportunities for alternative ways of working, better operating efficiency and allow cost savings.

Risk	Description	Mitigation actions
Acute physical: extreme weather events such as cyclones and floods	Because of their geographic location, some Quadient sites and some industrial partners and suppliers are exposed to natural disasters or events such as earthquakes, or to climatic phenomena such as hurricanes, cyclones, typhoons, floods and tidal waves, which will occur increasingly often. The logistics center in the USA (Byhalia) and Quadient offices in Hong Kong appear to be the most exposed. These events are likely to affect the availability of parts and components necessary for the manufacturing of products, damage production facilities, slow the supply chain, temporarily interrupt production and distribution, and potentially threaten the safety of employees.	All the industrial sites are certified ISO 14001 and have implemented an emergency preparedness response plan. In case the facility in Byhalia can not operate, Quadient would activate its business continuity plan consisting of in: Employees telecommuting/home office and transfer of logistic and customization activities to the French facility executing the same activities for the European market. Supply chain is also evaluated. Natural risks prevention plans/Business continuity plan and backup plan are set up. Supply chain is also evaluated. Natural risks prevention plans/Business continuity plans and a backup plan are set up. Quadient has established a process to ensure that in case of natural disaster, the production lines can be quickly transferred between industrial partners (equipment duplicate, etc.)

Risk	Description	Mitigation actions
Emerging regulations	Quadient is mindful of the development of such rules, existing or future, the increased severity of which could have a negative impact on its future sales and activities, thus increasing its operational costs and reducing profitability. As a producer of hardware and software solutions, the Company needs to be vigilant with environmental regulations, standards, and voluntary agreements aimed at reducing energy consumption, waste electrical and electronic equipment (WEEE), and the carbon footprint of products.	The Company has implemented various actions to anticipate and comply with environmental regulations and standards. Quadient has defined a responsible design and sustainable manufacturing approach in which energy efficiency requirements are implemented. All products respect the ErP Directive and the iX-9 Series high-volume mailing system and are qualified according to the new Energy Star Imaging Equipment V3.1. The Company has carried out life cycle assessments of its main hardware and software products and identified action plans to reduce the energy consumption and carbon footprint related to using the products. Quadient also participates in the work of the AFNUM and closely follows any WEEE and climate change-related regulation change that could impact its activity to organize its processes proactively. For instance, ink cartridges were included in the WEEE directive with transposition in national law in the EU. Quadient, as a producer of cartridges, put in place a take-back program in every EU country where it operates.
Market: Changing customer behavior	Regulatory changes and the common aim of customers, investors, and shareholders to reduce CO_2 emissions are becoming increasingly important for companies whose product offerings and activities have a minimal environmental impact. Most public or private calls for tender include environmental performance criteria, particularly the carbon footprint of the products or services delivered.	Quadient has implemented a responsible design and sustainable manufacturing approach, conducted life cycle analysis on its main hardware and software solutions and implemented actions to lower the carbon footprint of its solutions. The Company is also running a series of customer satisfaction surveys to assess its strengths and weaknesses and their importance for the customer to determine priority areas for improvement. Since 2020, new survey questions regarding CSR topics have been introduced to understand if Quadient is perceived as a Company that seeks to limit its environmental impact. Quadient also responds to its customers' solicitations and ESG rating agencies' questionnaires and share the results with them when requested.

SETTING CO_2 EMISSION REDUCTION TARGETS ALIGNED WITH A 1.5 °C SCENARIO

In 2020, Quadient set its targets (baseline 2018) to reduce its GHG emissions at a pace that meets the "well below 2 °C" trajectory requirements. Using the ACA (Absolute Contraction Approach) methodology, the Company has committed to two relevant and ambitious long-term targets in accordance with the SBTi methodology. Following the Company's reduction of CO_2 emissions from 2019-2021, Quadient decided in early 2022 to increase its ambition from the "well below 2 °C" trajectory to 1.5 °C.

- In 2020, the Company committed to reducing its absolute CO_2 emissions related to scope 1 and 2 by 28% by 2030, *i.e.* an absolute reduction of 5,020 teq CO_2 compared to 2018, which implies a reduction at constant scope of 6% each year. 2021 showed a significant reduction in the Scope 1 and 2 emissions compared to the baseline (45.9%). In 2022, to keep the benefit of the improvements made and ensure the CO_2 reduction target tied to scope 1 and 2 is still challenging, the Company increased its ambition with more aggressive targets in line with a 1.5 °C trajectory instead of 2 °C. Thus, by following this new scenario, the Company committed to reduce its scope 1 and 2 emissions by 50.4% by 2030 *vs.* 2018's baseline instead of 28%.
- Quadient also committed to reducing its intensity CO_2 emissions per €m revenue by 40% by 2030 compared to 2018 for targeted scope 3 categories: use of sold products, purchase of goods and services, business trips and employee commuting. This implies an intensity reduction at constant scope of 4% per €m of its CO_2 emissions each year.

Setting these targets enables Quadient to better monitor and prevent CO_2 emissions by focusing on areas where the Company can make the most impact: energy efficiency, renewable energy supply, vehicle fleet optimization, sustainable mobility, eco-design of the solutions.

REDUCING QUADIENT'S CARBON FOOTPRINT

Every year Quadient published its greenhouse gas emissions, according to GHG Protocol methodology:

- Scope 1 emissions are direct emissions;
- Scope 2 emissions are indirect emissions relating to electricity, steam, heat, and cooling purchases; and
- Scope 3 emissions are indirect emissions relating to the value chain, both upstream and downstream of the Company's activities.

Emissions associated with electricity and district heating consumption (Scope 2 emissions) are quantified according to market-based (using supplier-specific emission factors) and location-based (using grid-average emission factor by country) methods. Quadient has chosen the market-based method to monitor its performance, in particular its low-carbon energy purchasing policy.

In 2020, Quadient conducted a life cycle analysis for the main category of its hardware and software solutions and achieved a complete inventory of its scope 3 emissions. The Company has excluded several categories that are not relevant for the calculation of scope 3 emissions such as downstream leased assets, investments, and franchises.
The scope 3 results must be considered as orders of magnitude, the level of uncertainty remaining high.

In 2018 (baseline year), the Company's total emissions (scope 1, 2 and 3) were estimated at approximately 121,013 teq CO_2: 11,105 teq CO_2 for scope 1 emissions (9.2%), 6,516 teq CO_2 for scope 2 (5.4%) and 103,391 teq CO_2 for scope 3 emissions (85.4%). In 2018, the Company's main scope 3 emissions came from the following categories: purchases of goods and services (around 44%), use of sold products (around 21%) business trips and employee commuting (around 8% and 9% respectively).

In 2022, Quadient's total emissions amounted to 109,031 teq CO_2 : 6,468 teq CO_2 for scope 1 emissions, 2,831 teq CO_2 for scope 2 market-based and 99,732 teq CO_2 for scope 3 emissions.

The significant reduction in the Scope 1 and 2 emissions between 2018 and 2022 (47.2%) are mostly due to a reduced activity for Quadient in 2020 – 2021 and the divestment of the industrial site in the Netherlands, but also stems from initiatives regarding the reduction of real estate footprint and improvements of the Company, notably the switch to renewable energy in various sites.

Reducing CO_2 emissions related to scope 1 and 2

Quadient strives to reduce its GHG emissions tied to scope 1 and 2. Several initiatives have been taken to reduce total energy consumption and improve energy efficiency, such as replacing equipment with more efficient equipment, replacing bulb lights with LED lights, renovating buildings, and virtualizing servers. Air-conditioning systems are replaced with refrigerant gas with lower global warming potential wherever possible.

In addition, the Company has implemented several initiatives to reduce its office footprint, optimize its car fleet and switch to renewable energy, described hereafter.

- **Reduction of real estate footprint**

During the last few years, Quadient has accelerated the rollout of teleworking within the Company and decided on being a predominantly "remote" workplace, meaning 80% of employees will spend most of their time working from home. Consequently, this also forced the Company to rethink the purpose of its physical offices as they are no more the unique place where collaboration and teamwork are happening. To optimize its real estate footprint and transformation needs, a list of criteria has been defined to determine locations to be maintained, including environmental standards.

In 2022, several offices have been closed worldwide (France, Spain, Czech Republic, Nordics, USA), which resulted in a reduction of 9% in the surface area occupied by the Company compared to 2021.

- **Optimization of the car fleet**

Several legal entities have implemented measures to decarbonize their vehicle fleet and meet future restrictions on the use of diesel vehicles in low-emission zones. This includes notably the transition from diesel vehicles to petrol and hybrid models, the selection of cars with lower CO_2 emissions per km, and the development of online support and remote service activities. The share of hybrid and electric vehicles has increased sharply between 2019 and 2022, from less than 2% in 2019 to more than 9% in 2022.

In the UK, Quadient UK Limited is implementing a dynamic call scheduling software for field service engineers to allow less driving time on the road through efficiency planning, optimized travel time, and less fuel consumption.

Between 2021 and 2022, the total fuel consumption raised by 5%, and the CO_2 emissions related to company vehicles increased by 6% following an increase in activity after the pandemic.

- **Switch to low carbon energy**

To reduce the carbon footprint related to its energy consumption, the Company considers switching its energy supply contracts whenever possible or purchasing traceable guarantee of origin certificates. Quadient's objective is to achieve 25% low carbon energy consumption by 2023 and 100% by 2030 to reach its CO_2 emissions reduction in line with the 1.5 °C trajectory.

Quadient Canada has a multi-year agreement with Bullfrog Power, Canada's leading green energy supplier. This partnership reduces Quadient's carbon footprint by supporting renewable energy projects. The principle involves supplying the Canadian electricity grid with a quantity of renewable energy equivalent to that consumed by all Quadient sites in the country. The initiative helps to reduce energy generation by facilities that use fossil or nuclear fuels. Every kWh of power consumed is matched by the supply of one kWh of energy from a renewable source. The green electricity generated by wind or hydraulic power is considered a non-polluting source that emits no CO_2. Biogas comes from methane recovered from landfill waste sites and is deemed not to emit CO_2. In addition to the organization's emissions, Quadient Canada is also considering emissions related to its customers' use of its products. Each postage meter and mailing system model was tested to determine annual power consumption. Based on this calculation, Quadient Canada is committed to injecting the same amount of green electricity into the power grid yearly for the initial lease or rental agreement period.

Several other Quadient entities have chosen to purchase renewable electricity in France, Germany, UK, Ireland, Canada, Sweden and Switzerland. In Poland, two photovoltaic installations have been installed in the parking lot of the office building. The installation is also a roof for parking spaces. Installations are working in the on-grid system and should cover 10-20% of the building's electricity demand. In France, geothermal energy is used to heat part of the Company's headquarters.

In 2022, low carbon energy (renewable energy and heating network) accounts for 26.9% of the total energy consumption.

Reducing CO_2 emissions related to Scope 3

Scope 3 emissions mainly relate to purchases of goods and services and the use of sold products, which account for more than 77% of Quadient's total scope 3 emissions in 2022. Business travels and employee commuting represent nearly 7% of scope 3 in 2022, and are also subject to monitoring and reduction targets.

- **Streamline business trips and employee commuting**

Quadient is continuing its action plans aimed at promoting teleworking and fostering low carbon transportation and visio-conferences practices.

Further to the gradual lifting of Covid-19 restrictions, business travel emissions quadrupled between 2021 and 2022. However, these emissions remain almost three times lower than in 2019, before the pandemic. Meanwhile, emissions from employee commuting have decreased sharply between 2019 and 2022. Those improvements are mainly explained by the widespread deployment of remote work two days a week as part of the new Company policy and by the implementation of travel restrictions.

- **Reduce the impact of the solutions**

The Company aims to extend its efforts in terms of eco-design to all its hardware and digital solutions and expand and favor the offer of remanufactured products, encouraging a circular economy.
Quadient also works closely with its logistics partners and vendors to minimize and consolidate shipments, use environmentally friendly modes of transportation, and encourage efficient operations. The preferred method of transportation is sea freight, whereas air freight is only used in exceptional business cases.

The Company has implemented several actions to lower the carbon footprint of its digital solutions. This includes the optimization of architecture and server utilization, migrating on-premise solutions to cloud-based solutions, and deleting clients' data linked to deactivated and unused accounts. Quadient also works with cloud-based service providers that contribute to carbon neutrality by using 100% renewable energy to power their data centers.
The actions relating to the eco-design and remanufacturing of the hardware products are described in the section hereafter.

- **Energy sufficiency plan**

Faced with the unprecedented energy challenges that Europe must face today and the acceleration of climate change, the member states of the EU have announced an energy sobriety plan and relies on the widespread commitment of players in the public and private sectors.

Quadient participates in the national effort requested by the French government through an energy-sufficiency plan. These actions are part of the extension of the initiatives already implemented within the Company to reduce the energy consumption and CO_2 emissions.

In autumn 2022, Quadient implemented the following energy-saving measures:

- Adapt the temperature in the offices
  - Reducing the temperature of heating to 19 °C and reducing the use of air conditioning in premises where the temperature exceeds 26 °C
  - Stop individual heating system
  - Reduction of the temperature during the weekend
- Act on the lighting of the premises
  - Shutdown the lights of the premises outside working hours and when unoccupied
  - Shutdown of illuminated signs at sites / offices
- Reduce the consumption of IT equipment
  - Shutdown, when the technical constraints allow it, devices on standby, screens and photocopiers at the end of the day and on weekends.
  - Limitation of the use of internal communication video screens
- Accelerate the sustainable mobility policy
  - Avoid or postpone travels
  - Only use plane when the journey time by rail is more than 4 hours for a single journey or 6 hours for a round trip in the same day.

These energy-saving efforts, together with measures already implemented, will help achieve the overall, scope 1 & 2 emissions target set by the Group for 2030.

Initiatives	Main achievements
Reduce consumption and improve energy efficiency	• Use of high-energy-efficiency or BREEAM certified premises: Bagneux, Rueil-Malmaison (France), Stratford (UK), Milford (United States); reduction of 9% in the surface area occupied by the Company compared to 2021.
Reduction of the energy consumption	• Replacement of obsolete equipment, investment in higher performance and approved equipment (boilers, heat pumps, heat recovery compressors), renovation of buildings (external insulation), installation of presence sensors, LED lighting. • Virtualized operation of IT servers.
Switch to low carbon energy	• In 2022, low carbon energy (renewable energy and heating network) accounts for 26.9% of the total energy consumption (vs 24.5% in 2021). Renewable energy accounts for 17.8%.
Reduce the impact of employee commuting	• Optimization of the car fleet, training in eco-driving in order to reduce fuel consumption. • Maintenance of equipment installed at customers' premises: development of diagnostic and troubleshooting tools. • Continued development of remote maintenance operations. • Rollout of teleworking within the Company and use of visio-conference tools.
Employee awareness	• Increased awareness of eco-friendly ways of working amongst employees. • Launch of an environment empowered community Act4earth.
Reduce the impacts of freight transport	• Eco-design of products: reduced product weight and optimized packaging volume in relation to product size. • Operation to bring some Asian production activities back to Europe (Le Lude and Loughton), at the same time reducing the effects of international deliveries. • Optimized planning and procurement systems: checking the fill rate of containers, monitoring transport methods between sea and air freight. • Selection of carriers with eco-friendly logistics (optimized delivery runs, fuel economy).

RAISING EMPLOYEE AWARENESS

Quadient also encourages sustainable practices among its employees to reduce the global carbon footprint and protect the environment. Launched in 2021, a network of green ambassadors, Act4Earth promotes changes in daily habits, providing employees with information and education on natural resources and environmental protection.

Quadient employees participate in environmental awareness activities worldwide, such as World Cleanup Day, by cleaning up the waste on rivers, beaches, and streets in their communities. In September 2022, 300 Quadient employees participated in the second edition of the World Clean Up Day across nine countries and 17 sites. From Canada to Malaysia, Quadient employees have collected 17 000 cigarette butts and more than one ton of waste.

MEASURING THE PROGRESS

Since 2009, Quadient has completed the CDP Climate change questionnaire, which allows the Company to measure its progress and compare to its peers. CDP is an organization that manages a global information publication system allowing businesses to assess and compare their environmental policies. It evaluates companies' management and performance in terms of climate change and ranks them from D (lowest) to A (highest). In 2022, Quadient obtained a score of 'B' for the fifth consecutive year, corresponding to Management level and thus positioning Quadient above the average of companies in its industry.

Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint

Circular economy refers to a set of practices enabling the protection, better use and less waste of natural resources. It is a global initiative that aims to change the paradigm concerning the so-called linear economy.

Quadient is a committed player in the circular economy. The Company has taken into account regulatory constraints by preparing for them ahead of time and transforming them into a competitive advantage. From the product design phase to end-of-life dismantling, Quadient takes all environmental aspects into account.

The Company has defined a Sustainable Design and Responsible Manufacturing policy that aims at improving energy efficiency, the use of hazardous substances, longevity, recyclability, modularity, and the upgradability of products to minimize their impact on the environment throughout their life cycle.

At Quadient, circular economy translates into the following actions.

ECONOMICS OF FUNCTIONALITY

The economics of functionality are the offering or sale of the use of goods or a service rather than the goods itself. The aim is to develop integrated solutions for goods and services with a view to sustainable development. This way, trade is no longer based on the transfer of ownership of goods, which remain the property of the manufacturer throughout its life cycle, but on the consent of users to pay a use-value.

Quadient's business model is in keeping with this rationale. It is based on the provision of mail handling services (rental or leasing) such as envelope inserting and franking rather than the sale of equipment. Services usually include maintenance management and the supply of print cartridges. In this way, the products used to provide these services to customers still belong to Quadient and are recovered at the end of the contract or at the end of their life. There is the opportunity to place these products back on the market once they have been remanufactured.

ECO-DESIGN OF PRODUCTS

Quadient's eco-design policy aims, in particular, to improve energy efficiency, use of hazardous substances, longevity, recyclability, modularity and the upgradability of its products to minimize their impact on the environment throughout their life cycle.

The high level of sustainability and reliability of the parts and components employed enables the Company to adhere to the principles of the circular economy. This virtuous loop promotes the repair, re-use and eventual recycling of materials rather than disposal. To that end, Quadient has incorporated strict eco-design rules into its design and development processes. These allow the Company to identify the product life cycle phases, technologies and components that have the greatest impact on the environment. Furthermore, the efforts made have yielded very encouraging results concerning the environmental gains of new generations of products, demonstrating at the same time significant economic benefits.

Today, all franking machines and folders/inserters ranges benefit from this eco-design approach.

RESPONSIBLE MANUFACTURING

Quadient is committed to manufacturing and assembling its products to the highest industry standards, respecting responsible environmental practices and regulations. Quadient has not been affected by any incidents of non-compliance with environmental laws and regulations.

All the industrial sites are ISO 14001 certified. This means that each site has deployed an environmental management system to identify their most significant environmental impacts. Actions are taken accordingly to eliminate, reduce or limit their effects on the environment. The main efforts cover water and electricity consumption management as well as the reduction and the collection of waste.

The waste generated by the Company comes mainly from manufacturing and logistics operations as well as the products it places on the market. This includes packaging waste, used consumables, spare parts and end-of-life products. As a responsible producer of hardware products, Quadient strives to reduce waste at the source, throughout its manufacturing operations, and ultimately avoid its products ending up in landfill. In 2022, 81% of industrial waste has been recycled, contributing to this responsible consumption and production.

PRODUCTS REMANUFACTURING

Remanufacturing is another substantial element in Quadient's environmental strategy, as part of a more global approach to the circular economy. This is an industrial process in which a product is recovered from the field (*e.g.* product at the end of a contract, demonstration, exchange) and then inspected, dismantled, cleaned, and upgraded in terms of functionalities (hardware and software). Worn parts are replaced with new parts or parts that have been remanufactured. Once reassembled, the product is tested and packaged. These remanufactured products are therefore equivalent to new products offering the same technical characteristics and reliability. They are then placed back on the market with the same warranty as new product.

In 2020, Quadient carried out life cycle assessments on a range of postage meters and folder inserters. This study, conducted by independent experts, showed that a remanufactured machine results in an environmental gain of up to 50% in terms of greenhouse gases (GHG) generated throughout its life cycle when compared with a new machine.

Over and above environmental impacts and raw material savings, product remanufacturing is part of a virtuous approach that allows Quadient to keep workers in jobs at the Company's production plants and gives the Company greater control over the quality of machine products installed in customers' premises.

Today, all franking machines and folders/inserters ranges benefit from this eco-design approach. In 2021 the Company's approach was extended to additional hardware models and remanufactured products are now offered to the customers in the US and Canada, not used until now to buying products containing recycled parts and components. Furthermore, Quadient has started to implement a refurbishing process for its parcel locker solutions in France and Japan.

In 2022, 72.9% of MRS products placed on the market are remanufactured products (*vs.* 40% in 2020).

TAKE BACK PROGRAMS

Quadient has implemented free-of-charge take-back programs for its customers to collect hardware equipment, such as postage meters or folder/inserters of documents, at the end of leased contracts, enabling its operations of remanufacturing.

These programs are available mainly in the USA and Europe for France, the UK, Germany, Switzerland, Italy, and the Nordics. At the collection stage, depending on the type of equipment and according to the technical criteria and the good functioning of the equipment, they are routed either to one of the logistic hubs (in the USA or Europe) because they are eligible for being reused; or they are declared as WEEE (waste of electric and electronic equipment) and send to a local recycling partner. Quadient does not transfer any WEEE from one country to another, only used equipment.

Used equipment received by the logistic hub is subject to decustomization operations (removal of all customer data and specific software) and functional tests. Only those passing the tests are eligible for reuse and are sent back to the assembly factories in Europe (France) or Malaysia.

In accordance with the Basel Ban Amendment to the Basel Convention related to the exportation of e-waste to non-OECD countries and the EU Regulation n° 2021/1840, Quadient does not export e-waste to any OECD or non-OECD countries. Only used equipment eligible for reuse is exported from the USA to France and Malaysia and from France to Malaysia. Quadient partners with 2 OEM (Original Equipment Manufacturer) vendors in Malaysia who have both obtained a license from the Malaysian Government to operate the dismantlement and reuse of the used equipment sent to them by Quadient. In addition, they are both subject to an annual audit by the Malaysian authorities regarding their waste management and recycling process. Last but not least, OEM partners have an obligation to process and re-export to the USA and France the same quantity of used equipment they received. Therefore, except for the parts and components recycled locally, any used equipment that may not be reusable is sent back to the logistic hub in the USA or Europe to be recycled.

Regarding the WEEE directive n° 2012/19/EU, Quadient has joined local compliance schemes to manage all equipment not eligible for remanufacturing. Quadient has also implemented take-back programs to collect supplies (ink cartridges) delivered to its customers. This program is also free of charge for its customers and provides a pre-paid envelope to return the empty cartridges to logistic hubs in France and the USA.

Initiatives	Main achievements
Eco-design of products	• Eco-design policy rolled-out within project and R&D teams for franking and inserting machine product lines.
Environment management system	• 45% of the Company's entities are ISO 14001 certified, including 100% of its industrial sites.
Remanufacturing of products	• Introduction of global reverse logistics to collect end-of-lease/rental, end-of-life products.
Reuse and recycling waste	• 576.5 tons of non-hazardous industrial waste in 2022 (*vs.* 515 in 2021) • 6.5 tons of hazardous industrial waste in 2022. • 87.6% of industrial waste valorized of which 81% recovered for material in 2022 (in 2021 material recovery represented 85%). • 544.3 tons of WEEE (Electrical and electronic equipment waste) in 2022 (vs. 510 in 2021).
Collection of supplies	• Implementation of a franking machine consumables collection process in the United States, Canada, France, United Kingdom, Ireland, Benelux and Germany.

5.1.6 BUILD THE BEST CUSTOMER EXPERIENCE BY OFFERING INNOVATIVE, RELIABLE AND SUSTAINABLE SOLUTIONS

Quadient is part of a sector that is facing many challenges such as a decline of the mail market, digitalization, and management of the last-mile parcel delivery as e-commerce surges. In light of these trends, the Company is committed to building the best customer experience by offering reliable and secure solutions and creating value for customers with sustainable and innovative solutions.

Quadient's main efforts in terms of its customers and partners include customer satisfaction and innovation, as well as reliability, availability, solutions, services and safety of those solutions and services. These challenges are addressed from the design of solutions and services offers and are reflected in ambitious objectives, which are monitored regularly.

AMBITIONS & TARGETS 2021-2023

Ambitions	KPIs	2022 Results	Target Achievement by end of 2023
Deliver high quality, reliable and secure solutions	Overall customer satisfaction	95%	>95%
Leverage technology to consistently innovate and improve Quadient's portfolio of solutions	% of revenue invested in R&D	5.3%	>4.5% of annual revenue

Leverage technology to consistently innovate and improve Quadient's portfolio of solutions

In 2022, the Company devoted 5.3% of its revenue to research and development. Among the leading trends expected to have the largest impact in the coming years are artificial intelligence, virtual and augmented reality, and machine learning technology.

Regular user conferences and workshops enable Quadient to present new technologies and updates to its customers and partners and discuss their needs and expectations. The Company is the owner of its trademarks and has 250 families of patents published. Quadient registered six patents in 2022.

Initiatives	Main achievements
Innovation with and for partners	• Organization of several innovation workshops with partners each year.
Innovation culture disseminated among employees	• Organization of internal workshops and hosting information on the Internet raises employees' awareness of innovation.
Investments in innovation and R&D	• Quadient invested 57.5 million euros in R&D in 2022.
Intellectual property management policy and organization	• Dedicated in-house intellectual property team. • Patent committee. • Policy rolled-out across all R&D sites.
Patent filling	• Portfolio of 250 patent families and 6 patent filed in 2022.

DIGITAL SOLUTIONS

Intelligent Communication Automation

Continuing the execution of its Back to Growth strategy, Quadient experiences an acceleration in the shift of its software model from license to SaaS. In June 2022, Quadient reached the milestone of 12,000 global customers for cloud software solutions, 78% of which rely on the Company's SaaS solutions. The growth in Quadient's Intelligent Communication Automation (ICA) software business was fuelled by existing customers of Quadient's mail equipment, who turned to the Company's cloud software solutions for digital transformation.

Quadient's ICA cloud platform brings together an integrated suite of solutions for all aspects of customers interactions (communications, journey mapping, customer experience, account receivables and accounts payables). Having built this integrated cloud-based platform, Quadient continues to expand its software solutions into new markets and launch modules in new geographies.

In February 2022, Quadient launched its accounts payable automation solution Beanworks also in UK and France amidst rising demand. Beanworks is part of Quadient's Intelligent Communication Automation solutions portfolio, which also includes Quadient's YayPay accounts receivable (AR) solution. Since acquiring Beanworks in March 2021, Quadient has significantly accelerated its expansion.

In May 2022, Quadient launched its automated accounts receivable solution YayPay in France. YayPay by Quadient is a cloud-based intelligent accounts receivable (AR) solution that automates the entire AR process from credit to cash application.

Quadient has also released an advanced credit module to help businesses drive revenue growth through integrated credit risk management. The advanced credit module enhances Quadient's accounts receivable automation solution, YayPay, with instant credit application, decisioning and scoring.Powered by artificial intelligence and machine learning, YayPay's predictive analytics engine provides insights on payer behavior and their impact on cash flow, with the use of dynamic dashboards and process automation that help to reduce outstanding receivables and day sales outstanding (DSO) for companies. Acquired in 2020, YayPay is part of Quadient's best-of-breed and cloud-based Intelligent Communication Automation (ICA) platform, which is bringing together customer communications management, financial automation, customer journey mapping and document automation.

In 2022, Quadient has also continued its footprint expansion in document automation cloud solutions with Impress Distribute being available in Germany, expanding in yet another major European market the capabilities of Quadient® Impress, its cloud-based document automation for small and medium businesses (SMBs). With Impress Distribute, Quadient now brings additional communication channels to German small and medium businesses (SMBs).

By investing in its Impress platform and expanding its footprint to new markets, Quadient continues its mission to deliver software solutions that streamline business processes and build meaningful interactions, while ensuring important communications meet security and compliance requirements, a must-have in an increasingly regulated market.

In October 2022, Quadient released Impress Invoice, a software-as-a-service (SaaS) that securely and compliantly automates the preparation and delivery of invoices. Impress Invoice features built-in electronic invoice presentment, invoice delivery and facilitates payment of those invoices, so businesses get paid faster while offering customers added convenience and improved satisfaction. The Quadient Impress platform is part of Quadient's Intelligent Communication Automation software suite. With Impress Invoice, it completes the suite of finance automation solutions covering account receivables (YayPay) and account payables (Beanworks). More than 12,000 customers worldwide rely on Quadient software solutions for their essential business communications.

In 2022, Quadient also announced the largest contract for its Intelligent Communication Automation (ICA) solutions, with the signature of a two-year contract extension with one of the top 5 global healthcare insurance companies based in the United States. Further partnerships have been announced with Mailtropolis, Daylight Automation Inc., Esker and Tietoevry.

Quadient's transformation into a cloud software leading player has received recognition from customers and industry analysts. Less than three years after launching its cloud software strategy, Quadient has consistently been named a leader in most of the assessments from prominent independent technology analyst and consulting firms, such as:

- The 2022 Aspire Leaderboard for the fifth consecutive year
- The Forrester Wave: Journey Mapping Platforms, Q2 2022
- The IDC MarketScape 2022
- The Top 10 of the Truffle 100 Ranking of French Software Companies for the Fifth Year in a Row

In December 2022, Quadient also was named as Approved Cloud Software Supplier on UK Government's Digital Marketplace

Focus on digital solution security

Quadient solutions' security is an absolute priority for the Company and its customers. Beyond the ISO 27001, 27017 and 27018 organizational standards, Quadient digital solutions are also certified to the highest information security and data protection standards.

For instance, the Company has achieved SOC 2 Type II reports for all its digital solutions. These are the most comprehensive certification within the Systems and Organization Controls (SOC) protocol. A company that has achieved SOC 2 Type II certification has proven its system is designed to keep its clients' sensitive data secure.

Its digital solutions are certified HITRUST (Health Information Trust Alliance Common Security Framework - HITRUST CSF) which is a prescriptive set of controls that meet the requirements of multiple regulations and standards (*e.g.* ISO 27001, HIPAA, PCI, NIST) and aim to create a comprehensive set of baseline security and privacy controls.

The HIPAA Privacy Rule establishes national standards to protect individuals' medical records and other individually identifiable health information (collectively defined as "protected health information") and applies to health plans, health care clearing-houses, and those health care providers that conduct certain health care transactions electronically.

The Payment Card Industry Data Security Standard (PCI DSS) is a widely accepted set of policies and procedures intended to optimize the security of credit, debit and cash card transactions and protect cardholders against misuse of their personal information.

Moreover, the Company follows the Software Assurance Maturity Model (SAMM) which is an open framework to help organizations formulate and implement a strategy for software security that is tailored to the specific risks the organization is facing. Quadient also decided to adhere to the CSA Security, Trust & Assurance Registry (STAR), the most popular cloud security provider certification program. It is a three-tiered provider assurance program of self-assessment, 3rd-party audit, and continuous monitoring.

SMART HARDWARE SOLUTIONS

Mail-Related solutions

In September 2022, Quadient globally launched the DS-700 iQ, the Company's latest modular, flexible and scalable folder inserter solution. The DS-700 iQ is equipped with more than 30 enhancements designed to address the evolving workflow demands of today's high-volume mailing environments.

Shortly later, Quadient brought the DS-77iQ, a compact modular folder inserter solution, to the market. The DS-77iQ is compatible with the also new docsecure by Quadient software, the only fully cloud-based, closed-loop solution that tracks document integrity at every step, including proof that each mail piece has been properly processed.

The launch of the DS-77iQ and docsecure software is the result of the ongoing investment by Quadient in its intelligent mail and shipping solutions The docsecure solution is also compatible with Quadient's Impress Automate outbound document automation cloud-based software.

Parcel Locker Solutions

Parcel Locker Solutions provide an automated workflow to facilitate the package delivery and return process from home delivery and click & collect for retailers, to pick-up and drop-off (PUDO) automation for carriers. Quadient delivered many innovative projects related to Parcel Lockers, focusing on smart lockers, user experience, mobile apps, security and simplicity. Combining the expertise of US-based Parcel Pending, acquired in 2019, with its long-standing global leadership in Parcel Locker Solutions for carriers, retailers, commercial buildings or universities, Quadient has adopted the "Parcel Pending by Quadient" brand across its entire parcel locker portfolio in North America and Europe since June 2020.

In February 2022, Quadient has announced several new collaborations around the world. Purolator, one of Canada's integrated freight, package and logistics solutions providers, has installed more than 20 Parcel Pending by Quadient smart locker systems at its busiest terminals in Canada to enhance customer experience and meet increased package delivery demands.

In March 2022, Quadient helped DHL, a globally active logistics company, to expand its delivery network in Sweden with a significant number of smart outdoor parcel lockers.

In May 2022, Quadient and Decathlon reaffirmed their partnership on Parcel Lockers. Decathlon, a global sporting goods retailer, equipped dozens of additional stores with Quadient's automated parcel lockers in 2022.

In June 2022, the Company announced that it will install carrier-agnostic parcel lockers at large scale in the UK. Over 500 parcel lockers in 2022, and 5,000 in the coming years, will be made available to all UK carriers and retailers to offer convenient parcel pickup and drop-off locations and an exceptional shopping experience to their customers, with a flexible choice of pickup times and locations. Most installations will be outdoor facilities accessible 24 hours a day. DHL Parcel UK and DPD both already joined Quadient's parcel locker network in 2022. Two further international carriers also decided to join the network, bringing the total number of carriers to four by the end of 2022.

In September 2022, Parcel Pending by Quadient oversize lockers were launched, an automated fulfilment solution purpose-built for industries that need to deliver extra-large and oversized goods to their customers. The new model expands the range of products that can be picked up from a locker, fitting most online purchases and fully integrating with other existing Parcel Pending by Quadient locker solutions. Oversize lockers are especially suited for retailers, distributors and multifamily communities that are looking to manage more delivery types and sizes, from building materials and sporting equipment to furniture and gardening tools. Oversize lockers are available in the US, Canada, UK and Ireland.

In December 2022, Quadient announced that Relais Colis, a key player in the French out-of-home parcel delivery market, is installing 200 to 300 Quadient smart lockers in Carrefour retail stores, enabling consumers to pick up and drop off their parcels at any time. The two partners are continuing their collaboration, which was renewed in 2021 with the announcement of the roll-out of new smart lockers in large and medium-sized Relais Colis partner stores in France.

Quadient continues to look to develop the adoption of its locker network globally: in December 2022, Quadient operated more than 17,300 units in major e-commerce markets such as Canada, France, Japan, UK and USA.

FOCUS ON DIGITAL AND HARDWARE ACCESSIBILITY

Quadient aims to create products usable by the widest possible audience, regardless of their ability. The concept of accessible design in Quadient software seeks to ensure both unassisted access and access by assistive technologies.

Quadient uses the benchmarks set by accessibility standards, like for example ADA compliance, Section 508 or EN 301 549. They consist of best practices and principles for making information technologies more accessible for people with disabilities.

While developing its Inspire solution, the Company has implemented fundamental accessibility features. Quadient aims to have its components presentable to users with disabilities, so they can understand and operate them. Accessibility features are present in Inspire Interactive and Inspire Designer.

Both components support navigating around the user interface using a keyboard and allow the use of a screen reader. The Inspire solution enables the creation of accessible outputs through Inspire Designer. The solution ensures accessible outputs for people with disabilities who use assistive technologies to navigate and read electronic content.

Also in the Parcel Locker Solutions, Quadient is meeting with its smart locker products for parcel delivery the requirements of ADA (Americans with Disabilities Act.) Features to this regard are screen height & box layout setting, comfort zone and text to speech integrated in the latest generation of smart lockers installations of the multifamily and carrier retail customers segments. The comfort zone (lower level) for example allows dividing the parcel locker compartments into different areas and to assign well accessible compartments in the lower levels for mobility limited users. Users in wheelchairs or vision impaired users can also use the keypad (including Braille) for input instead of the screen.

Text to speech features include notifications – an option which can be selected by registered users to convert text messages into spoken voice for phone calls to notify when a package has been delivered. Also, respective lockers can talk out loud when a signature is required.

Design cutting-edge sustainable solutions to help customers fulfil their needs while contributing to sustainable development

Quadient continually strives to propose innovative solutions that respect the environment. The Company designs its products to minimize their environmental impact throughout their life cycle.

SUSTAINABLE DESIGN

In 2006, Quadient introduced an eco-design policy to reduce the impact of its products throughout their life cycle. This policy is now an integral part of the corporate strategy. The Company gives careful consideration to energy efficiency, use of hazardous substances, longevity, recyclability, modularity and the upgradability of its products. The high level of sustainability and reliability of parts and components enable the Company to adhere to the principles of a circular economy. This virtuous loop promotes the repair, re-use and eventual recycling of materials rather than their disposal. Today, all new office franking machines and folder/inserter ranges benefit from this eco-design approach.

The Company has also implemented several actions to lower the carbon footprint of its digital solutions. This includes migrating on-premise solutions to cloud-based solutions, deleting clients' data linked to deactivated and unused accounts, and optimizing the architecture and server utilization, for example the migration of R&D applications to cloud solutions. Quadient also works with cloud-based service providers that contribute to carbon neutrality by using 100% renewable energy to power their data centers.

ANSWERING TO THE ISSUES OF THE LAST MILE DELIVERY AND RE-DELIVERY

E-commerce expansion led to a swift uptick in delivery volumes as e-commerce sales steadily rose during the last years. This increase had already placed enormous strain on cities, which struggled with increased pollution and road congestion from delivery trucks. This upward trend will continue, meaning that many urban centers will need to put in place scalable, smart infrastructure to help combat the negative implications of soaring parcel volumes. Parcel lockers answer several infrastructural difficulties modern cities are facing due to higher volumes of e-commerce deliveries, by reducing missed deliveries and reducing the CO_2 emissions related to the re-delivery of parcels.

Parcel lockers are installed around the city at places with high levels of foot traffic, such as train stations, metros, or popular shopping areas. Parcel lockers create a centralized pick-up point where multiple deliveries are made to it by the carrier for collection by recipients. This effectively eliminates delivery drivers from having to make multiple stops, as well as the potential for failed first delivery attempts. It also enables consumers to pick up their parcels on their own terms and reduces the risk of lost or stolen packages.

EU TAXONOMY

The Taxonomy Regulation (EU Taxonomy Regulation 2020/852) represents a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy by establishing a classification system common to the European Union. The objective is to identify the economic activities considered as sustainable, with reference to six environmental objectives: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems.

At the date of publication of this Universal Registration Document 2022, only the technical screening criteria relating to the first two environmental objectives (climate change mitigation and climate change adaptation) have entered into force.

This initial assessment of the eligibility of Quadient's activities to the two first climate objectives was carried out on the basis of the delegated act (2021/2139 of 4 June 2021, the "Climate Delegated Act"), and in accordance with EU Taxonomy Regulation 2020/852 and the EU Delegated Act 2021/2178 (the "Disclosures Delegated Act"), with the technical screening criteria for determining the conditions under which an economic activity may be considered to contribute significantly to climate change mitigation or adaptation.

Due to the nature of its activities, Quadient business activities are not covered by the Climate Delegated Act and consequently, are currently Taxonomy non-eligible with regard to these two environmental objectives. Therefore, the Company has not identified any eligible revenue.

However, the Company believes that some of its activities can contribute to achieving the European Union's sustainability objectives:

- by delivering remanufacturing products offering the same technical characteristics and reliability than new products with an environmental gain of up to 50% in terms of greenhouse gases (GHG) generated throughout their life cycle;
- by helping its customers to reduce their emissions. The Parcel Lockers Solutions answer to the issues of the last mile delivery, by reducing missed deliveries and reducing the CO_2 emissions related to the re-delivery of parcels.
- by reducing its own environmental footprint;

Quadient has reviewed both the definition of the KPI related to the capital expenditure and operating expenditure disclosed in annex 1 of the Disclosures Delegated Act which specifies the eligible capital and operating expenditures.

The Company has considered as eligible the investments and expenditure related to the renovation of buildings, energy efficiency of buildings and company cars acquired or taken as a lease during the financial year. However, in 2022 the Company did not perform any major investments nor major operating expenditure related to building renovation and energy efficiency measures, and any other direct expenditures relating to the maintenance of building and equipment.

The indicators of turnover, operating expenditure and capital expenditure, as defined in the Taxonomy, are presented in Chapter 8. Additional information.

Quadient monitors the publication of delegated acts for the other four environmental objectives and will revise its methodology and eligibility analysis as the Taxonomy is implemented, according to the activities listed and the technical screening criteria.

Deliver high quality, reliable and secure solutions to customers

RELIABILITY OF PRODUCTS

Quadient ensures the quality, reliability and availability of its products and solutions delivered to customers. All the Company's R&D, manufacturing and logistic sites are ISO 9001 certified. This means that from design to after-sales service, operating procedures are deployed, and rigorous controls are applied to ensure a high level of product performance.

PRODUCT SAFETY FOR USERS

Quadient is taking a precautionary approach in selecting materials that are use in the products and processes, endeavoring to prevent any potential negative impact on the environment and select materials that are safe for their intended use.

Quadient takes great care in assessing the safety of the products it places on the market and complies with all European and international regulations. These requirements are taken into account during product development. Approval and qualification tests are first carried out internally before being confirmed by independent external laboratories. Externally conducted tests make it possible to ensure product safety. Tests mainly cover compliance with UL ("Underwriters Laboratories") requirements, Russian GOST-R regulatory requirements and EC requirements regarding electromagnetic compatibility (directive 2004/108/EC), limiting the voltage used in electrical equipment (directive 2006/95/EC "Low voltage") and the restriction of the use of certain hazardous substances (directive 2011/65/EC "RoHS").

Other external tests make it possible to check compliance with electromagnetic compatibility (EMC) requirements, with US Federal Communications Commission (FCC) requirements and with the Australian c-tick label guaranteeing low exposure to electromagnetic fields. Tests are also conducted on product sound emissions, on drop tests and on compliance with "Energy Star" requirements. "Energy Star" is a label created by the US Environmental Protection Agency (EPA) and recognized by the European Union. It sets out energy consumption criteria to improve the energy efficiency of office equipment. This efficiency depends on electricity consumption of products in use and in sleep mode.

The regulatory guidance regarding electrical and electronic equipment regularly evolves at both European and international levels. Quadient's active participation in the professional organizations of the French Information Technology Industry Union (AFNUM) and the working meetings of the National Authority in France allows the Company to follow these developments and anticipate future changes. Among the regulatory texts with which the Company must comply, particular attention is paid to the RoHS and WEEE EU directives, the French decree on the use of nanomaterials (now applicable) and the REACH regulation.

MEASURING CUSTOMER SATISFACTION

Customer satisfaction is critical at Quadient. That's why the Company built a reliable, actionable Voice of the Customer program that spans all product lines to track customer experiences and adapt its solutions and processes to their expectations.

These surveys are conducted in the Company's main countries via an independent market research agency. The objective is to evaluate the experience of its customers throughout their journey by evaluating into depth, each point of contact (solution, support, sales, onboarding…). In total, more than 40 criteria are evaluated on a satisfaction scale, and the impact of each criterion is calculated according to its contribution to overall satisfaction, thus allowing Quadient to identify the most important aspects on which customers express expectations.

The overall satisfaction rate of MRS customers is 97% in 2022 and a diagnosis by customer segment (low, mid & high) is established in order to design an action plan with regard to the very specific expectations of these customer profiles.

CXM customers are also very satisfied with a score of 94%: segmenting results between service providers and enterprises has allowed the Company to adapt its solutions to the expectations of these two very distinct targets.

For financial automation, 90% of the customers of the Account Receivables solution (YayPay) are satisfied and 85% of the customers of Account Payables solutions (Beanworks).

96% of NeoTouch France customers, ever more numerous with the acceleration of the digital transformation of companies, remain at a very high level of satisfaction.

Besides, this voice of the Customer program has been extended to Impress customers who 92% declare to be satisfied.

Also, it is to be noted that more than ¾ of Parcel Pending customers are satisfied with their smart locker in multifamily residences across the United States, a score comparable to last year.

Thus, in 2022, by considering the importance of each business line in the Company revenue, the overall customer satisfaction rate is at 95%.

To complement these yearly surveys, hot surveys are conducted immediately all along the year after a customer interaction (e.g., a maintenance intervention, a call center request…) to measure customer satisfaction in real time, dive deep into key transactional processes, and respond quickly to any customer dissatisfaction.

Initiatives	Main achievements
Reliability of hardware solutions	For MRS, in 2022 • the Quality performance was 80%. 80% of the product lines of MRS business have reached the OBF[(a)] targets set for the year; • Concerning the product reliability, performance was 100%. All the product lines of MRS business have reach the BPY[(b)] targets set for the year. For PLS, in 2022 • The Quality performance was 0.35% OBF[(c)] on installed adders (columns); • Concerning the product reliability, the performance is 1.21 BBPY[(d)].
Availability of CXM digital solutions	• Availability rate of CXM cloud is 99.99%. • Bug resolution time – A12 Hotfix Service Level Agreement (SLA): 91.92%
Customer satisfaction	• 95% of customers were satisfied in 2022. • 97% for Mail Related Solution (MRS). • 93% for Intelligent Communication Automation (ICA).

(a) The Out Box Failure (OBF) KPI measures the quality performance at the installation. It considers the number of installations that are not satisfactory at the first time, whatever the reason (missing item in the box, connection issue, quality issue, etc.) compared to all the products installed during the reporting period. Each year the Company sets targets depending on the maturity and complexity of the products, the OBF targets range from 0% to 2.2% failed installations at the first attempt.

(b) The Breakdown Per Year (BPY) KPI measures the product reliability over time. This is the average number of breakdowns that occurred during the reporting period (12 rolling months). As for the OBF, the Company sets annual performance BPY targets also depending on the maturity and complexity of the products. They range from 0.09 to 2,3 breakdowns in 2022.

(c) For PLS business, the OBF considers all the "adders" (columns of the parcel lockers) which failed during their installation in comparison with all the adders installed during the year.

(d) Concerning the reliability of the parcel lockers, the quality and customer support team monitor the Breakdown per Box per Year (BBPY). This represents the average number of breakdowns per lockers that cannot be used by a carrier nor a consumer.

5.1.7 ENGAGE AND SUPPORT LOCAL COMMUNITIES

In 2022, Quadient continued to roll out its philanthropy program, Quadient Cares, launched in April 2021, as it established philanthropy as a key pillar of its CSR strategy. The second year of this program has been focused on strengthening fundamental components of the program, the impact was positive with a total of €239,000 collected for projects of general interest in sectors such as education, health and social assistance, environment and inclusion & diversity. Moreover, 897 online challenges were completed, 309 goods collected, 596 contributions completed, 469 employees engaged in one do good activity online and a total of 680 active users (14% of all the employees) involved in the new philanthropy program. In total, 1,394 employees are enrolled on the platform, representing 29% of the employees.

Moreover, a total of 300 employees were engaged in the World Clean Up Day and more than 300 persons participated in the Giving Month. These examples of initiatives reflect the many sponsorship and volunteering actions identified in qualitative questionnaires sent to Quadient's different subsidiaries in 2020. Indeed, as part of the program's policy, since mid-2021, all employees are now entitled to spend one working day per year to dedicate their time to the program, except for UK and Ireland who benefited from 2 days per year and, thanks to this 3,250 volunteer hours were accumulated since the launch of Quadient Cares in April 2021. Furthermore, in March 2022, the Company launched Quadient Cares Relief Fund first to support financially Ukrainian colleagues during the war but also to help colleagues affected by natural disasters.

Philanthropy program

Our Commitments

Encouraging Quadient employees to implement and take part in charity activities, in all the countries the Company operates. Srengthening the dialog with external stakeholders and supporting the communities. Sharing skills, knowledge and know-how by giving time.

3 main causes

Quality education and decent work

Inclusion and Diversity

Environment: waste and pollution reduction

4 types of actions

Volunteering
Quadient offers every employee one volunteer day per year (and even 2 days in the UK and Ireland).

Skills-based sponsorship
Quadient offers opportunities to make a "pro bono" commitment through skills-based volunteering/sponsorship.

Donations
Donations typically take the form of money, but can also be in the form of in-kind contributions, such as: food, clothes, hygiene products,

Emergency fund for employees
Emergency fund to the benefit of Ukrainian workforce and employees affected by natural disasters.

5

Our achievements

3 annual events

International Women's Day : animations and collection of funds and goods for charitie programs dedicated to women.

World Cleanup Day : cleaning up sites in countries and solutions to combat waste mismanagement.

Giving week : volunteer development, awareness and promotion of the program internally and externally.

Our partners

SOS Villages d'Enfants (in France)

Dress for Success Greater London

Sufrider Foundation Europe

Key results

€239,000 of financial donations to Non-Profit Organizations

14% Employees participated in at least one charitable activity

3,250 Hours volunteered by Quadient employees

AMBITIONS & TARGETS 2021 - 2023

Ambitions	KPIs	2022 Results	Target Achievement by end of 2023
Embody the Company's values by supporting communities in the fields of Education and Decent Employment, Inclusion and Diversity and the Environment with the reduction of waste and pollution	Hours spent by employees supporting communities	3,250 hours[(a)]	>5,000 hours
	Contribution rate of employees engaged and involved in volunteering & sponsorship projects	14%[(b)]	>25% of employees engaged in the program
	Total amount of financial donations to Non-Profit organizations	€239,000[(c)]	>€100,000

(a) A new platform was implemented in April 2021 to better monitor the Company's efforts but doesn't reflect all the number of employees already involved in volunteering & sponsorship projects. Number of volunteered hours cumulated since the introduction of Quadient Cares program in April 2021

(b) The contribution rate was calculated with the data linked to employees engaged on the platform and the volunteered hours registered on Workday with a total of 680 contributions at the end of January 2023.

(c) In 2022, the total amount includes donations made in 2022 for the new Quadient Cares Relief Fund (€24,128 funds raised by employees and €50,000 of matching from the Company allocated to the Quadient Cares Relief Fund to support Ukrainian employees affected by the war and to support US employees affected by Hurricane Ian in Florida).

Source: CSR qualitative questionnaires, Workday and the platform implemented in 2021 to monitor the Company's efforts.

Embody the Company's values by supporting communities in the fields of Education & Decent Employment, Inclusion & Diversity and the reduction of waste and pollution

LAUNCH AND DEPLOYMENT OF A PHILANTHROPIC PROGRAM AT CORPORATE LEVEL

In April 2021, the Company launched Quadient Cares program and deployed its philanthropy policy aligned with its values. The program and the policy were finally rolled out across all the countries at the beginning of 2022. The main objective was to create a philanthropic program with charity events at local or corporate level but also offering to employees skills-based sponsorship, in-kind donations, financial donation, fundraising and on the field volunteering missions. It was also an opportunity to develop a close dialogue with communities and to start measuring the social impact of the Company. In 2022, the international community network (regional leaders and community advocates) was also consolidated to continue to raise awareness, to engage more employees worldwide, to train new employees on the platform and to propose new activities with charities at local level in order to achieve the objectives.

A due diligence and onboarding process on the platform were established for charities and more than 50 non-profit organizations are currently integrated into "Quadient Cares".

Regarding corporate partnerships, Quadient continued to support charities in line with the 3 main causes mentioned above and with reference to the Sustainable Development Goals n° 4, 5, 8, 10 and 12.

SOS Children Villages in France received a new donation of 20,000 euros to support the "Tantie Bagage" project in the Ivory Coast (Aboisso). SOS Children's Villages launched the "Tantie Bagage" programme in 2017, which aim to protect girls carrying heavy loads in the markets. Today, the programme will be expanded to protect all child victims of labour exploitation.

More globally, SOS Children Villages in France belongs to the Federation SOS Children Villages International which operates in 136 countries and territories. The French organization directly supports 23 countries both financially and operationally and supports program providing access to education, health, vocational training, parental capacity strengthening and awareness on children's right.

Dress for Success Greater London received a total of 5,000 euros to help women and Dress for Success Worldwide 15,000 euros for the holiday campaign and Greetings card. Dress for Success mission's is to empower women to achieve economic independence by providing a network of support, professional attire and the development tools to help women thrive in work and in life.

For the environmental cause, Quadient continued its corporate partnership with Surfrider Foundation Europe, an organization dedicated to the protection and the sustainable development of the ocean, waves and coastlines and its users. A second donation of 20,000 euros was made, in order to support "Osparito project" in Europe, designed to raise children's awareness of the impact of climate on the coast.

Some partnerships were crossed with business activities: Make-A-Wish UK and USA were supported with a donation made by Quadient for each marketing survey completed by customers.

CREATION OF QUADIENT CARES EMERGENCY RELIEF FUND

In March 2022, Quadient's community rallied together to raise funds for Ukrainian workforce impacted by the war, leading to the creation of the Quadient Cares Emergency Relief Fund. The amount of $26,000 was raised from colleagues around the world, while Quadient donated $60,000 in support $57,316 has been awarded to applicants, through 47 individual grants, to cover the accommodation, travel to safe place and living expenses of colleagues in need. This fund also enables an inclusive environment for all employees, providing support when disaster strike. In September 2022, funds were also raised to support US employees impacted by natural disasters like Hurricane Ian in Florida.

In 2022, there were 3 main corporate events per year organized thanks to Quadient Cares program, giving the opportunity to employees to engage at different key-periods in the year:

- International Women's Day, in March 2022,
- World Clean Up Day, in September 2022.
- The previous Giving Week became Giving Month, in November 2022;

ORGANIZING CORPORATE AND FUNDRAISING EVENTS IN HONOR OF INTERNATIONAL WOMEN'S DAY IN 2022

Quadient held celebrations and fundraising events, mainly online because of the sanitary crisis, in honor of International Women's Day 2021 helping to raise money and collect goods for local women's charities, in line with its values and the cause of Diversity & Inclusion. Quadient also pursued its philanthropic initiatives in 2022, as part of its "Empowered Community" Fearless Women" which organized a virtual meeting on the occasion of the International Women's Rights Day with testimonials and experiences from employees to think about how Quadient and each employee must commit to implementing the necessary changes for equity in the workplace. In France, a breakfast to promote Quadient Cares program was organized in Bagneux, a workshop was initiated with the organization "Chaussettes Solidaires" to create bracelets with recycled materials and lastly a virtual conference organized with the President of UN Women France, champion for gender equality, to present the Women Empowerment Principles and all the initiatives launched worldwide to develop and uphold standards and create an environment in which every woman and girl can exercise her human rights and live up to her full potential.

At local level, Quadient also continued to support Czechitas, a Czech IT Community for Women, bringing mentoring skills on requalification courses for women during a new year-long Digital Academy and also support by offering expertise throughout the year across other local workshops in Olomouc and Ostrava, close to the specialized R&D team.

Moreover, Quadient received numerous donations of clothing and shoes for local associations that support women. The Company supplemented this fundraising effort with a new donation to Dress for Success Greater London, member of a global non-profit organization that empowers women to achieve economic independence as economies reopen and organizes solidarity initiatives to support employees during the crisis. The structure provides a network of professional support and development tools to help women thrive in work and in life.

ORGANIZING THE SECOND EDITION OF WORLD CLEAN-UP DAY IN SEPTEMBER 2022

World Cleanup Day is an international event across 180 countries that encourages organizations and volunteers to take time to clean up their communities. Individuals, Governments, Corporations and Organizations are all encouraged to take part in cleanups and to find solutions to tackle mismanaged waste.

The Empowered Community "Act4Earth", launched in July 2021, has largely contributed to the organization of the second edition of the World Cleanup Day in September 2022 in 12 countries, in partnership with Surfrider Foundation Europe and USA for some entities.

The second World Cleanup Day was organized at Quadient with activities offered to employees in September 2022, in different regions with field volunteering, goods collection, challenges and quizzes. It was an opportunity to bring employees together to take part on physical and digital environmental activities and challenges. By offering learning activities and challenges during September using the philanthropy platform and on the field, the main goals were to educate Quadient employees to environment and to organize locally a physical and digital cleanup day.

At global level, more than 300 employees were involved in 17 locations and this collective action represented more than 800 volunteered hours, 1,158kg of waste collected and 17,923 cigarette butts.

In the headquarters in Bagneux (in France), the 15 September, 41 participants were involved during two hours and collected 429 kg of waste including 7,000 cigarette butts, then recycled by Cy-clope, a French start-up recycling cigarette butts. Thanks to the partnership with Surfrider Foundation Europe, a cleanup was organized on l'Ile de Monsieur in Rueil-Malmaison with 37 participants, and as a result 88kg of waste collected including 3,301 cigarette butts.

In the US, cleanups were also organized with Surfrider Foundation US in some entities. Different cleanups took place from Millford (with 48 kg collected and 300 cigarettes butts) to Boston (with 16kg collected and 300 cigarettes butts) and Irvine with final events taking place today in Florida and Georgia.

Regarding awareness, masterclasses with Surfrider Foundation Europe on plastic pollution and climate change and oceans and a mural of waste ("fresque des déchets") were organized online in French and/or English for all volunteer employees.

ORGANIZING GIVING MONTH IN NOVEMBER 2022

The goals of the Giving month were:

- to increase in-person and remote volunteering hours via the platform, particularly across Inclusion and Education pillars,
- to raise internal awareness of the overall program, its priority areas and the work started by Philanthropy Teams in each region and
- to promote Quadient Cares program externally to heighten awareness.

In November 2022, Giving Month represented more than 1,000 volunteering hours with more than 300 employees involved in 17 events in 12 countries. Several activities and 92 challenges were also engaged on the platform in different regions.

For the region Germany, Austria, Switzerland, Italy and UK and Italy (DACHIT UKI) : the philanthropy advocates team organized activities across the DACHIT/UKI region to support Refuge Network International in UK, Dress for Success Greater London, Little Sparks Enfield, The Capucin Centre, Die Arche München, Förderverein Helfende Hände e.V. Stuttgart, Coordown, and the Swiss School for Guide Dogs for the Blind. In Dublin office they also organized a CANstructing.

In Italy, a solidarity dinner was organized in a pizzeria with colleagues from the Rho office who supported young volunteers of + di 21 a local charity that run integration and social inclusion projects for people with Down syndrome.

Over 120 colleagues got involved to make a difference in their local communities. In Stratford office, the teams took part in the Dress for Success Career Day, by welcoming a group of women who shared their career goals and aspirations, and were provided one-on-one advice in CV writing, creating LinkedIn profiles, and interviewing skills. Again in Stratford, for Giving Month 15 employees contributed to the soup kitchen and homeless street outreach to support Refuge Network UK.

For France/Benelux region: for the Giving Tuesday, a volunteering event was organized with Apprentis d'Auteuil foundation in Meudon and a donation of €10,000 was done to support the students of St-Philippe campus.

The foundation has been a significant player in child protection for 155 years, working with vulnerable families and children facing difficulties. Its objective is to welcome, educate, train, and integrate young people from all geographical, social, cultural, and religious backgrounds and to support parents in their role as educators.

In Apprentis d'Auteuil Saint-Philippe's Campus in the city of Meudon, near Paris, 60 Quadient employees volunteered for a day to participate in workshops with the students. The program included very diverse and fun activities and workshops such as pastry cooking, horticulture, music, CV writing, Olympics.

Regarding goods collections, 140 kg of toys were collected for the non-profit organization Rejoué, an inclusion workshop that gives a second life to toys and 23.1 kg of socks were collected until end of January in Rueil-Malmaison and Bagneux for the charity Chaussettes Solidaires to be sorted and recycled. This charity organizes weekly workshops for children to raise awareness to the reduction of waste.

Some employees also participated in a food bank collection close to Paris for the BAPIF ("Banque Alimentaire de Paris et d'Ile-de-France") on 25, 26 and 27 November 2022.

In the North America region (NORAM): a partnership with Make-A-Wish in Connecticut was launched during Giving Tuesday with 21 participants. As part of Giving Month activities, Quadient Milford colleagues came together to volunteer at the Make-A-Wish Connecticut Headquarters -The Wishing Place. The mission of Make-A-Wish Foundation is to create life-changing wishes for children with critical illnesses and to grant the wish of every eligible child in different countries.

Moreover, regarding goods collection, 1,254 food items were donated to foodbanks.

In Canada, a few employees from Beanworks participated in a blood drive for Giving Month. And an initiative was also launched in Markham to collect food (mainly cans) to help families in need to have a happy Holiday season.

In the region International: efforts were focused on two important charity events, which propelled 70 volunteers into action. In the Czech Republic, employees went back to the classroom with Czechitas, a charity that empowers girls to code. Regarding goods collection, 59 Quadient devices were donated to schools, people affected by the war in Ukraine, and NGOs. This represented more than 290 kg of donations (laptops, computers, printers, monitors, etc.).

Meanwhile, the Nordics team created bracelets for Youth with Cancer (Beading for cancer), in aid of young people battling cancer. Thanks to the creation of bracelets, in Norway, more than 500 euros were donated to children's cancer found. The Nordics teams (Finland, Sweden, Norway and Denmark) manage to bead approximately 155 bracelets with the message "Ung Cancer" that was sold by the organization Youth with Cancer and brought back SEK 15,500 (slightly more than €1,300) to the organization.

PURSUING SPONSORSHIP AND ON SITE VOLUNTEERING INITIATIVES WORLDWIDE

All year long, local initiatives and activities are offered to employees to enable them to engage at their own pace.

For many years, Quadient in the USA has offered its employees the opportunity to participate in the fight against cancer through the Community committee, with charity walks such as the "Breast Cancer Walk" or "Making Strides against Breast Cancer", the largest network of breast cancer events in the United States. These initiatives bring communities together in the fight against this deadly disease and raise funds for the American Cancer Society, which conducts breast cancer research and provides patient services such as free travel to chemotherapy sessions, free places to stay near treatment centers and a 24/7 helpline.

In the USA, during the ICA Kick-off in April 2022, thanks to the contribution of employees, meals were also packed to support Rise Against Hunger.

Moreover, a former employee from Quadient was granted a wish by the Make-A-Wish foundation. Since then, he has been championing the cause and even involving Quadient, where he has been employed for over 30 years, to push the envelope on his fundraisers with Quadient Impress.

Quadient Canada has been part of Canadian Blood Services' Partners for Life program since 2014. This is a national, independent, not-for-profit organization that manages Canada's blood supply system. Other charitable initiatives are undertaken by Quadient Canada employees, such as the Red Door Shelter, a fundraising event to help families in need, and the Helping Hands Food Shelter, a food drive.

In Singapore, some employees spent a weekend with Habitat for Humanity Singapore to support ProjectHomeWorks as part of the Quadient Cares program.

Since 2007, Quadient France has supported the SOS Children's Villages association through a product-sharing operation with Neotouch. In 2022, Quadient France renewed its support to the association by donating 10,000 euros to help finance renovation work in various reception areas.

In Rueil-Malmaison and Bagneux, as in 2021, collects of plastic caps were organized to support the association Coeurs2Bouchons that helps people with disabilities, by collecting plastic caps from its partners.

Since a few years, Quadient Ireland is also committed to the fight against cancer by supporting the Irish Cancer Society. The Trust's mission is to find and connect people with spinal cord injuries around the world to accelerate the development of a cure for paralysis. Quadient Ireland also supported the Capuchin Day Centre for Homeless People and all Quadient Ireland employees made a donation of clothes, food, toys, toiletries to the center. Quadient Finance Ireland's team spent a day volunteering on-site for Barretstown, getting the camp ready to welcome children back. The team also participated in planting a "Quadient" tree in Barrestown Castle site. Barretstown is a residential camp for children and families based in County Kildare, Ireland, offering a range of activities, supported behind the scenes by a medical team.

In England, Quadient Technologies Limited continued to support the "Make-A-Wish UK" initiative. Several fundraising activities were organized. Quadient Technologies UK Limited also continued to support the charity Little Sparks, fundraising for children and young people with complex medical conditions, or who are deemed as having a short life expectancy. The main aim is to provide access to a range of activities and offer a safe place for children and young people to talk, feel included and express themselves through play and craft activities. They also provide support via bereavement work with children and young people at home and in school, as well running a bereavement group during school holidays.

In February 2022, in Germany, employees have raised more than €5,000 to support the UNHCR (UN Refugee Agency) in providing assistance and protection to refugees from Ukraine.

5.1.8 OTHER NON-FINANCIAL INFORMATION

The 2021 and 2022 reporting scope does not include the data from Automated Packaging Solutions (APS) business and production facility based in Drachten, the Netherlands, as they were divested in 2021.

Quadient has reported the information in the GRI Content Index for the period from February 1, 2022 to January 31, 2023 with references to the GRI Standards. All data are provided in Chapter 8 in Section 8.7.4 / Table of concordance for the Global Reporting Initiative pages 280 - 283 .

GRI Standard	Social data	2022	2021	2020
405-1	**Headcount by gender[a]**			
405-1	Women	1,643	1,662	1,711
405-1	Men	3,151	3,260	3,426
	TOTAL NUMBER OF EMPLOYEES (TEMPORARY/CASUAL EMPLOYEES ARE EXCLUDED)[B]	**4,794**	**4,922**	**5,137**
	Permanent contracts	4,749	4,848	5,077
405-1	Women in permanent contracts	1,620	1,626	
	Fixed-term contracts	45	74	60
405-1	Women in fixed-term contracts	23	36	
2-7	Full time equivalent employees	4,697.6	4,844.1	
2-7	Part-time equivalent employees	96.4	77.9	
2-7	Temporary/casual employees	247	216	87
2-7	Women among temporary/casual employees	177	138	
2-8	Workers who are not employees[c]	362	345	
401-1	Recruitments (external)[d]	694	665	454
401-1	Departures[d]	848	783	646
404-1	Number of employees involved in one or more training courses in the year	3,812	4,033	4,128
	Total number of training hours (local training)	60,693	36,728	63,831
405-1	Women managers	262	243	293
405-1	Men managers	616	639	715
405-1	Disabled employees	160	110	94
	Absenteeism[e]			
403-9	Related to workplace accidents with time off work	0.05%	0.02%	0.05
403-9	Related to workplace accidents while commuting	0.01%	0.01%	0.03
403-10	Related to occupational illnesses	0.03%	0.08%	0.07
403-10	Related to illness (excluding maternity and paternity leave)	2.93%	2.97%	5.23%
403-9	**AVERAGE GROUP ABSENTEEISM RATE**	**3.02%**	**3.07%**	**5.38%**
	Number of workplace accidents	26	39	78
	Workplace accidents resulting in time off work	15	12	21
	Number of days lost through accidents resulting in time off work	541	211	403
403-9	Frequency rate of workplace accidents	1.6	1.4	3.1
403-9	Severity rate of workplace accidents	0.07	0.02	0.06

(a) Workforce present as of 31st January 2023 with an employment contract with an entity of the Company (excluding temporary employees and interns).
(b) Total headcount as of 31 January, 2023 without the headcount of the legal entities not included in the scope of the CSR reporting, as described in the methodological note in the section 5.1.9. Contractors supporting and developing the YayPay solution in Ukraine were excluded of the CSR Reporting Scope.
(c) According to the GRI-2021, workers who are not employees, include agency workers, apprentices, contractors, home workers, interns, self-employed persons, sub-contractors and volunteers.
(d) Hires and departures within the internal mobility are not taken into account.
(e) Absenteeism rate has been calculated in working days.

GRI Standard	Environmental data	2022	2021	2020[a]
303-5	**Water (in m^3)**	**20,770**	**26,966**	**33,025**
302-1	**Energy (in MWh)**			
	Electricity consumption	8,365	9,154	10,803
	Gas consumption	6,669	7,782	6,757
	Heating network consumption	1,694	2,062	2,267
	Fuel oil consumption	135	65	59
	TOTAL ENERGY CONSUMPTION (IN MWH)	**16,863**	**19,063**	**19,887**
302-3	**Energy intensity**			
	Energy consumption by revenue (in MWh/€m revenue)	15.6	18.6	19.3
	Energy consumption by employee (in MWh/employee)	3.5	3.8	3.9
	Scope 1 and Scope 2 emissions (in Teq CO_2)			
	Emissions related to company vehicles	5,024	4,753	5,047
	Emissions related to natural gas combustion	1,016	1,046	1,039
	Emissions related to refrigerant gas	396	523	594
	Emissions related to fuel oil combustion	31	15	14
305-1	**TOTAL SCOPE 1 (IN TEQ CO_2)**	**6,468**	**6,436**	**6,694**
	Emissions related to electricity purchased (market-based method)	2,366	2,730	3,469
	Emissions related to urban heating purchases (market-based method)	465	555	615
305-2	**TOTAL SCOPE 2 (IN TEQ CO2) (MARKET-BASED METHOD)**	**2,831**	**3,285**	**4,972**
305-4	**CO_2 emissions intensity (Scope 1 and Scope 2)**			
	CO_2 emissions by revenue (in Teq CO_2/€m revenue)	8.6	9.5	10.5
	CO_2 emissions by employee (in Teq CO_2/employee)	1.9	1.9	2.1
305-3	**Scope 3 emissions (in Teq CO_2)**			
	Emissions related to upstream and downstream freight transportation[b]	4,595	3,332	2,675
	Emissions related to business travels	3,482	773	2,104
	Emissions related to employees commuting[c]	3,562	6,549	6,115
	Emissions related to the purchase of goods and services[d]	43,959	43,747	47,132
	Emissions related to the use of sold products[e]	33,270	32,802	20,979
306-3	**Non-hazardous industrial waste (in tons)**	**576.5**	**515.0**	**972.4**
306-4	Non-hazardous waste recovered	504.8	473.9	956.7
306-5	Non-hazardous waste disposed	71.7	41.1	15.7
306-3	**Hazardous industrial waste (in tons)**	**6.5**	**4.4**	**18.5**
306-4	Hazardous waste recovered	5.8	3.8	12.0
306-5	Hazardous waste disposed	0.7	0.6	6.5
	TOTAL INDUSTRIAL WASTE (IN TONS)	**582.9**	**519.4**	**990.9**
306-4	% of industrial waste recovered[f]	87.6%	92%	97.7%
306-3	**Electrical and electronic equipment waste (WEEE) (in tons)**	**544.3**	**537**	**717**
306-4	% of WEEE recovered[g]	92%	81%	75%

(a) The 2021 data were revised downwards due to the adjustment of certain values.

(b) The data concern upstream and downstream transport managed by the Company. Transportation managed by Quadient entities locally was not taken into account.

(c) In 2019, a survey was conducted at Company level to evaluate the greenhouse gas emissions generated from employee daily journeys between home and work. In 2020 and 2021, the emissions were estimated based on the extrapolation of the results of the 2019 survey with the FTE figures by country, the percentage of employees working from home and the percentage of days of remote working. In 2022, the average-data method was used, which involves estimating emissions from employee commuting based on national data on commuting patterns.

(d) The data related to hardware solutions were extrapolated from the Life Cycle Analysis conducted in 2020. The emissions relative to corporate functioning were calculated by multiplying the spend data for each category of services by the corresponding conversion emission factors as outlined in the Base Carbone®.

(e) The data were extrapolated from the LCA conducted in 2020 on the main hardware and software solutions. The calculation is based on the annual consumption of hardware solutions during its use, multiplied by the number of machines placed on the market during the year in a given country. For the software solutions, the calculation is based on the emissions generated by sending email and mail, multiplied by the number of mail and email sent during the year.

(f) The data relate to all companies involved in industrial activities: Quadient Industrie France, Quadient Technologies UK Limited, Quadient Inc (Byhalia site).

(g) Material recovery and energy recovery.

5.1.9 NOTES REGARDING METHODOLOGY AND THE CSR REPORTING SCOPE

CSR reporting scope

The reporting period runs from 1 February to 31 January of the fiscal year. The environmental indicators cover the 1 January to 31 December period.

The information presented below concerns the consolidated entities of Quadient as at 31 January 2023 included in the CSR reporting scope. The reporting scope was established pursuant to articles L.233-1 and L.233-3 of the French commercial code and covers all the Company's activities in accordance with the rules defined below. The reporting scope includes all entities under the Company's operational control at 31 January of the reporting year and meeting one of the following two conditions:

- all entities with activities related to the supply chain (manufacturing, assembly, customization, purchases and logistics);
- all entities exercising R&D, retail or finance activities, and having more than 25 employees (except for the consolidated reporting scopes for Quadient s.r.o, Quadient Norge, Quadient Germany and Quadient Inc.).

The following are therefore excluded from the scope of reporting: Quadient India, Quadient Finance Ireland Ltd, Quadient Finance France, Quadient Mailing Logistic Systems, Quadient Global Services Ltd, and Packcity Japan.

Thus, 106 people are excluded, representing 2.2% of the total employees of the Company. The scope of CSR reporting therefore represents 97.8% of the global workforce.

When one of the Company's entities is not able to provide data for one specific indicator, and no estimation can be made, the entity is excluded from the indicator in question and an explanatory note specifies the scope or calculation method used for each indicator.

Changes in the scope of reporting or calculation methodologies do not always make it possible to draw a relevant comparison of data for the 2022 and 2021 financial years. These changes are mentioned and specified for the indicators whenever they have occurred in order to facilitate the correct interpretation of the indicators.

Furthermore, some indicators have not been mentioned in this report since they were deemed not relevant to the activity exercised by Quadient. This information concerns the environment with the indicator relating to land use and biodiversity, food waste and sustainable food.

When one of the Company's entities is not able to provide data for one specific indicator, and no estimation can be made, the entity is excluded from the indicator in question and an explanatory note specifies the scope or calculation method used for each indicator.

Changes in the scope of reporting or calculation methodologies do not always make it possible to draw a relevant comparison of data for the 2022 and 2021 financial years. These changes are mentioned and specified for the indicators whenever they have occurred in order to facilitate the correct interpretation of the indicators.

Furthermore, some indicators have not been mentioned in this report since they were deemed not relevant to the activity exercised by Quadient. This information concerns the environment with the indicator relating to land use and biodiversity, food waste and sustainable food.

Reporting process

The reporting process for 2022 was set forth in detail in a CSR reporting protocol for the collection of the necessary quantitative and qualitative information. This protocol was deployed in English in all Quadient entities and is also available on the secured CSR reporting tool. It was used to clarify the definitions and calculation methods for each indicator and to detail the steps of the reporting process, as indicated below:

- planning, collection, consolidation of qualitative and quantitative data and consistency check;
- data verification: in accordance with regulations, Quadient submitted the information contained in this CSR report for audit.

In January 2023, as it has been the case every year since 2015, specific "web meetings" were also proposed to entities that wanted to develop certain aspects of the reporting further. Quantitative data was collected from the entities using dashboards and the qualitative data was collected through online questionnaires accessible on the secured website dedicated to CSR benchmarks in the various countries.

CROSS-REFERENCE TABLE WITH THE INFORMATION REQUIRED IN THE NON-FINANCIAL PERFORMANCE STATEMENT

Theme	Pages	Cross-reference with the 2022 universal registration document
Overview of the business model	8 to 9	Introductory booklet
Description of the main non-financial risks related to the Group's activity	108 - 116	CSR strategy and policy
Description of policies designed to prevent, identify and mitigate the occurrence of non-financial risks and the outcomes of these policies, including key indicators	116 - 153	With reference to the mapping of CSR risks, cross-referencing with the eleven priority risks: • Human capital development, talent attraction and retention; • Diversity and inclusive workplace; • Community Engagement; • Health & safety and well-being; • Ecodesign and sustainable products and solutions; • Intellectual property rights; • Data privacy and integrity; • Breach of ethical rules; • Sustainable procurement & Human rights; • Circular economy; • Climate change.
Respect for Human Rights	129	Human Rights
Anti-corruption	129	Prevention and fight against fraud and corruption
Climate change (contribution and adaptation)	133 - 141	Reducing Quadient's carbon footprint
Circular economy	140 - 141	Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint
Food waste, fight against food insecurity, respect for animal welfare, responsible, fair and sustainable food	156	Given the nature of its activities, the Company considers that these topics do not constitute a significant CSR risk and do not justify a development in this document
Collective agreements and impacts	117	Provide great working conditions where all employees perform at their very best
Fight against discrimination and promotion of diversity	120 - 124	Create a diverse and inclusive culture and be an equal opportunity employer
Societal commitments	148 - 153	Engage and support local communities
Fight against fraud	93	Tax evasion matter is presented in chapter 4 related to Risk Factors and Internal Control

5.2 Independent third party's report on consolidated non-financial statement presented in the management report

Year ended the 31st January, 2023

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Assembly,

In our quality as an independent third party, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereinafter "entity"), we conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended 31st January, 2023 (hereinafter the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code (Code de commerce) and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (Code de commerce).

CONCLUSION

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, we did not identify any material misstatements that would call into question the fact that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

PREPARATION OF THE NON-FINANCIAL PERFORMANCE STATEMENT

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement

LIMITATIONS INHERENT IN THE PREPARATION OF THE INFORMATION

The information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

THE ENTITY'S RESPONSIBILITY

It is the responsibility of the Board of directors to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators;
- and to implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the entity's procedures, the main elements of which are presented in the Statement (or which are available on request at the entity's head office).

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R.225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R.225 105 I, 3° and II of the French Commercial Code, *i.e.*, the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation;
- the compliance of products and services with the applicable regulations.

REGULATORY PROVISIONS AND APPLICABLE PROFESSIONAL STANDARDS

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000 [1].

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the requirements of article L.822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

MEANS AND RESOURCES

Our verification work mobilized the skills of five people and took place between November 2022 and April 2023 on a total duration of intervention of about twelve weeks.

We conducted ten interviews with the persons responsible for the preparation of the Statement including in particular the General Management, Human Resources, Risk Management, Compliance, Health and Safety, Environment, Data Protection and Purchasing departments.

(1) *ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information.*

NATURE AND SCOPE OF THE WORK

We planned and performed our work taking into account the risks of material misstatement of the Information.

In our opinion, the procedures we have performed in the exercise of our professional judgment enable us to provide a limited level of assurance:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L.225 102 1 III of the French Commercial Code;
- we verified that the Statement provides the information required under article R.225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (eco-design, sustainable products and solutions, intellectual property rights, data privacy and integrity, human capital development, talent attraction and retention, diversity and inclusive workplace, health, safety and well-being at work, breach of ethical rules, sustainable procurement and human rights, circular economy, fight against climate change and community engagement), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: Quadient France, Quadient Industrie France Le Lude, Quadient Italy, Quadient Technologies Czech s.r.o;
- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with article L.233-16 of the French Commercial;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 23% and 28% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, the 27th of April 2023

French original signed by:

Independent third party

EY & Associés

Frédéric Papon
Partner, Sustainable Development

APPENDIX 1: THE MOST IMPORTANT INFORMATION

Social Information	
Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Share of employees on permanent contracts Share of women in the Group's workforce. Share of women managers and senior leaders. Percentage of employees eligible to remote working at least two days or more per week. Number of training hours completed during the year. Number of employees having completed at least one training course during the year. Rate of absenteeism due to work-related accidents.	Employment (attractiveness, retention). Increase employee engagement. Development of human capital. Work organization (organization, absenteeism). Health and safety (prevention actions). Social relations (social dialogue, collective agreements), training. Equal treatment (equality between men and women, fight against discrimination, integration of disabled people). Quality of life and well-being at work. Security of employees' personal data
Environmental Information	
Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Quantity of hazardous and non-hazardous industrial waste produced. Percentage of industrial waste recycled and recovered. Quantity of waste electrical and electronic equipment (WEEE) generated. Energy consumption Water consumption. CO_2 emissions (scope 1, 2 and 3)	The results of the environmental/energy policy (certifications, means). Circular economy (raw materials, energy, waste management). Eco design and product refurbishment. Climate change (significant emissions due to the activity, reduction targets, adaptation measures).
Societal Information	
Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Customer satisfaction rate for MRS and ICA activities. Share of revenue invested in R&D. Percentage of employees who have approved the Code of Ethics and completed the training. Share of strategic business partners who have approved the Code of Conduct. Number of ISO 27001 certified entities. Hours spent by employees supporting communities. Contribution rate of employees engaged and involved in volunteering & sponsorship projects. Total amount of financial donations to Non-Profit organizations.	Local impact (employment, development, residents, dialogue…). Engagement with local communities. Subcontracting and suppliers (environmental and social issues). Measures taken in favor of consumer health and safety. Innovation and design of sustainable products. Product reliability, safety, and availability. Customer satisfaction. Actions taken to prevent corruption and tax evasion. Respect for intellectual property rights.

FINANCIAL STATEMENTS

6.1 Consolidated financial statements

6.1.1 CONSOLIDATED BALANCE SHEET

CONSOLIDATED ASSETS

(In million euros)	Notes	31 January 2023	31 January 2022
Goodwill – Net	**(4-1)**	**1,080.0**	**1,119.8**
Intangible fixed assets			
Gross value*	**(4-2)**	567.7	619.0
Amortization	**(4-2)**	(442.3)	(481.3)
		125.4	**137.7**
Tangible fixed assets			
Gross value	**(4-3)**	628.4	614.2
Amortization	**(4-3)**	(507.2)	(481.5)
		121.2	**132.7**
Assets right-of-use			
Gross value	**(7)**	134.6	139.2
Amortization	**(7)**	(103.3)	(85.8)
		31.3	**53.4**
Non-current financial assets			
Investments in associated companies		10.3	10.0
Non-current financial derivative instruments	**(11)**	9.4	1.9
Other non-current financial assets	**(4-4)**	60.2	87.9
		79.9	**99.8**
Net long-term lease receivables	**(5-2)**	353.1	351.8
Other net long-term receivables		5.9	5.6
Deferred tax assets	**(12-4)**	16.5	19.9
Total non-current assets		**1,813.3**	**1,920.7**
Net inventories and work in progress	**(5-5)**	**86.4**	**72.5**
Net receivables			
Net accounts receivable	**(5-2)**	237.1	226.5
Net short term lease receivables	**(5-2)**	241.8	243.2
Income tax receivables		36.6	46.9
Net other receivables		7.0	6.2
		522.5	**522.8**
Prepaid expenses		49.0	41.8
Current financial assets		0.1	-
Current financial derivative instruments	**(11)**	3.1	1.6
Cash and cash equivalents			
Short-term and liquid investments		0.7	0.8
Cash		171.5	485.8
		172.2	**486.6**
Total current assets		**833.3**	**1,125.3**
TOTAL ASSETS		**2,646.6**	**3,046.0**

The following notes form an integral part of the consolidated financial statements.

** The intangible assets' gross value opening amount has been adjusted against equity following the application of the IFRIC decision on the recognition of the SaaS contracts costs for an amount of 10.9 million euros (Cf. Note 2-2).*

CONSOLIDATED LIABILITIES

(In million euros)	Notes	31 January 2023	31 January 2022
Shareholders' equity			
Share capital	**(13-1)**	34.5	34.6
Additional paid-in capital	**(13-1)**	51.4	52.9
Reserves and retained earnings	**(13-1)**	970.1	980.8
Cumulative translation adjustments	**(13-1)**	16.0	6.2
Treasury shares	**(13-1)**	(2.8)	(5.6)
Equity instruments	**(13-2)**	-	202.2
Net income		12.3	87.8
Total shareholders' equity		**1,081.5**	**1,358.9**
Attributable to:			
• holders of the parent company		1,072.7	1,350.4
• non-controlling interests		8.8	8.5
Non-current financial debts	**(11-2)**	729.7	869.0
Non-current lease obligations	**(7)**	34.2	44.4
Long-term provisions	**(10-1)**	13.5	19.4
Non-current financial derivative instruments	**(11)**	3.1	0.9
Other non-current liabilities		3.3	1.8
Deferred tax liabilities	**(12-4)**	135.7	158.1
Total non-current liabilities		**919.5**	**1,093.6**
Accounts payable			
Trade payables		78.8	79.5
Other operating liabilities	**(5-6)**	189.3	204.5
Tax payables		35.4	29.5
Short-term provisions	**(10-1)**	6.8	7.8
Deferred income		203.0	193.3
		513.3	**514.6**
Current financial derivative instruments	**(11)**	2.4	1.9
Current lease obligations	**(7)**	16.3	20.5
Financial debts			
Short-term portion of debts from credit institutions	**(11-2)**	79.1	51.1
Bank overdrafts	**(11-2)**	34.5	5.4
		113.6	**56.5**
Total current liabilities		**645.6**	**593.5**
TOTAL LIABILITIES		**2,646.6**	**3,046.0**

The following notes form an integral part of the consolidated financial statements.

6.1.2 CONSOLIDATED INCOME STATEMENT

(In million euros)	Notes	31 January 2023	31 January 2022
Sales	**(5-1)**	**1,081.2**	**1,024.3**
Current operating expenses			
Cost of sales		(290.9)	(279.9)
Research and development expenses		(57.5)	(51.8)
Sales and marketing expenses		(276.6)	(255.9)
Administrative expenses		(186.3)	(175.6)
Service and support expenses		(114.3)	(109.2)
Employee profit-sharing, share-based payments and other expenses		(5.5)	(5.1)
Expenses related to acquisitions	**(5-7)**	(10.3)	(11.8)
Total current operating expenses	**(5-4)**	**(941.5)**	**(889.3)**
Current operating income	**(5-3)**	**139.7**	**135.0**
Structure optimization expenses – net of reversals	**(5-8)**	(22.9)	(9.4)
Proceeds from asset sales		0.0	0.4
Other operational expenses and income	**(5-9)**	(1.8)	(10.3)
Impairment of goodwill	**(4-5)**	(48.5)	-
Operating income		**66.5**	**115.7**
Interest expenses on borrowings		(25.7)	(24.0)
Interests on lease obligations	**(7)**	(1.9)	(2.2)
Interest income		0.7	1.7
Net cost of debt		**(26.9)**	**(24.5)**
Losses on foreign exchange		(15.3)	(7.6)
Gains on foreign exchange		11.4	4.3
Net gains (losses) on foreign exchange		**(3.9)**	**(3.3)**
Other financial gains		-	20.0
Other financial losses		(4.6)	-
Income before tax		**30.9**	**107.9**
Share of results of associated companies		0.9	1.1
Income taxes	**(12-3)**	(16.0)	(19.7)
NET INCOME		**15.8**	**89.3**
Attributable to:			
• holders of the parent company		13.3	87.8
• non-controlling interests		2.5	1.5
NET EARNINGS PER SHARE (IN EUROS)	**(13-3)**	**0.29**	**2.32**
DILUTED NET EARNINGS PER SHARE (IN EUROS)	**(13-3)**	**0.29**	**2.17**

The following notes form an integral part of the consolidated financial statements.

6.1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In million euros)	31 January 2023	31 January 2022
Net income	**15.8**	**89.3**
Actuarial differences recognized in equity	(15.0)	22.1
Deferred taxes on actuarial differences recognized in equity	6.1	(7.1)
Sub-total of items that could not be reclassified in net income	**(8.9)**	**15.0**
Change in fair value of hedging instruments	5.6	2.8
Deferred taxes on change in fair value of hedging instruments	(1.4)	(0.8)
Translation difference	9.8	39.3
Sub-total of items that could be reclassified in net income	**14.0**	**41.3**
Total income for the year	**20.9**	**145.6**
Attributable to:		
• holders of the parent company	18.4	144.1
• non-controlling interests	2.5	1.5

The following notes form an integral part of the consolidated financial statements.

6.1.4 CONSOLIDATED STATEMENT OF CASH FLOW

(In million euros)	Notes	31 January 2023	31 January 2022
Net income attributable to shareholders of the parent company		13.3	87.8
Net income attributable to non-controlling interests		2.5	1.5
Expenses (income) with no cash effect or with cash effect below operating activities	(8-1)	165.1	93.9
Share of results of associated companies (net of dividends received)		(0.9)	(1.1)
Income taxes expense (including deferred taxes)	(12-3)	16.0	19.7
Net cost of debt		26.9	24.5
Cash flow before net cost of debt and income taxes		**222.9**	**226.3**
Working capital variation	(8-2)	(38.4)	(7.6)
(Increase) decrease in lease receivables		8.5	38.6
Cash flow from operating activities		**193.0**	**257.3**
Interest paid		(23.9)	(24.9)
Interests paid on lease obligations	(7)	(1.9)	(2.2)
Income taxes paid		(9.1)	(38.3)
Net cash flow from operating activities (A)		**158.1**	**191.9**
Investments in tangible fixed assets	(4-3)	(39.1)	(36.5)
Investments in intangible fixed assets	(4-2)	(39.3)	(41.3)
Impact of changes in assets right-of-use	(7)	(9.5)	(10.1)
Impact of changes in scope	(8-3)	2.7	(61.2)
Sub-total investments		**(85.2)**	**(149.1)**
Disposals of fixed assets		0.0	1.0
Income received from investments		0.1	9.1
Repayment of loans and other long-term advances		0.0	(0.8)
Net cash flow from investing activities (B)		**(85.1)**	**(139.8)**
Parent company capital increase		-	-
Share buyback – liquidity contract	(13-1)	0.4	(2.7)
Dividends paid to shareholders		(20.9)	(17.2)
New medium and long-term borrowings	(8-4)	20.7	198.8
ODIRNANE* interests	(13-1)	(269.5)	(8.9)
Repayment of long-term borrowings	(8-4)	(133.7)	(229.8)
Variation of lease obligation debts	(7)	(10.4)	(10.5)
Net cash flow from financing activities (C)		**(413.4)**	**(70.3)**
Cumulative translation adjustments on cash and cash equivalents **(D)**		(3.1)	(9.5)
Change in net cash (A) + (B) + (C) + (D)		**(343.5)**	**(27.7)**
Net cash – opening		**481.2**	**508.9**
Net cash – closing		**137.7**	**481.2**
Cash and cash equivalents		172.2	486.6
Bank overdrafts		(34.5)	(5.4)
NET CASH – CLOSING		**137.7**	**481.2**

The following notes form an integral part of the consolidated financial statements.

* *ODIRNANE: senior unsecured net share settled undated bond convertible into new shares and/or exchangeable for existing shares.*

6.1.5 CHANGES IN SHAREHOLDERS' EQUITY

(In million euros)	Par value	Number of shares	Share capital[(a)]	Additional paid-in capital[(a)]	Reserves, retained earnings and net income	Treasury shares	Cumulative translation adjustments	Total
Consolidated shareholders' equity as of 31 January 2021	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,189.1**	**(3.2)**	**(33.1)**	**1,240.3**
Attributable to:								
• holders of the parent company								1,233.2
• non-controlling interests								7.1
Net income		-	-	-	89.3	-	-	89.3
Items that could not be reclassified in net income		-	-	-	15.0	-	-	15.0
Items that could be reclassified in net income		-	-	-	2.0	-	39.3	41.3
Comprehensive income 2021		**-**	**-**	**-**	**106.3**	**-**	**39.3**	**145.6**
Change in treasury shares – liquidity contract		-	-	-	0.2	(0.4)	-	(0.2)
Free shares delivered (23,700 shares)		-	-	-	(0.4)	(2.0)	-	(2.4)
2020 dividends		-	-	-	(17.2)	-	-	(17.2)
Share-based payments		-	-	-	0.5	-	-	0.5
ODIRNANE interests		-	-	-	(8.9)	-	-	(8.9)
Impact IFRIC on IAS 19		-	-	-	1.9	-	-	1.9
Other		-	-	-	(0.7)	-	-	(0.7)
Consolidated shareholders' equity as of 31 January 2022	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,270.8**	**(5.6)**	**6.2**	**1,358.9**
Attributable to:								
• holders of the parent company								1,350.4
• non-controlling interests								8.5
Impact of the IFRIC decision on SaaS contracts costs			-	-	(7.7)	-	-	(7.7)
Consolidated shareholders' equity at 1st February 2022			**34.6**	**52.9**	**1,263.1**	**(5.6)**	**6.2**	**1,351.2**
Net income		-	-	-	15.8	-	-	15.8
Items that could not be reclassified in net income		-	-	-	(8.9)	-	-	(8.9)
Items that could be reclassified in net income		-	-	-	4.2	-	9.8	14.0
Comprehensive income 2022		**-**	**-**	**-**	**11.1**	**-**	**9.8**	**20.9**
Change in treasury shares – liquidity contract		-	-	-	(0.3)	0.9	-	0.6
Free shares delivered (73,644 shares)		-	-	-	(0.0)	1.9		1.9
2021 dividends		-	-	-	(20.7)	-	-	(20.7)
Share-based payments		-	-	-	2.3	-	-	2.3
ODIRNANE		-	-	-	(268.4)	-	-	(268.4)
Cancellation of treasury shares (94,000 shares)		-	(0.1)	(1.5)	-	-	-	(1.6)
Other[(b)]		-	-	-	(4.7)	-	-	(4.7)
CONSOLIDATED SHAREHOLDERS' EQUITY AS OF 31 JANUARY 2023	**EUR 1**	**34,468,912**	**34.5**	**51.4**	**982.4**	**(2.8)**	**16.0**	**1,081.5**
Attributable to:								
• holders of the parent company								1,072.7
• non-controlling interests								8.8

The following notes form an integral part of the consolidated financial statements.

(a) The share capital is fully released. Additional paid-in capital includes issue and translation premiums.
(b) The line "Other" includes in particular the fair value correction of the investment realized by Quadient for the benefit of the private equity fund X'Ange 2 for an amount of 1.9 million euros and a correction of the capitalized amount of the R&D expenses for an amount of 3.4 million euros.

6

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 January 2023 were approved by the Board of directors on 24 March 2023.

Unless otherwise indicated, all amounts stated hereafter are in million euros, rounded to one decimal place. Therefore, the sum of rounded amounts may present immaterial differences with the total shown.

Some amounts as of 31 January 2022 have been reclassified to be comparable with the presentation adopted as of 31 January 2023.

CONTENTS

NOTE 1 PRESENTATION OF THE GROUP AND ITS CONSOLIDATED FINANCIAL STATEMENTS

Quadient is the driving force behind the most meaningful customer experience. By focusing on three major business areas which are Intelligent Communication Automation (ICA), Mail Related Solutions (MRS) and Parcel Lockers solutions (PLS), Quadient assists on a daily basis hundreds of thousands of companies in building powerful connections with their customers and in delivering exceptional customer experiences, in a world where interaction have to be always more connected, personal and mobile.

The term "Quadient S.A." refers to the parent company (excluding consolidated subsidiaries), which is listed and registered in France, while "Quadient" and "the Group" refer to the economic group formed by the parent company and its consolidated subsidiaries.

The parent company's head office is located at 42-46 avenue Aristide Briand, 92220 Bagneux (France).

Quadient shares are listed on compartment B of Euronext Paris.

1-1: History

Quadient was created in 1992 through a Leveraged Buy-Out (LBO) of Alcatel's mail processing equipment division.

A second LBO took place in 1997.

In February 1999, the Group was listed on the Paris stock exchange. Since then, Quadient has made acquisitions of various sizes.

In 2002, Quadient acquired Ascom Hasler – the mailing systems division of the Swiss company Ascom – which at the time was ranked third in the world.

In 2012, Quadient acquired GMC Software AG, parent company of the group GMC Software Technology AG, leader in the field of customer communication management,

In 2016, Quadient acquired Icon Systemhaus GmbH, German leader in customer communication solutions, mainly active in Germany and Austria.

In 2017, the Group divested its distribution subsidiaries in Indonesia, Malaysia, Singapore and Thailand and its subsidiary DMTI Spatial, provider of location-based data quality solutions acquired in 2013.

In 2018, Quadient acquired 100% of the company Parcel Pending Inc., leader in the American parcel locker market and the main supplier of residential, commercial, retail and universities in the United States and Canada. In 2018, Quadient also sold its 100% stake in the company Quadient Data USA (former Satori Software), one of the leaders in address quality solutions in the United States acquired in 2009.

In 2019, Quadient divested Quadient Data Netherlands BV (former Human Inference), subsidiary specialized in master data management acquired in 2012. Quadient also decided the shutdown of its Australian subsidiary Temando (e-commerce shipping software) acquired in 2015 for 55% and then in 2017 for the remaining 45%.

In 2019, the Group also announced its decision to change the name Neopost to become Quadient. This choice of a unified and modern brand is the result of deploying a new Group organization as part of the Group's "Back to Growth" strategy, moving away from companies operating independent businesses to a single company with an integrated portfolio of solutions.

In 2020, Quadient divested Proship Inc., subsidiary acquired in 2014, whose business was to provide automated multi-carrier shipping software. Quadient also acquired 100% of the company YayPay, leading Fintech company specialized in account receivables automation solutions. Finally, at the end of the financial year, Quadient divested the company Quadient Oceania Pty Ltd in Australia.

In 2021, Quadient acquired the Canadian company Beanworks, a leader in Software as a Service (SaaS) accounts payable automation solutions. Quadient also divested its automated packaging solutions business (APS) along with the Drachten (the Netherlands) manufacturing.

1-2: Main events of the period

DIVESTMENT OF THE GRAPHICS ACTIVITIES

On 16 June 2022, Quadient announced the divestment of its graphics activities in the Nordic countries to the print company, Ricoh. These activities mainly consist in the distribution of printing and print finishing business solutions in Sweden, Norway, Denmark and Finland. This divestment has generated a loss recorded in the line other non-current operating income and expenses (Note 5-9).

ODIRNANE REIMBURSEMENT

On 16 June 2022, Quadient S.A. exercised its early redemption option of the ODIRNANE at par for an amount of 265.0 million euros using its available cash flow.

SALE OF THE SHIPPING ACTIVITY

On 30 June 2022, Quadient announced the sale of its Shipping activity which, reported under the Additional Operations segment, included a complete logistics and transport management solution as well as the production, management and distribution of RFID systems for asset tracking. The accounting impacts of this divestment are not significant. The revenue from the divested activities amounted approximately to 5.0 million euros in 2021.

GOODWILL IMPAIRMENT

A goodwill impairment has been booked in 2022 related to Mail-Related Solutions activity in two geographies : United-Kingdom - Ireland and Germany - Austria - Italy - Switzerland geographic areas. This impairment is described in the note 4-5.

NOTE 2 ACCOUNTING PRINCIPLES

2-1: Accounting standards applied

The consolidated financial statements comply with the international accounting standards (IFRS: International Financial reporting Standards) issued by the IASB (International Accounting Standards Board). The IFRS applicable as of 31 January 2023 as approved by the European Union are available on the European Commission website.

2-2: Standards' evolutions

In accordance with the IFRIC decision of March 2021 on the recognition of customization or configuration costs in a SaaS arrangement, the Group has maintained as intangible assets both specific developments, that it controls based on the IAS 38 capitalization criteria and the cost of interfaces. Other costs, that do not meet these criteria and that were previously capitalized, are now recognized as expenses either when they are incurred or over the term of the SaaS contract.

The application of this decision has generated the following impacts on the financial statements:

	31 January 2022	IFRIC application	1 February 2022
Intangible assets	137.7	(10.9)	126.8
Deferred tax assets	19.9	2.2	22.1
Other non-current assets	1,763.1	-	1,763.1
Prepaid expenses	41.8	1.0	42.8
Other current assets	1,083.5		1,083.5
TOTAL ASSETS	**3,046.0**	**(7.7)**	**3,038.3**
Equity	1,358.9	(7.7)	1,351.2
Non-current liabilities	1,093.6	-	1,093.6
Current liabilities	593.5	-	593.5
TOTAL LIABILITIES	**3,046.0**	**(7.7)**	**3,038.3**

2-3: Use of estimates

In order to prepare this financial information, Quadient has made estimates and used assumptions that may affect the amounts presented under assets and liabilities, as well as the amounts presented under income and expenses for the year.

The main material estimates and assumptions made when preparing the financial statements relate in particular to retirement benefit obligations, deferred taxes, goodwill, some provisions and the useful life of fixed assets.

These estimates and assessments are reviewed regularly on the basis of actual experience and various other factors considered reasonable, which form the basis of the measurement of book value for assets and liabilities. Actual outcomes might differ substantially from these estimates if different assumptions or conditions are applied.

2-4: Foreign currency payables and receivables

Transactions in foreign currencies are recorded at the exchange rate in force on the date of the transaction. All assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate in force at closing. The resulting gains and losses are recognized in the income statement, except for variances on loans or borrowings which form part of the net investment in a foreign entity. These are booked directly under shareholders' equity until divestment.

2-5 Translation of financial statements denominated in foreign currencies

The operating currency for each of the Group's entities is the currency of the economic environment in which that entity operates.

Financial statements of subsidiaries operating outside France, which are presented in local currencies, are translated into euros – the currency used in the Group's financial statements – at the year-end exchange rate. Income statement and cash flow statement are translated at the average exchange rate over the period.

The resulting translation variance is recognized in the translation adjustment reserve under shareholders' equity.

The exchange rates for the main Group's main currencies are as follows:

	31 January 2023		31 January 2022	
	Period end	Average	Period end	Average
United States dollar (USD)	1.08	1.05	1.12	1.18
Pound sterling (GBP)	0.88	0.86	0.83	0.86
Canadian dollar (CAD)	1.46	1.37	1.42	1.47
Swiss franc (CHF)	1.00	1.00	1.04	1.08
Japanese yen (JPY)	141.27	138.88	128.79	130.17
Norwegian krone (NOK)	10.91	10.16	10.01	10.13
Swedish krone (SEK)	11.35	10.70	10.49	10.17
Danish krone (DKK)	7.44	7.44	7.44	7.44
Australian dollar (AUD)	1.55	1.52	1.58	1.57
Singapore dollar (SGD)	1.43	1.44	1.51	1.58
Indian rupee (INR)	88.64	83.04	83.37	87.09
Brazilian real (BRL)	5.54	5.39	6.00	6.36
Chinese yuan (CNY)	7.32	7.09	7.10	7.58
Czech koruna (CZK)	23.79	24.52	24.37	25.51
Hungarian florin (HUF)	390.91	394.06	357.19	358.42
Polish zloty (PLN)	4.71	4.70	4.59	4.57
Mexican peso (MXN)	20.40	20.98	-	-

NOTE 3 SCOPE AND PRINCIPLES OF CONSOLIDATION

3-1: Accounting policies relating to the scope of consolidation

The Group's consolidated financial statements are prepared in accordance with generally accepted accounting principles in the country of operation. Financial statements of foreign companies have been restated to be compliant with Quadient Group's accounting principles.

The consolidated balance sheet incorporates all items of assets and liabilities along with the results of consolidated companies. Intra-Group transactions and profits relating to these operations as well as intra-Group capital gains are eliminated.

Subsidiaries controlled directly by the parent company or indirectly through other subsidiaries are consolidated using the full consolidation method. Stakes in associated companies over which the investor exerts significant influence are consolidated using the equity method. Significant influence is assumed when the investor controls directly or indirectly through subsidiaries 20% or more of the voting rights in the Company in question.

3-2: Changes in the scope of consolidation

The consolidated financial statements include the financial statements of Quadient S.A. and its subsidiaries. Unless otherwise stated, the subsidiaries are consolidated as from the date on which control is acquired by the Group and until the date on which control is transferred outside the Group. Control is the power to direct a company's financial and operational policies in order to derive profit from its activities.

In 2022, the main change in the scope of consolidation is the divestment of the Shipping activity in June 2022.

3-3: Information on related parties

Quadient owns a 35% stake in Docapost BPO IS and a 24% stake in AMS Investissement. The transactions with these companies, consolidated using the equity method, are not significant.

3-4: List of subsidiaries as of 31 January 2023

COMPANIES CONSOLIDATED USING THE EQUITY METHOD

Company name	Parent company	% interest	% control
France			
Docapost BPO IS	Quadient S.A.	35%	35%
AMS Investissement	Quadient S.A.	24%	24%

FULLY CONSOLIDATED COMPANIES

Company name	Parent company	% interest	% control
France			
Quadient S.A.	-	-	-
Quadient France	Quadient S.A.	100%	100%
Quadient Technologies France	Quadient France	100%	100%
Quadient Industrie France	Quadient S.A./Quadient Technologies France	100%	100%
Quadient Finance France	Quadient S.A./Quadient France	100%	100%
Quadient Shipping	Quadient S.A.	100%	100%
Quadient CXM France	Quadient CXM AG	100%	100%
Packcity SAS	Quadient S.A.	100%	100%
Packcity France	Packcity SAS	100%	100%
Packcity Geopost	Packcity France	66%	100%
Netherlands			
Mailroom Holding BV	Quadient S.A.	100%	100%
Quadient Technologies BV	Mailroom Holding BV	100%	100%
Quadient Netherlands BV	Mailroom Holding BV	100%	100%
Quadient Finance Netherlands BV	Quadient Netherlands BV	100%	100%
United Kingdom			
Quadient Holdings Ltd	Quadient S.A.	100%	100%
Quadient UK Ltd	Quadient Holdings Ltd	100%	100%
Quadient Finance UK Ltd	Quadient UK Ltd	100%	100%
Quadient International Supply Ltd	Quadient Holdings Ltd	100%	100%
Quadient Technologies UK Ltd	Quadient Technologies Holdings UK Ltd	100%	100%
Quadient Technologies Holdings UK Ltd	Quadient S.A.	100%	100%
Quadient Data UK Ltd	Quadient UK Ltd	100%	100%
Quadient CXM UK Ltd	Quadient CXM AG	100%	100%
Quadient solutions Ltd	Quadient Ltd	100%	100%
YayPay UK Ltd	YayPay Inc	100%	100%
Germany			
Quadient Germany GmbH & Co. KG	Quadient S.A./Neopost Verwaltung GmbH	100%	100%
Quadient Finance Germany GmbH	Quadient Germany GmbH & Co. KG	100%	100%
Neopost Verwaltung GmbH	Quadient S.A.	100%	100%
Rena GmbH	Quadient S.A.	100%	100%
Neopost Software GmbH	Quadient Germany GmbH & Co. KG	100%	100%
Quadient CXM Germany GmbH	Quadient CXM AG	100%	100%
Quadient Dopix GmbH	Neopost Software GmbH	100%	100%
Austria			
Quadient Dopix International D&S AG	Quadient Dopix GmbH	100%	100%

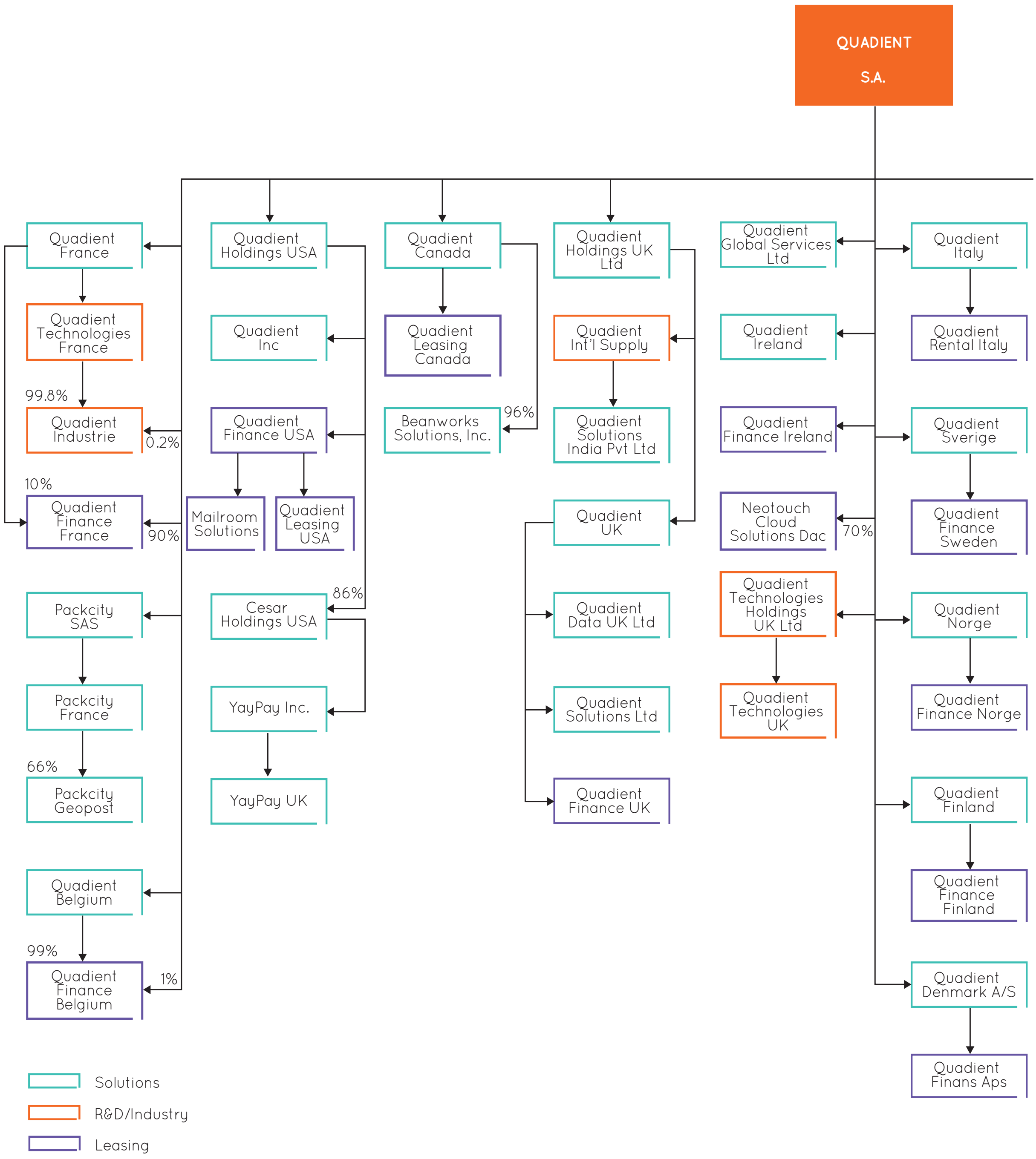
Company name	Parent company	% interest	% control
Switzerland			
Quadient Switzerland AG	Quadient S.A.	100%	100%
Quadient Finance Switzerland AG	Quadient Switzerland AG	100%	100%
Quadient CXM AG	Quadient S.A.	100%	100%
Quadient CXM Switzerland AG	Quadient CXM AG	100%	100%
Italy			
Quadient Italy Srl	Quadient S.A.	100%	100%
Quadient Rental Italy Srl	Quadient Italy Srl	100%	100%
Quadient CXM Italy	Quadient CXM AG	100%	100%
Belgium			
Quadient Belgium Nv	Quadient S.A.	100%	100%
Quadient Finance Belgium Sprl	Quadient Belgium Nv/Quadient S.A.	100%	100%
Ireland			
Quadient Ireland Ltd	Quadient S.A.	100%	100%
Quadient Finance Ireland Ltd	Quadient S.A.	100%	100%
Neotouch Cloud solutions Dac	Quadient S.A.	70%	100%
Quadient Global Services Ltd	Quadient S.A.	100%	100%
Spain			
Quadient Mailing Logistics System (SL)	Quadient S.A.	100 %	100 %
Quadient Software Spain S.A.	Quadient CXM AG	100%	100%
Norway			
Quadient Norge AS	Quadient S.A.	100%	100%
Quadient Finance Norge AS	Quadient Norge AS	100%	100%
Sweden			
Quadient Sverige AB	Quadient S.A.	100%	100%
Quadient Finance Sweden AB	Quadient Sverige AB	100%	100%
Denmark			
Quadient Denmark A/S	Quadient S.A.	100%	100%
Quadient Finance Denmark Aps	Quadient Denmark A/S	100%	100%
Quadient CXM Denmark Aps	Quadient CXM AG	100%	100%
Finland			
Quadient Finland Oy	Quadient S.A.	100%	100%
Quadient Finance Finland Oy	Quadient S.A.	100%	100%
Czech Republic			
Quadient Technologies Czech s.r.o	Quadient CXM AG	100%	100%
Quadient CXM Czech s.r.o	Quadient CXM AG	100%	100%
Hungary			
Quadient CXM Hungary Kft.	Quadient CXM AG	100%	100%
Poland			
Quadient Poland Sp. z.o.o.	Quadient CXM AG	100%	100%
United States of America			
Quadient Holdings USA Inc.	Quadient S.A.	100%	100%
Quadient Inc.	Quadient Holdings USA Inc.	100%	100%
Quadient Leasing USA Inc.	Quadient Mailroom Inc.	100%	100%
Quadient Finance USA Inc.	Quadient Holdings USA Inc.	100%	100%
Quadient Mailroom Inc.	Quadient Mailroom Inc.	100%	100%
Quadient CXM USA Inc.	Quadient CXM AG	100%	100%
Cesar Holding Inc.	Quadient Holdings USA Inc.	100%	100%
YayPay Inc.	Cesar Holding Inc.	100%	100%

Company name	Parent company	% interest	% control
Canada			
Quadient Canada Ltd	Quadient S.A.	100%	100%
Quadient Leasing Canada Ltd	Quadient Canada Ltd	100%	100%
Quadient CXM Canada Ltd	Quadient CXM AG	100%	100%
Beanworks Solutions Inc	Quadient Canada Ltd	100%	100%
India			
Neopost India Private Ltd	Quadient International Supply Ltd	100%	100%
Quadient CXM India Private Ltd	Quadient CXM AG	100%	100%
Japan			
Quadient Japan	Quadient S.A.	100%	100%
Packcity Japan	Quadient Shipping	51%	100%
Hong Kong			
Quadient Hong Kong Ltd	Mailroom Holding BV	100%	100%
Quadient Supply Hong Kong Ltd	Mailroom Holding BV	100%	100%
Australia			
Neopost Holdings Pty Ltd	Quadient S.A.	100%	100%
Quadient Finance Australia Pty Ltd	Neopost Holdings Pty Ltd	100%	100%
Quadient Australia Pty Ltd	Quadient CXM AG	100%	100%
Neopost Shipping Holding Pty Ltd	Quadient S.A.	100%	100%
Temando Holdings Pty Ltd	Neopost Shipping Holding Pty Ltd	100%	100%
Singapore			
Neopost Asia-Pacific (Holding) Pte Ltd	Quadient S.A.	100%	100%
Quadient Singapore Pte Ltd	Quadient CXM AG	100%	100%
Brazil			
Quadient Software Brazil Ltda.	Quadient CXM AG	100%	100%
China			
Quadient China Ltd	Quadient CXM AG	100%	100%
Mexico			
Quadient Mexico De Srl	Quadient S.A. / Quadient CXM Canada Inc	100%	100%

The most important subsidiaries, in terms of percentage of Group sales, are the following:

	31 January 2023	31 January 2022
Quadient Inc.	39.1%	31.6%
Quadient France	12.7%	13.7%
Quadient Leasing USA Inc.	6.7%	6.2%
Quadient UK Ltd	5.4%	5.2%
Quadient Germany GmbH & Co. KG	3.8%	4.1%
Main subsidiaries	**67.7%**	**60.8%**
Other subsidiaries	32.3%	39.2%
TOTAL	**100.0%**	**100.0%**

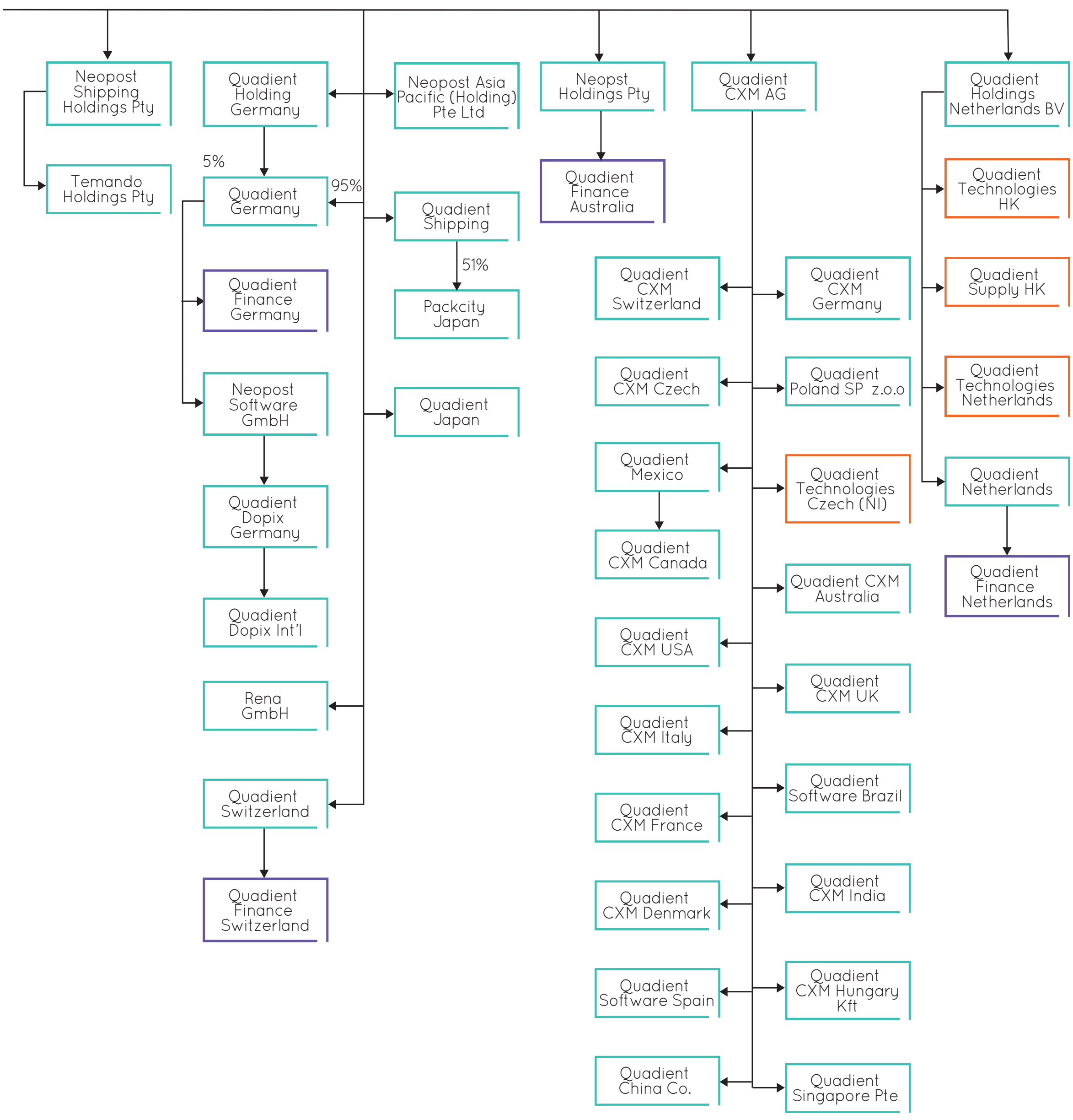
3-5: Organization chart of the Group



Unless mentionned otherwise, all companies are wholly owned

Participations

Docapost BPO IS	35%
AMS Investissement	24%



NOTE 4 INTANGIBLE ASSETS, TANGIBLE ASSETS AND NON-CURRENT FINANCIAL ASSETS

4-1: Goodwill

4-1-1: ACCOUNTING PRINCIPLES

In accordance with IFRS 3, business combinations are recognized using the acquisition method. At the date on which control of a company is taken, the assets, liabilities and contingent liabilities acquired are measured at fair value. Any variance between the cost of acquiring the shares and the acquirer's share of this revalued net asset value constitutes goodwill.

Any negative goodwill is recognized immediately in the income statement after confirmation of the nature of this negative goodwill and its constituent components.

Goodwill is not amortized but is subject to an annual impairment test as described in note 4–5.

Earn-outs

Earn-outs are generally based on sales or revenue estimates targets in the years following the acquisition. The amounts booked correspond to the best estimate of the future performance of these acquisitions. If these criteria are not met, the partial or total reversal of the debt related to these unpaid earn-outs will be recognized in the current operating income.

Commitment to purchase non-controlling interests

Sell options granted to minority shareholders are recognized as debt measured at the estimated exercise price of the option. The relevant portion of subsidiaries' net assets is transferred from "Non-controlling interests" to "Other financial debts". The non-controlling interests' share of net income is unchanged and still reflects the proportion owned by minorities.

The recognition in goodwill of the difference between the strike price of the option and the value of non-controlling interests is booked under shareholders' equity.

4-1-2: CHANGES IN GOODWILL

	Gross value	Impairment	Net value
Goodwill at 31 January 2021	**1,112.6**	**(86.6)**	**1,026.0**
Beanworks acquisition	62.9	-	62.9
Translation difference	30.7	0.2	30.9
Goodwill at 31 January 2022	**1,206.2**	**(86.4)**	**1,119.8**
Sale of the Shipping activity	(6.2)	6.2	-
Other	0.7	-	0.7
Impairment	-	(48.5)	(48.5)
Translation difference	7.2	0.8	8.0
GOODWILL AT 31 JANUARY 2023	**1,207.9**	**(127.9)**	**1,080.0**

In 2022, the goodwill variation is mainly explained by the release of the fully depreciated goodwill recognized on the Shipping activities.

In 2022, an impairment, mainly related to the unfavorable evolution of discount rates, has been booked for an amount of 48.5 million euros. This impairment is detailed in the note 4-5. As of 31 January 2023, the cumulative impairment amounts to (127.9) million euros.

In 2021, the goodwill variation was mainly explained by the recognition of a 62.9 million euros goodwill related to Beanworks acquisition in Canada in March 2021. The purchase price allocation was performed and lead to the recognition of 14.5 million euros in intangible assets.

All the acquisitions were fully paid for by the Group through its cash and/or financing lines.

4-1-3: BREAKDOWN OF GOODWILL BY CASH-GENERATING UNIT (CGU) OR GROUP OF CGUS

According to IAS 36, the goodwill must be allocated to each CGU or group of CGUs expected to benefit from the synergies of the business combination. Each CGU or group of CGUs to which the goodwill is so allocated must represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment as defined by the IFRS 8 – Operating Segments, before aggregation.

Until now, the goodwill was monitored at the operational segments' level, consisting of the geographic areas where the Group's activities were performed. During 2022, the Group has changed the way of monitoring the performance of its activities, which led to redefine its operational segments (see note 6 Segment information). From now on, the performance analysis is done at the level of each solution. As a result, the level of monitoring the goodwill has changed. Previously allocated by geographic area and split into ten CGUs or group of CGUs, it is now monitored at a more detailed level by area and by solution and split into fifteen CGUs or group of CGUs.

Where necessary, in accordance with IAS 36, the goodwill of each geographic area has been allocated to the solutions pro-rata to the relative values calculated with the discounted future cash flows method, used for the impairment test. In addition, the Group keeps tracking separately the goodwill allocated to YayPay and Beanworks CGUs, while awaiting the finalization of the minority buyout mechanism included in the acquisition agreements. Eventually (in December 2023 and in April 2024), this goodwill will be integrated in the North America CGUs.

The level of analysis at which Quadient determines the recoverable amount of the goodwill thus corresponds to the following CGUs or groups of CGUs:

	31 January 2023	31 January 2022
MRS North America	363.2	356.4
ICA North America	103.4	101.5
PLS North America	46.5	45.6
MRS France Benelux	151.7	151.2
ICA France Benelux	48.2	48.1
PLS France Benelux	4.2	4.2
MRS Germany - Austria - Italy - Switzerland	58.1	65.1
ICA Germany - Austria - Italy - Switzerland	72.6	81.4
MRS United Kingdom - Ireland	116.7	149.6
MRS International	2.2	2.2
ICA International *	35.8	36.0
YayPay	14.4	14.0
Beanworks	63.0	64.5
GOODWILL NET BOOK VALUE	**1,080.0**	**1,119.8**

* *ICA International gathers several CGUs or group of CGUs.*

4-2: Intangible fixed assets

4-2-1: ACCOUNTING PRINCIPLES

Intangible fixed assets acquired separately are recognized at acquisition cost. Intangible fixed assets acquired as part of a business combination are recognized at fair value on their acquisition date, separately from goodwill if they meet the two following conditions:

- they are identifiable, *i.e.* they result from legal or contractual rights;
- they are separable from the acquired entity.

Intangible fixed assets include software, patents, lease rights and activated development expenses.

Development expenses

In accordance with IAS 38, development expenses meeting the following conditions are recognized as intangible fixed assets:

- the project is clearly identified and the costs relating to it are individually identified and reliably monitored;
- the technical feasibility of the project has been demonstrated;
- there is a proven intention to complete the project and use or sell the products developed under it;
- the necessary resources for completing the project are available;
- the existence of a potential market for the production arising from this project or its internal usefulness has been demonstrated.

Such development expenses are amortized over a period of three to six years, reflecting the average useful life of marketed products.

Other intangible fixed assets

Other intangible fixed assets are amortized on a straight-line basis over a period representing the best estimate of the assets' useful life.

4-2-2: CHANGES IN INTANGIBLE FIXED ASSETS

	Concessions, rights	Software	Development expenses	IT implementation costs	Other	Total
Gross value as of 31 January 2021	**33.1**	**120.5**	**306.1**	**56.8**	**51.1**	**567.6**
Acquisitions/capitalization	-	0.6	37.4	0.0	3.3	41.3
Scope variation	(0.1)	(4.3)	(14.0)	-	0.4	(18.0)
Divestments/disposals	-	(3.9)	0.0	-	-	(3.9)
Other changes	-	0.6	3.5	0.2	14.0	18.3
Translation difference	0.1	3.9	6.3	0.3	3.1	13.7
Gross value as of 31 January 2022	**33.1**	**117.4**	**339.3**	**57.3**	**71.9**	**619.0**
Opening correction IFRIC application	-	(3.9)	-	-	(7.0)	(10.9)
Acquisitions/capitalization	-	2.2	35.6	-	1.5	39.3
Divestments/disposals	-	(2.1)	(74.7)	(0.1)	(0.3)	(77.2)
Other changes	0.1	0.7	(13.7)	(0.0)	3.7	(9.3)
Translation difference	0.1	1.8	3.7	(0.2)	1.3	6.7
GROSS VALUE AS OF 31 JANUARY 2023	**33.3**	**116.1**	**290.2**	**57.0**	**71.1**	**567.7**
Cumulative amortization	(32.5)	(112.5)	(195.1)	(57.0)	(45.2)	(442.3)
NET BOOK VALUE AS OF 31 JANUARY 2023	**0.8**	**3.6**	**95.1**	**0.0**	**25.9**	**125.4**

The change in intangible fixed assets is mainly due to the capitalization of development costs.

The application of the IFRIC decision of March 2021 on the recognition of the costs of SaaS solutions led the Group to reduce the opening amount of the intangible assets' gross value by 10.9 million euros.

In 2021, the line "Scope variation" mainly included the release of assets related to the divested automated packaging solutions business and Drachten factory divested at the end of July 2021.

In 2022, the other changes mainly include (i) a correction of the capitalized development expenses' gross value for an amount of (13.7) million euros and (ii) some reclassifications. In addition, the capitalized development expenses' amortization has been corrected for an amount of 9.4 million euros, the net amount of the correction is (4.3) million euros.

In 2021, this line included (i) the recognition of the intangible assets as part of Beanworks' purchase price allocation for an amount of 14.5 million euros and (ii) some reclassifications.

	Concessions, rights	Software	Development expenses	IT implementation costs	Other	Total
Amortization as of 31 January 2021	**31.5**	**109.3**	**215.1**	**54.0**	**29.9**	**439.8**
Charges	0.6	4.2	31.5	2.8	5.7	44.8
Scope variation	0.1	(4.3)	(8.8)	-	0.1	(12.9)
Divestments/disposals	-	(3.9)	(0.0)	-	-	(3.9)
Other changes	-	0.1	4.0	0.0	0.1	4.2
Translation difference	0.1	3.8	3.6	0.3	1.5	9.3
Amortization as of 31 January 2022	**32.3**	**109.2**	**245.4**	**57.1**	**37.3**	**481.3**
Charges	0.2	1.8	31.9	0.1	7.0	41.0
Divestments/disposals	-	(0.2)	(74.7)	-	-	(74.9)
Other changes	(0.1)	0.0	(9.4)	0.0	-	(9.5)
Translation difference	0.1	1.7	1.9	(0.2)	0.9	4.4
AMORTIZATION AS OF 31 JANUARY 2023	**32.5**	**112.5**	**195.1**	**57.0**	**45.2**	**442.3**

4-3: Tangible fixed assets

4-3-1: ACCOUNTING PRINCIPLES

Tangible fixed assets acquired separately are initially measured at acquisition cost in accordance with IAS 16. This cost includes expenses directly attributable to the acquisition of the asset. Tangible fixed assets acquired as part of a business combination are recognized at fair value on their acquisition date, separately from goodwill.

The value of tangible fixed assets is then reduced by the amount of accumulated depreciation and impairment losses.

Demonstration equipment

Demonstration equipment recognized under tangible fixed assets is depreciated using the straight-line method over four years, which is generally considered to be its useful life.

Spare parts

Spare parts and maintenance parts that are used over more than one fiscal year or which can only be used with a fixed asset are recognized under tangible fixed assets and depreciated over their useful life.

Rented equipment

For its Mail related solutions and Parcel locker solutions, the Group rents assets that are depreciated over their useful life.

Rented franking machines other than IS-280 consist of two distinct components with different useful lives: a meter and a base.

The depreciation periods, which correspond to the useful life of the asset in question, are as follows:

- IS-280: three years in North America and five years in France;
- meter: five years;
- base: six years, in France only;
- parcel lockers: seven years.

The intra-Group margin generated by industrial subsidiaries on equipment sold to the distribution subsidiaries that rent this equipment is eliminated, and depreciation is recalculated on the basis of the new value thus obtained.

Depreciation periods

Depreciation uses the straight-line method and is over the useful life of the asset:

- buildings: twenty to forty years;
- equipment: five to ten years;
- tools: three years;
- office furniture: ten years;
- research equipment: five years;
- rented equipment: three, five or six years;
- demonstration equipment: four years;
- spare parts: four years;
- refurbished machinery: three years.

4-3-2: CHANGES IN TANGIBLE FIXED ASSETS

	Land and buildings	Machinery and equipment	Rented equipment	IT equipment	Demonstration equipment	Other	Total
Gross value as of 31 January 2021	**32.7**	**59.1**	**434.2**	**34.5**	**6.8**	**32.3**	**599.6**
Acquisitions	0.4	1.2	28.5	1.5	0.5	4.4	36.5
Scope variation	(13.0)	(12.8)	-	0.1	(0.6)	0.6	(25.7)
Divestments/disposals	(1.4)	(1.6)	(11.1)	(0.6)	(1.6)	(0.7)	(17.0)
Other changes	0.1	0.8	0.0	0.7	0.6	(1.4)	0.8
Translation difference	0.5	0.9	15.6	1.0	0.1	1.9	20.0
Gross value as of 31 January 2022	**19.3**	**47.6**	**467.2**	**37.2**	**5.8**	**37.1**	**614.2**
Acquisitions	0.1	2.4	29.9	2.2	1.5	3.0	39.1
Scope variation	-	(0.3)	-	(0.1)	(1.0)	(0.4)	(1.8)
Divestments/disposals	-	(1.6)	(9.7)	(1.8)	(1.6)	(3.1)	(17.8)
Other changes	0.2	0.3	(0.1)	1.3	-	(6.2)	(4.5)
Translation difference	(0.2)	(0.4)	(0.9)	0.2	(0.1)	0.6	(0.8)
GROSS VALUE AS OF 31 JANUARY 2023	**19.4**	**48.0**	**486.4**	**39.0**	**4.6**	**31.0**	**628.4**
Cumulative amortization	(12.1)	(41.3)	(397.9)	(33.9)	(1.9)	(20.1)	(507.2)
NET BOOK VALUE AS OF 31 JANUARY 2023	**7.3**	**6.7**	**88.5**	**5.1**	**2.7**	**10.9**	**121.2**

	Land and buildings	Machinery and equipment	Rented equipment	IT equipment	Demonstration equipment	Other	Total
Amortization as of 31 January 2021	**20.2**	**50.7**	**331.9**	**31.0**	**3.3**	**18.0**	**455.1**
Charges	0.9	2.1	37.1	2.3	0.8	2.4	45.6
Scope variation	(9.3)	(10.8)	-	0.1	-	0.4	(19.6)
Divestments/disposals	(0.6)	(1.5)	(11.1)	(0.6)	(0.9)	(0.3)	(15.0)
Other changes	0.1	0.5	(0.3)	(0.5)	(0.0)	(0.3)	(0.5)
Translation difference	0.1	0.6	13.4	0.9	0.0	0.9	15.9
Amortization as of 31 January 2022	**11.4**	**41.6**	**371.0**	**33.2**	**3.2**	**21.1**	**481.5**
Charges	0.7	1.9	35.3	2.0	0.3	1.8	42.0
Scope variation	-	(0.3)	-	(0.0)	(0.6)	(0.3)	(1.2)
Divestments/disposals	-	(1.6)	(9.7)	(1.5)	(1.0)	(2.7)	(16.5)
Other changes	-	(0.1)	(0.1)	-	0.1	0.2	0.1
Translation difference	(0.0)	(0.2)	1.4	0.2	(0.1)	-	1.3
AMORTIZATION AS OF 31 JANUARY 2023	**12.1**	**41.3**	**397.9**	**33.9**	**1.9**	**20.1**	**507.2**

The other variations mainly represent reclassifications.

The line "Scope variation" includes the release of the assets related to the Shipping activity as well as the demonstration equipment sold in the Nordic countries.

In 2021, this line included the acquisition of the tangible assets of Beanworks for a gross value of 0.5 million euros and the exit of the assets related to the automated packaging solutions business and Drachten factory divested at the end of July 2021, for a gross amount of 26.1 million euros.

The variations of the gross value and the amortization assets right-of-use recognized as part of the application of IFRS 16 are presented in the note 7.

4-4: Non-current financial assets

4-4-1: ACCOUNTING PRINCIPLES

Non-current financial assets are initially recognized either at their acquisition cost including transaction costs or at the fair value of the assets used for payment.

Following initial recognition, assets classified as "Investments in associated companies" or "Non-consolidated shares" are measured at fair value on the closing date.

Other financial assets are valued at their fair value with a profit & loss impact at each closing date.

4-4-2: DETAIL OF OTHER NON-CURRENT FINANCIAL ASSETS

	31 January 2023	31 January 2022
Deposits and guarantees	3.7	2.9
Loans	3.6	2.9
Pension plan net asset	34.4	56.7
Other financial assets	18.5	25.4
TOTAL	**60.2**	**87.9**

As of 31 January 2023, the deposits and guarantees include a guarantee deposit for 1.4 million euros related to the liquidity contract (1.0 million euros as of 31 January 2022) and various guarantee deposits paid.

The loans mainly include loans granted to the automated packaging solutions business buyers, as part of the divestment processes.

The Group has a pension plan in the United Kingdom that shows a surplus of 31.1 million euros (27.4 million pounds sterling) at 31 January 2023 compared with 53,5 million euros (44,5 million pounds sterling) at 31 January 2022. The change in the pension plan's net assets is mainly related to actuarial differences. The tax rate applicable for the cash refund of this asset in the United Kingdom will be 35%. This tax effect is presented in the consolidated financial statements under deferred tax liabilities.

The other financial assets include the investment realized by Quadient for the benefit of the professional private equity funds X'Ange 2, X'Ange 4 and Partech Entrepreneurs. These assets are valued at their fair value as of 31 January 2023.

4-4-3: OFF-BALANCE SHEET COMMITMENTS RELATING TO FINANCIAL ASSETS

Quadient S.A. has an investment commitment with X'Ange 4 for an amount of 3.1 million euros as of 31 January 2023.

4-5: Impairment test

4-5-1: IMPAIRMENT TEST METHOD

Impairment tests compare the recoverable amount of a non-current asset with its net carrying amount. If the asset's carrying amount is higher than its recoverable amount, it is written down to its recoverable amount. The recoverable amount of an asset or group of assets is the highest of its fair value less disposal costs and its value in use.

Fair value less disposal costs is determined using available information to establish the best estimate of the disposal price net of the costs necessary to carry out the sale in an arm's length transaction between knowledgeable, willing parties.

Value in use corresponds to the present value of the future cash flows expected to be derived from an asset or group of assets, taking into accounts its residual value.

Goodwill

Goodwill is tested for impairment at least once a year and whenever there is any evidence of impairment. Goodwill is tested for impairment at the level of the Cash Generated Units (CGU) or group of CGUs defined by the Group. A CGU is a business unit generating independent cash flows.

Given the fact that having a reliable basis to determine the fair value less reliable costs of an asset or a group of assets is rare, unless otherwise indicated, the Group uses the value in use to measure the recoverable amount of an asset or group of assets.

The value in use of each CGU or group of CGUs is determined as follows:

- the Group projects future cash flows based on financial projections over five years. Industrial margins and net assets are reallocated to the countries where the equipment in question is installed and leasing margins and net assets are reallocated to the countries where the signatories of finance lease contracts are located. Costs for support incurred (holding, IT, human resources…) are reallocated to the Group's CGU or group of CGUs on the basis of their revenue;
- beyond this explicit time frame, the terminal value is calculated by applying a perpetuity growth rate to the latest cash flow;
- the cash flows are then discounted. The discounting rates are determined according to the business and the geographical area considering, if necessary, a specific risk premium.

Goodwill impairment is recognized under operating expenses. Such impairment is not reversible.

Other tangible and intangible fixed assets

Other tangible and intangible fixed assets are tested for impairment only if evidence of an impairment is noted.

A loss of value related to any other asset except goodwill can be reversed if there is any evidence that a loss of value previously recognized is likely to no longer exist or to have diminished. If this is the case, the book value of the asset is raised to the level of its recoverable amount. The increased book value following reversal of a loss of value cannot exceed the book value that would have been determined, net of depreciation, if no loss of value had been recognized on the asset in previous years. After recognition of a reversal of loss of value, the depreciation charge is adjusted for future periods so that the revised book value of the asset minus its possible residual value is spread systematically over the remaining useful life of the asset.

4-5-2: GOODWILL IMPAIRMENT TEST

Goodwill is tested for impairment based on value in use as of 31 January 2023.

For the main cash-generating units or group of CGUs, the following assumptions were used:

	EBITDA average growth rate over 5 years	Sales average growth rate over 5 years	Average growth rate to perpetuity	Discount rate
MRS North America	0.7%	(0.2)%	(2.0)%	7.3%
MRS Main European countries	< (2.0)%	< (2.0)%	(2.0)%	6.8% - 8.0%
MRS International	< (2.0)%	< (2.0)%	(2.0)%	7.6%
ICA North America	> 10%	> 10%	2.0%	10.9%
ICA Main European countries	> 10%	8.3% - > 10%	2.0%	9.6% - 10.5%
ICA International	> 10%	> 10%	2.0%	10.4%
PLS North America	> 10%	> 10%	2.0%	8.8%
PLS Main European countries	> 10%	> 10%	2.0%	9.0%
YayPay	> 10%	> 10%	2.0%	10.9%
Beanworks	> 10%	> 10%	2.0%	10.9%

Impairment test of the goodwill

The annual impairment test performed for the 2022 closing led the Group to recognize a goodwill depreciation for an amount of 48.5 million euros. This depreciation relates to the CGUs MRS United Kingdom - Ireland for an amount of 33.4 million euros and MRS Germany - Austria - Italy - Switzerland for an amount of 15.1 million euros. This depreciation is explained by the increase of discount rates in all geographic areas and by the announced increase of the corporate income tax rate from 19% to 25% in the United Kingdom.

The goodwill depreciation amounts to 127.9 million euros as of 31 January 2023 compared with 86.4 million euros as of 31 January 2022. The cumulative depreciation concerns the Nordic countries, MRS United Kingdom - Ireland and MRS Germany – Austria – Italy - Switzerland.

Sensitivity

Sensitivity tests have been performed on the different assumptions used for the goodwill impairment test: (i) the EBITDA average growth rate over 5 years (ii) the infinite growth rate and (iii) the weighted average cost of capital to determine at which rates the valuation of goodwill becomes equal to the value of the discounted cash flow.

The results of these tests are presented in the table below for the main CGU or groups of CGUs:

	Breaking point		
	EBITDA average growth rate over 5 years	Infinite average growth rate	Discount rate
MRS North America	(11.8)%	(20.8)%	15.4%
MRS Main Europeans countries	< (20) % - (4.8)%	< (20) % - (1.0)%	6.1 % - 17.3%
ICA North America	1.5%	(10.5)%	19.1%
ICA Main Europeans countries	15.3 % - > 20%	(3.5) % - 1.1%	10.3 % - 14.2%
ICA International	> 20%	(7.4)%	16.0%
PLS North America	> 20%	(6.4)%	14.4%
YayPay	> 20%	< (20)%	29.9%
Beanworks	> 20%	(4.9)%	15.2%

In key assumptions, any reasonably possible change of one parameter at a time cannot lead to a recoverable value of CGU or group of CGUs becoming equal to its carrying amount.

NOTE 5 OPERATING DATA

5-1: Sales

5-1-1: ACCOUNTING PRINCIPLES

In accordance with IFRS 15, sales are measured at the fair value of the consideration received, net of any trade discount and volume rebates and excluding any VAT or other taxes. Sales are recognized at the date on which the Group fulfils the performance obligations attached to the contract.

Lease of mailroom equipment

The Quadient Group rents equipment to its customers in France, the United States and Canada under leases in which the Group does not transfer the control of the assets. Leases are generally for periods of one to five years. As the performance obligations are not separated, the lease and corresponding maintenance costs are normally billed in advance, the lease component for the period ended is recorded in sales. The balance is shown in deferred income.

Equipment sales

Equipment sales are mainly recognized when the goods are shipped. This reflects the transfer of control between the buyer and the seller of major risks and benefits inherent to the ownership of the item because:

- the lead times between shipping, delivery and installation are very short;
- the products are most often installed directly by the customer;
- the return rate after shipping is very low.

Finance leases

Quadient has leasing subsidiaries in Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States.

These subsidiaries provide leasing services exclusively to Quadient customers that relate solely to Quadient products. When a customer of a Quadient distribution company chooses to finance the acquisition of equipment *via* a leasing company, the Group recognizes an equipment sale and records as an asset an amount equal to the net present value of the lease payments receivable over the term of the financing. Financial income is then recognized in sales on the basis of interest actually received over the term of the financing. Refinancing costs are recorded as financial expenses.

The accounting treatment for the lease financing activity of these companies is justified by the fact that the Group transfers to its customers the control of the assets in question. This accounting treatment has not been called into question with the application of IFRS 16.

As a supplement to this finance lease activity, Quadient offers financing solutions on franking in the United States and in the United Kingdom.

Maintenance contracts

The Group companies may be required to carry out, among other things, preventive maintenance work and repairs on its products. These operations are conducted under maintenance contracts and are invoiced to customers at the start of the contract. Revenue relating to leases and maintenance are presented under deferred income and recognized as sales on a *pro rata* basis, reflecting the degree of progress of the service provision.

Software and associated services

The Group derives revenues from the following sources:

- software license sales;
- pay-per-click software or solutions right of use;
- maintenance (help desk services and rights to future product enhancements);
- software implementation and support services.

The Group begins to recognize revenue once the arrangements are signed and as long as all the following conditions are met:

- the Group has signed a contract with a customer;
- the software or service has been delivered or made available;
- license fees are fixed and there are no uncertainties on the completion of the contract;
- revenue collection is probable.

Software license sales

Software license revenue comprises all amounts invoiced related to the right to use the software, either through an initial license or through the purchase of additional modules or user rights. This kind of license transfers a right of use of intellectual property as it stands at the time of the license grant. The revenue is thus recognized when the performance obligations are satisfied which means the source code is provided. In the pay-per-click mode, the revenue is recognized on actual consumption. The customer benefits from a combined offer with access to the license, potential updates imposed on the customer and maintenance. These performance obligations are not separated, and the revenue is recognized on a straight-line basis as services are being delivered throughout the contract duration. At the end of the contract, the customer no longer has access to the solution.

Software maintenance

Software maintenance is included in most software license contracts and is generally priced as a percentage of the initial software license fees. Maintenance provides customers with rights to non-critical software upgrades, maintenance enhancements and access to the help desk during the term of the contract. Revenue is recognized on a straight-line basis over the term of the contract.

Professional services

Software implementation and support services represent revenue from consulting and implementation services sold separately under professional service contracts. Professional service contracts are accounted for on a percentage-of-completion basis based on the number of hours incurred over the period as a proportion of the total number of hours provided for in the contract. These estimates are continually re-evaluated and revised, when necessary, at each reporting date. Any adjustments to revenue and margins due to changes in estimates are accounted for in the period in which the change in estimates occurs. When estimates indicate that a loss will be incurred on a contract upon completion, a provision for the expected loss is recorded in the period in which the loss becomes evident.

5-1-2: SALES BREAKDOWN

- By business – Group sales

Group sales are composed of four revenue categories: (1) Mail Related Solutions, (2) Intelligent Communication Automation, (3) Parcel Locker Solutions and (4) Other activities. The other activities comprise revenues that are not part of the three major solutions and include in particular the graphics activities and the other shipping software solutions, both divested in June 2022, as well as the automated packing systems (CVP), divested at the end of July 2021.

The Group has changed its segment information in 2022 (see Note 6), which led to the readjustment of the comparative presentation of its sales by business. The "Other activities", presented in the notes to the 2021 consolidated financial statements, included the mail-related solutions' revenue generated outside the main four geographic areas. This revenue is presented on the line Mail-Related Solutions in the table below.

	31 January 2023	31 January 2022
Mail-Related Solutions	757.5	709.5
Intelligent Communication Automation*	227.1	201.3
Parcel Locker Solutions	91.3	86.5
Other activities	5.3	27.0
TOTAL	**1,081.2**	**1,024.3**

* *The Intelligent Communication Automation solution groups the former solutions Business Process Automation and Customer Experience management.*

- By type of revenue

	31 January 2023	31 January 2022
Equipment and license sales	292.7	292.1
Recurring revenue *	653.5	599.3
Rental revenue	135.0	132.9
TOTAL	**1,081.2**	**1,024.3**

** Recurring revenue mainly comprises maintenance, professional services and software right-of-use.*

- By geographic area

	31 January 2023	31 January 2022
France - Benelux	181.0	188.0
North America	598.9	519.3
Germany - Austria - Switzerland - Italy - United Kingdom – Ireland	191.5	188.4
International[(a)]	48.3	46.7
Rest of the world[(b)]	61.5	81.9
TOTAL	**1,081.2**	**1,024.3**

(a) *International sales correspond to Parcel Locker Solutions in Japan and Intelligent Communication Automation outside the geographic areas mentioned above.*
(b) *"Rest of the world" sales correspond to the sales of the other activities and export.*

5-2: Accounts receivable and lease receivables

5-2-1: ACCOUNTING PRINCIPLES

Accounts receivable are recognized and recorded at the initial amount of the invoice. Accounts receivable may be written down for impairment. Depreciation is recognized as soon as a credit loss is expected. Expected credit losses are estimated taking into account historical loss experience, the age of the receivable and a detailed risk assessment. Unrecoverable receivables are recognized as losses when they are identified as such.

5-2-2: RECEIVABLES DETAIL

	31 January 2023	31 January 2022
Accounts receivable		
Gross value	249.8	246.3
Depreciation	(12.7)	(19.8)
Total	**237.1**	**226.5**
Lease receivables		
Short term	246.2	247.8
Long term	358.3	357.2
Gross value	**604.5**	**605.0**
Depreciation	(9.6)	(10.0)
Total	**594.9**	**595.0**
TOTAL	**832.0**	**821.5**

5-2-3: RECEIVABLE OVERDUE

	31 January 2023	31 January 2022
Accounts receivable – Gross value		
Not overdue	135.1	120.5
Overdue:	114.7	125.8
• <30 days	45.2	51.9
• 31-60 days	18.4	18.5
• 61-90 days	14.7	13.8
• 91-180 days	14.3	15.8
• 181-360 days	10.6	9.6
• >360 days	11.5	16.2
TOTAL	**249.8**	**246.3**

Credit risk is limited because of the diversity and the very high number of customers, as well as the low unit value of each contract.

5-2-4: ACCOUNTS RECEIVABLE DEPRECIATION

	31 January 2023	31 January 2022
Accounts receivable – Depreciation		
Depreciation at the beginning of the financial year	19.8	21.4
Charges	2.4	3.6
Used	(7.2)	(4.9)
Not used	(2.3)	(1.1)
Other	(0.1)	0.2
Translation difference	0,1	0.6
TOTAL	**12.7**	**19.8**

5-2-5: FINANCING LEASES

	31 January 2023	31 January 2022
Non-current receivables		
Financing leases – gross receivables	411.0	435.4
Unearned financial income	(52.7)	(78.2)
Total	**358.3**	**357.2**
Current receivables		
Financing leases – gross receivables	274.8	296.4
Unearned financial income	(28.6)	(48.6)
Total	**246.2**	**247.8**
Gross receivables on financing leases		
Less than one year	274.8	296.4
Between one to five years	408.5	433.0
More than five years	2.5	2.4
Total gross value	**685.8**	**731.8**
Unearned financial income on financing leases	**(81.3)**	**(126.8)**
Net investment in financing leases		
Less than one year	246.2	247.8
Between one to five years	355.0	355.1
More than five years	3.3	2.2
TOTAL	**604.5**	**605.0**

5-2-6: BREAKDOWN BY MATURITY

	31 January 2023	<1 year	1 to 5 years	>5 years
Accounts receivable	249.8	249.8	-	-
Lease receivables				
Short term	246.2	246.2	-	-
Long term	358.3	-	355.0	3.3
	604.5	**246.2**	**355.0**	**3.3**
TOTAL	**854.3**	**496.0**	**355.0**	**3.3**

Depreciation on trade receivables is not broken down by maturity. However, the amount is relatively low and corresponds mainly to receivables of over 180 and 360 days.

Depreciation on lease receivables is not broken down by maturity. It is, however, not significant when compared to the amount of receivables.

	31 January 2022	<1 year	1 to 5 years	>5 years
Accounts receivable	246.3	246.3	-	-
Lease receivables				
Short term	247.8	247.8	-	-
Long term	357.2	-	355.1	2.1
	605.0	**247.8**	**355.1**	**2.1**
TOTAL	**851.3**	**494.1**	**355.1**	**2.1**

5-2-7: BREAKDOWN BY CURRENCY

	31 January 2023	EUR	USD	CAD	GBP	CHF	NOK	SEK	JPY	DKK	AUD	Other
Accounts receivable	249.8	91.2	108.6	9.4	23.7	7.7	0.8	1.5	1.2	0.5	1.6	3.6
Lease receivables												
Short term	246.2	38.3	171.0	2.5	22.1	3.2	1.0	1.1	0.1	1.0	5.9	-
Long term	358.3	70.5	226.4	4.7	34.2	7.6	2.1	2.3	0.1	1.4	9.0	-
	604.5	**108.8**	**397.4**	**7.2**	**56.3**	**10.8**	**3.1**	**3.4**	**0.2**	**2.4**	**14.9**	**-**
TOTAL	**854.3**	**200.0**	**506.0**	**16.6**	**80.0**	**18.5**	**3.9**	**4.9**	**1.4**	**2.9**	**16.5**	**3.6**

The column “Other” groups the following currencies: Singapore dollar, Indian rupee, Czech koruna, Polish zloty, Brazilian real, Chinese yuan, Hungarian florin and New Zealand dollar.

	31 January 2022	EUR	USD	CAD	GBP	CHF	NOK	SEK	JPY	DKK	AUD	Other
Accounts receivable	246.3	96.0	103.9	4.4	24.1	7.9	1.0	1.9	1.1	0.9	2.6	2.5
Lease receivables												
Short term	247.8	44.6	162.7	2.6	25.3	3.1	1.3	1.1	0.1	1.1	5.9	0.0
Long term	357.2	80.5	216.2	4.9	32.1	5.8	2.4	2.0	0.2	2.1	11.0	0.0
	605.0	**125.1**	**378.9**	**7.5**	**57.4**	**8.9**	**3.7**	**3.1**	**0.3**	**3.2**	**16.9**	**0.0**
TOTAL	**851.3**	**221.1**	**482.8**	**11.9**	**81.5**	**16.8**	**4.7**	**5.0**	**1.4**	**4.1**	**19.5**	**2.5**

5-3: Current operating income and EBITDA

5-3-1: ACCOUNTING PRINCIPLES

Gross margin is defined as the difference between sales and cost of sales.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is determined by adding to the current operating profit the amount of depreciation and amortization of fixed assets.

Cost of sales

Cost of sales consists of production-related direct costs (purchases, labor) plus depreciation of equipment rented to customers and sales-related transport and logistics costs.

Research and development expenses

Research and development expenses comprise the cost of carrying out research work, including depreciation of equipment used in this activity.

These costs are expensed in the year in which they are incurred, and are clearly identified in the income statement.

Development expenses that meet the capitalization criteria are presented in the balance sheet under intangible fixed assets (see note 4-2-2 on intangible fixed assets) and are then amortized.

Sales and marketing expenses

Sales and marketing expenses include the costs of sales departments, including advertising and promotion costs, and the cost of selling supplies.

5-3-2: GROSS MARGIN AND EBITDA CALCULATION

	31 January 2023		31 January 2022	
	Gross value	In %	Gross value	In %
Sales	1,081.2	100.0%	1,024.3	100.0%
Cost of sales	(290.9)	(26.9)%	(279.9)	(27.3)%
Gross margin	**790.3**	**73.1%**	**744.4**	**72.7%**
Current operating expenses	(650.6)	(60.2)%	(609.4)	(59.5)%
Current operating profit	**139.7**	**12.9%**	**135.0**	**13.2%**
Amortization of fixed assets	100.0	9.3%	109.6	10.7%
EBITDA	**239.7**	**22.2%**	**244.6**	**23.9%**

5-4: Breakdown of expenses by category

	31 January 2023	31 January 2022
Cost of inventories recognized as expenses	262.6	252.6
Wages, bonuses, commissions and payroll charges	458.0	426.9
Rents and associated costs	5.4	3.9
Fees	42.2	40.6
Transport and travel	27.2	19.6
Fixed assets – depreciation and amortization	100.0	109.6
Other	46.1	36.1
Total expenses by category	**941.5**	**889.3**
Cost of sales	290.9	279.9
Operating expenses	650.6	609.4
TOTAL	**941.5**	**889.3**

5-5: Inventories and work in progress

5-5-1: ACCOUNTING PRINCIPLES

Inventories and work in progress are measured at the lowest of the cost or replacement value (for purchased goods) or the cost of full production (for produced goods) and must not exceed the net realizable value.

Cost price is calculated using the weighted average cost method.

Depreciation is calculated on the basis of inventory turnover and the obsolescence of equipment and goods.

The intra-Group margin generated by industrial subsidiaries on equipment sold to the distribution subsidiaries which store this equipment is eliminated.

5-5-2: INVENTORIES BY CATEGORIES

	31 January 2023			31 January 2022		
	Gross value	Depreciation	Net	Gross value	Depreciation	Net
Work in progress	1.7	(0.1)	1.6	1.7	(0.1)	1.6
Raw materials	15.3	(2.1)	13.2	11.3	(1.7)	9.6
Finished goods	79.3	(10.5)	68.8	67.8	(9.0)	58.8
Spare parts	3.9	(1.1)	2.8	4.4	(1.9)	2.5
TOTAL	**100.2**	**(13.8)**	**86.4**	**85.2**	**(12.7)**	**72.5**

5-5-3: CHANGES IN INVENTORIES

	31 January 2023	
	Gross value	Depreciation
Opening	85.2	(12.7)
Net inventory entries	16.6	-
Charges	-	(3.0)
Reversals	-	1.1
Change in scope*	(2.5)	0.8
Other	1.4	-
Translation difference	(0.5)	0.0
TOTAL	**100.2**	**(13.8)**

** This line mainly includes the release of the stock related to the Shipping activity and the Graphics activities in the Nordics*

5-6: Other operating liabilities

The other operating liabilities for an amount of 189.3 million euros as of 31 January 2023 compared with 204.5 million euros as of 31 January 2022 mainly comprise customer credit balances, debts to employees and deposits made by customers in relation to postage prepayment.

5-7: Expenses and gains related to acquisitions

Transaction costs related to acquisitions are recorded under current operating expenses and presented on a separate line entitled "Expenses related to acquisitions". This line includes consultants' fees and amortization of intangible assets at the time of purchase price allocation.

	31 January 2023	31 January 2022
Consultants' fees	3.1	5.0
Amortization of intangible fixed assets after purchase price allocation	7.2	6.8
EXPENSES RELATED TO ACQUISITIONS	**10.3**	**11.8**

5-8: Structure optimization expenses – net of reversals

The Group pursued the optimization of its structure. An expense of 22.9 million euros, net of an unused provision reversal of 0.7 million euros, is recorded in this regard in 2022, compared with an expense of 9.4 million euros in 2021. This expense mainly includes costs incurred by the implementation of certain initiatives related to reorganizations within the Group, expenses related to workforce reduction and the depreciation of the right of use related to the closed sites.

5-9: Other operational expenses and income

In 2022, the 1.8 million euros of other nun current operational expenses mainly include the 0.6 million euros loss related to the divestment of the graphics activities in the Nordic countries and the loss of 0.4 million euros related to the sale of the Shipping activity.

In 2021, the other operational expenses for an amount of 10.3 million euros mainly included the loss of 7.0 million euros related to the Automated packaging solutions business divestment, non-recurring fees and an exceptional expense related to assets write-off.

5-10: Off-balance sheet commitments related to operational activities

Quadient has a bank guarantee in favor of the Irish postal service for 1.7 million euros.

NOTE 6 SEGMENT INFORMATION

As part of the strategy announced in January 2019, the Group had defined a new internal organization and reorganized its activities into two main categories: the major operations and the additional operations. The major operations included four main geographic areas (North America, France Benelux, United Kingdom - Ireland and Germany, Austria, Italy, Switzerland) and four solutions: Mail Related Solutions, two software solutions (Costumer eXperience Management (CXM) and Business Process Automation (BPA), which became later Intelligent Communication Automation (ICA)), and Parcel Locker Solutions (PLS). The additional operations included all solutions outside of the main geographic areas as well as other businesses, such as graphic activities, shipping software solutions and automated packaging solutions. The Group monitored its performance by main geographic areas.

Since 2019, the Group's activities have changed: several acquisitions have boosted the weight of the new ICA and PLS activities and additional operations have been terminated, sold or have been turned into major operations within a new scope: International. The evolution of these activities has led the Group to reorganize by solution. In 2022, a new managerial organization was implemented with logistics and R&D reporting directly to the directors of each solution, who themselves report directly to the CEO. The analysis of the performance by geographic area is no longer used by the Group.

These developments have led the Group to redefine its operational segments according to IFRS 8 in 2022. Quadient's activities are focused on three solutions where the company has acquired a strong reputation. These solutions now represent the operational sectors analyzed by the Group:

(1) MRS (Mail Related Solutions) which encompasses the historical business of the Group. Quadient supplies software, equipment and services to cover the entire process of managing incoming and outgoing mail.

(2) ICA (Intelligent Communication Automation) which encompasses Quadient's cloud solutions that support businesses in customer communications management and customer experience management, including the journey analysis and orchestration, as well as accounts receivables and accounts payables automation.

(3) PLS (Parcel Locker Solutions), the activity which enables Quadient to provide and operate an automated parcel locker network for smart, secure pick-up and drop-off, offering users convenience and peace of mind.

A fourth segment is presented, the other solutions. This segment groups the graphic activities and the other shipping software solutions. These activities have been sold in June 2022.

Quadient's net income breaks down by segment as follows:

	MRS	ICA	PLS	Other solutions	31 January 2023
Total sales	757.5	227.1	91.3	5.3	**1,081.2**
Segment income	185.9	(10.2)	(25.4)	(0.3)	**150.0**
in percentage	24.5%	(4.5)%	(27.8)%	(5.7)%	13.9%
Expenses related to acquisitions					10.3
Current operating income					**139.7**
Structure optimization expenses					(22.9)
Proceeds from net assets sales					0.0
Other operational expenses and income					(1.8)
Goodwill impairment					(48.5)
Operating income					**66.5**
Financial result					(35.6)
Share of results of associated companies					0.9
Income taxes					(16.0)
NET INCOME					**15.8**

	MRS	ICA	PLS	Other solutions	31 January 2022
Total sales	709.5	201.3	86.5	27.0	**1,024.3**
Segment income	171.3	(3.3)	(19.0)	(2.3)	**146.8**
in percentage	24.1%	(1.6)%	(22.0)%	(8.5)%	14.3%
Expenses related to acquisition					(11.8)
Current operating income					**135.0**
Structure optimization expenses					(9.4)
Proceeds from net assets sales					0.4
Other operational expenses and income					(10.3)
Operating income					**115.7**
Financial result					(7.8)
Share of results of associated companies					1.1
Income taxes					(19.7)
NET INCOME					**89.3**

In the 2021 notes to the consolidated financial statements, the MRS activity outside the four main geographic areas was presented in "Other solutions". For comparative reasons, in the above table related to 2021, this activity is presented in the MRS segment.

Transfer prices between divisions are the prices that would have been set under normal competitive conditions, as for a transaction with third parties.

The financial result is mainly due to the financial costs associated with each line of debt. The breakdown of the impacts of hedge accounting is presented in note 11 for the portion of derivative financial instruments related to foreign exchange and interest rates.

The balance sheet breaks down by segment as follows:

	MRS	ICA	PLS	Other	31 January 2023
Segment assets	1,798.6	535.4	179.8	132.8	2,646.6
TOTAL ASSETS					**2,646.6**
Segment liabilities	493.1	163.6	71.6	836.8	1,565.1
Equity					1,081.5
TOTAL LIABILITIES					**2,646.6**

	MRS	ICA	PLS	Other	31 January 2022
Segment assets	1,888.3	520.7	209.4	427.6	3,046.0
TOTAL ASSETS					**3,046.0**
Segment liabilities	566.5	125.6	93.6	901.4	1,687.1
Equity					1,358.9
TOTAL LIABILITIES					**3,046.0**

The column “Other” includes the net indebtedness of Quadient S.A.

Other segment items break down by sector as follows:

	MRS	ICA	PLS	Other	31 January 2023
Investments of the period					
Tangible fixed assets	26.7	0.7	11.7	0.0	39.1
Intangible fixed assets	8.8	24.1	6.4	0.0	39.3
Investments	**35.5**	**24.8**	**18.1**	**0.0**	**78.4**
Assets right-of-use	5.9	3.2	0.4	0.0	9.5
TOTAL INVESTMENTS	**41.4**	**28.0**	**18.5**	**0.0**	**87.9**
Amortization of the period					
Tangible fixed assets	29.4	0.8	11.8	0.0	42.0
Intangible fixed assets	8.5	29.8	2.7	0.0	41.0
Amortization	**37.9**	**30.6**	**14.5**	**0.0**	**83.0**
Assets right-of-use	14.8	1.9	0.3	0.0	17.0
TOTAL AMORTIZATION	**52.7**	**32.5**	**14.8**	**0.0**	**100.0**

	MRS	ICA	PLS	Other	31 January 2022
Investments of the period					
Tangible fixed assets	26.9	0.5	9.1	0.0	36.5
Intangible fixed assets	11.2	24.1	6.0	0.0	41.3
Investments	**38.1**	**24.6**	**15.1**	**0.0**	**77.8**
Assets right-of-use	8.6	1.4	0.1	0.0	10.1
TOTAL INVESTMENTS	**46.7**	**26.0**	**15.2**	**0.0**	**87.9**
Amortization of the period					
Tangible fixed assets	33.3	0.5	11.8	0.0	45.6
Intangible fixed assets	14.4	27.0	3.4	0.0	44.8
Amortization	**47.7**	**27.5**	**15.2**	**0.0**	**90.4**
Assets right-of-use	16.7	1.8	0.7	0.0	19.2
TOTAL AMORTIZATION	**64.4**	**29.3**	**15.9**	**0.0**	**109.6**

NOTE 7 ASSETS RIGHT-OF-USE AND LEASE OBLIGATIONS

IFRS 16 requires the lessees to recognize an asset right-of-use and a lease obligation, without differentiating between operating leases and finance leases.

The first application has been done using the simplified retrospective approach, the details concerning the impacts of the first application on the financial statements are exposed in the note 2-1 of 2019 universal registration document.

For Quadient, the contracts within the scope of IFRS 16 are mainly real estate leases and car rentals.

Quadient applies the exemptions allowed by IFRS 16, in particular to not recognize contracts that cover a period of less than twelve months and leases for which the underlying asset is of a low value. The application of IFRS 16 to lease contracts on intangible assets is an option that the Group chose not to pursue.

In order to assess the residual duration for real estate leases, the Group has made an analysis of its sites, to consider renewals reasonably certain to be exercised. This duration is in general nine years concerning the French contracts. The Group called upon the services of an external company to determine the discount rates to be applied on leases, reflecting the geographical area and the remaining life of the lease.

As of 31 January 2023, the impacts of IFRS 16 application in the income statement, cash flow statement and balance sheet are as follows:

IMPACTS ON THE INCOME STATEMENT

	31 January 2023	31 January 2022
Cancellation of rent expenses	21.1	22.7
Amortization expenses	(17.0)	(19.2)
EBIT impact	**4.1**	**3.5**
Amortization of the period	17.0	19.2
EBITDA impact	**21.1**	**22.7**
Financial interests	(1.9)	(2.2)
Other operational expenses *	(9.5)	(0.1)
NET INCOME IMPACT	**(7.3)**	**1.2**

** This line includes the asset right-of-use impairment related to the sites closed in 2022.*

IMPACTS ON THE CASH FLOW STATEMENT

	31 January 2023	31 January 2022
Net income	(7.3)	1.2
Amortization and impairment of closed sites	26.5	19.2
Net cost of debt	1.9	2.2
Interests paid	(1.9)	(2.2)
Other	0.7	0.2
Net cash flow from operating activities	**19.9**	**20.6**
Impact of changes in the assets right-of-use	(9.5)	(10.1)
Net cash flow from investing activities	**(9.5)**	**(10.1)**
Repayment of lease obligations	(10.4)	(10.5)
Net cash flow from financing activities	**(10.4)**	**(10.5)**
CHANGE IN NET CASH	**-**	**-**

TABLES OF VARIATIONS OF THE ASSETS RIGHT-OF-USE AND THE LEASE OBLIGATIONS

As of 31 January 2023, the net assets right-of-use amounts to 31.3 million euros.

	Buildings	Other intangible assets	Assets right-of-use
Gross value at 31 January 2022	**116.2**	**23.0**	**139.2**
New contracts/renewals	5.3	4.2	9.5
Scope variation[a]	(1.4)	-	(1.4)
Other changes[b]	(13.1)	0.1	(13.0)
Translation differences	0.3	0.0	0.3
Gross value at 31 January 2023	**107.3**	**27.3**	**134.6**
Amortization at 31 January 2022	**(69.0)**	**(16.8)**	**(85.8)**
Charges	(12.7)	(4.3)	(17.0)
Scope variation[a]	0.8	-	0.8
Other changes[b]	(1.6)	0.1	(1.5)
Translation differences	0.2	0.0	0.2
Amortization at 31 January 2023	**(82.3)**	**(21.0)**	**(103.3)**
NET BOOK VALUE AT 31 JANUARY 2023	**25.0**	**6.3**	**31.3**

(a) The line "scope variation" includes the contracts divested with Shipping in June 2022.
(b) Other changes mainly concern terminated contracts or contracts not renewed in 2022.

As of 31 January 2023, the lease obligations amount to 50.5 million euros including 34.2 million euros of long-term portion.

	31 January 2022	Debt modification	Reimburse -ments	Translation differences	Other variations*	31 January 2023
Non-current lease obligations	44.4	4.3	0.0	0.3	(14.8)	34.2
Current lease obligations	20.5	5.2	(19.9)	-	10.5	16.3
LEASE OBLIGATIONS	**64.9**	**9.5**	**(19.9)**	**0.3**	**(4.3)**	**50.5**

** Other variations are mainly related to reclassifications and divestment impacts.*

NOTE 8 CASH FLOW DETAILS

Cash flows correspond to consolidated balance sheet items. However, these flows may differ from balance sheet changes in particular due to the translation of operations in foreign currencies, translation of subsidiaries' financial statements denominated in foreign currencies and changes in the scope of consolidation.

8-1: Expenses (income) with no cash effect or with cash effect below operating activities

	31 January 2023	31 January 2022
Amortization of fixed assets	100.0	109.6
Provisions (reversals)	(6.0)	(6.7)
(Gains) and losses on changes in fair value	8.6	(16.7)
(Proceeds) expenses from share-based payments	2.3	0.5
Automated packaging solutions business divestment	-	6.7
Goodwill impairment	48.5	-
Other	11.7	0.5
TOTAL	**165.1**	**93.9**

As of 31 January 2023, the provisions variation mainly relates to reversals on assets depreciation for an amount of (5.8) million euros and to reversals on provisions presented in liabilities for (0.2) million euros.

As of 31 January 2022, the provision variation mainly related to reversals on assets depreciation for an amount of (4.3) million euros and to reversals on provisions presented in liabilities for (2.4) million euros.

The line "Gains and losses in fair value" includes the financial result items with no cash effect and in particular the increase of the fair value of the investments realized by Quadient for the benefit of the professional private equity funds X'Ange 2 and Partech Entrepreneurs.

As of 31 January 2023, the line "Other" mainly includes the impairment of the sites closed in 2022 for an amount of 9.5 million euros and the research tax credit for an amount of (1.3) million euros. As of 31 January 2022, the line "Other" mainly included the research tax credit for (1.2) million euros.

8-2: Changes in working capital

	31 January 2023	31 January 2022
Inventories variation	(16.6)	(15.9)
Trade accounts receivable variation	(2.2)	14.6
Deferred income variation	9.3	2.0
Trade payables variation	(2.8)	5.1
Other current assets and liabilities variation	(26.1)	(13.4)
TOTAL	**(38.4)**	**(7.6)**

The change in the other current assets and liabilities is mainly explained by timing differences on prepayments and other debts.

8-3: Impact of changes in scope

As of 31 January 2023, the impact of changes in scope is a net cash collection of 2.7 million euros which mainly relates (i) to the divestments of the graphic activities in the Nordic countries and the Shipping activity, which have generated a net cash collection of 1.6 million euros, and (ii) the collection, for an amount of 1.4 million euros, of the first portion of the additional purchase price of the automated packaging solutions business.

As of 31 January 2022, the acquisition of Beanworks generated a net cash out of 73.8 million euros. The divestment of the automated packaging solutions business generated a cash collection of 12.0 million euros.

8-4: New borrowings and repayment of borrowings

In February 2022, Quadient reimbursed a private placement under German law Schuldschein for 26.0 million euros and 63.5 million United States dollars. Quadient S.A. raised 8.0 million euros in February 2022 as part of a private placement under German law Schuldschein.

In May 2022, Quadient reimbursed a private placement under German law Schuldschein for 37.0 million euros.

At the end of January 2023, Quadient S.A. issued 30.0 million euros in short-term negotiable securities (New EUropean Commercial Paper - NEU CP).

8-5: Reconciliation of the liabilities flows coming from financing activities

		Cash-flow movements		Non-cash changes		
	31 January 2022	New debt	Repayment	Other *	Translation difference	31 January 2023
Non-current financial debt	869.0	18.6	(129.3)	(29.5)	0.9	729.7
Current financial debt	51.1	2.1	(4.4)	30.4	(0.1)	79.1
FINANCIAL DEBT	**920.1**	**20.7**	**(133.7)**	**0.9**	**0.8**	**808.8**

** The column "Other" mainly includes reclassifications and the variation of accrued interests not yet due.*

NOTE 9 HEADCOUNT AND EMPLOYEE BENEFITS

9-1: Headcount

The geographical breakdown of employees on fixed-term and permanent contracts at the end of the period, excluding employees on long-term leave, is as follows:

	France - Benelux	North America	United Kingdom Ireland	Germany Austria Switzerland Italy	Rest of the world	Total
31 January 2023	**1,266**	**1,819**	**794**	**379**	**642**	**4,900**
31 January 2022	1,326	1,790	770	430	663	4,979

The breakdown of employees on fixed-term and permanent contracts at the end of the period, excluding employees on long-term leave, by type of activity is as follows:

	Sales	Services	Manufacturing	Research & development	Leasing	Administration	Total
31 January 2023	**1,659**	**1,156**	**462**	**610**	**60**	**896**	**4,900**
31 January 2022	1,684	1,185	472	643	61	934	4,979

On 31 January 2023, the Group had 167 temporary staff compared with 151 as of 31 January 2022.

9-2: Employee benefits

Employee benefits are measured in accordance with IAS 19. They comprise short-term benefits, long-term benefits and post-employment benefits.

Group employees are entitled to short-term benefits such as paid vacation, paid sick leave, bonuses and other benefits (other than termination benefits), payable within twelve months of the end of the period in which the corresponding services are rendered by employees. These benefits are recorded in current liabilities and expenses of the period in which the service is rendered by the employee.

Long-term benefits (during employment), payable before the employee's departure, correspond primarily to long-service bonuses. Post-employment benefits are paid when an employee retires and include retirement bonuses, supplementary pension benefits and coverage of certain medical costs for retired employees and employees on early retirement.

	31 January 2023	31 January 2022
Wages and salaries, bonuses and commissions	355.7	333.3
Social costs	99.4	92.5
Share-based payments	2.3	0.5
Pension expenses under defined contribution plans	0.6	0.6
TOTAL	**458.0**	**426.9**

9-3: Retirement benefit obligations

9-3-1: ACCOUNTING PRINCIPLES

Group companies participate in pension schemes and other staff benefits in accordance with the laws and customs of each country.

The measurement and accounting policies applied by the Group with respect to these liabilities are in accordance with IAS 19:

- defined benefit schemes under which the employer guarantees a future level of benefits: the liabilities are measured on the basis of actuarial valuations using the projected unit of credit method. These calculations use assumptions regarding mortality rates, staff turnover and wages, which reflect the economic conditions in each country or for each Group company. The liabilities are recognized under "Provisions for retirement benefit obligations". Termination benefits are generally lump-sum payments based upon the number of years served by the employee and his/her salary as of retirement or termination of employment. Pension benefits are generally determined using a formula based on the number of years served by the employee and his/her average final earnings;
- defined contribution schemes: the cost of these schemes is recognized as an expense on the basis of contributions made. These schemes have no legal or constructive obligation to pay further contributions, the employer's obligation is limited to the regular payment of contributions.

9-3-2: OBLIGATION DETAILS

The main retirement obligation for the Group is the obligation for the United Kingdom. This retirement obligation is mainly covered by a pension fund showing a net asset of 31.1 million euros (27.4 million pounds sterling) as of 31 January 2023 compared with 53.5 million euros (44.5 million pounds sterling) as of 31 January 2022. It is accounted for in non-current assets. When a pension plan shows a net asset based on the assumptions used, IAS 19 states that this net asset should only be recognized in the balance sheet if an economic benefit is possible for the Company. Regarding the rules of the pension plan, Quadient has an unconditional repayment right of all the amounts left in the plan after the payment of the last pension to the last member of the pension plan. Quadient considers this to be a sufficient justification to recognize the net asset of the pension fund in the consolidated balance sheet, in accordance with IAS 19/IFRIC 14.

The United Kingdom pension plan has not admitted any new members since 2001 and the rights of its members were frozen in June 2006. Every three years, the British regulator requires a valuation using different assumptions than those used for the valuation under IAS 19. If the valuation requested by the British regulator shows a deficit, Quadient has to make payments to offset it. The valuation performed for the British regulator in June 2020 identifies a non-significant deficit related to the deteriorated economic conditions of the middle of the year 2020. The next valuation will be performed in 2023.

The retirement benefits of French employees are not covered by investments in pension funds except for Quadient France which has subscribed an insurance contract.

	31 January 2023	31 January 2022
Change in value of obligations		
Present value of obligations at start of period	200.4	211.3
Service cost	1.9	1.5
Discounting cost	4.0	2.6
Actuarial (gains) or losses	(52.0)	(16.5)
Payments made	(7.0)	(7.7)
Scope variation	0.1	(0.4)
Other[a]	(7.0)	9.6
Present value of liabilities at end of period	**140.4**	**200.4**
Change in hedging assets		
Fair value of hedging assets at beginning of period	240.4	223.9
Expected return on plan assets	4.8	2.8
Actuarial gains (losses)	(67.0)	5.6
Contributions paid by employer	0.7	0.8
Payments made by fund	(6.5)	(6.7)
Other[a]	(8.6)	14.0
Fair value of hedging assets at end of period	**163.8**	**240.4**

	31 January 2023	31 January 2022
Financial hedging		
Plans' position	23.4	40.0
of which recognized in assets	34.4	56.7
of which recognized in liabilities	(11.0)	(16.7)
Amount recognized in the consolidated income statements		
Service cost	1.9	1.5
Discounting cost	4.0	2.6
Expected return on plan assets	(4.8)	(2.8)
Total retirement benefit expense	**1.1**	**1.3**
Amount recognized in the consolidated statements of comprehensive income		
Actuarial (losses)/gains	**15.0**	**(22.1)**
On obligations	(52.0)	(16.5)
On hedging assets	67.0	(5.6)
Cumulated actuarial (losses)/gains	**(7.5)**	**(22.5)**
Actuarial assumptions		
Discount rate[b]	4.5%	2.3%
Expected long-term inflation rate – Retail Price Inflation (RPI)[b]	3.4%	3.6%
Expected long-term inflation rate – Consumer Price Index (CPI)[b]	2.7%	2.6%
Expected long-term rate of annuity increases[b]	3.1%	3.4%
Breakdown of hedging assets		
Bonds	42%	22%
Other investments	58%	78%

(a) The line "Other" mainly includes translation differences and, in 2021, the IFRIC decision impact on the evaluation of the obligations.
(b) The above actuarial assumptions relate to the English subsidiary which alone accounts for more than 75% of the Group's retirement benefit obligations.

9-3-3: CHANGES IN OBLIGATIONS

Group pension liabilities were as follows over the last five years:

	2022	2021	2020	2019	2018
Obligation – present value	140.4	200.4	211.3	214.0	189.9
Fair value of assets	163.8	240.4	223.9	232.0	204.9
Plan (surplus)/deficit	**(23.4)**	**(40.0)**	**(12.6)**	**(18.0)**	**(15.0)**
Actuarial gains/(losses):					
On liabilities	(52.0)	(16.5)	10.4	21.0	(4.3)
On assets	67.0	(5.6)	(5.3)	(22.5)	1.4

The discount rates used are based on the yields on bonds issued by high quality companies (AA) or, where the market is not liquid, on government bonds with the same maturity as the calculations and the same currency (reference: Iboxx). These references are compliant with the requirements of IAS 19 and are the same as those used in previous years.

The effective return on the Group assets plan in 2022 is a gain of 2.9% compared with 1.2% in 2021.

Assumptions such as medical expenses of retired employees are not included in this plan. In terms of salary, only the last salaries at the time the plan was frozen are taken into account, without revaluation (only the annuity is revaluated).

Actuarial differences are systematically recognized in shareholders' equity and reported under the consolidated statement of comprehensive income. The cumulative actuarial difference shows a loss of 7.5 million euros as of 31 January 2023 compared with a loss of 22.5 million euros as of 31 January 2022.

The expense related to the French subsidiaries' defined contribution pension plans amounts to 0.6 million euros in 2022, stable compared with 2021.

9-4: Share-based payments

9-4-1: ACCOUNTING PRINCIPLES

Group employees, including top management, may receive remuneration based on shares. They will ultimately receive equity instruments in return for services rendered. The fair value is determined by an outside consultant using an appropriate valuation method.

The cost of equity-settled transactions with employees is measured at the fair value of the instruments awarded at the vesting date. The cost is recognized over the period in which the performance terms are met and/or the services are rendered, with the balancing entry being an equivalent increase in equity.

The cumulative expense recognized for such transactions at the end of each period until the rights acquisition date reflects the run-off of this acquisition period and the Group's best estimate at that date of the number of instruments to be acquired.

The awarding of these instruments is subject to the beneficiary being on the Company's payroll at the delivery date of the options or free shares and for some of the plans, to the achievement of performance targets. It is not possible to settle these options or these free shares in cash.

9-4-2: FREE SHARE PLANS

Free shares are granted for the purposes of:

- attracting and retaining high potential employees;
- acknowledging exceptional performance;
- fostering strong motivation and commitment to the Company's performance by granting specific free share plans based on the Group's future results.

The fair value of the shares thus granted is calculated based on the share price on the allocation date from which anticipated dividend are deducted. The overall expense was calculated by estimating a number of shares whose ownership will be transferred corresponding to a percentage of the maximum attributable amount. This assumption is considered the most likely on the date of allocation. This expense is spread out over the vesting period. The number of shares is adjusted at each closing date and the expense is revaluated consequently to ensure that the period expense corresponds to the number of shares effectively attributed.

The shares granted with performance conditions are dependent on the performance indicators below:

- growth in consolidated sales;
- current operating margin (current operating income divided by consolidated sales);
- return on capital employed;
- shareholder return (variation in the share price over the period plus dividends compared with the average performance of companies belonging to the same index as Quadient).

The vesting period is three years in one block.

Start date	Number of shares granted	Of which subject to conditions[a]	Outstanding shares 31/01/2022	Shares granted	Shares delivered	Shares cancelled	Outstanding shares 31/01/2023
26/04/2019	12,000	12,000	1,000	-	(133)	(867)	-
23/09/2019	391,030	391,030	345,150	-	(73,511)	(271,639)	-
15/01/2021	386,000	386,000	375,000	-	-	(56,650)	318,350
15/02/2021	6,500	6,500	6,500	-	-	-	6,500
24/09/2021	385,500	193,690	385,500	-	-	(47 200)	338,300
01/12/2021	3,800	1,450	3,800	-	-	-	3,800
01/03/2022	1,000	-	-	1,000	-	-	1,000
01/05/2022	4,600	-	-	4,600	-	(2,000)	2,600
01/09/2022	433,750	212,340	-	433,750	-	(20,250)	413,500
01/12/2022	5,900	2,010	-	5,900	-	-	5,900

(a) *Shares granted with performance conditions.*

9-4-3: CHANGES IN SHARE-BASED PAYMENTS VALUATION

Expenses recorded with respect to the profit-sharing, incentive plans and share-based payments are as follows:

	31 January 2023	31 January 2022	31 January 2021	31 January 2020	31 January 2019
Free share granted valuation	2.3	0.5	0.2	0.7	0.7

9-5: Executive compensation

The main role of the management team is to make strategic decisions for the Group and coordinate their implementation around the world.

The gross remuneration paid to the management team amounted to 3.7 million euros in 2022, compared with 3.4 million euros in 2021.

Variable remuneration is determined on the basis of attaining Group sales, operating income and capital employed targets.

The Group recognized an expense of 0.9 million euros in 2022 in respect of free shares allocation plans granted to the management team, stable compared with 2021. 80,000 shares were granted to members of the management team during the 2022 financial year compared with 77,000 in the previous year.

With respect to pensions, the Chief Executive Officer, as well as a number of other Group executives, benefit from a defined contribution pension plan (article 83 of the French general tax code), into which is paid a total of 5% of their remuneration, within the limit of five times the social security ceiling.

Some enjoy a defined benefit pension scheme (article 39 of the French general tax code) with an annuity obligation of 1.1% of pay per year of service for a minimum of eight years and a maximum of twenty years. This annuity is paid after the deduction of the annuities paid within the usual defined contribution plans. There are no new beneficiaries in the defined benefit pension scheme. The amount of these liabilities at the end of January 2023 totalled 0.4 million euros compared with 0.5 million euros as of 31 January 2022 and concerns the members of the management team. The cumulative payments stand at 6.8 million euros as of 31 January 2023.

NOTE 10 PROVISIONS AND CONTINGENT LIABILITIES

10-1: Provisions

10-1-1: ACCOUNTING PRINCIPLES

Provisions are recognized when the following conditions are met simultaneously at the end of the period in question:

- a current obligation (legal, regulatory, contractual or implied) resulting from past events;
- a probability that an outflow of resources will be necessary to extinguish the obligation with no offset expected;
- an amount that can be reliably measured.

Provisions are split on the balance sheet between current and non-current liabilities.

10-1-2: CHANGES IN PROVISIONS

	31 January 2022	Added	Used	Non-used	Other	31 January 2023	Current portion	Non-current portion
Structure optimization	4.4	11.9	(11.4)	(0.7)	-	4.1	3.5	0.6
Business risk/customer guarantees	0.3	-	-	(0.1)	-	0.2	0.2	-
Dispute provisions	3.3	0.9	(0.7)	(0.4)	(0.1)	3.0	1.8	1.2
Other provisions	2.5	0.9	(1.4)	(0.3)	0.3	2.0	1.3	0.7
Retirement benefit obligations – note 9-3	16.7	0.1	(3.9)	(1.0)	(0.9)	11.0	-	11.0
TOTAL	**27.2**	**13.8**	**(17.5)**	**(2.5)**	**(0.7)**	**20.3**	**6.8**	**13.5**

	31 January 2021	Added	Used	Non-used	Other	31 January 2022	Current portion	Non-current portion
Structure optimization	5.5	10.4	(10.4)	(1.0)	(0.1)	4.4	4.4	-
Business risk/customer guarantees	0.5	-	-	0.0	(0.2)	0.3	0.3	-
Dispute provisions	4.2	0.9	(1.1)	(0.1)	(0.6)	3.3	1.8	1.5
Other provisions	3.6	0.4	(1.5)	(0.1)	0.1	2.5	1.3	1.2
Retirement benefit obligations – note 9-3	23.2	1.1	(1.5)	(0.3)	(5.8)*	16.7	-	16.7
TOTAL	**37.0**	**12.8**	**(14.5)**	**(1.5)**	**(6.6)**	**27.2**	**7.8**	**19.4**

* *The "other" variation is mainly composed of the impact of the April 2021 IFRIC decision booked with an equity impact, changes in actuarial differences and foreign exchange effects.*

Structure optimization

The Group pursues the optimization of its operations.

Provisions totalling 4.4 million euros were booked as of 31 January 2022. In 2022, additional expenses of 12.1 million euros were booked and (12.3) million euros were used.

As of 31 January 2023, the balance of these provisions is 3.5 million euros.

Other

As of 31 January 2023, a total 2.6 million euros (2.5 million euros as of 31 January 2022) is booked under "Other provisions".

10-2: Contingent liabilities

10-2-1: ACCOUNTING PRINCIPLES

Unlike the definition of provision given in note 11-1-1, a contingent liability is:

- either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group;
- or a present obligation that arises from past events but not recognized because it is unlikely that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized and are described in the notes when they are material, except in the case of business combinations where they are identifiable items that are backed by present obligations and can be estimated reliably.

10-2-2: CONTINGENT LIABILITIES IDENTIFIED

In their everyday activities, Quadient entities in Europe and abroad are regularly subject to tax investigations.

Tax adjustments or uncertain tax positions not yet subject to tax adjustment, are covered by appropriate provisions. The amount of these provisions is regularly reviewed. The Group has not identified any significant contingent liability as of 31 January 2023.

NOTE 11 FINANCIAL INSTRUMENTS, FINANCIAL DEBTS AND RISK MANAGEMENT

Financial assets are divided in three categories: financial assets at amortized cost, financial assets at fair value through equity and financial assets at fair value through profit and loss. This classification is based on the management objectives applied to the asset by the Group and on the contractual cash flow characteristics.

The Group classifies its assets according to the following categories:

- financial assets at amortized costs: the Group classifies here the lease receivables, the trade receivables and other receivables, the loans and deposits, the receivables attached to non-consolidated investments and cash and cash equivalents. These assets are booked using the effective interest rate method which means initially at their fair value (acquisition cost including transaction costs). Lease receivables are analyzed and valued using the expected credit losses method;

- financial assets at fair value: the Group classifies in this category the equity instruments owned by the Group, which means investments in companies over which the Group does not have control or any significant influence. Those are booked at fair value through profit and loss or through equity, depending on the option chosen by the Group. None of the investments in non-consolidated companies are held for trading purposes.

Quadient's financing strategy is coordinated by the Group finance department. All Group exposure to interest rate and exchange rate risks is centralized within the Group cash management department.

Financial instruments mentioned in note 11, especially those presented in table 11-1, are level 2 financial instruments, whose fair value is based on observable data.

11-1: Breakdown of the balance sheet by financial instrument

	31 January 2023		Breakdown by instrument category			
	Book value	Fair value	Fair value through P&L	Loans and receivables/ debts	Debts at amortized costs	Derivative instruments
Non-current financial assets	69.6	69.6	18.6	41.6	-	9.4
Lease receivables[(a)]	594.9	565.5	-	594.9	-	-
Other long-term receivables	5.9	5.9	-	5.9	-	-
Receivables[(b)]	237.1	237.1	-	237.1	-	-
Other receivables[(b)]	7.0	7.0	-	7.0	-	-
Derivative financial instruments[(c)]	3.1	3.1	-	-	-	3.1
Cash and cash equivalents[(d)]	172.2	172.2	-	172.2	-	-
ASSETS	**1,089.8**	**1,060.4**	**18.6**	**1,058.7**	**-**	**12.5**
Financial debts and bank overdrafts[(e)]	843.3	809.8	29.5	-	813.8	-
Other long-term debts	3.3	3.3	-	3.3	-	-
Accounts payable[(b)]	78.8	78.8	-	78.8	-	-
Other operating liabilities[(b)]	189.3	189.3	-	189.3	-	-
Derivative financial instruments[(c)]	2.4	2.4	-	-	-	2.4
LIABILITIES	**1,117.1**	**1,083.6**	**29.5**	**271.4**	**813.8**	**2.4**

(a) *Due to the large number of deals handled by the leasing entities, the Group did not perform an individual valuation for each deal. The assumptions used are the following: average maturity of three years for the portfolio, yield curve ending on 31 January 2023 and constant exchange rate. The valuation is performed excluding credit spread. The British and American postage financing portfolios are comprised of very short-term maturities (less than one month) and renewable credits, the fair value considered is the same as the one booked in the balance sheet.*
(b) *Historical cost valuation.*
(c) *Valuation method described in note 11-4.*
(d) *Valuation based on realizable value.*
(e) *The fair value of the debt includes the Schuldschein debt that was swapped for 29.5 million euros. Swaps and debt are recognized at their fair value as mentioned in note 11-4.*
Concerning the debt accounted for at amortized cost, the main amounts are broken down as follows:
- for all floating-rate debt described in note 11-2-6, the drawdown is performed on a one-month, three-month and six-month basis and with a variable rate (EURIBOR and USD LIBOR); there is no difference between the fair value and the value in the balance sheet which represents an amount of 249.3 million euros;
- concerning fixed rate debts, the fair value has been calculated from the yield curve as of 31 January 2023. The difference between the fair value and the value as appearing in the balance sheet is 33.3 million euros.
Debts in foreign currencies are valued at constant exchange rates.

	31 January 2022		Breakdown by instrument category			
	Book value	Fair value	Fair value through P&L	Loans and receivables/ debts	Debts at amortized costs	Derivative instruments
Non-current financial assets	89.8	89.8	25.4	62.5	-	1.9
Lease receivables[(a)]	595.0	604.8	-	595.0	-	-
Other long-term receivables	5.6	5.6	-	5.6	-	-
Receivables[(b)]	226.5	226.5	-	226.5	-	-
Other receivables[(b)]	6.2	6.2	-	6.2	-	-
Derivative financial instruments[(c)]	1.6	1.6	-	-	-	1.6
Cash and cash equivalents[(d)]	486.6	486.6	-	486.6	-	-
ASSETS	**1,411.3**	**1,421.1**	**25.4**	**1,382.4**	**-**	**3.5**
Financial debts and bank overdrafts[(e)]	925.5	923.5	29.8	-	895.7	-
Other long-term debts	1.8	1.8	-	1.8	-	-
Accounts payable[(b)]	79.5	79.5	-	79.5	-	-
Other operating liabilities[(b)]	204.5	204.5	-	204.5	-	-
Derivative financial instruments[(c)]	1.9	1.9	-	-	-	1.9
LIABILITIES	**1,213.2**	**1,211.2**	**29.8**	**285.8**	**895.7**	**1.9**

(a) *Due to the large number of deals handled by the leasing entities, the Group did not perform an individual valuation for each deal. The assumptions used are the following: average maturity of three years for the portfolio, yield curve ending on 31 January 2022 and constant exchange rate. The valuation is performed excluding credit spread. The British and American postage financing portfolios are comprised of very short-term maturities (less than one month) and renewable credits, the fair value considered is the same as the one booked in the balance sheet.*

(b) *Historical cost valuation.*

(c) *Valuation method described in note 11-4.*

(d) *Valuation based on realizable value.*

(e) *The fair value of the debt includes the Schuldschein debt that was swapped for 29.5 million euros. Swaps and debt are recognized at their fair value as mentioned in note 11-4.*
Concerning the debt accounted for at amortized cost, the main amounts are broken down as follows:
- for all floating-rate debt described in note•11-2-6, the drawdown is performed on a one-month, three-month and six-month basis
and with a variable rate (EURIBOR and USD LIBOR); there is no difference between the fair value and the value in the balance sheet which represents an amount of 386.7 million euros;
- concerning fixed rate debts, the fair value has been calculated from the yield curve as of 31 January 2022. The difference between the fair value and the value as appearing in the balance sheet is 2.0 million euros.
Debts in foreign currencies are valued at constant exchange rates.

11-2: Financial debt analysis

11-2-1: ACCOUNTING PRINCIPLES

Interest-bearing loans

Interest-bearing loans are initially recognized at their fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans are measured at amortized cost: any difference between the nominal value (net of transaction costs) and the repayment value is taken in the income statement over the life of the loan, using the effective interest rate method.

Net financial debt

Net financial debts include interest-bearing loans and interest payables, net of cash and cash equivalents.

11-2-2: BREAKDOWN BY TYPE OF DEBT

	Financial debts and bank overdrafts	Short-term part of long-term debts	Long-term debts	31 January 2023	31 January 2022
Bond Issue – Quadient S.A. 2.25% [(a)]	-	7.3	324.2	331.5	331.1
Schuldschein [(b)]	-	62.1	385.5	447.6	555.2
Revolving Credit facility [(c)]	-	0.2	-	0.2	0.1
Short-term negotiable securities - NEU CP [(d)]	30.0	-	-	30.0	-
Other debts	4.5	9.5	20.0	34.0	39.1
TOTAL	**34.5**	**79.1**	**729.7**	**843.3**	**925.5**

(a) *Quadient issued a 325 million euros public bond on 23 January 2020 listed on Euronext Paris under ISIN number FR0013478849 after filing a prospectus with the Autorité des Marchés Financiers (approval number 20-018 of 21 January 2020). This bond carries a fixed interest of 2.25% and is payable on 3 February 2025. IFRS accounting entails an initial debt of 323.1 million euros, representing a debt issued at 2.3750 %.*

(b) *In February 2017, Quadient concluded private placements under German law (Schuldschein) consisting of ten tranches with different maturities between three and six years for a total amount of 135.0 million euros and 86.5 million United States dollars. The debt has been swapped against variable rate for a notional amount of 29.5 million euros. The debt fair value adjustment and the fair value of the swap recorded in non-current financial derivative instruments (assets) are not significant. In February 2022, Quadient repaid 26.0 million euros and 28.5 million United States dollars. After the various repayments made in 2021 and in 2022, the notional amount of this debt is of 57.0 million euros. Quadient repaid at maturity, 21 February 2023, this notional amount.*
In May 2019, Quadient concluded private placements under German law (Schuldschein) consisting of nine tranches with different maturities between four and seven years for a total amount of 130.0 million euros and 90.0 million United States dollars. In November 2021, Quadient repaid 41.0 million euros and 36.0 million United States. In 2022, Quadient repaid 37.0 million euros and 35.0 million United States dollars.
In February 2020, Quadient concluded private placements under German law (Schuldschein) consisting of four tranches with different maturities between four and five years for a total amount of 30.5 million euros and 13.0 million United States dollars.
In November 2021, Quadient concluded private placements under German law (Schuldschein) consisting of twelve tranches with different maturities between five and seven years for a total amount of 170.0 million euros and 105.0 million United States dollars.

(c) *On 20 June 2017, Quadient arranged a revolving credit line for drawdown in euros and in United States dollars for an initial amount equivalent to 400.0 million euros for a period of five years. The maturity of the revolving credit line has been extended to the 20 June 2024, thanks to the exercise of an extension option. The interest rate is indexed to the EURIBOR or LIBOR USD over the relevant drawdown period plus a margin depending on the debt coverage ratio by the EBITDA calculated on the Group's consolidated financial statements excluding leasing activities. At the end of January 2023, Quadient does not use that credit facility.*

(d) *On 6 July 2022, Quadient updated the program of short-term negotiable securities (New European Commercial Paper -NEU CP) for 200.0 million euros. The documentation is available on the Banque de France website (https://eucpmtn.banque-france.fr/public/#/liste-des-emetteurs/0d8c9dec-b611-ea11-80f7-001dd8b71ea9). Quadient issued 30.0 million euros of securities with maturities between 1 and 3 months.*

11-2-3: FINANCIAL RATIOS (COVENANTS)

11-2-3-1: Definitions used in financial covenants

Consolidated net debt

Net debt is calculated as follows:

Financial debts from credit institutions in non-current financial debts

+ Financial debts in current liabilities

- Cash and cash equivalents

The net amount obtained is restated for the value of current and non-current asset and liability derivative instruments, together with any guarantee commitments of the Quadient Group.

Consolidated EBITDA

EBITDA is the consolidated current operating income excluding the depreciation and amortization of intangible and tangible assets.

Cost of net financial debt

The cost of net financial debt used when calculating covenants is equivalent to the aggregate presented in the consolidated income statement.

Restatement of leasing activities

With a few rare exceptions, leasing activities are the responsibility of distinct legal entities. This separation allows for the calculation of consolidated aggregates excluding the leasing activity. Activities that are not isolated in distinct legal entities are not restated.

Consolidated net debt excluding leasing is calculated on the basis of a restated consolidated balance sheet whereby the leasing companies are consolidated under the equity method and not included in the Group scope of consolidation. Using this restated balance sheet, the aggregate is calculated on the basis of the same balance sheet items used for calculating consolidated net debt.

Leasing net debt is calculated using these same consolidated financial statements, but in this case only for the scope of leasing companies.

Consolidated EBITDA excluding leasing is calculated on the basis of a restated consolidated income statement whereby the leasing companies are consolidated under the equity method and not included in the Group scope of consolidation. Using this restated income statement, the aggregate is calculated on the basis of the same income statement items used for calculating the consolidated EBITDA.

Leasing net portfolio

The leasing net portfolio is calculated on the basis of consolidated income statements through the addition of net long-term lease receivables and net short-term lease receivables. The net denotes that the leasing portfolio gross value is reduced by the amount of bad debt provision.

Default rate

The default rate is calculated on the basis of the ratio of provisions for bad debt on lease receivables to the leasing net portfolio.

11-2-3-2: Applicability and definition of financial covenants

Except for the Quadient S.A. 2.25% bond issue, which is not subject to any covenant, the various debts (private placements, *Schuldschein* and revolving credit facilities) are subject to financial covenants. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complies with all covenants as of 31 January 2023.

11-2-3-3: Covenant calculation

Aggregates

The aggregates presented below are those used for calculating the covenants as set out in note 11-2-3-1.

	31 January 2023 including IFRS 16	31 January 2023 excluding IFRS 16	31 January 2022 including IFRS 16	31 January 2022 excluding IFRS 16
Consolidated net debt	719.5	669.0	508.8	443.9
Consolidated net debt excluding leasing	284.2	234.1	74.7	10.4
Leasing net debt	435.3	434.9	434.1	433.5
Consolidated EBITDA	242.8	221.7	249.6	226.9
Consolidated EBITDA excluding leasing	156.4	135.5	168.1	145.6
Cost of net financial debt	26.9	25.0	24.5	22.3
Leasing net portfolio	586.1	586.1	583.5	583.5
Provision for bad debt	9.5	9.5	9.9	9.9

Covenant calculation

	Covenant to comply	31 January 2023	31 January 2022
Debts subject to covenants – including IFRS 16 *(Schuldschein* 2017)[(a)]			
Consolidated net debt excluding leasing/consolidated EBITDA excluding leasing	<3.0	1.8	0.4
Consolidated EBITDA/Cost of net financial debt	>4	9.0	10.2
Leasing net debt/leasing net portfolio	<90%	74.3%	74.4%
Default rate	<=5%	1.6%	1.7%
Other debts subject to covenants – excluding IFRS 16			
Consolidated net debt excluding leasing/consolidated EBITDA excluding leasing	<3.0	1.7	0.1
Consolidated EBITDA/Cost of net financial debt	>4	8.9	10.2
Leasing net debt/leasing net portfolio	<90%	74.2%	74.3%
Default rate	<=5%	1.6%	1.7%

(a) The debt was repaid at maturity on February 21, 2023 after year end. Quadient no longer has any debt subject to these covenants.

Shareholders' equity attributable to holders of the parent company must be greater than 600 million euros. Shareholders' equity attributable to holders of the parent company amounts to 1,072.7 million euros as of 31 January 2023, the ratio is respected.

11-2-4: BREAKDOWN BY CURRENCY

	31 January 2023	31 January 2022
Euros (EUR)	642.5	670.0
United States dollars (USD)	189.1	231.5
Other currencies	11.7	24.0
TOTAL	**843.3**	**925.5**

The table above is based on exchange rates as of 31 January for each year.

11-2-5:BREAKDOWN BY MATURITY

Debts are positioned according to their contractual maturity date. The table below is based on constant exchange rates.

	31 January 2023	31 January 2022
2022	-	56.5
2023	113.7	111.9
2024	45.4	83.7
2025	378.0	379.3
2026	119.7	121.0
2027	84.5	173.1
2028	102.0	-
TOTAL	**843.3**	**925.5**

11-2-6: BREAKDOWN BY INTEREST RATE

As part of its financial policy, Quadient actively hedges its variable-rate and fixed-rate debt.

	Type of rate	Reference rate	Drawdown rate	31 January 2023 Total effective rate*
Bond Issue – Quadient S.A. 2.25%	Fixed	2.25		2.3750
***Schuldschein* 2017**				
Schuldschein – Quadient S.A. 59.0 MEUR	Fixed	Between 1.558 and 1.833 depending on the maturity	-	Between 1.2181 and 1.9208 depending on the maturity
***Schuldschein* 2019**				
Schuldschein – Quadient S.A. 46.5 MEUR	Fixed	Between 1.30 and 1.96 depending on the maturity	-	Between 1.415 and 2.029 depending on the maturity
Schuldschein – Quadient S.A. 5.0 MEUR	Variable	EURIBOR 6 months	1.7500	1.8170
Schuldschein – Quadient S.A. 19.0 MUSD	Variable	LIBOR 3 months	2.0060	4.5100
***Schuldschein* 2020**				
Schuldschein – Quadient S.A. 29.0 MEUR	Variable	EURIBOR 6 months	1.5000	1.5382
Schuldschein – Quadient S.A. 1.5 MEUR	Fixed	1.5000	-	1.5382
Schuldschein – Quadient S.A. 3.0 MUSD	Variable	LIBOR 3 months	1.7096	3.2938
Schuldschein – Quadient S.A. 10.0 MUSD	Variable	LIBOR 3 months	1.9596	3.5342
***Schuldschein* 2021**				
Schuldschein – Quadient S.A. 50.0 MEUR	Fixed	Between 1.15 and 1.45 depending on the maturity	-	Between 1.2334 and 1.5102 depending on the maturity
Schuldschein – Quadient S.A. 55.0 MEUR	Variable	EURIBOR 6 months	1.1500	1.2322
Schuldschein – Quadient S.A. 51.0 MEUR	Variable	EURIBOR 6 months	1.1300	1.3690
Schuldschein – Quadient S.A. 22.0 MEUR	Variable	EURIBOR 6 months	1.4500	1.5093
Schuldschein – Quadient S.A. 45.0 MUSD	Fixed	3.161	-	3.2292
Schuldschein – Quadient S.A. 19.0 MUSD	Variable	LIBOR 3 months	1.5303	1.6181
Schuldschein – Quadient S.A. 21.0 MUSD	Variable	LIBOR 3 months	1.6803	1.7366
Schuldschein – Quadient S.A. 20.0 MUSD	Variable	LIBOR 3 months	1.8803	1.9340
Revolving Credit facility	Variable	LIBOR USD/EUR 1 months	-	0.9137

** The total effective rate for the transaction is calculated on completion and includes costs relating to the transaction.*

11-2-7: CREDIT LINES

The Group had the following revolving credit facility as of 31 January 2023 which can be drawn in euros (EUR) and United States dollars (USD):

	Amount of the credit line	Amounts drawn at 31 January 2023	Expiry of facility	Number of banks in the pool
Bank pool	EUR 400 million	-	June 2024	11

Interest rates are indexed to EURIBOR or LIBOR USD plus a margin depending on the leveraged ratio based on the consolidated financial statements excluding leasing activity. The margin is currently fixed at 0.85% and may vary between 0.50% and 1.15%. An additional margin of 0.25% is added to the margin for the drawdown in United States dollars.

11-2-8: FAIR VALUE OF DEBTS

The book values of current loans and variable rate debts are close to their fair values. Fixed rate debts are analyzed as follows:

	31 January 2023				
	Book value	Accrued interest	Fair value	Fair value +50 bps	Fair value -50 bps
Bond issue – Quadient S.A. 2.25% 325 MEUR	331.5	7.3	310.9	313.0	307.1
Schuldschein EUR	156.7	1.7	148.7	155.6	153.7
Schuldschein USD	41.8	0.2	37.2	38.1	36.1

11-3: Financial income and expenses

11-3-1: ACCOUNTING PRINCIPLES

Effective interest rate

The effective interest rate is the rate used to precisely discount future cash flows to maturity, to obtain the net value of the debt at the initial recognition date. To calculate the effective interest rate of a financial debt, the future cash flows are determined based on the contractual repayment dates.

Transaction costs

Transaction costs are the marginal costs directly attributable to the arrangement of a credit facility. These include fees and commissions paid to brokers and advisers, levies charged by the market authorities, stock exchange fees and transfer taxes and duties. However, they do not include issue premiums, the allocation of internal administrative expenses and head office expenses. For financial debt measured at amortized cost, transaction costs are included in the amortized costs calculation using the effective interest rate method and are amortized in the income statement over the life of the instrument.

11-3-2: COST OF DEBT

The table below represents the gross cost of debt by currency after exercise of the hedging instruments and the effects of the valuation of portfolio interest rate transactions for the financial year ended on 31 January 2023. The calculation is based on the debt detailed in the note 11-2-2.

The net financing cost rate, calculated from the net cost of debt, *i.e.* 25.0 million euros, divided by the average net debt (average financial debt – average cash and cash equivalents) during the year, equals 2.98%.

Currency	Gross rate	Amount in currency
Euros (EUR)	**2.3%**	**14.1**
Financial costs before hedging impact	2.29%	15.2
Hedging impact	0.01%	(1.1)
United States dollars (USD)	**3.18%**	**6.2**
Financial costs before hedging impact	3.62%	5.2
Hedging impact	(0.44)%	1.0

11-3-3: CAPITALIZED/AMORTIZED DEBT COSTS

The costs related to the arrangement of the different debts are not significant for the year 2022.

The difference between the straight-line amortization of these costs and the calculation of the amortized cost of capital is not material, therefore there has been no restatement for the IFRS financial statements.

11-4: Risk management

11-4-1: ACCOUNTING PRINCIPLES

Quadient uses derivative instruments to limit its exposure to the risk of fluctuations in interest rates and exchange rates.

In accordance with IFRS 9, Quadient initially recognizes all derivative instruments on the balance sheet under financial instruments at fair value. This is estimated on the basis of market conditions. The fair value of the derivatives is then re-assessed at each accounting date thereafter.

Accounting for hedging transactions

On implementation of the hedge, the Group clearly identifies the hedging and hedged items. This hedging is formally documented by identifying the hedging strategy, the risk hedged and the method used to assess the effectiveness of the hedge. Tests are then carried out to demonstrate the effectiveness of the hedge.

The treatment of derivative instruments identified as forming hedges varies in accordance with IFRS 9 definitions, according to whether they are:

- fair value hedge;
- future cash flow hedge;
- net investment hedge.

Fair value hedge

Changes in the fair value of derivative instruments are charged to the income statement. At the same time, the item hedged is also recognized at fair value up to the risk hedged. As a consequence, changes in the two items are recognized symmetrically under net financial expenses, so that only ineffective hedging impacts the income statement.

This approach is applied in particular to swaps of fixed to variable rate and to the corresponding hedged debt.

Future cash flow hedge

For changes in the fair value of derivative instruments, changes in the effective portion of the hedging relationship are charged to shareholders' equity, while changes in the fair value of the ineffective portion are charged to the financial income.

Profits and losses that are recognized through equity are posted to the income statement for the period during which the hedged transaction affects net income.

This treatment is applied in particular to swaps of fixed to variable rate, as well as to the purchase and sale of currency futures or options.

Net investment hedge

The accounting principle is similar to future cash flow hedges. The gain or loss relating to the effective portion of the hedging instrument is charged directly to shareholders' equity, while the ineffective portion is charged to the income statement. When the Group withdraws from a foreign business, the cumulative value of profits and losses that have been recognized directly in shareholders' equity is recognized through the income statement.

Recognition of derivatives not qualifying as hedging instruments

For derivatives, which do not meet the criteria for recognition as hedging instruments as described above, any gain or loss resulting from changes in fair value is charged to the financial income.

11-4-2: MARKET RISKS

The Group is mainly exposed to currency exchange rate risks through its international activity and to interest rate risks through its debt.

The Group treasurer, who reports to the Group chief financial officer, monitors exchange rate and interest rate risks for all Quadient Group entities. A report showing the Group's underlying position and hedges is sent each month to the chief financial officer to provide complete visibility on the financial risks relating to hedging activities, and to measure the financial impact of unhedged positions.

Quadient uses the services of an independent consultancy based in Paris. This consultancy helps Quadient in its exchange rate risk hedging policy, and values its portfolio of hedging instruments under IFRS. This ensures the consistency of methodologies used and provides a financial opinion independent of any financial institution.

This company has the technical and human resources to monitor interest rate and exchange rate trends every day and alert the Group treasurer in light of the strategy in place.

However, no guarantee can be given regarding the Group's ability to hedge effectively against market risks.

Exchange rate risk

Natural hedge

Quadient enjoys a natural hedge on its current operating margin and its net income.

Based on the 2023 budget, the breakdown of sales and costs in United States dollars is as follows: sales 54.3%, cost of sales 53.9%, operating costs 41.3%, and interest expenses 17.1%. A 5% decrease in the euro/United States dollar exchange rate from the budget rate of 1.05 would have the following impacts on the Group's income statement: sales (30.3) million euros, current operating income (8.0) million euros and net income (5.9) million euros.

Based on the 2023 budget, the breakdown of sales and costs in pounds sterling is as follows: sales 7.4%, cost of sales (1.4)%, operating costs 11.0%. A 5% decrease in the euro/pound sterling exchange rate from the budget rate of 0.90 would have the following impacts on the Group's income statement: sales (4.1) million euros and non-significant impact on current operating income and net income.

The other currencies are not a major concern for the Group. None of them, taken individually, represents more than 5% of total sales. Beyond the natural hedge, no guarantee can however be given regarding the Group's ability to hedge exchange rate risk effectively.

Risk management policy

Quadient has a policy of centralizing its foreign currency risk, enabling it to monitor the Group's overall exchange rate risk exposure and to gain full control over the market instruments used in hedging operations.

For each consolidated position managed, a hedging strategy is set up at the same time as the reference exchange rate to be defended is set. The hedging strategy involves a combination of firm or optional hedging instruments, along with open positions protected by stop losses. These stop losses are predetermined exchange rates that trigger hedging transactions when they are hit. As a result, through the use of mathematical models, the hedging strategy enables a reference exchange rate to be defended from the start for the entire position in the event of adverse exchange rate fluctuations.

Year-end position

The tables below represent Quadient's positions as of 31 January 2023 regarding exchange rate hedging for commercial activities.

2022 FINANCIAL YEAR – BALANCE SHEET HEDGING: HEDGING POSITIONS COVERING FINANCIAL ASSETS OR LIABILITIES ON QUADIENT'S BALANCE SHEET AT 31 JANUARY 2023 AND EXPECTED TO BE REALIZED NO LATER THAN APRIL 2023

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Financial assets	21.7	8.8	1.4	24.5	94.4	20.4	(0.4)	1.4	62.5	0.5	0.6	0.6
Financial liabilities	17.7	5.1	(0.3)	0.7	94.7	2.9	7.9	0.4	68.6	0.0	0.2	0.5
Net exposure before hedging	**4.0**	**3.7**	**1.7**	**23.8**	**(0.3)**	**17.5**	**(8.3)**	**1.0**	**(6.1)**	**0.5**	**0.4**	**0.1**
Hedging	(3.7)	(3.0)	1.9	(22.6)	-	-	6.0	-	6.1	(4.4)	-	(0.9)
NET EXPOSURE AFTER HEDGING	**0.3**	**0.7**	**3.6**	**1.2**	**(0.3)**	**17.5**	**(2.3)**	**1.0**	**-**	**(3.9)**	**0.4**	**(0.8)**

2023 BUDGET: HEDGING POSITIONS COVERING ANTICIPATED FINANCIAL ASSETS AND LIABILITIES IN FINANCIAL YEAR 2023 EXPECTED TO BE REALIZED NO LATER THAN APRIL 2024

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Financial assets	236.3	64.5	15.4	30.9	859.2	68.3	52.0	19.6	113.6	5.9	6.7	1.1
Financial liabilities	143.1	26.2	2.9	1.4	544.4	17.2	58.7	5.6	857.5	10.2	1.4	1.7
Net exposure before hedging	**93.2**	**38.3**	**12.5**	**29.5**	**314.8**	**51.1**	**(6.7)**	**14.0**	**(743.9)**	**(4.3)**	**5.3**	**(0.6)**
Hedging	(42.0)	(7.0)	(1.0)	(13.5)	(133.0)	(10.5)	-	(3.0)	466.4	-	(2.3)	-
NET EXPOSURE AFTER HEDGING	**51.2**	**31.3**	**11.5**	**16.0**	**181.8**	**40.6**	**(6.7)**	**11.0**	**(277.5)**	**(4.3)**	**3.0**	**(0.6)**

Quadient uses symmetric options tunnels in particular. These option instruments are unlikely to be exercised in a reciprocal manner in terms of the spot exchange rate or expiry date. As a result, for each tunnel only one of the two options is reported in the table above. The value of the commitment in these symmetric options is 14.0 million United States dollars sold, 3.0 million British pound sold, 0.5 million Canadian dollars sold 4.5 million Norwegian krona sold, 1.3 million Swedish krona sold, 0.6 million Australian dollars sold, and 100.0 million Czech krona purchased.

Quadient also makes use of asymmetric option tunnels. The asymmetric part of this kind of options is presented in the table above with a view to reflecting the Group's maximum commitment. The asymmetric part by currency is as follows: 11.0 million United States dollars sold.

Hedging instruments

The Quadient Group hedges its exchange rate risk using over-the-counter derivative instruments contracted with external counterparties. The derivative instruments used by the treasury department in its hedging strategies are as follows:

- firm derivatives such as forward currency purchases and sales;
- plain vanilla options such as puts and calls;
- second generation options (knock-in or knock-out barrier options).

Instrument details

The instruments in the portfolio have a maturity of less than twelve months as of 31 January 2023. These instruments are listed below by type and by currency for the period to which they relate.

2022 FINANCIAL YEAR: ASSETS AND LIABILITIES HEDGING

Notional value – Cash flow hedging	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	3.7	-	-	-	-
GBP	-	3.0				
CAD	2.4	0.5	-	-	-	-
NOK	-	22.6	-	-	-	-
CHF	6.0	-	-	-	-	-
DKK	-	-	-	-	-	-
CZK	6.1	-	-	-	-	-
SGD	-	4.4	-	-	-	-
PLN	-	0.9	-	-	-	-

2023 BUDGET: HEDGING OF ANTICIPATED POSITIONS

Notional value – Total	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	17.0	14.0	-	-	25.0
GBP	-	1.6	3.0	-	-	5.4
CAD	-	-	0.5	-	-	-
NOK	-	4.5	4.5	-	-	1.0
JPY	-	133.0	-	-	-	9.0
SEK	-	8.0	1.3	-	-	2.6
DKK	-	3.0	-	-	-	-
CZK	366.4	-	-	200.0	100.0	-
AUD	-	1.2	0.6	-	-	1.2

At year-end, the operations shown in the above table are broken down as follows:

Notional value – Cash flow hedging	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	17.0	14.0	-	-	14.0
GBP	-	1.6	3.0	-	-	3.0
CAD	-	-	0.5	-	-	0.5
NOK	-	4.5	4.5	-	-	4.5
JPY	-	133.0	-	-	-	-
SEK	-	8.0	1.3	-	-	1.3
DKK	-	3.0	-	-	-	-
CZK	366.4	-	-	100.0	100.0	-
AUD	-	1.2	0.6	-	-	0.6

Notional value – Ineffective portion of hedge instruments	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	-	-	-	-	11.0
GBP	-	-	-	-	-	4.2
CAD	-	-	-	-	-	0.5
NOK	-	-	-	-	-	4.5
SEK	-	-	-	-	-	3.1
CZK	-	-	-	100.0	-	-
AUD	-	-	-	-	-	0.6

AVERAGE HEDGE RATE

Currency	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Average hedge rate	1.0592	0.8807	1.4461	10.8229	142.0295	11.0891	0.9962	7.4364	24.1921	1.4316	1.5599	4.7519

The average hedge rate calculation is based on the foreign exchange forwards weighted average rate. Foreign exchange options are not considered for the calculation of the average hedge rate.

Instrument valuations

Derivative instruments are recognized in accordance with the accounting principles and methods presented in note 11-4-1. According to IFRS 13, Quadient implements credit risk methodology concerning the valuation of financial instruments. In light of the immaterial impact of credit risk, Quadient does not recognize them in the financial statements on 31 January 2023.

Notional value	31 January 2022	Changes recognized through equity – Fair value *via* OCI*	Changes recognized through equity – Aligned cost of hedge	Changes recognized in the income statement – Fair value *via* P&L	Changes recognized in the income statement – Non aligned cost of hedge	31 January 2023
Financial assets	**0.4**	**1.3**	**(0.3)**	**(0.1)**	**0.1**	**1.4**
Cash flow hedge	0.6	1,3	(0.3)	(0.1)	(0.2)	1.3
Ineffective hedge	(0.2)	-	-	-	0.3	0.1
Financial liabilities	**0.8**	**-**	**(0.4)**	**-**	**(0.4)**	**-**
Cash flow hedge	0.8	-	(0.4)	-	(0.4)	-
Ineffective hedge	-	-	-	-	-	-

* *OCI: Other Comprehensive Income.*

Sensitivity of the instruments

Concerning the financial instruments hedging the operations carried out in financial year 2022 for which the commitments are still in the balance sheet at year-end, the impact of a 10% increase in the foreign currency *versus* the euro would be a 0.5 million euros loss. The impact of a 10% decrease in the foreign currency *versus* the euro would be a 0.5 million euros gain.

Concerning the operations hedging the 2023 budget positions, the sensitivity to an exchange rate change is detailed in the tables below.

For a 10% increase in foreign currency *versus* the euro:

	Impact on equity	Impact on net income
Financial assets	2.1	0.1
Financial liabilities	(2.2)	(0.6)

For a 10% decrease in foreign currency *versus* the euro:

	Impact on equity	Impact on net income
Financial assets	4.7	0.0
Financial liabilities	(1.7)	(0.1)

Exchange rate deal counterparty risk

Operations are carried out with first rank international banks that are involved in the revolving credit facility.

Interest rate risk

Risk management policy

To limit the impact of a rise in interest rates on its interest expenses, Quadient decided to implement a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times. A rolling management horizon is used in order to always have three years of management.

The Group has a policy of centralizing its interest rate risk, enabling it to monitor the Group's overall interest rate risk exposure and to fully control the market instruments used in hedging operations. The Group hedges its interest rate risk depending on its current debt levels, but also according to likely future movements in debts, arising from drawings on its revolving credit facilities.

Financial instruments are carried by the legal entities that have the corresponding debt on their balance sheet.

A hedging strategy is adopted on the basis of the position to be managed and the reference interest rate adopted. The strategy is aimed at protecting the reference interest rate and at taking advantage, at least to some extent, of favorable movements. Hedging strategies involve definite and optional derivative instruments, and open positions are maintained if possible. The valuation of the open position based on market forward interest rates, along with the interest rates obtained through hedging operations, should always protect the reference interest rate. Hedging strategies cover the period three years ahead at all times. However, the level of coverage and the weightings of the various derivative instruments may vary from one year to the next, since the aim is to maintain greater scope for optimizing positions in later years.

Year-end position

The table below sets out Quadient's position as of 31 January 2023 by maturity for the major currencies:

	EUR				USD			
Notional value	**<1 year**	**1 to 5 years**	**>5 years**	**Total**	**<1 year**	**1 to 5 years**	**>5 years**	**Total**
Debt	77.9	522.4	42.0	642.3	35.4	104.5	65.0	204.9
Of which fixed-rate debts	41.0	349.2	42.0	432.2	31.4	32.8	23.0	87.2
CORRESPONDING HEDGE MATURITIES	**35.0**	**35.0**	**50.0**	**120.0**	**115.0**	**235.0**	**-**	**350.0**

The corresponding interest flows (excluding margin impacts) were calculated based on constant debt forward interest rate conditions and exchange rate parity at year-end. The following schedule is obtained:

	2023	**2024**	**2025**
Interest on fixed rates	0.1	0.1	0.6
Interest on the variable rate position	11.3	12.0	18.6
Interest on hedging operations	(2.0)	(1.3)	(0.5)
TOTAL	**9.4**	**10.8**	**18.7**

Sensitivity of the financial results to interest rate changes is as follows:

	2023	**2024**	**2025**
Sensitivity to a +0.5% increase in interest rates	1.0	1.4	3.0
Sensitivity to a (0.5)% decrease in interest rates	(1.0)	(1.5)	(3.2)

For 2022, the Group's policy was to protect its net financial income in advance. As a result, after hedging and on a fixed-debt basis, 70% of the Group's debt is not exposed to forward interest rates for the current financial year and 30% of the debt remains exposed to forward rates as of 31 January 2023.

Instrument details

Quadient uses standard and liquid derivative instruments. The instruments used are as follows:

- firm derivatives: swaps and Forward Rate Agreement (FRA);
- plain vanilla options: buying and selling of caps and floors (used either alone or in combination);
- knock-in or knock-out barrier options: buying and selling of caps and floors (used either alone or in combination);
- buying and selling of swaptions (used either alone or in combination).

Management mandates, packaged bank hedging products and derivative instruments that introduce a reference other than the underlying asset (*quanto* swaps for example) are strictly forbidden by internal procedures.

Derivative instrument details

The instruments in the portfolio are listed below, according to type, currency and maturity.

Notional value	Currency	<1 year	1 to 5 years	>5 years
Cross currency swap – Lender EUR/Borrower USD	EUR/USD	27.4/30.0	19.0/21.2 11.0/11.6	-
Swap – buyer	EUR	29.5	-	-
Swap – receiver	USD	45.0	25.0	-
Cap – buyer	USD	25.0	90.0	-
Cap – buyer	EUR	35.0	35.0	-
Floor – buyer	USD	45.0	-	-
Cap – seller	USD	-	70.0	-
Call swaption – buyer	EUR	-	-	50.0
Put swaption – seller	EUR	-	-	50.0

DERIVATIVE INSTRUMENTS QUALIFIED AS FAIR VALUE HEDGE

Notional value	Currency	<1 year	1 to 5 years	>5 years
Swap – buyer	EUR	29.5	-	-

DERIVATIVE INSTRUMENTS QUALIFIED AS FUTURE CASH FLOW HEDGE

Notional value	Currency	<1 year	1 to 5 years	>5 years
Cross currency swap	EUR/USD	27.4/30.0	19.0/21.2 11.0/11.6	-
Swap – receiver	USD	45.0	25.0	-
Cap – buyer	USD	25.0	90.0	-
Cap – buyer	EUR	35.0	35.0	-
Floor – buyer	USD	45.0	-	-
Cap – seller	USD	-	70.0	-
Call swaption – buyer	EUR	-	-	50.0
Put swaption – seller	EUR	-	-	50.0

INSTRUMENTS NOT ELIGIBLE FOR HEDGE ACCOUNTING

Notional value	Currency	<1 year	1 to 5 years	>5 years
Floor – seller	USD	-	50.0	-

Instrument valuations

Derivative instruments are recognized in accordance with the accounting principles and methods presented in note 11-4-1. All interest rate derivative instruments are thus valued on the balance sheet and in the income statement at their market value, in accordance with IFRS 9. According to IFRS 13, Quadient set up a credit risk methodology concerning the valuation of financial instruments. In light of the immaterial impacts of credit risk, Quadient decided not to recognize these in the financial statements at 31 January 2023.

Changes in the market value of instruments not eligible for hedge accounting have been charged in their entirety to the income statement. The ineffective portion of instruments eligible for hedge accounting, plus the time value of these instruments, have been charged to net financial expenses. Changes in the intrinsic value of these instruments have been recognized as restatement of equity.

Quadient applies IFRS 9 on hedge instruments.

	31 January 2022	Premium on new operations	Changes recognized through equity – Fair value *via* OCI*	Changes recognized through equity – Aligned cost of hedge	Changes recognized in the income statement – Fair value *via* P&L	Changes recognized in the income statement – Non aligned cost of hedge	31 January 2023
Financial assets (derivatives)	**2.9**	**2.8**	**3.7**	**0.7**	**(1.8)**	**-**	**8.3**
Debt and swap at fair value hedge	0.2	-	-	-	(0.2)	-	(0.0)
Derivative instruments qualified as cash flow hedge	2.3	2.8	3.7	0.8	(1.2)	-	8.4
Derivative instruments not eligible	0.4	-	-	(0.1)	(0.4)	-	(0.1)
Financial liabilities (derivatives)	**0.9**	**1.2**	**1.7**	**(0.2)**	**(2.0)**	**-**	**1.6**
Derivative instruments qualified as cash flow hedge	0.9	1.2	1.7	(0.2)	(2.0)	-	1.6
Derivative instruments not eligible	-	-	-	-	-	-	-

* *OCI: Other Comprehensive Income.*

Sensitivity to interest rate variations

The impact on the financial statements of an increase of 0.5% in the interest rates for the year ending 31 January 2023 is as follows:

	31 January 2023	Impact on equity	Impact on income statement	31 January 2023
Financial assets (derivatives)	**8.3**	**2.7**	**-**	**11.0**
Debt and swap at fair value hedge	(0.0)	(0.0)	-	(0.0)
Derivative instruments qualified as cash flow hedge	8.4	2.7	-	11.1
Derivative instruments not eligible	(0.1)	-	-	(0.1)
Financial liabilities (derivatives)	**1.6**	**0.3**	**-**	**1.9**
Derivative instruments qualified as cash flow hedge	1.6	0.3	-	1.9
Derivative instruments not eligible	-	-	-	-

The impact on the financial statements of a decrease of 0.5% on the interest rates for the year ending 31 January 2023 is as follows:

	31 January 2023	Impact on equity	Impact on income statement	31 January 2023
Financial assets (derivatives)	**8.3**	**(2.7)**	**-**	**5.6**
Debt and swap at fair value hedge	(0.0)	-	-	(0.0)
Derivative instruments qualified as cash flow hedges	8.4	(2.7)	-	5.7
Derivative instruments not eligible	(0.1)	-	-	(0.1)
Financial liabilities (derivatives)	**1.6**	**(0.3)**	**-**	**1.3**
Derivative instruments qualified as cash flow hedges	1.6	(0.3)	-	(0.3)
Derivative instruments not eligible	-	-	-	-

Fixed income transaction counterparty risk

Fixed income transactions are carried out with first rank international banks that take part in the revolving credit facility.

11-4-3: LIQUIDITY RISK

The Group believes that its cash flow before net cost of debt and income taxes (as defined in the consolidated statements of cash flows) will easily enable it to service its debt, given the current level of that debt. Group debt (Schuldschein and revolving credit facility) is subject to compliance with covenants. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complied with all covenants as of 31 January 2023.

However, this ability will depend on the Group's future performance, which is partly related to the economic cycle, which the Group cannot control. No guarantee can therefore be given regarding the Group's ability to cover its future financial requirements.

As of 31 January 2023, the Group has 400 million euros in unused credit lines.

11-4-4: CREDIT RISK

Customers' counterparty risk exposure (receivables, lease receivables)

Credit risk is limited because of the diversity and the very high number of customers and because of the low unit value of each contract. No customer accounts for more than 3% of sales.

The Group's main subsidiaries are equipped with information & telecommunication tools and dedicated teams that allow them to tailor their receivables collection processes to every customer. In addition, the leasing and postage financing activities have their own credit scoring tools and systematically use an external credit scoring opinion at the inception of a new contract.

During the monthly operating reviews, led by the Group finance department, the accounts receivable of each subsidiary are analyzed.

11-4-5: DEPENDENCE ON SUPPLIERS

The main supplier of the Group is Sparck Technologies, a global provider of automated packaging solutions, that accounts for 16.6% of total Group purchases in 2022. In 2021, the main supplier of the Group was Zhilai that accounted for 15.7% of total Group purchases.

The top five and the top ten suppliers respectively account for 22.6% and 33.9% of total Group purchases in 2022, compared with 21.5% and 31.0% in 2021.

Any disruption in supply from any one of these suppliers could significantly affect the Group's business, even though clauses are written into the contracts to protect the Group against this risk. Quadient has already put in place alternative solutions in case such an event occurs.

11-4-6: BANKING COUNTERPARTY RISK EXPOSURE

The Group defined a list of the banks that subsidiaries are allowed to deal with and made it mandatory to use these authorized banks for cash deposits. Generally, banking services cannot be attributed to unauthorized banks. Exceptions can be made with the authorization of the Group cash management department.

Regarding the offsetting of derivatives in accordance with IFRS 7, Quadient recorded derivatives under assets of 7.8 million euros before netting. These transactions are carried out with eight banking partners. As of 31 January 2023, the netting of these instruments would be an asset of 7.8 million euros.

11-4-7: : EXPOSURE TO THE UKRAINIAN CONFLICT

In the context of the recent military developments in Ukraine, the Group does not expect, at the moment, significant impacts on its financial situation. Quadient's business exposure is limited: Quadient conducts no meaningful business with Ukraine or Russia and has ceased its activities with Russia in accordance with the sanctions imposed by the European Union. Quadient has no supply chain exposure in the region and has no direct employees in these countries. Quadient works with a small group of software developers contractors supporting and developing the YayPay solution. This solution is cloud-based, hosted in European Union and North America and is securely accessed, managed and maintained remotely, from anywhere in the world. Business continuity plans are in place worldwide and Quadient do not anticipate any disruption to the use and the support of the software. However, as the sanctions imposed on Russia by a number of countries could lead to a global economic slowdown, the Group is not in a position at present to quantify any impact.

NOTE 12 TAX POSITION

12-1: Accounting principles

In accordance with IAS 12, Quadient uses a balance sheet approach to account for deferred taxes. This consists of calculating the deferred tax on temporary differences, which are the difference between the tax base of an asset or liability and its book value on the balance sheet. Quadient also applies the variable carry-forward method.

Deferred taxes are valued at the tax rate, either in force or coming into force, which is expected to be applied for the year in which the asset is realized or the liability settled.

Due and deferred tax assets and liabilities are offset for a given tax authority where there is a legally enforceable right to offset.

The book value of deferred tax assets is revised at each accounting date and reduced if it is unlikely that adequate taxable profits will be available to make use of the benefit of all or part of the deferred tax asset. Unrecognized deferred tax assets are valued at each accounting date and are recognized if it is probable that future profits will make them recoverable.

The Group's French companies use the tax consolidation system. The same applies to the Group's subsidiaries in each of the countries in which they are registered.

12-2: Main tax rates

The rates used in the main countries to calculate current and deferred tax at 31 January 2023 are as follows:

	Current tax	Deferred tax
France	25.8%	25.8%
United Kingdom	19.0%	25.0%
Netherlands	25.0%	25.0%
United States	25.9%	25.9%
Germany	32.1%	32.1%

12-3: Tax proof

The reconciliation between the theoretical tax charge and the actual tax charge is as follows:

	31 January 2023	31 January 2022
Net income of consolidated companies before income tax	30.9	107.9
Tax rate for the consolidating company	25.8%	27.4%
Theoretical expense	8.0	29.6
Income tax rate differences	(4.9)	(6.1)
Odirnane	(0.8)	(2.5)
Permanent differences [(a)]	15.2	(4.8)
Tax rate reduction and other non-recurring items [(b)]	(1.6)	3.4
Prior year tax adjustment	0.9	(0.5)
Other	(0.8)	0.6
TOTAL INCOME TAX	**16.0**	**19.7**
EFFECTIVE TAX RATE	**51.6%**	**18.1%**

(a) Permanent differences mainly include the impact of the goodwill impairment
(b) Exceptional items mainly include a provision for fiscal risk.

	31 January 2023	31 January 2022
Current income tax charge	29.6	31.9
Deferred income tax charge	(13.6)	(12.2)
TOTAL INCOME TAX	**16.0**	**19.7**

12-4: Deferred taxes

Deferred taxes are mainly due to the following:

	31 January 2022	Changes recognized through equity	Changes recognized in the income statement	Other changes *	Foreign exchange differences	31 January 2023
Tax loss carry-forwards – Net	7.5	-	5.9	(0.0)	(0.3)	13.1
Pension provision	3.5	(1.0)	0.1	(0.1)	(0.0)	2.5
Expenses with deferred deductibility:						
• inventories and bad debt	4.0	-	(0.6)	-	0.1	3.5
• employees related provisions	2.2	(0.0)	(0.2)	-	0.1	2.1
• fixed assets amortization	36.2	2.5	10.0	-	0.4	49.1
• other expenses with deferred deductibility	(1.6)	-	1.1	-	(0.2)	(0.7)
Leasing activities	(97.5)	-	(2.1)	-	(2.8)	(102.4)
Patents	2.5	-	-	-	-	2.5
Eliminations of margins on inventories, rented and demo equipment	2.9	-	(0.1)	-	(0.1)	2.7
Capitalization of research and development expenses	(20.5)	(1.1)	(1.2)	-	1.8	(21.0)
PPA Taxes	(8.2)	-	1.9	-	(0.1)	(6.4)
Goodwill amortization	(38.0)	-	(2.2)	-	(0.9)	(41.1)
Pension	(18.8)	7.3	(0.3)	-	0.9	(10.9)
Other	(12.4)	(0.8)	1.3	(0.2)	(0.1)	(12.2)
DEFERRED TAXES ASSETS (LIABILITIES)	**(138.2)**	**6.9**	**13.6**	**(0.3)**	**(1.2)**	**(119.2)**

** The column "Other changes" mainly includes some reclassifications.*

As of 31 January 2023, the recognition of deferred tax assets was reviewed. The tax loss carry-forwards recognized as deferred tax assets have been depreciated where it is deemed unlikely that the Group will be able to use these in the five next years. This provision, presented netted on the line "Tax loss carry-forwards" amounts to (19.3) million euros as of 31 January 2023. The depreciated tax loss carry-forwards represents a tax basis of approximately 76.0 million euros as of 31 January 2023. There are non-activated tax losses within the Group.

NOTE 13 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

13-1: Shareholders' equity

13-1-1: SHARE CAPITAL

At 31 January 2022, the parent company share capital totalled 34.5 million euros divided into 34,468,912 ordinary shares with a par value of 1 euro each. The share capital is fully released.

13-1-2: ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital represents the net amount received by the Company in excess of the par value on issuance, fully distributable. As of 31 January 2023, additional paid-in capital amounted to 51.3 million euros compared with 52.9 million euros 31 January 2022.

13-1-3: RESERVES AND RETAINED EARNINGS

This item mainly comprises cumulative net income over each financial year, as well as dividend payments and the delivery of free shares.

13-1-4: CUMULATIVE TRANSLATION ADJUSTMENTS

Financial statements of subsidiaries established in local currencies are translated into euros at the year-end exchange rate for balance sheet items and at average rate over the period for income statement and cash-flow items.

The resulting translation difference is recognized in the translation adjustment under shareholders' equity.

Cumulative translation adjustments as of 31 January 2023 amounted to 16.1 million euros compared with 6.2 million euros as of 31 January 2022.

13-1-5: DIVIDEND PER SHARE

Parent company retained earnings before appropriation of 2021 net income amounted to 410.1 million euros as of 31 January 2023 compared with 326.8 million euros as of 31 January 2022.

A dividend of 0.60 euros should be paid, subject to the 16 June 2023 General Meeting's approval in relation to the 2022 financial results. If approved, the dividend will be paid in cash and in one instalment.

The dividend distributed in relation to the 2021 financial results was 0.55 euro, paid in cash and in one instalment.

13-1-6: LIQUIDITY CONTRACT AND SHARE BUYBACK PROGRAM

Equity instruments acquired by the Company are deducted from shareholders' equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of instruments representing Group shareholders' equity.

Under the liquidity contract, shares cannot be sold freely by Quadient unless the contract is cancelled. This contract was signed in accordance with the French association of investment companies (AFEI) code of ethics, with Exane BNP Paribas.

Number of shares	31 January 2022	Bought	Sold	Transfer	Cancellation of treasury shares	Free shares delivery	31 January 2023
Liquidity contract	164,259	514,731	(533,669)	(94,000)	-	-	51,321
Share-based payments	95,804			94,000	(94,000)	(73,644)	22,160

As of 31 January 2023, the Group held 51,321 shares within the framework of the liquidity contact and 22,160 shares for the purposes of fulfilling the commitments on the stock-option and free share allocation programs reserved for employees and Group executives. This compares with 164,259 and 95,804 respectively as of 31 January 2022.

13-1-7: EQUITY MANAGEMENT

In terms of equity management, the Group's objective is to maintain business continuity in order to generate a return for shareholders and to optimize the cost of capital. The Group manages its capital structure in relation to economic conditions and can adjust the amount of dividends and share buybacks accordingly.

13-1-8: INFORMATION ON INVESTORS

Quadient carried out an analysis of its shareholder base as of 31 January 2023. No shareholder holding more than 3% of share capital has significant business dealings of any kind with Quadient.

13-2: Equity instruments

On 16 June 2015, Quadient S.A. issued a senior unsecured net share settled undated bond convertible into new shares and/or exchangeable for existing shares (ODIRNANE) for a notional amount of 265 million euros representing 4,587,156 shares with a nominal value of 57.77 euros. This bond is traded on the open market *Freiverkehr* of the Frankfurt stock exchange.

On 16 June 2022, Quadient has reimbursed this bond at par for an amount of 265.0 million euros.

13-3: Earnings per share

13-3-1: ACCOUNTING PRINCIPLES

Basic earnings per share are calculated by dividing earnings for the period attributable to ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares during the period. It is restated with the payment of the coupons related to the ODIRNANE issue.

Diluted earnings per share are calculated by dividing earnings for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would have been issued on conversion of all potential dilutive ordinary shares.

For stock options, the share buyback method is used. In calculating diluted earnings per share, dilutive options are assumed to have been exercised. The income from these instruments is assumed to have been received when the ordinary shares are issued, at the average market price during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that might have been issued at the average market price is treated as an issue of ordinary shares without offset. In this way, options only have a dilutive effect when the average market price of ordinary shares during the period exceeds the strike price of the options.

The potentially dilutive instruments correspond to the free shares attributions (note 9-4-2) and the ODIRNANE (note 13-2). These instruments are included if and only if their dilutive effect reduces the earning per share or increases the loss per share. According to the IAS 33, if the diluted earnings per share are higher than the earning per share, they are considered as non-representative and reduced to the basic earnings per share.

13-3-2 EARNINGS PER SHARE CALCULATION

The table below sets out the earnings figures used to calculate basic and fully-diluted earnings per share for all activities:

	31 January 2023	31 January 2022
Net income – attributable to equity holders of the parent company	**13.3**	**87.8**
ODIRNANE dividends	(3.4)	(8.9)
Restated basic earnings (A)	**9.9**	**78.9**
Effect of dilutive instruments:		
• Dilutive free shares	-	-
• ODIRNANE conversion	-	8.9
Diluted net income (B)	**9.9**	**87.8**
Number of outstanding shares	34,037	34,014
Effect on a *pro rata* time basis of dividend payments in shares, the exercise of stock options, share buybacks for cancellation and liquidity contract	(109)	11
Weighted average number of shares outstanding (in thousands)* (C)	**33,927**	**34,025**
Weighted average number of outstanding free shares, *pro rata temporis*	-	-
Number of shares related to the ODIRNANE conversion, *pro rata temporis*	-	6,472
Number of shares fully diluted (in thousands)* (D)	**33,927**	**40,497**
NET EARNINGS PER SHARE (IN EUROS) (A)/(C)	**0.29**	**2.32**
DILUTED NET EARNINGS PER SHARE (IN EUROS) (B)/(D)	**0.29**	**2.17**

* *Weighted average over the period.*

The ODIRNANE has been reimbursed in June 2022 (see Note 13-1).

At 31 January 2023, the potentially dilutive instruments described in the accounting principles above have a relutive effect and they have been therefore excluded from the calculation of the diluted net earning per share.

At 31 January 2022, the free shares had a relutive effect, and they had been therefore excluded from the calculation of the diluted net earning per share.

NOTE 14 POST-CLOSING EVENTS

On 21 February 2023, Quadient reimbursed the remaining 57.0 million euros nominal amount of its Schuldschein debt concluded in February 2017.

From 31 January 2023 until the financial statements' approval by the Board of directors, there was no significant change in the Group's commercial or financial situation.

NOTE 15 FEES PAID TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

Accounted for by the Group in 2022 and 2021:

	2022				2021			
	EY		Mazars		EY		Finexsi Audit	
(In thousands of euros)	Amount (before VAT)	%	Amount (before VAT)	%	Amount (before VAT)	%	Amount (before VAT)	%
Audit, certification and examination of individual and consolidated financial statements								
Issuer	630	28%	230	41%	557	22%	247	87%
Fully-consolidated subsidiaries	1 439	65%	332	59%	1,818	73%	40	13%
Services other than certification of financial statements								
Issuer	7	0%	-	-	-	-	-	-
Fully-consolidated subsidiaries	-	-	-	-	-	-	-	-
Audit sub-total	**2,075**	**93%**	**562**	**100%**	**2,375**	**95%**	**287**	**100%**
Other services provided by Auditor and its network								
Acquisitions	-	-	-	-	-	-	-	-
Legal & tax	111	5%	-	-	82	3%	-	-
Other	53	2%	-	-	61	2%	-	-
Other services sub-total	**164**	**7%**	**-**	**-**	**143**	**5%**	**-**	**-**
TOTAL	**2,238**	**100%**	**562**	**100%**	**2,518**	**100%**	**287**	**100%**

6.2 Statutory auditors' report on the consolidated financial statements

Year ended 31 January 2023

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French, and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Quadient S.A.,

OPINION

In compliance with the engagement entrusted to us by your: Annual General Meeting, we have audited the accompanying consolidated financial statements of Quadient S.A. for the year ended 31 January 2023.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 January 2023 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from 1st February 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

OBSERVATION

Without qualifying the opinion expressed above, we draw your attention to note 2.2 to the consolidated financial statements, which describes the impact of the IFRIC decision on the recognition of customization and configuration costs in the context of SaaS contracts.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Valuation of the recoverable amount of goodwill

Identified risk	Our response
Goodwill amounts to 1,080.0 million euros as of 31 January 2023, in the net amount. Goodwill is tested for impairment at least once a year or when there is an indication of impairment. Impairment tests are carried out at Cash-Generating Units ("CGU") levels or at group of CGUs level defined by the Group Impairment is recorded when the asset's recoverable amount is lower than its carrying amount. Unless otherwise indicated, the Group uses the value in use to measure the recoverable amount of each CGU or group of CGUs. Value in use corresponds to the current value of the future cash flows that the Group expects to obtain from identified CGUs or group of CGUs. Future cash flows are based on cash-flow projections assumptions over 5 years, as described in note 4-5-1 to the consolidated financial statements. The assumptions, sensitivity analysis and the results of the tests performed are disclosed in further detail in Note 4-5-2 to the consolidated financial statements. These tests lead to record a depreciation of 48.5 million euros as at 31 January 2023. During the year 2022, the Group modified the monitoring of the performance of its business, which led it to modify its operating segments, in accordance with IFRS 8. Henceforth, the monitoring of the performance is performed at the solutions level. As a result, the monitoring of goodwill has changed. Previously allocated by geographical area, it is now monitored by solution and by geographical area, as presented in note 4-1-3 to the consolidated financial statements. Valuation of the recoverable of goodwill is considered to be a key audit matter, due to its significant amount and the fact that its valuation is largely based on Management's judgments and estimates, particularly regarding the cash flow projections, the growth rate used, and the discount rate applied.	We have taken note of the new organization of the Group and its consequences on the monitoring of goodwill. We have also obtained an understanding of the procedures implemented by the Group's Management to determine the value in use of goodwill and to perform impairment tests. Our work consisted in: • examining the compliance of the methodology applied by the Group to determine the CGUs or groups of CGUs with current IFRS standards; • verifying the consistency of the new CGUs or groups of CGUs with the information provided for the operating segments, in accordance with IFRS 8, considering the new monitoring of operating segments made up of solutions; • verifying the reallocation of goodwill to CGUs and groups of CGU; • analyzing the methods used to perform impairment tests and verify the arithmetic accuracy of the calculation formulas used; • assessing the consistency of the reallocation of margins and net industrial and leasing assets as well as support costs; • reviewing the completeness of the items comprising the carrying amount of the CGUs tested. We also analyzed the key assumptions used in the cash flow forecasts, using the old and new CGU allocation. Our work consisted in: • comparing the projected cash flows with historical data; • analyzing the consistency of those projections with our understanding of the Group's strategic initiatives; • reconciling the data used with business plans prepared by management and presented to the Board of Directors; • assessing, with the support of our valuation experts, the long-term growth rates and discount rates applied to the impairment review for each CGU or group of CGUs, comparing the rates utilized to third party evidence; • assessing sensitivity analysis relating to key assumptions to consider the extent of change in those assumptions that either individually or collectively would imply additional depreciation of the goodwill, in particular relating to forecast future cash flows, including long-term growth rates and discount rates applied. Finally, we assessed the appropriateness of the disclosures in Notes 4-1 and 4-5 to the consolidated financial statements.

Sales

Risk identified	Our response
As at 31 January 2023, Sales amounted to EUR 1,081.2 million. As described in Note 5-1 ("Sales") the Group assessed sales at the fair value of the consideration expected net of any trade discount and volume rebates and excluding any VAT or other taxes, in accordance with IFRS 15. Sales are recognized at the date on which the Group has transferred control of performances obligations identified in the contracts. The terms of the commercial contracts between the Group and its customers include the terms and conditions for the transfer of ownership and the performance of services. The analysis of those conditions is decisive for the correct accounting treatment of revenue. For financial leases, the Group recognizes a sale of equipment and records a receivable amounting to the net present value of lease payments receivable over the term of the financing. For software and associated services and sales of patents, the Group recognizes revenue, if the following conditions are met: • the group has entered into a legal binding agreement with a customer; • the software or service has been delivered; • license fees are fixed and there are no uncertainties on the completion of the contract. As a result, we have considered revenue recognition as a key audit matter, since it is sensitive to management's judgments and estimates, and therefore, may have a significant impact on the financial statements.	We performed walkthroughs to understand the procedures including IT systems implemented by the most significant components. We analyzed the compliance of the revenue recognition rules with IFRS 15 standards. We evaluated and tested key controls on the process of revenue recognition for the considered most significant components. We conducted specified analytical procedures to different categories of revenue for subsidiaries scoped by size or risk, and at group level by geographic region, and by solutions to analyze changes in sales throughout the year. On a sample of contracts, we obtained: • the related documentation (contracts, invoices, delivery notes, proof of service) to ensure the accounting on the correct accounting period; • the documentation for some manual entries impacting the turnover accounts by focusing on non-recurring transactions. We also assessed the appropriateness of the disclosures in Note 5-1 of the appendices to the consolidated financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the Group management report, it being specified that, in accordance with Article L. 823-10 of said Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of preparation of the consolidated financial statements intended included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the consolidated financial statements included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Board of director's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the preparation of the consolidated financial statements included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags of the notes may not be rendered identically to the accompanying consolidated financial statements.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Quadient S.A. by the annual general meeting held on 16 June 2022 for Mazars and 9 September 1997 for Ernst & Young et Autres.

As at 31 January 2022, Mazars and ERNST & YOUNG et Autres were in the 1st year and 26th year of total uninterrupted engagement which are the 24nd year since securities of the Company were admitted to trading on a regulated market, respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee [includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, 27 April 2023

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG et Autres
Francisco Sanchez	May Kassis Morin

6.3 Analysis of Quadient S.A.'s annual results

Unless otherwise indicated, all the amounts stated hereafter are in million euros, rounded to one decimal place.

6.3.1 2022 FINANCIAL YEAR SIGNIFICANT EVENTS

ODIRNANE Reimbursement

On 16 June 2022, Quadient S.A. exercised its early redemption option of the ODIRNANE at par for an amount of 265.0 million euros using its available cash flow.

Waiver of debt and exit from the Group

On 21 October 2022, Quadient S.A. dissolved its subsidiary Neopost SDS Ltd. As part of this transaction, Quadient S.A. has granted a waiver of its receivable for an amount 2.7 million euros and recognized the disposal of its shares for 4.6 million euros;. Both the investment and the receivable were fully depreciated. This dissolution had no impact on Quadient S.A.'s net income.

Quadient S.A. consented a 7.0 million euros waiver of debt to Quadient Italy as of 22 August 2022.

As of 31 January 2023, the impairment test carried out on financial investments led Quadient S.A. to write down in full its 7.2 million euros investment in Quadient Shipping.

6.3.2 OPERATING INCOME

Quadient S.A.'s operating loss amounts to 1.1 million euros compared with a loss of 6.5 million euros as of 31 January 2022.

6.3.3 FINANCIAL INCOME

Net financial income amounts to 49.4 million euros, up from 104.4 million euros last financial year. Dividends received by the Company totalled 70.0 million euros as of 31 January 2023 compared with 104.8 million euros as of 31 January 2022. Net interest income from the Group's subsidiaries totals 17.4 million euros (18.3 million as of 31 January 2022), before recognition of a loss on receivables on investments of 9.7 million euros (18.0 million as of 31 January 2022) and a liquidation loss on shares of 4.6 million euros. Interest expenses for external borrowings stand at 23.0 million euros (25.8 million euros as of 31 January 2022). Net financial depreciation are recorded for (0.1) million euros as of 31 January 2023 (13.8 million euros as of 31 January 2022).

6.3.4 EXTRAORDINARY INCOME

Quadient S.A.'s extraordinary loss amounts to 0.4 million euros compared with a gain of 0.3 million euros as of 31 January 2022.

Treasury share disposals under the liquidity contract generate 0.4 million euros (1.1 million euro as of 31 January 2022) of extraordinary income on capital transactions and 0.8 million euros (0.8 million euros as of 31 January 2022) of extraordinary expenses on capital transactions.

6.3.5 NET INCOME

Net income amounts to 51.3 million euros (103.7 million euros as of 31 January 2022), after a net tax benefit of 3.4 million euros (5.5 million euros as of 31 January 2022),

In accordance with the article 223 *quater* of the French general tax code (CGI), the financial statements for the current year include 79,513 euros of non-tax-deductible expenses (article 39-4 of the CGI), but do not include the non-tax-deductible general expenses (article 39-5 of the CGI).

6.3.6 SHAREHOLDERS' EQUITY

Quadient S.A.'s shareholders' equity amounts to 499.3 million euros as at 31 January 2023, an increase of 30.8 million euros year-on-year. This increase corresponds to the 2022 net income after deduction of 18.9 million euros paid to shareholders for the 2021 dividend and the decrease of 1.6 million euros due to the cancellation of 94,000 treasury shares.

6.3.7 TRADE PAYABLES AND RECEIVABLES AGEING

Invoices received and issued not paid at the end of the financial year and for which the payment term has expired (article D.441-4):

	31 January 2023	Number of invoices
Trade payables – Ageing		
• Not due	14.2	119
• Between 1 and 30 days	0.2	14
• Between 31 and 60 days	0.0	3
• Between 61 and 90 days	0.0	3
• More than 90 days	0.0	17
TOTAL	**14.4**	**156**

Suppliers are contractually paid within 30 days.

	31 January 2023	Number of invoices
Trade receivables – Ageing		
• Not due	14.5	182
• Between 1 and 30 days	0.0	2
• Between 31 and 60 days	-	-
• Between 61 and 90 days	0.1	9
• More than 90 days	0.2	25
TOTAL	**14.8**	**218**

Customer payments are contractually collected within 30 days.

6.3.8 FIVE-YEAR RESULTS TABLE

	31/01/2019	31/01/2020	31/01/2021	31/01/2022	31/01/2023
Share capital					
Capital at year-end closing	34.6	34.6	34.6	34.6	34.5
Number of shares	34,562,912	34,562,912	34,562,912	34,562,912	34,468,912
Operations and earnings					
Sales excluding tax	33.8	34.9	33.7	30.7	36.1
Earning before taxes, depreciation/amortization and provisions	97.4	83.1	(6.5)	84.4	49.0
Income taxes	10.3	6.4	6.6	5.5	3.4
Amortization expense and provisions	(69.2)	(78.4)	29.5	13.8	(1.1)
Net income	38.5	11.1	29.6	103.7	51.3
Distributed earnings	18.2	12.0	17.2	18.9	20.6

	31/01/2019	31/01/2020	31/01/2021	31/01/2022	31/01/2023
Earnings per share (in euros)					
Earnings after tax, before depreciation/amortization and provisions	3.12	2.59	0.00	2.60	1.52
Earnings after tax, depreciation/amortization and provisions	1.11	0.32	0.86	3.00	1.49
Dividends paid	0.53	0.35	0.50	0.55	0.60
Employees					
Average headcount	39	42	43	45	49
Payroll	7.3	8.8	9.6	9.0	8.3
Employee benefits paid (Social security, social welfare)	4.8	4.1	6.3	4.1	1.8

6.3.9 DIVIDENDS

A dividend of 0.60 euro, 9% higher than last financial year, should be paid, subject to the 16 June 2023 General Meeting's approval in relation to the 2022 financial results. If approved, the dividend will be paid in cash and in one instalment.

The statutory reserve has been funded to 10% of the share capital.

The distributable reserve amount therefore to 410.0 million euros and are calculated as follows:

(In euros)	31 January 2023
Allocation of income subject to the approval of the Annual General Meeting of shareholders:	
• Retained earnings	358,676,332.94
• 2022 net income	51,314,669.94
• Deduction from issue premium	
TOTAL	**409,991,002.88**

The total amount of dividends paid for the three previous years may be found in the table for the five previous financial years.

6.3.10 STATUTORY AUDITORS' ENGAGEMENT

Mazars, represented by Francisco Sanchez;

Ernst & Young et Autres, represented by May Kassis-Morin.

6.3.11 POST-CLOSING EVENTS

On 21 February 2023, Quadient S.A. reimbursed the remaining 57.0 million euros nominal amount of its *Schuldschein* debt concluded in February 2017.

From 31 January 2023 until the financial statements' approval by the Board of directors, there were no significant changes in the company's commercial or financial situation.

6.3.12 2023 OUTLOOK

Quadient S.A. will continue to act as the holding Company for the Quadient Group.

6.4 Quadient S.A. statements of financial position

6.4.1 BALANCE SHEET

ASSETS

(In million euros)	Notes	31 January 2023	31 January 2022
Intangible fixed assets			
Gross value		41.2	41.2
Amortization		(41.2)	(41.2)
	(3)	**0.0**	**0.0**
Tangible fixed assets			
Gross value		0.3	0.3
Amortization		(0.2)	(0.1)
	(3)	**0.1**	**0.2**
Financial assets			
Gross value		1,291.6	1,302.4
Impairment		(102.2)	(99.6)
	(4)	**1,189.4**	**1,202.8**
Net receivables			
Net accounts receivable		14.7	16.3
Net other receivables		378.0	369.9
	(5)	**392.7**	**386.2**
Short-term investments and cash & cash equivalents			
Treasury shares		1.3	5.7
Short term securities		-	-
Cash & cash equivalents		97.5	392.0
	(6)	**98.8**	**397.7**
Financial derivative instruments		**0.8**	**1.1**
Prepaid expenses		**1.7**	**0.8**
Differed charges		**2.2**	**3.3**
Unrealized foreign exchange losses	**(7)**	**17.2**	**4.8**
TOTAL ASSETS		**1,702.9**	**1,996.9**

The following notes form an integral part of the financial statements.

LIABILITIES

(In million euros)	Notes	31 January 2023	31 January 2022
Share capital		34.5	34.6
Additional paid-in capital		51.4	52.9
Reserves		362.1	277.3
Net income		51.3	103.7
Shareholders' equity	**(8)**	**499.3**	**468.5**
Contingency and loss provisions			
Contingency provisions		2.1	0.1
Loss provisions		1.8	3.9
	(9)	**3.9**	**4.0**
Financial debts			
Bank loans		819.5	1,152.3
Other borrowings and debts		0.6	0.6
	(10)	**820.1**	**1,152.9**
Accounts payable			
Trade payables		14.4	11.2
Provisional dividends payable		-	-
Other operating liabilities		347.1	352.2
Taxes		0.3	0.2
		361.8	**363.6**
Financial derivative instruments		**2.3**	**1.1**
Overdrafts		**0.2**	**0.0**
Unrealized foreign exchange gains	**(7)**	**15.3**	**6.7**
TOTAL LIABILITIES		**1,702.9**	**1,996.9**

The following notes form an integral part of the financial statements.

6.4.2 INCOME STATEMENT

(In million euros)	Notes	31 January 2023	31 January 2022
Revenue from services		36.1	30.7
Reversal of depreciation and allowances, expense transfers		0.7	1.6
Other revenue		0.0	0.0
Revenue from operations		**36.8**	**32.3**
Other purchase costs and operating expenses		(35.7)	(36.7)
Other expenses		(0.5)	(0.5)
Depreciation, amortization and allowances		(1.7)	(1.6)
Operating expenses		**(37.9)**	**(38.8)**
Operating income	**(11-1)**	**(1.1)**	**(6.5)**
Investment income (dividends)		70.0	104.8
Investment income (interest)		23.7	20.2
Other interest and financial income		39.6	59.3
Reversals of depreciation, amortization and allowances		9.2	18.6
Financial income		**142.5**	**202.9**
Interest expenses		(83.8)	(93.7)
Commitment commissions		(0.0)	(0.0)
Depreciation, amortization and allowances		(9.2)	(4.8)
Financial expenses		**(93.1)**	**(98.5)**
Financial result	**(11-2)**	**49.4**	**104.4**
Current operating income		**48.3**	**97.9**
Extraordinary capital gains			
• proceeds from assets sales		-	-
• other		0.4	1.1
Extraordinary income		**0.4**	**1.1**
Extraordinary capital losses			
• net book value of assets sales		-	-
• extraordinary amortization charges on intangible fixed assets		-	-
• other		(0.8)	(0.8)
Extraordinary expenses		**(0.8)**	**(0.8)**
Extraordinary income	**(11-3)**	**(0.4)**	**0.3**
Income tax	(11-4)	3.4	5.5
NET INCOME		**51.3**	**103.7**

The following notes form an integral part of the financial statements.

6.4.3 STATEMENT OF CASH FLOW

(In million euros)	31 January 2023	31 January 2022
Net income	51.3	103.7
Depreciation and amortization expenses (reversal)	0.0	0.0
Contingency and loss provision (reversal)	0.0	2.5
Capital gains or loss on disposal of fixed assets	-	-
Gains and losses on changes in fair value	(2.3)	(5.4)
Cash flow from operations	**49.0**	**100.8**
(Increase) decrease in accounts receivable	1.6	0.0
Increase (decrease) in accounts payable	3.2	(2.8)
(Increase) decrease in other operating payables and receivables	(3.6)	(15.2)
Cash flow from operating activities (A)	**50.2**	**82.8**
Investments in intangible fixed assets	(0.0)	(0.0)
Investments in tangible fixed assets	-	-
Securities acquired and (increase) decrease in loans granted	18.3	(35.3)
Sub-total investments	**18.3**	**(35.3)**
Disposals of fixed assets	-	-
Cash flow from investment activities (B)	**18.3**	**(35.3)**
Increase (decrease) of share capital	(1.6)	-
Dividends paid	(18.9)	(17.2)
New financial debts	18.8	263.4
Repayment of borrowings	(384.4)	(295.3)
Net change in other debts and accrued interest not yet matured	30.0	(2.5)
Cash flow from financing activities (C)	**(356.1)**	**(51.6)**
Impact of exchange rate changes on cash and cash equivalents (D)	(7.1)	(17.7)
Change in net cash & cash equivalents (A) + (B) + (C) + (D)	**(294.7)**	**(21.8)**
Opening cash & cash equivalents	**392.1**	**413.9**
CLOSING CASH & CASH EQUIVALENTS	**97.4**	**392.1**

The following notes form an integral part of the financial statements.

6.4.4 CHANGE IN SHAREHOLDERS' EQUITY

	Par value	Number of shares	Share capital	Additional paid-in capital	Reserves	Total
Shareholders' equity as of 31 January 2021	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**294.3**	**381.8**
2020 Dividends	-	-	-	-	(17.2)	(17.2)
Change in valuation method for post-employment benefits	-	-	-	-	0.2	0.2
Net income	-	-	-	-	103.7	103.7
Shareholders' equity as of 31 January 2022	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**381.0**	**468.5**
2021 Dividends	-	-	-	-	(18.9)	(18.9)
Cancellation of treasury stock	-	(94,000)	(0.1)	(1.5)	-	(1.6)
Net income	-	-	-	-	51.3	51.3
SHAREHOLDERS' EQUITY AS OF 31 JANUARY 2023	**EUR 1**	**34,468,912**	**34.5**	**51.4**	**413.4**	**499.3**

The following notes form an integral part of the financial statements.

6.4.5 NOTES TO THE FINANCIAL STATEMENTS

Financial years ended 31 January 2023 and 31 January 2022.

Unless otherwise indicated, all amounts stated hereafter are in million of euros, rounded to one decimal place. Therefore, the sum of rounded amounts may present immaterial differences with the total shown.

Some amounts as of 31 January 2022 may have been reclassified to be comparable with the presentation adopted as of 31 January 2023.

TABLE OF CONTENTS OF NOTES TO QUADIENT S.A. FINANCIAL STATEMENTS

NOTE 1 PRESENTATION OF THE COMPANY

Quadient S.A. is a Company incorporated under French law, with SIREN number 402 103 907, whose registered office is located at 42-46, avenue Aristide Briand, 92220 Bagneux (France).

Quadient S.A. is the parent company of Quadient Group and the head of the tax group in France.

Quadient S.A. *holding* of Quadient Group was created in 1992 through a leverage buy-out (LBO) of Alcatel's activities of "mail processing equipment" division. After a second LBO in 1997, Quadient S.A. was listed on the *Premier Marché* of Euronext Paris stock market on February 1999.

Quadient S.A. operates as a holding company, holding financial interest that allow it to control the Group companies directly or indirectly.

Highlights of 2022

Odirnane Reimbursement

On 16 June 2022, Quadient S.A. exercised its early redemption option of the ODIRNANE at par for an amount of 265.0 million euros using its available cash flow.

Waiver of debt and exit from the Group

On 21 October 2022, Quadient S.A. dissolved its subsidiary Neopost SDS Ltd. As part of this transaction, Quadient S.A. has granted a waiver of its receivable for an amount 2.7 million euros and recognized the disposal of its shares for 4.6 million euros;. Both the investment and the receivable were fully depreciated. This dissolution had no impact on Quadient S.A.'s net income.

Quadient S.A. consented a 7.0 million euros waiver of debt to Quadient Italy as of 22 August 2022.

As of 31 January 2023, the impairment test carried out on financial investments led Quadient S.A. to write down in full its 7.2 million euros investment in Quadient Shipping.

NOTE 2 MAIN ACCOUNTING PRINCIPLES

The financial statements closed on 31 January 2023 are prepared in accordance with the measures of the French commercial code (articles L.123-12 to L.123-28), of the French accounting rules authority (ANC) regulation no. 2014-03.

The following rules are applied in accordance with the prudence principle:

- business continuity;
- independence of financial years;
- continuity of accounting methods from one year to another;
- and, in accordance with the general rules of establishment and presentation of annual financial statements.

The basic method for valuing accounting entries is the historical cost method.

Concerning, the borrowings issue costs the Company chose to apply the spread of issue costs over the contract duration.

NOTE 3 INTANGIBLE AND TANGIBLE FIXED ASSETS

Intangible and tangible fixed assets are valued at their acquisition cost (purchase price plus related expenses).

Assets are amortized on a straight-line basis according to their useful lives.

The most common amortization periods are as follows:

- IT implementation projects: five or seven years;
- software: five years;
- fixtures: ten years;
- office furniture and equipment: four, five or eight years.

	Intangible fixed assets	Tangible fixed assets
Gross value as of 31 January 2022	**41.2**	**0.3**
Acquisitions	-	-
Disposal, write off	-	-
Gross value as of 31 January 2023	**41.2**	**0.3**
Amortization as of 31 January 2022	**(41.2)**	**(0.1)**
Amortization charges and depreciations	-	(0.1)
Other changes	-	-
Amortization as of 31 January 2023	**(41.2)**	**(0.2)**
NET BOOK VALUE AS OF 31 JANUARY 2023	**0.0**	**0.1**

NOTE 4 FINANCIAL ASSETS

Financial assets are valued at their acquisition cost (purchase price plus related expenses) or at their contribution value.

The valuation of investment in affiliates is reviewed each year. An impairment test is carried out at least once a year through the projection of future cash flows. These cash flows are based on revenue and operating income growth assumptions over five years.

The discounting rate is the weighted average cost of capital after tax to which a specific risk premium might be added. Impairment is recorded when the asset's recoverable amount is lower than its carrying amount.

This category includes the deposit account opened at Exane BNP Paribas for the liquidity contract, which has investments in money market funds.

	31 January 2023	31 January 2022
Investments - Gross Value	971.4	975.3
Impairment of the Investments	(102.2)	(99.6)
Investments – Net value	**869.2**	**875.7**
Loans to subsidiaries	314.8	322.6
Impairment of the loans	-	-
Loans – Net value	**314.8**	**322.6**
Partech Entrepreneur II	2.1	2.2
X'Ange Capital 4	1.9	1.3
FPCI (Professional Private Equity Funds)	**4.0**	**3.5**
Liquidity contract	1.4	1.0
TOTAL NET VALUE	**1,189.4**	**1,202.8**

The portfolio of investments is detailed in the table of subsidiaries and equity interest (note 14).

Changes in the financial assets gross value over the period are due to:

- the 0.7 million euros capital increase in Quadient Norge;
- the disposal of Neopost SDS Ltd's shares for 4.6 million euros;
- the distribution received from Partech Entrepreneur II for 0.1 million euros;
- the contribution paid to X'Ange Capital 4 for 0.6 million euros;
- the increase of the liquidity contract of 0.4 million euros.

An impairment test has been carried out on financial investments as of 31 January 2023. Changes in the investments' impairment are explained by the followings:

- the depreciation reversal of Neopost SDS Ltd's investments for 4.6 million euros in relation with the dissolution of the Company;
- the depreciation of Quadient Shipping's investments for 7.2 million euros.

NOTE 5 RECEIVABLES

Trade receivables are valued at their nominal value. When appropriate, depreciations have been booked to take into potential recovery difficulties.

	31 January 2023	31 January 2022
Subsidiary current accounts – cash facility		
Quadient Finance Ireland Ltd	122.4	137.7
Quadient Finance USA Inc.	34.2	30.6
Quadient Leasing USA Inc.	37.5	29.0
Quadient Italy Srl	23.6	26.4
Quadient Shipping	17.7	10.1
Quadient UK Ltd	16.1	1.3
Quadient Canada Ltd	13.7	0.0
Quadient CXM AG	12.8	22.7
Quadient Rental Italy Srl	12.7	12.0
YayPay Inc.	11.3	5.2
Other *	65.4	88.4
Total subsidiary current accounts	**367.4**	**363.4**
Accounts receivables (intercompany billing services)	14.7	16.3
Tax receivables	6.3	5.4
Other receivables	4.3	3.8
Total gross value	**392.7**	**398.9**
Impairment	**-**	**(2.7)**
TOTAL NET VALUE	**392.7**	**386.2**

** The ten most important receivables are detailed, all the receivables are grouped on the line "Other".*

Changes in the receivables gross value over the period are due to:

- the increase of short term advances to subsidiaries for 4.0 million euros;
- the increase of the State's receivable of 0.9 million euros, due to the increase of the VAT's receivable of 0.5 million euros and the increase of the corporate tax's receivable of 0.4 million euros ;
- the increase of the other receivables for 0.5 million euros;

Changes in depreciations of receivables over the period are explained by the depreciation reversal recorded on Neopost SDS Ltd's advance for 2.7 million euros, this receivable has been abandoned in the context of the dissolution of the company.

The trade receivables settlement period is 30 days.

The receivables breakdown by maturity at 31 January 2023 is as follows:

	Gross value	Less than 1 year	More than 1 year
Loans to subsidiaries	314.8	-	314.8
FPCI (Professional Private Equity Funds)	4.0	-	4.0
Liquidity contract	1.4	-	1.4
Tax receivables	6.3	2.0	4.3
Subsidiaries current accounts	367.4	367.4	-
Receivables on intercompany billing services	14.7	14.7	-
Other receivables	4.3	4.3	-
TOTAL	**712.9**	**388.4**	**324.5**

NOTE 6 SHORT-TERM INVESTMENTS AND CASH & CASH EQUIVALENTS

Short-term investments and cash & cash equivalents are made up of treasury shares, short term securities and cash & cash equivalents. Short-term securities are valued using the First In First Out (FIFO) method. When the realizable value is lower than the acquisition cost, depreciation is recorded in the financial result for the amount of that difference.

Concerning free share attributions and as soon as it is likely that the entity will deliver existing shares to the plan beneficiaries, a liability should be accounted for, on the basis of a probability that an outflow of resources will be necessary. The value of the outflow of resources is estimated on the basis of the probable cost of buying back the shares if they are not already held or of their entry cost on the date of plan allocation, determined in accordance with the following principles:

- if the allocation of free shares is subject to the fact that the beneficiary is still in the Company's staff during a certain period of time, the accounting method for this liability is spread over the vesting period. The free shares attribution expenses are recorded in the income statement on the line employees expenses;
- the treasury shares allocated to specific plans remain measured at the acquisition cost and will not be depreciated. The booking cost is the acquisition cost (if the shares have been allocated to a specific plan since their acquisition) or their net book value at the plan allocation date in the case of a future allocation. The shares acquired with a view to be attributed to employees and that are not attached to a determined plan remain measured according to general rules that apply to marketable securities.

	31 January 2023	31 January 2022
Short-term investments and cash & cash equivalents		
Treasury shares	1.3	5.7
Short-term securities	-	-
Cash & cash equivalents	97.5	392.0
TOTAL	**98.8**	**397.7**

Treasury shares

The number of treasury shares at 31 January 2023 is 73,481 of which 51,321 are held for the liquidity contract and 22,160 with the aim of fulfilling the obligations of free share plans attributed to employees and directors of the Group.

Under the liquidity contract, shares cannot be sold freely except if the contract is cancelled.

This contract was signed with Exane BNP Paribas on 2 November 2005 for one year and is renewable by tacit agreement. The amount allocated to this contract was initially 8 million euros. The purpose is to reduce excessive volatility of the Quadient share and to improve liquidity.

Transactions in 2022 are the following:

	31 January 2022		Bought		Sold		Cancelled		Free shares delivery		31 January 2023	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Liquidity contract	164,259	3.2	514,731	8.3	(533,669)	(9.2)	(94,000)	(1.6)	-	-	51,321	0.7
Coverage of obligations	95,804	2.5	-	-	-	-	-	-	(73,644)	(1.9)	22,160	0.6
TOTAL	**260,063**	**5.7**	**514,731**	**8.3**	**(533,669)**	**(9.2)**	**(94,000)**	**(1.6)**	**(73,644)**	**(1.9)**	**73,481**	**1.3**

NOTE 7 TRANSACTIONS IN FOREIGN CURRENCIES

A translation adjustment is determined for each asset or liability denominated in a foreign currency, at the closing exchange rate. Translation differences are offset between assets and liabilities denominated in one currency and having the same maturity, to determine the foreign exchange losses provision.

Assets and liabilities translation differences are offset between hedging financial instruments (exchange rate futures) and the appropriate receivables and payables, to determine the provision. This offset amounted to 1.3 million euros as of 31 January 2023 and the provision is recorded for an amount of 2.1 million euros. As of 31 January 2023, the translation adjustment asset comes out at 17.2 million euros and the translation adjustment liability at 15.3 million euros.

The revaluation of the current accounts in foreign currencies, bank accounts in foreign currencies and associated hedges is accounted in the financial result of Quadient S.A.

NOTE 8 SHAREHOLDERS' EQUITY

8-1: Capital

As of 31 January 2023, the share capital totalled 34.5 million euros divided into 34,468,912 ordinary shares with a par value of 1 euro each, the share capital is fully released, after the cancellation of 94,000 treasury shares validated par the board of administration as of 02 December 2022.

8-2: Additional paid-in capital

Additional paid-in capital represents the net amount received by the Company in excess of the par value on issuance, fully distributable. As of 31 January 2023, additional paid-in capital amounts to 51.4 million euros, after the cancellation of 94,000 treasury shares validated par the board of administration as of 2 December 2022 for an amount of 1.5 million euros.

8-3: Reserves and retained earnings

This item mainly comprises cumulated net income over the years and dividend payments.

8-4: Dividend per share

Retained earnings before appropriation of 2022 net income amount to 410.1 million euros as of 31 January 2023 compared with 326.8 million euros as of 31 January 2022.

A dividend of 0.60 euros, 9% higher than last financial year, should be paid, subject to 16 June 2023 General Meeting's approval in relation to the 2022 financial results. If approved, the dividend will be paid in cash and in one instalment.

The dividend distributed in relation to the 2021 financial results was 0.55 euros, and it was paid in cash the 8 August 2022.

NOTE 9 CONTINGENCY AND LOSS PROVISIONS

Contingency and loss provisions, are intended to cover risks and expenses that are likely because of past or ongoing events, and whose amount or maturity are uncertain. The provision amount corresponds to the best estimate of the cash-out with no equivalent offset.

	31 January 2022	Added	Used	Non-used	31 January 2023	Maturity
Contingency provisions						
Unrealized foreign exchange losses	0.1	2.0	-	-	2.1	n/a
Total contingency provisions	**0.1**	**2.0**	**-**	**-**	**2.1**	
Loss provisions						
Retirement indemnities	0.7	0.4	-	-	1.1	n/c
Treasury shares	2.5	-	(1.9)	-	0.6	1 to 2 years
Others	0.7	0.1	(0.6)	(0.1)	0.1	n/a
Total loss provisions	**3.9**	**0.5**	**(2.5)**	**(0.1)**	**1.8**	
TOTAL	**4.0**	**2.5**	**(2.5)**	**(0.1)**	**3.9**	

Treasury shares
As of 31 January 2023, the Group has 51,321 shares held for the liquidity contact and 22,160 shares to fulfil the commitments on the stock-option and free share attribution programs for employees and Group executives, compared with 164,259 shares and 95,804 shares as of 31 January 2022.

	Number	31 January 2022	Added	Used	Non-used	Number	31 January 2023
Total	95,804	2.5	-	(1.9)	-	22,160	0.6

NOTE 10 FINANCIAL DEBTS

As of 31 January 2023 and 31 January 2022, debts break down as follows:

	Less than one year	One to five years	More than five years	31 January 2023	31 January 2022
Undated bonds (ODIRNANE)[(a)]	-	-	-	-	266.1
Bond Issue – Quadient S.A. 2.25%[(b)]	7.3	324.2	-	331.5	331.1
Schuldschein[(c)]	62.1	385.5	-	447.6	555.0
Revolving credit facility[(d)]	0.2	-	-	0.2	0.1
Bond BPI France [(e)]	0.2	10.0	-	10.2	-
Short-term negotiable securities NEU CP[(f)]	30.0	-	-	30.0	-
Loan Quadient Ireland Ltd	0.6	-	-	0.6	0.6
TOTAL	**100.4**	**719.7**	**-**	**820.1**	**1,152.9**

(a) *On 16 June 2015, Quadient S.A. issued a net share settled undated senior unsecured bonds convertible into new shares and/or exchangeable for existing shares (ODIRNANE) for a notional amount of 265.0 million euros representing 4,587,156 shares with a nominal value of 57.77 euros. This bond is traded on the open market "Freiverkehr" of the Frankfurt stock exchange under ISIN code FR0012799229. On 16 June 2022, Quadient S.A. reimbursed the notional amount of 265.0 million euros of this bond at par.*

(b) *Quadient issued a 325 million euros public bond on 23 January 2020 listed on Euronext Paris under ISIN number FR0013478849 after filing a prospectus with the Autorité des Marchés Financiers (approval number 20-018 of 21 January 2020). This bond carries a fixed interest of 2.25% and is payable on 3 February 2025.*

(c) *In February 2017, Quadient concluded private placements under German law (Schuldschein) consisting of ten tranches with different maturities between three and six years for a total amount of 135.0 million euros and 86.5 million United States dollars. The debt has been swapped against variable rate for a notional amount of 29.5 million euros. The debt fair value adjustment and the fair value of the swap recorded in non-current financial derivative instruments (assets) are not significant. In February 2022, Quadient repaid 26.0 million euros and 28.5 million United States dollars. After the various repayments made in 2021 and in 2022, the notional amount of this debt is of 57.0 million euros. Quadient repaid at maturity, 21 February 2023, this notional amount.*

In May 2019, Quadient concluded private placements under German law (Schuldschein) consisting of nine tranches with different maturities between four and seven years for a total amount of 130.0 million euros and 90.0 million United States dollars. In November 2021, Quadient repaid 41.0 million euros and 36.0 million United States. In 2022, Quadient repaid 37.0 million euros and 35.0 million United States dollars.

In February 2020, Quadient concluded private placements under German law (Schuldschein) consisting of four tranches with different maturities between four and five years for a total amount of 30.5 million euros and 13.0 million United States dollars.

In November 2021, Quadient concluded private placements under German law (Schuldschein) consisting of twelve tranches with different maturities between five and seven years for a total amount of 170.0 million euros and 105.0 million United States dollars.

(d) *On 20 June 2017, Quadient S.A. arranged a revolving credit line for drawdown in euros and in United States dollars for an initial amount equivalent to 400.0 million euros for a period of five years. The maturity of the revolving credit line has been extended to the 20 June 2024, thanks to the exercise of an extension option. The interest rate is indexed to the EURIBOR or LIBOR USD over the relevant drawdown period plus a margin depending on the debt coverage ratio by the EBIDTA calculated on the Group's consolidated financial statements excluding leasing activities. At the end of January 2023, Quadient S.A. does not use that credit facility.*

(e) *On 26 August 2022, Quadient S.A. concluded a loan with BPI France for a total amount of 10 million euros for a period of four years, annually amortized.*

(f) *On 6 July 2022, Quadient updated the program of short-term negotiable securities (New European Commercial Paper -NEU CP) for 200.0 million euros. The documentation is available on the Banque de France website (https://eucpmtn.banque-france.fr/public/#/liste-des-emetteurs/0d8c9dec-b611-ea11-80f7-001dd8b71ea9). Quadient issued 30.0 million euros of securities with maturities between 1 and 3 months.*

With the exception of the bond issue – Quadient S.A. 2.25% which is not subject to any covenant, the various debts (*Schuldschein* and revolving credit facilities) are subject to financial covenants based on consolidated financial statements. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complies with all covenants as of 31 January 2023.

Debts maturity as of 31 January 2023 is as follows:

	Gross value	Less than 1 year	One to five years	More than 5 years
Bonds issue – Quadient S.A. 2.25%	331.5	7.3	324.2	-
Schuldschein	447.6	62.1	385.5	-
Bank loans	10.4	0.4	10.0	-
Short term marketable securities	30.0	30.0	-	-
Quadient Ireland Ltd loan	0.6	0.6	-	-
Trade payables	14.4	14.4	-	-
Tax and social security liabilities	0.3	0.3	-	-
Other debts	347.1	347.1	-	-
TOTAL	**1,181.9**	**462.2**	**719.7**	**-**

NOTE 11 INCOME STATEMENT

11-1: Operating income

Quadient S.A.'s operating loss amounts to 1.1 million euros compared with a loss of 6.5 million euros for the previous year, and it breaks down as follows:

	31 January 2023	31 January 2022
Assistance to subsidiaries	20.4	18.5
Brand royalties	8.7	6.8
Rebilling of costs paid on behalf of subsidiaries	7.0	5.4
Reversal of depreciation and amortization, transfer of expenses	0.7	1.6
Other revenues	0.0	0.1
Revenue from operations	**36.8**	**32.3**
Wages, bonuses, commissions and payroll charges	(10.2)	(13.2)
Fees	(5.7)	(5.1)
Expenses related to acquisitions	(3.4)	(5.4)
Purchases, maintenance	(0.3)	(0.6)
Transport and travel, seminars	(1.7)	0.1
Staff seconded	(9.7)	(8.8)
Insurance	(0.8)	(1.0)
Taxes	(0.6)	(0.7)
Rents and associated costs	(0.9)	(0.9)
Compensation of directors	(0.5)	(0.5)
Treasury shares delivered (for the allocation of free shares)	(1.9)	(0.6)
Borrowing expenses	(0.1)	(0.2)
Depreciation and amortization expenses	(1.7)	(1.6)
Other expenses	(0.4)	(0.3)
Operating expenses	**(37.9)**	**(38.8)**
OPERATING INCOME	**(1.1)**	**(6.5)**

The management fees contracts and brand name contracts generate an income of 29.1 million euros as at 31 January 2023 compared with 25.3 million euros as at 31 January 2022.

11-2: Financial income

Financial income amounts to 49.4 million euros compared with 104.4 million euros a year before, and it breaks down as follows:

	31 January 2023	31 January 2022
Interest expenses on external borrowings	(23.0)	(25.8)
Net income on internal loans and borrowings	17.4	18.3
Loss on receivables related to investments	(9.7)	(18.0)
Loss on investments in affiliates	(4.6)	-
Dividends received	70.0	104.8
Revenue from disposals of securities	0.3	0.8
Other financial products	2.0	1.9
Net gain on foreign exchange and swaps	(2.9)	8.6
(Provision)/reversal for losses on foreign exchange	(2.1)	0.7
(Provision)/reversal of impairment on short-term receivables	2.7	(2.0)
(Provision)/reversal of impairment on investments in affiliates	(2.6)	-
(Provision)/reversal of impairment on loans	-	17.1
(Provision)/reversal of impairment on treasury shares	1.9	(2.0)
TOTAL	**49.4**	**104.4**

11-3: Extraordinary income

Quadient S.A.'s extraordinary loss amounts to 0.4 million euros compared with a gain of 0.3 million euros as of 31 January 2023.

Treasury shares disposals under the liquidity contract generate extraordinary income from capital transactions for 0.4 million euros (1.1 million euros of 31 January 2022) and extraordinary expenses from capital transactions for 0.8 million euros (0.8 million euros as of 31 January 2022).

11-4: Income tax

Quadient S.A. is the parent company of an integrated tax group under the terms of article 223A of the French general tax code. In this context, Quadient S.A. is only liable for income tax due by its subsidiaries with a view to determining the whole Group's earnings. The tax consolidation agreement used in the Group is based on the principle of neutrality and plan that the tax burden is borne by the Company as in the absence of tax consolidation. The tax is thus calculated on the Company's own taxable income. The tax savings realized by the Group, through losses, adjustments or tax credits, are retained by the parent company and regarded as an immediate gain for the year (in a year in which the Company shows some profits, the parent company will then bear a tax charge).

Non-deductible tax expenses:

In accordance with article 223 *quater* of the French general tax code, the financial statements for the financial year ended the 31 January 2022 contain 79,513 euros of non-deductible expenses for income tax (article 39-4 of the French general tax code), but do not contain overhead costs, which are non-deductible for tax purposes (article 39-5 of the French general tax code).

The French tax consolidation group includes the following companies in 2022:

- Quadient France;
- Quadient Finance France;
- Quadient Industrie France S.A.;
- Quadient Technologies France;
- Quadient Shipping.

For financial year 2022, a tax benefit coming from the tax consolidation is recorded for 4.0 million euros (6.0 million euros for 2021), and a tax charge resulting from the Group tax result for 0.9 million euros.

Losses carried forward amount to 49.3 million euros as of 31 January 2023. As of 31 January 2023, the Group tax result submitted to ordinary tax rate is a profit.

Net income amounts to 51.3 million euros (103.7 million euros as of 31 January 2022).

	Income before tax	Theoretical tax	Net income
Current income	48.3	1.7	50,0
Extraordinary Income (loss)	(0.4)	0.1	(0.3)
Sub-total	**47.9**	**1.8**	**49.7**
Tax credits offsetting	-	1.7	1.7
Effect of tax consolidation	-	(0.1)	(0.1)
TOTAL	**47.9**	**3.4**	**51.3**

NOTE 12 INFORMATION ON ASSOCIATED COMPANIES

Figures for associated companies break down as shown below:

		Associated companies	
	31 January 2023	Majority stake	Minority stake
Financial assets	1,185.4	1,182.9	2.5
Receivables	382.1	382.1	-
Financial debts	0.6	0.6	-
Financial expenses	20.6	20.6	-
Financial income (interests)	23.7	23.7	-
Financial income (dividends)	70.0	69.5	0.5

NOTE 13 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The foreign exchange forward contracts and options outstanding as at 31 January are reassessed at that date.

Unrealized gains or losses resulting from this reassessment are:

- accounted for in compensation of unrealized gains or losses on assets or liabilities hedged by these instruments;
- deferred if these instruments have been allocated to operations related to the following year.

Concerning the hedging of loans and advances on the current accounts in foreign currencies, the deferral/offset of forward purchases and sales is recognized on a *pro rata temporis* basis in the financial result of the company.

The effects of interest rate hedges (swaps, forward rate agreements, caps, etc.) are calculated using a *pro rata temporis* over the contract's length, and accounted for in interest expenses for the year.

13-1: Liquidity risk

The Group's cash requirement and the debt servicing account form a significant proportion of its cash flow.

The Group believes that its cash flow (defined in the consolidated cash flow statement) will enable it to service its debt, given the current level of business. However, this ability will depend on the Group's future performance, which is partly related to the economic cycle, which the Group cannot control. No guarantee can therefore be given regarding the Group's ability to cover its financial needs.

Except for the bond issue – Quadient S.A. 2.25% and ODIRNANE which are not subject to any covenant, the various debts (*Schuldschein* and revolving credit facilities) are subject to financial covenants. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complies with all covenants as of 31 January 2023.

13-2: Exchange rate risk hedging

RISK MANAGEMENT POLICY

The Group has a policy of centralizing its exchange risk, enabling the Group to monitor its overall exchange rate risk exposure and to gain full control over the market instruments used in hedging operations.

For each consolidated position that is managed, the Group implements a hedging strategy at the same time as it sets the reference exchange rate to be defended. The hedging strategy involves a combination of definite or optional forward currency purchases or sales, along with open positions protected by stop losses. These stop losses are predetermined exchange rates that trigger transactions when they are hit. As a result, through the use of mathematical models, the hedging strategy enables a reference exchange rate to be defended from the start for the entire position in the event of adverse exchange rate fluctuations.

Quadient S.A. uses the services of an independent consultancy based in Paris. This company assists Quadient in the Group's exchange rate risk hedging policy and values its portfolios, thus ensuring continuity of methodology and providing an opinion independent of any financial institution.

Quadient S.A., as the centralizing Company, grants foreign exchange contracts at guaranteed exchange rates to subsidiaries exposed to exchange rate risks, and reverses the resulting positions in the market.

YEAR-END POSITION

The tables below show Quadient S.A.'s year-end hedging positions and commitments to its subsidiaries.

2022 FINANCIAL YEAR – ASSETS AND LIABILITIES HEDGING: HEDGING POSITIONS COVERING FINANCIAL ASSETS OR LIABILITIES ON QUADIENT S.A.'S BALANCE SHEET AT 31 JANUARY 2023 AND EXPECTED TO BE REALIZED NO LATER THAN APRIL 2023

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Financial assets	7.1	0.9	1.6	0.7	14.2	0.3	0.9	0.3	-	0.0	0.2	0.1
Foreign exchange contract assets	14.6	7.9	(0.2)	23.8	80.2	20.1	(1.3)	1.1	62.5	0.5	0.4	0.5
Total assets exposure	**21.7**	**8.8**	**1.4**	**24.5**	**94.4**	**20.4**	**(0.4)**	**1.4**	**62.5**	**0.5**	**0.6**	**0.6**
Financial liabilities	5.4	2.1	0.5	0.0	0.3	0.1	0.4	0.2	6.7	0.0	0.0	-
Foreign exchange contract liabilities	12.3	3.0	(0.8)	0.7	94.4	2.8	7.5	0.2	61.9	-	0.2	0.5
Total liabilities exposure	**17.7**	**5.1**	**(0.3)**	**0.7**	**94.7**	**2.9**	**7.9**	**0.4**	**68.6**	**0.0**	**0.2**	**0.5**
Net exposure before hedging	**4.0**	**3.7**	**1.7**	**23.8**	**(0.3)**	**17.5**	**(8.3)**	**1.0**	**(6.1)**	**0.5**	**0.4**	**0.1**
Hedging	(3.7)	(3.0)	1.9	(22.6)	-	-	6.0	-	6.1	(4.4)	-	(0.9)
NET EXPOSURE AFTER HEDGING	**0.3**	**0.7**	**3.6**	**1.2**	**(0.3)**	**17.5**	**(2.3)**	**1.0**	**-**	**(3.9)**	**0.4**	**(0.8)**

2023 BUDGET: HEDGING POSITIONS COVERING ANTICIPATED FINANCIAL ASSETS AND LIABILITIES IN FINANCIAL YEAR 2023 EXPECTED TO BE REALIZED NO LATER THAN APRIL 2024

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Projected financial assets	29.3	2.5	4.9	3.2	66.6	2.7	4.4	1.3	-	0.1	0.9	0.2
Foreign exchange contract assets	207.0	62.0	10.5	27.7	792.6	65.6	47.6	18.3	113.6	5.8	5.8	0.9
Total assets exposure	**236.3**	**64.5**	**15.4**	**30.9**	**859.2**	**68.3**	**52.0**	**19.6**	**113.6**	**5.9**	**6.7**	**1.1**
Projected financial liabilities	10.5	0.3	1.1	0.1	1.0	0.4	0.4	0.6	22.2	0.3	0.1	-
Foreign exchange contract liabilities	132.6	25.9	1.8	1.3	543.4	16.8	58.3	5.0	835.3	9.9	1.3	1.7
Total liabilities exposure	**143.1**	**26.2**	**2.9**	**1.4**	**544.4**	**17.2**	**58.7**	**5.6**	**857.5**	**10.2**	**1.4**	**1.7**
Net exposure before hedging	**93.2**	**38.3**	**12.5**	**29.5**	**314.8**	**51.1**	**(6.7)**	**14.0**	**(743.9)**	**(4.3)**	**5.3**	**(0.6)**
Hedging	(42.0)	(7.0)	(1.0)	(13.5)	(133.0)	(10.5)	-	(3.0)	466.4	-	(2.3)	-
NET EXPOSURE AFTER HEDGING	**51.2**	**31.3**	**11.5**	**16.0**	**181.8**	**40.6**	**(6.7)**	**11.0**	**(277.5)**	**(4.3)**	**3.0**	**(0.6)**

Quadient uses symmetric options tunnels in particular. These option instruments are unlikely to be exercised in a reciprocal manner in terms of the spot exchange rate or expiry date. As a result, for each tunnel only one of the two options is reported in the table above. The value of the commitment in these symmetric options is 14.0 million United States dollars sold, 3.0 million British pound sold, 0.5 million Canadian dollars sold 4.5 million Norwegian krona sold, 1.3 million Swedish krona sold, 0.6 million Australian dollars sold, and 100.0 million Czech krona purchased.

Quadient also makes use of asymmetric option tunnels. The asymmetric part of this kind of options is presented in the table above with a view to reflecting the Group's maximum commitment. The asymmetric part by currency is as follows: 11.0 million United States dollars sold.

HEDGING INSTRUMENTS

The Group hedges its exchange rate risk using over-the-counter derivative instruments contracted with external counterparties.

The derivative instruments used by the treasury department in its hedging strategies are as follows:

- firm derivatives such as forward currency purchases and sales;
- plain vanilla options such as puts and calls;
- second generation options (knock-in or knock-out barrier options).

INSTRUMENT DETAILS

The instruments in the portfolio have a maturity of less than twelve months at 31 January 2023. These instruments are listed below by type and by currency for the period to which they relate.

2022 FINANCIAL YEAR – DERIVATIVES INTRUMENTS HEDGING POSITIONS AND COMMITMENTS TO SUBSIDIARIES HEDGING

Notional value – Cash flow hedging	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	3.7	-	-	-	-
GBP	-	3.0	-	-	-	-
CAD	2.4	0.5	-	-	-	-
NOK	-	22.6	-	-	-	-
CHF	6.0	-	-	-	-	-
CZK	6.1	-	-	-	-	-
SGD	-	4.4	-	-	-	-
PLN	-	0.9	-	-	-	-

2023 BUDGET – DERIVATIVES INSTRUMENTS HEDGING OF ANTICIPATED ASSETS AND LIABILITIES POSITIONS

Notional value – Total	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	17.0	14.0	-	-	25.0
GBP	-	1.6	3.0	-	-	5.4
CAD	-	-	0.5	-	-	1.0
NOK	-	4.5	4.5	-	-	9.0
JPY	-	133.0	-	-	-	-
SEK	-	8.0	1.3	-	-	2.5
DKK	-	3.0	-	-	-	-
CZK	366.4	-	-	200.0	100.0	-
AUD	-	1.2	0.6	-	-	1.2

INSTRUMENT VALUATIONS

Hedging instruments relating to the 2022 financial year, *i.e.* hedging assets and liabilities on the balance sheet as at 31 January 2023, have been fully valued and recognized at their market value at 31 January 2023. The net market value of these instruments as at 31 January 2023 is (0.0) million euros.

Financial instruments relating to the 2023 budget have not been valued in Quadient S.A.'s financial statements. The net market value of these instruments as at 31 January 2023 is 1.4 million euros.

EXCHANGE RATE DEAL COUNTERPARTY RISK

Operations are carried out with first ranked international banks that take part in the revolving credit facility.

HEDGING OF FOREIGN-CURRENCY LOANS AND CURRENT ACCOUNT ADVANCES

Subsidiary	Loan/borrowing/ short-term advance	Currency	Amount	Notional amount of financial instruments[b]
Quadient Inc. [a]	Short term advance	USD	(2.4)	
Quadient Leasing USA [a]	Short term loan	USD	40.6	
Quadient Leasing USA [a]	Loan	USD	270.0	
Quadient Holdings USA [a]	Short term advance	USD	(28.6)	
Quadient Finance USA [a]	Short term loan	USD	37.0	
Quadient UK [a]	Short term loan	USD	0.8	
Quadient International Supply [a]	Short term advance	USD	(1.3)	
Quadient Technologies France SA [a]	Short term advance	USD	(0.3)	
Quadient CXM Switzerland [a]	Short term loan	USD	0.0	
Quadient CXM [a]	Short term advance	USD	8.2	
Quadient Supply Hong Kong [a]	Short term advance	USD	(2.0)	
Quadient CXM Canada, Inc. [a]	Short term loan	USD	2.3	
Quadient Singapore Pte Ltd [a]	Short term loan	USD	0.5	
Neotouch Cloud Solutions Dac [a]	Short term advance	USD	(2.0)	
Quadient Global Services [a]	Short term loan	USD	1.8	
Quadient CXM USA [a]	Short term advance	USD	(31.5)	
Quadient Holding BV [a]	Short term advance	USD	(1.3)	
YayPay US [a]	Short term loan	USD	12.2	
Quadient Mexico [a]	Short term loan	USD	1.7	304.7
Quadient International Supply	Short term advance	GBP	(2.5)	
Quadient Technologies France SA	Short term loan	GBP	0.2	
Quadient UK	Short term loan	GBP	13.3	
Quadient Finance UK	Short term loan	GBP	2.1	
Quadient Industrie France	Short term loan	GBP	(0.8)	
Quadient CXM UK	Short term advance	GBP	(0.6)	
Quadient Technologies UK	Short term advance	GBP	(10.7)	
Quadient Finance Ireland	Short term loan	GBP	37.0	
Quadient Data UK Ltd	Short term loan	GBP	2.1	
Quadient Global Services	Short term loan	GBP	0.5	
Neotouch Cloud Solutions Dac	Short term loan	GBP	0.2	
DCS Ltd	Short term advance	GBP	0.0	
Quadient CXM	Short term advance	GBP	1.2	
Quadient Solutions	Short term loan	GBP	5.2	
YayPay UK	Short term loan	GBP	1.9	45.5

Subsidiary	Loan/borrowing/ short-term advance	Currency	Amount	Notional amount of financial instruments[(b)]
Quadient Switzerland	Short term loan	CHF	5.2	
Quadient Technologies France SA	Short term advance	CHF	(0.2)	
Quadient CXM	Short term advance	CHF	(62.9)	
Quadient Finance Switzerland AG	Short term loan	CHF	0.9	
Quadient CXM Switzerland	Short term advance	CHF	(5.3)	
Quadient Finance Ireland	Short term loan	CHF	7.4	(56.2)
Quadient Japan	Short term loan	JPY	350.0	
Quadient Singapore Pte Ltd	Short term advance	JPY	(227.2)	
Quadient Italy Srl	Short term advance	JPY	(0.3)	
Packcity Japan	Loan	JPY	1,713.6	
Quadient International Supply	Short term loan	JPY	23.9	1,860.2
Quadient Norge	Short term loan	NOK	9.8	
Quadient Finance Norge	Short term advance	NOK	(6.2)	
Quadient Finance Ireland	Short term loan	NOK	29.0	36.9
Quadient Sverige	Short term advance	SEK	(5.7)	
Quadient International Supply	Short term advance	SEK	(4.1)	
Quadient Finance Ireland	Short term loan	SEK	38.4	
Quadient Finance Sweden	Short term advance	SEK	(7.3)	22.6
Quadient Finance Ireland	Short term loan	DKK	19.7	
Quadient CXM Denmark	Short term loan	DKK	6.4	
Quadient Denmark	Short term advance	DKK	(22.9)	
Quadient Finance Denmark	Short term advance	DKK	(4.4)	(1.9)
Quadient Canada Ltd	Loan	CAD	62.1	
Quadient Canada Ltd	Short term loan	CAD	20.0	
Quadient CXM	Short term loan	CAD	0.4	
Quadient CXM Canada, Inc.	Short term advance	CAD	(2.1)	80.8
Quadient CXM	Short term advance	CZK	(165.8)	
Quadient Technologies Czech s.r.o	Short term advance	CZK	(109.9)	
Quadient CXM Czech s.r.o	Short term advance	CZK	43.4	(232.4)
Quadient Poland SP z.o.o	Short term loan	PLN	2.5	2.6
Neopost Asia Pacific Holding Pty Ltd	Short term advance	SGD	(0.8)	
Quadient CXM	Short term loan	SGD	1.1	
Quadient Singapore Pte Ltd	Short term advance	SGD	(7.1)	(7.0)
Quadient Finance Ireland	Short term loan	AUD	27.6	
Quadient Asia Pacific Holding Pty Ltd	Short term advance	AUD	(2.5)	
Quadient Australia Pty Ltd	Short term advance	AUD	(2.7)	
Quadient CXM	Short term loan	AUD	0.3	21.9

(a) Quadient S.A. naturally hedges these loans by debts in United States dollars (Schuldschein, revolving credit facility).
(b) Notional amount of financial instruments equals to financial instruments, external financial debts, bank account balances.

13-3: Hedging of interest rate risk

RISK MANAGEMENT POLICY

To limit the impact of a rise in interest rates on its interest expenses, the Group has a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times. Management horizon used is rolling in order to always have three years of management.

The Group has a policy of centralizing its interest rate risk, enabling it to monitor the Group's overall interest rate risk exposure and to gain full control over the market instruments used in hedging operations. The Group hedges its interest rate risk depending on its current debt levels, but also according to likely future movements in debts, arising from drawings on its revolving credit facilities.

Financial instruments are carried by the legal entities that have the corresponding debt on their balance sheet.

YEAR-END POSITION

A hedging strategy is adopted on the basis of the position to be managed and the reference interest rate adopted. The strategy is aimed at protecting the reference interest rate and at taking advantage, at least to some extent, of favorable movements. Hedging strategies involve definite and optional derivative instruments, and open positions are maintained if possible. The valuation of the open position based on market forward interest rates, along with the interest rates obtained through hedging operations, should always protect the reference interest rate. Hedging strategies cover the period of three years ahead at all times. However, the level of coverage and the weightings of the various derivative instruments may vary from one year to the next, since the aim is to maintain greater scope for optimizing positions in later years.

Quadient S.A. works with the same consultancy for hedging both interest rate risk and exchange rate risk.

The table below sets out Quadient S.A.'s year-end position.

	EUR	USD
Financial assets	-	-
Financial liabilities	613.4	206.2
Net exposure before hedging	(613.4)	(206.2)
Fixed-rate debt	432.2	87.2
Hedging	120.0	300.0

HEDGING INSTRUMENTS

The Group uses standard and liquid derivative instruments. The instruments used are as follows:

- firm derivatives: swaps and Forward Rate Agreement (FRA);
- plain vanilla options: caps and floors (used either alone or in combination);
- knock-in or knock-out barrier options: caps and floors (used either alone or in combination);
- swaptions (used either alone or in combination).

Management mandates, packaged bank hedging products and derivative instruments that introduce a reference other than the underlying assets (*quanto* swaps for example) are strictly forbidden by internal procedures.

INSTRUMENTS DETAILS

The instruments in the portfolio as of 31 January 2023 are listed below, according to type, currency and maturity.

Notional value	Currency	Less than 1 year	1 to 5 years	Maturity more than 5 years
Cross currency Swap – Lender EUR/Borrower USD	EUR/USD	27.4/30.0	19.0/21.2 11.0/11.6	-
Swap – buyer	EUR	29.5	-	-
Swap – receiver	USD	45.0	25.0	-
Cap – buyer	USD	25.0	90.0	-
Cap – buyer	EUR	35.0	35.0	-
Cap – seller	USD	-	70.0	-
Floor – buyer	USD	45.0	-	-
Swaption – buyer	EUR	-	-	50.0

INSTRUMENTS VALUATION

The valuation of the aforementioned instruments is not included in the financial statements at 31 January 2023.

For information, at the end of the financial year, the valuation of these instruments with the IFRS is an asset of 8.3 million euros.

CUSTOMER CREDIT RISK

As the Group's parent holding company, Quadient S.A. is not exposed to any customer credit risk.

PLEDGES OF INVESTMENT SECURITIES

None.

COMMITMENTS RECEIVED

No significant commitment received as of 31 January 2023.

OTHER COMMITMENTS GIVEN

	Currency	31 January 2023	31 January 2022
Bank guarantee in favor of the Irish postal service	EUR	1.7	1.7
Partech Entrepreneur II – Investment commitment	EUR	0.1	0.1
X'Ange 4 – Investment commitment	EUR	3.1	3.7

NOTE 14 SUBSIDIARIES AND EQUITY INTERESTS

Company name	Equity	Value of investments		Value of loans and advances		2022 net income	2022 sales	Dividends paid
		Gross value	Net book value	Gross value	Net book value			
Quadient France Nanterre – France	EUR 100.9	EUR 197.4	EUR 197.4	EUR 0.0	EUR 0.0	EUR 17.8	EUR 141.1	EUR 15.5
Quadient Finance France Nanterre – France	EUR 11.1	EUR 8.6	EUR 8.6	EUR 0.0	EUR 0.0	EUR 0.5	EUR 38.7	EUR 0.5
Quadient Industrie France Bagneux – France	EUR 20.4	EUR 0.0	EUR 0.0	EUR 0.0	EUR 0.0	EUR 1.8	EUR 51.8	-
Quadient Shipping Cavaillon – France	EUR (4.3)	EUR 7.2	-	EUR 17.7	EUR 17.7	EUR (8.1)	EUR 11.1	-
Packcity SAS Cavaillon – France	EUR 1.5	EUR 1.3	EUR 1.3	-	-	EUR (0.3)	-	-
Quadient SAS A Bagneux – France	EUR 0.0	EUR 0.0	EUR 0.0	-	-	-	-	-
Quadient SAS 2 Bagneux – France	EUR 0.0	EUR 0.0	EUR 0.0	-	-	-	-	-
Docapost BPO IS Charenton-le-Pont – France	EUR 26.6	EUR 2.4	EUR 2.4	-	-	EUR 2.4	EUR 84.5	EUR 0.5
AMS Investissement Paris. 9th – France	EUR 0.5	EUR 0.1	EUR 0.1	-	-	-	-	-
Quadient Holding Netherlands bv Drachten – The Netherlands	EUR 49.2	EUR 26.0	EUR 26.0	-	-	EUR 1.2	-	-
Quadient Italy Milan – Italy	EUR 7.2	EUR 1.3	EUR 1.3	EUR 23.6	EUR 23.6	EUR 5.6	EUR 10.1	-
Quadient Belgium Zaventem – Belgium	EUR 11.2	EUR 0.5	EUR 0.5	-	-	EUR 0.3	EUR 11.8	-
Quadient Ireland Dublin – Ireland	EUR 7.1	EUR 1.0	EUR 1.0	-	-	EUR 0.1	EUR 10.5	-
Quadient Finance Ireland Ltd Dublin – Ireland	EUR 36.1	EUR 15.0	EUR 15.0	EUR 122.4	EUR 122.4	EUR 21.0	EUR 30.3	EUR 26.0
Neotouch Cloud solutions Dac Dublin – Ireland	EUR 9.0	EUR 0.0	EUR 0.0	GBP 0.2	GBP 0.2	EUR 5.3	EUR 19.2	EUR 4.2
Neopost Global Services Ltd Dublin – Ireland	EUR 15.8	EUR 0.0	EUR 0.0	EUR 6.4	EUR 6.4	EUR 6.2	EUR 26.5	EUR 21.7
Quadient Switzerland AG Schlieren – Switzerland	CHF 14.5	EUR 12.5	EUR 12.5	EUR 0.8	EUR 0.8	CHF 0.4	CHF 13.2	-
Quadient CXM AG Effretikon – Switzerland	CHF 64.5	EUR 132.3	EUR 132.3	EUR 12.9	EUR 12.9	CHF 10.1	CHF 54.3	-

Company name	Equity	Value of investments: Gross value	Value of investments: Net book value	Value of loans and advances: Gross value	Value of loans and advances: Net book value	2022 net income	2022 sales	Dividends paid
Quadient Germany Munich - Germany	EUR 13.6	EUR 43.3	EUR 43.3	-	-	EUR 0.8	EUR 41.6	-
Quadient Holding Germany Munich - Germany	EUR 4.0	EUR 3.3	EUR 3.3	EUR 6.6	EUR 6.6	-	-	-
Rena GmbH Munich - Germany	EUR 1.1	EUR 6.3	-	-	-	-	-	-
Quadient Holdings UK Ltd Romford - UK	GBP 65.2	EUR 77.9	EUR 77.9	-	-	GBP 0.0	-	-
Quadient Technology Holdings UK Ltd Loughton - UK	GBP 3.4	EUR 33.7	EUR 33.7	EUR 0.0	EUR 0.0	-	-	-
Quadient Norge AS Oslo - Norway	NOK 7.6	EUR 5.2	EUR 1.7	NOK 9.8	NOK 9.8	NOK 11.2	NOK 48.0	-
Quadient Sverige AB Solna - Sweden	SEK 13.2	EUR 13.1	EUR 3.4	EUR 0.0	EUR 0.0	SEK 2.8	SEK 93.3	-
Quadient Denmark A/S Rodovre - Denmark	DKK 27.4	EUR 16.1	EUR 1.5	-	-	DKK 0.0	DKK 33.7	DKK 12.0
Quadient Finland Oy Helsinki - Finland	EUR 0.8	EUR 2.9	EUR 1.1	-	-	EUR (0.6)	EUR 3.1	-
Quadient Finance Finland Oy Helsinki - Finland	EUR 0.3	EUR 0.0	EUR 0.0	-	-	EUR 0.0	EUR 1.1	-
Quadient Holdings USA Inc. Milford - USA	USD 616.5	EUR 246.2	EUR 246.2	-	-	USD 26.8	-	-
Quadient Canada Ltd Markham - Canada	CAD 63.4	EUR 60.3	EUR 60.3	CAD 82.1	CAD 82.1	CAD 2.0	CAD 27.6	-
Neopost Asia Pacific (Holding) Pte Ltd Singapore	SGD 1.0	EUR 2.8	EUR 0.5	-	-	-	-	-
Neopost Holdings Pty Ltd Sydney - Australia	AUD 14.8	EUR 43.2	EUR 8.3	-	-	AUD 0.0	-	-
Neopost Shipping Holding Pty Ltd Sydney - Australia	AUD (10.9)	EUR 20.5	EUR 0.0	-	-	AUD 0.0	-	-
Quadient Japan Tokyo - Japan	JPY (104.0)	EUR 3.1	EUR 1.0	JPY 350.0	JPY 350.0	JPY (27.6)	JPY 577.1	-
Quadient Mexico Mexico - Mexico	MXN 0.0	EUR 0.0	EUR 0.0	USD 1.7	USD 1.7	MXN 0.2	MXN 0.4	-
TOTAL		**EUR 971,4**	**EUR 869,2**					

NOTE 15 REMUNERATION AND HEADCOUNT

15-1: Headcount

Quadient SA has 46 employees as of 31 January 2023, same as 31 January 2022 headcount.

15-2: Staff costs

The staff costs amount to 12.1 million euros in 2022 compared to 13.8 million euros in 2021 and breaks down as follows:

	31 January 2023	31 January 2022
Compensation	8.3	9.0
Other staff expenses	3.8	4.8
TOTAL	**12.1**	**13.8**

Other staff expenses include amounts recognized for employee benefits (social security, works…), pension, free share delivered, and remuneration of non-executive directors.

In 2022, other staff expenses include a 2.1 million euros credit related to an income to receive from URSSAF relating to an overpayment of social security contributions on free share allocation plans from 2012 to 2015.

15-3: Post-employment benefits commitments

The company accounts for its pension commitments in accordance with ANC recommendation no. 2013-02 on the rules for measuring and recognizing pension commitments and similar benefits

With respect to pensions, the Chief Executive Officer and other Group executives have a defined contribution pension plan (article 83 of the French general tax code), into which is paid a total of 5% of their remuneration, within the limit of five times the maximum amount as determined by Social Security.

The amount of post-employment benefit obligations is determined by an independent actuarial firm based on the number of employees at the end of the financial year.

15-4: Compensation of corporate officers

The Chairman remuneration consists of director’s fees and a fixed annual remuneration. Director’s fees paid to the

Chairman relate to his position as a director of Quadient S.A. The amount recognized in respect of the Chairman’s total compensation is 150.0 thousand euros in 2022, same as 2021 amount.

The Chief Executive Officer’s compensation consists of a fixed salary, an annual variable salary and a director’s fee. The variable compensation is based on the Group’s results in terms of revenue, current operating profit and cash flow after capital expenditure, representing 70% of the target bonus, supplemented by specific individual performance objectives representing 30%. The variable portion of the Chief Executive Officer’s compensation represents 100% of his fixed compensation and may be increased to 150% if targets are exceeded.

The amount recognized in Quadient S.A. as total compensation for the Chief Executive Officer is 951.3 thousand euros in 2022, compared with 1,101.6 thousand euros in 2021. This represents 75% of his salary in France (25% is paid to him in USA by the subsidiary Quadient Holding Inc. due to the importance of this country in Quadient's activities)

As of 31 January 2023, no loans or guarantees have been granted to any corporate officer.

As of 31 January 2023, there were no post-employment commitments such as compensation, indemnities or benefits granted by the Company to its executive directors.

15-5: Compensation of non-executive directors

As of 31 January 2023, the Board of directors of Quadient SA comprises twelve directors, including the Chairman of the Board, the Chief Executive Officer and two directors representing employees.

Expenses recognized in the financial statements of Quadient SA in respect of the remuneration of non-executive directors amounted to 0.5 million euros in 2022, stable compared to 2021.

The non-executive directors do not receive any compensation other than that paid for their position in the Company.

As of 31 January 2023, no loans or guarantees had been granted or set up in favor of the administrative organs.

As of 31 January 2023, there were no post-employment commitments such as compensation, indemnities or benefits granted by the Company to its non-executive directors.

NOTE 16 POST-CLOSING EVENTS

On 21 February 2023, Quadient S.A. reimbursed the remaining 57.0 million euros nominal amount of its *Schuldschein* debt concluded in February 2017.

Between the end of the financial year as of 31 January 2023 and the approval of the statutory financial statements by the Board of directors, there were no significant changes in the Company’s commercial or financial situation.

6.5 Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French, and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Annual General Meeting of Quadient S.A.,

OPINION

In compliance with the engagement entrusted to us by the shareholders at the Shareholders' General Meetings, we have audited the accompanying parent company's financial statements of Quadient S.A. for the year ended 31 January 2023.

In our opinion, the parent company's financial statements for the year give a true and fair view of the financial position, the assets and liabilities, and the results of the Company as at 31 January 2023, in accordance with French accounting principles.

The opinion formulated above is consistent with the content of our report to the Audit Committee.

BASIS OF OUR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the information that we collected provides a sufficient and appropriate basis for our opinion.

Our responsibilities under those standards are stated in the "Responsibilities of the Statutory Auditors in relation to auditing the parent company financial statements" section of this report.

Independence

We conducted our audit, in accordance with the independence rules laid out in the French Commercial Code (*Code de commerce*) and in the code of conduct of the statutory audit profession in France, between 1st February 2022, and the date on which we issued our report, and in particular we did not provide any services forbidden by Article 5, paragraph 1 of Regulation (EU) 537/2014.

JUSTIFICATION OF OUR ASSESSMENTS - KEY AUDIT MATTERS

As required by Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters, relating to what were, in our professional judgment, the main risks of material misstatement in relation to our audit of the year's statutory financial statements and our responses to those risks.

Those assessments were made in the context of our audit of the statutory financial statements taken as a whole and in the formation of our opinion stated above. We express no opinion on items of the consolidated financial statements taken in isolation.

Financial assets in subsidiaries

Risk identified	Our audit approach
Financial assets in subsidiaries amount to 1,189.4 million euros net at 31 January 2023. As described in the note 4 to the annual financial statements ("Financial assets"), financial assets are valued at their acquisition cost or at their contribution value. An impairment test is carried out at least once a year through the projection of future cash flows. These cash flows are based on revenue and operating income growth assumptions over five years. Impairment is recorded when the assets recoverable value is lower than their carrying value. The result of this test relies on the judgments and estimates of management, on which these assumptions are based. Changes to assumptions could lead to material changes in the estimated recoverable amount. We consider the valuation of financial assets in subsidiaries to be a key point of the audit matter, in connection with the estimates related to forecasts and to the discount rate used, as well as the involvement of management's judgment and their significant impact in the accounts.	Our work consisted of: • we obtained an understanding of the methodology used by the Company for carrying out the test; • we have analysed impairment indicators existence by meeting with Group management on results and perspectives of the affiliates; • we compared net book value of financial assets with Group's share of net assets of subsidiaries; • when applicable we analysed the value of financial assets resulting from the discounted cash flow method; • we have assessed the consistency of the key assumptions to determine the value of financial assets by challenging the finance department; • we have assessed the consistency of the growth rates used, and the discount rates applied with market analysis; • we have assessed the valuation methodology and the arithmetic accuracy of the value calculation.

SPECIFIC VERIFICATIONS

We also verified, in accordance with the professional standards applicable in France, the specific verifications required by laws and regulations.

Information provided in the management report of the Board of Directors and in other documents concerning the financial position of the parent company's financial statements addressed to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We attest to the fair presentation and the consistency with the parent company's financial statements of the information given with respect to the payment terms referred to in Article D.441-6 of the French Commercial Code.

Report on Corporate Governance

We confirm that the management report of the Board of Directors devoted to corporate governance contains the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code.

As regard to the information provided pursuant to the provisions of Article L.22-10-9 of the French Commercial Code on remuneration and benefits paid to and commitments made to the company officers, we have verified that this information is consistent with the parent company financial statements or the data used to prepare the parent company financial statements, and, where applicable, the information obtained by your Company from companies controlling it or controlled by it. Based on this work, we confirm that this information is accurate and fairly presented.

As regard to the information relating to items that your Company considered capable of having an impact in the event of a public tender or exchange offer, provided in accordance with Article L.22-10-11 of the French Commercial Code, we have checked that it is consistent with the documents from which it originates and that were sent to us. On the basis of our work, we have no observations to make on that information.

Other information

In accordance with French law, we have ensured that the required information concerning the identity of shareholders and holders of voting rights has been properly disclosed in the management report of the Board of Directors.

OTHER LEGAL AND REGULATORY VERIFICATIONS OR INFORMATION

Format of statutory financial statements included in the annual financial report

We also verified, in accordance with professional standards for statutory audit procedures to be carried out on parent company and consolidated financial statements presented in the single electronic reporting format, that the presentation of parent company's financial statements included in the annual financial report referred to in section I of Article L.451-1-2 of the French Monetary and Financial Code, prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the format specified in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018.

Based on our work, we conclude that the presentation of the parent company financial statements included in the annual financial report complies, in all material aspects, with the European Single Electronic Format.

Appointment of the Statutory Auditors

We have been appointed as Statutory Auditors of Quadient S.A. by decision of the annual Shareholders' General meeting of 16 June 2022, for MAZARS and by decision of the annual Shareholders' General Meeting of 7 Septembe 1997 for ERNST & YOUNG et Autres.

At 31 January 2023, MAZARS was in their first uninterrupted year of engagement and ERNST & YOUNG et Autres in their twenty-sixth year (including twenty-four years since the company's shares were admitted to trading on a regulated market).

RESPONSIBILITIES OF MANAGEMENT AND PERSONS INVOLVED IN CORPORATE GOVERNANCE IN RELATION TO THE STATUTORY FINANCIAL STATEMENTS

Management is responsible for preparing parent company financial statements that present a true and fair view, in accordance with generally accepted accounting principles in France, and for setting up the internal controls it deems necessary for preparing parent company financial statements that do not contain any material misstatements, whether due to fraud or error.

When preparing the parent company's financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, for presenting in those statements any necessary information relating to its status as a going concern, and for applying the accounting concept of going concern, except where there is a plan to liquidate the Company or discontinue its operations.

The Audit Committee is responsible for monitoring the process of preparing the financial information and for monitoring the effectiveness of internal control and risk management systems, and internal audit systems as the case may be, as regards procedures relating to the preparation and treatment of accounting and financial information.

The parent company's financial statements have been approved by the Board of Directors.

RESPONSIBILITIES OF THE STATUTORY AUDITORS IN RELATION TO AUDITING THE STATUTORY FINANCIAL STATEMENTS

Audit objective and procedure

Our responsibility is to prepare a report on the parent company financial statements. Our objective is to obtain reasonable assurance about whether the parent company financial statements, taken as a whole, are free of material misstatement. Reasonable assurance means a high level of assurance, although there is no guarantee that an audit conducted in accordance with professional standards will systematically detect all material misstatements. Misstatements may arise from fraud or error and are regarded as material when they can reasonably be expected, individually or together, to influence the economic decisions that users of the financial statements take on the basis of those statements.

As stated by Article L.823-10-1 of the French Commercial Code, our audit assignment does not involve guaranteeing the viability of your Company or the quality of its management.

When conducting an audit in accordance with professional standards in France, Statutory Auditors use their professional judgment throughout the audit.

In addition:

- they identify and assess the risks that the parent company financial statements contain material misstatements, whether through fraud or error, define and implement audit procedures to address those risks, and collect information that they regard as sufficient and appropriate as the basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or the circumvention of internal controls;
- they familiarize themselves with the internal controls relevant to the audit, in order to define audit procedures appropriate to the situation in hand, and not in order to express an opinion on the effectiveness of internal control;
- they assess the appropriateness of accounting policies adopted and the reasonableness of accounting estimates made by Management, along with information about those estimates provided in the parent company financial statements;
- they assess whether Management has applied appropriately the going concern convention and, based on information collected, whether or not there is a material uncertainty arising from events or circumstances likely to call into question the Company's ability to continue as a going concern. That assessment is based on information collected until the date of the auditors' report, although it should be borne in mind that subsequent circumstances or events may call into question the Company's status as a going concern. If the Statutory Auditors conclude that there is a material uncertainty, they draw the attention of those reading their report to information provided in the parent company financial statements in relation to that uncertainty or, if that information is not provided or is not relevant, they certify the financial statements with reservations or refuse to certify them;
- they assess the overall presentation of the parent company financial statements and assess whether the parent company financial statements reflect the underlying operations and events so that they give a true and fair view.

Report to the Audit Committee

We submit a report to the Audit Committee that includes the extent of audit work and the schedule of work performed, along with the conclusions arising from our work. We also make it aware, as the case may be, of any material internal control weaknesses that we have identified regarding procedures for preparing and treating accounting and financial information.

The information in the report to the Audit Committee includes what we regard as the main risks of material misstatements with respect to the audit of the year's parent company financial statements, and which are therefore the key audit matters. It is our role to describe those points in the present report.

We also provide the Audit Committee with the declaration provided for by Article 6 of Regulation (EU) 537/2014 confirming our independence, within the meaning of the rules applicable in France, as determined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of conduct of the statutory audit profession in France. As the case may be, we discuss with the Audit Committee any risks to our independence and the safeguard measures applied.

Paris-La Défense, 27 April 2023

The Statutory Auditors

French original signed by

MAZARS	ERNST & YOUNG et Autres
Francisco Sanchez	May Kassis-Morin

INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

7.1 Quadient S.A. share capital

7.1.1 SECURITIES GIVING ACCESS TO CAPITAL

Quadient S.A. issues free share plans, which are described in note 9-4-2 of the consolidated financial statements in this Universal Registration Document.

Moreover, net share settled undated unsecured bonds convertible into new shares and/or exchangeable for existing shares (ODIRNANE), issued on 16 June 2015 by Quadient S.A. (formerly Neopost S.A.), traded on the *"Freiverkehr"* open market of the Frankfurt stock exchange under ISIN code FR0012799229 for a notional amount of 265 million euros representing 4,587,156 shares with a nominal value of 57.77 euros was redeemed early on 16 June 2022 (see note 13-2 to the consolidated financial statements in chapter 6 of this Universal Registration Document).

7.1.2 CHANGES IN QUADIENT S.A.'S SHARE CAPITAL

		Issue price per share		Number of shares		
Date	**Operation**	**Par value**	**Paid-in capital**	**Issued/ cancelled**	**Total**	**Share capital**
31/01/2007	Capital increase through the exercise of options	EUR 1	EUR 33.18	315,818	32,222,905	EUR 33,222,905
23/03/2007	Cancellation of treasury stock	EUR 1	EUR 86.62	(776,834)	31,446,071	EUR 31,446,071
31/01/2008	Capital increase through the exercise of options	EUR 1	EUR 37.40	262,853	31,708,924	EUR 31,708,924
01/04/2008	Cancellation of treasury stock	EUR 1	EUR 76.98	(724,364)	30,984,560	EUR 30,984,560
31/01/2009	Capital increase through the exercise of options	EUR 1	EUR 37.94	188,135	31,172,695	EUR 31,172,695
31/03/2009	Cancellation of treasury stock	EUR 1	EUR 21.29	(335,178)	30,837,517	EUR 30,837,517
11/01/2010	Share issue under the interim dividend payment	EUR 1	EUR 53.46	326,501	31,164,018	EUR 31,164,018
31/01/2010	Capital increase through the exercise of options	EUR 1	EUR 38.94	57,869	31,221,887	EUR 31,221,887
11/08/2010	Share issue under the payment of the outstanding balance of the dividend	EUR 1	EUR 52.37	569,868	31,791,755	EUR 31,791,755
11/01/2011	Share issue under the interim dividend payment	EUR 1	EUR 55.98	439,432	32,231,187	EUR 32,231,187
31/01/2011	Capital increase through the exercise of options	EUR 1	EUR 42.29	63,176	32,294,363	EUR 32,294,363
31/07/2011	Capital increase through new shares	EUR 1	EUR (1)	27,370	32,321,733	EUR 32,321,733
04/08/2011	Share issue under the payment of the outstanding balance of the dividend	EUR 1	EUR 51.24	647,183	32,968,916	EUR 32,968,916
11/01/2012	Share issue under the interim dividend payment	EUR 1	EUR 46.93	441,071	33,409,987	EUR 33,409,987
31/01/2012	Capital increase through the exercise of options	EUR 1	EUR 39.37	42,055	33,452,042	EUR 33,452,042
27/07/2012	Capital increase through new shares	EUR 1	EUR(1)	18,820	33,470,862	EUR 33,470,862
03/08/2012	Share issue under the payment of the outstanding balance of the dividend	EUR 1	EUR 33.72	954,426	34,425,288	EUR 34,425,288

		Issue price per share		Number of shares		
Date	Operation	Par value	Paid-in capital	Issued/ cancelled	Total	Share capital
31/01/2013	Capital increase through the exercise of options	EUR 1	EUR 31.03	15,030	34,440,318	EUR 34,440,318
31/01/2014	Capital increase through the exercise of options	EUR 1	EUR 46.78	107,685	34,548,003	EUR 34,548,003
31/01/2015	Capital increase through the exercise of options	EUR 1	EUR 54.89	14,601	34,562,604	EUR 34,562,604
31/01/2016	Capital increase through the exercise of options	EUR 1	EUR 50.00	308	34,562,912	EUR 34,562,912
02/12/2022	Cancellation of treasury stock	EUR 1	EUR 16.18	(94,000)	34,468,912	EUR 34,468,912

7.1.3 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

Total number of voting rights and shareholders

As of 31 January 2023, the Company's share capital is 34,468,912 euros divided into 34,468,912 shares, with par value of 1 euro, all having the same value and fully paid-up. According to the bylaws, each share carrying one voting right. There is no shareholder pact or agreement. Given the large free float, the significant proportion of capital owned by foreign entities and the high trading volumes, the Company does not know the exact number of shareholders. To the Company's knowledge, no shareholder owns more than 3% of its capital other than those mentioned in chapter 3 of this Universal Registration Document.

Pursuant to article 11.2 of the bylaws, in addition to the legal threshold crossing disclosure requirements as defined under articles L.233-7 to L.233-14 of the French commercial code, Quadient S.A. requires any person, acting on his own or in concert, who comes to own directly or indirectly a number of shares representing more than 3% of the share capital or voting rights of the Company, must inform the Company, in writing, by registered letter with acknowledgement of receipt, within fifteen days of the crossing of the threshold and must also indicate in his declaration the number of securities giving access to the share capital of the Company. Beyond the threshold of 3%, any additional crossing of 1% of the capital or voting rights of the Company must be notified to the Company under the aforementioned conditions as long as it does not hold, directly or indirectly, alone or in concert, a total number of shares representing more than half of the Company's capital or voting rights. This requirement was introduced by the Annual General Meeting of 5 October 1998.

At the request, recorded in the minutes of the general meeting, of one or more shareholders holding at least three percent (3%) of the Company's capital or voting rights, non-compliance with this obligation of information is penalized, for shares exceeding the fraction which should have been declared, by the deprivation of the right to vote for any meeting of shareholders which would be held until the expiry of a period of two years following the date regularization of the notification.

Quadient S.A. is controlled neither directly nor indirectly. There is no agreement which might lead to a change of control.

Treasury shares

The number of treasury shares as of 31 January 2023 was 73,481 of which 51,321 shares held within the framework of the liquidity contract and 22,160 shares acquired to fulfil the obligations relating to the stock-option and free share plans awarded to employees or corporate officers.

In 2005, Quadient signed a liquidity contract with Exane BNP Paribas worth a total value of 8 million euros. As of 31 January 2023, the Group owned 51,321 shares within the framework of this liquidity contract, with a book value of 0.7 million euros.

7.1.4 CHANGES IN SHAREHOLDER STRUCTURE

Please refer to the section "Shareholder structure" in chapter 3 "Management report" of this universal registration document.

7.1.5 SUMMARY STATEMENT OF TRANSACTIONS CARRIED OUT ON QUADIENT SHARES REPORTED BY THE PERSON REFERRED TO IN ARTICLE L.621-18-2 OF THE FRENCH MONETARY AND FINANCIAL CODE (CODE MONÉTAIRE ET FINANCIER)

To Quadient's knowledge, the following transactions took place during the 2022 fiscal year :

Directors	Net change	Number of shares owned as of 31 January 2023	Number of shares owned as of 31 January 2022
Martha Bejar	0	695	695
Hélène Boulet-Supau[(a)]	+700	3,850	3,150
Éric Courteille	0	267	267
Paula Felstead	+ 2,000	2,001	1
Geoffrey Godet	+ 11,980	50,178	38,198
Nathalie Labia	0	220	220
Didier Lamouche	+ 4,000	8,000	4,000
Christophe Liaudon	+ 484	1,699	1,215
Sébastien Marotte	+ 1,900	1,901	1
Vincent Mercier[(b)]	0	13,096	13,096
Richard Troksa	0	1,500	1,500
Nathalie Wright	0	1,015	1,015

(a) *3,850 shares, of which 2,300 were bought by Ms. Boulet-Supau's partner.*
(b) *Amount held by Mr. Mercier as of 31 January 2022 corrected due to an error.*

7.1.6 PLACE OF THE ISSUING ENTITY IN THE SCOPE OF CONSOLIDATION

Please refer to note 3-4 in chapter 6 "Consolidated financial statements" of this universal registration document.

7.1.7 PLEDGES, WARRANTIES AND SECURITIES ON QUADIENT'S SHARES OR ASSETS

None.

7.2 Quadient shares

7.2.1 MARKET FOR QUADIENT SHARES

Shares

Quadient S.A. shares are listed in compartment B of Euronext Paris market, under the mnemonic QDT and under ISIN code FR0000120560 and is part of the CAC® Mid & Small and EnterNext® Tech 40 indices.

As a reminder, the Group being listed as of 25 September 2019 under the name Quadient, in place of Neopost, and under the mnemonic code QDT, in place of NEO.

AUTHORIZATION FOR BUYING ITS OWN SHARE

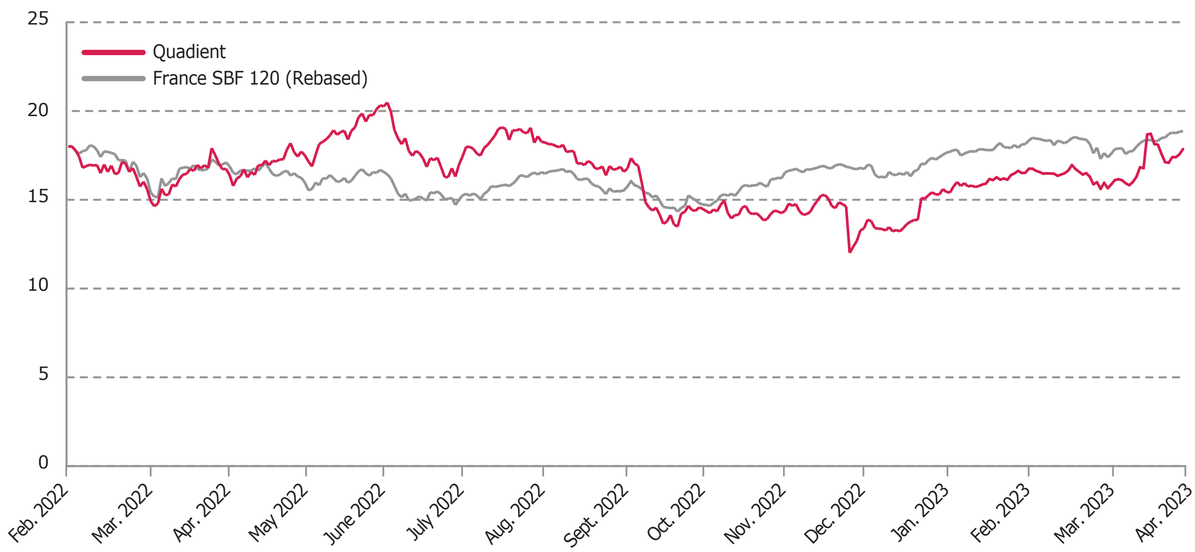
In accordance with articles L.225-209 *et seq.* of the French commercial code, Quadient S.A. is authorized to buy back its own shares notably for the purposes of cancelling them and regulating its share price. This authorization was renewed by the 16 June 2022 Annual General Meeting, and is subject to the following conditions:

- maximum purchase price: 50 euros per share;
- maximum ownership percentage: the maximum number of Quadient S.A. shares that Quadient S.A. may acquire under this authorization is equal to 10**%** of its total number of shares in issue per twenty-four months period;
- duration of the repurchase program: eighteen months.

As of 31 January 2023, Quadient S.A. used this authorization and currently owned 73,481 shares (of which 51,321 shares held within the framework of the liquidity contract), with a book value of 1.3 million euros.

7.2.2 SHARE PRICE PERFORMANCE

Since 1 February 2022 until 19 April 2023 relative to the SBF 120 index:



7.2.3 SHARE PRICE AND TRADING INFORMATION OVER 18 MONTHS

	Highest price *(In euros)*	Lowest price *(In euros)*	Average daily trading volume	Average daily trading value *(In millions of euros)*
October 2021	22.90	20.02	48,154	1.03
November 2021	21.60	18.60	43,213	0.88
December 2021	20.16	17.37	47,610	0.89
January 2022	20.16	16.91	49,957	0.92
February 2022	18.26	15.90	53,330	0.91
March 2022	18.17	13.61	55,216	0.89
April 2022	17.84	15.65	53,962	0.90
May 2022	20.16	16.88	42,960	0.79
June 2022	20.80	16.03	49,293	0.91
July 2022	19.35	16.00	31,666	0.57
August 2022	19.15	16.68	20,459	0.37
September 2022	17.59	12.95	59,724	0.88
October 2022	15.08	13.80	38,148	0.55
November 2022	15.43	13.71	63,199	0.91
December 2022	14.91	11.92	97,479	1.28
January 2023	16.22	13.82	45,883	0.71
February 2023	16.85	15.93	36,938	0.61
March 2023	17.18	15.28	44,671	0.72

Source: NYSE Euronext.

7.2.4 DIVIDENDS

Please refer to chapter 3 “Management report” and chapter 6 “Quadient S.A. statements of financial position” of this universal registration document.

ADDITIONAL INFORMATION

8.1 General information

8.1.1 COMPANY NAME AND HEAD OFFICE

Quadient S.A.

42-46, avenue Aristide Briand, 92220 Bagneux, France.

Telephone: +33 1 45 36 30 00.

8.1.2 LEGAL FORM AND JURISDICTION

Quadient S.A. is a public limited company with a Board of directors ("Société anonyme à Conseil d'administration"), governed by French legislation. Quadient S.A. is ruled by the French Commercial code and by all other applicable laws and regulations. The Company has two Auditors, as required by the law (see next pages).

8.1.3 DATE OF INCORPORATION AND TERM

Quadient S.A. (then known as Afisup) was incorporated on 21 February 1995 for a period of 99 years, expiring on 1 September 2094.

8.1.4 CORPORATE PURPOSE (SUMMARY OF ARTICLE 2 OF THE ARTICLES OFASSOCIATION)

Quadient S.A.'s purpose is, in France as in all countries, to research, design, manufacture, develop, sell, rent (with or without buy or sell option), distribute and maintain machines, equipment and software for the processing and routing of mail and parcels, along with all other office machines, equipment and software and all accessories required for the installation and operation of these machines, equipment and software. Its purpose also includes carrying out all subcontracting operations, providing all services and exploiting all patents, brands, expertise and procedures concerning these machines, equipment and software.

8.1.5 REGISTRATION

Quadient S.A. is registered with the Nanterre Trade and companies' registry under no. 402 103 907. The APE code is 7010Z.

8.1.6 CONSULTATION OF LEGAL DOCUMENTS

Documents and information relating to Quadient S.A. may be consulted at the Company's head office.

8.1.7 FINANCIAL YEAR (ARTICLE 6 OF THE ARTICLES OF ASSOCIATION)

Each Quadient S.A. financial year lasts twelve months, starting on 1 February and ending on 31 January of the following calendar year.

8.1.8 APPROPRIATION OF EARNINGS (ARTICLE 19 OF THE ARTICLES OF ASSOCIATION)

Profits are determined and appropriated in accordance with the laws and regulations in force.

8.1.9 ANNUAL GENERAL MEETING (ARTICLE 18 OF THE ARTICLES OF ASSOCIATION)

Shareholders' meetings are convened and hold deliberations in accordance with the law. Admission is governed by the French commercial code. Each share in the Company carries one voting right. There are no double voting rights. There are no restrictions on voting rights. The terms for exercising voting rights comply with the laws and regulations in force.

8.1.10 STATUTORY THRESHOLD CROSSING DISCLOSURES (SUMMARY OF ARTICLE 11 OF THE ARTICLES OF ASSOCIATION)

Pursuant to article 11.2 of the Bylaws, in addition to the legal threshold crossing disclosure requirements as defined under articles L.233-7 to L.233-14 of the French commercial code, Quadient S.A. requires any person, acting on his own or in concert, who comes to own directly or indirectly, a number of shares representing more than 3% of the share capital or voting rights of the company must inform the company, in writing, by registered letter with acknowledgement of receipt, within 15 days of the crossing of the threshold, certifying that the shares thus owned are not for the account or under the control of another natural or legal person.

This information obligation also applies, under the same conditions, to any person who already holds, directly or indirectly, alone or in concert, a number of shares representing more than 3% of the capital or voting rights. Vote of the company, each time it comes to hold, directly or indirectly, alone or in concert, a number of additional shares representing 1% of the company's capital or voting rights, as long as it does not hold, directly or indirectly, alone or in concert, a total number of shares representing more than half of the company's capital or voting rights.

At the request of one or more shareholders holding at least 3% of the company's capital or voting rights, non-compliance with this obligation of information is penalized, for shares exceeding the fraction which should have been declared, by the deprivation of the right to vote for any meeting of shareholders which would be held until the expiry of a period of two years following the date regularization of the notification.

The same obligation to provide information is imposed, within the same period and according to the same terms, on any natural or legal person whose participation, held alone or in concert, directly or indirectly, falls below one of the above-mentionned thresholds.

This requirement was introduced by the Annual General Meeting of 5 October 1998.

8.2 Recent events

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

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

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

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

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

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

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

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

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

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

Already More than 20,000 Customers Signed Up for Switch™, Quadient's Secure Online Mail Platform for Small Businesses

On 29 March 2023, Quadient 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.

Quadient announces its eligibility for PEA-PME scheme

On 31 March 2023, Quadient 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 and as modified by the Pacte law n° 2019-486 on 22 May 2019.

As a consequence, investment in Quadient shares can be made through PEA-PME accounts.

New International Carrier Joins Quadient's Open Locker Network in France

On 6 April 2023, Quadient 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, Quadient's long-time partner in this business.

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

On 12 April 2023, Quadient announced that it will expand its Parcel Pending by Quadient 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

Quadient Achieves Leader Position in 2023 SPARK Matrix for Customer Communications Management

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

8.3 Officer responsible for the universal registration document and Auditors

8.3.1 OFFICER RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Geoffrey Godet, Quadient S.A. Chief Executive Officer.

8.3.2 AUDITORS

Statutory auditors

ERNST & YOUNG ET AUTRES

Represented by May Kassis-Morin

ERNST & YOUNG et Autres, Tour First, TSA 14444, 92037 Paris-La Défense Cedex, France

Member of the Compagnie Régionale de Versailles et du Centre

Start of first appointment: 9 September 1997 (for the remaining term of the preceding Auditor's appointment)

Duration of current appointment: six years (from 28 June 2019)

Expiry of current appointment: the end of the Annual General Meeting convened to vote on the financial statements for the financial year ending 31 January 2025.

MAZARS

Represented by Francisco Sanchez

61 rue Henri Regnault 75 092 Paris La Défense, France

Member of the Compagnie Régionale de Versailles et du Centre

Start of first appointment: 16 June 2022

Duration of current appointment: six years (from 16 June 2022)

Mazars was appointed during the Annual General Meeting on 16 June 2022 for a six-year period *i.e.* until the General Meeting convened to vote on the financial statements for the financial year ending 31 January 2028.

Alternate Auditors

AUDITEX

Tour First, TSA 14444, 92037 Paris-La Défense Cedex, France

Alternate Auditor to Ernst & Young et Autres

Start of first appointment: 8 July 2008

Duration of current appointment: six years (from 28 June 2019)

Expiry of current appointment: the end of the Annual General Meeting convened to vote on the financial statements for the financial year ending 31 January 2025.

CBA

61 rue Henri Regnault 92 075 Paris La Défense, France

Alternate Auditor to Mazars

Start of first appointment: 16 June 2022

Duration of current appointment: six years (from 16 June 2022)

CBA was appointed alternate Auditor during the Annual General Meeting on the 16 June 2022 for a six-year period *i.e.* until the General Meeting convened to vote on the financial statements for the financial year ending 31 January 2028.

8.4 Statement by officer

"I hereby certify that the information contained in this universal registration document is, to my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I further certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a fair view of the assets and liabilities, financial position and results of the Company and all the undertakings included in the consolidation, and that the information included in this universal registration document within the management report and listed in the table of concordance in section 8.7.3 presents a fair view of the development and performance of the business, results and financial position of the Company and all the undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed".

Geoffrey Godet,

Chief Executive Officer

8.5 Fees paid to the statutory auditors and members of their networks

Please refer to the note 15 in chapter 6 "Consolidated statements of financial position" of this universal registration document.

8.6 Information policy

8.6.1 OFFICERS IN CHARGE OF FINANCIAL INFORMATION

Laurent du Passage	Chief financial officer
Catherine Hubert-Dorel	VP Investor Relations
Address	Quadient S.A. 42-46, avenue Aristide Briand 92220 Bagneux, France
Telephone	+33 1 45 36 30 00
Email	financial-communication@quadient.com
Quadient website	www.quadient.com
Investor Relations website	https://invest.Quadient.com/en-US

8.6.2 SHAREHOLDER INFORMATION

This universal registration document will be sent to shareholders free of charge upon request. Documents and information relating to Quadient can be consulted at the Company's head office.

This universal registration document as well as all press releases, analyst presentations, annual reports and other financial information may be consulted on Quadient's Investor Relations website.

8.6.3 FINANCIAL COMMUNICATION CALENDAR

31 May 2023	First-quarter 2023 sales
16 June 2023	Annual General Meeting
20 September 2023	Second-quarter 2023 sales and first-half 2023 results
29 November 2023	Third-quarter 2023 sales
31 January 2024	End of 2023 fiscal year
March 2024	Fourth-quarter 2023 sales and full-year 2023 results

8.7 Concordance tables

8.7.1 HEADINGS UNDER APPENDIX 1 OF REGULATION (UE) 2017/1129

8.7.2 TABLE OF CONCORDANCE FOR THE ANNUAL FINANCIAL REPORT

8.7.3 TABLE OF CONCORDANCE FOR THE MANAGEMENT REPORT

Articles L.225-100 *et seq.* of the French commercial code

	Pages
Situation and activity of the Group in 2022	**6 & 7, 76 - 87**
Analysis of changes in the business, results and the financial position of the Company and the Group	76 - 87
Major events between the year-end and the date of preparation of the management report	227, 235, 258 and 271 - 272
Developments and outlook for the future	22 - 23
Research and development	24 & 85
Company financial statements	
Balance sheet and Income Statement	236 - 238
Expenses and charges stipulated in article 223 *quater* of the French general tax code	233 and 249
Supplier settlement periods	234
Acquisitions of investments or controlling interests during the fiscal year in companies whose registered office is located in France	n/a
Five-year financial summary	234 - 235
Subsidiaries and investments	256 - 257
Main risk factors	
Risks related to operations	95 - 97, 98 - 101
Legal risks	101 - 103
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Credit and counterparty risk	214 - 222
Liquidity risk	214 - 222
Financial and market risk	214 - 222
Risks associated with employee-related liabilities	202 - 203 and 205 - 206
Insurance	104
Notes on the use of financial instruments	214 - 222
Governance	
Organization of group management activities	29
List of offices and duties exercised in companies by corporate officers during the last fiscal year	30 - 37
Compensation and benefits paid to corporate officers during the last fiscal year	49 - 68
Commitments given in favour of executive corporate officers	57 - 68
Options and performance shares granted to executive corporate officers	54 - 55 and 65 - 67
2022 compensation of the Chairman and of the Chief Executive Officer	49 - 55
Summary of transactions carried out in 2022 by members of the Board of directors and other senior managers involving Quadient shares	266
Agreements between an executive officer or a major shareholder and a subsidiary	38 - 40
Information on related party agreements	68
Non-financial performance statement	
Business Model	8 & 9
Non-financial performance statement	8 & 9 and 107 - 162

8.7.4 TABLE OF CONCORDANCE FOR THE GLOBAL REPORTING INITIATIVE

Quadient has reported the information in this GRI Content Index for the period from 1 February 2022 to 31 January 2023 with references to the GRI Standards.

GRI content index

GRI standard 2021	Reference	Omission
Statement of use	Quadient has reported the information cited in this GRI content index for the period from 1 February 2022 to 31 January 2023 with references to the GRI standards	
GRI used	**GRI 1: Foundation 2021**	
GRI 2: General Disclosures 2021		
1. The organization and its reporting practices		
2-1 Organizational details	Introductory booklet, p 8-11- Corporate overview,	
2-1-a Legal Name	8.1.1 / Company name and head office, p 270 3.2 / Ownership structure, p 88 - 90	
2-1-b Nature of ownership and legal form	8.1.2 / Legal form and jurisdiction, p 270	
2-1-c Location of headquarters	1.3.1 / Head office, p 24	
2-1-d Countries of operations	1.3 / Organizational structure, p 24	
2-2 Entities included in the organization's sustainability reporting	6.1.6 / Notes to the consolidated financial statements Note 3 / Scope and principles of consolidation, p174 - 179 5.1.9 / Notes regarding methodology and the CSR reporting scope p 156 - 157	
2-3 Reporting period, frequency and contact point	5.1.9 / Notes regarding methodology and the CSR reporting scope p 156 - 157	
2-4 Restatements of information	5.1.9 / Notes regarding methodology and the CSR reporting scope p156 - 157	
2-5 External assurance	5.2 / Independent third party's report on consolidated non-financial statement presented in the management report, p 158 - 162	
2. Activities and workers		
2-6 Activities, value chain and other business relationships	Introductory booklet, p 8-9; Corporate overview, p 17 1.1 / Activities, p 18 - 20	
2-7 Employees	5.1.3 / Empowering Quadient's people to achieve the company strategy, p116 - 126and 5.1.8 / Other non-financial information, p154 - 155 and 6.1.6 / Notes to the consolidated financial statements Note 9 / Headcount and employee benefits, p 201 - 205 15-1: / Headcount, p 257	
2-8 Workers who are not employees (include agency workers, apprentices, contractors, interns, self-employed persons, subcontractors and volunteers)	5.1.8 / Other non-financial information, p 154	
3. Governance		
2-9 Governance structure and composition	Introductory booklet, p 8-11 and Chapter 2 - Corporate governance report, p27 and 2.1.1 / Governance structure, p 29	
2-10 Nomination and selection of the highest governance body	2.1 / Board of directors, p29 and 2.2.1 / Appointments and remuneration committee p 45	
2-11 Chair of the highest governance body	2.1.3 / Chairman of the Board, p 32	

GRI standard 2021	Reference	Omission
2-12 Role of the highest governance body in overseeing the management of impacts	2.1.2 / Missions of the Board of directors, p29 - 32 2.2.3 / Strategy and corporate social responsibility committee, p 48	
2-13 Delegation of responsibility for managing impacts	Governance and organization of risk management, p92 - 93 and Risks relating to the Company strategy, organization and governance, p95 - 97 and 5.1.4 / Enabling a culture of excellence and integrity, p127 - 132	
2-14 Role of the highest governance body in sustainability reporting	2.2 / Board Committees, 2.2.3 / Strategy and corporate social responsibility committee, p48	
2-15 Conflict of interests	5.1.4 / Enabling a culture of excellence and integrity, Prevention of and fight against fraud and corruption, p129	
2-16 Communication of critical concerns	5.1.4 / Enabling a culture of excellence and integrity , p 127 - 132	
2-17 Collective knowledge of the highest governance body	2.1.5 / Members of the Board, p 33 - 36	
2-18 Evaluation of the performance of the highest governance body	2.1.11 / Assessment of the Board, p 44	
2-19 Remuneration policies	2.3.2 / 2023 Remuneration policy for the directors and corporate officers, p 57 - 63	
2-20 Process to determine remuneration	2.2.1 / Appointments and remuneration committee, p 45 - 46	
2-21 Annual total compensation ratio	2.3.1.3 / 2022 Comparison of compensation levels between corporate officers and employees, p 57	
4. Strategy, policies and practices		
2-22 Statement on sustainable development strategy	Introductory booklet, p 8-11 and 5.1.2 / CSR strategy and policy, p 108 - 116	
2-23 Policy commitment	5.1.4 / Enabling a culture of excellence and integrity, Quadient's compliance policies and practices, p128, Human Rights, p 129	
2-24 Embedding policy commitment	5.1.4 / Enabling a culture of excellence and integrity, Quadient's compliance policies and practices, p 128	
2-25 Process to remediate negative impacts	5.1.4 / Enabling a culture of excellence and integrity, Investigation and remediation, p 130	
2-26 Mechanisms for seeking advice and raising concerns	5.1.4 / Enabling a culture of excellence and integrity, Promote a culture of integrity and ethical conduct through Quadient's compliance program, p 128 - 130	
2-27 Compliance with laws and regulations	5.1.4 / Enabling a culture of excellence and integrity, p 127 - 132	
2-28 Membership of associations	5.1.2 / CSR strategy and policy, A CSR ambition defined with stakeholders, p 108 - 109	

GRI standard 2021	Reference	Omission
5 - Stakeholder engagement		
2-29 Approach to stakeholder engagement	5.1.2 / CSR strategy and policy, A CSR ambition defined with stakeholders, p 108 - 109	
2 -30 Collective bargaining agreement	5.1.3 / Empowering Quadient's people to achieve the company strategy, Engagement & inclusion survey and social dialogue, p 117	
Disclosure on material topics		
GR1 3 - Material topics 2021		
3-1 Process to determine material topics	5.1.2 / Quadient's CSR strategy, Materiality matrix Consolidation and materiality matrix, p 110 Identification of CSR challenges, p 109	
3-2 List of material topics	Quadient's CSR strategy, Analysis of materiality results, p110; Appendix 1: The most important information, p 161 - 162	
3-3 Management of material topics	5.1.2 / CSR strategy and policy, p 108 - 116 Non-financial performance statement, p 107 - 162	
GRI 205: Anti-corruption 2016		
205-2 Communication and training about anti-corruption policies and procedures	5.1.4 / Enabling a culture of excellence and integrity, Prevention of and fight against fraud and corruption, p 129	
205-3 Confirmed incidents of corruption and actions taken	5.1.4 / Enabling a culture of excellence and integrity, Prevention of and fight against fraud and corruption, p 129	
GRI 301: Materials 2016		
301-1 Materials used by weight or volume	5.1.5 / Products remanufacturing, p 140	
GRI 302: Energy 2016		
302-1 Energy consumption within the organization	5.1.8 / Other non-financial information, p 154 - 155	
302-3 Energy intensity	5.1.8 / Other non-financial information, p 154 - 155	
GRI 305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	, 5.1.5 / Reducing Quadient's environmental footprint, p 133 - 141 5.1.8 / Other non-financial information, p 154 - 155	
305-2 Energy indirect (Scope 2) GHG emissions	5.1.5 / Reducing Quadient's environmental footprint, p 133 - 141 5.1.8 / Other non-financial information, p 154 - 155	
305-3 Other indirect (Scope 3) GHG emissions	5.1.5 / Reducing Quadient's environmental footprint, p 133 - 141 5.1.8 / Other non-financial information, p 154 - 155	
305-4 GHG emissions intensity	5.1.8 / Other non-financial information, p 154 - 155	
305-5 Reduction of GHG emissions	5.1.5 / Reducing Quadient's environmental footprint, p 133 - 141	
GRI 306: Waste 2020		
306-3 Waste generated	5.1.8 / Other non-financial information , p 154 - 155	
306-4 Waste diverted from disposal	5.1.8 / Other non-financial information, p 154 - 155	
306-5 Waste directed to disposal	5.1.8 / Other non-financial information, p 154 - 155	

GRI standard 2021	Reference	Omission
GRI 308: Supplier Environmental Assessment 2016		
308-1 New suppliers that were screened using environmental criteria	5.1.4 / Enabling a culture of excellence and integrity - Engage with partners and suppliers who observe standards similar to those of the Company, p 132	
GRI 401: Employment 2016		
401-1 New employee hires and employee turnover		
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1.3 / Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 124and 5.1.8 / Other non-financial information, p 154 5.1.3 / Provide great working conditions where all employees can perform at their very best, p117 - 120	
GRI 403: Occupational Health and Safety 2018		
403-1 Occupational health and safety management system		
403-9 Work-related injuries	5.1.3 / Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 124 - 126 5.1.3 / Give all employees the opportunity and the means for personal development and to contribute to the Company's success p.124 - 126 and 5.1.8 / Other non-financial information, p 154	
GRI 404: Training and Education 2016		
404-1 Average hours of training per year per employee	5.1.3 / Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 124 - 126	
404-3 Percentage of employees receiving regular performance and career development reviews	5.1.3 / Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 124	
GRI 405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees	5.1.3 / Create an inclusive and diverse culture indicative of Quadient's equal opportunity employer philosophy p120 - 124; 2.1.1 / Governance structure p29; 5.1.8 / Other non-financial information, p 154	
GRI 406: Non-discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	5.1.3 / Create an inclusive and diverse culture indicative of Quadient's equal opportunity employer philosophy, p 120 - 124	
GRI 414: Supplier Social Assessment 2016		
414-1 New suppliers that were screened using social criteria	5.1.4 / Engage with partners and suppliers who observe standards similar to those of the Company, p 132	
GRI 418: Customer Privacy 2016		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.1.4 / Protect privacy and integrity of data entrusted to Quadient against internal and external threats, p 130 - 131	

8.8 Annexes

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR N

				Substantial Contribution						DNSH										
Economic activities (1)	Code(s) (2)	Absolute revenue (3) *In millions of euros*	Proportion of revenue (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of revenue, year N (18)	Taxonomy-aligned proportion of revenue, year N-1 (19)	Category (enabling activity) (20)	Category(transitional activity) (21)
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1.)	*N/A*	0	0%	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	0%	*N/A*	*N/A*	*N/A*
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
Revenue of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)	*N/A*	0	0%																	
TOTAL (A.1. + A.2.)	*N/A*	0	0%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Revenue of Taxonomy-Non-Eligible Activities (B.)	*N/A*	1,081.2	100%																	
TOTAL (A. + B.)	*N/A*	**1,081.2**	**100%**																	

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR N

				Substantial Contribution						DNSH										
Economic activities (1)	Code(s) (2)	Absolute revenue (3) *In millions of euros*	Proportion of revenue (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of revenue, year N (18)	Taxonomy-aligned proportion of revenue, year N-1 (19)	Category (enabling activity) (20)	Category(transitional activity) (21)
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
7.3 Installation, maintenance and repair of energy efficiency equipment	7.3	0	0%	100%	N/A	N/A	N/A	N/A	N/A	N/A	YES	N/A	N/A	N/A	N/A	YES	0%	N/A	N/A	N/A
7.7 Acquisition and ownership of buildings	7.7	0	0%	100%	N/A	N/A	N/A	N/A	N/A	N/A	YES	N/A	N/A	N/A	N/A	YES	0%	N/A	N/A	N/A
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)	N/A	**0**	**0%**	**100%**	N/A	N/A	N/A	N/A	N/A	N/A	**YES**	N/A	N/A	N/A	N/A	**YES**	**0%**	N/A	N/A	N/A
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
6.5 Transport by motorbikes, passenger cars and light commercial vehiclesTransport by motorbikes, passenger cars and light commercial vehicles	6.5	0	0%																	
7.2 Renovation of existing buildings	7.2	0	0%																	
7.7 Acquisition and ownership of buildings	7.7	0	0%																	
CapEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)	N/A	**0**	**0%**																	
TOTAL (A.1. + A.2.)	N/A	**0**	**0%**																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-Non-Eligible Activities (B.)	N/A	**88**	**100%**																	
TOTAL (A. + B.)	N/A	**88**	**100%**																	

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR N

				Substantial Contribution						DNSH											
Economic activities (1)	Code(s) (2)	Absolute revenue (3) *In millions of euros*	Proportion of revenue (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of revenue, year N (18)	Taxonomy-aligned proportion of revenue, year N-1 (19)	Category (enabling activity) (20)	Category(transitional activity) (21)
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1.)	N/A	0	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	N/A	N/A	N/A
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																				
OpEx of Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2.)	N/A	0	0%																	
TOTAL (A.1. + A.2.)	N/A	0	0%																	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-Non-Eligible Activities (B.)	N/A	651	100%																	
TOTAL (A. + B.)	N/A	651	100%																	

This document is printed in France by an Imprim'Vert certified printer on PEFC certified paper produced from sustainably managed forest.

Designed & published by LABRADOR +33 (0)1 53 06 30 80

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