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.

6.1.6 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%

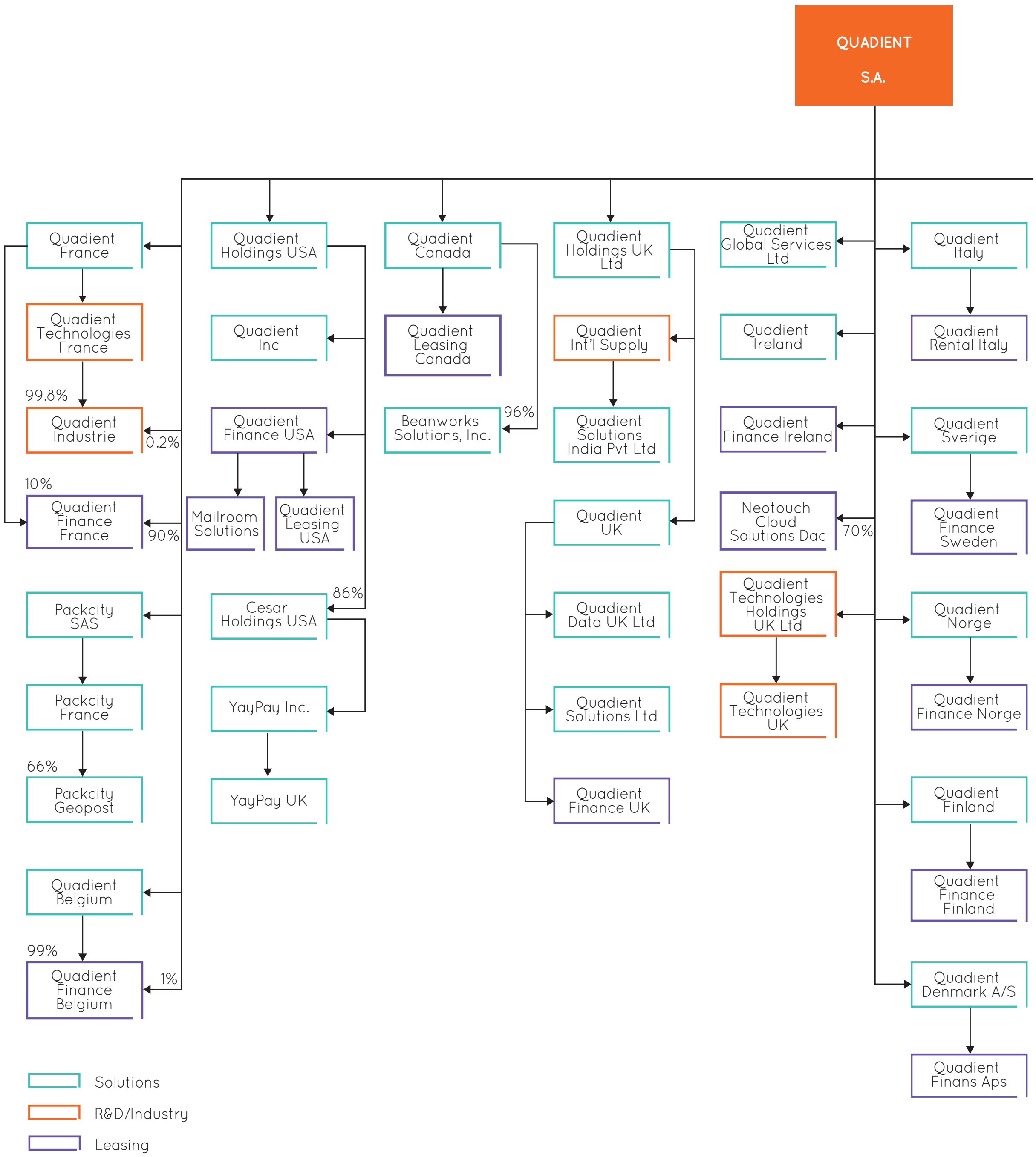
Company name	Parent company	% interest	% control
Switzerland			
Quadient Switzerland AG	Quadient S.A.	100%	100%
Quadient Finance Switzerland AG	Quadient Switzerland AG	100%	100%
Quadient CXM AG	Quadient S.A.	100%	100%
Quadient CXM Switzerland AG	Quadient CXM AG	100%	100%
Italy			
Quadient Italy Srl	Quadient 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%**

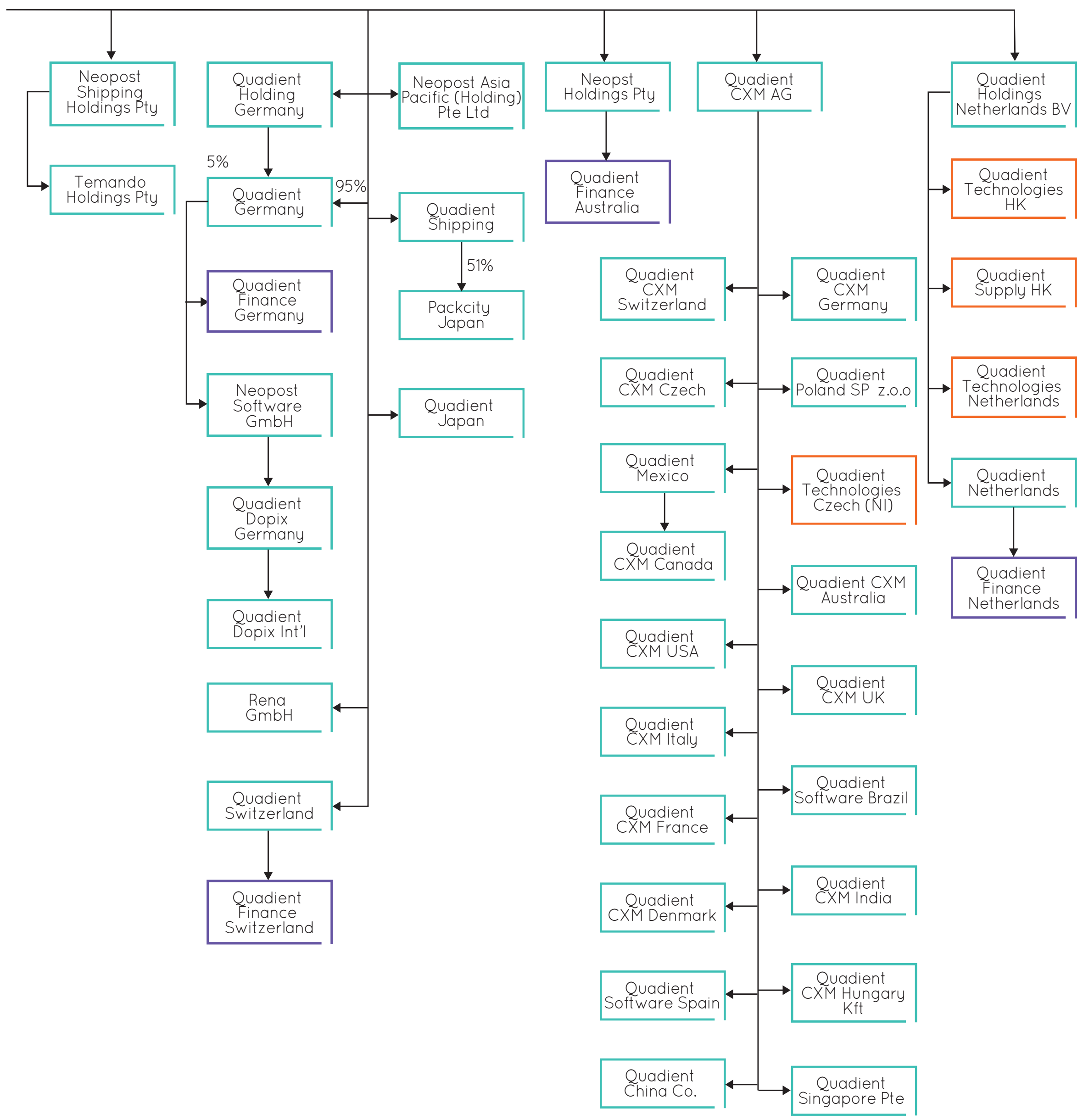
3-5: **Organization chart of the Group**



Unless mentionned otherwise, all companies are wholly owned

Participations

Docapost BPO IS	35%
AMS Investissement	24%



6

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

Francisco Sanchez

ERNST & YOUNG et Autres

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

		Value of investments		Value of loans and advances				
Company name	Equity	Gross value	Net book value	Gross value	Net book value	2022 net income	2022 sales	Dividends paid
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		Value of loans and advances		2022 net income	2022 sales	Dividends paid
		Gross value	Net book value	Gross value	Net book value			
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