quadient

UNIVERSAL REGISTRATION DOCUMENT

2021

Contents

quadient

UNIVERSAL REGISTRATION DOCUMENT

AMF

The Universal Registration Document was filed on May 3, 2022, with the French financial markets authority as the competent authority in accordance with Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said regulation. The Universal Registration Document may be used for the purposes of a public offering of financial securities or the admission of financial securities to trading on a regulated market if it is accompanied by a simplified prospectus and, where applicable,a summary and all the amendments made to the Universal Registration Document. The entirety thus constituted is approved by the French financial markets authority in accordance with Regulation (EU) 2017/1129.

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

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

- the consolidated financial statements, annual accounts and statutory auditors' reports may be found on pages 137 to 247 of the universal registration document for the year ending 31 January 2021 filed with the AMF on 17 May 2021 under number D.21-0458 and available on the website of the Company https://labrador.cld.bz/QUADIENT-2020-Universal-Registration-Document ;
- the consolidated financial statements, annual accounts and statutory auditors' reports may be found on pages 123 to 233 of the registration document for the year ending 31 January 2020 filed with the AMF on 4 May 2020 under number D.20-0444 and available on the website of the Company https://resources.quadient.com/m/3dd6ae99bf0095a8/original/2019-Universal-Registration-Document-.pdf ;
- the management reports for 31 January 2021 and 31 January 2020 may be found on pages 71 to 83 and 67 to 78 of registration documents D. 21-0458 and D. 20-0444.

MESSAGE FROM THE **CHAIRMAN**

DIDIER **LAMOUCHE**

CHAIRMAN OF THE BOARD

"THE FINANCIAL PERFORMANCE ACHIEVED IN 2021 SETS A POSITIVE START TO THE SECOND PHASE OF THE BACK TO GROWTH STRATEGIC PLAN."

To the Shareholders,

A year ago, Quadient embarked on the second phase of its Back to Growth strategic plan. Drawing on the foundation of the deep transformation of the organization conducted during the first phase of the plan, the second phase aims at creating sustainable value for shareholders as well as for all stakeholders. As outlined in this document, the financial performance achieved in 2021 sets a positive start to this second phase and Quadient is well on track to reach the three-year targets presented last year during its Capital Markets Day.

The reshaping of Quadient's portfolio is almost complete. Over the past three years, the acquisition of a US player in parcel lockers, and that of two North American FinTechs specialized in cloud-based automated management of accounts payables and accounts receivables, enabled Quadient to strengthen its leadership positions in parcel locker solutions and in intelligent communication automation. As Quadient remains a solid number two player globally in mail-related solutions, strong customer and cost synergies are increasingly being fostered between the three activities. In the meantime, the portfolio of non-core operations has been significantly reduced through divestments.

Together with its financial targets, Quadient has set several extra-financial objectives for the 2021-2023 period to reinforce the sustainability of the value delivered to its stakeholders. These objectives are drawn from the Company's comprehensive corporate social responsibility program and are articulated around five key pillars, from employee inclusion, education and engagement, to ethics, reduction of carbon footprint and remanufacturing, philanthropy and customer satisfaction. In addition, in March 2021, Quadient took a step further by becoming participant to the UN Global Compact, committing to specifically support 8 of the 17 United Nations Sustainable Development Goals. This year, I am pleased that this registration document now provides our CSR disclosures in line with the GRI Core framework.

The Board is fully committed to Quadient's CSR program and in keeping with the best practices, management's long term incentive plan criteria have been revised to reflect the Company's latest engagements.

Abiding by the best governance practices is also key for Quadient's Board. This year, two new independent members have joined the Board, adding new sets of skills to the Board composition. We have also met with a number of investors during a Governance roadshow, in line with our commitment to promote an open dialogue with all of our shareholders. Finally, the Board continues to oversee capital allocation in a very pragmatic manner. This year, the strong cash generation has enabled the Board to submit to the vote of shareholders at the next AGM a dividend that stands slightly above the minimum levels of our dividend policy and 10% higher than last year's level : As it has done in the past, the Board will remain extremely attentive to changing market conditions and will continuously evaluate all possible ways to create value for our shareholders. Finally, whilst the Board fully supports the Back to Growth strategy developed by the Management team, it also remains focused on exercising its independent mission working in the best interest of all our shareholders.

Didier LAMOUCHE

THREE QUESTIONS TO THE **CHIEF EXECUTIVE OFFICER**

GEOFFREY **GODET**

CHIEF EXECUTIVE OFFICER

"OUR TWO FAST-GROWING CLOUD SOFTWARE AND PARCEL LOCKER ACTIVITIES HAVE ALMOST DOUBLED IN 3 YEARS, AND NOW REPRESENT 28% OF TOTAL SALES."

Can you outline the key aspects of Quadient's 2021 results?

At a little over €1 billion, our revenue recorded a 4.3% organic growth across our three main businesses. We are successfully delivering our Back to Growth strategy with solid performance from our two growth engines and resilient sales from our mail activity. We made significant progress in the strategic repositioning of our Software business with SaaS customers now accounting for 76% of the total. We also exceeded the €200 million revenue mark for our Software business for the first time in 2021, at €201 million.

Our Parcel Locker Solutions team secured a number of important deals, expanding our footprint in Canada and France with leading carriers, while continuing to deliver on existing contracts in all our other customer segments. Lastly, our Mail-Related Solutions performed strongly, outpacing competition, posting a 1.8% increase in revenues driven by solid hardware sales and a record year for our mid-high mail production equipment sales.

We are very much encouraged by the strong fundamentals of the dynamic markets we serve with our growth engines. The accelerated digitalization of communication and financial processes are driven by new regulations in Europe, while the expansion of e-commerce generates higher parcel volumes, prompting search for more sustainable practices. Organic growth in current EBIT came in at 6%, implying a slightly higher margin despite increasing freight costs and challenging supply chain conditions.

This solid performance shows our commitment to continuously improve our organization and reduce our costs, while investing in sales, marketing and R&D to support future growth. Net income more than doubled to €88 million. At €104 million, free cash-flow generation further consolidated our healthy financial position with a low level of leverage at 0.4x excluding leasing.

How do you expect Quadient to perform in 2022?

As we continue to roll-out our Back to Growth strategic plan, we expect the positive trends seen in our growth engines to accelerate. We expect double-digit sales growth in Intelligent Communication Automation, to be supported by cross-selling and the deployment of AP/AR solutions outside North America. As the shift towards SaaS subscriptions continues, we will focus our work on improving the integration of our cloud platforms to further benefit from upselling and also strengthen adoption and usage. Parcel Locker Solutions sales are also expected to grow at a double-digit rate, supported by the roll-out of existing contracts, the positive momentum with carriers in Europe and Japan as well as new deals signed in the retail and residential segments, while the pipeline of projects is promising. Mail-Related Solutions revenues decline should remain contained in 2022 as we continue to deliver innovative solutions both in terms of new features and digital solutions with our S.M.A.R.T. software.

At Group level, 2022 organic sales growth is expected above 2% despite the current uncertainties of the geopolitical situation and ongoing supply chain disruptions. Current EBIT should record a low to mid-single digit organic growth driven by a continuous focus on costs optimization and further improved profitability of the installed base for both the SaaS activity and parcel lockers, whilst mail-related profit margin will be maintained.

Beyond 2022, what is the main priority for the Group?

Since 2019, we have profoundly streamlined our organization to become a truly unified company, focused on three synergistic solutions including two fast-growing activities – Intelligent Communication Automation, cloud platforms, and Parcel Locker Solutions. As we continue to focus on delivering profitable growth from these two new businesses, we also remain committed to do so in a sustainable manner through both our comprehensive CSR program and our engagement towards the UN Global Compact. By becoming a participant to this program, Quadient asserted its commitment to respecting, supporting and promoting the 10 Principles of the Global Compact on human rights, labor, environment and anti-corruption within its sphere of influence. To conclude, our focus is on profitable growth in a sustainable way.

PROFILE & ACTIVITIES

Simplify the connection between people & what matters

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

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

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

3 areas of business

INTELLIGENT COMMUNICATION AUTOMATION

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

- A true end-to-end cloud-based global business communications platform to manage over a billion customer-facing communications and critical business interactions each and every day.
- Supporting businesses in Customer Communications Management (CCM) and Customer Experience Management (CXM), including customer journey analytics and orchestration, as well as Accounts Receivable (AR) and Accounts Payable (AP) automation.
- Quadient Inspire: a software solution that helps large businesses design, manage and send personalized, omnichannel communications in large volumes and on demand as well as customize the digital experience they offer their customers through bespoke mobile and web applications.
- Quadient Impress: multichannel outbound document management software platform that automates the customer communication workflow.
- YayPay: Accounts Receivable process automation software solution, from outgoing invoices lifecycle management to cash collection, credit risk assessment and order-to-cash process.
- Beanworks: Accounts Payable software solution digitalizing incoming invoice process between a company & its suppliers, thereby automating error-prone manual processes like data entry and approval follow-ups, reducing risks and cutting invoice processing costs.

Global market

c. €6.0 billion

Est. annual market growth for the 2021-2023 period:

>10 %

Sales[(1)]

€201 million

+7.3%[(2)]

(1) 2021 sales within Major Operations.

(2) Organic change compared to 2020.

440,000 customers

A fragmented, diversified customer base in terms of industry and geography

€1.02 billion
Sales

+4.3%
Organic change[3]

c.80
Countries where Quadient products are distributed

4,979
Employees

MAIL-RELATED SOLUTIONS

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

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

Sales[1]
€659 million
+1.8%[2]

Global market
c. €2.0 billion
Est. annual market evolution for the 2021-2023 period:
c. -5%

PARCEL LOCKER SOLUTIONS

This solution, which consists of lockers integrated with software to automate the tracking of parcel drop-off and pick-up, helps optimize the management of last-mile parcel delivery and simplifies parcel retrieval, whether that happens in public places, at retailers' sites or at residences:

- The only proven automated solution as of today, offering customers a convenient, secure and contactless way to retrieve their packages;
- A growing multi-local market suited to the fast growing number of parcels with the boom of e-commerce.

Sales[1]
€83 million
+2.6%[2]

Market
c. 3.0 million
boxes[4]
Est. annual market growth for the 2021-2023 period:
>15%

(3) Excluding currency and scope effects.

(4) Quadient's estimate of the installed base across its key markets in 2020 (including the United States, Japan, France and the United Kingdom).

"BACK TO GROWTH" STRATEGY

"Transform" 2019-2020

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

To learn more: Chapter 1.2

Quadient aimed at building leading market positions in highly growing businesses that are synergistic with its foundational mail-related activities. Digital business communication & financial automation and automated parcel locker solutions were selected to be the Company's growth engines while continuing to benefit from Quadient's strong position in the highly profitable and cash generative mail-related business.

In the meantime, Quadient has profoundly changed its organization to simplify its operating model, gain efficiency and unite the entire company under a unified brand and a strong common culture. The executive team has been renewed with new talents hired to lead the transformation, leaner management layers were put in place with a strong regional focus, and centers of excellence were established to streamline internal tools and processes, and better leverage the teams' expertise.

Simplified and refocused our operations and solutions portfolio to become a leader in each of the growth markets that we serve.

	BOLT-ON ACQUISITIONS	DIVESTMENTS
	c. €195-200 million cash-out to date	*c. €110-115 million cash-in to date*
2019	PARCEL PENDING – Parcel locker solutions in the US	*Data quality*: Satori Software, Human Inference
2020	YayPay – Accounts Receivable (AR) automation solutions	*Shipping software*: temando (Shut down), ProShip
2021	Beanworks – Accounts Payable (AP) automation solutions	*Graphics business in Australia*; *Drachten factory and packaging system*

Defined a sustainable value creation model based on validated growth engines, recurring revenue and Major Operations

Reduction of dependency to Mail-Related Solutions

	2018	2021
GROWTH ENGINES – % of total Group revenue	18%	28%

Strong share of subscription-related revenue

	2018	2021
SUBSCRIPTION-RELATED REVENUE – % of Major Operations revenue	68%	69%

Focus on Major Operations

	2018	2021
MAJOR OPERATIONS – % of total Group revenue	84%	92%

Organized as one company to quickly scale and foster synergies by leveraging our expertise, infrastructure, commercial relationships and global footprint.

"Drive Sustainable Value" 2021-2023

In March 2021, Quadient announced the phase two of "Back to Growth". With a clear focus on organic development, innovation and technology, Quadient will continue to scale its installed base of smart hardware and software solutions, further accelerate the shift to its subscription model and foster synergies across solutions.

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

Installed base business
Generating strong subscription-related revenue and highly profitable

Leader in our markets
For each solution and in all major geographies

Leveraged customer base
With strong commercial synergies across all solutions especially with our mail-related business

Double-digit growth engines
To continue rebalancing our business portfolio

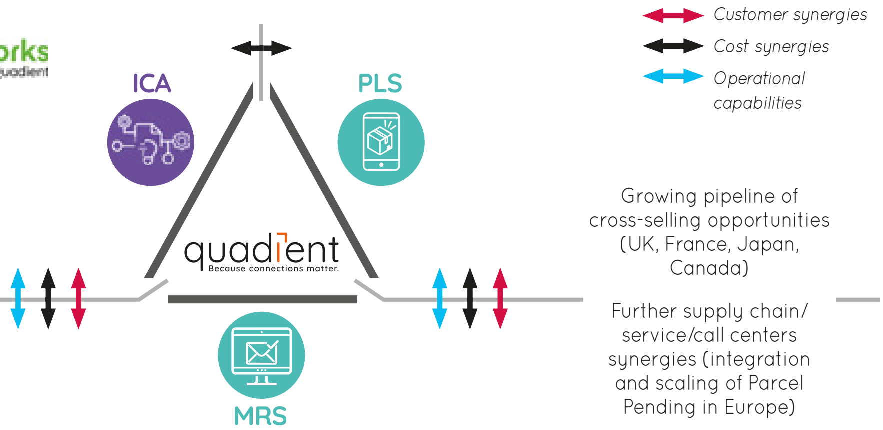
SaaS-based software business
Covering all needs for intelligent communication automation

Strong focus on innovation/technology/cloud
With the launch of new products for all solutions

Continue generating more synergies between solutions and operations, powered by being a unified Company

Additionnal synergies

Further cross-selling opportunities thanks to an end-to-end software offering within ICA portfolio, and between MRS and ICA



Growing pipeline of cross-selling opportunities (UK, France, Japan, Canada)

Further supply chain/ service/call centers synergies (integration and scaling of Parcel Pending in Europe)

Centralized G&A (IT, RH, finance, transformation...) and **marketing functions**

Define forward-looking objectives to measure the impact of Quadient's CSR activities, by being a signatory to the UN Global Compact.

BUSINESS MODEL

A portfolio of solutions with a significant share of recurring revenue and commonalities between the business models

INDUSTRY TRENDS

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

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

Management of last-mile parcel delivery, a priority as e-commerce surges

STRENGTHS

An integrated company

- Integrated organizational structure and a representative brand for all activities. Tagline: "Because connections matter."
- Focus of major solutions in **three** geographic regions: **North America / Main European Countries / International**
- Direct or indirect distribution network covering **90** countries

High-performing industrial assets

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

A culture of R&D and innovation

- **5.1%** of sales dedicated to R&D
- More than **650** engineers
- **7** R&D centers
- A team dedicated to digital innovation

Expert teams

- **4,979** employees
- Diverse backgrounds: expertise, origins, skills, cultures, outlooks
- **81%** of employees completed a training session in 2020; **18.15%** on digital regarding the local training

A strong financial structure

- Robust liquidity position: **€487 million** in cash and **€400 million** of undrawn credit lines as of 31 January 2022
- Debt backed by future cash flows from rental operations and leasing portfolio (**€504 million** net debt)
- Leverage excluding leasing: **0.4x** EBITDA(1)

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

SMART HARDWARE

BUSINESS MODEL
(underlying factor)

Subscription-related revenue

- **Rental / leasing** *(installed base)*
- **Support / maintenance** *(installed base / charging for maintenance services)*
- **Supplies** *(Mail-Related Solutions: ink & spare parts due to machine usage & processed mail volumes)*
- **Subscription / use** *(Parcel Locker Solutions: based on usage rate in certain cases)*

Revenue not related to subscriptions

- **Equipment sales** *(see suggestion for Software solutions)*
- **Installation services** *(Parcel Locker Solutions)*

MAIL-RELATED SOLUTIONS

PARCEL LOCKER SOLUTIONS

CUSTOMERS

Mail-Related Solutions:
- Small and medium-sized enterprises
- Large accounts

Parcel Locker Solutions:
- Residential
- Universities & Corporates
- Retailers
- Carriers

SUBSCRIPTION-RELATED REVENUE

Mail-Related Solutions: 71%(2)

Parcel Locker Solutions: 58%(2)

SOFTWARE SOLUTIONS

BUSINESS MODEL
(underlying factor)

Subscription-related revenue

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

Revenue not related to subscriptions

- **License sales** *(Acquisition of new customer, or Upsell on installed base)*
- **Professional services** *(invoiced on a time spent basis)*

INTELLIGENT COMMUNICATION AUTOMATION

CUSTOMERS

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

SUBSCRIPTION-RELATED REVENUE

67%[2]

2021 RESULTS

- SALES: **€1.02 billion**
- SUBSCRIPTION-RELATED REVENUE: **69%**[2]
- MAJOR OPERATIONS: **92%** of sales, of which:
  - NORTH AMERICA: **55%**
  - MAIN EUROPEAN COUNTRIES: **39%**
  - INTERNATIONAL: **6%**
- CURRENT EBIT[2]: **€147 million**[3]

(2) Within Major Operations in 2021
(3) Before acquisitions-related expenses

VALUE CREATION

CUSTOMERS

- Circular economy: **64.4%** of hardware marketed are produced through a remanufacturing process
- **95%** customer satisfaction rate

PEOPLE

- **€427 million** paid in employee wages, bonuses, commissions and payroll charges
- **98.6%** of permanent contracts to support local jobs
- **33.8%** of women in the Company
- **27.6%** of managers are women

SUPPLIERS

- **€113.7 million** in production purchases
- **89.2%** of suppliers assessed comply with Quadient's requirements

LOCAL COMMUNITIES AND CHARITIES

- **50+ charities** supported
- More than **€93,000 of donations** raised

STATES AND REGIONS

- **€22 million** in taxes
- **16%** reduction in CO_2 emissions compared to 2018 (scopes 1, 2 and 3)
- **85%** of industrial waste recycled

SHAREHOLDERS

- **€17.2 million** in dividends paid for fiscal year 2020

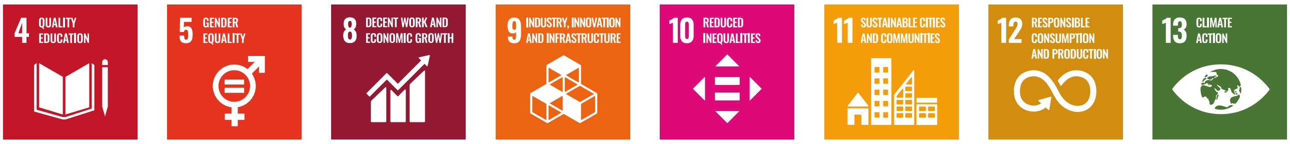
QUADIENT, **A RESPONSIBLE COMPANY**

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

Signatory of the United Nations Global Compact

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

Quadient will also undertake actions to advance the following Sustainable Development Goals (SDGs):



Our 2021-2023 objectives

- **>80% of employees benefiting remote working** 2 days or more per week
- **>30% of women** among managers and Senior Leaders
- Being recognized **"Best Places to Work"** with score greater than 70

- All employees endorsed the **Code of Ethics** and completed the training
- All employees completed one or more **compliance training programs**
- All our strategic business partners endorsed the **Code of Conduct for business partners**

- **Reduce our carbon emissions** by:
  (i) 50.4% for CO_2 emissions related to energy consumption and company vehicles (scope 1 & 2) between 2018 and 2030
  (ii) 40%/€m revenue for targeted categories, for scope 3 between 2018 and 2030
- **Remanufacturing** to account for more than 50% of mail-related products placed on the market

- Achieve overall **customer satisfaction** above 95%
- Pursue **investments in R&D** above 4.5% of our consolidated revenue

- **5,000 annual hours +** contributed by Quadient's employees supporting communities
- **25% of employees involved** in volunteering & sponsorship projects

A strategy recognized by non-financial rating agencies

vigeo eiris	Gaïa	ecovadis	CDP	ISS ESG	MSCI
Overall score of 53%	*Ranked 2nd out of 230 (+4 places vs. 2020)*	*« Platinum » level after 3 consecutive years at « Gold » level*	*B grade for last 4 consecutive years*	*« Prime » status maintained*	*« AA » score obtained*

Main events

Empowering Quadient's people to achieve the Company's strategy

Health, safety and well-being
- *"Best places to Work"* score **71.4/90**
- **0.02%** absenteeism due to workplace accidents
- Enhancement of wellness and employee assistance program during the COVID-19 pandemic

Flexible working conditions
- Deployment of *"Work from anywhere"* and *"Smart Work"* programs
- **>90%** of employees eligible to remote working

Inclusion and diversity
- Deployment of the inclusion & diversity policy and adhesion to inclusion & diversity charters
- Women represent **33.8%** of Quadient's total workforce and **21.8%** of Senior Leaders
- Reinforcement of the *"Empowered Communities"* program with the launch of a new community dedicated to environment

Human capital development
- **80.7%** of employees attended at least one training course in 2021
- 7.46 hours of training on average per Full Time Equivalent (FTE)

To learn more: Chapter 5.1.3

Enabling a culture of excellence and integrity

Code of Ethics
- Deployment of the compliance and business ethics program
- **76%** of employees engaged in compliance and business ethics training program
- **66%** of employees have endorsed the Code of Ethics

Data protection and information security
- **18** security audits conducted

Responsible procurement
- **65%** of French distributors have endorsed the Code of conduct for business partners
- **89.2%** of suppliers assessed comply with Quadient's requirements of

To learn more: Chapter 5.1.4

Reduce Quadient's environmental footprint

Circular economy
- **85%** of industrial waste recycled
- **36.2%** of used ink cartridges collected

Climate change
- Low carbon energy (renewable energy and heating network) accounts for **24.5%** of the total energy consumption
- En 2021, Quadient obtained a score of **B** on the Carbon Disclosure Project (CDP) questionnaire
- **16%** reduction in CO_2 emissions compared to 2018's baseline (scopes 1, 2 and 3)

To learn more: Chapter 5.1.5

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

Technology & innovation
- **5.1%** of sales dedicated to R&D in 2021, especially to expand cloud-based software platform and enhance existing products with new functionalities

Sustainable products and solutions
- **64.4%** of Mail-Related Solutions products placed on the market come from remanufacturing

Customer satisfaction
- Customer satisfaction rate of **95%**

To learn more: Chapter 5.1.6

Engage and support the communities

Philanthropy
- Deployment of the Philantropic program at corporate level around three causes: education and decent employment, inclusion and diversity, and the reduction of waste and pollution
- **More than €93,000 of donations** raised
- Implementation of a community engagement platform to promote volunteering
- **50+ charities** supported

To learn more: Chapter 5.1.7

A LARGELY INDEPENDENT **BOARD OF DIRECTORS**

DIDIER LAMOUCHE
Chairman of the Board

GEOFFREY GODET
Chief Executive Officer

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

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

12 Number of meetings

92% Average attendance

80% Independence of Directors*

40% Women*

MARTHA BEJAR
Since June 2019

HÉLÈNE BOULET-SUPAU
Since June 2017

ÉRIC COURTEILLE
Since July 2012

PAULA FELSTEAD
Since September 2021

NATHALIE LABIA
Employee representative director
Since August 2020

CHRISTOPHE LIAUDON
Employee representative director
Since August 2019

SÉBASTIEN MAROTTE
Since July 2021

VINCENT MERCIER
Since July 2009

RICHARD TROKSA
Since July 2016

NATHALIE WRIGHT
Since June 2017

Audit Committee · *Strategy and Corporate Social Responsibility Committee* · *Remuneration and Appointments Committee* · *Chairman of a committee*

MAPPING OF THE BOARD'S EXPERTISE

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

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

AN INTERNATIONAL **MANAGEMENT TEAM**

GEOFFREY GODET
Chief Executive Officer

The management team is composed of the leaders from each support function, along with the business leaders within each of major solutions, R&D and operations by geographic region.

During the fiscal year 2021, Quadient continued to streamline the management team as part of a further integrated organization. The Company today takes advantages of new types of expertise as well as more international and more specialized background.

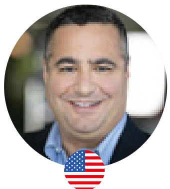
SUPPORT FUNCTIONS

STÉPHANIE AUCHABIE
Human Resources

BRANDON BATT
Transformation

LAURENT DU PASSAGE
Finance

STEVE RAKOCZY
Digital



TAMIR SIGAL
Marketing

OPERATIONS

BENOIT BERSON
France & Benelux

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

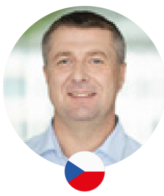
IAN CLARKE
International and Additional Operations

SOLUTIONS

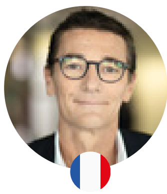
CHRIS HARTIGAN
Intelligent Communication Automation

ALAIN FAIRISE
Mail-Related Solutions

DANIEL MALOUF
Parcel Locker Solutions



ZBYNEK HODIC
Software Technology

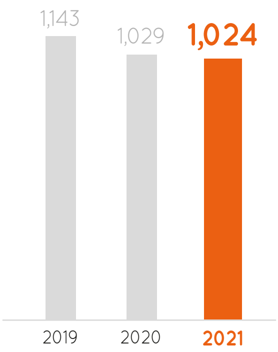


THIERRY LE JAOUDOUR
Hardware Technology

FINANCIAL **PERFORMANCE**

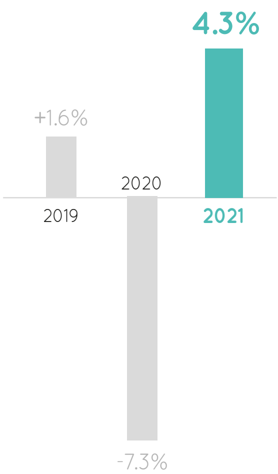
INCOME STATEMENT

SALES
(in million euros)



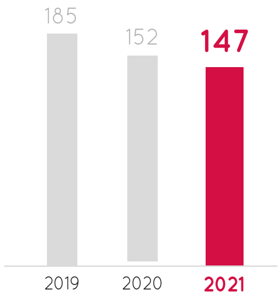
Subscription related revenue accounted for 69% of major operations sales.

ORGANIC CHANGE[1]
(annual growth rate)



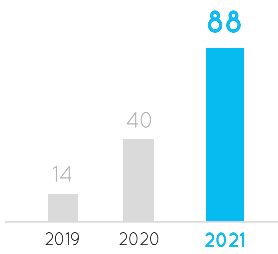
2021 marked a return to solid organic sales growth driven by positive contribution from all three solutions.

CURRENT EBIT[2]
(in million euros)



Current EBIT was up 6% on an organic basis. This mainly was due to the organic growth in revenues, improved growth margin and active cost management.

NET INCOME
(in million euros)

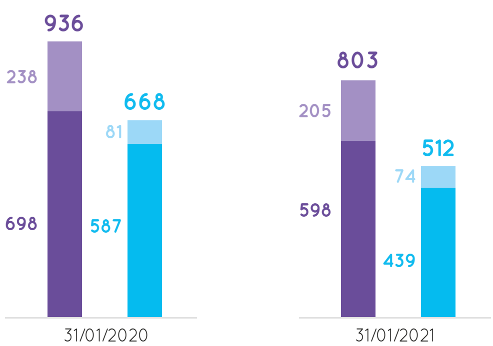


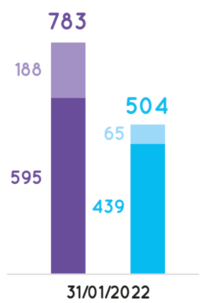
Net attributable income amounted to €88 million in 2021 compared to €40 million in 2020. Earnings per share stood at €2.32 in 2021.

(1) Excluding currency and scope effects

(2) Before acquisitions-related expenses

FINANCIAL STRUCTURE
(in million euros)





Net debt was down slightly, despite the acquisition of Beanworks, to €504 million as of 31 January 2022. The leverage ratio (net debt/EBITDA) remained stable year-over-year at 2.1x. The Group's net debt is backed by future cash flows generated from its rental and leasing activities and other financing services. Excluding leasing, the leverage ratio remained low at 0.4x as at 31 January 2022.

Future cash flow from rental operations
Leasing portfolio
IFRS 16 impact
Net financial debt excluding IFRS 16 impact

(1) Net debt / EBITDA ratio

INVESTOR **RELATIONS**

2022 financial agenda

Q1 2022 sales: 7 June 2022*

Annual General Meeting: 16 June 2022

Second quarter 2022 sales and first half-year 2022 results: 26 September 2022*

Q3 2022 sales: 5 December 2022*

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

Listing information quadient

Listing: Euronext Paris

Market: Compartment B

ISIN Code: FR0000120560

Ticker: QDT

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

Investors met in 2021

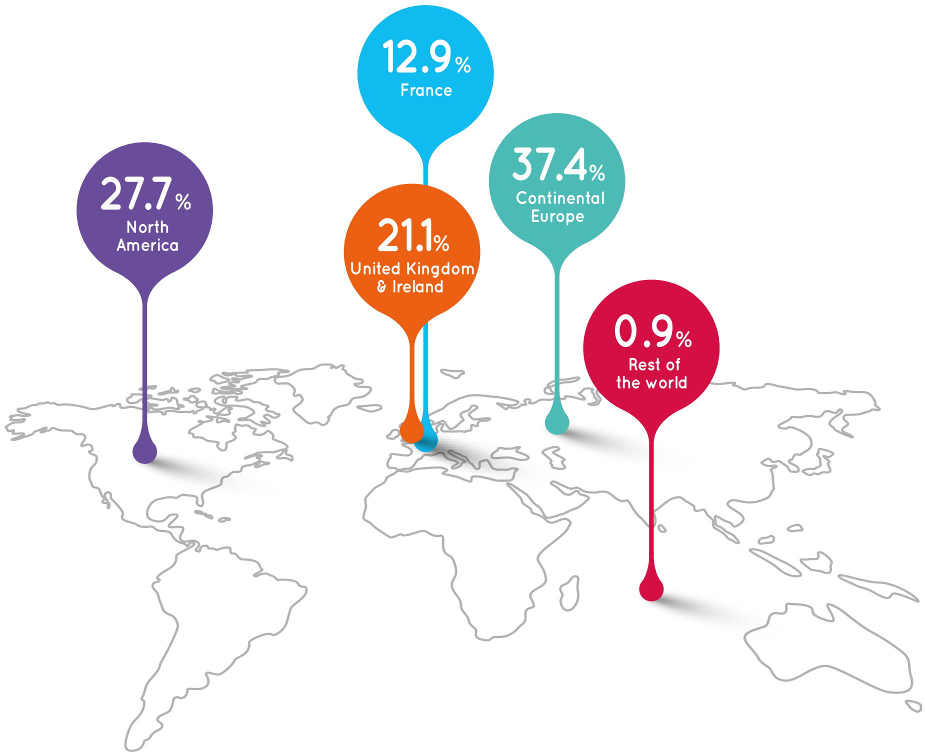
Institutions met: 140

Investors met: 200

Invertor meetings: 150

e-roadshows & e-conferences: 22

GEOGRAPHIC DISTRIBUTION OF THE CAPITAL OF THE COMPANY(1)



(1) Based on institutional ownership.

1

CORPORATE OVERVIEW

1.1 Activities

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

In 2021, companies and individuals alike have triggered an uptick in pre-Covid groundswell trends: strong growth in e-commerce and parcel volumes, business process digitalization and automation, improving customer experience. Over 180 billion pieces of mail have been delivered globally, with businesses still heavily relying on mail to interact with their customers and partners. These physical interactions are turning digital, notably as remote working is voted in by employers and employees alike, becoming a core catalyst for business process digitalization. With stores closing around the world due to the COVID-19 pandemic, customers have turned more and more to e-commerce to purchase goods and products, triggering unprecedented parcel volume growth. Enabling the delivery of these parcels at scale, while delivering exceptional customer experience and limiting delivery trucks congestion as well as related emissions is no longer an option.

In these new and unprecedented conditions, Quadient continues to be the trusted partner to customers and communities, focusing on three key solution areas:

- Intelligent Communication Automation,
- Mail-Related Solutions, and
- Parcel Locker Solutions.

1.1.1 INTELLIGENT COMMUNICATION AUTOMATION

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

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

Over 11,800 companies globally rely on Quadient's Intelligent Communication Automation SaaS solutions to manage over a billion customer-facing communications and critical business interactions each and every day.

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

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

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

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

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

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

Market

Based on research firm data and internal analyses, the Customer Communication Management (CCM) market and the broader Customer Experience Management (CXM) market, which includes customer journey analytics and orchestration, markets are estimated to represent around 4 billion euros in revenue, growing at c. 10% on an annual basis. The Accounts Receivables (AR) automation software market represents around 1 billion euros in revenue, while the Accounts Payable (AP) automation software market size is estimated at around 1.5 billion euros, both growing at c. 15% on an annual basis driven by digitalization.

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

Customers

Customers relying on Quadient's ICA solutions include the higher range of small and medium-sized businesses, large enterprises, primarily in the financial services, insurance and healthcare industries, as well as Print Service Providers. A large part of ICA customers are also users of Quadient's mail solutions.

1.1.2 MAIL-RELATED SOLUTIONS

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

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

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

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

Market

The mail solutions market continues to represent around 2 billion euros in annual revenue [(1)], and is expected to decline at a limited rate in the years to come. Quadient is the second largest global player, with total revenue of 702 million euros in 2021 in Mail-Related solutions at Group level. Its two main competitors are Pitney Bowes and Francotyp Postalia.

Customers

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

Postal authorities' role

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

(1) Quadient estimates excluding production mail.

1.1.3 PARCEL LOCKER SOLUTIONS

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

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

In 2021, the health crisis has continued catalyzing online sales compared to pre-Covid levels, and more particularly in the large e-commerce markets where Quadient operates. Smart parcel lockers emerged as the most efficient and secure solution to solve the last mile delivery challenge, and Quadient continued to benefit from the proven success of its operations in the USA and Japan, while growing significantly in other key regions.

Since the 2019 acquisition of Parcel Pending, a leader in the residential market in the United States, Quadient has experienced continued traction in this market, as well as growing customer demand in the retail industry. Additionally, Quadient introduced its residential parcel locker solution in the United Kingdom in 2020 and in the French market in 2021.

Market

Driven by e-commerce growth, the parcel locker market is growing in popularity and visibility but still remains a nascent and multi-local market. Quadient estimates that around 3 million boxes were installed in its key markets, *i.e.* the United States, Japan, France and the United Kingdom.

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

At the end of 2021, Quadient's global installed base stood at around 15,800 lockers compared to 13,000 units at the end of 2020. Each installed locker comprises several boxes.

Customers

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

1.1.4 OTHER SOLUTIONS

In addition to its major solutions detailed above, the Additional Operations segment represents a pool of activities, notably including graphics activities and shipping software and hardware solutions.

Graphics activities

Quadient distributes a wide range of equipment for print finishing, including guillotines, binding machines, laminating machines and paper-folding machines for any type of format. Following the divestment of the Company's graphics business in Australia and New Zealand in January 2021, these graphics solutions are primarily available in the Nordic region.

Shipping software solutions

Multi-carrier shipping platforms streamline fulfilment, generate labels, and create transport documents. Available as stand-alone solutions, interfacing with existing information systems or integrated with e-commerce platforms, these solutions can be adapted to the needs and volumes handled by retailers and online vendors.

Quadient also offers online and mobile solutions based on EDI (Electronic Data Interchange), RFID (Radio Frequency IDentification) or barcode data capture technologies to track and locate mail pieces and register proof of delivery.

Divested or exited activities

In 2021, Quadient continued the roll-out of its plan to divest businesses that are not synergistic with its major solutions.

As a reminder, after divesting in early 2019 its data quality activities (Satori Software and Human Inference), Quadient had decided in September 2019 to execute a phased shut-down of its subsidiary Temando (shipping software dedicated to e-commerce), this shut-down process being finalized in early 2020.

In February 2020, Quadient sold its subsidiary Proship, a global provider of automated multi-carrier shipping software, to FOG Software Group, a division of Constellation Software, Inc., a company listed in Toronto, Canada.

In January 2021, Quadient sold its graphics activities in Australia and New Zealand to Smartech business Systems Australia Pty, a technology solutions provider and a long-term partner working with Quadient in the Asia-Pacific region.

More recently, in June 2021, Quadient announced it entered into a sale agreement with Dutch private equity firm Standard Investment for the sale of its Automated Packaging Solutions (APS) business and production facility based in Drachten, the Netherlands. This divestment was finalized in early August 2021.

In 2022, Quadient remains committed to execute on its announced strategy to "Grow, Improve or Exit" the activities within its Additional Operations segment and will continue to carefully assess the fit of each of the businesses with the rest of the organization.

1.2 Strategy

1.2.1 "BACK TO GROWTH" STRATEGY

On 23 January 2019, Geoffrey Godet, Quadient's Chief Executive Officer since 1 February 2018, unveiled the Company's strategy for the 2019-2022 period. Named "Back to Growth", this strategic plan aimed at expanding and growing the Company while accelerating its transformation to reach a more balanced business profile designed to deliver sustainable and profitable organic growth going forward.

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

The thorough focused and disciplined execution of the first phase of the Company's strategic plan, despite the COVID-19 pandemic, laid strong foundations, putting Quadient in a position to deliver sustainable value for its shareholders and all stakeholders.

On 30 March 2021, during a Capital Markets Day, Geoffrey Godet presented the second phase of the "Back to Growth" strategy for the 2021-2023 period. With a clear focus on organic development, innovation and technology, Quadient aim at continuing to leverage its leadership positions and its strong software and smart hardware installed base to generate additional growth of its highly contributive subscription-related revenue, and further deploy cross-selling opportunities and value creation synergies across its solutions.

Phase Two of "Back to Growth" strategy focuses on driving sustainable value, in part by:

- accelerating the convergence of Quadient's software strategy in its Intelligent Communication Automation activity;
- continuing to unlock more synergies between solutions and operations, powered by being a unified company;
- defining forward-looking objectives to measure the impact of Quadient's CSR activities, now as a signatory of the UN Global Compact.

1.2.2 STREAMLINE OPERATIONS

The refocus of the Company on its Major Operations goes hand in hand with the implementation of an organization aimed at conducting these businesses in a more integrated manner than in the past.

Each one of the three major solutions are overseen by a dedicated Chief Solution Officer. Operations, on the other hand, are primarily structured under three main geographical groups:

- North America, comprised of the United States and Canada;
- Main European countries, managed as two regions: France & Benelux; and United Kingdom, Ireland, Germany, Austria, Switzerland & Italy;
- International, including the activities of Parcel Locker Solutions in Japan and of the former Customer Experience Management segment outside of North America and the Main European countries.

The leaders of each of these three operations report directly to the Chief Executive Officer.

All other geographies and the other solutions summarized in section "Other solutions" are organized into the Additional Operations segment.

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

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

1.2.3 CAPITAL ALLOCATION

Going forward, Quadient will continue to build on its strengths to roll out the second phase of its “Back to Growth” strategic plan.

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

While continuing to generate recurring cash-flows, Quadient aims at maintaining a healthy, yet efficient balance sheet by bringing down its net debt excluding leasing/EBITDA excluding leasing below 1.75x in 2023, post repayment of the ODIRNANE bonds [1] and excluding IFRS 16.

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

1.2.4 SHAREHOLDER RETURN POLICY

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

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

1.2.5 MID-TERM INDICATIONS

New metrics by solution

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

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

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

Regarding Mail-Related solutions, Quadient will monitor:

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

Finally, regarding Parcel Locker Solutions, Quadient will monitor:

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

(1) ODIRNANE bonds amount to 265 million euros, maturing in 2022. Since there is no contractual obligation to repay the nominal or to pay coupons to holders of the bonds, ODIRNANE bonds have been recognized as an equity instrument.

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

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

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

Ambitions by solution

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

- Intelligent Communication Automation:
  - over 20-25% subscription-related revenue CAGR over the three-year plan,
  - around 30% solution profit margin on a full-year basis by the end of the three-year plan;
- Mail-Related Solutions:
  - better than -5% organic CAGR revenue decline over the three-year plan,
  - high solution profit margin in the range of 43-45% on a full-year basis by the end of the three-year plan;
- Parcel Locker Solutions:
  - more than 25,000 lockers installed by the end of the three-year plan,
  - around 35-40% profit margin of the installed base on a full-year basis by the end of the three-year plan.

Financial guidance

Quadient is now into the phase two of its "Back to Growth" strategy than will span over the 2021-2023 period. During this time, Quadient will continue to build on its strengths to deliver its strategic plan with a clear focus on innovation and technology. Quadient will also continue to leverage its leadership positions and its strong software and hardware installed base to generate additional growth of its highly contributive subscription-related revenue and further deploy cross-selling opportunities and value-creation synergies across its solutions.

On this basis, Quadient aims at achieving a minimum 3% organic revenue CAGR over 2021-2023, with a minimum 2% organic revenue growth in 2022.

Quadient also aims at delivering a minimum mid-single-digit organic current EBIT CAGR over 2021-2023, with low-to-mid single digit organic current EBIT growth in 2022.

(1) At 2020 constant exchange rates.

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

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

1.3 Organizational structure

1.3.1 HEAD OFFICE

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

1.3.2 RESEARCH AND DEVELOPMENT CENTRES

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

Nearly 650 engineers and technicians work in the R&D field at Quadient.

1.3.3 PRODUCTION AND LOGISTIC CENTRES

Quadient has two production and assembly centres:

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

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

The Byhalia (United States) centre is responsible for the logistics and the customization of mail-related and parcel locker products for the North American market.

All these centres employ approximately 400 people.

1.3.4 DISTRIBUTION

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

The Company has wholly-owned subsidiaries and branches in 26 countries: Australia, Austria, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Hungary, India, Ireland, Italy, Japan, Netherlands, Norway, Poland, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States.

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

1.3.5 INVESTMENTS

Excluding acquisitions, Quadient invested 87.9 million euros in 2021 (of which 10.1 million euros related to IFRS 16) compared with 89.6 million euros in 2020 and 109.3 million euros in 2019.

Details of investments are shown in the table below:

(In millions of euros)	31 January 2022	31 January 2021	31 January 2020
Acquisition of software	0.6	0.6	1.8
Capitalization of development expenses	37.4	30.3	31.1
Acquisition of machinery and equipment	1.2	1.0	1.7
Rented equipment	28.5	29.2	49.7
IT implementation costs	0.0	0.0	0.0
Other investments	10.1	10.7	11.5
Assets right of use IFRS 16	10.1	17.8	13.5
TOTAL	**87.9**	**89.6**	**109.3**

The breakdown of investments by geographical area is the following:

(In millions of euros)	31 January 2022	31 January 2021	31 January 2020
North America	27.5	26.8	30.5
Main European countries[a]	14.6	20.5	20.9
International	6.1	5.0	20.3
Additional operations	5.8	7.2	4.4
Other	33.9	30.2	33.1
TOTAL	**87.9**	**89.6**	**109.3**

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

CORPORATE GOVERNANCE REPORT

2.1 Board of directors

2.1.1 GOVERNANCE STRUCTURE

Quadient S.A., Quadient's holding company, is a limited company with a Board of directors.

The Board is led by an independent and non-executive Chairman, and is comprised of independent directors except for Geoffrey Godet, Chief Executive Officer, and Vincent Mercier. The Board has three permanent Committees, whose members are independent except for Vincent Mercier who remains a member of the Appointment and remuneration committee and Strategy & CSR committee.

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

2.1.2 MISSIONS OF THE BOARD OF DIRECTORS

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

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

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

Details on how the Board of directors operates and the rights, obligations and recruitment practices of its members within the limits of their authorized mandates are defined in the Company's rules of procedure which was last updated in 2021 and can be found on the Company's website. The rules of procedure detail the Board's principal missions as well as the operations for which its approval is required.

Table summarizing the composition of the Board of directors for the 2021 financial year:

	Age	Nationality	Key competence	Independence	Years on the Board	Start/renewal of directorship	End of directorship	End of term	Individual rate of attendance
Geoffrey Godet	45	F & US	Executive functions, Finance, e-business, Technology	no	4 years	June 2018 renewed July 2021		2024	100%
Didier Lamouche	62	F	Executive functions, Supply Chain, Multiple Chief Executive Officer Assignments Corporate Governance Public and Privately-owned companies	yes	3 years	June 2019		2022	100%
Martha Bejar	59	US	ICT (Information, Communication, Technology), Former Chief Executive Officer, business and Digital Transformation, M&A, Cybersecurity/Risk, Customer Experience, Innovation	yes	3 years	June 2019		2022	100%
Hélène Boulet-Supau	55	F	Finance, e-Commerce Services, Entrepreneur, formerly Chief Executive Officer	yes	5 years	June 2017 renewed July 2021		2024	100%
Éric Courteille	54	F	Finance, e-commerce, Entrepreneur, currently Chief Executive Officer	yes	10 years	July 2012 renewed July 2020		2023	100%
Virginie Fauvel(1)	47	F	e-business, digital, technologies, International, Machine Learning	yes	5 years and 2 months	July 2016 renewed June 2019	September 2021	2022	0%
William Hoover Jr.(2)	72	US	Corporate & business Strategy, Post Merger management, Supply Chain Design, Large scale change programs	yes	8 years	July 2013 Renewed July 2020	July 2021	2023	83%
Vincent Mercier(a)	72	F	Corporate Strategy, Finance, M&A, Private equity, logistics	no(b)	13 years	July 2009 Renewed July 2021		2024	100%
Richard Troksa	59	US	Consulting, new technologies, entrepreneur, Formerly Chief Executive Officer, Operational management	yes	6 years	July 2016 renewed July 2021		2024	100%
Nathalie Wright	57	F	Management, New Technologies	yes	5 years	July 2017 Renewed June 2019		2022	100%

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

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

(1) *Virginie Fauvel resigned from the Board of directors 2 September 2021*

(2) *William Hoover, Jr. resigned from the Board of directors 1 July 2021*

	Age	Nationality	Key competences	Independence	Years on the Board	Start/renewal of directorship	End of term	Individual rate of attendance
Christophe Liaudon	51	F	Treasury, Finance	no	2 years 5 months	27 August 2019 renewed August 2021	2023	100%
Nathalie Labia	46	F/BR	Communication Marketing	no	17 months	28 August 2020 renewed August 2021	2023	100%

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

Changes within the Board of directors

Changes that occurred in 2021 within the Board of directors are:

	Age	Nationality	Key competence	Independence	Years on the Board	Start/renewal of directorship	End of directorship	End of term	Individual rate of attendance
Sébastien Marotte	57	F	Strategy, Business development, Digital	yes	7 months	July 2021		2024	100%
Paula Felstead	56	GB	Strategy, Corporate development, Digital, Innovation	yes	4 months	September 2021 (co-opted)		2022	100%

2.1.3 CHAIRMAN OF THE BOARD

Didier LAMOUCHE

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

Didier Lamouche, 62 years old, a French citizen, graduated from École Centrale de Lyon (France), holds a PhD in Semiconductor Technology. Until the end of 2018, Didier Lamouche was President and Chief Executive Officer of Idemia, a company resulting from the merger of Safran Identity & Security with Oberthur Technologies, the world leader in cyber security and digital identity technologies, which he had headed since 2013. He previously served as Chief Operating Officer of ST-Microelectronics from 2010 to 2013 and President and Chief Executive Officer of ST-Ericsson from 2011 to 2013. Didier Lamouche was previously Chairman and Chief Executive Officer of the Bull group from 2005 to 2010, which he turned around and repositioned on growth segments.

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

Didier Lamouche was appointed as director of Quadient by the General Meeting of 28 June 2019 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2022. He was appointed as Chairman of the Board on the same date.

Other mandates in the Group: none.

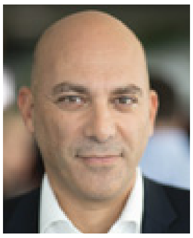
Other mandates outside the Group: He is a non-executive director of the Board of Adecco (Swiss listed company and world leader in the staffing industry); non-executive director of ASM International (a Dutch listed company and leader of Semiconductor equipment industry); non-executive director of ACI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

Other mandates over the past five years (other than those already listed above): none.

Didier Lamouche holds 4,000 Quadient shares.

2.1.4 CHIEF EXECUTIVE OFFICER

Geoffrey GODET



Appointed Chief Executive Officer of Quadient as of 1 February 2018, Geoffrey Godet, 45, is a dual French and American citizen and a graduate of HEC. Prior to Quadient, he has spent his entire career with the Flatirons Jouve group, a leader in digital solutions for banking, insurance, healthcare, manufacturing, aeronautics, publishing, media and education. Since 2004, Geoffrey had been Chief Executive Officer of Flatirons solutions, based in California, and most recently was Chairman and Chief Executive Officer of Jouve, based in Paris. Prior to that, he was successively Marketing and Communication director, Head of the Cultural Heritage digitization division and managing director of Jouve Aviation solutions. Geoffrey Godet was appointed director at the General Meeting of 29 June 2018 for a three-year term, which term was renewed by the General Meeting of 1 July 2021 until the General Meeting called to vote on the financial statements for the financial year ending 31 January 2024.

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

Other mandates outside the Group: none.

Other mandates over the past five years (other than those already listed above): Chairman & Chief Executive Officer of Jouve, Chief Executive Officer of Flatirons solutions, Inc. and various subsidiaries and Director of Quadient CXM AG.

Geoffrey Godet holds 38,198 Quadient shares.

2.1.5 MEMBERS OF THE BOARD

The members of the Board of Directors are proposed by the Board, upon recommendation of the Appointments and remuneration committee, and appointed by the General Meeting. The General Meeting may revoke their appointments at any time.

Upon the Appointments and remuneration Committee's recommendation, the Board of Directors decided to propose that the directorships of Mr. Didier Lamouche, Ms. Nathalie Wright and Ms. Martha Bejar be renewed at the next General Meeting for a period of three years.

Regular renewal of Members (the Board has been getting younger, with the average age decreasing from 60.9 in 2016 to 56.6 in 2021), compliance with law n° 2011-103 of 27 January 2011 on equal representation of men and women and openness of the Board to diversity are the Board's governance guidelines. Furthermore, 42% of the directors (including the employee representative directors) are foreign. The Appointments and remuneration committee is in charge of establishing the terms of succession plans.

The number of directors over 70 shall not exceed one-third of director in office. The age limit for the Chairman is 65, but it will be proposed at the next General Meeting to approve an age limit of 70. The term of each Director's mandate is limited to three years.

Vincent MERCIER

Vincent Mercier is 72 years old and a French citizen. He is a civil engineering graduate from the École des Mines and has a Masters in economic science, as well as an MBA from Cornell University (United States) For 10 years, he was one of the heads of the Industrial Development Institute while teaching strategy at HEC. He has extensive experience in the Service and Retail industries, having been a member of Wagons-Lits and then Carrefour Group's executive committees. Until 2014, he was Chair of the supervisory Board of Roland Berger Strategy Consultants, where he served as director for France and China until 2010.

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

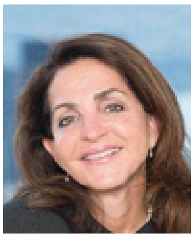
Other mandates in the Group: none.

Other mandates outside the Group: Member of the supervisory Board of Sucden (French non-listed company), FM Logistic (French non-listed company), Altavia Europe (French non-listed company) and ADIE (French non-listed company).

Other mandates over the past five years (other than those already listed above): none.

Vincent Mercier holds 11,900 Quadient shares.

Martha BEJAR



Martha Bejar is 59 years old, an American citizen and an expert in software and technology with an in-depth knowledge of the American market. She has held the position of Chief Executive Officer in several IT infrastructure management and network services companies.

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

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

Her mandate was renewed at the General Meeting of 28 June 2019 for a three-year term, meaning until the 2022 General Meeting called to vote on the financial statements for the financial year ending 31 January 2022.

Other mandates in the Group: none.

Other mandates outside the Group: Senior Partner at DaGrosa Capital (non-listed private company), Lumen Technologies (Public – independent director), Sportsman's Warehouse (Public - independent director), Commvault Systems (Public – independent director), and Afniti (Private – independent director).

Other mandates over the past five years (other than those already listed above): Founder/CEO of Red Bison Advisory Group (non-listed private company), Chief Executive Officer of Unium, Inc (US non-listed company).

Martha Bejar holds 695 Quadient shares.

Hélène BOULET-SUPAU

Hélène Boulet-Supau is 55 years old and a French citizen. Having graduated from ESSEC, she started her career at Arthur Andersen, before joining the Pierre & Vacances group, where she held various finance positions from 1991 to 2000, before being appointed Group Financial director. Hélène Boulet-Supau then worked as a financial consultant, before taking over the reins of Larroque alongside the Company's founder. From 2007 to 2019, Hélène Boulet-Supau was Chief Executive Officer and shareholder of Sarenza. In 2020, she launched a business providing services to companies, FabWorkplace. Hélène Boulet-Supau was awarded the Veuve Cliquot prize in 2013 for businesswomen with outstanding entrepreneurial spirit and creativity. Lastly, in 2016, she was made a *Chevalier de la Légion d'Honneur* by Emmanuel Macron, then Minister of Economy, Industry and Digital.

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

Other mandates in the Group: none.

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

Other mandates over the past five years (other than those already listed above): Chief Executive Officer and director of Sarenza S.A. (French non-listed company).

Hélène Boulet-Supau holds, directly and indirectly, 3,150 Quadient shares.

Éric COURTEILLE

Éric Courteille is 54 years old, and a French citizen. He is Chairman of New R SAS and has been Chief Executive Officer of La Redoute SAS since 2 June 2014. Éric Courteille is a graduate of ESCP-EAP and started his career at Arthur Andersen France, as an auditor, from 1995 to 2000. He then jointly founded the Sporever group. From 2002 to 2006, he held several positions in the finance department of the PPR group, At the end of 2006, he joined Redcats USA (part of Kering Group) as chief financial officer (CFO) and General Secretary.

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

Other mandates in the Group: none.

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

Other mandates over the past five years (other than those already listed above): Independent Board member of Lafayette International since July 2020 (French non-listed company).

Éric Courteille holds 267 Quadient shares.

Richard TROKSA

Richard Troksa is 59 years old and an American citizen. He is the owner of Gold Aspen Executive Consulting, LLC, a company dedicated to providing advice in strategy, development and operational efficiency for new technologies and solutions. Graduating with a master's degree in engineering sciences from Colorado State University, Richard Troksa started his career at IBM in 1984 and held numerous technical and business positions before being appointed business Line Manager in 2000. He joined Exstream Software in 2004 and was appointed Chief Executive Officer in 2007. In 2008, he became Vice President of IPG Enterprise Software at Hewlett-Packard, a position he held until 2010. Richard Troksa has a solid financial and managerial experience focusing on the development and introduction of innovative technical solutions.

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

Other mandates in the Group: none.

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

Other mandates over the past five years (other than those already listed above): board member of 7Summits, LLC (American non-listed company).

Richard Troksa holds 1,500 Quadient shares.

Nathalie WRIGHT

Nathalie Wright is 57 years old and a French citizen. A graduate in economics from Paris Assas University, the IAE and INSEAD, she started her career at Digital Equipment France before joining NewBridge Networks France. She held the positions of Sales Manager and Country Leader at MCI, then Easynet and finally, Vice President Southern Europe in charge of Commercial Strategy for France, Italy, Spain and the Middle East for AT&T. Nathalie Wright joined Microsoft in 2009, where she held the positions of director of the Public Sector division, then General Manager for Enterprise & Strategic Alliances for 5 years. In 2017, Nathalie Wright was appointed Vice President Software France at IBM. She is currently Chief Digital Officer and member of the Rexel Group executive committee, as well as being responsible for the activity in the Nordic region. Nathalie Wright was made a *Chevalier de la Légion d'Honneur* in 2011 for her actions promoting diversity in the workplace. Nathalie Wright was co-opted to replace Jean-Paul Villot, who resigned from his directorship on 28 July 2017.

Nathalie Wright's mandate was renewed at the General Meeting of 28 June 2019 for a three-year term, to be renewed at the General Meeting called to vote on the financial statements for the financial year ending 31 January 2022.

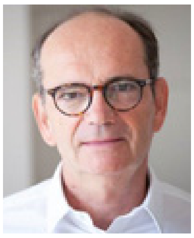
Other mandates in the Group: none.

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

Other mandates over the past five years (other than those already listed above): none.

Nathalie Wright holds 1,015 Quadient shares.

Sébastien MAROTTE



Sébastien Marotte is 57 years old and a French citizen. Sébastien Marotte holds a Master's degree in Finance and business from ESLSCA business School Paris. He also serves as a board member at Temporall. Over a 30+ year career, Sébastien Marotte has held executive roles at some of the world's highest-profile software companies including Google, Hyperion, and Oracle. He led Google Cloud's EMEA Channels as Vice President, having also served as Vice President of Google Cloud EMEA for almost a decade. As an early leader at Google Cloud, Sébastien Marotte was responsible for much of the foundational growth and development across EMEA, including the launch of G Suite (now Google Workspace).

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

Other mandates in the Group: none.

Other mandates outside the Group: none.

Other mandates over the past five years (other than those already listed above): none.

Sébastien Marotte holds one Quadient share.

Paula FELSTEAD

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

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

Other mandates in the Group: none.

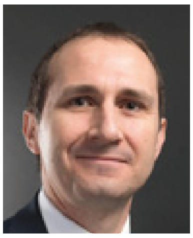
Other mandates outside the Group: none.

Other mandates over the past five years (other than those already listed above): none.

Paula Felstead holds one Quadient share.

2.1.6 EMPLOYEE REPRESENTATIVE DIRECTORS

Christophe LIAUDON



Christophe Liaudon is 51 years old and a French citizen.

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

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

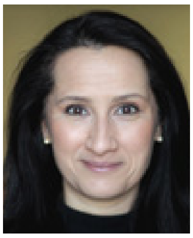
Other mandates in the Group: none.

Other mandates outside the Group: none.

Other mandates over the past five years (other than those already listed above): none.

Christophe Liaudon holds 1,215 Quadient shares.

Nathalie LABIA



Nathalie Labia is 46 years old and is a dual French and Brazilian citizen. She is currently Head of Brand and External Communications at Quadient. She began her career at IBM France, successively holding the positions of sales, channel marketing, product marketing and marketing management. In 2005, she joined Ricoh's European head offices in London, UK, where she was in charge of the launch of high-end printing solutions across Ricoh subsidiaries. Her career at Quadient began in 2009, responsible for product management and press relations in the former Shipping team, before moving to Group's corporate communications. Since joining the Company, Nathalie Labia has been one of the key contributors to strategic projects such as the Parcel Locker Solutions launch in 2013 and the Quadient global brand launch in 2019. Nathalie Labia holds a Master's degree in management from Audencia Business School.

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

Other mandates in the Group: none.

Other mandates outside the Group: none.

Other mandates over the past five years (other than those already listed above): none.

Nathalie Labia holds 220 Quadient shares.

2.1.7 INDEPENDENT DIRECTORS

In accordance with the recommendations of the Afep-Medef code, the rules of procedure of the Board and its committees provide that the Board of directors and the committees be composed of a majority of directors deemed to be independent. The Afep-Medef code provides the following definition of an independent director: "A director is independent when he or she has no relationship of any kind whatsoever with the Company, its group or the management of either that could compromise his or her freedom of judgment." Pursuant to the recommendations of this code, the Appointments and remuneration committee issues its recommendation on the independence of the members of the Board of directors annually in light of these independence criteria. The last report was presented to the Board of directors on 6 May 2021. The Appointments and remuneration committee confirmed that the next report will be presented to the Board of Directors in May 2022. It confirmed that eight out of the ten directors on the Board as of 31 January 2022 (80% [(1)]) were independent. Accordingly, all directors on the Board of Quadient except for the Chief Executive Officer, and Vincent Mercier, who lost his independent status 7 July 2021, on the 12th anniversary of his appointment, are independent.

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

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

There are no family ties between the directors. None of the directors on the Board as of 31 January 2022 has been found guilty of fraud, managing a company placed in receivership or declared bankrupt, incurred any official public penalty and/or sanction, or been prevented from acting or operating in the management or conduct of a company, over the past five years. No directors have been involved in liquidation proceedings when they were a member of a Board of directors, a management body or supervisory Board over the past five years.

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

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

As previously disclosed, the Company had arm's length relationship with La Redoute via one of our subsidiaries, Temando SAS. Eric Courteille who was Chief Executive Officer of La Redoute had business links with Temando SAS, a subsidiary of Quadient. This contract was terminated in June 2021, after which the Company completed the legal dissolution of the subsidiary in January 2022.

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

INTERNATIONAL COMPOSITION, GENDER EQUALITY AND DIVERSITY ON THE BOARD

Indicator	2021	2020
Non-French national directors	5[a]	5[a]
% non-French nationality	42%[a]	42%[a]
Number of women	4	4
% women	40%[b]	40%[b]

(a) Geoffrey Godet has a dual French and American nationality. Nathalie Labia, the employee representative director who has dual French and Brazilian nationalities, is also taken into account for the purpose of this ratio in 2021.

(b) In accordance with French legislation and the Afep-Medef code, employee representative directors are not taken into account when determining the proportion of women on the Board of directors.

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

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

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

Four of the ten non-employee Board members are women (excluding employee representative, who are not taken into account when determining gender parity), bringing their current representation on the Board to 40% as of 31 January 2022.

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

Training and induction of new directors

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

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

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

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

All directors receive press releases issued by the Company.

2.1.8 WORK OF THE BOARD OF DIRECTORS

During the financial year ended 31 January 2022, the 12 members of the Board of directors met twelve times, (physically as well as virtually), with a global attendance rate of 92%. On average, the meetings lasted 3 hours and 4 minutes.

Directors' participation at Board meetings in the financial year 2021:

	Attendance rate	Number of meetings
Geoffrey Godet	100%	12/12
Didier Lamouche	100%	12/12
Martha Bejar	100%	12/12
Hélène Boulet-Supau	100%	12/12
Éric Courteille	100%	12/12
Virginie Fauvel[(a)]	0%	0/8
William Hoover Jr[(b)]	83%	5/6
Vincent Mercier	100%	12/12
Richard Troksa	100%	12/12
Nathalie Wright	100%	12/12
Christophe Liaudon	100%	12/12
Nathalie Labia	100%	12/12
Paula Felstead[(c)]	100%	2/2
Sébastien Marotte[(d)]	100%	4/4

(a) Virginie Fauvel resigned from the Board September 2021 and Paula Felstead coopted the term in connection with Virginie Fauvel's resignation.
(b) William Hoover, Jr. resigned from the Board July 2021, and Sébastien Marotte was subsequently appointed for a three-year period.
(c) Paula Felstead was coopted by the Board on 24 September 2021
(d) Sébastien Marotte was appointed by the AGM on 1 July 2021

The main themes discussed at Board meetings in 2021 were as follows:

Strategy	- Monitoring the Company's strategy and organization over a three-year plan - Results of the Strategy and corporate social responsibility committee's work - Financial communications and investor relations - Review of the acquisitions, divestments and other strategic projects underway - Creation of a Market Abuse Regulation Committee ("MAR")
Corporate Governance	- Analysis on the Company business plan - Review and monitor the Board members' independence under the definition provided in the rules of procedure - Proper timing and administration for the 2021 General Meeting due to COVID-19 restrictions
Business and customers	- Regular review of the Company's markets, solutions and customer needs - Assess technical risks and opportunities related to the Company's research and development, innovation and Supply chain activities - Remuneration policy of the Chairman and the Chief Executive Officer - Monitor the Company's organization and human resources priorities - Monitor the Company's activities related to environmental, social and governance risks and opportunities
Internal controls	- Results of the work conducted by the audit committee concerning audits and evaluation of the internal control system in the Group - Approval of the report on the work of the Board related to internal control and risk management procedures
Finance	- Highlights, presentation and analysis of 2020 financial year results - Budget and outlook for 2021 financial year - Forecasts and quarterly results - Approval of the annual and interim consolidated financial statements for Quadient - Approval of the annual and interim individual financial statements for Quadient S.A. - Cash and debt positions, dividends, launch and monitoring of share buyback programs - Refinancing operations

Remuneration	- Results of the Appointments and remuneration committee's work - Performance of free share allocation programs - New allocation of directors' remuneration for 2021 - Plan for allocating free performance shares - Implementation of the share buyback program and delegations granted to the Chief Executive Officer
Appointments	- Appointment of Sébastien Marotte and Paula Felstead as new Board members. Paula Felstead was coopted in replacement of Virginie Fauvel.

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

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

CORPORATE GOVERNANCE CODE

Quadient has long pursued an active corporate governance policy. The Company refers to the Afep-Medef code in drafting this report.

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

Under the "comply or explain" rule set out in article L.22-10-10, 4° of the French commercial code and article 27.1 of the Afep-Medef code, Quadient considers that its practices comply with the code's recommendations, except for the following recommendation:

Afep-Medef recommendation not applied	Quadient's position and explanation
According to art. 18.1, the remuneration committee "must not include any executive officer and must mostly consist of independent directors. It is recommended that the Chairman of the committee should be independent and that one of its members should be an employee representative director".	The Board of directors has decided not to appoint an employee representative director at the remuneration committee since such committee has been merged in 2018 with the appointments committee. In practice, the employee representative directors effectively participate in all meetings of the Board during which the remuneration policy of corporate officers is reviewed and discussed, but since the Appointments and remuneration committee deals with broader subjects than the remuneration policy, it has been decided that employee representative directors will not participate in this committee. This explanation has been communicated to the *"Haut Comité de Gouvernement d'Entreprise"*.

2.1.9 RULES OF PROCEDURE OF THE BOARD AND COMMITTEES

The rules of procedure of the Board and committees were drafted on 30 March 2004 and last updated in September 2021.

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

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

The following are scheduled to the rules of procedure:

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

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

In particular, the Board of directors' duties include:

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

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

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

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

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

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

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

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

ASSESSMENT OF THE BOARD

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

DIRECTORS' CHARTER

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

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

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

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

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

STOCK MARKET CODE OF ETHICS

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

Ethics committee is chaired by the Chief Transformation Officer who has access to the Company's Audit committee.

The stock market code of ethics has been updated and approved by the Board on 3 February 2021.

The main change in the code is the creation of Quadient's Market Abuse regulation committee which oversees the treatment of inside information within the Company and assists the Board of directors and management team in implementing the code.

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

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

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

Every corporate officer and informed employee must sign an undertaking certifying that he/she has read and understood the stock market code of ethics and promises to comply with the terms of the code.

2.2 Committees

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

	Audit committee Chair: E. Courteille	Strategy & corporate social responsibility committee Chair: R. Troksa	Appointments and remuneration committee Chair: M. Bejar
Martha Bejar		100%	100%
Hélène Boulet-Supau	100%		100%
Éric Courteille	100%		
Virginie Fauvel			0%
William Hoover Jr.	33%		
Vincent Mercier		100%	100%
Richard Troksa		100%	
Nathalie Wright		100%	
Paula Felstead	100%		

2.2.1 APPOINTMENTS AND REMUNERATION COMMITTEE

Indicators	2021	2020
Number of meetings	6	5
Average attendance rate	100%	100%
Number of members	3	3
% of independent directors	67%	100%

As of 2021, this committee is composed of two independent directors and met six times with a 100% attendance percentage. The average length of meetings was 90 minutes.

Since 24 September 2018, this committee is composed of Vincent Mercier (Chairman until March 2022), Virginie Fauvel and Hélène Boulet-Supau. Virginie Fauvel has resigned as of September 2021. Martha Bejar joined the committee as of September 2021 and chairs the committee since March 2022.

The Appointments and remuneration committee is in charge of:

- proposing the definition of independent director and, where necessary, issuing an opinion on the independence of a director and suggest to the Board any changes in its composition;
- preselecting candidates for the Board of Directors according to various criteria relevant to the Company's need;
- ensuring the adequacy of the current composition, to the desirable evolution of the Board of directors and to the Group's strategy;
- maintaining the required number of independent directors on the Board;
- setting a succession plan for the Chairman and the Chief Executive Officer;
- considering all matters relating to the rights and obligations of members of the Board of directors;
- proposing to the Board of directors the remuneration policy for the Chairman and the Chief Executive Officer, including retirement, end-of-career or termination payments, various benefits and award of stock options and for free shares;
- recommending the remuneration policy for directors and the way in which it is to be allocated, based on the contribution of each of the members to the Board and to the specialized committees including *ad hoc* committees from time to time;
- examining the Group's compensation policy;
- reviewing the figures on remuneration, which will be published in this report and in the annex to the individual financial statements.

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

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

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

The main topics discussed at the Appointments and remuneration committee meetings in 2021 were:

Composition and operation of the Board of directors and the various committees	- Review of the Board's composition, independence and of its members' key competencies - Follow up of improvement orientations suggested by the Board 's external assessment - Validation of the Board's committees composition - Appointment process of the Board members - Chairman and Chief Executive Officer succession plan - Appointment process and induction plan concerning Sébastien Marotte and Paula Felstead, Board members
Executive directors	- Remuneration of the Chairman - Remuneration of the Chief Executive Officer, in particular the objectives of the variable portion, the evaluation of the achievement of the 2020 objectives - Review of long-term remuneration plans (free shares grant) - Directors' remuneration policy - Group bonus objectives for the year 2021 - Additional pension of the Chief Executive Officer - Definition of the objectives and modification of the duration of the Chief Executive Officer's severance fee - Exceptional remuneration of the Chief Executive Officer - Salary policy for executives – Steering tables
Miscellaneous	- Information on Quadient working style evolution, Work From Anywhere program - In the context of the health crisis, measures put in place for health prevention and business continuity - Information on Parcel Locker organisation and its HR challenges - Information on the "Customer Experience management" organisation and its HR issues - Information on the digitization of the corporate culture and the employee experience

2.2.2 AUDIT COMMITTEE

Indicators	2021	2020
Number of meetings	3	3
Average attendance rate	100%	100%
Number of members	3	3
% of independent directors	100%	100%

The Board is assisted by an Audit committee, composed of three independent members, which met three times in 2021 with an attendance rate of 100%. On average, the meetings lasted three hours.

The Audit committee comprises Éric Courteille (Chair), Hélène Boulet-Supau, William Hoover Jr. (until 1 July 2021) and Paula Felstead since January 2022.

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

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

In this context, the tasks of the committee are:

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

The main topics discussed at the Audit committee meetings in 2021 were:

Financial position	- Organization of work for the annual closing - Review of the annual financial statements - Review of the management report - Review of the statutory auditors' assignments and fees - Review of acquisition price allocation - Review of deferred taxes - Examination of off-balance sheet commitments - Review of the key points of the statutory auditors' audit - Review of the impacts of acquisitions and divestments - Review of tax aspects and changes in ongoing litigation - Review of services, excluding audit work, provided by the EY network - Review of COVID-19 impact on cash and financial situation - Review of impairment tests
Internal audit and risk management	- Review of internal audit procedures - Review of cybersecurity risk and assessment - Monitoring of the programs carried out by internal audit - Risk mapping

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

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

2.2.3 STRATEGY AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Indicators	2021	2020
Number of meetings	5	9
Average attendance rate	100%	100%
Number of members	4	4
Percentage of independent directors	100%	100%

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

This committee is composed of Richard Troksa (Chair), Vincent Mercier, Martha Bejar and Nathalie Wright. The committee met five times in 2021.

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

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

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

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

The main topics discussed at the Strategy and corporate responsibility committee meetings in 2021 were:

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

2.3 Remuneration report

Letter from the Chair of the Appointments and remuneration committee

Dear Shareholders,

On behalf of the Board of directors, I am pleased to present you with the Company's remuneration report for the fiscal year ending on 31 January 2022.

Quadient entered this year into the second phase of the "Back to Growth" strategy for the 2021-2023 period after having proven the resilience of its business through the COVID-19 crisis while successfully executing our strategic plan during its first phase. Our business remains well-positioned and financially secure to meet the challenges we now anticipate with respect to the conflict in Ukraine and continued disruption to supply chain and talent markets. Despite these headwinds this year, the results of 2021 were robust with a 4.3% organic growth versus 2020 and an EBIT growth of 6.0% on an organic basis thanks to further reshaping of the portfolio of activities and sustained growth in subscription-related revenue. The refocus of the Company on its major operations goes hand in hand with the unification of the organization, allowing Quadient to leverage its core assets across all solutions to better serve its customers.

As I step into the role of Chair of the Appointments and remuneration committee, I am excited about the accomplishment of the Quadient organization, and our prospects for the future. Our skillful and enthusiastic team members who each possess grit, resolve and exceptional talents are the promise that the next several years will be remarkable and in line with our "EPIC Together" goals. My expectations are that we have robust reward programs which are closely aligned with the performance and accomplishments of our people and our business, as well as with our shareholders' return. These programs must be intrinsically tied not only to our financial performance, but to our unwavering responsibility to our communities and the environment.

Within this framework, in 2021, the Appointments and remuneration committee decided to assess the compensation package offered to our Chief Executive Officer and has continued its efforts to modernize and improve Quadient's compensation programs.

The Committee, together with the Board, has decided to propose several changes to the 2022 remuneration policy of Geoffrey Godet that had not been revised since his appointment as Chief Executive Officer, four years ago. The Committee also revised the Company's long-term incentive plans to make them more attractive to our employees. Changes will be submitted for your approval at the next annual General Meeting.

These recommendations include an increase to the annual base salary of the Chief Executive Officer to keep it competitive, and to raise the long-term incentive plan's weighting within his overall compensation package. The Committee also proposed the introduction of ESG criteria to calculate both the short-term and the long-term variable remuneration of the Chief Executive Officer, as we believe it will foster a culture that increases diversity and inclusion within the Company, improves the Company's environmental footprint, provides innovative, reliable and sustainable solutions, and supports the communities in which the company operates. Finally, in agreement with the Board of directors, the Committee recommends that the long-term incentive envelope be increased so that it can be better utilized as a tool for management to answer the fierce competition we currently see in the talent market.

Our compensation report is straightforward, fair and balanced. It is my privilege to serve on your behalf, as Chair of the Appointments and remuneration committee, I look forward to working with the Committee and the Board of directors as we execute our responsibility to the Company, its employees, our partners, and our shareholders. The Appointments and remuneration committee is confident that the 2022 remuneration policy and the amendments to the long-term incentive plans, which will be submitted for approval at the Annual General Meeting on 16 June 2022, are fair and balanced for all stakeholders and that they will create long-term value for Quadient.

Sincerely yours,

Martha Bejar

Chair of the Appointments and remuneration committee

2.3.1 2021 REMUNERATION PAID TO THE DIRECTORS AND CORPORATE OFFICERS

The total remuneration and benefits in kind paid by Quadient S.A. and the companies it controls to the directors, Didier Lamouche, Chairman and Geoffrey Godet, Chief Executive Officer, during the financial year 2021, which ended 31 January 2022, were awarded based on the resolutions approved by the General Meeting of 1 July 2021. These resolutions approved the principles and criteria for setting, allocating and awarding the various elements of this remuneration.

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

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

2.3.1.1 - 2021 Remuneration paid to the directors

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

(In euros)	31 January, 2022	31 January, 2021
Remuneration of directors		
Martha Bejar	58,500	41,500
Hélène Boulet-Supau	51,500	51,500
Éric Courteille	53,500	51,500
Virginie Fauvel	10,333	41,500
William Hoover Jr.	16,460	41,500
Christophe Liaudon, employee representing director	31,500	31,500
Nathalie Labia, employee representing director	31,500	11,454
Vincent Mercier	73,500	61,500
Richard Troksa	63,500	51,500
Nathalie Wright	41,500	38,636
Sébastien Marotte	10,500	-
Paula Felstead	8,584	-
TOTAL COMPENSATION OF NON-EXECUTIVE DIRECTORS	**450,877**	**422,090**
Other remuneration	**-**	**-**
Chairman remuneration as a director	**30,000**	**30,000**
Chief Executive Officer's remuneration of director	**30,000**	**30,000**
TOTAL REMUNERATION OF NON-EXECUTIVE DIRECTORS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER	**510,877**	**482,090**
Maximum amount authorized by the General Meeting	560,000	495,000

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

2.3.1.2 - 2021 Remuneration paid to the Chairman of the Board and to the Chief Executive Officer

OVERVIEW

The total remuneration and benefits in kind paid and owed by the Quadient S.A. and the companies it controls to Didier Lamouche during the financial year 2021, which ended on 31 January 2022, is allocated as follows:

Overview of the components of Didier Lamouche's remuneration in his capacity as Chairman *(In thousands of euros)*	**Paid or due as of 31 January 2022**
Fixed remuneration	120.0
Annual variable remuneration	-
Multi-annual variable remuneration	-
Remuneration as director	30.0
Benefits in kind (company car, unemployment insurance for business directors)	-
Exceptional remuneration	-
Remuneration linked to the assumption or termination of duties	-
Valuation of performance shares granted during the financial year	-

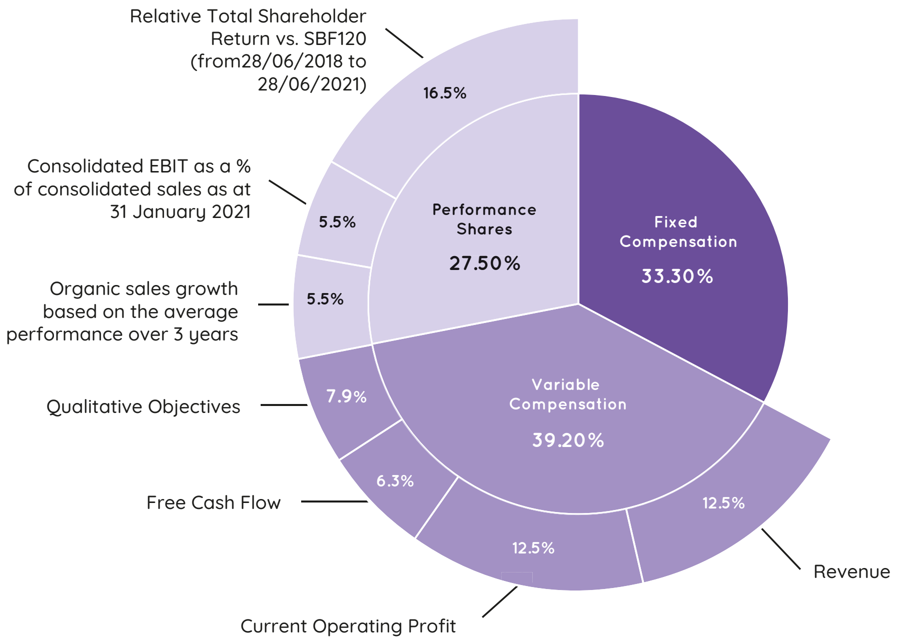
The total remuneration and benefits in kind paid and owed by Quadient S.A. and the companies that it controls to Geoffrey Godet during the financial year 2021, which ended on 31 January 2022, is allocated as follows:

Overview of the components of Geoffrey Godet's remuneration in his capacity as Chief Executive Officer *(In thousands of euros)*	**Paid or due as of 31 January 2022**
Annual fixed remuneration[a]	paid: 590.9 due: 596.3
Annual variable remuneration	paid: - due: 701.8
Multi-annual variable remuneration	-
Compensation of directors	30.0
Benefits in kind (company car, unemployment insurance for business directors, supplementary retirement plan paid in cash)	paid: 16.6 due: 195.5
Exceptional remuneration[b]	paid: 240.1 due: -
Compensation linked to the assumption or termination of duties	-
Valuation of performance shares awarded during the financial year	492.2

(a) *The fixed remuneration is divided in two parts: 455,212.50 euros paid in France and 175,000 United States dollars paid in the United States. The EUR/USD exchange rate used is the budget rate, i.e. 1.24 for the financial year 2021.*

(b) *The exceptional remuneration is divided in two parts: 204,000 euros paid in France and 44,800 United States dollars paid in the United States. The EUR/USD exchange rate used in this table is the budget rate, i.e. 1.24 for financial year 2021.*

CHIEF EXECUTIVE OFFICER FISCAL YEAR 2021 ACTUAL TOTAL COMPENSATION[A]



a) Excluding supplemental pension scheme and benefits in kind that amounted to 195,493 euros for the fiscal year 2021

Pursuant to article L.22-10-8 of the French commercial code, it is hereby specified that the payment of variable components to Geoffrey Godet for the financial year 2021 shall be subject to approval of the General Meeting called to vote on the financial statements for the financial year which ended on 31 January 2022.

THE CHIEF EXECUTIVE OFFICER'S 2021 ANNUAL VARIABLE REMUNERATION

The Chief Executive Officer's annual variable remuneration for 2021 is dependent on the Group's results as well as his individual performance. CEO's objective weighting is based on quantitative financial criteria for 80% of the target bonus, supplemented by qualitative individual performance objectives for the remaining 20%.

As illustrated below, the Chief Executive Officer's bonus achievement for the fiscal year 2021 stands at 117.68% and his annual variable remuneration for 2021 amounts to 535,693 euros paid in France and 205,940 United States dollars, subject to approval of the General Meeting to be held on 16 June 2022.

The quantitative criteria for the Chief Executive Officer's variable remuneration for 2021, at the 2020 exchange rate, were the following:

Weight	Criteria	Threshold (0.0%)	Target (100%)	Maximum (150%)
40%	Revenue	980.4	1,021.2	1,041.6
40%	Current Operating Profit[a]	142.8	151.9	158.0
20%	Free Cash Flow[b]	73.6	81.8	98.2

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

The revenue and operating profit targets have been adjusted to account for the divestment of our Automated Packaging Solution activities and our production facility based in Drachten, the Netherlands which happened during the second semester of the 2021 fiscal year.

The achievements for the fiscal year 2021 of the quantitative criteria of the Chief Executive Officer's bonus, at the 2020 exchange rate, are the following:

Weight	Criteria	Performance	Bonus Achievement
40%	Revenue	1,032.4	127.5%
40%	Current Operating Profit[(a)]	152.2	102.3%
20%	Free Cash Flow[(b)]	104.3	150.0%
TOTAL			**122.1%**

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

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

For the 2021 financial year, the performance relating to the qualitative objectives assigned to Geoffrey Godet were as follows:

- 20% on Intelligent Communication Automation: continued strong revenue growth of software solutions and strengthen profitability of software once transition to subscription is completed. The performance has been measured at 100%;
- 20%: Mail-Related Solutions: monetize the installed base by renewing the line of products and growing market share, focus on core geographies of MRS activity, preserve/limit the erosion of MRS revenues, and grow cross-selling of MRS with Software and Parcel Locker Solutions. The performance has been measured at 110%;
- 20% Parcel Locker Solutions: - accelerate geographies and verticals scale and grow profitability through scaling and monetization. The performance has been measured at 97.5%;
- 10% efficient and interactive collaboration with the Board of directors, active participation to the Board's evolution. The performance has been measured at 110%;
- 10% executive committee and senior leaders' competences evolution to support Quadient's strategy implementation. The performance has been measured at 100%;
- 10% progress in gender diversity and equality strategy implementation, cultural change (values, leadership) and processes digitization. The performance has been measured at 90%;
- 10% financial community management. The performance has been measured at 85%.

THE CHIEF EXECUTIVE OFFICER'S 2021 SUPPLEMENTAL PENSION SCHEME

In addition to the defined-contribution supplemental pension scheme (article 83 of the French general taxcode) the Board of directors, on the recommendation of the Appointments and remuneration committee and in accordance with the resolutions of the General Meeting of 1 July 2021, approved the principle of granting the Chief Executive Officer a supplemental pension scheme. This scheme is based on payments made in cash that will represent 15% of his theoretical annual fixed and variable remuneration assuming objectives are met at 100%, such payments will be degressive in proportion to the achievement of such performance objectives. The percentage of achievement relating to the annual variable compensation of the Chief Executive Officer therefore applies to these payments, but would be capped at 100% of the objectives achieved.

On the recommendation of the Appointments and remuneration committee, the Board of directors, which determined the variable remuneration of the Chief Executive Officer based on performance for 2021, approved the payment of 136,564 euros to be paid in France and 52,500 United States dollars to be paid in the United States, in respect of this supplemental pension scheme, for the financial year 2021. Pursuant to article L.225-37-2, it is hereby specified that this payment shall be subject to the approval of the General Meeting called to vote on the financial statements for the financial year which ended on 31 January 2022.

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

(In thousands of euros)	31 January 2022	31 January 2021
Didier Lamouche		
Remuneration due for the financial year	150.0	150.0
Valuation of multi-annual variable remuneration awarded during the financial year	-	-
Valuation of options awarded during the financial year	-	-
Valuation of performance shares awarded during the financial year	-	-
TOTAL	**150.0**	**150.0**

(In thousands of euros)	31 January 2022	31 January 2021
Geoffrey Godet – Chief Executive Officer		
Remuneration due for the financial year	1,523.6	896.9
Valuation of multi-annual variable remuneration awarded during the financial year	-	-
Valuation of options awarded during the financial year	-	-
Valuation of performance shares awarded during the financial year	492.2	335.2
TOTAL	**2,015.8**	**1,232.1**

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

	31 January 2022		*31 January 2021*	
(In thousands of euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Didier Lamouche - Chairman				
Annual fixed remuneration	120.0	120.0	120.0	120.0
Annual variable remuneration	-	-	-	-
Multi-annual variable remuneration	-	-	-	-
Remuneration as director	30.0	30.0	30.0	30.0
Benefits in kind	-	-	-	-
TOTAL	**150.0**	**150.0**	**150.0**	**150.0**
Geoffrey Godet – Chief Executive Officer				
Annual fixed remuneration[(a)]	596.3	590.9	607.4	607.4
Annual variable remuneration[(b)]	701.8	-	-	705.1
Multi-annual variable remuneration	-	-	-	-
Remuneration as director	30.0	30.0	30.0	30.0
Benefits in kind	195.5	16.6	16.6	198.8
Exceptional remuneration[(c)]	-	240.1	243.0	-
TOTAL	**1,523.6**	**877.6**	**896.9**	**1,541.3**

(a) *The fixed remuneration is divided in two parts: 455,212.50 euros paid in France and 175,000 United States dollars paid in the United States. The exchange rate used is the budget rate, 1.24 for financial year 2021 and 1.15 for financial year 2020.*
(b) *The variable remuneration is divided in two parts: 535,693 euros paid in France and 205,940 United States dollars paid in the United States. The exchange rate used is the budget rate, 1.24 for financial year 2021.*
(c) *The exceptional remuneration is divided in two parts: 204,000 euros paid in France and 44,800 United States dollars paid in the United States. The EUR/USD exchange rate used in this table is the budget rate, i.e. 1.24 for financial year 2021.*

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

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

(a) Valuation under IFRS standards.

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

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

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

(In thousands of euros)	Number and date of plan	Number of shares granted during the year	Valuation of shares[(a)]	Vesting date	Availability date	Performance criteria
Didier Lamouche – Chairman	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer	24/09/2021	40,000[(b)]	492.2	25/09/2024	25/09/2024	ROCE[(c)] RTSR[(d)] Organic Sales Growth[(e)]

(a) IFRS valuation standards.
(b) i.e 0.12% of the share capital.
(c) Return on capital employed
(d) Relative total shareholder return vs. SBF120 between 2021 and 2023 share price on the acquisition date, less the opening Quadient share price on the attribution date, plus any dividends paid during the period concerned, divided by the opening Quadient share price on the attribution date and compared to the average Total Shareholder Return ratio, (calculated in the same manner) of the SBF 120 index companies.; The performance is measured at the end of the 3 years on the basis of the average TSR of the February month of year 2021 and (ii) the January month of year 2024, in order to determine the percentile of Quadient within the SBF 120 index during this one-year period.
(e) Based on the average performance of 2021, 2022 and 2023 (at constant exchange rates and scope).

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

	Date of plan	Number of shares initially granted	Number of shares that met the vesting conditions
Didier Lamouche – Chairman	-	-	-
Geoffrey Godet – Chief Executive Officer	28/06/2018	40,000	5,332

2.3.1.3 - 2021 Comparison of Compensation levels between Corporate Officers and Employees

MANAGEMENT TEAM MEMBERS

The key task of the management team is to help execute the Company's strategic decisions and coordinate their implementation worldwide. On 1 February 2021, the Chief Executive Officer and his direct reports were as follows:

Geoffrey Godet	Chief Executive Officer
Stéphanie Auchabie	Chief People Officer
Brandon Batt	Chief Transformation Officer
Jean-François Labadie[a]	Chief Operations Officer
Steve Rakoczy	Chief Digital Officer
Tamir Sigal	Chief Marketing Officer
Christelle Villadary[b]	Chief Financial Officer

(a) *Jean-François Labadie left Quadient on 3 March 2021. Geoffrey Godet was appointed as acting Chief Operating Officer of Quadient as of this date.*
(b) *Christelle Villadary left Quadient on 31 March 2021, Laurent du Passage was appointed as Chief Financial Officer of Quadient starting from 1 March 2021.*

From 1 February 2022 on, the Chief Executive Officer and his direct reports are the following:

Geoffrey Godet	Chief Executive Officer
Stéphanie Auchabie	Chief People Officer
Brandon Batt	Chief Transformation Officer
Steve Rakoczy	Chief Digital Officer
Tamir Sigal	Chief Marketing Officer
Laurent du Passage	Chief Financial Officer

MANAGEMENT TEAM 2021 REMUNERATION PAID TO THE DIRECTORS

The gross remuneration of the management team on 31 January 2021, including the Chief Executive Officer, Geoffrey Godet, is as follows:

(In thousands of euros)	31 January 2022	31 January 2021
Fixed remuneration	1,759.8	2,170.7
Annual variable remuneration[a]	437.4	1,431.1
Multi-annual variable remuneration	-	-
Benefits in kind (company cars, unemployment insurance for business directors, supplementary pension scheme paid in cash)	121.5	350.3
Remuneration of directors	30.0	30.0
Valuation of stock options[b]	-	-
Valuations of attribution of securities giving access to capital[b]	947.5	611.7
TOTAL	**3,296.2**	**4,593.8**
Number of members	**6**	**8**

(a) *Annual variable remuneration paid during year N for the year N-1.*
(b) *The amount shown is the total cost of allocation made during the year.*

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

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

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

Quadient's commitments are:

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

The initiatives put in place in 2021 are as follows:

- to address Gender Diversity in Leadership: the Company continues to invest in a Women's Leadership program. This program is called "Empower" and is supported by Geoffrey Godet and Quadient's management team. It is designed to provide insights, networking opportunities and practical skills focused on both the challenges and opportunities for women in leadership positions. It is an opportunity to reflect, reframe and equip oneself to progress to higher positions in the Company. These women will network and thrive and in turn, share their success with other women and help them achieve success. It also involves creating a community of women to share experiences and knowledge and to give each other the mutual confidence to work in a male-dominated environment. This visibility of women in senior positions greatly encourages the recruitment of women from outside the Company. Recruitment also promotes diversity, and Quadient's commitment to integrate more LGBTQ+ and minority people;
- to create an inclusive environment: Quadient has launched a program called Empowered Communities which are employee-led and promote affinity groups within the company with 4 main focuses: Women, LGBT+, Disabilities, Ethnicity & Cultural Background;
- Quadient has also decided to take an active part in events dedicated to women's rights, which help to develop the awareness of employees on this subject. Training for both managers and employees are available and promoted to help them fight against unconscious bias;
- to accelerate the acquisition of talents from diversity: Quadient has launched specific recruitment campaigns with the aim of diversifying the profiles recruited within the Company.

PAY RATIO

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

The ratios below have been calculated on the basis of fixed and variable remuneration, incentive schemes, profit-sharing and benefits in kind paid during the years in question, *i.e.* financial years 2018, 2019, 2020 and 2021, as well as free shares awarded during the same period and valued at their fair value. The disclosure of the financial elements changed marginally from the document presented last year for the years 2019 and 2020. These differences are due to a methodological change allowing to present the real and non retreated evolutions while the previous publications presented the organic changes.

The calculation of averages and medians considers 1,115 employees for the 2021 financial year, excluding executive directors. This scope covers employees who have been continuously compensated by one of Quadient's French entities and who were present for the entire financial year in question.

As a result of the reorganization of Quadient and its subsidiaries implemented in 2018, Quadient is only materially able to report this information on a four-year basis and does not have the technical means for providing data prior to the financial year 2018.

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

The decrease in the ratios relating to the remuneration of the Chief Executive Officer between 2020 and 2021 is due to the fact Geoffrey Godet waived his variable remuneration and supplemental scheme for the year 2020. Consequently, as the table is based on compensation paid during the year, no variable remuneration is accounted for in the calculation. It is expected that the ratio will increase during the next fiscal year as measures have been implemented to increase our employees, and the Chief Executive Officer's base pay in 2022 to compensate for consumer price inflation.

2.3.2 2022 REMUNERATION POLICY FOR THE DIRECTORS AND CORPORATE OFFICERS

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

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

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

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

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

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

2.3.2.1 - 2022 Remuneration policy for the directors

The maximum amount for the director's remuneration authorized by the General Meeting will be lowered from 560,000 euros to 555,000 euros. There is a continuation of the *ad hoc* committee set up by the Board in 2020 with a reduction in maximum number of meetings a year to 10, and a total envelope of 50,000 euros. The directors' remuneration policy is unchanged compared to the previous year in all other respects.

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

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

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

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

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

2.3.2.2 - 2022 Remuneration policy for the Chairman of the Board and the Chief Executive Officer

Pursuant to article L.22-10-8 of the French commercial code, this report sets out the principles and criteria for setting, allocating and awarding the fixed, variable, and exceptional components that comprise the total remuneration and benefits in kind awarded to the Chairman of the Board and the Chief Executive Officer, in respect of their respective corporate office, these principles and criteria will be the subject of resolutions put to the vote during the General Meeting of 16 June 2022.

In 2021 the Appointments and remuneration committee decided to update the compensation package of the Chief Executive Officer as it had not been revised since his appointment as Chief Executive Officer, four years ago. The 2022 remuneration policy was determined in accordance with the principles of the Afep-Medef code and updated considering the best compensation practices and trends observed on the marketplace. The revision made to the compensation policy are directly linked with the Back to Growth strategy, leveraging our three businesses to meet our customers' needs and creating sustainable value for our shareholders. Having successfully simplified and refocused the company in the first two years, we are now executing the second phase of our strategy by driving sustainable value through ambitious and disciplined financial trajectory focusing on organic growth, increased profitability and deleverage of the company. We are now focusing on completing the integration of our acquisitions and accelerating the growth and scale of each of the three core solutions while simplification the organization to maximize the synergies.

2022 REMUNERATION POLICY FOR THE CHAIRMAN OF THE BOARD

Pursuant to article L.22-10-8 of the French commercial code, this report sets out the principles and criteria for setting, allocating and awarding the fixed, variable, and exceptional components that comprise the total remuneration and benefits in kind awarded to the Chairman of the Board, in respect of his corporate office, these principles and criteria will be the subject of a resolution put to the vote during the General Meeting of 16 June 2022.

Should the General Meeting of 16 June 2022 not approve this resolution, the remuneration shall be set in accordance with existing practices within the Company.

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

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

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

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

The Chairman should receive a maximum of 30,000 euros in 2022 on an annual basis in respect of the corporate office he holds in Quadient. This amount is unchanged compared to the previous year.

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

2° Annual fixed remuneration

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

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

For the financial year 2022, the Chairman's annual fixed remuneration would be 120,000 euros, unchanged compared to the previous year.

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

3° Performance shares

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

4° Benefits in kind

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

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

These remuneration items will be the subject of a resolution submitted by the Board of directors to the General Meeting. The resolution will be worded as follows: "Having considered the report corporate governance provided for in article L.225-37 and in compliance with article L.22-10-8 II of the French commercial code, the General Meeting, ruling in accordance with the quorum and majority required for Ordinary General Meetings, approves the remuneration policy including the principles and criteria for setting, allocating and attributing the fixed, variable and exceptional components comprising the total remuneration and benefits of all kind detailed in the aforementioned report and payable to the Chairman's in respect of his corporate office, which was established in accordance with article L.22-10-8 I of the French commercial code. This information is provided in section 2.3.2.2 "The Chairman – Remuneration 2022" of the 2021 universal registration document."

2022 REMUNERATION POLICY FOR THE CHIEF EXECUTIVE OFFICER

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

Pursuant to article L.22-10-8 of the French commercial code, this report, drawn up by the Board of directors, sets out the principles and criteria for setting, allocating and awarding the fixed, variable, and exceptional components comprising the total remuneration and benefits in kind awarded to the Chief Executive Officer, Geoffrey Godet, in respect of his corporate office, which shall be put to the vote during the General Meeting of 16 June 2022.

Should the General Meeting of 16 June 2022 not approve this resolution, the remuneration shall be set in accordance with existing practices within the Company.

For 2022, the Appointments and remuneration committee used analyses produced by the external independent consultancy firm Mercer to draw remuneration benchmarks for all the management team positions. As regards the Chief Executive Officer's remuneration, the committee selected panel of companies, it being confirmed that the median revenue of the peer group companies was aligned with Quadient's revenue. Three separate peer group panels have been determined:

- a French panel, comprising 19 companies as the main reference used by the Committee in setting up pay level for the Chief Executive Officers. It has been designed to ensure that the compensation level offered are aligned with the current local market practices.
- an international panel, comprising 19 companies and a European panel, comprising 18 companies, as additional sources to ensure competitiveness and reassess all elements of the remuneration accordingly.

To remain competitive, the Appointments and remuneration committee recommended to the Board of directors to increase the base salary of the Chief Executive Officer to the median of the French peer group and to increase the weighting of the long-term incentive in the total direct compensation package to be better aligned with global standards.

Remaining with a split pay of 75% euros and 25% dollars for 2022, the Chief Executive Officer's annual fixed remuneration would be the following:

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

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

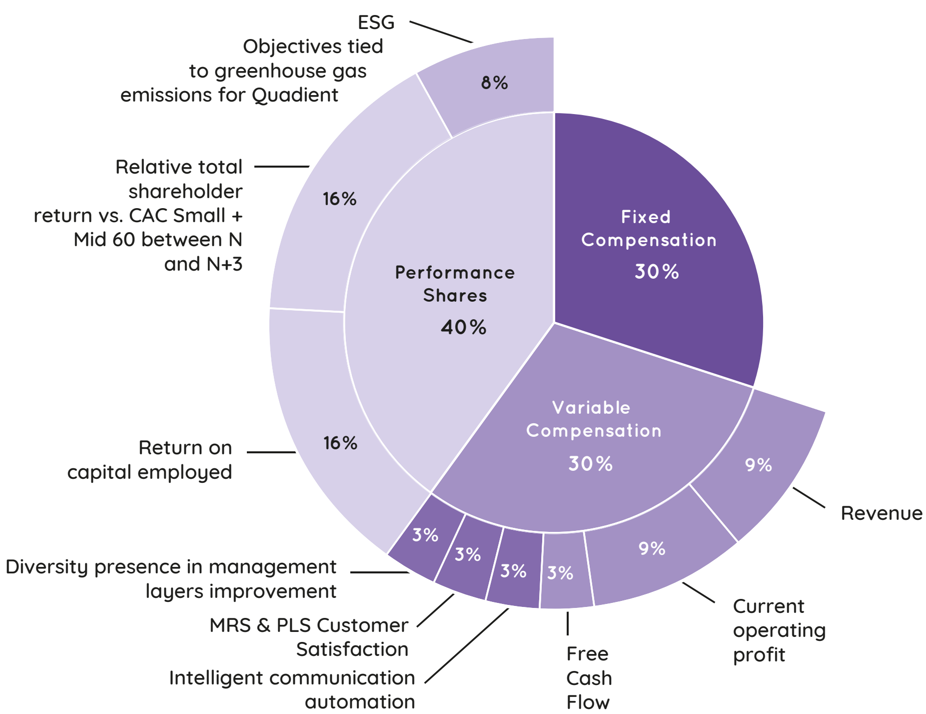
It being noted, however, that an at-will Executive Agreement has been put into place in 2021 to support his role and time spent in the U.S. as President and Chief Executive Officer of certain US subsidiaries. This Executive Agreement is at-will and does not provide any employment protection to Mr. Godet.

Additionally, the studies performed by Mercer demonstrated that the part of qualitative criteria used to measure the short-term variable compensation is higher on the market than the previous mechanism in place at Quadient. Consequently, the Appointments and remuneration committee advised to increase the part linked to the qualitative objectives and to define a reduced number of criteria to improve their significance.

Finally, the Appointments and remuneration committee proposed to introduce an ESG criteria to calculate the payout of both the short-term and the long-term variable remuneration of the Chief Executive Officer. A diversity criteria has been introduced for the annual variable remuneration and a criteria tied to greenhouse gas emissions for Quadient has been recommended for the long-term incentive plan.

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

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



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

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

1° Remuneration as a director

The Chief Executive Officer should receive a maximum of 30,000 euros in 2022 on an annual basis in respect of his corporate office as director of Quadient. This amount is unchanged compared to the previous year.

This item of remuneration accounts for 1% of the total target remuneration provided for in the remuneration policy of the Chief Executive Officer.

2° Annual fixed remuneration

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

This comparison of the CEO package with the median of the French peer group, and the assistance of the aforementioned consulting firm, verifies the Chief Executive Officer's remuneration position. Based on benchmarks and considering that the compensation package had not been revised since his appointment as Chief Executive Officer, four years ago, the Appointments and remuneration committee recommends increasing his annual base salary from 607,000 euros to 650,000 euros (+7%).

The review of the Chief Executive Officer compensation package is supposed to happen at each mandate renewal but, given the economic situation driven by the Covid-19 crisis at that time, it had been decided to postpone any adjustment. Furthermore, since his nomination as Chief Executive Officer, the Company profile has further migrated to much more software rich content, hence moving to a more competitive compensation market.

3° Annual variable remuneration

The Chief Executive Officer's annual variable remuneration depends on the progress made by the Group and his individual performance. By way of illustration, for 2022, the variable part of the Chief Executive Officer's remuneration would represent 100% of the fixed part if quantitative and qualitative targets are met. It could rise to 150% if targets are exceeded. This variable part of the remuneration would be divided in the same proportions as the fixed remuneration between the Company and Quadient Holding Inc.

The variable remuneration depends on the Group's results as well as his individual performance and has previously been based on financial criteria for 80% of the target bonus, supplemented by specific qualitative individual performance objectives for 20%. For 2022 the quantitative targets will be reduced to 70% of the variable remuneration, and the qualitative targets increased to 30%.

The financial criteria used for the Group's variable compensation for 2022 are as follows:

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

The target figures related to the revenue and current operating profit are not communicated due to the sensitive nature of this confidential information but will be published a posteriori to present the calculation of the bonus achievement rate.

Criteria	Weight	Threshold (0.0%)	Target (100%)	Maximum (150%)
Revenue[a]	30%	96% of target amount	Aligned with FY 2022 guidance of organic sales growth above 2%[b]	102% of target amount
Current operating profit[a]	30%	94% of target amount	Aligned with FY 2022 guidance of low to mid, single digit organic current EBIT growth[c]	104% of target amount
Free Cash Flow[d]	10%	79.0	87.8	105.3

(a) Not disclosed due to the sensitive nature of such confidential information.
(b) Excluding CVP activities divested in the first half of 2021 and accounting for €13.8m
(c) Before acquisition-related expenses.
(d) Cash flow after capital expenditure.

The qualitative component is based on achieving formalized individual objectives. The number of criteria has been streamlined to reinforce their significance. To support the communities in which we operate and promote gender diversity at all levels, ESG criteria has been introduced. With the great resignation, and the proportion of women resigning being greater than men, the diversity targets will be challenging.

For 2022, the qualitative objectives of Geoffrey Godet are as follows:

- 10% tied to Intelligent Communication Automation: Create and develop a mature ICA organization which encompasses R&D organization transformation into a global integrated team with operational synergies and a standard set of KPIs, a solution portfolio vision and successful acquisitions integration.
- 10% tied to Mail-Related solutions and Parcel Locker Solutions: maintain MRS customer satisfaction at 97%. The threshold is set at 95% and the maximum would be triggered at 98%. Maintain PLS customer satisfaction at 77%. The threshold is set at 75% and the maximum would be triggered at 80%.
- 10% tied to an improvement in diversity presence for management layers: The Ratio of Women in the senior leader and executive committee population should be increased to 24%. The threshold is set at 23% and the maximum would be triggered at 26%. The calculation will be triggered only if there is a minimum of 28% of women among directors and middle management layers by the end of fiscal year 2022.

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

4° Long-term incentives

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

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

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

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

In the event that the company share price would not be high enough to guarantee a grant of 135% of the Chief Executive Officer's base salary, while remaining within the 30% shares variation limitation stated above, the excess will be granted as phantom stock units that would follow the share price evolution and the same performance conditions of the free share plans. Therefore, they will be settled in cash at the end of the vesting period with an obligation for the Chief Executive Officer to invest 50% of this phantom stock units into shares of the company.

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

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

As explained in the letter from the Chairman of the Remuneration and appointments committee, the Board of directors decided to update partially the performance criteria attached to the 2022 share plan. The organic growth was removed as it is already used to measure the performance of the annual variable compensation. On the recommendation of some of our shareholders, ESG criteria has been introduced, in line with several company changes observed on the market that occurred in the recent years.

The CSR plan was enriched in 2021 to provide expansion of our programs and forward-looking targets, related to the Company's low carbon strategy. Since March 8, 2021, Quadient is a signatory to the UN Global Compact and has publicly stated support and direction to reduce emissions below 2 degrees by 2030. The company has set an ambitious target to reduce its CO_2 emissions, related to energy consumption and company vehicles – emissions from owned or controlled sources and emissions from the generation of purchased energy, by 28% by 2030 in comparison with 2018 baseline. This target was set in accordance with the SBTi methodology and considering the "Well below 2°C" trajectory.

2021 showed a significant reduction in our emissions compared to 2018's baseline. To keep the benefit of the improvements made and ensure the GHG reduction target is still challenging, the company increased its ambition with more aggressive targets in line with a 1.5°C trajectory instead of 2°C. Thus, by following this new scenario, the company has updated its commitments to reduce the CO_2 emissions of the scope aforementioned by 50.4% by 2030 vs. 2018's baseline instead of 28%. This will result in an expected reduction of 25.2% by the end of 2024.

Additionally, the peer group used to analyze the total shareholder return has been modified to the CAC Small + Mid 60. This change has been proposed to retain an index more relevant for Quadient as the company is part of it and the stock price is more closely linked to those indices than the SBF 120 used in 2021. The large number of companies constituent those indices would bring stability in the year over year analyses.

Criteria	Weight	Threshold (0%)	Maximum (100%)
ESG- Objective/target(s) tied to greenhouse gas emissions for Quadient	20%	23.1% Reduction	25.2% Reduction
Relative total shareholder return *vs.* CAC Small + Mid 60 between N and N+3[a]	40%	33rd percentile	70th percentile
ROCE[d]	40%	7.5%	9.3%
Maximum number of shares that can be granted to the Chief Executive Officer	Total	0	135% of Base Salary (at face value)

(a) *vs 2018 baseline*
(b) *The share price is the average of the stock price of the month preceding the grant date. The exit price is the average of the stock price of the month preceding the vesting date. The price includes dividends and share buy-back*
(c) *NOPAT / Capital employed, with NOPAT being current operating income (including M&A related expenses), minus tax*
(d) *Excluding scope change effect*

It is hereby specified that 50% of the amount of free shares definitively acquired by Geoffrey Godet cannot be sold before the end of his corporate offices. This will be the case until he holds a quantity of 50,000 definitively acquired free shares, which he shall then be bound to keep until the termination of said corporate offices.

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

5° Supplemental pension scheme

The Chief Executive Officer benefits from the same supplemental pension scheme as the employees of Quadient S.A

The Chief Executive Officer's supplemental pension scheme remains consistent with 2021 and comprises a defined-contribution scheme (article 83 of the French general tax code) into which is paid a total of 5% of his remuneration, capped at five times the Social Security ceiling.

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

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

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

6° Remuneration for termination of duties

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

In accordance with current market practices, remuneration for termination of duties of the Chief Executive Officer would apply from 1 February 2022 until the General Meeting called to vote on the financial statements for the financial year that will end on 31 January 2023.

The conditions of this indemnity, for each financial year within this period, would be the following: in the event of a qualifying termination, the gross amount of this indemnity would amount to 18 months of remuneration based on his target annual variable remuneration (calculated for objectives achieved at 100%), if the average variable remuneration received during the last three financial years corresponds to at least 50% of his theoretical annual variable remuneration (assuming objectives are achieved at 100%), and this, as confirmed by the Board of directors in respect of the criteria set. Financial years in which no variable remuneration is provided for in the Chief Executive Officer's remuneration policy would be neutralized for the purposes of this calculation.

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

7° Benefits in kind

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

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

These remuneration items will be the subject of a resolution submitted by the Board of directors to the General Meeting. The resolution will be worded as follows: "Having considered the report on corporate governance provided for in article L.225-37 and in compliance with article L.22-10-8 II of the French commercial code, the General Meeting, in accordance with the quorum and majority required for Ordinary General Meetings, approves the remuneration policy including the principles and criteria for determining, distributing and attributing, the fixed, variable and exceptional (including performance shares) components of the total remuneration, the commitments set forth in the fourth subparagraph of article L.22-10-9 of the French commercial code and benefits of all kinds detailed in the aforementioned report and payable to the Chief Executive Officer in respect of his corporate office, which was established in accordance with article L.22-10-8 I of the French commercial code. This information is provided in section 2.3.2.2 "2022 Remuneration policy for the Chief Executive Officer" of the 2021 universal registration document."

TABLE # 11 AFEP-MEDEF CODE

Executive directors (as at 31 January 2022)	Employment contract	Supplemental Pension plan	Remuneration or benefits due or likely to be due in case of termination or change in functions	Remuneration in view of a non-compete clause
Didier Lamouche	No	No	No	No
Start date of the mandate: 28 June 2019 End date of the mandate: General Meeting called to approve the financial statements for the financial year that will end on 31 January 2022				
Geoffrey Godet	Yes[a]	Yes[b]	Yes[b]	No
Start date of the mandate: 29 June 2018 End date of the mandate: General Meeting called to approve the financial statements for the financial year that will end on 31 January 2024				

(a) *Executive Agreement is at-will and does not provide any employment protections to Mr. Godet.*
(b) *Cf. 2.3.2 of this universal registration document, the commitments mentioned in the fourth paragraph of article L.22-10-9.*

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

2.3.3.1 - 2018 Performance Plan share – Details of the acquisition in 2021

Upon proposal of the Appointments and remuneration committee, the Board considered on 6 May 2021, in the exceptional context induced by the Covid-19 crisis, that the elements relating to the 2020 fiscal year were not representative of Quadient's global performance over the reference period of the ongoing performance share plans and would thus have a disproportionate impact by entailing a demotivating loss of performance shares for all beneficiaries who were instrumental in the recovery and rebound of Quadient's performance. Shareholders approved the adjustment of the performance share plans with regard to the Chief Executive Officer remuneration policy at the General Meeting of 1 July 2021.

Therefore, the indicators were re-calculated as described below and the plan overall vesting amounts to **13.3%** of the total.

Vesting Period (based on FY20) **Performance Indicators**	**Weight**	Objectives **Threshold** **0%**	 **Maximum** **100%**	**Value**	**Achievement Level**	**Acquisition Level**
Organic sales growth based on the average performance over 3 years	20%	(1.0)%	0.0%	0.9%	192%	100%
Consolidated EBIT as a % of consolidated sales as at 31 January 2021	20%	17.5%	18.5%	16.2%	(130)%	0%
Relative Total Shareholder Return *vs.* SBF120 (from 28/06/2018 to 28/06/2021)	60%	0.0%	2.0%	(2.9)%	(143)%	0%
TOTAL						**13.3%**

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

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

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

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

PERFORMANCE SHARES

Date of General Meeting	**Number of shares to be allocated**	**Duration of authorization**
6 June 2020	400,000	14 months
1 July 2021	400,000	14 Months

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

EMPLOYEE SAVINGS PLAN

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

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

The Quadient S.A. General Meeting of 1 July 2021 granted the Board of directors the powers required to issue, on one or more occasions and over a 26-month period, shares reserved particularly for employees benefitting from the Quadient Group Company savings plan, subject to a nominal limit of 1,200,000 euros.

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

Stock options	
Date of General Meeting	07/07/2009
Date of Board meeting (start of exercise period)	12/01/2012
Expiry date	12/01/2022
Performance conditions	**Yes**
Initial number of options available for subscription or purchase	260,800
including attributable under performance conditions	*75,000*
Adjusted[a] number of options that could be available for subscription or purchase	225,618
of which available for subscription or purchase by Didier Lamouche – Chairman	-
of which available for subscription or purchase by Geoffrey Godet – Chief Executive Officer	-
Initial subscription or purchase price *(in euros)*	**52.3**
	53.5
Adjusted[a] subscription or purchase price *(in euros)*	**47.76**
	48.85
TOTAL NUMBER OF OPTIONS SUBSCRIBED	**(9,000)**
Adjusted[a] cumulative number of subscription or purchase options cancelled or nullified	(216,618)
NUMBER OF SHARE SUBSCRIPTIONS OR PURCHASE OPTIONS OUTSTANDING AS OF 31 JANUARY 2022	**-**

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

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

Free shares									
Date of General Meeting	30/06/2017	30/06/2017	28/06/2019	28/06/2019	06/06/2020	06/06/2020	06/06/2020	01/07/2021	01/07/2021
Date of Board meeting	28/06/2018	26/04/2019	23/09/2019	06/01/2020	25/09/2020	25/09/2020	25/09/2020	24/09/2021	24/09/2021
Grant Date	28/06/2018	26/04/2019	23/09/2019	06/01/2020	15/01/2021	08/02/2021	15/02/2021	24/09/2021	01/12/2021
Performance conditions	Yes, for the entire plan	Yes, for the entire plan	Yes, for the entire plan	Yes, for the entire plan	Yes, for the entire plan	Yes, for the entire plan	Yes, for the entire plan	Yes for 193,690 shares, including the entire package of 40,000 granted to the CEO	Yes, for 1,450 shares
Total number of shares granted, of which to:	226,600	12,000	391,030	5,000	383,500	2,500	4,000	385,500	3,800
Didier Lamouche – Chairman	-	-	-	-	-	-	-	-	-
as percentage of share capital	-	-	-	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer	40,000	-	40,000	-	40,000	-	-	40,000	-
as percentage of share capital	*0.12%*	-	*0.12%*	-	*0.12%*	-	-	*0.12%*	-
Vesting date of shares	29/06/2021	27/04/2022	24/09/2022	07/01/2023	16/01/2024	09/02/2024	16/02/2024	25/09/2024	02/12/2024
End of lock-up period date	29/06/2021	27/04/2022	24/09/2022	07/01/2023	16/01/2024	09/02/2024	16/02/2024	25/09/2024	02/12/2024
Number of shares vested as of 31 January 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cumulative number of shares cancelled or nullified as of 31 January 2022	202,900	11,000	45,880	5,000	8,500	-	-	-	-
NUMBER OF SHARES OUTSTANDING AT OF 31 JANUARY 2022	**23,700**	**1,000**	**345,150**	**-**	**375,000**	**2,500**	**4,000**	**385,500**	**3,800**

2.3.3.3 - 2022 Allocation policy for the free share plans

Quadient S.A. has implemented a long term incentivization policy to involve key talents and senior executives in the Group's future performance. This entails granting performance shares each year to a large number of employees, for reference, in 2021 free shares were granted to 171 Quadient employees. The Board of directors approves the free share plans based on the work and recommendations of the Appointments and remuneration committee. This committee examines the allocation proposals, pursuant to the general scheme set by the Annual General Meeting, and reviews the list of beneficiaries to ensure it follows the policy set up by management (*i.e.*, gender diversity, representation of business activities positions, ensuring a significant proportion of non-executive employees receive grants, focusing on key talents and the best performers whilst maintaining a rotation of beneficiaries).

The aim of performance share allocations is to associate the worldwide management team and key talents of Quadient with the development of the group's value by allowing them to share ownership of the Company, and to develop common interests with shareholders of the company. The performance conditions are designed to encourage beneficiaries to focus on common and meaningful goals for the Company. The plan also provides recognition of executives whose impact on revenue generation, efficiency and productivity, leadership and professional values has contributed to Quadient's success. Lastly, it helps to promote loyalty in executives who are of particular value to the Company. The allocation of free shares increases their commitment and motivation to implement progress and growth in Quadient. There was an introduction of free shares without performance conditions in 2021.

For 2022 the Board of directors proposed to raise the total envelope of shares to 460,000, and to increase the number of free shares without performance conditions to 230,000. The extra shares will be used to answer fierce competition in the talent market so Quadient would be able to provide more incentives to attract and secure new joiners, and also to grant to our key talents more significant allocations to retain them. As last year, the portion of the envelope without performance condition will be used to secure our most critical team.

Acquisitions of free shares under selective plans become definitive only at the end of a three-year vesting period. Part of the free shares plan are subject to the fulfilment of performance conditions. Those performance conditions are aligned with the performance conditions selected by the Board of directors for the 2022 long term incentive plan for the Chief Executive Officer. At the end of the vesting period, and provided that the conditions described are met, the Quadient shares are definitively acquired by the beneficiaries.

2.4 Related-party agreements

In accordance with article L.22-10-12 of the French commercial code, the Board of directors carries out, when necessary, the assessment of agreements entered into under normal terms and conditions to ensure that they continue to meet these conditions.

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

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

2.5 Summary table of the Extraordinary General Meeting delegations to the Board of directors

The General Shareholder Meeting of Quadient held on 1 July 2021 approved the following resolutions, giving the Board of directors powers to:

- issue ordinary shares and securities giving access to the Company's share capital, with the maintenance of the shareholders' preferential subscription rights, for a period of 26 months;
- issue ordinary shares, with the removal of the shareholders' preferential subscription rights through public offering (excluding an offer referred to in 1, article L.411-2 of the French monetary and financial code), for a period of 26 months;
- issue ordinary shares, with the removal of the preferential subscription rights through an offer referred to in 1, article L.411-2 of the French monetary and financial code, for a period of 26 months;
- issue securities giving access to the Company's share capital, with the removal of the shareholders' preferential subscription rights through public offering (excluding an offer referred to in 1, article L.411-2 of the French monetary and financial code), for a period of 26 months;
- issue securities giving access to the Company's share capital, with the removal of the shareholders' preferential subscription rights through an offer referred to in 1 of article L.411-2 of the French monetary and financial code, for a period of 26 months;
- increase the amount of shares issued in the event of over subscription to ordinary shares or securities giving access to the Company's share capital, for a period of 26 months;
- increase share capital by incorporation of reserves, profits or premiums, for a period of 26 months;
- increase the share capital by issuing new ordinary shares and securities giving access to the Company's share capital in return for contributions in kind within a limit of 10% of the share capital, for a period of 26 months;
- issue ordinary shares and securities giving access to the Company's share capital, in the event of a public exchange offer initiated by the Company, for a period of 26 months, for a period of 26 months;
- to proceed with share capital increases and sales of shares reserved to members of a company or Group savings plan in application of article L.3332-1 and subsequent sections of the French labour code, for a period of 26 months;
- proceed with share capital increases reserved to employees and corporate officers of foreign subsidiaries or branches who cannot subscribe, directly or indirectly, to the Company's shares under the previous resolution, and for all financial institutions or companies created specifically and exclusively to implement an employee savings scheme for employees (or former employees) of foreign subsidiaries or branches who cannot subscribe, directly or indirectly, to the Company's shares under the previous resolution, for a period of 18 months;
- proceed with allocation of existing performance shares or performance shares to be issued with the removal of the shareholders' preferential subscription rights, for a period of 14 months;
- cancel shares acquired pursuant to the Company's share buyback program, for a period of 18 months.

Only the authorization relating to allocations of free existing shares or shares to be issued was used during the financial year 2021. The full wording of these authorizations is available on request from Quadient head office. The General Shareholder Meeting of Quadient called on 16 June 2022 to vote on the financial statements for the financial year that ended on 31 January 2022 will be asked to renew these authorizations on similar terms.

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

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

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

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

2.7 Practical information for attending the General Meeting

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

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

The right of shareholders to participate in the General Meeting is conditional on their shares being registered in their name, or in the name of the intermediary acting on their behalf pursuant to paragraph 7 of article L.228-1 of the French commercial code, no later than 00:00, Paris time, on the second business day prior to the General Meeting, i.e. 14 June 2022, either in the registered share accounts held by the Company or in the bearer share accounts kept by the authorized intermediary.

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

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

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

3. vote by mail.

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

- for direct registered shareholders: by sending an email with an electronic signature obtained from an accredited certification service provider to: ct-mandataires-assemblees@caceis.com, indicating their full name, address and CACEIS Corporate Trust ID for direct registered share (information printed in the top left-hand corner of share account statements), or indicate their ID with their bank or broker if the case administered registered shares, as well as the full name of the designated proxy holder or the person from whom the proxy is being withdrawn;
- for bearer shareholders: by sending an email with an electronic signature obtained from an accredited certification service provider to: ct-mandataires-assemblees@caceis.com, indicating their full name, address and full bank details, and the full name of the designated proxy holder or the person from whom the proxy is being withdrawn, and by asking their bank or broker managing the share account to send a written confirmation (by letter) to CACEIS Corporate Trust – Service Assemblée Générale – 12, Place des Etats-Unis, CS 40083, 92549 Montrouge cedex (or by fax to +33 (0) 1.49.08.05.82).

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

Shareholders who have cast a postal vote, appointed a proxy or requested an admission card or share ownership certificate may still sell all or some of their shares at any time. However, if the sale takes place more than two business days prior to the General Meeting, namely June 14, 2022, 00:00, Paris time, the Company will take the appropriate measures to cancel or amend the related postal vote, proxy, admission card or share ownership certificate. The shareholder's bank or authorized intermediary must therefore notify the Company or its registrar of any such sale and provide it with the necessary information.

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

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

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

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

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

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

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

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

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

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

2.8 Statutory auditors' report on related party agreements

Annual General Meeting held to approve the financial statements for the financial year ended 31 January 2022.

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

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

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

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

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

1. AGREEMENTS SUBMITTED FOR APPROVAL TO THE ANNUAL GENERAL MEETING

We hereby inform you that we have not been notified of any agreements authorized during the year ended 31 January 2022 to be submitted to the Annual General Meeting for approval in accordance with article L.225-38 of the French commercial code (*Code de commerce*).

2. AGREEMENTS PREVIOUSLY APPROVED BY THE ANNUAL GENERAL MEETING

We hereby inform you that we have not been notified of any agreements previously approved by the Annual General Meeting and the performance of which may have continued during the year ended 31 January 2022.

Paris and Paris-La Défense, on 2 May 2022

The statutory auditors

French original signed by

FINEXSI AUDIT	ERNST & YOUNG et Autres
Lucas ROBIN	May KASSIS-MORIN

3 MANAGEMENT REPORT

3.1 Review of Quadient's financial position and results in 2021

For the full-year 2021, consolidated sales amounted to 1,024.3 million euros, down 0.5% compared to the full-year 2020. Organic change stood at 4.3% [(1)] for the period. Subscription-related revenue (67% of the Group's total sales) recorded an organic growth of 2.8% in 2021 compared to 2020, while hardware and license sales increased 7.6% on an organic basis year-on-year.

Current operating income [(2)] amounted to 146.8 million euros in 2021 compared to 151.6 million euros in 2020, which included a 6.5 million euros earn-out reversal related to Parcel Pending acquisition.

Current operating margin stood at 14.3% of sales in 2021 compared to 14.7% in 2020.

Net attributable income amounted to 87.8 million euros in 2021 compared to 40.4 million euros in 2020.

The net margin [(3)] stood at 8.6% of sales in 2021 compared to 3.9% in 2020.

Cash flow after capital expenditure amounted to 104.1 million euros in 2021 compared to 166.6 million euros in 2020.

3.1.1 HIGHLIGHTS

Quadient moves up three places in the 2020 Gaïa Research Ranking

On 18 February 2021, Quadient announced it is sixth in the 2020 Gaïa Research global ranking, moving up three places compared to the previous year. Quadient that it also holds the fifth position among companies with revenues above 500 million euros. Every year, the rating recognizes the best performing companies in France in environmental, social and corporate governance (ESG), among a selected panel of 230 small and medium-sized companies listed on Euronext Paris.

Quadient nearly doubles US Smart Locker Installations in 2020 and reaches 13,000 units worldwide

On 1 March 2021, Quadient announced its base of smart locker stations has surpassed 13,000 worldwide, representing more than 600,000 boxes overall and positioning Quadient as the second largest global provider of Parcel Locker Solutions.

Acquisition of Beanworks, a Leading FinTech in SaaS Accounts Payable Automation solutions

On 22 March 2021, Quadient announced the signing of a definitive agreement to acquire Beanworks, a fast-growing market leader specializing in Software as a Service (SaaS) Accounts Payable Automation solutions.

Quadient Increases its Commitment to ESG by Joining the United Nations Global Compact as a Signatory

On 25 March 2021, Quadient announced it has joined the United Nations Global Compact, the world's largest corporate sustainability initiative. Quadient joins more than 12,000 companies across the globe in aligning strategies and operations with the UN Global Compact's ten universal principles on human rights, labour, environment and anti-corruption.

(1) *FY 2021 sales are compared to FY 2020 sales, from which is deducted (pro rata temporis) revenue from Proship, the Graphics activities in Australia and New Zealand and the Automated Packaging Systems business, and to which is added (pro rata temporis) revenue from YayPay and Beanworks, for a total amount of (39.6) million euros, and are restated from an 8.1 million euros negative currency impact over the period.*

(2) *Excluding acquisition-related expenses.*

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

Quadient and Major Parcel Delivery Player Relais Colis Sign Strategic Partnership to Roll-Out 500 Parcel Lockers in French Retail Stores

On 13 April 2021, Quadient announced a strategic partnership with Relais Colis, a major player in parcel delivery to consumers in France. Through the partnership, Quadient will drive the roll-out of its new Parcel Pending Lite automated lockers to large and medium-sized retail partners of the Relais Colis network in France. Through an agreement for 500 units to be progressively installed in France over three years, Relais Colis is trusting Quadient in what will be one of the first large-scale deployments of the new Parcel Pending Lite unit after its global launch in 2020. This innovative and patented solution provides multiple benefits to Relais Colis, to the stores where it will be installed and to online shoppers.

Quadient Recognized as Technology Leader in CCM and Customer Journey Mapping by Global Research Firm

On 19 April 2021, Quadient announced it is the only customer communications management (CCM) solutions provider that has been recognized as a leader in both CCM and customer journey mapping in two separate SPARK Matrix™ research reports recently published by Quadrant Knowledge solutions, a global research and consulting firm. Additionally, Quadient is the only technology company to appear in both reports, which highlights Quadient's unique position in bridging the CCM and Customer Experience management (CXM) markets.

Quadient Signs with Pickup a Strategic Deal to Roll Out 1,500 Automated Parcel Lockers in France

On 1 June 2021, Quadient announced the conclusion of a strategic deal with Pickup, the largest out-of-home drop-off and pick-up network in France, a subsidiary of French postal group La Poste and of DPDgroup and a long-standing partner for Quadient in the French market. The deal covers the roll-out of 1,500 parcel locker stations in local retail stores over three years. In response to the strong growth of e-commerce, particularly over the last year, Pickup is increasing the capacity of its French network, already made of 15,000 pick-up stores and 500 smart lockers installed in high-traffic locations such as post offices, train stations and supermarkets.

Radisson Hotel Group Americas Selects Beanworks by Quadient to Automate and Streamline Accounts Payable Workflows

On 10 June 2021, Quadient announced that Beanworks by Quadient, its leading accounts payable (AP) automation solution, has been selected by several hotels within the Radisson Hotel Group Americas to simplify their AP workflows.

Quadient Enhances Accounts Receivables Cloud Platform with Advanced business Intelligence Capacities

On 21 June 2021, Quadient announced the launch of an advanced business Intelligence (BI) module for its cloud-based accounts receivable (AR) automation solution, YayPay by Quadient. The advanced BI module for YayPay enables AR teams to conduct comprehensive analysis of the data that matters the most to their business, to drill deeper into AR data than ever before and visualize AR health with dynamic dashboards.

Quadient Announces Agreement to Divest its Automated Packaging solutions business to Standard Investment

On 24 June 2021, Quadient announced it has entered into a sale agreement with Dutch private equity firm Standard Investment for the sale of its Automated Packaging solutions (APS) business and production facility based in Drachten, the Netherlands.

Two of the Largest Global Insurance Companies Select Award-Winning CCM Solution Quadient Inspire

On 28 June 2021, Quadient announced that it has secured two of the largest insurance companies in the USA and France this month. Both organizations have selected Quadient Inspire, the leading Customer Communications management (CCM) solution. In the United States, one of the top three U.S. property and casualty insurance firms has decided to adopt Quadient's award-winning CCM solution as their platform for all claims communications. This contract is one of the largest deals in the CCM industry in the past five years, and contributes to solidify Quadient's market leadership position, with now three of the top four U.S. insurance companies standardizing on Quadient Inspire. In Europe, a French-based international insurance group, one of the largest mutual insurance companies in the world has also made the choice to implement Quadient Inspire.

Quadient Introduces Next-Generation Mailing and Shipping Intelligent solutions in Europe

On 30 June 2021, Quadient announced it is bringing its most technologically advanced mailing solutions—the iX-Series mailing systems and S.M.A.R.T mail management software—to Europe. The intelligent iX-Series is now generally available in Germany, with an upcoming rollout in other European markets to include S.M.A.R.T.

Quadient Recognized as a Top 10 French Software Leader for Fourth Year in a Row by Truffle 100 Annual Ranking

On 8 July 2021, Quadient announced that it has been ranked in the top 10 of the Truffle 100 report for the fourth consecutive year. Quadient placed ninth in this year's ranking, organized by Truffle Capital et teknowlogy group | CXP-PAC. The Truffle 100 ranking of the French software industry is based on reported software revenues of each participating company.

Divestment of Packaging solutions business and Production Site

On 2 August 2021, Quadient announced the successful completion of the transaction for the divestment of its Automated Packaging solutions (APS) business and production facility based in Drachten, the Netherlands. Total consideration from the sale to Standard Investment private equity firm amounts to more than 20 million euros. This new milestone of the Company's strategy contributes to its portfolio streamlining and industrial footprint optimization. The sale of the production facility will allow Quadient to immediately externalize approximately 14 million euros per year of production costs related to its Mail-Related solutions business. The Drachten production site will continue to provide mid-range Document Systems solutions to Quadient for a period of time, while production is gradually transferred from Drachten to other Quadient industrial sites and suppliers, ensuring business continuity.

Quadient Introduces the iX-9, a High-output Mailing and Shipping System Combined with All-in-one Mail Center Software

On 9 August 2021, Quadient announced the general availability in the U.S. of the latest addition to its successful iX-Series: the iX-9 Series high-volume mailing system, available both standalone and integrated with the company's S.M.A.R.T.® cloud-based mail center software.

Quadient Announces Partnership with UiPath to Further Enhance and Automate Omnichannel Customer Communications

On 18 August, Quadient announced it has partnered with leading enterprise automation software company UiPath. Quadient's partnership and integration with UiPath helps enterprises digitally transform customer experiences while maintaining regulatory compliance on customer communications, boosting productivity, reducing cost and improving employee satisfaction.

Quadient Among Finalists for Parcel and Postal Technology International Awards 2021

On 8 September 2021, Quadient announced it has been selected as a finalist once again for the Parcel and Postal Technology International Awards. Its innovative solution Campus Hub is in the 2021 shortlist for the "Final Mile Innovation of the Year" category. Campus Hub is a smart parcel locker solution that enables university campuses to seamlessly manage the growing volume of packages and goods to be delivered and distributed to students.

Independent Consulting Study Reveals Strong Total Economic Impact for Users of Accounts Receivable Automation Solution YayPay by Quadient

On 13 September 2021, Quadient announced the publication of a study conducted by Forrester Consulting, part of a leading global research and advisory firm, showing that YayPay by Quadient, an accounts receivable (AR) management and automation solution, can help reduce days sales outstanding (DSO), improve the customer experience, accurately predict cash flow and reduce lost revenue, with a return on investment (ROI) for a composite customer of over 400% over three years.

Quadient Surpasses 10,000 Global Software Customers

On 29 September, Quadient announced that it has crossed over the 10,000 software customer threshold for the first time.

Paula Felstead appointed as an independent director of Quadient

On 1 October, Quadient announced the appointment of Paula Felstead, an expert in transformation, digital and technology, as an independent member of the Board of directors, effective 24 September 2021. Paula Felstead was co-opted to replace Virginie Fauvel, who resigned from her position as director on 2nd September 2021.

Quadient Releases Significant Upgrade to its Cloud-based Document Automation Solution to Expedite Transition to Digital for SMBs

On 5 October, Quadient announced a significant upgrade to Quadient® Impress, a software-as-a-service (SaaS) multi-channel document delivery and automation solution for small and medium businesses (SMBs). The solution now offers delivery channel preference management capabilities.

Quadient's Cloud-based Customer Journey Mapping Named Leader by Independent Research Firm

On 11 October, Quadient announced it has been recognized as a Technology Leader in a new analysis of the global customer journey mapping (CJM) market. The SPARK Matrix: Customer Journey Mapping (CJM), 2021 study from Quadrant Knowledge solutions is a competitive analysis of the CJM market and ranks leading CJM vendors. The study concluded that Quadient's CJM SaaS-based solution, Inspire Journey, is distinguished by its approach of providing a CJM tool designed for customer communication portfolio management, connecting often ignored touchpoints in customer experience (CX) strategies.

Accounts Receivable Automation Solution YayPay by Quadient Joins Forces with Flywire to Digitize Global B2B Payment

On 22 October, Quadient announced a new strategic collaboration to automate and digitize business-to-business (B2B) payments globally. As a result of the partnership, Quadient's cloud-based accounts receivable (AR) management and automation solution, YayPay by Quadient, will extend Flywire's digital payment solutions to its global B2B clients.

ESG: Quadient reaches the podium with second place in the 2021 Gaïa Research ranking

On 29 October, Quadient announced it was awarded second place in the Gaïa Research 2021 ranking, in the category of companies with more than 500 million euros in revenues. Every year, Gaïa Research recognizes French companies with the best environmental, social and governance (ESG) performance from a panel of 230 small and medium-sized companies listed on Euronext Paris. Already ranked fifth in its category last year, Quadient continues its efforts to improve in all three areas.

Quadient Listed Among Leading French Software Publishing Companies

On 4 November, Quadient announced it has been ranked 13th in the 2021 edition of the EY/Numeum Top 250 French software publishers and developers. The Top 250, published by consultancy firm EY and professional software industry association Numeum, evaluated 269 companies according to their software publishing revenue. Quadient also placed fifth in the Horizontal French Publishers' Category.

French Real-Estate Player France Loire Chooses Quadient to Offer its Residents a Modern Parcel Pick-up Solution

On 9 November, Quadient announced that its Parcel Pending by Quadient solution has been selected by France Loire, a French social housing company owned by the Arcade-VYV Group, to equip one of their residential buildings in the city of Vierzon, in the department of the Cher. The new Quadient smart parcel locker has been installed to allow residents to receive their parcels in a simple and secure manner.

Quadient successfully issues a new Schuldschein private placement amounting to 270 million euros under very favorable conditions

On 22 November, Quadient announced that it has successfully raised the equivalent of 270 million euros (*i.e.* 178 million euros and USD105 million) through a Schuldschein, a private placement loan issued under German law. On the back of strong investor interest, the deal volume was upsized to 270 million euros from 100 million euros initially planned.

Quadient Introduces New Mail Outsourcing Capabilities for its Cloud-Based Platform Quadient® Impress in France, in Partnership with Tessi

On 29 November, Quadient announced the availability of new mail delivery services in France, expanding the capabilities of Quadient® Impress, its cloud-based document automation platform for small and medium businesses (SMBs). To support the new service, Quadient has chosen to partner with Tessi, a global provider of business Process Services.

Quadient's Cloud-based Software business Experiences Strong Adoption with Growth in New Customers and Usage

On 10 December 2021, Quadient announced that its Intelligent Communication Automation cloud-based software solutions business gained more than 2,000 net new customers in the first nine months of the year, 800 of which were added in the third quarter alone. This milestone marks an acceleration in new customer gains compared to the year's first two quarters, with an average represented 13 new software contracts each business day of the third fiscal quarter ended on 31 October 2021.

Quadient Parcel Locker Installations Surpass 15,100 Worldwide

On 16 December 2021, Quadient announced that more than 2,200 of its Parcel Pending by Quadient smart parcel locker systems were installed during the first nine months of 2021, bringing its parcel locker footprint to over 15,100 units globally. Quadient experienced strong growth in its parcel locker business across the retail, higher education, corporate and multifamily property industries, as well as across geographies. In Quadient's fiscal third quarter alone that ended 31 October the Company deployed more than 600 new parcel locker units.

Quadient Listed Among the World's 100 Most Sustainable Companies by Corporate Knights

On 19 January 2022, Quadient announced that it has been included in the ranking of the world's 100 most sustainable companies by Corporate Knights, an international sustainable business research company. Quadient obtained the 62nd position in the 18th annual Corporate Knights 2022 Global 100 index. In addition to ranking among the Top 100 most sustainable companies in the world all industries combined, Quadient also ranked 6th among 212 peer companies.

Quadient Receives 'AA' MSCI ESG Rating Recognizing Efforts and Achievements Over the Past Years

On 24 January 2022, Quadient announced that it has been awarded an AA rating in the MSCI ESG Ratings dated December 2021. MSCI is a leading provider of critical decision support tools and services for the global investment community. On a AAA to CCC ratings scale, MSCI ESG Ratings measure over 8,500 companies' resilience to long-term, industry material environmental, social and governance (ESG) risks. The AA rating places Quadient in the Leaders category alongside peer organizations that show strong management of their most significant ESG risks and opportunities.

Quadient Releases Advanced Credit Module to Help businesses Drive Revenue Growth Through Integrated Credit Risk management

On 25 January 2022, Quadient announced the launch of an Advanced Credit module for its cloud-based Intelligent Communication Automation (ICA) solution suite. Quadient's ICA suite is uniquely bringing together automation for accounts receivable (AR), accounts payable (AP), customer communications management (CCM), document management and customer journey mapping. Through its YayPay AR automation solution, Quadient is the only provider that offers the full range of capabilities from customer acquisition to customer relationship capabilities.

Quadient confirms mid-term ambitions to drive sustainable profitable growth for cloud-based software solutions with expected Annual Recurring Revenue reaching c. 250 million euros by the end of 2023

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

At the end of the education session, Mr. Godet detailed Quadient's ambitions for ICA by the end of the 2021-2023 three-year period as it relates to each of the ICA KPIs that are monitored within the framework of phase two of Back to Growth, namely: over 90% share of SaaS and subscription customers in ICA total customer base, c. 250 million euros (1) Annual Recurring Revenue (2), and c. 75% share of subscription-related revenue (3) in ICA total revenue.

(1) At 2020 constant exchange rates.

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

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

3.1.2 INCOME STATEMENT

(In million euros)	31 January 2022		31 January 2021	
Sales	**1,024.3**	**100.0%**	**1,029.4**	**100.0%**
Cost of sales	(279.9)	(27.3)%	(285.7)	(27.8)%
Gross margin	**744.4**	**72.7%**	**743.7**	**72.2%**
R&D expenses	(51.8)	(5.1)%	(54.9)	(5.3)%
Selling expenses	(270.0)	(26.4)%	(252.2)	(24.5)%
Administrative expenses	(175.6)	(17.1)%	(194.4)	(18.9)%
Maintenance & other operating expenses	(99.7)	(9.7)%	(91.5)	(8.9)%
Employee profit-sharing and share-based payments	(0.5)	(0.0)%	0.9	0.1%
Current operating income excluding expenses related to acquisitions	**146.8**	**14.3%**	**151.6**	**14.7%**
Expenses related to acquisitions	(11.8)	(1.1)%	(19.5)	(1.9)%
Current operating income	**135.0**	**13.2%**	**132.1**	**12.8%**
Structure optimization expense and other operating expenses	(19.3)	(1.9)%	(36.2)	(3.5)%
Operating income	**115.7**	**11.3%**	**95.9**	**9.3%**
Financial income/(expenses)	(7.8)	(0.8)%	(31.6)	(3.1)%
Income before taxes	**107.9**	**10.5%**	**64.3**	**6.3%**
Income taxes	(19.7)	(1.9)%	(23.8)	(2.3)%
Income from associated companies	1.1	0.1%	0.9	0.1%
NET INCOME	**89.3**	**8.7%**	**41.4**	**4.0%**
Attributable to:				
• holders of the parent company	87.8	8.6%	40.4	3.9%
• non-controlling interests	1.5	0.1%	1.0	0.1%

3.1.3 CHANGE IN SALES BY ACTIVITY AND GEOGRAPHY

(In million euros)	2021	2020	Change	Change at constant exchange rate	Organic change[a]
Major Operations	**942.3**	**919.3**	**2.5%**	**3.4%**	**3.0%**
Intelligent Communication Automation[b] [c]	200.8	183.0	9.4%	9.5%	7.3%
Mail-Related solutions[c]	658.7	652.9	0.9%	1.8%	1.8%
Parcel Locker Solutions	82.9	83.4	(0.7)%	2.6%	2.6%
Additional Operations	**81.8**	**110.1**	**(25.7)%**	**(26.1)%**	**23.2%**
TOTAL	**1,024.3**	**1,029.4**	**(0.5)%**	**0.3%**	**4.3%**

(a) *FY 2021 sales are compared to FY 2020 sales, from which is deducted (pro rata temporis) revenue from Proship, the Graphics activities in Australia and New Zealand and the Automated Packaging Systems business, and to which is added (pro rata temporis) revenue from YayPay and Beanworks, for a total amount of (39.6) million euros, and are restated from an 8.1 million euros negative currency impact over the period.*

(b) *Intelligent Communication Automation gathers Business Process Automation and Customer Experience Management activities formerly presented with Major Operations.*

(c) *Product reclassification from Intelligent Communication Automation to Mail-Related Solutions*

(In million euros)	2021	2020	Change	Change at constant exchange rate	Organic change[a]
Major Operations	**942.3**	**919.3**	**2.5%**	**3.4%**	**3.0%**
North America	519.3	501.3	3.6%	5.6%	4.7%
Main European Countries[b]	371.3	367.1	1.1%	0.4%	0.4%
International[c]	51.8	50.9	1.8%	4.2%	4.2%
Additional Operations	**81.8**	**110.1**	**(25.7)%**	**(26.1)%**	**23.2%**
TOTAL	**1,024.3**	**1,029.4**	**(0.5)%**	**0.3%**	**4.3%**

(a) FY 2021 sales are compared to FY 2020 sales, from which is deducted (pro rata temporis) revenue from Proship, the Graphics activities in Australia and New Zealand and the Automated Packaging Systems business, and to which is added (pro rata temporis) revenue from YayPay and Beanworks, for a total amount of (39.6) million euros, and are restated from an 8.1 million euros negative currency impact over the period.

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

(c) International includes the activities of Parcel Locker Solutions in Japan and of Intelligent Communication Automation outside of North America and the Main European countries.

3.1.4 MAJOR OPERATIONS

Revenue from Major Operations stood at 942.3 million euros (92% of total sales) in 2021, up 3.0% on an organic basis compared to 2020. All three solutions and all regions contributed to this positive performance.

North America sales (55% of Major Operations) were up 4.7% organically to 519.3 million euros. This was mainly driven by the double-digit increase from cloud-based solutions, Intelligent Communication Automation, with strong customer gains from cross-selling and the deployment of newly-acquired SaaS fintech companies (Beanworks and YayPay). Solid hardware sales from Mail-Related Solutions also contributed to the positive performance, whilst Parcel Locker Solutions suffered from a high comparison basis with the Lowe's contract roll-out last year.

Main European countries (39% of Major Operations) recorded an organic sales growth of 0.4% to 371.3 million euros. Intelligent Communication Automation and Parcel Locker Solutions posted solid sales growth in the main European markets, with Parcel Locker Solutions delivering the fastest growth thanks to on-going deployment of existing contracts with retailers and the gain of new ones. Sales from Mail-Related Solutions were stable, proving their resilience.

The **International** segment (6% of Major Operations) delivered a solid organic sales growth (+4.2%) to 51.8 million euros with Parcel Locker Solutions being the main driver of performance thanks to a steady increase of the installed base in Japan.

Intelligent Communication Automation

REVENUE

Sales from Intelligent Communication Automation cloud-based solutions were up 7.3% organically reaching for the first time more than 200 million euros (200.8 million euros in 2021), a solid performance helped by strong customer acquisition. The number of Intelligent Communication Automation net new (after churn) customers grew by over 2,800 over the course of 2021, closing the year in excess of 11,800. The recent acquisition of Beanworks as well as the deployment of YayPay helped drive this dynamic customer acquisition trend with around 350 new AP/AR customers, including strong cross-selling opportunities. Cross-selling accounted overall for two thirds of new Intelligent Communication Automation customers.

In line with the Company's strategy, the shift in revenue model continues to accelerate, driven by the growing demand for cloud-based solutions. Subscription-related revenue went up 17.1% organically, now representing 67% of Intelligent Communication Automation sales compared to 59% in 2020. Share of SaaS customers reached 76% at the end of 2021 and annual recurring revenue stood at 147.1 million euros at the end of 2021, up from 123.1 million euros at the end of 2020. Conversely, license sales went down 26.7% organically, despite one large deal booked in the second quarter of 2021, with Q4 license decline reaching (45)%. License sales now account for only 14% of the Solution's total sales.

SOLUTION PROFIT MARGIN

Intelligent Communication Automation solution profit margin stood at 14.7% in 2021, down 3.9 points organically compared to 2020.

Change of business model, recent targeted acquisitions and planned increased investments related to cloud-platform expansion, additional go-to-market and marketing are transitionally weighing on the profitability of the Solution.

Mail-Related solutions

REVENUE

Mail-Related solutions sales stood at 658.7 million euros in 2021, up 1.8% organically compared to 2020.

This solid performance was driven by a dynamic 12.5% organic growth in hardware sales: placements of new hardware recovered strongly in 2021 thanks to product renewal (launch of the new iX-9 in the US) and a clear focus on customer acquisition and retention. 2021 also turned out to be a record year for high-end production mail folder-inserters.

Meanwhile, the Company recorded a limited 2.0% organic decrease in subscription-related revenues (71% of Mail-Related Solutions sales). The resilience of both the installed base and subscription-related revenues remains strong, thanks to multi-year contracts.

Overall, thanks to customer acquisition and retention, Mail-Related Solutions growth stood c.3 points above the global market performance[1]. This outperformance was most noticeable in the North American market.

SOLUTION PROFIT MARGIN

Mail-Related solutions solution profit margin stood at 44.2% in 2021, down 1.0 point organically compared to 2020. This was mainly due to the higher freight costs and supply chain disruptions. Overall, higher freight and sourcing costs amounted to an additional 6 million euros in costs.

Parcel Locker Solutions

REVENUE

Parcel Locker Solutions sales stood at 82.9 million euros in 2021, up 2.6% organically compared to 2020.

Performance was impacted by the demanding comparison base in hardware sales from the Lowe's contract in 2020. Hardware sales were sharply down but subscription-related revenues were up 19.1% organically thanks to the roll-out of existing contracts with retailers and carriers in Europe and, to a lesser extent, to the increased installed base in Japan. The lockers' usage rate continues to improve, reaching 61% at the end of 2021 (versus 57% a year ago), also contributing to the solid performance in subscription-related revenues.

Quadient closed the year with over 15,800 lockers installed globally, well on track to deliver the Company's 2023 target to reach 25,000 lockers. Over 2,800 lockers were installed in 2021 with over 650 being installed in the fourth quarter of 2021 despite supply chain issues.

SOLUTION PROFIT MARGIN

Parcel Locker Solutions solution profit margin stood at (4.5)% in 2021, down 10.1 points organically compared to 2020.

This was mainly due to the sharp increase in freight costs for new installations and to planned increased R&D and go-to-market investments, whilst the profitability of the installed base remained high at 27%.

3.1.5 ADDITIONAL OPERATIONS

Revenue from Additional Operations stood at 81.8 million euros (8% of total sales) in 2021, down 25.7% year-over-year. This decline is mainly due to the disposal of Graphics activities in Australia and New Zealand, and the divestment of the Automated Packing Systems. Additional Operations now only account for 8% of total sales. On an organic basis, however, Additional Operations sales were up 23.2% thanks to a good performance in Parcel Locker Solutions in Sweden while Automated Packing Systems also had a positive contribution before the divestment took place at end-July 2021.

(1) Market being defined as the aggregate of the three main global players.

3.1.6 RESEARCH AND DEVELOPMENT EFFORT

Research and development expenses amounted to 51.8 million euros in 2021 compared to 54.9 million euros in 2020, representing 5.1% and 5.3% of 2021 and 2020 sales respectively. The expenses presented in the income statement do not reflect the whole effort as a part of the amount of R&D expenses is capitalized: 37.4 million euros in 2021 compared to 30.3 million euros in 2020. The main focus of research and development is on developing future offers in digital communications and parcel lockers. The Group continues to dedicate a part of its research and development effort to the future generations of franking machines and folders-inserters.

3.1.7 CURRENT OPERATING INCOME [1]

	2021			2020		
(In million euros)	Major Operations	Additional Operations	Total Group	Major Operations	Additional Operations	Total Group
Revenue	942.4	81.9	1,024.3	919.3	110.1	1,029.4
Current operating income before acquisition-related expenses	146.8	(0.0)	146.8	152.7[a]	(1.1)	151.6[a]

(a) *Including Parcel Pending's earn-out reversal for an amount of 6.5 million euros. Excluding this earn-out reversal, the current operating incomes before acquisition-related expenses of Major Operations and of the Group amounted 146.2 million euros and 145.1 million euros respectively.*

Gross margin was 72.7% in 2021 compared to 72.2% in 2020, despite higher freight costs. Gross margin benefited from higher activity, a more favourable revenue mix effect in Intelligent Communication Automation SaaS solution as well as from a tight control over costs of sales.

Innovation expenses relate to the development of new projects for the Intelligent Communication Automation activity. Total innovation expenses amounted to 3.3 million euros in 2021 compared to 9.1 million euros in 2020.

Current operating income before acquisition-related expenses stood at 146.8 million euros in 2021 compared to 151.6 million euros in 2020, which included a one-off earn-out reversal of 6.5 million euros related to Parcel Pending's acquisition. This is mainly reflecting the organic growth in revenue, the improved gross margin, the sustained profitability of the installed base and active management of operating expenses, in particular savings in G&A expenses resulting from further simplification and integration of the organization as well as a reduction of the Group's real estate footprint. In the meantime, as Quadient continues to invest in its three solutions, planned increased spending in go-to-market and R&D weighed on the profitability, so did the dilutive impact of recently acquired and fast-growing businesses dedicated to financial process automation (YayPay and Beanworks). In addition, the continuous shift in revenue model towards SaaS subscription (as opposed to perpetual licenses) is also impacting the mix in operating income.

Current operating margin before acquisition-related expenses stood at 14.3% of sales in 2021 compared to 14.7% in 2020.

Acquisition-related expenses stood at 11.8 million euros in 2021 compared to 19.5 million euros in 2020, mainly due to lower M&A activity.

Current operating income stood at 135.0 million euros in 2021 compared to 132.1 million euros in 2020.

3.1.8 OPERATING INCOME

Optimization and other operating expenses stood at 19.3 million euros in 2021 compared to 36.2 million euros in 2020, The improvement reflects the progresses already made by the Group in its repositioning and a signal that the phase II of the "Back to Growth" strategy is well under way.

Operating income stood at 115.7 million euros in 2021 compared to 95.9 million euros in 2020.

3.1.9 FINANCIAL INCOME

The **net cost of debt** stood at 24.5 million euros in 2021 compared to 32.7 million euros in 2020. Active debt management, including the early repayment of 85.0 million dollars USPP in September 2020 and the early repayment of 163.2 million euros bond in March 2021, has led to this significant reduction in the net cost of debt for the year.

The Group recorded a gain of 16.7 million euros related to **currency and other financial items** in 2021 compared to 1.1 million euros in 2020. This was helped by the 20.0 million euros increase in the fair value of its investments in the X'Ange 2 and Partech Entrepreneurs private equity funds.

As a result, net financial result was a loss of (7.8) million euros in 2021 compared to a loss of (31.6) million euros in 2020.

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

3.1.10 NET INCOME

Income tax amounted to 19.7 million euros in 2021 compared to 23.8 million euros in 2020. The corporate tax rate stood at 18.1% in 2021 compared to 36.5% in 2020.

Net attributable income amounted to 87.8 million euros in 2021 compared to 40.4 million euros in 2020. Earnings per share stood at 2.32 euros in 2021 compared to 0.92 euros in 2020.

3.1.11 FINANCIAL POSITION

EBITDA [1] stood at 244.6 million euros in 2021 compared to 246.0 million euros in 2020. **EBITDA margin** remained stable year-over-year at 23.9% in 2021, thanks to a high contribution from the installed base of customers, for each of the 3 solutions, active cost management and a leaner organization, offsetting the ongoing supply chain issues, the dilutive impact of recent acquisitions and increased investments.

The **change in working capital** generated a net cash outflow of 7.6 million euros in 2021 compared to a net cash inflow of 2.2 million euros in 2020. The decrease in receivables could not fully offset the significant inventory increase to mitigate supply chain disruptions.

Lease receivables decreased by 38.6 million euros in 2021 compared to a decrease of 62.0 million euros in 2020, thanks to a slowdown in the decline of the leasing portfolio.

The **leasing portfolio and other financing services** stood at 595.0 million euros as at 31 January 2022 compared to 598.2 million euros as at 31 January 2021, representing an organic decrease of 6.4% in 2021 compared to an organic decrease of 8.7% in 2020. At the end of the financial year 2021, the default rate of the leasing portfolio stood at around 1.7%, a level stable versus 2020.

Interest and taxes paid increased sharply at 65.4 million euros in 2021 compared to 37.2 million euros in 2020. Whilst interests paid were stable year-over-year, income tax paid rose significantly due to a normalization after the exceptional measures the Group benefited from in 2020 during the Covid-19 related crisis.

Capital expenditure stood at 87.9 million euros in 2021 compared to 89.6 million euros in 2020. Development capex was up to 37.4 million euros in 2021 (it was 30.3 million euros in 2020) focusing on R&D investments for software developments and higher spending linked with the recent acquisitions. Rented equipment capex was stable year-over-year although reflecting a different mix with higher parcel lockers and lower mail equipment. Maintenance capex was also stable. Of note is the lower renewal of real estate lease as further cost optimization are implemented. This drove down IFRS 16 capex.

In total, the Group recorded **cash flow after capital expenditure** of 104.1 million euros in 2021 compared to 166.6 million euros in 2020.

Net debt was reduced by 8.6 million euros to 503.8 million euros as at 31 January 2022 from 512.4 million euros as at 31 January 2021. The leverage ratio (net debt/EBITDA) stood at 2.1x [2] as at 31 January 2022, unchanged compared to 31 January 2021. The Group's net debt is backed by future cash flows generated from its rental and leasing activities.

Excluding leasing, the leverage ratio remained low at 0.4x[2] as at 31 January 2022 compared to 0.4x[2] as at 31 January 2021.

Shareholders' equity stood at 1,358.9 million euros as at 31 January 2022 compared to 1,240.3 million euros as at 31 January 2021. The gearing ratio [3] decreased to 37.1% of shareholders' equity as at 31 January 2022 compared to 41.3% as at 31 January 2021.

The Group has a robust liquidity position of 886.6 million euros as at 31 January 2022, including 486.6 million euros in cash and cash equivalents and 400.0 million euros of undrawn credit line, the latter maturing in 2024.

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

(2) Including IFRS 16.

(3) Net debt/equity.

3.1.12 DIVIDEND

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

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

	Date[a] of the interim dividend	Amount of the interim dividend	Date[a] of the balance of the dividend	Amount of the balance of the dividend	Amount of the full year dividend
2021	-	-	08/08/2022	-	EUR 0.55
2020	-	-	09/08/2021	-	EUR 0.50
2019	-	-	09/09/2020	-	EUR 0.35
2018	-	-	06/08/2019	-	EUR 0.53
2017	06/02/2018	EUR 0.80	07/08/2018	EUR 0.90	EUR 1.70

(a) Payment date.

3.1.13 SHARE BUYBACK PROGRAM

A share buyback program involving a maximum of 10% of the issued share capital at a maximum purchase price of 50 euros could be presented for approval to the Annual General Meeting to be held on 16 June 2022.

3.2 Ownership structure

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

As of 31 January 2022, Quadient S.A.'s share ownership was as follows:

	Number of shares	%	Number of voting rights	%
Management and employees	223,208	0.647%	223,208	0.652%
Directors (non-executive)	19,962	0.058%	19,962	0.058%
Treasury shares held under liquidity contract	164,259	0.475%	-	-
Treasury shares held for stock option and free share allocations	95,804	0.277%	-	-
Teleios Capital Partners GmbH[a]	4,825,300	13.961%	4,825,300	14.067%
Janus Henderson Investors (U.K.)[a]	1,926,400	5.574%	1,926,400	5.616%
Dimensional Fund Advisors, L.P. (U.S.)[a]	1,525,200	4.413%	1,525,200	4.446%
Marathon Asset management, LTD[a]	1,177,200	3.406%	1,177,200	3.432%
Wellington management Company, LLP[a]	1,082,300	3.131%	1,082,300	3.155%
The Vanguard Group, Inc.[a]	1,062,500	3.074%	1,062,500	3.097%
M&G Investment management, LTD[a]	1,054,600	3.051%	1,054,600	3.074%
Other shareholders	21,405,879	61.933%	21,405,879	62.403%
TOTAL	**34,562,912**	**100.000%**	**34,302,849**	**100.000%**

(a) Source: IHS Markit as of 31 January 2022.

To the Group's knowledge, no other shareholder owned more than 3% of the capital or voting rights.

As of 31 January 2021, Quadient S.A.'s share ownership was as follows:

	Number of shares	%	Number of voting rights	%
Management and employees	438,536	1.269%	438,536	1.275%
Directors (non-executive)	14,772	0.043%	14,772	0.043%
Treasury shares held under liquidity contract	153,863	0.445%	-	-
Treasury shares held for stock option and free share allocations	19,504	0.056%	-	-
Teleios Capital Partners GmbH[a]	5,300,000	15.334%	5,300,000	15.412%
Dimensional Fund Advisors, L.P. (U.S.)[a]	1,355,400	3.922%	1,355,400	3.941%
Norges Bank Investment management (Norway)[a]	1,315,500	3.806%	1,315,500	3.825%
LLB Asset management AG[a]	1,292,800	3.740%	1,292,800	3.759%
Marathon Asset management, LLP[a]	1,218,100	3.524%	1,218,100	3.542%
Janus Henderson Investors (U.K.)[a]	1,172,800	3.393%	1,172,800	3.410%
Other shareholders	22,281,637	64.467%	22,281,637	64.792%
TOTAL	**34,562,912**	**100.000%**	**34,389,545**	**100.000%**

(a) *Source: IPREO as of 31 January 2021.*

To the Group's knowledge, no other shareholder owned more than 3% of the capital or voting rights.

As of 14 February 2020 [1], Quadient S.A.'s share ownership is as follows:

	Number of shares	%	Number of voting rights	%
Management and employees	536,825	1.553%	536,825	1.559%
Directors (non-executive)	6,147	0.018%	6,147	0.018%
Treasury shares held under liquidity contract	132,468	0.383%	-	-
Treasury shares held for stock option and free share allocations	5,968	0.017%	-	-
Teleios Capital Partners GmbH[a]	3,772,600	10.915%	3,772,600	10.959%
Norges Bank Investment management (Norway)[a]	1,564,400	4.526%	1,564,400	4.544%
Marathon Asset management, LLP[a]	1,513,000	4.378%	1,513,000	4.395%
Dimensional Fund Advisors, L.P. (U.S.)[a]	1,497,200	4.332%	1,497,200	4.349%
Wellington management Company, LLP[a]	1,389,200	4.019%	1,389,200	4.036%
Braun von Wyss & Müller AG[a]	1,279,200	3.701%	1,279,200	3.716%
Other shareholders	22,865,904	66.157%	22,865,904	66.423%
TOTAL	**34,562,912**	**100.000%**	**34,424,476**	**100.000%**

(a) *Source: IPREO as of 14 February 2020.*

To the Group's knowledge, no other shareholder owned more than 3% of the capital or voting rights.

(1) *Due to new internal procedures put in place by Euroclear, information related to Quadient's ownership was slightly delayed.*

Summary of the statutory and legal threshold crossing notifications from Quadient's shareholders during the financial year 2021:

Date	Name of Investment Fund	Threshold crossed
03/03/2021	Norges Bank Investment management	Crossed the 3% threshold with 2.98% of the voting rights
22/03/2021	Janus Henderson Group plc	Crossed the 4% threshold with 4.03% of the voting rights
10/05/2021	Norges Bank Investment management	Crossed the 3% threshold with 3.06% of the voting rights
05/07/2021	LLB Fund Services AG	Crossed the 3% threshold with 2.97% of the voting rights
01/11/2021	Janus Henderson Group plc	Crossed the 5% threshold with 5.02% of the voting rights
05/11/2021	Teleios Capital Partners LLC	Crossed the 15% threshold with 14.76% of the voting rights
18/11/2021	Teleios Capital Partners LLC	Crossed the 14% threshold with 13.96% of the voting rights
24/01/2022	Wellington management Group LLP	Crossed the 3% threshold with 3.02% of the voting rights
25/01/2022	Wellington management Group LLP	Crossed the 3% threshold with 2.99% of the voting rights
27/01/2022	Wellington management Group LLP	Crossed the 3% threshold with 3.01% of the voting rights

Summary of the statutory threshold crossing notifications from Quadient's shareholders since 1 February 2022:

Date	Name of Investment Fund	Threshold crossed
03/02/2022	Wellington management Group LLP	Crossed the 3% threshold with 2.96% of the voting rights
08/02/2022	Wellington management Group LLP	Crossed the 3% threshold with 3.00% of the voting rights
23/02/2022	M&G plc	Crossed the 3% threshold with 3.05% of the voting rights

3.3 Information on trends and outlook

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

4 RISK FACTORS AND INTERNAL CONTROL

4.1 Risk factors

Quadient carries out its business activities in a constantly worldwide changing environment. The COVID-19 pandemic which marked 2020 and continued into 2021, and now the crisis between Ukraine and Russia, potentially generates exogenous risks increasing the uncertainty and the criticality of certain risks which could affect the Group's operating and financial performance.

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

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

4.1.1 RISK MANAGEMENT FRAMEWORK

Risk assessment methodology

Quadient has implemented a risk management policy to refresh revise regularly the global risk mapping addressing the Compagny's most material risks from a strategic perspective. In this respect, a risk management framework, under the oversight of the head of compliance has been set to ensure:

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

The company's global risks mapping has been updated between December 2021 and March 2022. This exercise was the opportunity this year to revise the methodology to combine the vision of the top Management (executive committee, senior leaders), subject-matter experts (e.g., information security, data privacy, compliance, environment. This list is not exhaustive) and site managers performing risk assessments for their respective sites on various topics such as quality, environment, health & safety, Corporate Social Responsibility (CSR), information security and data privacy.

More than 120 managers representing all of our regions, functions and business lines were involved into interviews and workshops for updating the global risk mapping for the company. About 20 individuals interviews and 12 workshops have been conducted to identify and compile the list of the main risks for the company. Once the list of risks compiled and all the persons interviewed, the participants of the workshops were invited to assess the risks according to the criteria established within the methodology. The first criterion relates to the level of impact of the risk rated from 1 (Low) to 4 (Very high) and the second one is tied to the probability of occurrence rated from 1 (Very rare) to 4 (Very likely). These two criteria are used to position the risks based on their criticality into our global risk mapping. A third criteria is used to assess the level of maturity of the risk management for each risk using a scale from 1 (Optimal) to 4 (Low). Combined with the criticality level of each risk, the third criterion enables us to create a prioritization matrix of the remedial action plans to implement and monitor.

The resulting global risk mapping is presented to Quadient's Risk Committee, shared with the Executive Committee members and appropriate improvement plans for the main residual risks will be designed and implemented at local and corporate level. Ultimately the results of the risk assesment were also presented to the Audit Commitee of the Board of Directors.

Organization

COMPLIANCE CENTER OF EXCELLENCE

Within the Transformation Department, the CSR and Compliance team leads and coordinates the risk management system through its Compliance Center of Excellence composed of subject-matter experts in the fields of information security, data privacy, legal, ethics, quality, environment, health and safety, and CSR. In 2021, the Compliance Center of Excellence has developed a common process and a methodology founded on a Governance Risk and Control (GRC) digital tool enabling:

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

The Compliance Center of Excellence works with all Quadient's departments and more particularly with the Internal Control and Audit team in order to:

- link up the identified risks and Quadient's policies, processes, standards, compliance programs and propose changes where appropriate
- contribute to defining the annual internal audit program

- use the results from the internal audits carried out to enhance the risk assessments conducted within the Company. By verifying the Company's key processes, the Internal Audit team provides assurance that internal control and risk management procedures have been implemented and are effective.

RISK COMMITTEE

The Risk Committee brings together the Chief Executive Officer, the Chief People Officer, the Chief Financial Officer, the Chief Transformation Officer, the VP of Internal Control and Internal Audit and the VP of CSR and Compliance.

The Risk Committee is responsible for validating and monitoring the effectiveness of the action plans covering the major risks identified in the risk mapping. It ensures and supports the proper functioning of the risk management systems and may also decide on which risks are unacceptable within the context of the business.

Main programs of the risk management system

CSR RISK MAPPING

Regarding the CSR / non-financial risks, they have been assessed with the same methodology. They are presented in the risk mapping for the highest ones and in a more detailed way in chapter 5 "non-financial performance statement" of the present document.

CORRUPTION AND BRIBERY RISK MAPPING

In March 2022, the Company has updated its risk assessment of corruption and bribery. About 20 different risk scenarios have been identified with different impact and probability of occurrence depending on the regions/countries and the functions involved. The results will be presented to the Risk Commitee in April 2022 and will be circulated to the Audit Committee in May 2022.

COMPETITION RISK MAPPING

The Company has also decided to perform a detailed risk assessment of its competition risks at the same time that updating the detailed risk assessment of corruption and bribery. About 8 different risk scenarios have been identified. As for the risk assessment related to corruption and bribery, the results of this assessment will be presented to the risk committee in April 2022 and will be circulated to the Audit committee in May 2022.

THIRD PARTY RISK MAPPING

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

4.1.2 DESCRIPTION OF RISK FACTORS

Summary of the risk factors

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

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

These categories are not set out in order of importance. Instead, within each category, the risk factors are set out in decreasing order of importance determined by the Company as of the date of this Universal Registration Document, on the basis of an assessment of their probability and potential impact. The assessment made by the Company of this ranking in terms of importance may however be modified at any time, in particular, in response to new events outside or within the Company. Moreover, even a risk that is currently considered to be of lesser importance could have a significant impact on the Company, should it occur at a future date. The chart below represents the major risks identified this year during the last risk assessment. This global risk mapping has been reviewed by the Audit Committee of the Company as well as the Board of Directors.

Probability of occurence

Probability of occurence / Impact	Low	Medium	High	Very high
Very likely				
Likely			Inability to address customers' needs Lasting increase in supply chain costs Inability to attract and retain key talents Execution of Company's transformation"	Faster than expected decline of MRS
Rare	Inability to execute the Company's low carbon strategy	Loss/theft/corruption of data and/or information	Lasting pandemic disrupting the business (COVID-19) Failure of a critical 3rd party Tax matters Breach of the code of conduct and ethical rules New postal regulations Critical failure of IT systems	Loss of competitiveness Significant failure in the deployment of IT tools Critical information security incident
Very rare				Deterioration of operating conditions in a srategic area

Impact

- Risks relating to the company strategy, organization and governance
- Risks relating to the company operations
- Risks relating to finance, regulatory changes, ethics and legal

Risks relating to the company strategy, organization and governance

FASTER THAN EXPECTED DECLINE OF MRS

Risk description

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

Potential impacts

This risk could affect the company on the following:

- Strategic
  - Accelerated decline in EBIT generation by MRS would compromise the ability to invest in new growth drivers (ICA, PLS)
- Financial
  - Decline in the margin generated by the Group

Risk management measures

As part of the "Back to Growth" strategy, the Company has decided to develop new growth engines to anticipate the decline of MRS business. In this respect, the Company has successfully acquired new businesses in PLS (Parcel Pending) and ICA (YayPay and Beanworks) to complement its offering and increase its strategic position on these markets. Quadient has also divested or shut down several activities to refocus on its priorities. In 2021, the organic growth of the Company has increased by +4.3% in comparison with 2020. The 3 lines of business have grown respectively +1.8% for MRS, +2.6% for PLS and +7.3% for ICA in comparison with 2020.

LOSS OF COMPETITIVENESS

Risk description

On Mail-Related Solutions business, Quadient has two main competitors, the leader Pitney Bowes and Francotyp Postalia, number 3 in the world. Pitney Bowes is listed on the New York Stock Exchange. Its main market is North America. Francotyp Postalia is listed on the Frankfurt Stock Exchange. Germany is its main market. Regarding the Intelligent Communication Automation (ICA) and Parcel Locker Solutions (PLS), the Company operates within an extremely competitive environment, in which the ability to innovate and adapt solutions to the needs of its customers is a major priority for the Company. Quadient's competitors in these new markets are more numerous and could have greater financial resources than the Company, which might affect the Company's competitiveness.

Potential impacts

This risk could affect the Company on the following:

- Financial
  - Financial losses due to the launching of an inadequate new solution on a local market (unprofitable investments)
  - Inability to generate sufficient revenue to compensate for the decline in the historical business (MRS)
- Strategic
  - Loss of market share and of businesses
  - Inability to successfully make the transition outlined in the "Back to Growth" strategy
  - Missing a strategic opportunity and losing market share in a rapidly changing market (limited capitalization on new growth drivers)
  - Losing the specialization in each of the 3 solutions

Risk management measures

The Chief Marketing Officer's department regularly analyzes the competition and this topic is discussed during the Board meetings and during the management team meetings.

For the MRS business, the quality of the Company's technologies and its R&D resources enable it to meet the customers' demands and requirements, especially those of posts.

For the PLS business, the Company has given in-depth thought to its differentiation strategy. Quadient is expanding its R&D capacities and is covering a growing number of geographies and a larger spectrum of clients. It is positioning itself as a player capable of offering both carrier and retailer lockers where everyone can drop off their items. Moreover, the Company has done the right market research to be effective in the launching of its new products.

For the ICA business, the Company has decided to combine its Customer Experience Management and Business Process Automation software solutions into a true end-to-end cloud-based global business communications platform. The Company has defined an agile methodology and benefits from customer-facing employees and partners to respond quickly to customers based on their needs. In this respect, the Company has invested more in people and hired/created some roles to improve such business relations. CXM being a mature market with few and big competitors that are similar to Quadient, the Company is well aware of their strategies and is able to adapt to them or even anticipate them.

FAILURE OF COMPANY'S TRANSFORMATION

Risk description

The 1st phase of the "Back to Growth" strategy, implemented early 2019, has implied many changes around the following pillars:

- reinvest in Quadient highly cash generative Mail-Related Solutions offering
- focus on four major solutions in the main geographies
- seize bolt-on acquisition opportunities
- streamline the Company's organization
- either grow, improve or divest the Company's additional operations by no later than 2022
- adapt the Company's shareholder return policy.

The phase two of "Back to Growth" started in March 2021 and will encompass in 2022 further changes in Quadient's operating model.

The objectives set in terms of transformation and reorganization of the Group may not be achieved and may jeopardize the proper functioning of the business or prevent the Group from benefiting from the expected effects.

Potential impacts

This risk could affect the company on the following:

- Operational
  - Loss of efficiency between teams, business lines and regions
  - Failure to meet planned implementation timetables
  - Business disruption, not being able to deliver on the roadmap
- Strategic
  - Inability to successfully make the transition outlined in the "Back to Growth" strategy
  - Damage to reputation with key stakeholders
- HR
  - Rising tensions between teams/collaborators
  - Rising social tensions
  - Increased staff turnover

Risk management measures

Implemented early 2019, the "Back to Growth" strategic plan involved both a strong refocus of Quadient's solutions portfolio and a major transformation of its operating model. Quadient aimed at building leading market positions in highly growing businesses that are synergistic with its foundational mail-related activities. Customer communication and experience management, business process and document workflow automation, as well as automated parcel locker solutions were selected to be the company's growth engines while continuing to benefit from Quadient's strong position in the highly profitable and cash generative Mail-Related Business, which the Company continues to invest in with the obective to gain marcket share each year. Gradually increasing the contribution of these growth engines within Quadient's total revenue has been set as a critical metric of

Quadient's transformation. In 2021, Intelligent Communication Automation represents 201 million euros in revenue, including 67% of subscription-related revenue, the latter having increased by 17.1% this year. Concerning Parcel Locker Solutions, the revenue is of 83 million euros, including 58% of subscription-related revenue. In total, the ICA and PLS businesses represent 28% of total revenue vs. 27% in 2020.

The Company's Board of Directors and Executive Committee regularly review business performance and the management team's execution against the objectives set in the Back to Growth strategy. The Company has several large scale initiatives to support the Company's transformation, which are supported by dedicated and shared resources to prioritize actions and ensure execution objectives are met. When risks or deficiencies are identified, mitigation plans and other proactive measures are regularly put in place.

INABILITY TO ADDRESS CUSTOMERS' NEEDS

Risk description

The Company may be unable to upgrade its existing or newly acquired solutions to efficiently address customers' needs and/or to identify the right solutions to acquire/develop. Customer satisfaction and Quadient's brand image could be severely affected.

Potential impacts

This risk could affect the company on the following:

- Financial
  - Financial losses due to the launching of an inadequate new solution in a local market
- Strategic
  - Missing a strategic opportunity and losing market share in a rapidly changing market
  - Deterioration of customer satisfaction
- Reputational
  - Deterioration of the Group's brand and professional image, which may hinder the ability to attract new business partners or retain existing ones (being seen as non-innovative)

Risk management measures

The Company has worked on its go-to-market and verticals to address all ranges of customers. It has developed a streamlined omnichannel strategy to address many needs simultaneously rather than solving one particular issue at a time. Moreover, the Company is focusing its efforts on bolstering its ability to manage the marketing launch in a faster, more efficient and coordinated way so that a theoretical solution thought out at corporate level can be adapted to a regional market in a fast and effective way. In this respect, the Company has appointed a Product / Marketing manager for each solution set, working locally with salespeople to anticipate the clients' needs and up the feedback in the global organisation.

Regarding the ICA offering, software R&D teams are prepared to manage and react to new technological features proposed by the market and to respond to technological obsolescence. Quadient provides now a single fully connected AR/AP platform where all customer/vendor/employee communications can be automated.

The Company has put in place a precise monitoring of customer satisfaction as it relies heavily on customer loyalty (customer satisfaction surveys at corporate level tightened by on-the-spot surveys).

LASTING PANDEMIC DISRUPTING THE BUSINESS (COVID-19)

Risk description

Despite the proliferation of vaccinations and available treatments, the Covid-19 pandemic continues, and new variants are emerging, raising the uncertainty of a return to normal business conditions. As a consequence, the Company's operational processes (production, marketing, sales, shipping, remote work) could be destabilized over a significant period of time.

Potential impacts

This risk could affect the company on the following:

- Strategic
  - Accelerated digitalization of mail activities, hence negatively impacting MRS (such a trend could also represent an opportunity for digital activities such as PLS and ICA)
- Financial
  - Negative impact on the Group's P&L
  - Increased supply / transportation costs and difficulties to justify the price increase to the customers
- Operational
  - Total/partial business interruption: prolonged closure of retailers and therefore difficulties in access to lockers

- Lasting difficulties to reach existing or potential customers: changes in working habits from prospects
- Delay in delivery time and deterioration of customer satisfaction

- HR
  - Changes in the ways of working and interactions between employees: difficulties in continuing to be effective, cohesive and team-oriented
  - The Group has to hire new people and train them, onboard them, teach them tools and processes all remotely
  - Departure of key collaborators that are opposed to vaccination
  - Telemarketing people may be frustrated and may leave (high turnover position)

Risk management measures

The Company has made investments in IT equipment and digital tools over the last years to enable the employees working remotely and make the operational processes running, notably to diversify its ways of acquiring new customers. In addition, Quadient's sales force and Customer support teams remained in constant dialogue with its customers to support them for their need and has increased commercial partnerships playing a significant role in that strategy.

In addition, strong actions to adapt the cost base to Covid-19 consequences were also taken, and among others:

- A freeze on new hirings was put in place;
- Salary increases were postponed;
- Furlough measures were implemented;
- All travels were stopped.

In 2021, the emergence of new variants has led the company to continue to apply the precautionary principle and enable its employees to work remotely which became the new standard of work in Quadient. The return to the workplace was applied progressively during the second half of 2021.

Risks relating to the company operations

CRITICAL INFORMATION SECURITY INCIDENT (CYBER-ATTACK, MALWARE, RANSOMWARE) WITH A LASTING EFFECT ON THE COMPANY'S ACTIVITIES

Risk description

As part of its business the Company manages several IT systems, infrastructure, applications and databases for its own usage but also to deliver the services to its customers. The Company could face malicious actions, individual or organized, of internal or external origin, on the Company's assets that could compromise the security of its data or could cause interruptions in the operations of its businesses and expose the Company to increased costs, litigation and other liabilities.

Potential impacts

This risk could affect the company on the following:

- Operational
  - Significant business disruption, not being able to deliver on the roadmap
- Financial
  - Costs of bringing the systems up & running
  - Fines or penalties in case of non-compliance with external standards (Data privacy, GDPR etc.): have to notify national authorities about the incident and potential leakage
- Reputational
  - Degradation of the reputation with customers globally

Risk management measures

The Company has set a general information security framework in which security policies and internal digital standards have been implemented as well as mitigating measures to address the security and cyber-attack risks. The Company has the ability and the skills to restore all its business critical systems thanks to disaster recovery plans and data backup tested on a regular basis.

The Director of Information Security chairs a Corporate Information Security Board to govern corporate information security activities. The Security Board meets quarterly and includes representation from Solutions Security teams, the Data Protection Organization, Corporate Compliance, Digital Organization and Corporate Information Security. This is the overarching Information Security technical governance authority within Quadient, reporting to the Quadient Executive Committee. Its role is notably to establish global information security objectives and priorities, perform global information security risk assessments, maintain Information Security policies, and create global awareness of Information Security Policies and safe working practices.

The information security also depends on the awareness and ability of the Company's staff to understand the stakes of security. In this respect, the Company has implemented a mandatory training program for all employees.

SIGNIFICANT FAILURES IN THE DEPLOYMENT OF CRITICAL IT TOOLS

Risk description

Quadient past decentralized organization and growth by acquisitions has led the Company to manage a large range of information systems. In the framework of the "Back to Growth" strategy, the Company is currently in the process of deploying new IT tools like for instance a new ERP and a new HRIS for which the Company may experience failures in the subsequent deployment (delays, additional costs, non-deployed functions, etc.).

Potential impacts

This risk could affect the company on the following:

- HR
  - Loss of efficiency in HR management (accumulation of administrative layers creating confusion and frustration among employees)
  - Inadequate monitoring of KPIs to address talent retention issues
- Operational
  - Significant business disruption (failure to meet planned implementation timetables)
- Financial
  - Failure to meet planned costs
- Reputational
  - Degradation of the reputation with customers

Risk management measures

A Chief Digital Officer was appointed in 2019. His responsibility is to align operational processes and IT systems within the Group. All IT teams report to him. This new team aims to focus on operational processes, collaborate with the management team to enforce new security and operational measures intended to secure the Company from a technical perspective

Regarding CRM tools, the Company has already consolidated its CRM tools during the past 3 years. There are 2 global CRM applications (one for MRS and another for CXM) with 2 others dedicated to US and France.

Regarding the HRIS, the Company is currently implementing a new HRIS. This project aims at providing a unique platform for HR management (compensation, absence management, self-service), talent management (objectives, goals, assessment, feedback, talent review), reporting, recruiting, expenses management, and learning. As of today, half of these functionalities are available and all of them should be available by end of 2022.

Regarding ERP tools, while the Company currently has to manage several legacy and heterogeneous ERPs, a global ERP project is currently being deployed. This project aims at reducing from 20 to a maximum of 1 or 2 the number of ERPs for all the Company's activities. It should be up and running in NORAM by the end of 2022 and will be progressively extended to the other countries in which the Company operates.

DETERIORATION OF OPERATING CONDITIONS IN A STRATEGIC GEOGRAPHICAL AREA

Risk description

Considering the changing international context, the persistence of terrorism threats and the increasing tensions between or in some countries, the Company may be subject to serious difficulties in maintaining its operations in a geographical area and/or strategic country following the unforeseen outbreak of social, economic, legal, political or geopolitical events (e.g. Brexit, President Trump tax on goods from China, Ukraine/Russia crisis, etc). Such situation could affect both the safety of the Company's employees and expose it to economic and financial risks.

Potential impacts

This risk could affect the company on the following:

- Operational
  - Safety of 70+ engineers based in Ukraine
  - Business disruption, not being able to deliver on the roadmap
- Financial
  - Financial consequences are linked to the safety of this engineering team
  - Inability to generate sufficient revenue in a strategic area/country
- Strategic
  - Inability to successfully make the transition outlined in the Back to growth strategy
  - Missing a strategic opportunity and losing market share in a rapidly changing market

Risk management measures

The geographic diversity of the Company's operations mitigates its exposure to the risks of a given country by limiting the concentration of activities, and as such dependence on that country. As part of its risk management process, the Company monitors and analyzes on a regular basis the context of all the countries in which it operates.

On a health and safety perspective, travel guidelines covering specific risks (health, safety, hygiene, vaccination, terrorism) are provided to employees who are travelling. The Company's employees are not allowed to travel in countries where a high risk of political instability exists.

LASTING INCREASE IN SUPPLY CHAIN COSTS

Risk description

While tensions have already arisen in the supply chain, they could continue into 2022, with the potential risk to significantly impacting the Group's operations and degrading its financial results.

Potential impacts

This risk could affect the company on the following:

- Strategic
  - Increase in sales prices: if Quadient passes on its cost increases to customers too sharply, this may accelerate the decline of MRS as contracts might not be renewed

- Financial
  - Attrition of the Group's margin and P&L
  - The Group is forced to build up stock levels to prevent contract losses
- Operational
  - Disruption in the production chain (longer delivery time and time-to-market)

Risk management measures

The Company has tried to renegotiate the terms of the contracts to generalize clauses to pass through adverse variation in prices. The Company has not yet seen any willingness on the part of customers to terminate contracts but continues to monitor this cost/price increase and customer dissatisfaction. The Company has increased its prices in all three solutions since September 2021, mainly in the US and in Europe (except France). Quadient has also established connections across the globe to find the needed electronic components. In this respect, the Company works with brokers on the secondary market all over the globe.

INABILITY TO ATTRACT AND RETAIN KEY TALENTS

Risk description

The long-term performance of Quadient is driven, in particular, by the quality of its employees, their skills and their commitment. The Company's transformation projects that are currently being rolled out must succeed in getting all employees on board at the risk of a disconnection, breakdown of support, lack of adhesion and increase of staff turnover. In the current talent environment, young engineers are often looking for start-ups with exciting projects, a lot of cash, high salaries and significant promising bonuses if the start-up is successful, etc. The company is therefore exposed to the risk of not being able to attract and retain some rare competencies that are highly sought after in the market in order to sustain its growth: for example high value-added sales, software engineers, marketing staff.

Potential impacts

This risk could affect the company on the following:

- Operation
  - Business disruption, not being able to deliver on the roadmap
  - Dysfunction, shortage of key profiles, staff leaving without being replaced
  - Falling behind in R&D due to lack of new innovative talent
  - Losing business opportunities in certain geographies
  - Failure to meet planned implementation timetables
- Financial
  - Salary raises (mostly on the Software side) have a negative impact on the Company's margin
- HR
  - Higher turnover than a few years ago: recruiting more external candidates than promoting internal collaborators who have a deep understanding of the Company's culture and habits affects the Group identity/corporate culture.
  - Lack of adherence
  - Less stable teams than before (declining average seniority)
  - Rising social tensions
- Strategy
  - Limited capitalization on new growth drivers (software, PLS)

Risk management measures

Since the changeover initiated in 2015-2016, the Company has trained its staff to make a successful transition from hardware to software. Therefore, to keep these employees who are familiar with the Company and who have experienced its evolution, the Company has:

Committed to further create the conditions for an attractive company for young talent (corporate culture, values, reputation), Quadient is implementing programs to provide great working conditions to guarantee the best work-life balance, create an inclusive and diverse workplace, being an equal opportunity employer, and give employees the opportunities and means for their personal development. The EPIC values (Empowerment, Passion, Inspiration, Community) are the values Quadient stands for as a company. The Company continuously monitors weak signals (such as employees' satisfaction) through internal surveys ran quarterly, and is committed to the development of employee engagement.

The Company raised its remuneration standards (especially on positions deemed at risk and on entry-level salaries/packages) following a benchmark. To avoid risk of losing key employees, the Company has put in place retention incentives such as phantom shares and free shares. It has also implemented contingency plans for all major key positions at all the Company's entities. These plans are regularly updated and reviewed by the Remuneration and Nomination committee.

In 2021, the Company has invested heavily in its employer brand and improved its external communication to explain the benefits of working at Quadient: stable company, large and well-developed portfolio, developing new products/solutions, etc. The Company will continue to develop its visibility in 2022.

CRITICAL FAILURE OR UNAVAILABILITY OF SOLUTIONS

Risk description

As part of its business the Company manages several IT systems, infrastructure, applications and databases for its own usage but also to deliver the services to its customers. Failure of such systems could result in significant unavailability or data loss and thus in major disruptions and/or major malfunctions for its customers.

Potential impacts

This risk could affect the company on the following:

- Operational
  - Significant disruption for customers
- Financial
  - Costs of bringing the systems back up & running
  - Penalties, fine in case of non-compliance with customer contracts
- Reputational
  - Degradation of the reputation with customers

Risk management measures

The Company has implemented a business continuity plan for all critical services delivered to its customers. It starts with the backup of customer and business data to the setup of a secondary environment redundant with the primary environment. Almost all the services delivered to customers come from applications that are hosted on a cloud-based environment or in data centers operated by certified suppliers and monitored by dedicated teams, ensuring a high level of security. In addition, the Company performed a risk analysis, put in place measures to prevent them and a procedure for dealing with incidents, in connection with its digital standards and Information security management system. The ICA activities are ISO 27001, 27017 and 27018 certified.

FAILURE OF A CRITICAL THIRD PARTY

Risk description

Quadient evolves in an environment in which it interacts with several business partners and joint-venture partners to market its solutions and with several suppliers to manufacture hardware products. The Company has a certain dependency to OEM and ODM vendors that assemble Parcel Lockers and entry-level and mid-range MRS machines in Asia. The risk is that the Company is unable to anticipate the failure of one of its business partners or the dependence to a specific supplier, which could significantly impact its ability to maintain its operations or resulting in a loss of revenue.

Potential impacts

This risk could affect the company on the following:

- Operational
  - Disruption of the production / supply chain
  - Delay in delivery time
  - Extra workload to relocate production or to find alternative solution/design, delaying other R&D projects and postponing the launch of new products
- Financial
  - Extra costs associated with the redesign and/or the selection process of a new supplier
  - The Company is forced to build up stock levels to prevent contract losses

Risk management measures

The Company has set up in depth due diligences before validating any new third party in order to check their financial and their integrity before engaging with them. Contractual agreements are also established to protect the Company against such risks. Regarding its key production suppliers, the Company has alternative solutions in case of failure of an OEM or ODM vendor. If one of these suppliers should ever fail, the other one could take over production. Quadient also has selected an alternative source for its strategic tier 2 suppliers. The manufacturing tooling such as the moulds or assembly jigs are owned by Quadient and can be transferred to another supplier. As for PLS, by reintegrating design into the Company, Quadient will be able to work with any partner in the world and have a better control over design.

INABILITY TO EXECUTE THE COMPANY'S LOW CARBON STRATEGY

Risk description

The demand and expectations from the Company's stakeholders regarding its carbon footprint as well as the one of its solutions are growing year-on-year. Since the introduction of the Article 173 of the French law on energy transition, institutional investors have to transparently publish their integration of environmental, social and governance (ESG) criteria in their investment operations. Therefore, they have increased their level of requirements as well as the customers who also need to demonstrate the effort, by cutting the greenhouse gas emissions tied to their activities. The new EU Directive on green taxonomy entered in force in January 2022 will accelerate the need to get data on companies' strategy related to climate change. Quadient has defined its low-carbon strategy but may find it difficult to implement it (energy consumption, eco-design, circular economy, remanufacturing, etc.)

Potential impacts

This risk could affect the company on the following:

- Financial
  - Decrease in the stock price
  - Loss of customers, revenues
- Reputational
  - Bad image on the market (business stakeholders/partners, civil society, rating agencies, regulators, etc.)

Risk management measures

Quadient has defined its low-carbon strategy by setting ambitious targets to reduce its greenhouse gas emissions related to scope 1, 2 and 3 in accordance with the SBTi methodology. On scope 1 and 2, the Company has defined a program consisting in reducing the Company's real estate footprint to reduce the global energy consumption, optimize the vehicles fleet and transitioning it from fossil energy to hybrid or electrical vehicles and switch to renewable energy. On scope 3, the Company's target is focused on streamlining business trips and employee commuting and reducing the impact of its solutions thanks to an eco-design approach and product remanufacturing.

Risks relating to finance, regulatory changes, ethics and legal

TAX MATTERS

Risk description

As an international Company, Quadient is doing business in many countries and is therefore subject to multiple tax laws and must, accordingly, ensure that its global operations comply with the various regulatory requirements while achieving their commercial, financial and tax objectives.

The fiscal compliance refers to the degree to which the Company interprets and complies or not with applicable tax rules of a given country by declaring income, filing a return and paying the due tax in a timely manner. This risk may arise from:

- unfavorable changes in local or international regulations
- challenges in the application of current regulations or standards
- errors when completing tax returns
- regular audits by tax authorities which could lead to disagreements over the interpretation of facts

Any violation of tax laws could lead to tax assessments or the payment of late fees, interest, fines and penalties. This could have a negative impact on the Group's effective tax rate, cash flow or results of operations.

Potential impacts

This risk could affect the company on the following:

- Strategic
  - Reduction of the activities in a given country
- Financial
  - Financial costs due to tax surcharges and regulatory fines
- Reputational
  - Adverse reputational impact with the general public for avoiding tax
- Legal
  - The Company faces penalties and surcharges in cases of non-compliance with tax regulations

Risk management measures

The Company has recruited a Head of Tax in December 2020 which has allowed Quadient to be proactive on this subject and to improve the control over this risk. The Company has implemented an anti-facilitation of tax evasion policy that aims to ensure compliance with applicable laws and regulations of the countries where Quadient operates, in addition to the Code of Ethics principles relating to business integrity. A tax review is performed at least annually in each entity, with the help of an external tax adviser. With regard to their current activities in France and abroad, Quadient entities are regularly subject to tax audits. Tax adjustments or uncertain tax positions not yet subject to tax adjustments are covered with appropriate provisions. The amounts of these provisions are regularly revised. The legal, tax and compliance teams monitor the applicable legal frameworks in the countries where the Company operates.

BREACH OF THE CODE OF CONDUCT AND ETHICAL RULES (CORPORATE GOVERNANCE, CORRUPTION, FRAUD, HUMAN RIGHTS, ETC.)

Risk description

The Company may be challenged or prosecuted for non-compliance with ethical practices/rules by one of its staff or by one of its partners (corporate governance, inclusion & diversity, corruption, fraud, human rights, etc.).

Potential impacts

This risk could affect the company on the following:

- Operational
  - Termination of operations in a given country (ban from doing business in the country)
- Legal
  - Civil, criminal or administrative penalties for Quadient, its managers, employees or partners
- Financial
  - Payment of damages, national or international sanctions
- Reputational
  - Lasting damage to the Company's image among all stakeholders

Risk management measures

The Company has defined a Code of Ethics to all of its employees who must follow a mandatory training and endorse the Code. The Company also communicates its Business Code of Conduct to its Business partners whether they are suppliers, agents, intermediaries, joint-venture partners or distributors. Moreover, in the contracts and agreements produced by Quadient, compliance clauses specify that failure to comply with all the clauses of the contract (compliance, ethics, CSR, etc.) represents a case of breach and that the Company has the option of terminating the relationship.

In 2021, the Company has decided to implement a new compliance organization around a center of excellence and regional teams. Several compliance policies and practices have been revised and implemented. For instance, the whistleblowing system has been extended to all third parties, the due diligence process for third party onboarding has been revised, a third-party management platform has been implemented to evaluate risks and their compliance level.

In order to check compliance of its operations, the compliance team works hand-in-hand with the Internal control and internal audit team to set audits and implement controls.

The Company evaluates its suppliers during on-site audits whenever possible: quality of components/products, industrial landscape but also CSR-related criteria (do they have a code of conduct, how do they train people, etc.).

ACCELERATION OF NEW POSTAL REGULATIONS UNFAVORABLE (AND/OR UNANTICIPATED) TO QUADIENT'S BUSINESS

Risk description

The MRS business is subject to postal regulations in the countries where the Company operates. The Company could face increased difficulties to maintain its activities in a strategic country following the implementation of new regulations by governments or the various postal authorities, thus removing it from its dominant position. The Company could also lose its certifications, which would threaten its MRS business.

Potential impacts

This risk could affect the company on the following:

- Financial
  - Attrition of the Group's P&L: diluting the cash generation of the MRS Business
- Operational
  - Adaptation costs: accelerated renewal of the installed base
- Strategic
  - Accelerated decline in EBIT generation by MRS would compromise the ability to invest in new businesses
  - Loss of market share, loss of access to certain markets, the right to operate or the right to market a product

Risk management measures

Quadient has established long-lasting relationships with postal regulators and the Company has appointed a local relay in each region to assist the VP of Global Postal Relations. The dialogue with postal authorities gives most of the time sufficient visibility to the Company ahead of the plan, so that the Company has the capacity to anticipate and respond to these changes.

LOSS/THEFT/CORRUPTION OF DATA AND/OR INFORMATION

Risk description

In the context of its activities, the Company collects, uses and processes various customer and employee data, including personal data. Beyond GDPR in the European Union, the laws and regulations related to personal data is increasing in other countries where the Company operates such as US, Canada and Brazil. The risk is that the Company accidentally or unlawfully loses, alters, destroys or discloses data or information (confidential or personal) to the detriment of the Company.

Potential impacts

This risk could affect the company on the following:

- Operational

- Inability to efficiently understand and reach customers (lack of Business Intelligence / Market Insights)

- Financial
  - Fine in case of non-compliance with external standards (Data privacy, GDPR etc.)
- Legal
  - International & economic sanctions, criminal conviction of leaders
  - Prosecution by data subjects
- Reputational
  - Degradation of the reputation on the market

Risk management measures

Quadient has nominated a Data Protection Officer leading the implementation of the data protection compliance program. The data protection team is composed of regional DPOs in charge of applying the data privacy policy. Among other things, they define and maintain a register of data processing, answer to Data Subject Access Requests (DSAR), conduct Privacy Impact Assessments (PIA) and Data Protection Impact Assessments (DPIA), establish Data Processing Agreement with the suppliers and sub-contractors, and manage data privacy incident and data breach. The DPO team is part of the Compliance team and works closely with the Information Security HR and Legal teams.

4.2 Insurance

All Quadient companies are covered by a worldwide insurance program which covers operating damage and loss, liability, and transport risks. All subsidiaries adhere to the guarantees set up and negotiated at Group level, subject to local regulatory restrictions or specific geographic exclusions.

Quadient's risks include a high level of geographic dispersion, which substantially dilutes the consequences of any claim. The cover negotiated by the Group is high and is above all aimed at insuring the largest risks which might have a material impact on the Group's financial position.

The operating damage and loss insurance cover was renewed on 1 April 2021 for one year under the same conditions.

The insurance covering transport risks was renewed on 1 February 2022 under the same conditions for 14 months ending 31 March 2023.

The insurance policy covering "liability" was renegotiated and renewed for one year ending on 31 March 2023.

Given the development of Quadient in software activities, it was decided in 2014 to cover the risk of possible claims from third parties against Quadient for infringement of copyright and intellectual property. The policy was renewed on 1 April 2022 for one year.

Finally, it has been decided to cover cyber risks in June 2019.

Total cost of insurance amounted to 0.8 million euros in 2021.

Quadient's insurance policies are regularly updated to reflect changes in the Company's scope of consolidation and to cover industrial risks within the global insurance market framework.

The Company's guarantees are placed with leading insurers with worldwide reputation.

4.3 Internal control and internal audit framework

4.3.1 INTERNAL CONTROL FRAMEWORK

As part of the organization of the internal control and for the preparation of this report, Quadient adheres to the AMF reference framework. In accordance with the AMF definition, the Company has designed and implemented its internal control system to ensure:

- reliability of financial information;
- compliance with existing laws and regulations;
- implementation of the instructions and directions given by Group management;
- proper functioning of the Company's internal processes, especially those relating to the protection of its assets.

On a general level, the internal control system helps the Company monitor its activities, improves the efficiency of its operations and ensures the efficient use of its resources.

4.3.2 INTERNAL CONTROL AND AUDIT ORGANIZATION

Quadient internal control and audit function was set up early 2009, its purpose is to serve the Group at three levels:

- identify and assess risk;
- conduct internal audits;
- coordinate internal control.

The Group's internal control and audit department includes two permanent auditors and coordinate the work of a network of specially trained non-permanent auditors comprising the chief financial officers and financial controllers in the various Group companies. They are selected in accordance of the skills required for each audit. This structure gives the Group access to a wide range of skills.

The internal control and audit department reports to the Group finance department and can address all topics without restriction. It also reports to the Audit Committee regularly and at least twice a year as part of the audit committee meetings.

Procedures are made available on the Group Intranet in a dedicated internal control section, designed to improve circulation of procedures and to facilitate communication by providing information on internal control, audits, legal affairs and cash management.

Every new or updated procedure is circulated electronically to the manager of each subsidiary. Each subsidiary arranges internal communication of the procedure and ensures they are implemented and applied by employees.

The consistent involvement of the headquarter's management in subsidiaries' operations through regular reviews also allows for the rapid identification of any anomalies and the efficient and timely implementation of appropriate remedial action plans.

Furthermore, the internal audit department conducts cross audits to strengthen these controls.

Ethical reference framework

The integration of new activities and the strategic shift that the Company has made in recent years has led him to redefine its values to better reflect its organizational identity:

THE GROUP'S ETHICAL PRINCIPLES

Quadient believes that conducting its business in an ethical and responsible manner is essential to its sustainable growth and success. The Company's Code of Ethics sets out principles of ethics and business conduct that help each of its employee to act with integrity and ethically as well as best practices and policies that will elevate the Company's reputation. In short, this code of ethics stands as a testament for doing what the Company knows is right. It covers the following topics: Human Rights, employees, business ethics, business relationships, Quadient assets and third parties, citizenship and responsible engagement. It also includes useful recommendations for how to anchor the code of ethics in Quadient's corporate culture and takes into account Quadient's new "EPIC" (Empowerment, Passion, Inspiration and Community) values.

Quadient asks every employee, regardless of their role, function or entity, to follow the code of ethics when working for or representing Quadient. In this respect, each employee is required to follow the dedicated training and endorse the code of ethics. In 2021, 67% of the employees received the code of ethics training and 66% have endorsed the code.

The code of ethics is available on the corporate intranet (WeShare) and corporate website in the following languages: French, English, Dutch, German, Italian, Spanish, Japanese and Czech.

ETHICS & COMPLIANCE COMMITTEE

In terms of governance, an Ethics & Compliance committee, chaired by the Vice-President of CSR and Compliance and composed of the Chief People Officer, the General Counsel and the Vice-President of Internal audit meets as necessary to manage any compliance issues and the whistleblowing reports received, the investigations and remedial plans. This committee advises the Executive Committee to set directions and priorities for compliance at Quadient. The Vice-President of CSR and Compliance reports on the progress of the compliance program through quarterly reports and updates to the Chief Transformation Officer, the Chief financial Officer and the CEO to the company. In 2021, these updates included improvement projects such as integrity checks on third parties, the launch of the new code of conduct for business partners, the revision of some corporate policies and the implementation of a GRC platform.

APPLICATION OF THE SAPIN 2 LAW

Quadient is fully committed to the fight against corruption and has made clear commitments as part of its commitment to the United Nations Global Compact. The Company applies strict principles which are enshrined in its Code of Ethics and its global policy against corruption and influence peddling. The Company's program revolves around the following themes:

- Code of ethics
- Annual mapping of corruption risks
- Raising awareness and training of exposed persons and all employees
- Control devices
- Accounting procedures
- Due diligence and evaluation procedure of third parties
- Disciplinary system
- Whistleblowing procedure and system

In this context, the Company has continued to improve and strengthen its processes and tools. Therefore, in 2021, the Company has revised and supplemented its anti-corruption and bribery policy; updated the assessment of risk scenarios on corruption and bribery, implemented a procedure for knowing third parties with a particular focus on commercial distributors, but also the implementation of due diligence for suppliers and associations benefiting from donations or sponsorship actions. The Company's whistleblowing system has also been extended to all 3rd parties. Some training actions have been taken for employees who were the most exposed to these risks, as well as the legal and compliance teams. The Compliance and Internal Control and Internal Audit teams work closely to implement the controls required, such as the annual declaration of conflict of interest.

Information Systems

The key priority for the Digital organization remains the harmonization of global processes and systems, underpinned by investments in ERP, CRM & HCM. Additionally, Digital is investing in Contact Centre and eCommerce platforms, to enhance customer interactions.

Alongside these investments, the Digital Departement continues to drive standardization across information systems by adopting global standards and backed-up by audit and compliance processes, resulting in higher quality systems, with reduced risk and at a lower operational cost. Global risk management ensures the continuous assessment and mitigation of key operational risks.

Information security remains a major focus for Quadient. The need for security is even greater with the deployment of new SaaS solutions. With that in mind, Quadient has implemented an Information Security organization that enables specialist focus around solutions, group activities and use of personal data. This specialist approach ensures that dedicated capabilities are engaged where security matters most: in protecting customers, employees and protecting personal data that is entrusted to us. For the second year running, information security is a top three investment area for Digital, enhancing protection, detection, response and recovery capabilities, and demonstrating effective practice that has enabled CyberSecurity insurance renewal.

At the core of information systems, data management is paramount. In this regard, Quadient ensures that employee and customer data management is compliant with the GDPR and other similar regulations.

Accounting and financial information

PREPARATION AND RELIABILITY CONTROL OF INFORMATION

Each subsidiary has a team which reports to the local chief financial officer who is a member of the subsidiary's management committee. Each team includes a management control structure and is responsible for preparing accounting and management data as part of the monthly reporting process.

The Group finance department is responsible for identifying changes in operating conditions in order to anticipate any possible impacts these may have on the Company's accounting principles. Headquarters' management is also informed about significant local developments at regular operational reviews, and during other visits to subsidiaries. The Group financial controlling department has the role of coordinator in this domain.

CONSOLIDATION

The current electronic reporting and consolidation system, which is in place at all consolidated subsidiaries, delivers consistent monitoring of budget and management data, improves lead times for producing the data (through automatic task scheduling management, with a reminder system) and improves the accuracy of consolidation information. Using the analysis data which is provided by the subsidiaries' management control departments *via* this system and reviewed by local management, the Company's chief financial officer receives a permanent flow of data that explains any differences in the consolidated reporting.

The number of access authorizations to the information system is limited to a certain number of people per subsidiary to ensure the reliability and integrity of the reporting and consolidation data. This system has made it possible to monitor management indicators; it also produces sales and marketing data for the subsidiaries.

CASH AND FINANCING

Quadient S.A.'s financial team manages the Company's cash centrally. In order to mitigate its risk exposure, the Company has developed procedures, including exchange rate and interest rate risk management, cash pooling and the optimization of the Company's financing requirements.

FORECASTS

Quadient provides its shareholders with information on its medium-term forecasts. These forecasts are formulated based on the Company's three-year plan and take into account market conditions at the beginning of 2021, namely the competitive environment and the economic conditions in the countries where the Company operates. Should there be a significant change in market conditions or the competitive environment, Quadient cannot guarantee that it would be able to achieve its forecasts.

5

NON-FINANCIAL PERFORMANCE STATEMENT

5.1 Social, societal, and environmental information

5.1.1 PREAMBLE

For more than a decade, Quadient has been actively building a culture that conducts its business with the utmost integrity, offers innovative and sustainable solutions, and with limiting the Company's impact on the environment, takes actions to combat climate change and support global transition to a low carbon economy. Quadient believes that these continuous efforts will ultimately result in a better future for the Company's customers, employees, and the communities it serves. Quadient also believes that conducting business in an ethical and responsible manner is essential to its sustainable growth and success as well as the wellbeing of all stakeholders involved. As the world faces rapidly evolving environmental, social and economic dynamics, global hotspots and crisis like the Covid-19 pandemic, Quadient is prepared to face and address these challenges as a responsible leader in its field. As a result of the Company's strategy announced in January 2019, Quadient has also adjusted its CSR (Corporate Social Responsibility) strategy and organization to meet the needs of its future. Quadient's CSR strategy is guided by an in-depth materiality analysis, and is summarized in this document. In terms of organization and governance, the CSR & Compliance team is part of the Transformation department, which is in charge of driving the strategic initiatives and transformation of the Company. The Strategy and Corporate Social Responsibility Committee of the Board of Directors, created in September 2018, now reviews the Company's progress on CSR matters regularly and offers its advice and support for future improvements

This chapter explains the non-financial risks, challenges and opportunities that have been incorporated into Quadient's CSR strategy, as well as the main results in 2021[(1)].

5.1.2 CSR STRATEGY AND POLICY

Quadient has deployed a CSR strategy that is in line with the Company's business and meets the environmental, social and societal challenges the Company faces. To achieve these objectives, the CSR strategy is built around five pillars:

- empower Quadient's employees to achieve the company strategy;
- enable a culture of excellence and integrity;
- reduce Quadient's environmental footprint;
- build the best customer experience by offering innovative, reliable and sustainable solutions; and
- engage within local communities and support them.

Quadient believes that anticipating environmental and social issues, together with the management of risks and opportunities, are important drivers of operational performance.

The CSR strategy takes into account the specific challenges of Quadient's activities as identified through the materiality analysis following consultation with internal and external stakeholders. This approach allows those stakeholders to participate in building a sustainable future while ensuring the Company's performance and stability.

(1) In accordance with the order of 19 July 2017 and the decree of 9 August 2017. The value creation model can be found in the introduction book of this document.

A CSR ambition defined with stakeholders

Quadient CSR ambition is based on a constructive dialogue with its stakeholders. Engaging through an ongoing dialogue with all of them enables to improve Quadient CSR strategy on a regular basis. Such momentum is based on a detailed knowledge of the Company stakeholders and their specific concerns and expectations. In order to identify the most important stakeholders to be involved, the company has set up an approach founded on the analysis of their level of influence based on their needs and expectations and on their interest in Quadient business. Through its CSR programs, Quadient is willing to address its stakeholders' expectations to create value for them and the company.

Quadient's dialogue with its key stakeholders is part of well-established processes taking place all along the year. In 2021, Quadient continued to dialogue with all its key internal and external stakeholders. Regarding the investors and shareholders, Quadient has explained its strategy, ambitions, programs and targets during the capital market day in March 2021 and through several road show meetings and announcement of the company's quarterly results.

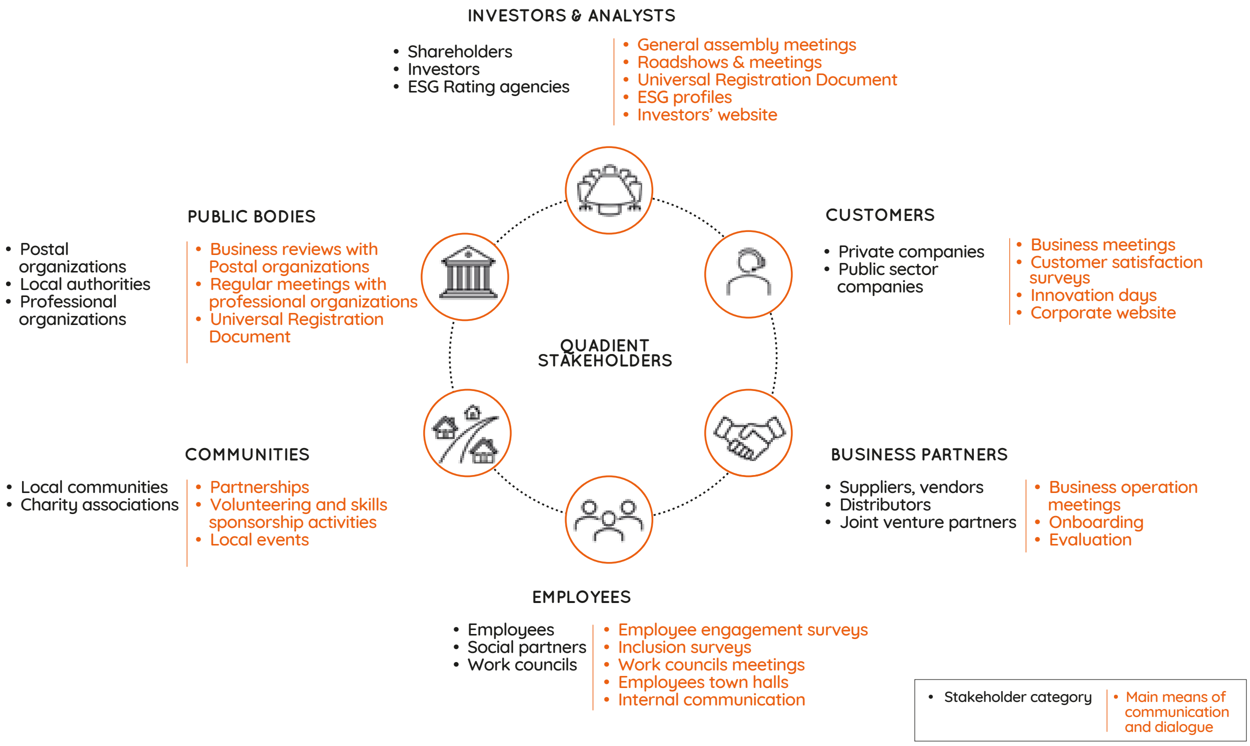
Regarding the public bodies, Quadient has forged strong, long-standing relationships with postal organizations in the countries where it operates. The company also participates actively in the professional organizations of the French Information Technology Industry Union (AFNUM), Syntec, FEVAD among others as well as the working meetings of the National Authority in France allowing Quadient to follow these developments and to anticipate future ones.

With its customers, Quadient has strengthened its dialogue though business meetings, Innovation days (refer to this document in "Leverage technology to consistently innovate and improve Quadient's portfolio of solutions" in section 5.1.6) and information provided through its corporate website and reply to customer's requests for information and through customer satisfaction surveys.

Regarding its business partners, Quadient has reinforced its dialogue approach by implementing long term partnerships and introducing a new onboarding process with a new code of conduct for business partners and due diligence process (refer to this document in "A new responsible procurement strategy" in section 5.1.4).

Internally, Quadient has continued to put the emphasis on its CSR programs and raise the awareness of its employees through different channels such as the internal platform called The Hub, engagement & wellness surveys, inclusion surveys, emailing campaigns and dedicated townhalls for instance for the empowered communities (refer to this document in section 5.1.3 Empowering Quadient's people to achieve the company strategy). Moreover, the company has implemented Quadient Cares, its new philanthropy program in which several corporate events enable the dialogue between employees and volunteers from various charity associations and foundations (refer to this document in section 5.1.7 Engage and support local communities) on top of the partnerships developed by the company in the framework of its program.

The stakeholders' mapping shown hereafter represents the ecosystem in which Quadient evolves as well as the main means/practices used by the company to dialogue and communicate with all of them.



Materiality matrix

In 2019, Quadient reviewed its materiality analysis, taking into account the transformation initiated by its new strategy, the evolution of the Company's activities and organizational changes. This assessment, aimed at identifying emerging material challenges with a horizon of three to five years, also provides insight into the Company stakeholders' expectations and informs them about the importance of sustainability. In order to focus its efforts on the most material challenges, the Company conducted this assessment using the four-step process described below.

IDENTIFICATION OF CSR CHALLENGES

To meet the Company's sustainability and CSR challenges, Quadient benchmarked sector best practices, international standards such as ISO 26000, the United Nations Sustainable Development Goals, the Global reporting Initiative (GRI), and the issues raised by the Environment Social and Governance (ESG) agencies rating Quadient's non-financial performance. In total, 52 topics have been considered and classified into five areas (People, solutions, Ethics & Compliance, Environment, and Philanthropy).

CONSULTATION OF INTERNAL & EXTERNAL STAKEHOLDERS

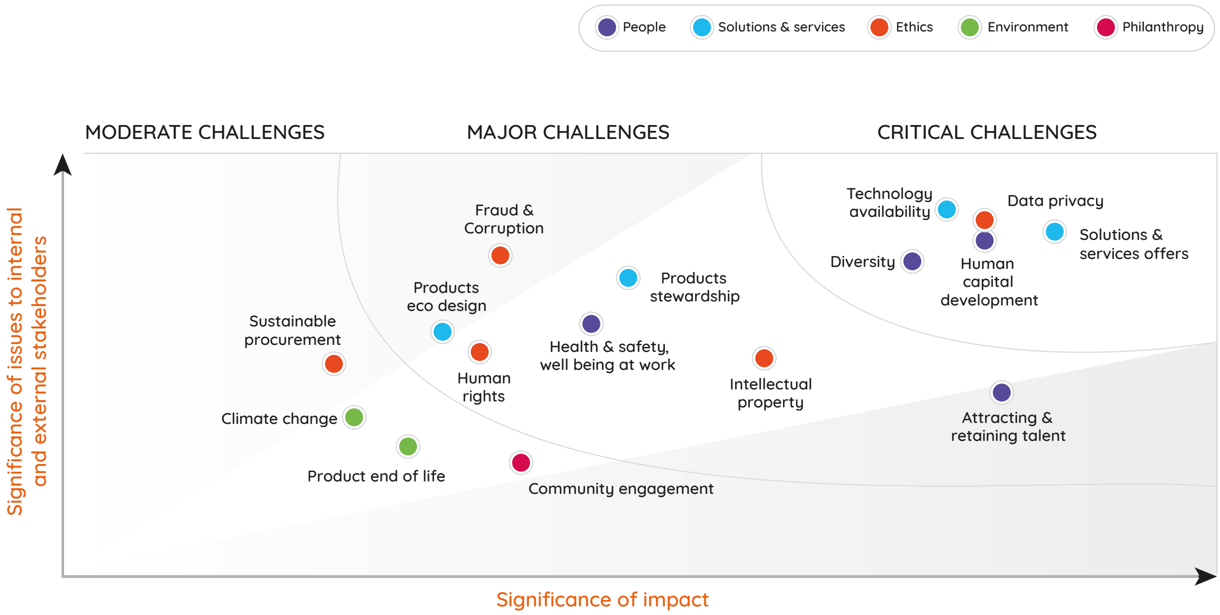
This consultation was the opportunity to spark open discussions with Quadient's stakeholders to better understand their perception of the performance, risks and opportunities, and their expectations of the Company's CSR strategy. In addition, they were asked to rate each of the non-financial challenges according to three criteria: importance level for the stakeholders, importance level for the Company's business, and maturity level of the Company on these topics.

CONSOLIDATION AND MATERIALITY MATRIX

To design the materiality matrix, internal and external scores were averaged using equal weighting between the different categories of stakeholders. The challenges retained were plotted on a materiality matrix. Stakeholder ratings were reported on the y-axis, with ratings based on importance to the business reported on the x-axis. The Company classified CSR challenges into three groups: critical, major, and moderate.

ANALYSIS OF MATERIALITY RESULTS

Quadient retained 18 sustainability and CSR challenges from its materiality assessment. Of these challenges, six are considered critical, eight as major, and four as moderate. Critical challenges correspond to the main issues related to the transformation of the Company: new strategy, new digital business and organizational changes. Major challenges are historical in nature for Quadient; they were previously assessed and are still being carried out. Moderate challenges are still relevant, but only minimally affect the Company's performance and are well under control due to existing programs.


People
Solutions & services
Ethics
Environment
Philanthropy
MODERATE CHALLENGES
MAJOR CHALLENGES
CRITICAL CHALLENGES
Technology availability
Data privacy
Solutions & services offers
Diversity
Human capital development
Fraud & Corruption
Products stewardship
Products eco design
Sustainable procurement
Health & safety, well being at work
Human rights
Intellectual property
Attracting & retaining talent
Climate change
Product end of life
Community engagement
Significance of issues to internal and external stakeholders
Significance of impact

Non-financial risks

The non-financial risk mapping has been built in accordance with the Company's global risk mapping introduced in chapter 4, "Risk Factors and Internal Control", of this universal registration document. Each risk has been assessed according to the same methodology and criteria. All Executive Leaders were asked to list all risks relevant to them and rate them on their likelihood (from "Improbable" to "Probable/Very Likely") and their impact (from "Low" to "Very High") for the Company. Consolidated results were presented and validated by Quadient's risks committee.

PRESENTATION OF THE MAIN NON-FINANCIAL RISKS

Main CSR risk/ opportunity	Risk description	*Risk value*
People		
Human capital development, talent attraction and retention	Anticipate problems with the transmission, transfer and acquisition of key or rare skills. Provide expert advice to employees and ensure they use it effectively to provide the highest quality of service. Prevent any risk related to recruiting and retaining key people and qualified staff.	•••
Diversity and inclusive workplace	Promote equal opportunities in terms of recruitment, pay and benefits, promotion, access to leadership programs, training and career management. Prevent any risk of discrimination in general (age, race, gender, ethnic or social origin, nationality, language, religion, health, disability, marital status, sexual orientation, political or philosophical opinion, veteran status or otherwise, trade union membership or other characteristics protected by applicable laws and regulations).	••
Health & safety and well-being at work	Promote work/life balance (flexible work, parental leave, teleworking, etc.). Prevent the risk of deterioration of working conditions and the working atmosphere within the Company leading to an increase in accidents and harming physical and mental health (especially during COVID-19 pandemic).	••
Ethics & Compliance		
Breach of ethical rules	Adopt transparent communication regarding the company's policies on fraud, corruption and anti-competitive practices. Act in accordance with the legal requirements of the host country on the implementation of anti-corruption and anti-fraud policies, including third party whistle-blower programs.	••
Data privacy & integrity	Protect data integrity against cyber-attacks, negligence or illegal access resulting in the corruption, theft, loss, leak of the Company's data or personal data or disruption of business.	••
Sustainable procurement & human rights	Prevent the risk of human rights violations and abuse in the supply chain and operations by applying reasonable due diligence to both direct and indirect subcontractors and suppliers. Prevent the risk of failure to reduce the environmental footprint of products by acting with suppliers.	•••
Environment		
Circular economy	Incorporate the principles of a circular economy (ecodesign, waste recycling, reuse, remanufacturing) when defining Quadient's solutions and services and in their business models.	••
Climate change	Reduce Quadient's carbon footprint and seize opportunities to reduce operational costs at a time when climate change regulations are becoming more restrictive and carbon taxes a reality.	•
Solutions		
Ecodesign and sustainable products and solutions	Offer the best customer experience through innovative, competitive and sustainable solutions and services launched on the market at the right time.	••
Intellectual property rights	Respect and enforce Quadient' intellectual property rights to avoid patent litigation, statutory fines and regulations associated with anti-competitive practices.	•••
Philanthropy		
Community engagement	Encourage employees to support local communities and embody Quadient's values.	•

Legend: ••• High risk, •• Medium risk, • Low risk

Quadient's CSR strategy

Quadient's CSR strategy is built around 5 pillars, which establishes a link between the Company's strategic vision and its main non-financials risks and challenges. In 2020, the Company has outlined its CSR Roadmap 2021-2023 and defined clear objectives and targets intended to be reached by the end of 2023. In addition, Quadient has set ambitious 2030 targets to reduce the carbon footprint of its activities and solutions.

This roadmap is structured around 12 ambitions and 14 objectives, in line with the United Nations' Sustainable Development Goals (SDGs). For each of them, initiatives, programs and monitored annual targets have been developed. The table below illustrates the CSR pillars and ambitions, the main objectives and the results achieved in 2021.

CSR challenges/ Non-financial risks	Ambitions	2023 Objectives	2021 Results	SDG	Section
People: Empowering Quadient's people to achieve the Company strategy					
Talent attraction and retention Health & safety and well-being Inclusion & Diversity Human capital development	• Provide great working conditions empowering all Quadient employees to perform at their very best. • Create an inclusive and diverse culture indicative of Quadient's equal opportunity employer philosophy. • Give all employees the opportunity and the means for personal and career development and empower them to contribute to the Company's success.	>80% of employees eligible to remote working 2 days or more per week[a] Being recognized "Best Places to Work" with score greater than 70 (on 90) >30% of women among managers >30% of women among Senior Leaders	>90% 71.4 27.58% 21.8%	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	5.1.3
Ethics & Compliance: Enabling a culture of excellence and integrity					
Data privacy Breach of ethical rules Responsible procurement Human Rights Corruption & bribery	• Promote a culture of integrity and ethical conduct through Quadient's compliance program. • Protect privacy and integrity of data entrusted to Quadient against internal and external threats. • Engage with partners and suppliers who observe standards similar to those of the Company.	>95% employees endorsed the code of ethics >95% employees engaged in compliance and business ethics training program[b] >95% strategic business partners have endorsed the code of conduct for business partners[c]	66% 76% 65%[d]	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	5.1.4

CSR challenges/ Non-financial risks	Ambitions	2023 Objectives	2021 Results	SDG	Section
Environment: Reduce Quadient's environmental footprint					
Circular economy Climate change	• Take actions to combat climate change and support global transition to a low carbon economy. • Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint.	Reduce CO_2 emissions by: (i) 50.4%, for scope 1 & 2 between 2018 and 2030 (ii) 40%/€m revenue for targeted categories, for scope 3 between 2018 and 2030	45.9% for Scope 1 and 2 2.3% /€m revenue for Scope 3		5.1.5
		Mail-Related solutions (MRS) equipment remanufacturing to account for more than 50% of MRS products placed on the market	64.4%		
Solutions: Build the best customer experience by offering innovative, reliable, and sustainable solutions					
Customer satisfaction Innovation, technology availability Intellectual property Eco design and low carbon products and solutions Product stewardship	• Leverage technology to consistently innovate and improve Quadient's portfolio of solutions. • Design cutting-edge sustainable solutions to help Quadient's customers fulfil their needs while contributing to sustainable development. • Deliver high quality, reliable and secure solutions to Quadient's customers.	Achieve overall customer satisfaction above 95%	95%		5.1.6
		Pursue investments in R&D above 4.5% of consolidated revenues	5.1%		
Philanthropy: Engage and support local communities					
Community engagement	• Embody the Company's values by supporting local communities in the fields of Education & Decent Employment, Inclusion & Diversity and the Reduction of Waste and Pollution.	5,000 annual hours + contributed by Quadient's employees supporting communities	356.5 hours		5.1.7
		>€100,000 of financial donations to Non-Profit Organizations	€93,654.25		
		25% of employees engaged among the users of the platform and involved in volunteering & sponsorship projects (contribution rate)	20.71%[e]		

(a) *In 2020 and 2021, the lockdown due to the COVID-19 pandemic in different countries accelerated the rollout of teleworking within the Company. This is the percentage of employees eligible to remote working.*

(b) *Training program in 2021 was tied to code of ethics, data privacy, information security, corruption and bribery, competition.*

(c) *The code of conduct initially intended for production suppliers has been extended to all strategic business partners (suppliers, vendors, JV partners, commercial dealers).*

(d) *This score is tied to the deployment of the new code of conduct for dealers in France. The deployment will continue across the other third parties and regions in 2022.*

(e) *Due to the COVID-19 pandemic, a significant level of charity actions and events have been postponed to 2021or replaced by online events that have not always been tracked. A new platform was implemented in April 2021 to better monitor the Company's efforts but doesn't reflect all the number of employees already involved in volunteering & sponsorship projects. The contribution rate on the platform was calculated with 333 contributions in one do good activity made by 185 employees engaged (among 893 users) on the platform at the 31st of January 2022. Source: CSR qualitative questionnaires and new platform implemented in April 2021 to monitor the Company's efforts.*

International Standards

QUADIENT COMMITS TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) AS A SIGNATORY OF THE UN GLOBAL COMPACT

By joining the UN Global Compact in 2021, Quadient asserts its commitment to respecting, supporting and promoting the 10 Principles of the Global Compact on human rights, labor, environment and anti-corruption within its sphere of influence. Quadient will also undertake actions to advance the broader development goals of the United Nations, and already intends to contribute to the achievement of the following eight Sustainable Development Goals (SDGs):

- Goal 4: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all". Indeed, Quadient is involved in education matters, mainly through its philanthropic initiatives (in kind donation of devices to schools, financial donations) and also through partnerships with schools or universities in France, UK and Czech Republic for instance. The Company also regularly builds effective learning programs to enhance skills and capabilities of employees and recently invested in e-learning solutions such as LinkedIn Learning, English courses online, and Ignite program for Senior Leaders.

  Main stakeholders: employees and communities;
- Goal 5: "Achieve gender equality and empower all women and girls." Quadient is committed to gender equality and, as far as possible, it wants to not only recruit more women but also allow them to access management positions through internal promotion. In this respect, a women's leadership program has been developed. Sponsored by Quadient's CEO and the Executive management team, the program delivers practical insights and skills focused on both the challenges and opportunities for women in leadership. Women leaders will build a powerful learning network and in turn empower other women and be part of their success story.

  Main stakeholders: employees;
- Goal 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all." In accordance with its code of ethics and supplier code of Conduct, Quadient is particularly vigilant as to the working conditions of all its suppliers and partners, and is committed to respecting the fundamental principles set out in the United Nations' Universal Declaration of Human Rights and the conventions of the International Labour Organization. Moreover, it helps boost employment in the different regions of the world in which it operates.

  Main stakeholders: partners and employees;
- Goal 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation." As a committed and innovative player in the fields of digital communication (Customer Communication and Experience management solutions, paperless digitalization) and the value chain for parcels (automated packing systems, parcel lockers), Quadient's business naturally dovetails with this goal.

  Main stakeholders: partners, customers and communities;
- Goal 10: "Reduce inequality within and among countries". Quadient aims to create an inclusive and diverse culture indicative of the Company's equal opportunity employer philosophy. The Company give all employees the opportunity and means for personal and career development worldwide. Quadient also strives to provide the same good working conditions and advantages (mutual insurance, paid holidays, decent salary) to all its employees working in around 30 countries. Quadient hires local employees whenever possible. For example, the relocation of the Memphis logistics center to Byhalia created 75 local jobs, Finally, Quadient supports its local communities mainly in the fields of Education & Decent Employment, Inclusion & Diversity, and the reduction of waste and pollution.

  Main stakeholders: employees, partners and communities;
- Goal 11: "Make cities and human settlements inclusive, safe, resilient and sustainable". Quadient leverages technology to consistently innovate and improve its portfolio of high-quality, reliable and secure solutions for customers. The Company develops cutting-edge sustainable solutions to help its customers fulfill their needs while contributing to sustainable development. For example, in cities facing higher volumes of e-commerce deliveries as a result of consumers shopping online, traffic congestion from delivery trucks continues to grow, leading directly to increased CO_2 emissions. Parcel lockers solutions help to reduce missed deliveries and therefore reduce CO_2 emissions related to the re-delivery of parcels.

  Main stakeholders: communities, partners and customers;
- Goal 12: "Ensure sustainable consumption and production patterns." Quadient is a player in the circular economy through its remanufacturing approach. Furthermore, the Company deploys collection processes for its end-of-life products and consumables.

5

Main stakeholders: customers;

- Goal 13: “Take urgent action to combat climate change and its impacts.” Quadient participates in initiatives to reduce energy consumption, optimize upstream and downstream freight transport, and reduce the carbon footprint of its products, detailed in the environmental section below.

  Main stakeholders: communities, partners and customers.

GLOBAL REPORTING INITIATIVE (GRI) STANDARDS FRAMEWORK

Quadient is committed to transparent reporting on its sustainability performance.

The Company use the Global Reporting Initiative (GRI) Standards as a basis for disclosure. GRI Standards help businesses and other organizations understand and communicate their impacts on ESG issues by providing them with the global common language. They are regularly reviewed to ensure they reflect international best practices for sustainability reporting and help the Company respond to the expectations of its stakeholders.

This report has been prepared in accordance with the GRI Standards: Core option.

A table cross-referencing the information in this document with GRI Standards is available in section 8.7 Concordance tables, page 269.

ISO 9001, 14001, 27001, 27701, AND 45001 STANDARDS

Quadient has deployed an Integrated Management System (IMS) and is committed to global standards since many years.

ISO certifications drive Quadient to continually improve its processes and services, to deliver products and services on time and fit for purpose; to offer support and services that ensure the best use of its products and solutions; to conform to regulatory requirements and applicable international and industrial standards and to understand and meet the requirements of its customers, suppliers, employees and shareholders

Regarding quality management system, all the Company’s R&D, manufacturing and logistic sites are ISO 9001 certified. This enables Quadient to continually monitor and manage quality across all operations and means that from design to after-sales service, operating procedures are deployed, and rigorous controls are applied to ensure a high level of product performance.

For environmental management system, Quadient introduced ISO 14 001 standard in 2005. In 2021, 40% of the Company’s entities are ISO 14001 certified. In its industrial sites, all of which are certified ISO 14001, Quadient is committed to manufacturing and assembling its products to the highest industry standards, respecting responsible environmental practices.

Regarding Occupational Heath and safety, the Company has had OHSAS 18001 certifications since 2006 and ISO 45001 certifications since 2018, mainly for its industrial sites. These certifications, issued by an independent third party, attest to Quadient’s commitment to the health and safety of its employees. In 2021, 11 entities, including all the industrial sites, were certified OHSAS 18001/ISO 45001.

For Information security management standard, Quadient is committed to following the best practices in international security and since 2017 has been the proud holder of the ISO 27001 certification across multiple sites.

In the process of 2017, Quadient extended its Information Security Management System to cover cloud services. To achieve this, the Company introduced the ISO 27017 and ISO 27018 standards (specific to cloud based operations) within its Research and Development sites in the Czech Republic.

OCDE/ILO

Quadient respects the standards of the International Labour Organization (ILO) as a signatory of the Global Compact since March 2021 and its main principles are mentioned in its Code of Ethics. The Company also respects labour standards, develops policies and devises programmes promoting decent work for all women and men at corporate but also at local level.

The Company strives to continuously improve its policies by following the principles and guidelines of the Organization for Economic Co-operation and Development (OECD) which establishes evidence-based international standards and finds solutions to a range of social, economic and environmental challenges.

Evaluation of the Company’s CSR performance by independent third parties

As part of its environmental strategy, Quadient responds to the Carbon Disclosure Project (CDP) since 2009. In 2021, Quadient obtained a score of “B” corresponding to "Management level", positioning Quadient above the average of companies in its industry (average score of “B-”). The CDP is an independent international organization that provides a global system for measuring and publishing environmental information. In particular, it assesses companies’ management and performance in relation to climate change and ranks them from “D” (lowest) to “A” (highest).

In 2021, ISS ESG, one of the world's leading rating agencies for sustainable investments, granted a "C+" score to Quadient that was rated as a "Prime" Company. This status is given to companies with an ESG performance above the sector-specific prime threshold.

MSCI ESG Rating is designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks. MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). Quadient received a 'AA' score in 2021 for the 6th consecutive year in a row.

Sustainalytics' ESG Risk Ratings are designed to help investors identify and understand financially material ESG risks at the security and portfolio level. Risk Ratings are categorized across five risk levels: negligible, low, medium, high, and severe and are underpinned by more than 350 indicators (depending on the sub-industry) and 1,300 data points. Quadient was rated low risk level in 2021.

Vigeo Eiris is an international agency of extra-financial rating that evaluates the level of integration in organizations of social, environmental and governance factors in particular in their strategy, operations and management functions. Quadient score in 2021 is 53/100 positioning the company at the 3rd place out of 56 within the mechanical components and equipment sector. Quadient is included in the Ethibel EXCELLENCE and Ethibel PIONEER Investment Register.

Gaïa Research is the sustainability rating agency of EthiFinance and specializes in ESG analysis and rating of French and European companies. Since 2009, it has been establishing rankings by revenue category to recognize the best companies in a panel of 230 small and medium-sized enterprises listed on Euronext Paris. Quadient was ranked 2nd place in 2021 out of 230 companies (+3 places compared to 2020)

In January 2022, Quadient has been included for the first time within the Global 100 by Corporate Knights. Quadient has been included at the 62nd position of the 2022's Global 100. The Global 100 ranking is based on a rigorous assessment of 6,914 publicly listed companies with more than US$1 billion of gross revenue. In Corporate Knights' assessment, 23 key performance indicators are reviewed ranging from sustainability and resource management, employee management and financial performance metrics are used to develop the ranking.

In February 2022, Quadient is awarded retained the "Platinum" certification awarded medal by EcoVadis, the highest distinction, by Ecovadis for its Corporate Social Responsibility commitment and performance. The EcoVadis rating agency certifies companies' commitment to sustainable business development, specializing in assessing suppliers for global supply chains. Quadient's initiative received an overall rating of 79/100, with an improvement of 10 points compared to 2020 and ranked among the top 1% of suppliers in its industry sector.

5.1.3 EMPOWERING QUADIENT'S PEOPLE TO ACHIEVE THE COMPANY STRATEGY

Quadient firmly believes that its employees are the key to success. Their talents, ideas, engagements and actions shape the future of the Company's business on a daily basis. This is especially important as part of the Company's transformation and to adapt to new business trends. To sustain its operations around the world and get ready to innovate and to grasp the opportunities generated by its strategy, Quadient conducts a review each year of the conditions needed for a reciprocal, lasting and loyal commitment between the Company and its employees. Quadient is also committed to supporting its employees in changing its business by providing the means and opportunity to grow and help fulfil the Company's strategy in a sustainable manner. Quadient cares about the well-being of its employees and is committed to improving working conditions, ensuring health and safety at work for all, enhancing their professional skills and promoting diversity and an inclusive culture for all employees. The COVID-19 pandemic accelerated the evolution towards hybrid work in the Company and was an opportunity to offer more support and facilities to employees to find the right work-life balance in such a particular context.

AMBITIONS & TARGETS 2021-2023

Ambitions	Key Performance Indicators (KPIs)	2021 Results	Target Achievement by end of 2023
Provide great working conditions where all employees perform at their best	% of employees eligible to remote working 2 days or more per week	>90% [a]	>80%
	"Best Places to Work" score (on 90)	71.4	>70
Create a diverse and inclusive culture and be an equal opportunity employer	% of women among managers	27.58%	>30%
	% of women among Senior Leaders	21.8%	>30%

Ambitions	Key Performance Indicators (KPIs)	2021 Results	Target Achievement by end of 2023
Give all employees the opportunity and means for personal development and to contribute to the Company's success	% of employees having received at least one training course over the year	80.67%	>90%
	Number of training hours per FTE	7.46h	N/A
	% of employees having received a regular performance and career development review during the year	88.57%	>90%

(a) Employees eligible to telecommuting/teleworking and projected as "mobile"

Provide great working conditions where all employees can perform at their very best

As a responsible employer, Quadient prioritizes the well-being of its employees, encourages professional and personal development, and fosters a culture of collaboration. These commitments are formalized in the Company's code of ethics, implemented across the organization. The Company focuses on issues such as work/life balance by increasingly allowing employees to work remotely with an average of at least 2 days per week, more hybrid work in all entities, the right to disconnect, more flexible working hours, the prevention of psycho-social risks notably through training, and regularly monitoring employee commitment through an engagement and wellness survey. Quadient provides its employees with safe, risk-free workplaces, and does not tolerate any form of harassment, intimidation, threat or violence. These commitments protect employees' quality of life based on the health and safety and also wellness of each individual. This philosophy is a fundamental duty, driven by all entities within the Company and was essential during the COVID-19 pandemic.

ENGAGEMENT & WELLNESS SURVEY AND DIALOGUE

Quadient attaches importance to the opinions of its employees. To assess staff engagement and identify areas for improvement, the Company launched a new engagement survey in 2021, in partnership with Culture Amp. In August, more than half of Quadient's employees participated in the first survey, the overall engagement score was 76% and the overall well-being score was 69%.

Regarding employees dialogue, in 2021, 13 collective agreements were signed with workers' representative bodies. 91 collective agreements are currently effective and cover, for example, work arrangements, teleworking, work/life balance, quality of life at work and among them 10 on health and safety. At global level, 34% of employees are covered by a formal collective agreement in 2021 (in all the 5 entities in France, for Quadient Technologies UK Limited, Quadient Netherlands BV, Quadient Sverige AB, Quadient Finland Oy and Quadient Germany).

HEALTH & SAFETY AT WORK

Health and safety at work are areas of concern addressed by the entire Company and handled by each entity. Each entity within the Company is responsible for developing a local health and safety policy according to its activities and coordinating its own health and safety management system. The Company has had OHSAS 18001 certifications since 2006 and ISO 45001 certifications since 2018. The system has been implemented based on recognized risk management especially for its industrial sites. These certifications, issued by an independent third party, attest to Quadient's commitment to the health and safety of its employees. Renewed every year, OHSAS 18001 and ISO 45 001 also reflects the Compan's continued improvements in the areas of health and safety at work. In 2021, 43% of the Company staff are covered by OHSAS 18001 or ISO 45001 certifications programs. The countries covered by those certifications are the following: France, UK, Ireland, Belgium, Netherlands, USA and Hong Kong.

Above and beyond compliance with regulations, each site has implemented prevention plans to improve safety. An annual report, in the form of a single document on occupational risk assessment for French entities, identifies the risks by population for the purposes of control and prevention. A number of Company's entities, though not certified, have established preventative measures, such as laying down procedures in the event of fires or other disasters; making employees aware of these procedures and giving them some basic training; and training special teams in charge of safety. The issue of stress at work is covered in Smart Work program with tips provided to all employees at global level and also addressed locally by entities such as Quadient Inc and Quadient Netherlands BV for instance. Training sessions on psycho-social and occupational safety and health risks are offered to staff every year.

The weekly working hours (Full Time) was of 38.15 hours and the annual working hours represented 8,230,903.5 hours and regarding days a total of 1,104,056.18. The Frequency rate for Quadient employees for 1 000 000 hwd represented 1.46 and for 200,000 hwd 0.29. In 2021, for Quadient employees, the severity rate was at 0.03.

The global absenteeism rate was at 3%. (2.90% for absenteeism due to sickness, 0.08% for absenteeism due to occupational diseases, 0.02% for absenteeism due to work accidents, 0.01% for absenteeism due to commuting accidents).

Regarding work accidents, the total number was 39 in 2021 with 0 accidents for external temporary employees (contractors / temps) and interns and 39 for Quadient employees (permanent contracts, fixed term contracts, apprenticeship contracts).

There were 12 work accidents with time-off (only for Quadient employees), 6 accidents while commuting (only for Quadient employees), 0 fatal accidents, 34 near misses (only for Quadient employees),

For lost working days, 211.1 were due to work accidents for Quadient employees (0 for contractors, temps and interns), 105.1 due to accidents while commuting for Quadient employees, 32,519.62 lost working days were due to sickness for Quadient employees and 111 for external temporary employees (contractors / temps) and interns and 843 lost working days due to occupational disease only for Quadient employees.

ORGANIZATION AND FACILITIES SET UP TO SUPPORT EMPLOYEES SINCE THE COVID-19 PANDEMIC

During the COVID-19 pandemic, Quadient implemented measures to ensure the well-being of its employees and maintain social connections despite teleworking, which concerned up to 74% of staff worldwide. Among other measures, the Company provided masks and hydro alcoholic gel to all its employees and made them regularly aware of the safety precautions. Quadient also proposed daily reminders to employees of how to care for their well-being while telecommuting, such as taking active breaks and stretching, to stay fit and healthy and preserve their mental health during the health crisis. For employees working on industrial sites and those whose positions were not eligible for telework, part-time and short-time working arrangements or flexible working hours were put in place wherever possible. Virtual coffees breaks were also organized with the Executive Committee and senior management but also within different teams to maintain links between employees, and several Town Halls provided an opportunity to gather virtually the different teams worldwide.

Additional initiatives have also been taken to try to make life easier for employees during this difficult time. As a gesture of solidarity, the Company has ensured that health coverage, life insurance and pension contributions were maintained for all employees, including in countries where this is not a legal requirement. The "Gift of time" program allows Quadient's executives (Executive Committee and Senior Leaders) to donate their unused vacation days (days off) to other Quadient employees worldwide. This initiative is designed to help those who need more time to care for family members who are ill or who are struggling with the stress of balancing telecommuting and family responsibilities. The program aims to provide a practical solution by providing additional time off, without taking away pay, and has benefited colleagues directly affected by COVID-19.

In addition, Quadient has made a medical teleconsultation service available to its employees in France: MédecinDirect. It can be used in case of symptoms of coronavirus or other health issues. MédecinDirect is accessible 24/7 from France and abroad, and is entirely covered by the insurer; employees are not required to pay to use the service. During lockdowns in 2020 and 2021, which occurred at different times in different countries, and according to the local measures applied, international and domestic travel were not permitted for all employees until further notice.

Initiatives	2021 Results
Engagement and wellness survey	• The overall engagement score was 76% and the overall wellbeing score was 69%
Flexible working	• Most of the sites offer their employees teleworking (excluding industrial sites). • Over 90% of employees are eligible to teleworking • Deployment of the right to disconnect in at least 5 entities since 2017
Health and safety prevention	• OHSAS 18001/ISO 45001: 43% of the Company staff are covered by these certification programs. • Training sessions on psycho-social and occupational health and safety are offered to employees every year. • The absenteeism rate for work-related accidents with time off was: 0.02% for Quadient employees and 0 for contractors/temporary employees.

Some benefits are provided to full-time or part-time employees of the organization (but are not provided to temporary employees): life insurance, health care, disability and invalidity coverage, parental leave, retirement provision, stock ownership. And some additional initiatives were taken locally to improve work-life balance. For example, Quadient DOPIX in Germany offered additional parental leave and flextime to its employees and Quadient Technologies UK Ltd gave additional parental, maternity and paternity leaves. Quadient Canada also recently adopted a flex-time policy which provides the opportunity for employees to elect a flexible work schedule to allow for a good balance between work and home responsibilities.

Through an internal platform, Quadient Inc. provides employees with wellness, fitness, and stress management challenges. Through these challenges, participating employees receive resources, education, and guides on how to take steps to make lifestyle changes to improve their health and wellness. Employees who participate in these challenges receive points that they can exchange for items through the company-wide Rewards program. They can earn additional incentives by participating daily in the challenges.

FOCUS ON TELEWORKING AND WORK FROM ANYWHERE PROGRAM

For several years now, the Company has offered employees the option of working remotely (teleworking) and adopting flexible work hours, as long as this remains compatible with the nature and purpose of their duties and complies with local laws. This approach is part of a process to improve the quality of life at work. To do so, Quadient provides employees with the digital tools necessary to work remotely. Most employees are equipped with laptops and mobile phones. The migration to Office 365 and a connection through the Company's VPN (Virtual Private Network) enables access to all applications and collaboration tools employees need for remote work. Furthermore, the introduction of teleworking plays an important role in the business Continuity Plan implemented by the Company in the context of the COVID-19 pandemic. Some agreements regarding teleworking are under negotiation in some countries, with an average of 2 days of teleworking per week, and a new collective agreement was signed in France in November 2021 allowing 3 days per week of remote working or 60% of time during the month (except for positions that are not eligible or that require a greater presence on site).

In December 2020, a survey was launched in regard to the future organization of work within Quadient and intentionally directed to employees. Survey questions focused on topics such as telecommuting, the environment and work styles.

In this context, the program called "Work from Anywhere" and the dedicated policy have been built based on feedbacks collected in different countries and launched in 2021 to provide employees with more flexible and agile working conditions. The idea is to facilitate the development of teleworking and to provide flexible working conditions even at the office with the organization of working spaces or flexible working hours for instance. And the challenge is also to retain and attract top talents by providing hybrid work and taking into account new trends on labor market.

The Work from Anywhere policy is an initiative for improving the safety and well-being of employees from COVID-related exposure and to provide more flexible working conditions and hybrid work for interested employees. The main objectives of "Work from anywhere" are also to improve employees' efficiency, agility, and productivity, to ensure a fit-for-purpose office network-purpose and finally to support Quadient's employees in ways that help them do their best work together, wherever they are working from. Quadient has announced the next steps of Work from Anywhere on July 2021 and decided on being a predominantly "Remote" workplace meaning 80% of employees will spend a large majority of their time working from home.

In the USA for instance, virtual sessions were provided for employees on health, safety, and well-being topics, some of which included Virtual Yoga, Stress Management, Mental Health, Healthy Tips, One-On-One Nutrition Sessions, Developing Resilience, Emotional Wellness, and Understanding Addictive Behaviors. Monthly health and well-being challenges were offered to employees with incentives to participate in education or daily tasks to help improve employee overall wellness.

BEST PLACES TO WORK

Being considered an 'employer of choice' allows the Company to recruit, hire and retain the best talents in an increasingly competitive job market. In 2021, the Company has decided to participate to *Best Places to Work*. This program is designed to recognize top employers and to provide organizations with actionable data that can be used to reward and improve Quadient organization. In 2021 the score obtained was 71.4/90 vs 64.9/75 in 2020. The score from 2021 has been calculated using a different methodology than 2020. The score from 2021 has been calculated using a different methodology than 2020. The score maximum for 2020 was 75 points while in 2021 the score maximum was 90 benchmark point. Moreover, a proprietary weighted formula of the Company results is used in order to determine each individual score. Those individual scores are then averaged to determine the final overall score.

Several surveys were sent to employees during the year such as the engagement, wellbeing and inclusion survey to continue to identify areas of improvement in terms of diversity, inclusion and engagement for example and to enhance the company's score. The main objectives of this survey is to: encourage new ideas, reduce turnover, track progress, improve company culture.

Thanks to the latest feedback last year, Quadient has taken steps to widen the Company culture. For instance, the launch of its philanthropy program Quadient Cares, the development of the Smart Work program, a new Empowered Community for the environment, the launch of 'Cheers to Peers' recognition platform and the employee referral program.

FOCUS ON SMART WORK PROGRAM

Smart Work is a skills development program launched in October 2020, which defines Quadient's approach to flexible and agile work. It combines digital transformation with new ways of working and offers employees more choice in how they do their work. The main aim of this program is to lead change within Quadient's internal community. The Company provides employees with a toolkit containing self-study kits, exercises, and additional resources (on LinkedIn Learning, for example) that introduce the principles and ideas of flexible and agile work and help to improve employee overall well-being with the change to remote work from in the office. This toolkit also guides employees through a range of activities and help them to expand their knowledge in the following three areas: self-care, empathy and the way we work. All these tools are used to create team engagements that allow employees to work better together. The second part of this program was deployed in November 2021 to all managers and will run throughout 2022. This new part of Smart Work program is designed to equip managers with the tools and skills to lead remote and hybrid teams through a series of 3 highly interactive virtual workshops on the following topics: How to communicate strategies that motivate and inspire; How to lead cohesive and collaborative hybrid teams; How to create a culture of self-leadership and accountability. The workshops are designed to move the needle on the required management behaviors and following each of the 3 workshops the Company provides managers with a series of weekly action guides to extend the learning opportunity by working on practical strategies individually and with their teams.

WELLNESS AND EMPLOYEE ASSISTANCE PROGRAM

In 2019, the Company implemented an Employee Assistance Program to help employees deal with challenges and prepare them to be more effective and perform better at work and in life in general. Through this Program, employees and their families can access practical information and advice on a broad range of topics, from financial advice to addiction. Information can be provided over the phone or *via* meetings arranged at the employee's convenience. The support is provided by Workplace Options, an independent company specializing in the provision of wellness offerings and employee assistance programs. In France, the program is managed by its French subsidiary Réhalto, and in the United States and Canada by Cigna. Employees can benefit from six free consulting sessions per subject and per year.

For several years, the Quadient Wellness Program in the United States received the Platinum award from the Fairfield business Council in Connecticut as a Healthy Workplace. This program provides many resources and activities to help employees live healthier lives including wellness, health, and fitness seminars, webinars, and mental and physical challenges. In 2021, Quadient's U.S. operations have also once again received a Gold award from the American Heart Association as a Heart Healthy Workplace.

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

Quadient's growth is intrinsically linked to the diversity and complementarity of the skills of its workforce. The Company is proud of the multiculturalism of its teams, and relies on them to encourage innovation, creativity and collaboration. Quadient adheres strictly to a fair and equitable hiring process. By respecting all cultures and fostering an inclusive work environment, every employee is empowered to do inspired, passionate work and help the Company succeed. Quadient offers equal employment opportunities to all employees and applicants.

The Company does not tolerate discrimination on the basis of age, race, gender, ethnic or social origin, nationality, language, religion, health, disability, marital status, sexual orientation, political or philosophical opinion, veteran or other status, trade union membership or other characteristics protected by applicable laws and regulations. All employees, regardless of job title or level, must be treated fairly in matters relating to promotion, training, hiring, compensation and termination.

Quadient has set high ethical standards for everyone who acts on behalf of Quadient, and strictly prohibits any acts of violence, harassment and bullying, whether carried out by an employee or a non-employee.

In 2021, four incidents of discrimination, harassment or unfair treatment have been reported. All of them were taken very seriously and have been subject to strict investigations. A remedial plan was conducted on each of them with disciplinary actions and obligations to take specific training on harassment. All the incidents have been closed during the year.

Initiatives	2021 Results
Inclusion survey	• The Company inclusion index score was 73%.
Gender diversity	• At 33.76%, the number of women in Quadient up 1 percentage point compared with 2020. • At the end of the 2021 full-year, female managers accounted for 27.6% of the total number of managers. • Women represented 21.8% of Senior Leaders.
Feminization of the governing bodies	• Board of Directors: 41.6% women at the end of 2021[a]. • Executive committee: 7%.
Adhesion to inclusion & diversity charters	• Since 2020, Quadient has signed charters in France, UK, Germany, Austria, Italy and Switzerland. In 2021 signed with the Valuable 500, CEO Action for Diversity & Inclusion, Stonewall.
Employment of people with disabilities	• Employment rate of people with disabilities at Company level: 2.20%. • Employment rate of people with disabilities in France: 4.08%.
Representation of employees per age category	• Under the age of 25 represent 2.6% of the workforce in 2021. • Between the age of 25 and 35 represent 21.80%. • Between the age of 36 and 45 represent 26.30%. • Employees between the age of 46 and 55 represent 27.90%. • Staff over 55 years of age account for 21.38% of the Company's total workforce.

(a) In accordance with French law and the Afep-Medef code, employee-representative directors are not taken into account when determining the proportion of women on the Board of directors.

EMPOWER WOMEN PROGRAM

Quadient believes that greater gender balance at the leadership level is a real lever for the Company's business performance. The Empower Women Program is a 12-month virtual learning program incorporating a series of 10 workshops, mentoring by a Quadient Senior Leader, an on-line Strengths Assessment, coaching and feedback, designed to help women navigate the complexity of attaining leadership roles. The program is designed to deliver practical insights and skills focused on the challenges and opportunities for women in leadership. Women leaders will build a powerful learning network and in turn, empower other women and be part of their success story. In 2021, the number of hours allocated to this program has an increase of 95% compared with 2020 due to the modifications of the design elements and increasing the number of participants in cohort 2 vs cohort 1. In total, 58 employees participated in this course in 2021 vs 20 employees in 2020. The 3rd cohort of the program will be launched in March 2022 with an additional of 50 participants. The Empower Women Program is sponsored by Geoffrey Godet, Chief Executive Officer, and Quadient's management team.

INCLUSION & DIVERSITY PROGRAM

Creating a diverse and inclusive culture indicative of Quadient's equal opportunity philosophy is one of the objectives of Quadient's HR policy and CSR approach. In 2020, to consolidate existing programs across all entities of the Company, Quadient presented to its employees a new policy and pledge for Inclusion & Diversity and launched the "Empowered Communities" (Employee Network Groups). Quadient's employees continue to actively participate in inclusion and diversity initiatives. In 2021, Quadient counts with 5 empowered communities: Fearless Women, Love is Love, The Mosaic, DiverseABILITY and Act4Earth.

The project was designed to facilitate opportunities for development through education and knowledge sharing, raise awareness and celebrate uniqueness through events and partnerships, and regularly bring together small groups for support. These groups act as safe places for discussions and ideas around inclusion and diversity developments regarding women, origins and ethnicity, sexual orientation and gender identity, as well as disabilities, and the environment. The groups also assist in outreach programs with charitable and non-profit organizations involved in the company's philanthropic activities. Among the initiatives taken this includes: a global celebration of one key event per year for each of the Empowered Communities such as the Black History Month, International Women's Day, PRIDE, and the International Disability Day. Members from each Community run a global townhall with external speakers. Other events consist of book clubs, coffee sessions, learning & networking sessions. All providing a safe and inclusive space for employees to meet.

Alongside launching the Inclusion & Diversity program, Quadient has signed charters and committed to inclusion objectives of local support organizations in France, the United Kingdom, Germany, Austria, Italy, and Switzerland. For example, Quadient has signed the French Diversity Charter, joining more than 4,200 signatories to fight discrimination and promote diversity within the Company. In France, members of the Management team and employee representatives signed the LGBT+ Engagement Charter of L'Autre Cercle, an association that fosters the inclusion and visibility of LGBT+ people in the professional world.

In 2021, Quadient continued signed pledges forming coalitions with organizations committed to taking collective action on diversity, equity and inclusion. For example, with The Valuable 500, a global initiative for the inclusion of people with disabilities in business. This initiative aims at gathering 500 companies to be the tipping-point for change and help unlock the social and economic value of over 1 billion people living with disabilities across the world. The mission of The Valuable 500 aligns with Quadient's initiatives to further drive its culture of inclusion, fairness and respect.

As a signatory and through its coalition with CEO Action for Diversity, Quadient receives access to a variety of tools, resources, events and though leadership opportunities to support action and drive progress to advance diversity and inclusion in the workplace.

Furthermore, to advance its efforts to increase the representation of women in senior levels the Company joined Catalyst, a global non-profit supported by many of the world's most powerful CEOs and leading companies to help build workplaces that work for women. In 2021, Quadient make donation of 30,000 CAD to support this non-profit.

In December 2021 Quadient launched a new inclusion survey, using the Culture Amp platform and delivering for the first time a Company Inclusion Index Score. This score will be used to benchmark externally and also provides Quadient with a baseline measurement to monitor progress each year. The Company inclusion index score was 73%, the U.S. was 75% and Rest of World (non U.S.) 72%. The inclusion index score is derived from four inclusion questions and the survey also contained questions relating to 8 factors that each have a different impact on inclusion. Feedback from employees rate these 4 areas highly: Contribution to the broader purpose; How to report unethical behavior; Management; and Diversity. Areas with opportunities to improve relate to Equity, Career Growth, Employee Voice, and Decisions. Quadient is advancing its efforts with plans to address these factors.

QUADIENT SUPPORTS DIVERSITY IN THE WORLD OF INFORMATION TECHNOLOGY

In the Czech Republic, Quadient continuous its partnership with Czechitas, a non-profit organization that helps women, girls and children to explore the world of information technologies. The organization teaches them to code in various programming languages, tests software, and analyzes complex data. As a regional Partner of Czechitas, Quadient will offer mentoring skills on requalification courses for women during a one-year period and offer expertise to support other local workshops throughout the year.

QUADIENT SUPPORTS PEOPLE WITH DISABILITIES

Quadient continues to support people with disabilities, now having formed an "Empowered Community" for this impacted group where employees can discuss together and drive positive change on this topic. This Empowered Community is employee-led and sponsored by the Chief Transformation Officer. In 2021, focus topics of this group were "Awareness" and "Education" Under this thematic umbrella the community hosted among others all employee townhalls about "Digital Accessibility" and on occasion of the International Day of persons with disabilities.

Also, on regional level Quadient is promoting inclusion. For example, in Switzerland, it has outsourced certain tasks, such as consumable order fulfilment or certain warehousing tasks to the ESPAS Foundation. This foundation works to promote the social and economic integration of people whose health prevents them from playing a full role in the workplace. Its primary aim is the successful integration of women and men with a physical or mental disability. ESPAS offers commercial and industrial outsourcing opportunities for companies, institutions and other organizations.

In France, Quadient has partnerships with ESAT (assistance and service centers helping disabled people into work) organizations. The company outsources activities such as providing offices with supplies and manual packaging or administrative and mechanical tasks.

Quadient accounts 110 employees who have identified themselves with disabilities as part of the workforce. The Company seeks to facilitate their hiring and integration by offering adapted workstations where necessary.

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

Employees are essential to Quadient's success and are the main driver of its performance. To recruit and retain the best talent in its key business areas, the Company aims to provide employees with an attractive work environment that encourages them to take initiative and work together to fulfil its mission: achieving sustainable growth for Quadient's internal and external stakeholders.

Developing talent and skills is central to Quadient's human resources policy. A particular challenge exists in terms of the transfer and acquisition of key or rare skills, specifically in the digital sector, which is highly competitive and constantly changing.

Initiatives	2021 Results
Recruitment of new staff	• 731 people joined the Company under permanent contract (304 female and 427 male) and 69 under fixed-term contracts during the 2021 financial year (34 female and 35 male).
Retention of staff	• As of 31 January 2022, 98.6% of staff have a permanent contract. • Employees on temporary contracts accounted for 3.78% of the Company's total workforce.
Increase staff commitment	• The inclusion survey had an overall result of 76%. • The staff turnover is 15.34%[(a)]. • The absenteeism rate was 3% in 2021.
Pay and recognition	• Wages and payroll charges represent 426.9 million euros.
Local training plans	• 80.67% of employees attended at least one training course in 2021. This included 67.56% non manager employees and 32.43% managers. • 4,033 employees trained and 7.46 hours of training on average per Full Time Equivalent (FTE). 6.55 average hours for female and 7.06 for male.
Training budget	• 1.69 million euros allocated to staff training
Digital, e-learning training	• 65,534 hours of training including local and corporate training program. • 4,711 employees took a course on e-learning platform. • 18.15% on digital regarding the local training (e.g. software coding). • 48.14% e-learning hours. • 9160 hours delivered on the LinkedIn Learning platform.
Annual appraisal interviews	• 88.57% of the overall staff had an annual appraisal interview (among 2,958 male; 1,445 female and 25 no gender declared)
Internal mobility	• 266 employees benefited from internal promotion.

(a) Arithmetic average of the number of employees who left and the number of new hires, divided by the initial number of employees at the start of the period.

ATTRACTING TALENTS AND INCREASING EMPLOYEE'S COMMITMENT

The energy and motivation of Quadient's staff is a key link in its value creation chain. The Company measures the commitment of its employees and develops action plans as necessary to strengthen its employer identity and nurture loyalty within the business.

Recruiting future talents

Quadient partners with local schools and universities. For example, Quadient s.r.o. regularly cooperates with universities and local high schools in the Czech Republic where Quadient staff have taught classes, organized IT events and BarCamps (participatory workshops related to new technologies where content is proposed by participants); this has occurred mainly at the University of Hradec Králové. Quadient works to attract young people to developer functions as part of its digital activities.

Cheers to peers

Cheers to Peers is Quadient's new recognition platform that allows colleagues to collaborate in a more interactive way. It offers the opportunity to thank a peer or congratulate a colleague on a job well done, welcome a team member or celebrate a life event. Employees can give different types of recognition to their colleagues using a Cheers to Peers e-card. Once the e-card is selected, an email is sent to the recipient letting the employee know that they have received an e-card. Employees are invited to log into the Cheers to Peers platform to view the e-card. The recipient's manager will also be notified that their team member received an e-card. The e-card is also posted on Wall of Fame on the Cheers to Peers platform. Since the launch in November 2021 and year ending December 31st 2021. 42% of Company employees had activated their account with 1,407 recognitions being received from the 814 recognitions sent (recognition cards can be sent to individuals or teams). Activation levels continue to increase with 47% of Company employees activated their accounts as at the end of February 2022.

Referral program

In 2021, Quadient launched a Global Referral Program. The goal of this initiative is to enlist and reward an employee for being talent scouts levering their personal networks for Quadient employment opportunities. Employees can share and refer candidates through the Career Hub postings, the Company internal mobility portal, or by having external candidates identify them as their source on the Career website.

Workday

In 2021, Quadient has continued to successfully deploy Workday, a global human capital management system across all legal entities launched in 2020. This user-friendly technology tool, which is an important part of Quadient's ways of working and digital transformation, provides a better employee experience, reliable and real-time data for decision making, and helps managers lead their teams more effectively. Workday allows employees to access Quadient's organizational charts and to see internal vacancies with links from the Workday home page; other useful Company portals such as LinkedIn Learning and Career hub, the Company internal mobility portal. Employees can also update their personal information directly through Workday and have more control over their data. In 2022, the Company will continues to deploy other modules on Workday such as talent management and training.

BUILDING EFFECTIVE LEARNING PROGRAMS AND EMPOWERING EMPLOYEES TO GROW IN THEIR CAREER

Developing talent and skills is at the heart of Quadient's human resources policy. The Company aims to provide employees with tools and resources necessary to ensure they play an active role in developing their skills and careers through innovative training content, appropriate and varied formats (e-learning), and personalized training modules. In 2021, the Company invested in 36,728 hours of training at the local level, 49.34% of which was carried out in the classroom, 48.1% via e-learning, and 2.5% over the phone, in particular as part of foreign language courses.

People development strategy

Quadient's training strategy is built around five pillars:

- Access to a global learning platform, providing self-directed learning opportunities for everyone at Quadient including internal Quadient training and an external learning library with content supporting all business areas.
- Focus on digital learning; providing a personalized learning experience driven by machine learning, surfacing resources in the flow of work, instantly accessible at the moment of need anywhere and anytime.
- Career and role skill paths; aligned to Quadient's job catalogue and skill frameworks supporting career growth, internal mobility and cross skilling.
- Leadership development; providing leadership programs and skill paths for all levels of leaders to develop an inclusive leadership culture, support hybrid working and embed continuous performance feedback in the organization.

- Language and culture; supporting an inclusive culture with opportunities for language training; access to learning content in Quadient's key languages; training for all employees to understand their role in helping Quadient act in an ethical, inclusive and responsible manner.

Focus on digital-based training and e-learning

In 2021, 6,668 hours were dedicated to digital training accounting for 18.2% of the total number of local training hours. This allows the Company's employees to acquire new skills and improve their expertise in the face of competition and rapidly evolving technologies. In 2019, Quadient introduced the LinkedIn Learning platform as part of the corporate program, providing thousands of training resources in multiple languages with recommendations personalized to employees' skills and interests. The platform is accessible at any time from any device for faster, smarter learning. LinkedIn Learning includes varied and personalized learning pathways to support employees' development, from business line knowledge to soft skills such as leadership, communication, and management. It also offers certifications recognizing the skills acquired. In 2021, 4,834 employees completed at least one course with duration of at least 15 min on the LinkedIn Learning platform.

Learning Hub

In 2022 Quadient will deploy Workday Learning as its global learning platform providing all employees with access to learning opportunities, anywhere and anytime. Internal and External learning resources will be hosted on the platform supporting the strategy of learning in the flow of work, providing learning at the moment in need. Employees will be able to identify relevant learning associated with the skills they need to empower their career growth. In 2022, Quadient will deploy Workday Learning as its global learning platform providing all employees with access to learning opportunities, anywhere and anytime. Internal and External learning resources will be hosted on the platform supporting the strategy of learning in the flow of work, providing learning at the moment in need. Employees will be able to identify relevant learning associated with the skills they need to empower their career growth.

Ignite Leadership Program

In 2020, Quadient launched an innovative leadership development program that focuses on developing a critical mindset and skill set to be an effective leader. Ignite is designed to help employees perform at the caliber necessary to drive and deliver Quadient's Back to Growth strategy. Employees are encouraged to meet their managers to set their learning goals, share key insights and plan for action. This learning experience is a major investment in employees' growth and development as a leader. To deliver this innovative program, Quadient has partnered with Harvard Business Publishing. In 2021, 186 employees participated in this course. The participation of this course has increase of 133% compared with 2020.

Promotion of internal mobility

The diversity of career paths brings a wealth of human and technical experiences. It enables the sharing of ideas, breaks down departmental silos, and nurtures cohesion and creativity by forming teams of professionals with varied profiles. Quadient encourages employees to grow their career and achieve their full potential. In 2019, the Company launched an internal mobility portal called Career Hub. This platform allows employees to view all internal vacancies across all departments around the globe and receive personalized job recommendations based on their preferences.

Online English course

Quadient is committed to creating a culture of inclusion across the organization and offers an online English course to interested employees to facilitate their collaboration with colleagues and customers worldwide. This six-month program supports employees for whom English is not a first language, from beginner to advanced level. Lessons are based on real situations, using interactive exercises, role plays and videos, making it relevant and easy to apply. The course is entirely online and can be accessed at any time from any device so that each employee can learn at their own pace. Since the beginning of the program, 36,325 training hours were dedicated to this course.

5.1.4 ENABLING A CULTURE OF EXCELLENCE AND INTEGRITY

The Quadient ethics and compliance program is an integral part of its daily business operations and practices. To ensure this commitment to compliance and enabling a strong culture of excellence and integrity the company has developed a program around its code of ethics, its compliance policies and practices, measures and mechanisms to conduct due diligence on third party companies, an ethics line to report any violation or misconduct and a worldwide compliance team responsible for their implementation. Quadient expects each of its employees to act with honesty and integrity, and to comply with applicable laws, rules and regulations governing all aspects of the business including research, development, manufacturing, marketing, sales and distribution of products and associated services and solutions. Beyond the regulatory obligations, Quadient has defined the ethical standards it wishes to encourage among its employees and as part of its dialogue with external stakeholders.

AMBITIONS & TARGETS 2021-2023

Ambitions	KPIs	2021 Results	Target Achievement by end of 2023
Promote a culture of integrity and ethical conduct through Quadient's code of ethics and compliance program	% of employees that endorsed the code of ethics	66%	>95%
	% of employees that completed the training on the code of ethics	67%	>95%
	% of employees engaged in compliance and business ethics training program[(a)]	76%[(a)]	>95%
Protect privacy and integrity of data entrusted to us against internal and external threats	% of employees having completed data privacy training program	51%[(b)]	>95%
	% of employees having completed information security training program	50%[(b)]	>95%
	% of newly delivered digital services compliant to Quadient's Digital security Standards[(c)]	95.56%	>95%
Engage with partners and suppliers who observe ethical standards like those of the company	% of strategic business partners that endorsed the code of conduct for business partners[(d)]	65%	>85%
	% of evaluated suppliers compliant with Quadient's requirements[(e)]	89.2%	>85%

(a) Training program in 2021 was tied to code of ethics, data privacy, information security, corruption and bribery, competition

(b) New training programs launched in February 2021.

(c) 9 new major digital services have been launched in 2021. This KPI presents the level of compliance of these services with our internal digital standards developed in 2020.

(d) The code of conduct initially intended for production suppliers has been extended to all strategic business partners (suppliers, vendors, JV partners, commercial dealers) in 2021. This score is tied to the deployment of the new code of conduct for dealers in France. The deployment will continue across the other third parties and regions in 2022.

(e) This score is based on the last evaluation performed in 2019. In 2021, the Company has defined a new onboarding and due diligence processes to ensure the integrity of the third-party companies to engage with. The Company is currently implementing a new tool that will uphold this new vision. In 2021, only one partnership was established with a new strategic supplier which was screened using social and environmental criteria. In 2022, a new evaluation of all the strategic business partners will take place.

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

As a signatory of the UN Global Compact, Quadient strives each day to conduct its business with the highest standards of professionalism and integrity. Quadient's senior management is committed to complying with all applicable laws, applying the ethical standards set forth in the Company's code of ethics and corporate policies, enabling a culture of Excellence and Integrity by raising the awareness of its employees, providing relevant training and communication, and enforce the ethics & compliance program across the organization.

ORGANIZATION AND GOVERNANCE

The Compliance organization is led by the VP of CSR and Compliance who reports directly to the Chief Transformation Officer, who is a member of the Company's Executive Committee.

The Compliance team is organized around:

- a center of excellence which establishes the company-wide policies and standards and dedicated to the supervision of the various risks and controls as well as key cross-functional activities such as training;
- teams dedicated to each business line, regions and other support functions.

The Compliance team works daily to execute a unified ethics and compliance program across Quadient, which includes the following activities: monitoring regulatory changes; identifying compliance risks and areas of opportunity, monitoring and supporting the update of compliance-related policies, managing Quadient's Integrated Management Systems (IMS), implementing processes and controls to improve the Company's business, investigating any compliance issues, and supporting the implementation of any related remedial action plans and as needed, auditing Quadient teams' compliance.

In terms of governance, an Ethics & Compliance committee, chaired by the Vice-President of CSR and Compliance and composed of the Chief People Officer, the General Counsel and the Vice-President of Internal audit meets as necessary to manage any compliance issues and the whistleblowing reports received, the investigations and remedial plans. This committee advices the Executive Committee to set directions and priorities for compliance at Quadient. The Vice-President of CSR and Compliance reports on the progress of the compliance program through quarterly reports and updates to the Chief Transformation Officer, the Chief financial Officer and the CEO of the company. In 2021, these updates included improvement projects such as integrity checks on third parties, the launch of the new code of conduct for business partners, the revision of some corporate policies and the implementation of a GRC (Governance, Risk, and Compliance) platform.

THE CODE OF ETHICS

Quadient believes that conducting its business in an ethical and responsible manner is essential to its sustainable growth and success. The company's Code of Ethics sets out principles of ethics and business conduct that help each of its employee to act with integrity and ethically as well as best practices and policies that will elevate the company's reputation. In short, this code of ethics stands as a testament for doing what the Company knows is right. It covers the following topics: Human Rights, employees, business Ethics, business relationships, Quadient assets and third parties, citizenship and responsible engagement. It also includes useful recommendations for how to anchor the code of ethics in Quadient's corporate culture and takes into account Quadient's new "EPIC" (Empowerment, Passion, Inspiration and Community) values.

Quadient asks every employee, regardless of their role, function or entity, to follow the code of ethics when working for or representing Quadient. In this respect, each employee is required to follow the dedicated training and endorse the code of ethics. In 2021, 67% of the employees received the code of ethics training and 66% have endorsed the code.

The code of ethics is available on the corporate intranet (WeShare) and corporate website in the following languages: French, English, Dutch, German, Italian, Spanish, Japanese and Czech.

Each legal entity makes the code available to its employees on their regional Intranet or by distributing a printed version. It is also available on the corporate website.

QUADIENT'S COMPLIANCE POLICIES AND PRACTICES

In 2021 Quadient has implemented a GRC platform (Governance, Risk and Compliance) to help the organization to deploy its compliance framework and controls. This platform enables the management of the risk assessment, the compliance to the standards the company has subscribed to (e.g. ISO standards, CMMI, HITRUST, …), the communication to all employees of Quadient's policies and procedures and the management of audits and corrective actions.

Based upon the assessment of Quadient compliance risks, policies, procedures and practices have been implemented to control these risks and thus avoid misconducts or compliance violations. The main ones are described below.

HUMAN RIGHTS

By joining the UN Global Compact in March 2021, Quadient asserted its commitment to supporting and promoting respect of human rights within its sphere of influence. Quadient runs its business in accordance with the fundamental principles outlined in the United Nations Universal Declaration of Human Rights and conventions of the International Labour Organization. The Company strongly condemns the following: modern slavery and the trafficking of human beings; all forms of illegal, forced or compulsory labor, in particular child labor; discrimination in respect of employment and occupation; restriction of freedom of association and the right to collective bargaining. Quadient supports these principles in its code of ethics, its position on labor relations, hiring practices and its relationships with partners, suppliers and customers. The Company ensures that its operations comply with its code of ethics through its procedures and internal control systems including regular operating reviews, risk management, internal audits and supplier assessments. In 2021, Quadient has revised and supplemented its compliance clauses to incorporate within the agreements and contracts templates used in its business relationships. Among these clauses, the Company has implemented a clause requiring strict compliance with applicable laws, regulations, rules and orders including Unites Nations, World Trade Organization, and other international organizations resolutions with respect to business conditions, trade, competition, business ethics and human rights.

PREVENTION OF AND FIGHT AGAINST FRAUD AND CORRUPTION

In accordance with its code of ethics, Quadient complies with the anti-corruption laws of the countries in which it operates and has a zero-tolerance policy for corrupt practices, including in particular giving or accepting bribes, either by an employee or a third party acting on behalf of the Company. Quadient rejects all forms of corruption and prohibits demanding, accepting, offering or giving bribes, gifts or other benefits, either directly or indirectly.

It also raises awareness and provides training to its employees on the prevention of fraud and corruption. In 2021, the staff of the sales export team and the legal and compliance teams have been trained on corruption risks scenarios identified at Quadient. Additional trainings will take place in 2022 for other functions and teams that may be exposed to these risks. Quadient's anti-corruption and anti-bribery policy (available on the Intranet) summarizes its commitment, principles and measures to preventing its employees from the key risk situations such as improper and facilitation payments, gifts and hospitality, conflict of interest, charitable contributions and engaging with third parties. As an example, a conflict-of-interest procedure requests all the managers to sign an annual disclosure form on the conflicts of interests.

In 2021, four incidents of corruption and influence peddling have been reported for suspected violations of the gift and entertainment rules and third-party management. All of them were taken very seriously and have been subject to strict investigations enabling the company to claim that the allegations on three incidents were not founded and only one incident has been confirmed. Remedial plans were conducted on each of them, anyway, giving the opportunity to raise again the awareness of its employees on the anti-corruption and bribery policy to the sales force. Regarding the confirmed incident, no employee has been dismissed but as part of the remedial plan, the contract with the business partner involved has been terminated. At this time, all the incidents are closed. In 2021, there was no fine nor public legal cases regarding corruption brought against the organization or its employees during the reporting period.

ANTI-TRUST LAWS AND FAIR COMPETITION

Quadient does not tolerate anti-competitive practices, including price fixing, the rigging of tenders and responses to tenders, or sharing customers, markets or territories. Accordingly, Quadient forbids its employees from entering into any agreement with competitors intended to restrict the nature or quantity of products and services offered, as well as any agreement with suppliers or other partners to obstruct fair competition or the exchange of information with competitors regarding corporate strategy on products or pricing.

SANCTIONS, ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM

Quadient conducts business with zero tolerance for commercial, financial, or other dealings involving sanctioned countries, territories, and third parties. To prevent the company from any risks related to economic sanctions or money laundering (AML), the Company has implemented appropriate risk-based mechanisms for screening business partners, third parties, and transactions for potential economic sanctions and AML exposure.

WHISTLE-BLOWING PROCEDURES

Any Quadient employee or any person or third party who know or suspect a violation of the code of ethics or Quadient rules and policies, is encouraged to speak up, in compliance with the law and the rules applicable in the country where he resides or exercises his activities.

Different escalation channels are available to raise concerns. Regarding mechanisms for advice and concerns about ethics, employees are encouraged to report through the management line first. However, if an employee considers that informing their direct line manager could cause difficulties (for example, if the direct line manager was involved in the alleged misconduct) or that the alert notified may not be properly followed-up, they may directly contact the Quadient Ethics line. Employees or any person or third party seeking for advice may use the dedicated email address (ethics_compliance@quadient.com) or contact directly the Vice-President of CSR & Compliance who oversees the mechanisms for advice and concerns and Quadient Ethics Line.

Launched in May 2020, Quadient Ethics line is a comprehensive and confidential reporting tool, hosted and operated by NAVEX, a third-party provider, which assists employees to report anonymously or not, any concerns related to Ethics & Compliance (e.g. fraud, abuse, and other misconduct in the workplace), via a form online (website) or a hotline, available 24 hours a day, 365 days a year in all the countries where the company operates. This dedicated website is available in the same languages as the Code of Ethics (8 languages): English, French, Czech, Spanish, Japanese, German, Dutch and Italian. Regarding the hotline, there is a dedicated phone number per country enabling anyone to speak up in its native language. The reporting categories are the following: Antitrust, fair competition and business compliance, Asset / information misuse and access, Corruption and influence peddling, Discrimination or harassment or unfair treatment, Financial issues, Fraud, Health, Safety & Environment, Human Rights.

This ethics line accessible through the corporate intranet (WeShare) and Quadient's corporate website is available for Quadient's employees and to any third parties (e.g., customers, suppliers, partners). Beyond the reporting of ethical and compliance concerns, this platform enables anyone to ask confidentially any questions related to the code of ethics and other corporate policies and standards.

After completing the report, the employee (or third party) will be assigned a unique code called a "report key." The reports and questions are confidential. The information provided to the NAVEX Global representative by phone or via their website is then sent to a designated representative within Quadient.

Quadient strictly forbids retaliation against employees for submitting an ethics concern to the Company. Complaints made in good faith will not expose the whistleblower to any sanctions, regardless of whether the underlying facts prove to be correct or result in any corrective action.

INVESTIGATION AND REMEDIATION

Quadient takes seriously its responsibility to investigate potential violations or instances of misconduct. Quadient has developed an investigation policy and a disciplinary actions policy to ensure that these investigations are conducted in a consistent and professional manner, and that disciplinary actions are considered in full objectivity, fairly and independence.

All suspected violations are analyzed by the Ethics & Compliance committee composed of the Chief People Officer, General Counsel, Vice President of Internal Audit and Vice President of CSR & Compliance. This committee decides whether further investigation must be conducted and follow the progress of the investigation and the remedial plan until its completion.

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

In an increasingly connected world, with ever-increasing amounts of electronic mail and parcel volumes growing in line with the growth of e-commerce, Quadient has made a firm shift to digital. In addition to smart machines to process traditional mail, the Company's offering now includes solutions and software either dedicated to digital communications management or aimed at facilitating parcel processing.

Quadient handles a lot of sensitive information every day and protecting such information has always been of very high concern for the Company, including the protection of postal transactions, customer's data, and the Company's data. Aware of the consequences of a security failure in its operations, the Company is committed to safeguarding the confidentiality, integrity and availability of all physical and electronic information assets to ensure that regulatory, operational and contractual requirements are fulfilled.

Initiatives	2021 Results
Establishment of a global quarterly Information Security Board	• Analysis of security incidents, security performance and the progress of security-related projects during quarterly security reviews. • Deployment of Digital Standards supported by compliance and audit processes. More than 95% of newly delivered digital services are compliant to Quadient's Digital security Standards.
Global Security Incident Management Process improving reporting, aligned to DPO requirements	• Extension of the process to solutions security • Extension of the detection capability with deployment of a managed threats detection and response service • Renewed cyber insurance contract
ISO 27001 certification program	• 11 entities are ISO 27001 certified (covering 20.6% of staff), Inspire cloud-based solution have ISO 27017 and ISO 27018 certification (cloud) and meet the OpenSAMM security standards. • Quadient UK is now 27701 certified
Program of internal and external audits in 2021 on the Company's systems and applications	• 18 security audits carried out in 2021 covering MRS and ICA

Initiatives	2021 Results
Personal data protection program complying with the data regulation	• Review of internal email compliance practices to implement an Email Compliance Policy applicable to the marketing department across the NORAM, DACH-IT, UK-IE, FR-BNL and international markets • Responding and implementing new GDPR[(a)] requirements for international transfers of data outside the European Economic Area.
Training on information security and data privacy policies	• More than 50% of employees have completed the online training on information security and data privacy

(a) General Data Protection regulation.

A WORLDWIDE INFORMATION SECURITY OPERATING MODEL

The Company has defined security policies that detail the requirements for correct and secure use of its own data and data entrusted to Quadient by its stakeholders such as staff, customers, suppliers, and other partners. These security policies have been rolled out in all countries in which Quadient operates. They are mandatory and apply to all legal entities, employees, service providers and consultants working on company sites or to anyone with access to company systems.

As part of its transformation, Quadient has implemented a global Information Security operating model. Core to this operating model is a specialist focus, ensuring that the Company has dedicated capabilities where security matters most: in protecting its customers, its employees and personal data that is entrusted to Quadient. The Company's holistic approach means it consistently focuses on areas of the biggest risk with the means to effectively recover from security events should they happen.

Quadient's policies are practicable and designed to drive the right behaviors in its people and partners, complemented by effective global operating standards. The Company certifies to ISO standards to underpin its practices.

The Director of Information Security chairs a Corporate Information Security Board to govern corporate information security activities. The Security Board meets quarterly and includes representation from Solutions Security teams, the Data Protection Organization, Corporate Compliance, Digital Organization and Corporate Information Security. This is the overarching Information Security technical governance authority within Quadient, reporting to the Quadient Executive Committee. Its role is notably to establish global information security objectives and priorities, perform global information security risk assessments, maintain Information Security policies, and create global awareness of Information Security Policies and safe working practices.

In 2021, worldwide training modules on information security and data privacy were launched on LinkedIn Learning for all employees, which included a video and a short quiz, explaining Quadient policies in these two domains

ISO 27001 CERTIFICATION PROGRAM

Quadient is currently rolling out a certification program based on the ISO 27001 standard, primarily covering sites whose business is the development of software solutions, infrastructures and their support. In 2021, eleven entities were ISO 27001 certified, and the cloud-based Inspire solution is also ISO 27017 and ISO 27018 certified.

COMPLIANCE WITH DATA PRIVACY REGULATIONS

Quadient is committed to processing personal information in accordance with applicable data privacy laws and regulations. Quadient's also remains focused on reinforcing its foundation in data privacy areas to ensure the proper security, handling and disposal of data and personal information. According to its data privacy policy, Quadient collects, uses, and retains personal data when it is necessary to ensure the effective operations of the Company. Moreover, Quadient protects confidential and personal information entrusted by its customers, suppliers, and other business partners as carefully as it protects its own information.

Additionally, a Data Council was established in 2020, led by the Company's Chief Transformation Officer and Chief Digital Officer and comprised of stakeholders across the organization to provide the proper governance, transparency and guidance related to these important issues.

In 2021, a cross-functional data protection team has worked to accomplish the data privacy objectives. Notable achievements include: implementation and maintaining of a single record of processing to inventory and manage all Quadient processing activities; update of critical policies related to information security and data privacy; generalization of the usage of tools that could detect phishing; and extending the implementation of a global data incident management process. In addition, the Company continues to secure its relationships with its subcontractors by requesting the signature of companies' data protection agreements, according to new EU model clauses. Full due diligence for Beanworks solutions was carried out to allow its compliance with GDPR requirements and allow its distribution in UK and EU. In 2021, there were no substantiated complaints concerning breaches of customer privacy and losses of customer data.

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

Quadient is committed to doing business in a responsible, ethical and sustainable manner. As a signatory of the UN Global Compact, Quadient is committed to promoting the 10 fundamental principles addressing human rights, labour standards, environmental protection and anti-corruption.

Quadient extends its CSR and ethical commitments to all its business partners, who must comply with applicable laws and regulations, International Labour Organization conventions and the Company's responsible procurement policy.

Quadient is also committed to choosing its suppliers carefully, fairly and with integrity. They are selected using the established procurement strategy or by invitation to tender based on their ability to meet the Company's requirements in terms of quality, price, service, reliability, technology, safety, the environment, and ethics. The Company also endeavors not to create a situation of mutual dependence in terms of revenue, technology, and know-how.

Most of the production procurement takes place with suppliers that are based in Europe (54% - especially in the Netherlands and France) and in Asia (35% in Malaysia, China, and Vietnam). The main supplier of the Group is Zhilai, leading locker manufacturer in China, that accounted for 15.7% of total Group purchases in 2021.

UPDATED RESPONSIBLE PROCUREMENT STRATEGY

Since 2016, the industrial partnership and procurement department, in collaboration with CSR and Compliance management, has rolled out its supplier code of conduct and its responsible procurement policy across its entire range of manufacturing suppliers. The policy against modern slavery and human trafficking complements the measures taken by the Company to support human rights. Quadient has also disclosed its conflict minerals policy to its electronic suppliers and requested them to provide evidence that they do not use conflict minerals in the manufacturing of components they deliver to Quadient.

In 2021, Quadient has redefined its responsible procurement strategy and updated its code of conduct to cover all its business partners. This Code covers Quadient commitments and expectations of its business partners regarding compliance with applicable law, respect for labour and human rights, environmental management, and anti-corruption.

Quadient encourages all third-party companies that desired doing business with the Company to become familiar with all the principles and respect the requirements set out within the code of conduct for business partners to help align their actions in ways that benefit all.

Quadient has started to roll out its code of conduct to its French distributors and will continue this deployment to all its business partners in 2022. 65% of French distributors have endorsed the code of conduct for Business Partners.

The Company has also defined a new onboarding and due diligence process to ensure the integrity of the third-party companies to engage with. The Company is currently implementing a new tool that will uphold this new vision.

This due diligence process includes a reputational screening based on sanctions and watch lists, politically exposed persons lists, checks for exposure to global adverse media and questionnaires related to information security, data privacy and corporate social responsibility. The process also incorporates an enhanced level of due diligence to be performed where a prospective third party resides in a designated high-risk jurisdiction, or where other red flags are identified. The due diligence is updated periodically on a risk basis and in case of significant changes in our relationship with a third party.

Quadient ensures that its suppliers comply with its requirements through dialog, visits, audits, and performance assessments carried out by its teams. Over and above contractual matters and supplier selection audits, since 2017 the industrial partnership and procurement department has launched CSR assessment campaign for its suppliers. Those who do not fulfil the Company's assessment are asked to provide an action plan.

Initiatives	Main achievements
New responsible procurement strategy	• Definition of new onboarding and due diligence processes that will be implemented in 2022. • Update and start of deployment of the Code of conduct to cover all business partners. In 2021, 65% of French distributors have endorsed the Code.
Assessment of suppliers' CSR performance	• 221 production suppliers assessed since 2017, representing more than 98% of the total manufacturing purchases. • In 2021, one new strategic supplier was screened using social and environmental criteria. No suppliers' CSR audit has been carried out in 2021. • 89.2% of suppliers assessed obtained a score in keeping with the Company's requirements.
Involvement of suppliers and responses to non-financial rating agencies	• Listed according to the criteria defined by the Company. • The Company was awarded "Platinum" status (79/100) for the first time at the latest assessment conducted by EcoVadis in 2021. Quadient shares its profile with its customers (selection criterion in certain cases) and suppliers and invites its suppliers to complete the EcoVadis questionnaire.

5.1.5 REDUCING QUADIENT'S ENVIRONMENTAL FOOTPRINT

For several years, Quadient has been committed to protecting and preserving the environment. Given its activities, the Company's main environmental challenges relate to its carbon footprint and the impact of its products and solutions throughout their life cycle.

Quadient's environmental policy, formalized in the Company's code of ethics, focuses on innovation and the ecodesign of products, their remanufacturing and the recycling of waste generated by the industrial sites and products at the end of their life, thus encompassing circular economy principles. Quadient has also defined a low-carbon strategy in line with the 2015 Paris Agreement, thus factoring its stakeholder expectations.

This low carbon strategy defines a framework for all Quadient's entities committed to reducing their energy consumption and carbon footprint.

AMBITIONS & TARGETS 2021-2023

Ambitions	KPIs	2021 Results	Target Achievement by end of 2030
Take action to combat climate change and support global transition to a low carbon economy	% of reduction of CO_2 emissions related to scope 1 & 2 compared to 2018 (Energy consumption and company vehicles)	45.9%	50.4% by 2030[(a)]
	% of low carbon energy (renewable energy and heating network)	24.5%	25%
	% of reduction of CO_2 emissions related to scope 3 for targeted categories compared to 2018	2.3%/€m revenue	40% by €m revenue by 2030[(b)]
	KPIs	**2021 Results**	**Target Achievement by end of 2023**
Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint	% of industrial waste recycled	85%	>90%
	% of hardware units remanufactured	64.4%	>40%

(a) Reduction target of 50.4% between 2018 (baseline year) and 2030 for scope 1 & 2 based on scenario of 1% growth to 3% growth per year.

(b) Reduction target of 40% per €m revenue for scope 3 on targeted categories between 2018 and 2030: use of sold product, purchase of goods and services, business trips and employee commuting.

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

Aware of the consequences of climate change, Quadient is committed to making a positive contribution to the global move to a low carbon economy. As part of its low carbon strategy, the Company has set goals for 2030 in line with the Paris Agreement and committed publicly to reaching them. The risks and challenges related to climate change are followed up at the highest level.

GOVERNANCE

As part of CSR program, the environmental governance, which includes the management of climate-related issues, is managed by the Vice President (VP) CSR & Compliance. The main responsibilities of the VP CSR & Compliance related to climate change are the following: implementing the annual risk and opportunity assessment of the impact of business on the environment across Scope 1, 2 and 3 emissions, managing the Company's action plans related to climate change and reduction of greenhouse gases, monitoring and managing relevant KPIs. He reports to the Chief Transformation Officer and is working with the Executive Committee of C-Suite executives, to manage the design and execution of this strategy.

Reporting to the VP CSR & Compliance, the Integrated Management System & Compliance teams are in charge of deploying environmental actions worldwide. To coordinate activities between CSR and compliance teams a quarterly meeting takes place, where information and best practices are shared, and actions are decided in accordance with the low carbon strategy and targets.

The Company's Strategy and Corporate Responsibility Committee was created within the Board in September 2018 to assist the Board of Directors. The committee's task includes reviewing and making recommendations on the guidelines, resources and achievements related to the social and environmental responsibility policy of the Company (including climate related issues). This Committee meets quarterly and regularly reviews climate-related topics.

In 2022, a GHG-related target was set within the LTI plan tied to Quadient's public climate objectives. This target is described in the Chapter 2 of this document.

RISKS RELATED TO CLIMATE CHANGE

Quadient has analyzed the potential effects of climate change on its activities. Three risks that could have a medium- or long-term impact have been identified. These risks and the mitigation actions associated are described below. None of the estimated financial impacts of these risks has been considered as severe. The mitigation actions also provide opportunities for alternative ways of working, better operating efficiency and allow cost savings.

Risk	Description	Mitigation actions
Acute physical: extreme weather events such as cyclones and floods	On account of their geographic location, some Quadient sites and some industrial partners and suppliers are exposed to natural disasters or events such as earthquakes, or to climatic phenomena such as hurricanes, cyclones, typhoons, floods and tidal waves, which will occur increasingly often. The logistics center in the USA (Byhalia) and Quadient offices in Hong Kong appear to be the most exposed. These events are likely to affect the availability of parts and components necessary for the manufacturing of products, and to damage production facilities, slow the supply chain, temporarily interrupt production and distribution, and potentially threaten the safety of employees;	All the industrial sites are certified ISO 14001 and have implemented an emergency preparedness response plan. In case our facility in Byhalia cannot operate, Quadient would activate its business continuity plan consisting in: Employees telecommuting/home office and transfer of logistic and customization activities to our French facility executing the same activities for the European market. Supply chain is also evaluated. Natural risks prevention plans/Business continuity plan and backup plan are set up. Quadient has put in place process to ensure that in case of natural disaster, the production lines can be quickly transferred between industrial partners (equipment duplicate, etc.)

Risk	Description	Mitigation actions
Emerging regulations	Quadient is mindful of the development of such rules, existing or future, the increased severity of which could have a negative impact on its future sales and activities, thus increasing its operational costs and reducing profitability. As a producer of hardware and software solutions, the Company needs to be vigilant with environmental regulations, standards, and voluntary agreements aimed at reducing energy consumption, WEEE, and the carbon footprint of products.	The Company has implemented various actions to anticipate and comply with environmental regulations and standards. Quadient has defined a responsible design and sustainable manufacturing approach in which energy efficiency requirements are implemented. All of the products respect the ErP Directive and the iX-9 Series high-volume mailing system are qualified according to the new Energy Star Imaging Equipment V3.1. The Company has carried out life cycle assessments of its main hardware and software products and identified action plans to reduce the energy consumption and carbon footprint related to the use of the products. Quadient also participates in the work of the AFNUM and follows closely any change on the WEEE and climate change-related regulation that could impact its activity to organize its processes pro-actively. For instance, ink cartridges were included in the WEEE directive with transposition in national law in EU. Quadient, as a producer of cartridges, put in place a take-back program in every EU country where it operates.
Market: Changing customer behavior	Regulatory changes and the common aim of customers, investors and shareholders to reduce CO_2 emissions are becoming increasingly important for companies whose product offerings and activities have minimal impact on the environment. Most public or private calls for tender include criteria on environmental performance and particularly on the carbon footprint of the products or services delivered.	Quadient has implemented a responsible design and sustainable manufacturing approach, conducted life cycle analysis on its main hardware and software solutions and implemented actions to lower the carbon footprint of its solutions. The Company is also conducting a series of customer satisfaction surveys to assess its strengths and weaknesses and their importance for the customer to determine priority areas for improvement. Since 2020, new survey questions regarding CSR topics have been introduced to understand if Quadient is perceived as a Company that seeks to limit its impact on the environment. Quadient also respond to its customers solicitations and ESG rating agencies questionnaires and share the results with them when requested.

SETTING CO_2 EMISSION REDUCTION TARGETS ALIGNED WITH A 1.5°C SCENARIO

In 2020, Quadient set its targets (baseline 2018) to reduce its GHG emissions at a pace that meets the "well below 2°C" trajectory requirements. Using the ACA (Absolute Contraction Approach) methodology, the Company has committed to two relevant and ambitious long-term targets in accordance with the SBTi methodology. Following the Company's reduction of C02 emissions from 2019-2021, the Company decided in early 2022 to increase its ambition from the "well below 2°C" trajectory to 1.5°C.

- In 2020, the Company committed to reduce its absolute CO_2 emissions related to scope 1 and 2 by 28% by 2030, i.e. an absolute reduction of 5,020 teq CO_2 compared to 2018, which implies a reduction at constant scope of 6% each year. 2021 showed a significant reduction in the Scope 1 and 2 emissions compared to the baseline (45.9%). To keep the benefit of the improvements made and ensure the CO_2 reduction target tied to scope 1 and 2 is still challenging, the Company increased its ambition with more aggressive targets in line with a 1.5°C trajectory instead of 2°C. Thus, by following this new scenario, the Company committed to reduce its scope 1 and 2 emissions by 50.4% by 2030 vs. 2018's baseline instead of 28%.

- Quadient also committed to reduce its intensity CO2 emissions per €m revenue by 40% by 2030 compared to 2018 for targeted scope 3 categories: use of sold products, purchase of goods and services, business trips and employee commuting. This implies an intensity reduction at constant scope of 4% per €m of its CO_2 emissions each year.

Setting these targets enables Quadient to better monitor and prevent CO_2 emissions by focusing on areas where the Company can make the most impact : energy efficiency, renewable energy supply, vehicle fleet optimization, sustainable mobility, ecodesign of the solutions.

REDUCING QUADIENT'S CARBON FOOTPRINT

Every year Quadient measures its carbon footprint according to the Greenhouse Gas (GHG) Protocol methodology. Until now, all emissions linked to energy consumption on company sites (scope 1 and 2), business trips of employees, downstream and upstream goods that are transported and use of hardware products (scope 3) were taken into account. In 2020, to further develop its approach, Quadient conducted a life cycle analysis for the main category of its hardware and software solutions and achieved a complete inventory of its scope 3 emissions. The Company has excluded several categories that are not relevant for the calculation of scope 3 emissions such as downstream leased assets, investments and franchises. The scope 3 results must be considered as orders of magnitude, the level of uncertainty remaining high.

In 2018 (baseline year), the Company's total emissions (scope 1, 2 and 3) were estimated at approximately 121,013 teq CO_2: 11,105 teq CO_2 for scope 1 emissions (9.2%), 6,516 teq CO_2 for scope 2 (5.4%) and 103,391 teq CO_2 for scope 3 emissions (85.4%). In 2018, the Company's main scope 3 emissions came from the following categories: purchases of goods and services (around 44%), use of sold products (around 21%) business trips and employee commuting (around 8% and 9% respectively).

In 2021, Quadient's total emissions amounted to 101,987 teq CO_2 : 6,251 teq CO_2 for scope 1 emissions, 3,276 teq CO_2 for scope 2 market based and 92,461 teq CO_2 for scope 3 emissions.

The significant reduction in the Scope 1 and 2 emissions between 2018 and 2021 (45.9%) are mostly due to a reduced activity for Quadient in 2020 – 2021, the Covid-19 pandemic and the divestment of the industrial site in the Netherlands, but also stems from initiatives regarding the reduction of real estate footprint and improvements of the Company, notably the switch to renewable energy in various sites.

Reducing CO_2 emissions related to scope 1 and 2

Quadient strives to reduce its GHG emissions tied to scope 1 and 2. Several initiatives have been taken to reduce the total energy consumption and improve energy efficiency such as replacement of equipment by more efficient equipment, replacement of bulb lights by LED lights, renovation of buildings, and virtualization of servers. Wherever possible, air-conditioning systems are replaced with refrigerant gas having a lower global warming potential.

In addition, the Company has implemented several initiatives to reduce its real office footprint, optimize its car fleet and switch to renewable energy, described hereafter.

- **Reduction of real estate footprint**

In 2021, Quadient has accelerated the rollout of teleworking within the Company and decided on being a predominantly "Remote" workplace, meaning 80% of employees will spend a large majority of their time working from home. Consequently, this also forced the Company to rethink the purpose of its physical offices as they are no more the unique place where collaboration and teamwork is happening. To optimize its real estate footprint and transformation needs, a list of criteria has been defined to determine locations to be maintained including environmental criteria.

In 2021, several offices have been closed worldwide (France, Poland, USA, UK), which resulted in a reduction of 9% in the surface area occupied by the Company compared to 2020 (16% with the divestment of Quadient Technologies Netherlands).

- **Optimization of the car fleet**

Several legal entities have taken measures to optimize their vehicle fleet and implemented a car policy. This includes notably the transition from diesel vehicles to petrol and hybrid models, the selection of vehicles with lower CO2 emissions per km and the development of online support and remote service activities. Quadient UK is implementing a dynamic call scheduling software for field service engineers to allow less driving time on the road through efficiency planning, optimized travel time and less fuel consumption.

Between 2020 and 2021, the total fuel consumption dropped by 7% for a number of vehicles that dropped by 12%, while the number of hybrid and electric vehicles doubled over the same period.

- **Switch to low carbon energy**

Quadient's objective is to achieve 25% renewable energy consumption by 2023 and 100% by 2030 in order to reach its CO2 emissions reduction in line with the 1.5°C trajectory. To this end, the Company is continuously looking at switching its energy supply contracts or purchasing renewable energy certificates (REC).

Quadient Canada has a multi-year agreement with Bullfrog Power, the leading green energy supplier in Canada. This partnership reduces Quadient's carbon footprint by supporting renewable energy projects. The principle involves supplying the Canadian electricity grid with a quantity of renewable energy equivalent to that consumed by all Quadient sites in the country. The initiative helps to reduce energy generation by facilities that use fossil or nuclear fuels. Every kWh of power consumed is matched by the supply of one kWh of energy from a renewable source. The green electricity generated by wind or hydraulic power is considered to be non-polluting sources that emit no CO2. Biogas comes from methane recovered from landfill waste sites and is also considered as not emitting CO2. In addition to the organization's emissions, Quadient Canada is also considering emissions related to the use of its products by its customers. Each postage meter and mailing system model was tested to determine the total annual power consumption. Based on this calculation, Quadient Canada is committed to injecting the same amount of green electricity to the power grid on an annual basis, for the duration of the initial lease or rental agreement.

Several other Quadient entities have made the choice to use renewable energy such as Quadient Sverige in Sweden, Quadient Switzerland, Quadient UK, Quadient France and Quadient DOPiX Germany. In France, geothermal energy is used to heat part of the Company's headquarters. In Poland, two photovoltaic installations have been installed in the parking lot of the office building. The installation is also a roof for parking spaces. Installations are working in the on-grid system and should cover 10-20% of the building's electricity demand. In 2021, five new sites switched to renewable energy in France, UK and Ireland.

In 2021, low carbon energy (renewable energy and heating network) accounts for 24.5% of the total energy consumption.

Reducing CO_2 emissions related to Scope 3

Scope 3 emissions mainly relate to purchases of goods and services and the use of sold products, which account for more than 75% of Quadient's total scope 3 emissions in 2021. Business travels and employee commuting represent nearly 8% of scope 3 in 2021, and are subject to regular monitoring and reduction targets.

- **Streamline business trips and employee commuting**

In addition to the restriction in travel and commuting as a result of COVID-19, Quadient is continuing its action plans aimed at promoting teleworking and fostering low carbon transportation and visio-conferences practices.

In 2021, business trips account for 783.8 teq CO_2, down by 63% compared with 2020.

- **Reduce the impact of the solutions**

The Company aims to extend its efforts in terms of eco design to all its hardware and digital solutions and expand and favour the offer of remanufactured products, encouraging a circular economy. The actions relating to the eco design and remanufacturing of the products are described in the section hereafter.

Quadient works closely with its logistics partners and vendors to minimize and consolidate shipments, use environmentally friendly modes of transportation, and encourage efficient operations.

Initiatives	Main achievements
Reduce consumption and improve energy efficiency	• Use of high-energy-efficiency or BREEAM certified premises: Bagneux, Rueil-Malmaison (France), Stratford (UK), Milford (United States); reduction of 16% in the surface area occupied by the Company compared to 2020.
Reduction of the energy consumption	• Replacement of obsolete equipment, investment in higher performance and approved equipment (boilers, heat pumps, heat recovery compressors), renovation of buildings (external insulation), installation of presence sensors, LED lighting. • Virtualized operation of IT servers.
Switch to low carbon energy	• In 2021, low carbon energy (renewable energy and heating network) accounts for 24.5% of the total energy consumption (vs 15% in 2020)
Reduce the impact of employee commuting	• Optimization of the car fleet, training in eco-driving in order to reduce fuel consumption. • Maintenance of equipment installed at customers' premises: development of diagnostic and troubleshooting tools • Continued development of remote maintenance operations • Rollout of teleworking within the Company and use of visio-conference tools

Initiatives	Main achievements
Employee awareness	• Increased awareness of eco-friendly ways of working amongst employees. • Launch of a new environment empowered community Act4earth
Reduce the impacts of freight transport	• Ecodesign of products: reduced product weight and optimized packaging volume in relation to product size. • Operation to bring some Asian production activities back to Europe (Le Lude and Loughton), at the same time reducing the effects of international deliveries. • Optimized planning and procurement systems: checking the fill rate of containers, monitoring transport methods between sea and air freight. • Selection of carriers with eco-friendly logistics (optimized delivery runs, fuel economy).

RAISING EMPLOYEE AWARENESS

Quadient also encourages sustainable practices among its employees to reduce the global carbon footprint and protect the environment. Launched in 2021, a network of green ambassadors, Act4Earth promotes changes in daily habits, providing employees with information and education on natural resources and environmental protection.

Quadient employees participate in various environmental awareness activities worldwide, such as World Cleanup Day, by cleaning up the waste on rivers and streets in its communities.

MEASURING THE PROGRESS

Since 2009, Quadient has completed the CDP Climate change questionnaire, which allows the Company to measure its progress and compare to its peers. CDP is an organization that manages a global information publication system allowing businesses to assess and compare their environmental policies. It evaluates companies' management and performance in terms of climate change and ranks them from D (lowest) to A (highest). In 2021, Quadient obtained a score of 'B' for the fourth consecutive year, corresponding to Management level and thus positioning Quadient above the average of companies in its industry.

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

Circular economy refers to a set of practices enabling the protection, better use and less waste of natural resources. It is a global initiative that aims to change the paradigm concerning the so-called linear economy. At Quadient, it translates into the following actions:

Quadient is a committed player in the circular economy. The Company has taken into account regulatory constraints by preparing for them ahead of time and transforming them into a competitive advantage. From the product design phase to end-of-life dismantling, Quadient takes all environmental aspects into account.

The Company has defined a Sustainable Design and Responsible Manufacturing policy that aims at improving energy efficiency, the use of hazardous substances, longevity, recyclability, modularity, and the upgradability of products to minimize their impact on the environment throughout their life cycle.

ECONOMICS OF FUNCTIONALITY

The economics of functionality are the offering or sale of the use of goods or a service rather than the goods itself. The aim is to develop integrated solutions for goods and services with a view to sustainable development. This way, trade is no longer based on the transfer of ownership of goods, which remain the property of the manufacturer throughout its life cycle, but on the consent of users to pay a use-value.

Quadient's business model is in keeping with this rationale. It is based on the provision of mail handling services (rental or leasing) such as envelope inserting and franking rather than the sale of equipment. Services usually include maintenance management and the supply of print cartridges. In this way, the products used to provide these services to customers still belong to Quadient and are recovered at the end of the contract or at the end of their life. There is the opportunity to place these products back on the market once they have been remanufactured.

ECODESIGN OF PRODUCTS

Quadient's ecodesign policy aims, in particular, to improve energy efficiency, use of hazardous substances, longevity, recyclability, modularity and the upgradability of its products to minimize their impact on the environment throughout their life cycle.

The high level of sustainability and reliability of the parts and components employed enables the Company to adhere to the principles of the circular economy. This virtuous loop promotes the repair, re-use and eventual recycling of materials rather than disposal. To that end, Quadient has incorporated strict ecodesign rules into its design and development processes. These allow the Company to identify the product life cycle phases, technologies and components that have the greatest impact on the environment. Furthermore, the efforts made have yielded very encouraging results concerning the environmental gains of new generations of products, demonstrating at the same time significant economic benefits.

Today, all franking machines and folders/inserters ranges benefit from this ecodesign approach.

RESPONSIBLE MANUFACTURING

Quadient is committed to manufacturing and assembling its products to the highest industry standards, respecting responsible environmental practices and regulations. Quadient has not been affected by any incidents of non-compliance with environmental laws and regulations.

All the industrial sites are ISO 14001 certified. This means that each site has deployed an environmental management system to identify their most significant environmental impacts. Actions are taken accordingly to eliminate, reduce or limit their effects on the environment. The main efforts cover water and electricity consumption management as well as the reduction and the collection of waste.

The waste generated by the Company comes mainly from manufacturing and logistics operations as well as the products it places on the market. This includes packaging waste, used consumables, spare parts and end-of-life products. As a responsible producer of hardware products, Quadient strives to reduce waste at the source, throughout its manufacturing operations, and ultimately avoid its products ending up in landfill. In 2021, 85% of industrial waste has been recycled, contributing to this responsible consumption and production.

PRODUCTS REMANUFACTURING

Remanufacturing is another substantial element in Quadient's environmental strategy, as part of a more global approach to the circular economy. This is an industrial process in which a product is recovered from the field (e.g. product at the end of a contract, demonstration, exchange) and then inspected, dismantled, cleaned, and upgraded in terms of functionalities (hardware and software). Worn parts are replaced with new parts or parts that have been remanufactured. Once reassembled, the product is tested and packaged. These remanufactured products are therefore equivalent to new products offering the same technical characteristics and reliability. They are then placed back on the market with the same warranty as new product.

In 2020, Quadient carried out life cycle assessments on a range of postage meters and folder inserters. This study, conducted by independent experts, showed that a remanufactured machine results in an environmental gain of up to 50% in terms of greenhouse gases (GHG) generated throughout its life cycle when compared with a new machine.

Over and above environmental impacts and raw material savings, product remanufacturing is part of a virtuous approach that allows Quadient to keep workers in jobs at the Company's production plants and gives the Company greater control over the quality of machine products installed in customers' premises.

Today, all franking machines and folders/inserters ranges benefit from this eco-design approach. In 2021 the Company's approach was extended to additional hardware models and remanufactured products are now offered to the customers in US and Canada, not used until now to buying products containing recycled parts and components. Furthermore, Quadient has started to implement a refurbishing process for its parcel locker solutions in France and Japan.

In 2021, 64.4% of MRS products placed on the market are remanufactured products (vs. 40% in 2020).

TAKE BACK PROGRAMS

Quadient has implemented free-of-charge take-back programs for its customers, to collect the products at the end of leased contracts and enable its operations of remanufacturing. In addition, in some countries, Quadient has joined local compliance programs to manage all products that are not eligible to remanufacturing. The process consists of free pick-up either from field engineers or a logistic partner for heavy products.

Quadient has also implemented take-back programs for the collection of supplies (ink cartridges) delivered to its customers. This program is also free of charge for its customers and consists in providing a pre-paid envelop to return the empty cartridges to logistic centers.

Initiatives	Main achievements
Ecodesign of products	• Ecodesign policy rolled-out within project and R&D teams for franking and inserting machine product lines.
Environment management system	• 40% of the Company's entities are ISO 14001 certified, including 100% of its industrial sites.
Remanufacturing of products	• Introduction of global reverse logistics to collect end-of-lease/ rental, end-of-life products. • 36,138 products remanufactured in 2021.
Reuse and recycling waste	• 515 tons of non-hazardous industrial waste in 2021 (*vs.* 972.84 in 2020)
Collection of supplies	• 4.42 tonnes of hazardous industrial waste in 2021. • 92% of industrial waste valorized (vs. 97.7% in 2020) of which 85% recovered for material in 2021 (in 2020 material recovery represented 86.4%). • 537 tons of WEEE (Electrical and electronic equipment waste) in 2021 (vs. 717 in 2020). • Implementation of a franking machine consumables collection process in the United States, Canada, France, United Kingdom, Ireland, Benelux and Germany. • 36.2% of franking machines supplies collected from customers.

5.1.6 BUILD THE BEST CUSTOMER EXPERIENCE POSSIBLE BY OFFERING INNOVATIVE, RELIABLE AND SUSTAINABLE SOLUTIONS

Quadient is part of a sector that is facing many challenges such as a decline of the mail market, digitalization, and management of the last-mile parcel delivery as e-commerce surges. In light of these trends, the Company is committed to building the best customer experience by offering reliable and secure solutions and creating value for customers with sustainable and innovative solutions.

Quadient's main efforts in terms of its customers and partners include customer satisfaction and innovation, as well as reliability, availability, solutions, services and safety of those solutions and services. These challenges are addressed from the design of solutions and services offers and are reflected in ambitious objectives, which are monitored regularly.

AMBITIONS & TARGETS 2021-2023

Ambitions	KPIs	2021 Results	Target Achievement by end of 2023
Deliver high quality, reliable and secure solutions	Overall customer satisfaction	95%	>95%
Leverage technology to consistently innovate and improve Quadient's portfolio of solutions	% of revenue invested in R&D	5.1%	>4.5% of annual revenue

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

In 2021, the Company devoted 5.1% of its revenue to research and development. Among the leading trends expected to have the largest impact in the coming years are artificial intelligence, virtual and augmented reality, and machine learning technology.

Regular user conferences and workshops enable Quadient to present new technologies and updates to its customers and partners and discuss their needs and expectations. The Company is the owner of its trademarks and has 260 families of patents published. Quadient registered six patents in 2021.

Initiatives	Main achievements
Innovation with and for partners	• Organization of several innovation workshops with partners each year.
Innovation culture disseminated among employees	• Organization of internal workshops and hosting information on the Internet raises employees' awareness of innovation.
Investments in innovation and R&D	• Quadient invested 51.8 million euros in R&D in 2021.
Intellectual property management policy and organization	• Dedicated in-house intellectual property team. • Patent committee. • Policy rolled-out across all R&D sites.
Patent filling	• Portfolio of 260 patent families and 6 patent applications filed in 2021.

DIGITAL SOLUTIONS

Intelligent Communication Automation

Continuing the execution of its Back to Growth strategy, Quadient experiences an acceleration in the shift of its software model from license to SaaS, In line with this strategy, in 2022 Quadient announced the Acquisition of Beanworks, a Leading FinTech in SaaS Accounts Payable Automation Solutions in March 2021. This acquisition follows the Company' acquisition in 2020 of leading Accounts Receivables solution provider, YayPay.

Beanworks was founded in 2012 and is headquartered in Vancouver, Canada. A highly performing FinTech with an attractive SaaS recurring revenue model and a track record of high double-digit annual revenue growth. The global market for accounts payable (AP) automation is growing rapidly, accelerated by the global pandemic and the increasing number of teams working from home, driving businesses of all sizes to reflect on the benefits of digitalizing their financial processes and shifting to electronic payments. Adroit Market Research anticipates the AP automation market will reach $4 billion by 2025.

Quadient's Intelligent Communication Automation solutions, a core pillar of the company's Back to Growth strategy, provide small and medium businesses (SMBs) access to digital capabilities and automation tools previously available only to large enterprises.

Already in 2020, Quadient took a leap forward in executing its strategic plan with the launch of Quadient Impress, a cloud-based multichannel document automation platform for SMBs. Quadient Impress brings together many independent product capabilities and the results of years of investment in omnichannel communication technologies. This innovation delivers customers a comprehensive solution to help automate their business processes, gain operational efficiencies, and provide a better customer experience. The Quadient Impress platform takes SMBs to the next level, accelerating companies in their transition to more digitalized and automated processes. This launch was followed by the release of Quadient Impress Distribute, a document delivery solution that enables automation and distribution of mail from virtually anywhere, without ever touching a piece of paper, freeing up employees to focus on core business and higher-value tasks.

In October 2021, Quadient announced a significant upgrade to Quadient Impress a software-as-a-service (SaaS) multi-channel document delivery and automation solution for small and medium businesses (SMBs). The solution now offers delivery channel preference management capabilities.

The Customer Communications Management (CCM) platform Quadient Inspire helps organizations create and deliver personalized, compliant customer communications across digital and traditional channels, from one centralized hub. Quadient Inspire 14 has over 1,100 enhancements and new features built around four fundamental issues: simplifying the user experience; enhancing the personalization of communications; improving interoperability for more robust integration of data and content; and scaling capabilities in-cloud and on premise to enable communications to get to market faster with greater flexibility and highly scalable performance.

In May 2021 Quadient announced the global launch of Inspire Evolve, a high-performance, software-as-a-service (SaaS) customer communications management (CCM) solution. The solution supports rapid enterprise transformation by empowering all employees, regardless of technical expertise, with the ability to control customer communications with little reliance on IT. With Inspire Evolve, customer communications can be maintained and delivered in the cloud by individual lines of business at the moment they are needed.

Inspire Evolve addresses the growing demand for a powerful cloud-based customer communications solution that easily integrates with and streamlines existing technology, requiring minimal implementation lead times and helping teams rapidly design and deliver secure, personalized human-centric communications.

In August 2021, Quadient announced it has partnered with leading enterprise automation software company UiPath. Quadient's partnership and integration with UiPath helps enterprises digitally transform customer experiences while maintaining regulatory compliance on customer communications, boosting productivity, reducing cost and improving employee satisfaction.

The partnership brings together Quadient's market-leading Inspire software suite, which enables enterprises to create and deliver personalized customer communications across all digital and traditional channels, and the benefits of using the UiPath Platform for end-to-end automation.

In December 2021, Quadient announced the general availability of Inspire Flex Release 15 (R15), Quadient's flagship enterprise omnichannel Customer Communications Management (CCM) software solution. The new release advances Inspire's evolution from CCM technology to an expanded solution designed to foster greater Customer Experience Management (CXM). Inspire Flex R15 integrates more than 300 robust enhancements that empower users to elevate and accelerate their ability to meet customers wherever they are through their preferred communication channels and on the devices they use.

Based on customer feedback and market data, Inspire Flex R15 is designed to help companies respond to the increased mobility of both employees and consumers. The new release is part of Quadient's continuous drive for innovation in its cloud-based suite of advanced software solutions that is bringing together CCM, customer journey mapping and orchestration, document automation, accounts payable (AP) and accounts receivable (AR)

Focus on digital solution security

Quadient solutions' security is an absolute priority for the company and its customers. Beyond the ISO 27001, 27017 and 27018 organizational standards, Quadient digital solutions are also certified to the highest information security and data protection standards.

For instance, the company has achieved SOC 2 Type II reports for all its digital solutions. These are the most comprehensive certification within the Systems and Organization Controls (SOC) protocol. A company that has achieved SOC 2 Type II certification has proven its system is designed to keep its clients' sensitive data secure.

Its digital solutions are certified HITRUST (Health Information Trust Alliance Common Security Framework - HITRUST CSF) which is a prescriptive set of controls that meet the requirements of multiple regulations and standards (e.g. ISO27001, HIPAA, PCI, NIST) and aim to create a comprehensive set of baseline security and privacy controls.

The HIPAA Privacy Rule establishes national standards to protect individuals' medical records and other individually identifiable health information (collectively defined as "protected health information") and applies to health plans, health care clearing-houses, and those health care providers that conduct certain health care transactions electronically.

The Payment Card Industry Data Security Standard (PCI DSS) is a widely accepted set of policies and procedures intended to optimize the security of credit, debit and cash card transactions and protect cardholders against misuse of their personal information.

Moreover, the company follows the Software Assurance Maturity Model (SAMM) which is an open framework to help organizations formulate and implement a strategy for software security that is tailored to the specific risks the organization is facing. Quadient also decided to adhere to the CSA Security, Trust & Assurance Registry (STAR), the most popular cloud security provider certification program. It is a three-tiered provider assurance program of self-assessment, 3rd-party audit, and continuous monitoring.

SMART HARDWARE SOLUTIONS

Mail-Related solutions

Quadient successfully introduced the iX-Series and S.M.A.R.T. (Shipping, Mailing, Accounting, Reporting and Tracking) software to the U.S. market in 2020, where more than 15,000 units have been shipped despite the global pandemic.

In June 2021 Quadient announced it is bringing its most technologically advanced mailing solutions—the iX-Series mailing systems and S.M.A.R.T mail management software—to Europe. The intelligent iX-Series is since then available in Germany, with an upcoming rollout in other European markets to include S.M.A.R.T.

In August 2021, the Company published the general availability in the capitalize company or change to Quadient U.S. of the latest addition to its successful iX-Series: the iX-9 Series high-volume mailing system, available both standalone and integrated with the company's S.M.A.R.T.® cloud-based mail center software.

The iX-9 expands Quadient's intelligent iX-Series mailing and shipping systems first introduced in the U.S. in 2020. The iX-Series includes Quadient's most advanced shipping, mailing, accounting and reporting software suite, available in the iX-3, iX-5, iX-7 and now iX-9 models, to meet the needs of businesses of all sizes. Ideally fit for high volumes, the iX-9 Series automatically seals, weighs, measures, meters and stacks large mail runs in minutes. Additionally, the iX-9 also meets the latest USPS Intelligent Mail Indicia (IMI) and Dimensional Weighing (DIM) requirements.

Parcel Locker Solutions

Parcel Locker Solutions provide an automated workflow to facilitate the package delivery and return process from home delivery and click & collect for retailers, to pick-up and drop-off (PUDO) automation for carriers. Quadient delivered many innovative projects related to Parcel Lockers, focusing on smart lockers, user experience, mobile apps, security and simplicity. Combining the expertise of US-based Parcel Pending, acquired in 2019, with its long-standing global leadership in Parcel Locker Solutions for carriers, retailers, commercial buildings or universities, Quadient has adopted the "Parcel Pending by Quadient" brand across its entire parcel locker portfolio in North America and Europe since June 2020.

In June 2020, Quadient announced the simultaneous launch in France, Japan, the UK and the US of Parcel Locker Lite™, a new series of compact and modular parcel lockers, designed to facilitate the roll-out and accelerate the adoption of Parcel Locker Solutions at an affordable cost by customers with smaller floor areas and lower volumes of parcels.

In 2021, Quadient additionally announced the launch of Parcel Pending by Quadient for multi-tenant residential buildings across France, following the launch in the UK residential market in 2020. Quadient therewith successfully adapted the solution to expand its reach to the European market. The customizable parcel locker systems provide seamless management of incoming packages through an automated parcel process, securing delivery, storage, and pick-up, enhancing resident satisfaction, and improving operational efficiency.

In December 2021 Quadient announced that more than 2,200 of its Parcel Pending by Quadient smart parcel locker systems were installed during the first nine months of 2021, bringing its parcel locker footprint to over 15,100 units globally.

In Japan, more than 6,200 parcel locker units are now in operation. In North America, more than 5,600 Parcel Pending by Quadient smart locker systems have been deployed in the multifamily property management industry in the U.S. Quadient has also seen growing momentum for its multifamily parcel locker solutions in new markets, such as the UK and France.

FOCUS ON DIGITAL AND HARDWARE ACCESSIBILITY

Quadient aims to create products usable by the widest possible audience, regardless of their ability. The concept of accessible design in Quadient software seeks to ensure both unassisted access and access by assistive technologies.

Quadient uses the benchmarks set by accessibility standards, like for example ADA compliance, Section 508 or EN 301 549. They consist of best practices and principles for making information technologies more accessible for people with disabilities.

While developing its Inspire solution, the Company has implemented fundamental accessibility features. Quadient aims to have its components presentable to users with disabilities, so they can understand and operate them. Accessibility features are present in Inspire Interactive and Inspire Designer.

Both components support navigating around the user interface using a keyboard and allow the use of a screen reader. The Inspire solution enables the creation of accessible outputs through Inspire Designer. The solution ensures accessible outputs for people with disabilities who use assistive technologies to navigate and read electronic content.

Also in the Parcel Locker Solution Quadient is meeting with its smart locker products for parcel delivery the requirements of ADA (Americans with Disabilities Act.) Features to this regard are screen height & box layout setting, comfort zone and text to speech integrated in the latest generation of smart lockers installations of the Multifamily and Carrier Retail Customers segments. The comfort zone (lower level) for example allows to divide the parcel locker compartments into different areas and to assign well accessible compartments in the lower levels for mobility limited users. Users in wheelchairs or vision impaired users can also use the keypad (including braille) for input instead of the screen.

Text to speech features include notifications – an option which can be selected by registered users to convert text messages into spoken voice for phone calls to notify when a package has been delivered. Also, respective lockers can talk out loud when a signature is required.

Design cutting-edge sustainable solutions to help our customers fulfil their needs while contributing to sustainable development

PRODUCT ECODESIGN

In 2006, Quadient introduced an ecodesign policy to reduce the impact of its products throughout their life cycle. This policy is now an integral part of the corporate strategy. The Company gives careful consideration to energy efficiency, use of hazardous substances, longevity, recyclability, modularity and the upgradability of its products. The high level of sustainability and reliability of parts and components enable the Company to adhere to the principles of a circular economy. This virtuous loop promotes the repair, re-use and eventual recycling of materials rather than their disposal.

Today, all new office franking machines and folder/inserter ranges benefit from this ecodesign approach.

INNOVATIVE AND SUSTAINABLE SOLUTIONS

Quadient continually strives to propose innovative solutions that respect the environment. The boom in e-commerce and its impact on the use of cardboard and packaging materials have led the Company to design and create innovative solutions for market players.

ANSWERING TO THE ISSUES OF THE LAST MILE DELIVERY AND RE-DELIVERY

E-commerce expansion led to a swift uptick in delivery volumes as e-commerce sales steadily rose during 2020. This increase had already placed enormous strain on cities, which struggled with increased pollution and road congestion from delivery trucks. Post-COVID-19, this upward trend will continue, meaning that many urban centers will need to put in place scalable, smart infrastructure to help combat the negative implications of soaring parcel volumes. Parcel lockers answer several infrastructural difficulties modern cities are facing due to higher volumes of e-commerce deliveries, by reducing missed deliveries and reducing the CO_2 emissions related to the re-delivery of parcels.

Parcel lockers are installed around the city at places with high levels of foot traffic, such as train stations, metros, or popular shopping areas. Parcel lockers create a centralized pick-up point where multiple deliveries are made to it by the carrier for collection by recipients. This effectively eliminates delivery drivers from having to make multiple stops, as well as the potential for failed first delivery attempts. In addition, parcel lockers can also act as a drop-off point, where consumers can make returns or send other personal parcels.

EU TAXONOMY

The Taxonomy Regulation (EU Taxonomy Regulation 2020/852) represents a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy by establishing a classification system common to the European Union. The objective is to identify the economic activities considered as sustainable, with reference to six environmental objectives: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems.

At the date of publication of this Universal Registration Document 2021, only the technical screening criteria relating to the first two environmental objectives (climate change mitigation and climate change adaptation) have entered into force.

This initial assessment of the eligibility of Quadient's activities to the two first climate objectives was carried out on the basis of the delegated act (2021/2139 of June 4, 2021, the "Climate Delegated Act"), and in accordance with EU Taxonomy Regulation 2020/ 852 and the EU Delegated Act 2021/2178 (the "Disclosures Delegated Act"), with the technical screening criteria for determining the conditions under which an economic activity may be considered to contribute significantly to climate change mitigation or adaptation.

Due to the nature of its activities, Quadient business activities are not covered by the Climate Delegated Act and consequently, are currently Taxonomy non-eligible with regard to these two environmental objectives. Therefore, the Company has not identified any eligible revenue.

However, the Company believes than some of its activities can contribute to achieving the European Union's sustainability objectives:

- by delivering remanufacturing products offering the same technical characteristics and reliability than new products with an environmental gain of up to 50% in terms of greenhouse gases (GHG) generated throughout their life cycle;
- by helping its customers to reduce their emissions. The Parcel Lockers Solutions answer to the issues of the last mile delivery, by reducing missed deliveries and reducing the CO2 emissions related to the re-delivery of parcels.
- by reducing its own environmental footprint;

Quadient has reviewed both the definition of the KPI related to the capital expenditure and operating expenditure disclosed in annex 1 of the Disclosures Delegated Act which specifies the eligible capital and operating expenditures.

The Company has considered as eligible the investments and expenditure related to the renovation of buildings, energy efficiency of buildings and company cars acquired or taken as a lease during the financial year. However, in 2021 the Company did not perform any major investments nor major operating expenditure related to building renovation and energy efficiency measures, and any other direct expenditures relating to the maintenance of building and equipment.

Therefore, based on the fact that its activities are not currently eligible, and that the level of investment expenditures and operational expenditures is not significant, the Company will not publish these KPIs this year.

Quadient monitors the publication of delegated acts for the other four environmental objectives and will revise its methodology and eligibility analysis as the Taxonomy is implemented, according to the activities listed and the technical screening criteria.

Deliver high quality, reliable and secure solutions to customers

RELIABILITY OF PRODUCTS

Quadient ensures the quality, reliability and availability of its products and solutions delivered to customers. All the Company's R&D, manufacturing and logistic sites are ISO 9001 certified. This means that from design to after-sales service, operating procedures are deployed, and rigorous controls are applied to ensure a high level of product performance.

PRODUCT SAFETY FOR USERS

Quadient is taking a precautionary approach in selecting materials that are use in the products and processes, endeavoring to prevent any potential negative impact on the environment and select materials that are safe for their intended use.

Quadient takes great care in assessing the safety of the products it places on the market and complies with all European and international regulations. These requirements are taken into account during product development. Approval and qualification tests are first carried out internally before being confirmed by independent external laboratories. Externally conducted tests make it possible to ensure product safety. Tests mainly cover compliance with UL ("Underwriters Laboratories") requirements, Russian GOST-R regulatory requirements and EC requirements regarding electromagnetic compatibility (directive 2004/108/EC), limiting the voltage used in electrical equipment (directive 2006/95/EC "Low voltage") and the restriction of the use of certain hazardous substances (directive 2011/65/EC "RoHS").

Other external tests make it possible to check compliance with electromagnetic compatibility (EMC) requirements, with US Federal Communications Commission (FCC) requirements and with the Australian c-tick label guaranteeing low exposure to electromagnetic fields. Tests are also conducted on product sound emissions, on drop tests and on compliance with "Energy Star" requirements. "Energy Star" is a label created by the US Environmental Protection Agency (EPA) and recognized by the European Union. It sets out energy consumption criteria to improve the energy efficiency of office equipment. This efficiency depends on electricity consumption of products in use and in sleep mode.

The regulatory guidance regarding electrical and electronic equipment regularly evolves at both European and international levels. Quadient's active participation in the professional organizations of the French Information Technology Industry Union (AFNUM) and the working meetings of the National Authority in France allows the Company to follow these developments and anticipate future changes. Among the regulatory texts with which the Company must comply, particular attention is paid to the RoHS and WEEE EU directives, the French decree on the use of nanomaterials (now applicable) and the REACH regulation.

MEASURING CUSTOMER SATISFACTION

Customer satisfaction is critical at Quadient. That's why the Company built a reliable, actionable Voice of the Customer program that spans all product lines to track customer experiences and adapt its solutions and processes to their expectations.

These surveys are conducted in the Company's main countries via an independent market research agency. The objective is to evaluate the experience of its customers throughout their journey by evaluating into depth, each point of contact (solution, support, sales, onboarding…). In total, more than 40 criteria are evaluated on a satisfaction scale, and the impact of each criterion is calculated according to its contribution to overall satisfaction, thus allowing Quadient to identify the most important aspects on which customers express expectations.

The overall satisfaction rate of MRS customers is 97% in 2021 and a diagnosis by customer segment (Low, Mid & High) is established in order to design an action plan with regard to the very specific expectations of these customer profiles.

CXM customers are also very satisfied with a score of 93%: segmenting results between Service Providers and Enterprises has allowed the Company to adapt its solutions to the expectations of these two very distinct targets.

97% of NeoTouch France customers, ever more numerous with the acceleration of the digital transformation of companies, remain at a very high level of satisfaction.

Besides, this voice of the Customer program has been extended to the recent acquisitions made by Quadient: 84% of the customers of the AR solution (YayPay) are satisfied and 87% of the customers of our AP solutions (Beanworks).

Also, it is to be noted that more than ¾ of our Parcel Pending customers are satisfied with their smart locker in multifamily residences across the United States.

Thus, in 2021, by considering the importance of each business line in the company revenue, the overall customer satisfaction rate is at 95%.

To complement these yearly surveys, hot surveys are conducted immediately all along the year after a customer interaction (e.g., a maintenance intervention, a call center request…) to measure customer satisfaction in real time, dive deep into key transactional processes, and respond quickly to any customer dissatisfaction.

Initiatives	Main achievements
Reliability of hardware solutions	For MRS, in 2021 • the Quality performance was 91%. 21 out of 23 of the product lines of MRS business have reached the OBF[(a)] targets set for the year • Concerning the product reliability, performance was 100%. All the product lines of MRS business have reach the BPY[(b)] targets set for the year. For PLS, in 2021 • the Quality performance was 0.45% OBF[(c)] on installed adders (columns) • Concerning the product reliability, the performance is 1.15 BBPY[(d)]
Availability of digital solutions	• Availability rate of Quadient cloud solutions is 99.96%. • Bug resolution time – Hotfix Service Level Agreement (SLA): 92.73%
Customer satisfaction	• 95% of customers were satisfied in 2021. • 93% for Customer Experience management (CXM). • 97% for Mail Related Solution (MRS). • 93% for Business Process Automation (BPA).

(a) *The Out Box Failure (OBF) KPI measures the quality performance at the installation. It considers the number of installations which are not good at the first time, whatever the reason (missing item in the box, connection issue, quality issue, etc…) in comparison of all the products installed during the reporting period. Each year the Company set targets depending on the maturity and complexity of the products, the OBF targets range from 0% to 2.2 % failed installations at the first attempt.*

(b) *The Breakdown Per Year (BPY) KPI measures the product reliability over time. This is the average number of breakdowns that occurred during the reporting period (12 rolling months). As for the OBF, the company sets annual performance BPY targets also depending on the maturity and complexity of the products. They range from 0.09 to 2,3 breakdowns in 2021.*

(c) *For PLS business, the OBF considers all the "adders" (columns of the parcel lockers) which failed during their installation in comparison with all the adders installed during the year.*

(d) *Concerning the reliability of the parcel lockers, the quality and customer support team monitor the Breakdown per Box per Year (BBPY). This represents the average number of breakdowns per lockers that cannot be used by a carrier nor a consumer.*

5.1.7 ENGAGE AND SUPPORT LOCAL COMMUNITIES

In 2021, Quadient launched its first global philanthropy program, Quadient Cares, as it established philanthropy as a key pillar of its CSR strategy. The first year of this program has been focused on establishing fundamental components of the program, but in substance was still positive with a total of EUR 93,654.25 collected for projects of general interest in sectors such as education, health and social assistance, environment and inclusion & diversity. Moreover, 1189 online challenges were completed, 260 goods collected and 333 contributions completed, 185 employees engaged in one do good activity online and a total of 893 employees (18% of all the employees) and involved on the new philanthropy platform. These reflect the many sponsorship and volunteering actions identified in qualitative questionnaires sent to Quadient's different subsidiaries. Indeed, as part of this program's new policy, since mid-2021, all employees are now entitled to spend one working day per year to dedicate their time to the program, except for UK and Ireland who benefited from 2 days per year.

AMBITIONS & TARGETS 2021 - 2023

Ambitions	KPIs	2021 Results	Target Achievement by end of 2023
Embody the company's values by supporting our communities in the fields of Education and Decent Employment, Inclusion and Diversity and the Environment with the reduction of waste and pollution	Hours spent by employees supporting communities	356.5 hours[a]	>5,000 hours
	Contribution rate of employees engaged and involved in volunteering & sponsorship projects on the platform	20.71%[a]	>25% of employees engaged on the platform
	Total amount of financial donations to Non-Profit organizations	€93,654.25	>€100,000

(a) *Due to the COVID-19 pandemic, a significant level of charity actions and events have been postponed to 2022 or replaced by online events that have not always been tracked, especially regarding volunteering hours. The platform implemented in April 2021 doesn't reflect all the number of employees already involved in volunteering & sponsorship projects. 333 contributions in one do good activity on the platform made by 185 employees engaged (among 893 users) on the platform at the 31st of January 2022. Source: CSR qualitative questionnaires and new platform implemented in 2021 to monitor the Company's efforts.*

Embody the Company's values by supporting communities in the fields of Education & Decent Employment, Inclusion & Diversity and the reduction of waste and pollution

LAUNCH AND DEPLOYMENT OF A PHILANTHROPIC PROGRAM AT CORPORATE LEVEL

In April 2021, Quadient also began to deploy and translate in different languages its philanthropy policy aligned with its values and to identify an international community network (regional leaders and community advocates) to deploy the program and to train employees on the new platform. Quadient Cares program was officially launched in April 2021. The main objective was to deploy a philanthropic program with charity events at local or corporate level but also skills-based sponsorship, in-kind donations, financial donation, fundraising and volunteering missions. It was also an opportunity to develop a close dialogue with communities and to start measuring the social impact of the Company.

A due diligence and onboarding process on the platform were established for charities and more than 50 non-profit organizations are currently integrated into "Quadient Cares".

Regarding corporate partnerships, Quadient continued to support charities in line with the 3 main causes mentioned above and with reference to the Sustainable Development Goals n° 4, 5, 8, 10 and 12: SOS Children Villages in France with 20,075 euros donated thanks to different initiatives, SOS Children Villages USA with 9,086 euros, Dress for Success Greater London received a total of 6,671.45 euros and Dress for Success Worldwide 1975 euros.

For the environmental cause, a new partnership agreement was officially signed with Surfrider Foundation Europe in December 2021 for three years with a first donation of 20,000 euros, in order to support Erosion campus project, and to raise awareness of the impact of climate on the coast.

In addition, a new Empowered Community "Act4Earth" was launched in July 2021 to promote participation in activities and projects, increase environmental awareness, share ecological knowledge and learn sustainable behaviors and values. This Community contributed to the organization of the World Clean Up Day in September 2021. The kick-off took place in November 2021 and monthly meetings were organized and aim at bringing awareness and educating on environmental topics.

During the last Senior Leaders event in July 2021, each Senior Leader was invited to vote between three charities and to make a donation of around 60 euros with Quadient support: 1,975 euros were donated to Dress for Success Worldwide, 1,653 euros to Surfrider Foundation US and 9,086 euros for SOS Children Villages USA.

A greetings card supporting those three main partners was also created to communicate on their actions during the Giving Week. On this occasion Quadient made a donation of 5,000 euros to each charity.

ORGANIZING CORPORATE AND FUNDRAISING EVENTS IN HONOR OF INTERNATIONAL WOMEN'S DAY IN 2021

Quadient held celebrations and fundraising events, mainly online because of the sanitary crisis, in honor of International Women's Day 2021 helping to raise money and collect goods for local women's charities, in line with its values and the cause of Diversity & Inclusion. Quadient also pursued its philanthropic initiatives in 2021, as part of its new "Empowered Community".

The 'Empower Women' community organized a virtual meeting on the occasion of the International Women's Rights Day with testimonials and experiences from employees to think about how Quadient and each employee must commit to implementing the necessary changes for equity in the workplace. 400 employees attended to this townhall.

At local level, Quadient supported Czechitas, a Czech IT Community for Women, bringing mentoring skills on requalification courses for women during a new year-long Digital Academy and also support by offering expertise throughout the year across other local workshops in Olomouc and Ostrava, close to the specialized R&D team.

Moreover, Quadient raised 5,000 euros and received numerous donations of clothing and shoes for local associations that support women. The Company supplemented this fundraising effort with a new donation to Dress for Success at corporate level. Dress for Success is a global-non-profit organization that empowers women to achieve economic independence as economies reopen and organizes solidarity initiatives to support employees during the crisis. The structure provides a network of professional support and development tools to help women thrive in work and in life.

The Empowered Community DiverseABILITY also made a donation of 1,000 euros to Dress for Success Greater London and 150 employees attended to the virtual townhall organized in July 2021 with external speakers.

ORGANIZING WORLD CLEANUP DAY IN SEPTEMBER 2021

World Cleanup Day is an international event across 180 countries that encourages organizations and volunteers to take time to clean up their communities. Individuals, Governments, Corporations and Organizations are all encouraged to take part in clean-ups and to find solutions to tackle mismanaged waste.

The World Cleanup Day was organized at Quadient with activities offered to employees between September, 13 and 17 in different regions with field volunteering, goods collection, challenges and quizzes. It was an opportunity to bring employees together to take part on physical and digital environmental activities and challenges. By offering learning activities and challenges during September using the philanthropy platform and on the field, the main goals were to educate Quadient employees to environment (and a specific environmental town hall was organized on this topic) and to organize locally a physical and digital cleanup day.

2 Clean-ups were organized in Bagneux and Stratford by the Quadient Cares team, involving around 50 employees and on this occasion more than 200 kg of waste were collected. In France the 16thof September in the headquarter, 35 participants were involved in Bagneux during two hours and collected 100kgs of waste including 3500 cigarette butts, then recycled by Cy-clope, a French start-up recycling cigarette butts.

Masterclasses with Surfrider Foundation Europe on plastic pollution and climate change and oceans were organized online in French and English for all volunteer employees.

ORGANIZING GIVING WEEK IN DECEMBER 2021

The goals of the Giving Week were to:

- Increase in-person and remote volonteering hours *via* the platform, particularly across Inclusion and Education pillars,
- to raise internal awareness of the overall program, its priority areas and the work started by Philanthropy Teams in each region and
- to promote the program externally to heighten awareness.

Dedicated breakfast or coffee sessions were organized locally to promote the program and volunteering activities were proposed to all employees (collections of goods…). The first report outlined 90 contributions completed, 27.5 hours volunteered, 17,720.5 euros collected, almost 110 goods donated and 23 challenges completed on the platform.

Many activities were also organized online in different regions. For instance, an online Charity Christmas Bingo was organized in the region DACHIT/ UKI in December with 46 volunteers to support charities like Badu Sport, Pieta House (Ireland), Bowel Cancer (UK), Alzheimer Society (UK).

In France and Benelux, after a breakfast dedicated to Quadient Cares program, digital presentations were organized with the charities Chaussettes Solidaires and Apprentis d'Auteuil. Regarding goods collections, toys were collected for the non-profit organization Rejoué and 42 kg of socks were collected until end of January in Rueil-Malmaison, Bagneux, Le Lude and Aix-en-Provence for Chaussettes Solidaires.

For international operations, 3 regional town halls were organized to promote the philanthropy program with advocates testimonials and an in person event with Habitat for Humanity took place in January 2022.

In NORAM, one regional town hall was organized with 185 participants with a total of $1,726 of online donations, a total of 284 goods donated and a regional partnership to provide donations to Toys for Tot in recognition of the holidays was established. Charitable activities were organized across regions with for instance Toys for Tots (region-wide), Beth-El Center (Milford) to help support the homeless and hungry in the local community, Hope's Door (Dallas) to empower survivors of domestic abuse, Baby go round (Vancouver) to help them reach their goal of distributing 1000 baby blankets to families in need., Noah's Clubhouse (Toronto) to provide funding for children living with cerebral palsy, Feeding Tampa Bay (Florida) to help make sure families have meals on the table for the holidays, American Red Cross (Northeast District) for a blood donation campaign and Families Forward Irvine (California) to help make sure two families have a happy holiday season.

DEPLOYING SPECIFIC SPONSORSHIP AND VOLUNTEERING INITIATIVES DURING THE COVID-19 PANDEMIC

In 2020 and 2021, Quadient also contributed to initiatives related to emergencies such as the COVID-19 pandemic.

Quadient donated various equipment, supplies, and services, together with 12,500 euros in financial support, to multiple organizations in the US, France and the UK that are fighting social isolation faced by the elderly and enabling senior residents to maintain a correspondence with their loved one with the help of volunteers.

These initiatives are just several of many efforts undertaken by Quadient's employees during this difficult time. In the Czech Republic, Quadient's team of software professionals dedicated their time and skills to develop software on a pro bono basis for University Hospital Hradec Králové. The team built a resource planning and optimization application for COVID zone at the hospital, in response to an urgent request from the hospital given rapidly changing staff availability. Quadient's local team delivered the application in just 96 hours.

In the United Kingdom, Quadient provided 3D printing of thousands of protective masks and raised funds for National Health Service charities via run/walk event. Also, when schools initially closed in March 2020, BBC helped members of the public to donate thousands of old devices to schoolchildren across the country via the "Give a laptop" initiative. This initiative was renewed: in February 2021, Quadient UK has refurbished laptops for the BBC campaign "give a laptop" to help children at two local schools: Jo Richardson Community School (Dagenham Essex) and St Luke's Primary School (Isle of Dogs) in London. Companies throughout England, including Quadient, supported this campaign by donating old devices, which has made a massive difference for the pupils concerned. In France, Quadient Shipping and Quadient Industrie France provided masks to different organizations and structures.

PURSUING SPONSORSHIP AND VOLUNTEERING INITIATIVES WORLDWIDE

For many years, Quadient in the USA has offered its employees the opportunity to participate in the fight against cancer through the Community committee, with charity walks such as the "Breast Cancer Walk" or "Making Strides against Breast Cancer", the largest network of breast cancer events in the United States. These initiatives bring communities together in the fight against this deadly disease and raise funds for the American Cancer Society, which conducts breast cancer research and provides patient services such as free travel to chemotherapy sessions, free places to stay near treatment centers and a 24/7 helpline. Unfortunately, the majority of these events were cancelled in 2020 and 2021 due to the COVID-19 pandemic. However, Quadient supported various fundraising initiatives in other ways.

In the USA, Quadient raised money for New Reach, a social agency that helps thousands of vulnerable people and households achieve stability and self-reliance. The agency provides a wide range of housing and services that meet the varying and complex needs of homeless families, young people and individuals. Quadient Inc. also organized a virtual event called "Thank a front-line worker".

Activities were also organized with Boys and Girls Club Milford, to enable all young people, especially those who need help, to reach their full potential as productive, caring, responsible citizens.

In Canada, thanks to Beanworks team, a full truck load of clothes were donated to two local charities:

My Sister's Closet - a clothing store that helps fund the violence prevention and intervention services and programs operated by Battered Women's Support Services and The Gathering Place - provides services to vulnerable populations, including people on lower income, people with disabilities, seniors, people of diverse ethnic backgrounds, the LGBTQ community, youth, and people who are homeless.

Quadient Canada has been part of Canadian Blood Services' Partners for Life program since 2014. This is a national, independent, not-for-profit organization that manages Canada's blood supply system. Other charitable initiatives are undertaken by Quadient Canada employees, such as the Red Door Shelter, a fundraising event to help families in need, and the Helping Hands Food Shelter, a food drive.

Quadient Canada also made a donation of 20,813 Euros and also signed a partnership with Catalyst, a global non-profit supported by many of the world's most powerful CEOs and leading companies to help build workplaces that work for women.

In Singapore, some employees spent a weekend with Habitat for Humanity Singapore to support ProjectHomeWorks as part of the Quadient Cares program.

Since 2007, Quadient France has supported the SOS Children's Villages association through a product-sharing operation with Neotouch. In 2021, Quadient France renewed its support to the association by donating 15,000 euros to help finance renovation work in various reception areas. Moreover, a donation of €3000 was made to the Secours Populaire Français to help students in need during Covid-19 sanitary crisis.

In Rueil-Malmaison and Bagneux, collects of plastic caps were organized to support the association Coeurs2Bouchons that helps people with disabilities, by collecting plastic caps from its partners.

In France, as in 2020 some employees had also the possibility to support the French Red Cross by donating some of their Edenred “Tickets-restaurants” to help people in social isolation during lockdown or curfew.

In Germany, in July 2021 donations for emergency flood relief were done to "Aktion Deutschland Hilft“ (Action Germany helps) thanks to the platform. Aktion Deutschland Hilft, is an alliance of German aid organizations, that were on the ground helping people: they were assisting with evacuations affected families, organizing emergency shelters and caring for traumatized people.

Since a few years, Quadient Ireland is also committed to the fight against cancer by supporting the Irish Cancer Society. The Trust's mission is to find and connect people with spinal cord injuries around the world to accelerate the development of a cure for paralysis. Quadient Ireland also supported the Capuchin Day Centre for Homeless People and all Quadient Ireland employees made a donation of clothes, food, toys, toiletries to the center. Quadient Finance Ireland's team spent a day volunteering on-site for Barretstown, getting the camp ready to welcome children back. The team also participated in planting a "Quadient" tree in Barrestown Castle site. Barretstown is a residential camp for children and families based in Co Kildare, Ireland, offering a range of activities, supported behind the scenes by a medical team.

Quadient Norway donated 500 euros to children's cancer found.

In England, Quadient Technologies Limited supports the "Make a Wish" initiative. This charity grants wishes for children with critical illnesses. Several fund-raising activities were organized raising a total of 5,114 pounds sterling. Quadient Technologies UK Limited also continued to support Charity Little Sparks, fundraising for children and young people with complex medical conditions, or who are deemed as having a short life expectancy. The main aim is to provide access to a range of activities and offer a safe place for children and young people to talk, feel included and express themselves through play and craft activities. They also provide support via bereavement work with children and young people at home and in school, as well running a bereavement group during school holidays. All 160 staff were encouraged to participate in fundraising events. Due to the COVID-19 situation, Quadient Technologies UK Limited extended this charity work to 2021 and more than 4,000 euros were raised to help Charity Little Sparks.

5.1.8 OTHER NON-FINANCIAL INFORMATION

The 2021 reporting scope does not include the data from Automated Packaging Solutions (APS) business and production facility based in Drachten, the Netherlands, as they were divested in 2021.

GRI Standard	Social data	2021	2020	2019
405-1	**Headcount by gender[(a)]**			
405-1	Women	1,687	1,711	1,687
405-1	Men	3,312	3,426	3,731
	TOTAL NUMBER OF EMPLOYEES (TEMPORARY/CASUAL EMPLOYEES ARE EXCLUDED)[(B)]	**4,999**	**5,137**	**5,418**
	Permanent contracts	4,930	5,077	5,325
405-1	Women in permanent contracts	1,653		
	Fixed-term contracts	69	60	93
405-1	Women in fixed-term contracts	34		
	Temporary/casual employees	189	87	111
401-1	Recruitments (external) [(c)]	711	454	668
401-1	Departures [(c)]	817	646	710
404-1	Number of employees involved in one or more training courses in the year	4,033	4,128	4,640
	Total number of training hours (local training)	36,728	63,831	114,350
405-1	Women managers	243	293	271
405-1	Men managers	638	715	756
405-1	Disabled employees	110	94	92
	Absenteeism[(d)]			
403-9	Related to workplace accidents with time off work	0.02%	0.05	0.12%
403-9	Related to workplace accidents while commuting	0.01%	0.03	0.04%
403-10	Related to occupational illnesses	0.08%	0.07	0.01%
403-10	Related to illness (excluding maternity and paternity leave)	2.90%	5.23%	4.63%
403-9	**AVERAGE GROUP ABSENTEEISM RATE**	**3.00%**	**5.38%**	**4.8%**
	Number of workplace accidents	39	78	91
	Workplace accidents resulting in time off work	12	21	30
	Number of days lost through accidents resulting in time off work	211	403	1,175
403-9	Frequency rate of workplace accidents	1.46	3.1	4.2
403-9	Severity rate of workplace accidents	0.03	0.06	0.16

(a) Workforce present as of 31st January with an employment contract with an entity of the Company (excluding temporary employees and interns at the exception of contractors in Ukraine who were included in the scope of the CSR reporting).
(b) Total headcount as of 31 January, 2022 without the headcount of the legal entities not included in the scope of the CSR reporting, as described in the methodological note in the section 5.1.9. For CSR purposes, contractors supporting and developing the YayPay solution in Ukraine were included into the CSR Reporting Scope.
(c) Hires and departures within the internal mobility are not taken into account.
(d) Absenteeism rate has been calculated in working days. The scope is not exactly the same in 2020 and 2021 as the Automated Packaging Solutions (APS) business and production facility based in Drachten, the Netherlands, were divested in 2021.

GRI Standard	Environmental data	2021	2020[a]	2019[a]
303-5	**Water (in m^3)**	**27,313**	**33,025**	**41,789**
302-1	**Energy (in MWh)**			
	Electricity consumption	9,437	10,803	16,055
	Gas consumption	6,281	6,757	8,897
	Heating network consumption	2,091	2,267	2,352
	Fuel oil consumption	65	59	140
	TOTAL ENERGY CONSUMPTION (IN MWH)	**17,874**	**19,887**	**27,444**
302-3	**Energy intensity**			
	Energy consumption by revenue *(in MWh/€m revenue)*	17.5	19.3	24.0
	Energy consumption by employee (in *MWh/employee*)	3.6	3.9	5.1
	Scope 1 and Scope 2 emissions (in Teq CO_2)			
	Emissions related to company vehicles	4,738	5,047	7,713
	Emissions related to natural gas combustion	967	1,039	1,504
	Emissions related to refrigerant gas	530	594	1,087
	Emissions related to fuel oil combustion	15	14	33
305-1	**TOTAL SCOPE 1 (IN TEQ CO_2)**	**6,251**	**6,694**	**10,337**
	Emissions related to electricity purchased	2,712	3,469	5,897
	Emissions related to urban heating purchases	564	615	644
305-2	**TOTAL SCOPE 2 (IN TEQ CO_2)**	**3,276**	**4,972**	**6,496**
305-4	**CO_2 emissions intensity (Scope 1 and Scope 2)**			
	CO_2 emissions by revenue (*in Teq CO_2 / €m revenue*)	9.3	10.5	14.8
	CO_2 emissions by employee (*in Teq CO_2/ employee*)	1.9	2.1	3.1
305-3	**Scope 3 emissions (in Teq CO_2)**			
	Emissions related to upstream and downstream freight transportation[b]	3,332	2,675	2,834
	Emissions related to business travels	783	2,104	9,574
	Emissions related to employees commuting[c]	6,549	6,115	8,555
	Emissions related to the purchase of goods and services[d]	43,747	47,132	42,973
	Emissions related to the use of sold products[e]	27,287	20,979	18,482
306-3	**Non-hazardous industrial waste (in tons)**	**515.0**	**972.4**	**1,230.0**
306-4	Non-hazardous waste recovered	473.9	956.7	1,115.9
306-5	Non-hazardous waste disposed	41.1	15.7	12.8
306-3	**Hazardous industrial waste (in tons)**	**4.4**	**18.5**	**10.3**
306-4	Hazardous waste recovered	3.8	12.0	10.1
306-5	Hazardous waste recovered	0.6	6.5	0.2
	TOTAL INDUSTRIAL WASTE *(IN TONS)*	**519.4**	**990.9**	**1,240.3**

GRI Standard	Environmental data	2021	2020[a]	2019[a]
306-4	% of industrial waste recovered[f]	92%	97.7%	95.6%
306-3	**Electrical and electronic equipment waste (WEEE)** *(in tons)*	**537**	**717**	**766**
306-4	% of WEEE recovered[g]	81%	75%	75%

(a) *The 2019 and 2020 data were revised downwards due to the adjustment of certain values.*
(b) *The data concern upstream and downstream transport managed by the Company. Transportation managed by Quadient entities locally was not taken into account.*
(c) *In 2019, a survey was conducted at Company level to evaluate the greenhouse gas emissions generated from employee daily journeys between home and work. The results of this survey were scaled to estimate global commuting emissions for Quadient. In 2021, the emissions were estimated based on the extrapolation of the results of the 2019 survey with 2021 FTE figures by country, the percentage of employees working from home and the percentage of days of remote working. The data covers 98.3% of the CSR reporting scope and should be treated with caution.*
(d) *The data related to hardware solutions were extrapolated from the Life Cycle Analysis conducted in 2020. The emissions relative to corporate functioning were calculated by multiplying the spend data for each category of services by the corresponding conversion emission factors as outlined in the Base Carbone®*
(e) *The data were extrapolated from the LCA conducted in 2020 on the main hardware and software solutions. The calculation is based on the annual consumption of hardware solutions during its use, multiplied by the number of machines placed on the market during the year in a given country. For the software solutions, the calculation is based on the emissions generated by sending email and mail, multiplied by the number of mail and email sent during the year.*
(f) *The data relate to all companies involved in industrial activities: QIF, QTL, Quadient Inc (Byhalia).*
(g) *Material recovery and energy recovery.*

5.1.9 NOTES REGARDING METHODOLOGY AND THE CSR REPORTING SCOPE

CSR reporting scope

The reporting period runs from 1 February to 31 January of the fiscal year. The environmental indicators cover the 1 January to 31 December period.

The information presented below concerns the consolidated entities of Quadient as at 31 January 2022 included in the CSR reporting scope. The reporting scope was established pursuant to articles L.233-1 and L.233-3 of the French commercial code and covers all the company's activities in accordance with the rules defined below. The reporting scope includes all entities under the company's operational control at 31 January of the reporting year and meeting one of the following two conditions:

- all entities with activities related to the supply chain (manufacturing, assembly, customization, purchases and logistics);
- all entities exercising R&D, retail or finance activities, and having more than 25 employees (except for the consolidated reporting scopes for Quadient s.r.o, Quadient Norge, Quadient Germany and Quadient Inc.).

The following are therefore excluded from the scope of reporting: Quadient India, Quadient Finance Ireland Ltd, Quadient Finance France, Quadient Mailing Logistic Systems, Quadient Global Services Ltd, and Packcity Japan. The 2021 reporting scope does not include Quadient Technologies Netherlands data, as Automated Packaging solutions (APS) and the Drachten production site were divested in 2021.

Thus, 58 people are excluded, representing 1.16% of the total employees of the company. The scope of CSR reporting therefore represents 98.84% of the global workforce.

In addition, for CSR purposes, contractors supporting and developing the YayPay solution in Ukraine were included into the CSR Reporting Scope. This represents 78 employees.

When one of the Company's entities is not able to provide data for one specific indicator, and no estimation can be made, the entity is excluded from the indicator in question and an explanatory note specifies the scope or calculation method used for each indicator.

Changes in the scope of reporting or calculation methodologies do not always make it possible to draw a relevant comparison of data for the 2021 and 2020 financial years. These changes are mentioned and specified for the indicators whenever they have occurred in order to facilitate the correct interpretation of the indicators.

Furthermore, some indicators have not been mentioned in this report since they were deemed not relevant to the activity exercised by Quadient. This information concerns the environment with the indicator relating to land use and biodiversity, food waste and sustainable food.

When one of the Company's entities is not able to provide data for one specific indicator, and no estimation can be made, the entity is excluded from the indicator in question and an explanatory note specifies the scope or calculation method used for each indicator.

Changes in the scope of reporting or calculation methodologies do not always make it possible to draw a relevant comparison of data for the 2021 and 2020 financial years. These changes are mentioned and specified for the indicators whenever they have occurred in order to facilitate the correct interpretation of the indicators.

Furthermore, some indicators have not been mentioned in this report since they were deemed not relevant to the activity exercised by Quadient. This information concerns the environment with the indicator relating to land use and biodiversity, food waste and sustainable food.

Reporting process

The reporting process for 2021 was set forth in detail in a CSR reporting protocol for the collection of the necessary quantitative and qualitative information. This protocol was deployed in English in all Quadient entities and is also available on the secured CSR reporting tool. It was used to clarify the definitions and calculation methods for each indicator and to detail the steps of the reporting process, as indicated below:

- planning, collection, consolidation of qualitative and quantitative data and consistency check;
- data verification: in accordance with regulations, Quadient submitted the information contained in this CSR report for audit.

In January 2022, as it has been the case every year since 2015, specific "web meetings" were also proposed to entities that wanted to develop certain aspects of the reporting further. Quantitative data was collected from the entities using dashboards and the qualitative data was collected through online questionnaires accessible on the secured website dedicated to CSR benchmarks in the various countries.

CROSS-REFERENCE TABLE WITH THE INFORMATION REQUIRED IN THE NON-FINANCIAL PERFORMANCE STATEMENT

Theme	Pages	Cross-reference with the 2020 universal registration document
Overview of the business model	8 to 9	Introductory booklet
Description of the main non-financial risks related to the Group's activity	102 to 108	CSR strategy and policy
Description of policies designed to prevent, identify and mitigate the occurrence of non-financial risks and the outcomes of these policies, including key indicators	111 to 139	• With reference to the mapping of CSR risks, cross-referencing with the eleven priority risks: • Human capital development, talent attraction and retention; • Diversity and inclusive workplace; • Community Engagement; • Health & safety and well-being; • Ecodesign and sustainable products and solutions; • Intellectual property rights; • Data privacy and integrity; • Breach of ethical rules; • Sustainable procurement & Human rights; • Circular economy; • Climate change.
Respect for Human Rights	122	Human Rights
Anti-corruption	122	Prevention and fight against fraud and corruption
Climate change (contribution and adaptation)	126 to 133	Reducing Quadient's carbon footprint
Circular economy	131 to 133	Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint
Food waste, fight against food insecurity, respect for animal welfare, responsible, fair and sustainable food	146	Given the nature of its activities, the Company considers that these topics do not constitute a significant CSR risk and do not justify a development in this document
Collective agreements and impacts	112 to 115	Provide great working conditions where all employees perform at their very best
Fight against discrimination and promotion of diversity	115 to 117	Create a diverse and inclusive culture and be an equal opportunity employer
Societal commitments	139 to 143	Engage and support local communities
Fight against fraud	95-96	Tax evasion matter is presented in chapter 4 related to Risk Factors and Internal Control

5.2 Independent third party's report on consolidated non-financial statement presented in the management report

Year ended the 31st January, 2022

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Assembly,

In our quality as an independent third party, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereinafter "entity"), we conducted our work in order to provide a conclusion expressing a limited level of assurance on the compliance of the consolidated non-financial statement for the year ended 31st January, 2022 (hereinafter the "Statement") with the provisions of Article R. 225-105 of the French Commercial Code (*Code de commerce*) and on the fairness of the historical information (whether observed or extrapolated) provided pursuant to 3° of I and II of Article R. 225-105 of the French Commercial Code (hereinafter the "Information") prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

CONCLUSION

Based on the procedures performed, as described in "Nature and scope of the work", and on the elements we have collected, we did not identify any material misstatements that would call into question the fact that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

PREPARATION OF THE NON-FINANCIAL PERFORMANCE STATEMENT

The absence of a generally accepted and commonly used framework or established practices on which to base the assessment and measurement of information allows for the use of different, but acceptable, measurement techniques that may affect comparability between entities and over time.

Therefore, the Information should be read and understood with reference to the Guidelines, the significant elements of which are presented in the Statement

LIMITATIONS INHERENT IN THE PREPARATION OF THE INFORMATION

The information may be subject to uncertainty inherent in the state of scientific or economic knowledge and the quality of external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates made in preparing it and presented in the Statement.

THE ENTITY'S RESPONSIBILITY

It is the responsibility of the Board of Directors to:

- select or establish appropriate criteria for the preparation of the Information;
- prepare a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with regard to these risks as well as the results of these policies, including key performance indicators;
- and to implement the internal control procedures it deems necessary to ensure that the Information is free from material misstatement, whether due to fraud or error.

The Statement has been prepared in accordance with the entity's procedures, the main elements of which are presented in the Statement (or which are available on request at the entity's head office).

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks.

As it is our responsibility to form an independent conclusion on the Information as prepared by management, we are not permitted to be involved in the preparation of the Information, as this could compromise our independence.

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation;
- the compliance of products and services with the applicable regulations.

REGULATORY PROVISIONS AND APPLICABLE PROFESSIONAL STANDARDS

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[1].

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

MEANS AND RESOURCES

Our verification work mobilized the skills of five people and took place between December 2021 and April 2022 on a total duration of intervention of about twelve weeks.

We have called upon our specialists in sustainable development and social responsibility to assist us in the performance of our work. We conducted six interviews with the persons responsible for the preparation of the Declaration, representing in particular the General Management, Administration and Finance, Risk Management, Compliance, Human Resources, Health and Safety, Environment, Data Protection and Purchasing departments.

NATURE AND SCOPE OF THE WORK

We planned and performed our work taking into account the risks of material misstatement of the Information.

In our opinion, the procedures we have performed in the exercise of our professional judgment enable us to provide a limited level of assurance:

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III of the French Commercial Code;

(1) *ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information*

- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (eco-design, innovative and sustainable solutions, personal data protection, human capital development, talent attraction and retention, diversity and inclusive work environment, health, safety and well-being in the workplace, business ethics, responsible purchasing, circular economy, fight against climate change and commitment to communities), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: Quadient Inc. Byhalia, Quadient Inc. Districts;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 23% and 31% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (23% of electricity consumption, 29% of Waste Electrical and Electronic Equipment generated, 31% of employees);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, the 27th of April 2022

French original signed by:

Independent third party	Alexis Gazzo
EY & Associés	Partner, Sustainable Development

APPENDIX 1: THE MOST IMPORTANT INFORMATION

Social Information

Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Staff turnover rate. Share of employees on permanent contracts Share of women in the Group's workforce. Share of women managers and senior leaders. Percentage of employees eligible to remote working at least two days or more per week. Number of training hours completed during the year. Number of employees having completed at least one training course during the year. Rate of absenteeism due to work-related accidents.	Employment (attractiveness, retention). Increase employee engagement. Development of human capital. Work organization (organization, absenteeism). Health and safety (prevention actions). Social relations (social dialogue, collective agreements), training. Equal treatment (equality between men and women, fight against discrimination, integration of disabled people). Quality of life and well-being at work. Security of employees' personal data

Environmental Information

Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Quantity of hazardous and non-hazardous industrial waste produced. Percentage of industrial waste recycled and recovered. Quantity of waste electrical and electronic equipment (WEEE) generated. Energy consumption Water consumption. CO_2 emissions (scope 1, 2 and 3)	The results of the environmental / energy policy (certifications, means). Circular economy (raw materials, energy, waste management). Eco design and product refurbishment. Climate change (significant emissions due to the activity, reduction targets, adaptation measures).

Societal Information

Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Customer satisfaction rate for CXM, MRS and BPA activities. Share of revenue invested in R&D. Percentage of employees who have approved the Code of Ethics and completed the training. Share of strategic business partners who have approved the Code of Conduct. Percentage of assessed suppliers meeting the requirements of the Code of Conduct. Number of ISO 27001 certified entities. Hours spent by employees supporting communities.	Local impact (employment, development, residents, dialogue…). Engagement with local communities. Subcontracting and suppliers (environmental and social issues). Measures taken in favor of consumer health and safety. Innovation and design of sustainable products. Product reliability, safety and availability. Customer satisfaction. Actions taken to prevent corruption and tax evasion. Respect for intellectual property rights.

6

FINANCIAL STATEMENTS

6.1 Consolidated financial statements

6.1.1 CONSOLIDATED BALANCE SHEET

CONSOLIDATED ASSETS

(In million euros)	Notes	31 January 2022	31 January 2021
Goodwill – Net	**(4-1)**	**1,119.8**	**1,026.0**
Intangible fixed assets			
Gross value	**(4-2)**	619.0	567.6
Amortization	**(4-2)**	(481.3)	(439.8)
		137.7	**127.8**
Tangible fixed assets			
Gross value	**(4-3)**	614.2	599.6
Amortization	**(4-3)**	(481.5)	(455.1)
		132.7	**144.5**
Assets right-of-use			
Gross value	**(7)**	139.2	132.0
Amortization	**(7)**	(85.8)	(69.4)
		53.4	**62.6**
Non-current financial assets			
Investments in associated companies		10.0	8.8
Non-current financial derivative instruments	**(11)**	1.9	0.8
Other non-current financial assets	**(4-4)**	87.9	55.2
		99.8	**64.8**
Net long-term lease receivables	**(5-2)**	351.8	357.5
Other net long-term receivables		5.6	3.2
Deferred tax assets	**(12-4)**	19.9	17.0
Total non-current assets		**1,920.7**	**1,803.4**
Net inventories and work in progress	**(5-5)**	**72.5**	**71.2**
Net receivables			
Net accounts receivable	**(5-2)**	226.5	231.5
Net short-term lease receivables	**(5-2)**	243.2	240.7
Income tax receivables		46.9	42.8
Net other receivables		6.2	8.9
		522.8	**523.9**
Prepaid expenses		41.8	41.2
Current financial derivative instruments	**(11)**	1.6	6.9
Cash and cash equivalents			
Short-term and liquid investments		0.8	0.5
Cash		485.8	513.2
		486.6	**513.7**
Total current assets		**1,125.3**	**1,156.9**
TOTAL ASSETS		**3,046.0**	**2,960.3**

The following notes form an integral part of the consolidated financial statements.

CONSOLIDATED LIABILITIES

(In million euros)	Notes	31 January 2022	31 January 2021
Shareholders' equity			
Share capital	**(13-1)**	34.6	34.6
Additional paid-in capital	**(13-1)**	52.9	52.9
Reserves and retained earnings	**(13-1)**	980.8	937.6
Cumulative translation adjustments	**(13-1)**	6.2	(33.1)
Treasury shares	**(13-1)**	(5.6)	(3.2)
Equity instruments	**(13-2)**	202.2	211.1
Net income		87.8	40.4
Total shareholders' equity		**1,358.9**	**1,240.3**
Attributable to:			
• holders of the parent company		1,350.4	1,233.2
• non-controlling interests		8.5	7.1
Non-current financial debts	**(11-2)**	869.0	767.1
Non-current lease obligations	**(7)**	44.4	53.8
Long-term provisions	**(10-1)**	19.4	26.8
Non-current financial derivative instruments	**(11)**	0.9	2.1
Other non-current liabilities		1.8	0.8
Deferred tax liabilities	**(12-4)**	158.1	148.2
Total non-current liabilities		**1,093.6**	**998.8**
Accounts payable			
Trade payables		79.5	75.5
Other operating liabilities	**(5-6)**	204.5	199.7
Tax payables		29.5	42.1
Short-term provisions	**(10-1)**	7.8	10.2
Deferred income		193.3	187.5
		514.6	**515.0**
Current financial derivative instruments	**(11)**	1.9	1.0
Current lease obligations	**(7)**	20.5	19.8
Financial debts			
Short-term portion of debts from credit institutions	**(11-2)**	51.1	180.6
Bank overdrafts	**(11-2)**	5.4	4.8
		56.5	**185.4**
Total current liabilities		**593.5**	**721.2**
TOTAL LIABILITIES		**3,046.0**	**2,960.3**

The following notes form an integral part of the consolidated financial statements.

6.1.2 CONSOLIDATED INCOME STATEMENT

(In million euros)	Notes	31 January 2022	31 January 2021
Sales	**(5-1)**	**1,024.3**	**1,029.4**
Current operating expenses			
Cost of sales		(279.9)	(285.7)
Research and development expenses		(51.8)	(54.9)
Sales and marketing expenses		(270.0)	(252.2)
Administrative expenses		(175.6)	(194.4)
Service and other operating expenses		(99.7)	(91.5)
Employee profit-sharing, share-based payments		(0.5)	0.9
Expenses related to acquisitions	**(5-7)**	(11.8)	(19.5)
Total current operating expenses	**(5-4)**	**(889.3)**	**(897.3)**
Current operating income	**(5-3)**	**135.0**	**132.1**
Structure optimization expenses – net of reversals	**(5-8)**	(9.4)	(16.4)
Proceeds from asset sales		0.4	(0.2)
Other operational expenses and income	**(5-9)**	(10.3)	(19.6)
Impairment of goodwill	**(4-5)**	-	-
Operating income		**115.7**	**95.9**
Interest expenses on borrowings		(24.0)	(31.3)
Interests on lease obligations	**(7)**	(2.2)	(2.4)
Interest income		1.7	1.0
Net cost of debt		**(24.5)**	**(32.7)**
Losses on foreign exchange		(7.6)	(7.6)
Gains on foreign exchange		4.3	7.5
Net gains (losses) on foreign exchange		**(3.3)**	**(0.1)**
Other financial gains		20.0	1.2
Other financial losses		-	-
Income before tax		**107.9**	**64.3**
Share of results of associated companies		1.1	0.9
Income taxes	**(12-3)**	(19.7)	(23.8)
NET INCOME		**89.3**	**41.4**
Attributable to:			
• holders of the parent company		87.8	40.4
• non-controlling interests		1.5	1.0
NET EARNINGS PER SHARE (IN EUROS)	**(13-3)**	**2.32**	**0.92**
DILUTED NET EARNINGS PER SHARE (IN EUROS)	**(13-3)**	**2.17**	**0.92**

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 2022	31 January 2021
Net income	**89.3**	**41.4**
Actuarial differences recognized in equity	22.1	(5.1)
Deferred taxes on actuarial differences recognized in equity	(7.1)	1.7
Sub-total of items that could not be reclassified in net income	**15.0**	**(3.4)**
Change in fair value of hedging instruments	2.8	(1.1)
Deferred taxes on change in fair value of hedging instruments	(0.8)	0.4
Translation difference	39.3	(29.3)
Sub-total of items that could be reclassified in net income	**41.3**	**(30.0)**
Total income for the year	**145.6**	**8.0**
Attributable to:		
• holders of the parent company	144.1	7.0
• non-controlling interests	1.5	1.0

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 2022	31 January 2021
Net income attributable to shareholders of the parent company		87.8	40.4
Net income attributable to non-controlling interests		1.5	1.0
Expenses (income) with no cash effect or with cash effect below operating activities	**(8-1)**	93.9	132.2
Share of results of associated companies (net of dividends received)		(1.1)	(0.9)
Income taxes expense (including deferred taxes)	**(12-3)**	19.7	23.8
Net cost of debt		24.5	32.7
Cash flow before net cost of debt and income taxes		**226.3**	**229.2**
Working capital variation	**(8-2)**	(7.6)	2.2
(Increase) decrease in lease receivables		38.6	62.0
Cash flow from operating activities		**257.3**	**293.4**
Interest paid		(24.9)	(24.3)
Interests paid on lease obligations	**(7)**	(2.2)	(2.4)
Income taxes paid		(38.3)	(10.5)
Net cash flow from operating activities (A)		**191.9**	**256.2**
Investments in tangible fixed assets	**(4-3)**	(36.5)	(37.6)
Investments in intangible fixed assets	**(4-2)**	(41.3)	(34.2)
Impact of changes in assets right-of-use	**(7)**	(10.1)	(17.8)
Impact of changes in scope	**(8-3)**	(61.2)	(8.9)
Sub-total investments		**(149.1)**	**(98.5)**
Disposals of fixed assets		1.0	0.2
Income received from investments		9.1	1.4
Repayment of loans and other long-term advances		(0.8)	(0.9)
Net cash flow from investing activities (B)		**(139.8)**	**(97.8)**
Parent company capital increase		-	-
Share buyback – liquidity contract	**(13-1)**	(2.7)	(1.2)
Dividends paid to shareholders		(17.2)	(12.0)
New medium and long-term borrowings	**(8-4)**	198.8	48.4
ODIRNANE* interests		(8.9)	(8.9)
Repayment of long-term borrowings	**(8-4)**	(229.8)	(153.9)
Variation of lease obligation debts	**(7)**	(10.5)	(3.5)
Net cash flow from financing activities (C)		**(70.3)**	**(131.1)**
Cumulative translation adjustments on cash and cash equivalents **(D)**		(9.5)	(11.8)
Change in net cash (A) + (B) + (C) + (D)		**(27.7)**	**15.5**
Net cash – opening		**508.9**	**493.4**
Net cash – closing		**481.2**	**508.9**
Cash and cash equivalents		486.6	513.7
Bank overdrafts		(5.4)	(4.8)
NET CASH – CLOSING		**481.2**	**508.9**

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*	Additional paid-in capital*	Reserves, retained earnings and net income	Treasury shares	Cumulative translation adjustments	Total
Consolidated shareholders' equity as of 31 January 2020	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,167.7**	**(2.8)**	**(3.8)**	**1,248.6**
Attributable to:								
• holders of the parent company								1,238.4
• non-controlling interests								10.2
Net income		-	-	-	41.4	-	-	41.4
Items that could not be reclassified in net income		-	-	-	(3.4)	-	-	(3.4)
Items that could be reclassified in net income		-	-	-	(0.7)	-	(29.3)	(30.0)
Comprehensive income 2020		**-**	**-**	**-**	**37.3**	**-**	**(29.3)**	**8.0**
Change in treasury shares – liquidity contract		-	-	-	(0.1)	(0.1)	-	(0.2)
Free shares delivered (26,464 shares)		-	-	-	(0.4)	(0.3)	-	(0.7)
2019 dividends		-	-	-	(12.0)	-	-	(12.0)
Share-based payments		-	-	-	0.2	-	-	0.2
ODIRNANE interests		-	-	-	(8.9)	-	-	(8.9)
Fair value adjustment on the investments in X'Ange and Partech		-	-	-	5.4	-	-	5.4
Other		-	-	-	(0.1)	-	-	(0.1)
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

The following notes form an integral part of the consolidated financial statements.

* *The share capital is fully released. Additional paid-in capital includes issue and translation premiums.*

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 January 2022 were approved by the Board of directors on 25 March 2022.

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 2021 have been reclassified to be comparable with the presentation adopted as of 31 January 2022.

TABLE OF 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.

1-2: Main events of the period

ACQUISITION OF BEANWORKS

On 22 March 2021, Quadient acquired the Canadian company Beanworks, a leader in Software as a Service (SaaS) accounts payable automation solutions.

The acquisition of Beanworks completes Quadient's software portfolio with advanced accounts payable automation capabilities. Quadient now offers a true end-to-end cloud-based global business communication platform.

Quadient owns a majority stake of approximately 96%, with two key leaders retaining a minority equity stake. Quadient has a mechanism to increase its ownership up to 100% in the coming years. This investment generates a net cash-out of 73.8 million euros.

DIVESTMENT OF THE AUTOMATED PACKAGING SOLUTIONS (APS) BUSINESS

On 30 July 2021, Quadient announced the divestment of its automated packaging solutions business (APS) along with the Drachten (the Netherlands) manufacturing. This divestment has generated a 7.0 million euros loss recorded in other operating expenses (Note 5-9).

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 2022 as approved by the European Union are available on the European Commission website.

- The Group has taken into account the impact of the IFRIC agenda decision issued in April 2021 when measuring employee benefit obligations. This decision relates to attributing benefits to periods of service and the caps on such benefits. The impact as of 31 January 2022 represents a 1.9 million decrease in this commitment, recognized within Group reserves. This impact is not material for the Group.
- Since 1 February 2021, the Group has applied the phase 2 of the amendments to IFRS 9 (Financial Instruments) and IFRS 7 (Financial Instruments: Disclosures) in connection with the reform of benchmark interest rates. The purpose of these amendments is to clarify what constitutes a change in the contractual rate and to introduce targeted adjustments to allow hedge accounting to be maintained.

  This reform will result in the replacement of the EONIA and IBOR rates as of 1 January 2022 and affects or will affect certain financial instruments and hedging transactions of the Group. The main indices used by the Group and affected by the reform are Euribor and USD Libor.

  The inventory of the contracts concerned and their analysis are in progress. As of 31 January 2022, Quadient has not recorded any changes in the IBOR indices for its financial instruments. Information on the Group's index-linked borrowings and hedging derivatives is provided in note 11.2.

2-2: 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.

2-3: 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.

2-4: 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 2022		31 January 2021	
	Period end	Average	Period end	Average
United States dollar (USD)	1.12	1.18	1.21	1.15
Pound sterling (GBP)	0.83	0.86	0.88	0.89
Canadian dollar (CAD)	1.42	1.47	1.55	1.54
Swiss franc (CHF)	1.04	1.08	1.08	1.07
Japanese yen (JPY)	128.79	130.17	127.05	122.19
Norwegian krone (NOK)	10.01	10.13	10.34	10.76
Swedish krone (SEK)	10.49	10.17	10.11	10.45
Danish krone (DKK)	7.44	7.44	7.44	7.45
Australian dollar (AUD)	1.58	1.57	1.58	1.65
Singapore dollar (SGD)	1.51	1.58	1.61	1.58
Indian rupee (INR)	83.37	87.09	88.43	85.40
Brazilian real (BRL)	6.00	6.36	6.66	6.05
Chinese yuan (CNY)	7.10	7.58	7.80	7.89
Czech koruna (CZK)	24.37	25.51	26.02	26.53
Hungarian florin (HUF)	357.19	358.42	358.39	353.27
Polish zloty (PLN)	4.59	4.57	4.53	4.47
New-Zealand dollar (NZD)	1.70	1.67	1.69	1.76

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.

Changes in the scope of consolidation for the 2021 financial year are the following:

- on 22 March 2021, Quadient acquired the company Beanworks, fully consolidated given the contractual agreements signed with the minority shareholders as part of the acquisition deal;
- on 30 July 2021, Quadient divested its automated packaging solutions (APS) business and the Drachten (The Netherlands) factory;
- on 30 December 2021, Quadient acquired the 25% minority stake of the entity Packcity France and holds now 100%.

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 2022

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%
DCS Ltd	Quadient UK Ltd	100%	100%
Quadient solutions Ltd	Quadient Ltd	100%	100%
YayPay UK Ltd	YayPay Inc	100%	100%

Company name	Parent company	% interest	% control
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%
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 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%

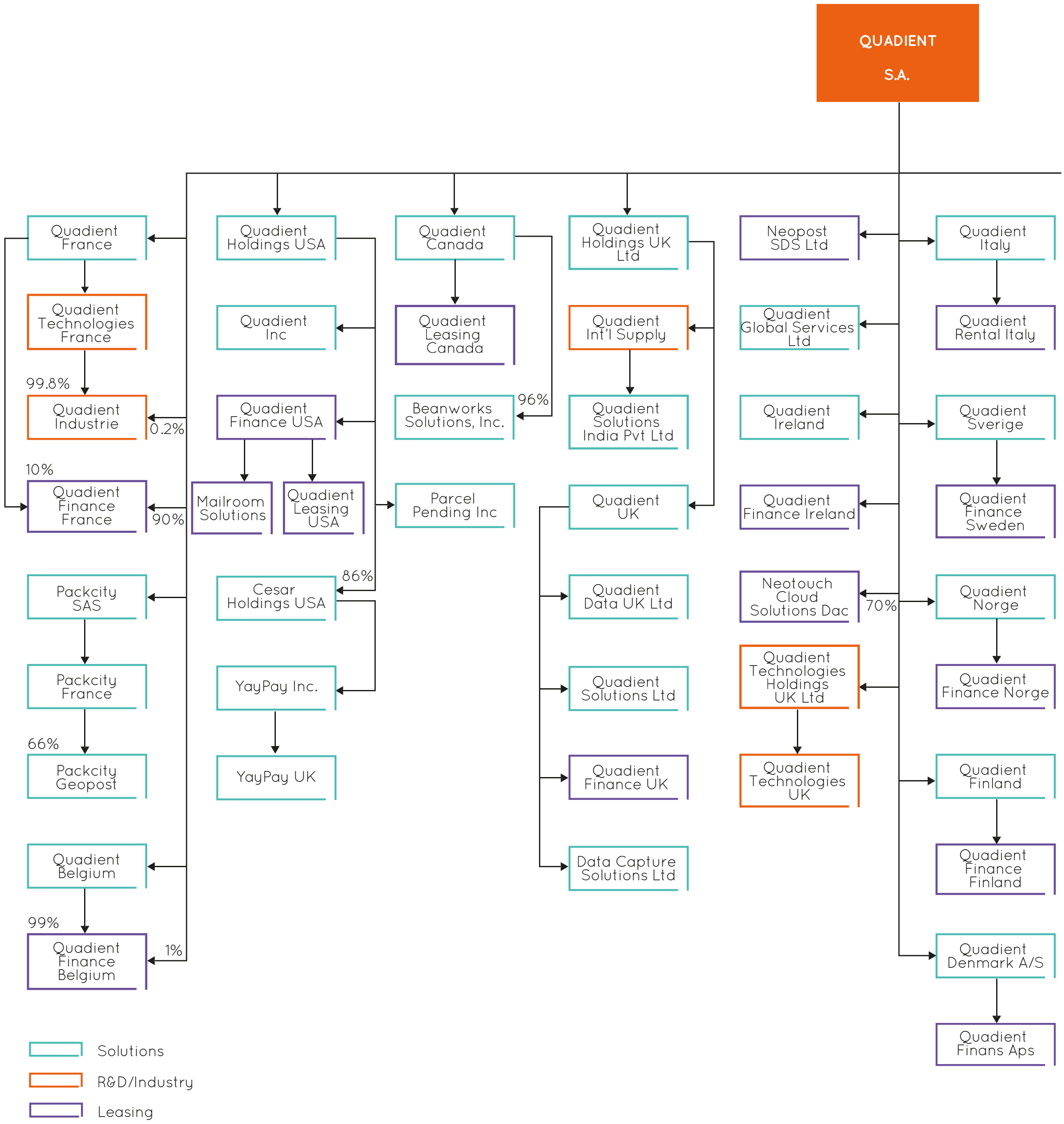
Company name	Parent company	% interest	% control
Hungary			
Quadient CXM Hungary Kft.	Quadient CXM AG	100%	100%
Poland			
Quadient Poland Sp. z.o.o.	Quadient CXM AG	100%	100%
United States of America			
Quadient Holdings USA Inc.	Quadient S.A.	100%	100%
Quadient Inc.	Quadient Holdings USA Inc.	100%	100%
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%
Parcel Pending Inc.	Quadient Holdings USA Inc.	100%	100%
Cesar Holding Inc.	Quadient Holdings USA Inc.	100%	100%
YayPay Inc.	Cesar Holding Inc.	100%	100%
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%
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%
Temando Pty Ltd	Temando Holdings 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%

The most important subsidiaries, in terms of percentage of Group sales, are the following:

	31 January 2022	31 January 2021
Quadient Inc.	31.6%	30.1%
Quadient France	13.7%	13.6%
Quadient Leasing USA Inc.	6.2%	6.3%
Quadient UK Ltd	5.2%	4.8%
Quadient Germany GmbH & Co. KG	4.1%	4.1%
Quadient Oceania Pty Ltd*	-	2.8%
Main subsidiaries	**60.8%**	**61.7%**
Other subsidiaries	39.2%	38.3%
TOTAL	**100.0%**	**100.0%**

* *On 21 January 2021, Quadient divested the company Quadient Oceania Pty Ltd.*

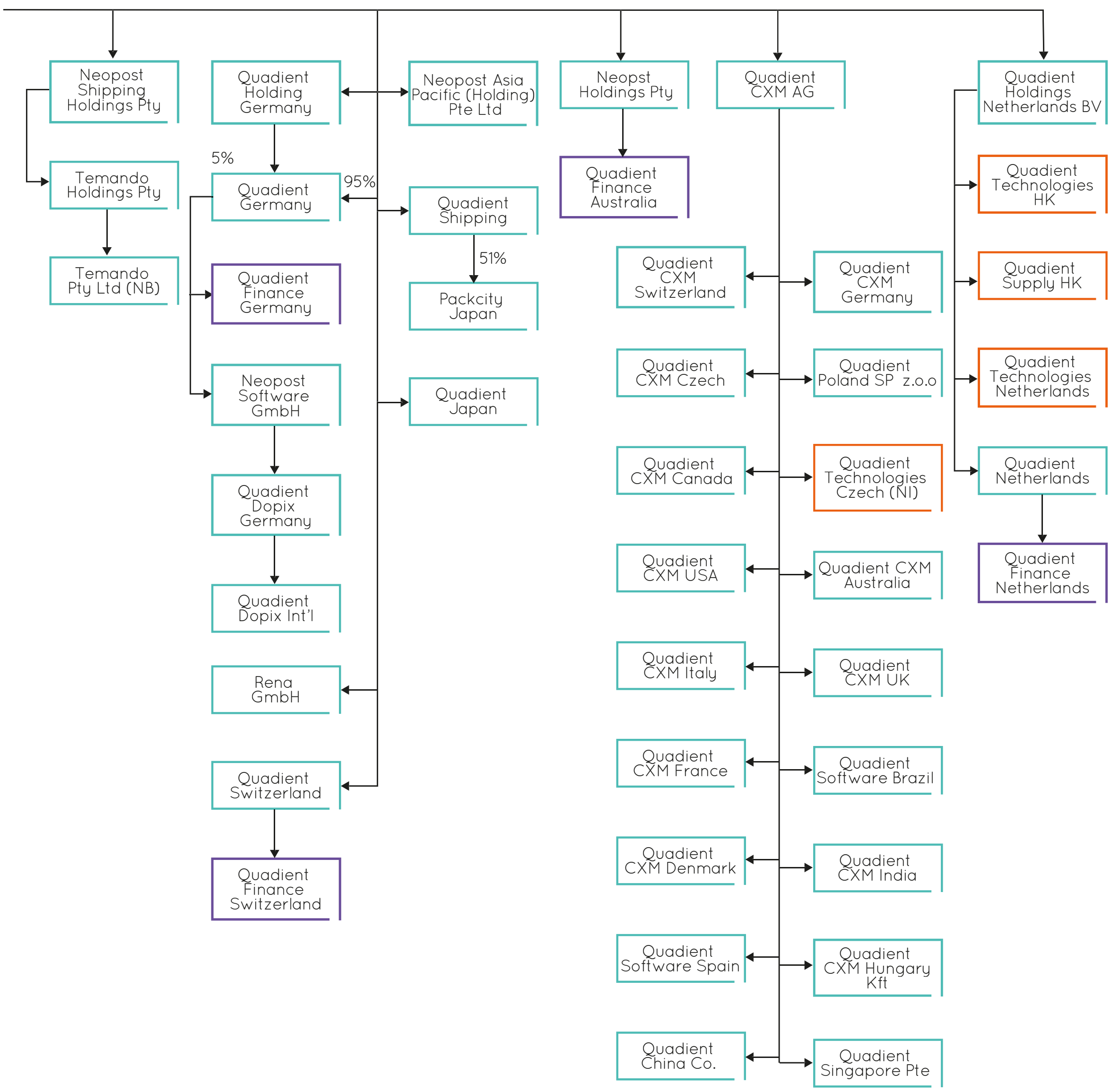
3-5: **Organization chart of the Group**



Unless mentionned otherwise, all companies are wholly owned

Participations

Docapost BPO IS	35%
AMS Investissement	24%



NOTE 4 INTANGIBLE ASSETS, TANGIBLE ASSETS AND NON-CURRENT FINANCIAL ASSETS

4-1: Goodwill

4-1-1: ACCOUNTING PRINCIPLES

In accordance with IFRS 3, business combinations are recognized using the acquisition method. At the date on which control of a company is taken, the assets, liabilities and contingent liabilities acquired are measured at fair value. Any variance between the cost of acquiring the shares and the acquirer's share of this revalued net asset value constitutes goodwill.

Any negative goodwill is recognized immediately in the income statement after confirmation of the nature of this negative goodwill and its constituent components.

Goodwill is not amortized but is subject to an annual impairment test as described in note 4-5.

Earn-outs

Earn-outs are generally based on sales or revenue estimates targets in the years following the acquisition. The amounts booked correspond to the best estimate of the future performance of these acquisitions. If these criteria are not met, the partial or total reversal of the debt related to these unpaid earn-outs will be recognized in the current operating income.

Commitment to purchase non-controlling interests

Sell options granted to minority shareholders are recognized as debt measured at the estimated exercise price of the option. The relevant portion of subsidiaries' net assets is transferred from "Non-controlling interests" to "Other financial debts". The non-controlling interests' share of net income is unchanged and still reflects the proportion owned by minorities.

The recognition in goodwill of the difference between the strike price of the option and the value of non-controlling interests is booked under shareholders' equity.

4-1-2: CHANGES IN GOODWILL

	Gross value	Impairment	Net value
Goodwill at 31 January 2020	**1,155.3**	**(110.0)**	**1,045.3**
YayPay acquisition	12.9	-	12.9
Quadient Oceania divestment	(24.8)	24.8	-
Translation difference	(30.3)	(1.4)	(31.7)
Other movements	(0.5)	-	(0.5)
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**

In 2021, the goodwill variation is explained by the recognition of a 62.9 million euros goodwill related to Beanworks acquisition in Canada in March 2021. The purchase price allocation performed has lead to the recognition of 14.5 million euros in intangible assets (Note 4-2-2).

In 2020, the goodwill variation was mainly explained by (i) the goodwill recognition for the acquisition of YayPay in the United States at the end of July 2020 for an amount of 12.9 million euros and (ii) the release of Quadient Oceania goodwill for (24.8) million euros, which was fully depreciated.

As of 31 January 2022, the cumulative impairment amounts to (86.4) million euros.

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.

The value of goodwill determined by the Group is monitored at the level of operational segments, consisting of the geographical areas where Group activities are conducted. This level of test of the goodwill is based on organizational and strategic criteria (interdependence of flows, commercial synergies, integrated solutions in commercial offers…). The Group keeps monitoring separately the goodwill allocated to CGU or group of CGUs "Additional Operations", YayPay and Beanworks.

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 2022	31 January 2021
North America (NORAM)	503.6	476.3
France - Benelux (FRBNL)	203.5	203.5
United Kingdom - Ireland (UK-IE)	149.5	149.1
Germany - Austria - Italy - Switzerland (DACH-IT)	146.5	146.3
International[(a)]	36.0	36.2
YayPay	14.0	12.3
Beanworks	64.5	-
Major Operations	**1,117.6**	**1,023.7**
Additional Operations[(a)]	**2.2**	**2.3**
GOODWILL NET BOOK VALUE	**1,119.8**	**1,026.0**

(a) International and Additional Operations gathered 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 2020	**33.1**	**119.2**	**274.1**	**57.0**	**55.4**	**538.8**
Acquisitions/capitalization	0.0	0.6	30.4	0.0	3.2	34.2
Scope variation	0.0	0.1	-	-	-	0.1
Divestments/disposals	0.1	(0.9)	-	-	(9.9)	(10.7)
Other changes	-	5.2	3.7	-	4.1	13.0
Translation difference	(0.1)	(3.7)	(2.1)	(0.2)	(1.7)	(7.8)
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**
Cumulative amortization	(32.3)	(109.2)	(245.4)	(57.1)	(37.3)	(481.3)
NET BOOK VALUE AS OF 31 JANUARY 2022	**0.8**	**8.2**	**93.9**	**0.2**	**34.6**	**137.7**

The change in intangible fixed assets is mainly due to the capitalization of development costs.

In 2021, the line "Scope variation" mainly includes the release of assets related to the divested automated packaging solutions business and Drachten factory divested at the end of July 2021. In 2020, this line combined the acquisition of YayPay and the divestment of Quadient Oceania.

In 2021, the other changes mainly include (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. In 2020, this line included (i) the recognition of the intangible assets as part of YayPay's purchase price allocation for an amount of approximately 9.0 million euros and (ii) some reclassifications.

	Concessions, rights	Software	Development expenses	IT implementation costs	Other	Total
Amortization as of 31 January 2020	**31.0**	**107.4**	**184.4**	**51.4**	**34.3**	**408.5**
Charges	0.6	6.1	30.1	2.8	3.9	43.5
Scope variation	-	0.0	-	-	-	0.0
Divestments/disposals	(0.1)	(0.7)	-	-	(7.4)	(8.2)
Other changes	0.0	-	1.7	-	-	1.7
Translation difference	(0.0)	(3.5)	(1.1)	(0.2)	(0.9)	(5.7)
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**

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

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.

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 2020	**33.2**	**60.1**	**532.6**	**39.8**	**7.2**	**31.6**	**704.5**
Acquisitions	0.2	1.0	29.2	1.4	0.9	4.9	37.6
Scope variation	(0.4)	(0.5)	-	(2.3)	-	(0.2)	(3.4)
Divestments/disposals	-	(1.1)	(103.3)	(3.5)	(1.1)	(1.2)	(110.2)
Other changes	0.1	0.4	-	0.2	(0.1)	(1.2)	(0.6)
Translation difference	(0.4)	(0.8)	(24.3)	(1.1)	(0.1)	(1.6)	(28.3)
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**
Cumulative amortization	(11.4)	(41.6)	(371.0)	(33.2)	(3.2)	(21.1)	(481.5)
NET BOOK VALUE AS OF 31 JANUARY 2022	**7.9**	**6.0**	**96.2**	**4.0**	**2.6**	**16.0**	**132.7**

	Land and buildings	Machinery and equipment	Rented equipment	IT equipment	Demonstration equipment	Other	Total
Amortization as of 31 January 2020	**19.5**	**50.4**	**415.1**	**35.1**	**3.0**	**17.6**	**540.7**
Charges	1.1	2.4	38.7	2.5	0.9	2.3	47.9
Scope variation	(0.3)	(0.5)	-	(2.2)	-	(0.2)	(3.2)
Divestments/disposals	-	(1.0)	(103.3)	(3.4)	(0.6)	(1.1)	(109.4)
Other changes	-	(0.1)	-	-	(0.0)	-	(0.1)
Translation difference	(0.1)	(0.5)	(18.6)	(1.0)	(0.0)	(0.6)	(20.8)
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**

The other variations mainly represent reclassifications.

The line "Scope variation" includes 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. In 2020, this line included the divestment of Quadient Oceania assets, divested at the end of January 2021.

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 2022	31 January 2021
Deposits and guarantees	2.9	3.8
Loans	2.9	0.6
Pension plan net asset	56.7	36.3
Other financial assets	25.4	14.5
TOTAL	**87.9**	**55.2**

As of 31 January 2022, the deposits and guarantees include a guarantee deposit for 1.0 million euros related to the liquidity contract (1.1 million euros as of 31 January 2021). As of 31 January 2021, they also included an escrow account in the United States for 0.9 million euros.

The loans mainly include loans granted to Quadient Oceania buyers in 2020 and to the automated packaging solutions business buyers in 2021, as part of the divestment processes.

The Group has a pension plan in the United Kingdom that shows a surplus of 53,5 million euros (44,5 million pounds sterling) at 31 January 2022 compared with 36.3 million euros (32.1 million pounds sterling) at 31 January 2021. 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 2022.

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 3.7 million euros as of 31 January 2022.

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 2022.

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
North America	10.0%	4.3%	(0.4)%	7.5%
France-Benelux	(4.3)%	1.0%	0.3%	6.8%
UK – Ireland	14.8%	13.3%	0.9%	6.8%
DACH-IT	4.4%	5.2%	0.5%	6.3%
YayPay	n/a	n/a	2.0%	8.5%
International	(2.1) % - 17.3%	7.3 % - 11.7%	2.0%	6.3%
Additional Operations	6.6%	5.0%	(2.0)%	6.3%

Impairment test of the goodwill

Goodwill depreciation amounts to 86,4 million euros as of 31 January 2022 compared with 86.6 million euros as of 31 January 2021 and concerns the Nordic countries and shipping software business in France. No impairment has been recorded in 2021, the variation is related to translation differences.

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
North America	(6.0)%	(24.7)%	16.7%
France-Benelux	(15.2)%	(17.8)%	14.9%
UK – Ireland	12.6%	(0.3)%	7.7%
DACH-IT	(2.7)%	(3.7)%	9.0%
YayPay	n/a	1.2%	9.2%
International	(15.3)% - 6.1%	< (20.0)% - 0.9%	7.2% - 28.7%

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, except for the CGU UK-Ireland.

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 graphics activities, other shipping software solutions and the automated packing systems (CVP) divested at the end of July 2021.

	31 January 2022	31 January 2021
Mail-Related solutions	702.4	686.7
Intelligent Communication Automation*	201.3	195.5
Parcel Locker Solutions	86.5	85.8
Other activities	34.1	61.4
TOTAL	1,024.3	1,029.4

* *The Intelligent Communication Automation solution groups the former solutions Business Process Automation and Customer Experience management.*

- By business – Major Operations

Major Operations have been defined around the three major solutions defined above, in the two main geographic areas of North America and Europe, including twelve countries. To these are added, grouped under the name International, the Parcel Locker Solution revenue earned in Japan and Intelligent Communication Automation revenue earned outside the twelve countries mentioned here above.

The revenues of Additional Operations are realized on activities that are not included in the three major solutions, in all geographic areas, as well as on the three major solutions outside the main geographic areas mentioned before.

	31 January 2022	31 January 2021
Mail-Related solutions	658.8	641.4
Intelligent Communication Automation*	200.7	194.5
Parcel Locker Solutions	82.9	83.4
Major Operations	**942.4**	**919.3**
Additional Operations	**81.9**	**110.1**
TOTAL	1,024.3	1,029.4

* *The Intelligent Communication Automation solution groups the former solutions Business Process Automation and Customer Experience management.*

- By type of revenue

	31 January 2022	31 January 2021
Equipment and license sales	292.1	300.8
Recurring revenue *	599.3	588.9
Rental revenue	132.9	139.7
TOTAL	**1,024.3**	**1,029.4**

* *Recurring revenue mainly comprises maintenance, professional services and software right-of-use.*

- By geographic area

	31 January 2022	31 January 2021
France - Benelux	188.0	186.6
North America	519.3	501.3
Germany - Austria - Switzerland - Italy	99.9	101.0
United Kingdom – Ireland	83.4	79.6
International [a]	51.8	50.8
Rest of the world [b]	81.9	110.1
TOTAL	**1,024.3**	**1,029.4**

(a) *International sales correspond to Parcel Locker Solutions in Japan and Intelligent Communication Automation outside the twelve major countries.*
(b) *"Rest of the world" sales correspond to the sales of the "Additional Operations" segment.*

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 2022	31 January 2021
Accounts receivable		
Gross value	246.3	252.9
Depreciation	(19.8)	(21.4)
Total	**226.5**	**231.5**
Lease receivables		
Short term	247.8	245.6
Long term	357.2	362.5
Gross value	**605.0**	**608.1**
Depreciation	(10.0)	(9.9)
Total	**595.0**	**598.2**
TOTAL	**821.5**	**829.7**

5-2-3: RECEIVABLE OVERDUE

	31 January 2022	31 January 2021
Accounts receivable – Gross value		
Not overdue	120.5	134.1
Overdue:	125.8	118.8
• <30 days	51.9	48.2
• 31-60 days	18.5	17.4
• 61-90 days	13.8	10.6
• 91-180 days	15.8	12.7
• 181-360 days	9.6	11.7
• >360 days	16.2	18.2
TOTAL	**246.3**	**252.9**

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 2022	31 January 2021
Accounts receivable – Depreciation		
Depreciation at the beginning of the financial year	21.4	18.1
Charges	3.6	9.1
Used	(4.9)	(4.2)
Not used	(1.1)	(0.8)
Other	0.2	(0.3)
Translation difference	0.6	(0.5)
TOTAL	**19.8**	**21.4**

5-2-5: FINANCING LEASES

	31 January 2022	31 January 2021
Non-current receivables		
Financing leases – gross receivables	435.4	442.3
Unearned financial income	(78.2)	(79.8)
Total	**357.2**	**362.5**
Current receivables		
Financing leases – gross receivables	296.4	294.1
Unearned financial income	(48.6)	(48.5)
Total	**247.8**	**245.6**
Gross receivables on financing leases		
Less than one year	296.4	294.1
Between one to five years	433.0	437.8
More than five years	2.4	4.5
Total gross value	**731.8**	**736.4**
Unearned financial income on financing leases	**(126.8)**	**(128.3)**
Net investment in financing leases		
Less than one year	247.8	245.6
Between one to five years	355.1	359.2
More than five years	2.2	3.3
TOTAL	**605.0**	**608.1**

5-2-6: BREAKDOWN BY MATURITY

	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**

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 2021	<1 year	1 to 5 years	>5 years
Accounts receivable	252.9	252.9	-	-
Lease receivables				
Short term	245.6	245.6	-	-
Long term	362.5	-	359.2	3.3
	608.1	**245.6**	**359.2**	**3.3**
TOTAL	**861.0**	**498.5**	**359.2**	**3.3**

5-2-7: BREAKDOWN BY CURRENCY

	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**

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 2021	EUR	USD	CAD	GBP	CHF	NOK	SEK	JPY	DKK	AUD	Other
Accounts receivable	252.9	108.1	98.1	4.0	25.4	8.0	0.8	1.8	1.3	1.3	2.4	1.7
Lease receivables												
Short term	245.6	49.1	155.5	2.5	25.3	3.1	1.4	1.1	0.1	1.3	6.2	-
Long term	362.5	95.1	204.1	4.7	33.0	6.1	2.7	2.1	0.2	2.5	12.0	-
	608.1	**144.2**	**359.6**	**7.2**	**58.3**	**9.2**	**4.1**	**3.2**	**0.3**	**3.8**	**18.2**	**-**
TOTAL	**861.0**	**252.3**	**457.7**	**11.2**	**83.7**	**17.2**	**4.9**	**5.0**	**1.6**	**5.1**	**20.6**	**1.7**

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 2022		31 January 2021	
	Gross value	In %	Gross value	In %
Sales	1,024.3	100.0%	1,029.4	100.0%
Cost of sales	(279.9)	(27.3)%	(285.7)	(27.8)%
Gross margin	**744.4**	**72.7%**	**743.7**	**72.2%**
Current operating expenses	(609.4)	(59.5)%	(611.6)	(59.4)%
Current operating profit*	**135.0**	**13.2%**	**132.1**	**12.8%**
Amortization of fixed assets	109.6	10.7%	113.9	11.1%
EBITDA	**244.6**	**23.9%**	**246.0**	**23.9%**

* *The current operating profit of the year 2020 includes the reversal of Parcel Pending unpaid earn-out for an amount of 6.5 million euros.*

5-4: Breakdown of expenses by category

	31 January 2022	31 January 2021
Cost of inventories recognized as expenses	252.6	257.9
Wages, bonuses, commissions and payroll charges	426.9	429.8
Rents and associated costs	3.9	5.0
Fees	40.6	45.7
Transport and travel	19.6	21.6
Fixed assets – depreciation and amortization	109.6	113.9
Other	36.1	23.4
Total expenses by category	**889.3**	**897.3**
Cost of sales	279.9	285.7
Operating expenses	609.4	611.6
TOTAL	**889.3**	**897.3**

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 2022			31 January 2021		
	Gross value	Depreciation	Net	Gross value	Depreciation	Net
Work in progress	1.7	(0.1)	1.6	8.5	(0.7)	7.8
Raw materials	11.3	(1.7)	9.6	13.5	(2.1)	11.4
Finished goods	67.8	(9.0)	58.8	59.6	(10.3)	49.3
Spare parts	4.4	(1.9)	2.5	4.4	(1.7)	2.7
TOTAL	**85.2**	**(12.7)**	**72.5**	**86.0**	**(14.8)**	**71.2**

5-5-3: CHANGES IN INVENTORIES

	31 January 2022	
	Gross value	Depreciation
Opening	86.0	(14.8)
Net inventory entries	15.2	-
Charges	-	(1.4)
Reversals	-	2.8
Change in scope*	(16.1)	1.0
Other	(1.0)	(0.1)
Translation difference	1.1	(0.2)
TOTAL	**85.2**	**(12.7)**

** Divestment of the automated packaging solutions business.*

5-6: Other operating liabilities

The other operating liabilities for an amount of 204.5 million euros as of 31 January 2022 compared with 199.7 million euros as of 31 January 2021 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 2022	31 January 2021
Consultants' fees	5.0	9.9
Amortization of intangible fixed assets after purchase price allocation	6.8	6.6
Other expenses related to acquisitions*	-	3.0
EXPENSES RELATED TO ACQUISITIONS	**11.8**	**19.5**

* *In 2020, this line included the costs related to YayPay acquisition (non-recourse loan to YayPay founders) and Proship divestment (mainly retention bonuses contingent to the transaction closing).*

5-8: Structure optimization expenses – net of reversals

The Group pursued the optimization of its structure. An expense of 9.4 million euros, net of an unused provision reversal of 1.0 million euros, is recorded in this regard in 2021, compared with an expense of 16.4 million euros in 2020. This expense is mainly related to the costs incurred by the implementation of certain initiatives related to reorganizations within the Group and to expenses related to workforce reduction.

5-9: Other operational expenses and income

	31 January 2022	31 January 2021
Automated packaging solutions business and Drachten factory divestment	(7.0)	-
Quadient Oceania divestment	0.2	(18.2)
Other	(3.5)	(1.4)
OTHER OPERATIONAL (EXPENSES) INCOME	**(10.3)**	**(19.6)**

In 2021, the other operational expenses mainly include 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.

In 2020, Quadient Oceania divestment has lead to an expense of 18.2 million euros, related to net assets of the company divested release and to the recognition of the cumulative translation adjustments in the profit & loss statement.

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

Quadient's activity is split into two big categories: the Major Operations and the Additional Operations.

- Major Operations

Quadient focuses on three major solutions which are businesses where Quadient has already built strong legitimacy and that have the potential to reach a significant size and/or provide significant growth potential. These solutions are (1) the Mail-Related solutions, (2) the Intelligent Communication Automation and (3) the Parcel Locker Solutions.

Intelligent Communication Automation groups the old solutions Business Process Automation and Customer Experience management.

From a geographical standpoint, Quadient concentrates its efforts on twelve countries gathered in four segments: North America (NORAM), France - Benelux (FR-BNL), Germany, Austria, Switzerland, Italy (DACH-IT) and United Kingdom -Ireland (UK-IE).

The fifth segment, the International segment, groups two activities: the Parcel Lockers in Japan and Intelligent Communication Automation in the other regions of the world.

The segment "Innovation" includes in 2021 and in 2020 the charges linked to the development of new projects for Customer Experience management.

- Additional Operations

The portfolio of additional operations includes operations outside the main geographies as well as other activities, in particular graphics activities, other shipping software solutions and the automated packing system (CVP) divested at the end of July 2021.

Quadient's net income breaks down by segment as follows:

	FR-BNL	*NORAM*	*DACH-IT*	*UK-IE*	*Interna-tional*	*Inno-vation*	Major Operations	Additional Operations	31 January 2022
Total sales	*188.0*	*519.3*	*99.9*	*83.4*	*51.7*	*0.1*	942.4	81.9	**1,024.3**
Segment income	*41.8*	*82.7*	*12.2*	*9.1*	*4.3*	*(3.3)*	146.8	0.0	**146.8**
in percentage	22.2%	15.9%	12.2%	10.9%	8.3%	n/a	15.6%	0.0%	14.3%
Expenses related to acquisitions									(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**

	FR-BNL	NORAM	DACH-IT	UK-IE	Interna-tional	Inno-vation	Major Operations	Additional Operations	31 January 2021
Total sales	*186.6*	*501.3*	*101.0*	*79.6*	*50.7*	*0.1*	919.3	110.1	**1,029.4**
Segment income	*42.2*	*93.1*	*12.5*	*9.5*	*4.5*	*(9.1)*	152.7	(1.1)	**151.6**
in percentage	*22.6%*	*18.6%*	*12.4%*	*11.9%*	*8.9%*	*n/a*	16.6%	(1.0)%	14.7%
Expenses related to acquisition									(19.5)
Current operating income									**132.1**
Structure optimization expenses									(16.4)
Proceeds from net assets sales									(0.2)
Other operational expenses and income									(19.6)
Operating income									**95.9**
Financial result									(31.6)
Share of results of associated companies									0.9
Income taxes									(23.8)
NET INCOME									**41.4**

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:

	FR-BNL	NORAM	DACH-IT	UK-IE	International	Major Operations	Additional Operations	Other	31 January 2022
Segment assets	*895.0*	*920.1*	*215.2*	*288.6*	*87.9*	2,406.8	26.9	612.3	3,046.0
TOTAL ASSETS									**3,046.0**
Segment liabilities	*128.9*	*293.2*	*64.2*	*92.0*	*40.1*	618.4	22.8	1,045.9	1,687.1
Equity									1,358.9
TOTAL LIABILITIES									**3,046.0**

	FR-BNL	NORAM	DACH-IT	UK-IE	International	Major Operations	Additional Operations	Other	31 January 2021
Segment assets	*887.5*	*852.8*	*212.9*	*271.7*	*86.1*	2,311.0	13.2	636.1	2,960.3
Total assets									**2,960.3**
Segment liabilities	*139.9*	*274.1*	*64.1*	*96.6*	*38.8*	613.5	24.5	1,081.9	1,720.0
Equity									1,240.3
Total liabilities									**2,960.3**

The column "Other" includes the net indebtedness of Quadient S.A., assets and liabilities coming from factories, supply-chain and leasing companies as well as some assets and liabilities that cannot be allocated to an operational segment.

These assets and liabilities are not allocated to the different operational segments as only an allocation based on the total sales could be done. However, that would generate, year-on-year, variations potentially significant for specific geographical areas, without a direct connection to their own performance.

Other segment items break down by sector as follows:

	FR-BNL	*NORAM*	*DACH-IT*	*UK-IE*	*Interna-tional*	Major Operations	Additional Operations	Other	31 January 2022
Investments of the period									
Tangible fixed assets	9.2	17.9	0.4	0.5	5.7	33.7	0.3	2.5	36.5
Intangible fixed assets	0.3	4.7	0.3	0.4	0.0	5.7	4.4	31.2	41.3
Investments	**9.5**	**22.6**	**0.7**	**0.9**	**5.7**	**39.4**	**4.7**	**33.7**	**77.8**
Assets right-of-use	1.9	4.9	1.1	0.6	0.3	8.8	1.1	0.2	10.1
TOTAL INVESTMENTS	**11.4**	**27.5**	**1.8**	**1.5**	**6.0**	**48.2**	**5.8**	**33.9**	**87.9**
Amortization of the period									
Tangible fixed assets	13.5	17.8	0.8	0.8	9.5	42.4	0.6	2.6	45.6
Intangible fixed assets	0.5	5.5	3.0	0.2	0.1	9.3	2.9	32.6	44.8
Amortization	**14.0**	**23.3**	**3.8**	**1.0**	**9.6**	**51.7**	**3.5**	**35.2**	**90.4**
Assets right-of-use	4.1	5.7	2.6	1.3	0.4	14.1	1.9	3.2	19.2
TOTAL AMORTIZATION	**18.1**	**29.0**	**6.4**	**2.3**	**10.0**	**65.8**	**5.4**	**38.4**	**109.6**

	FR-BNL	*NORAM*	*DACH-IT*	*UK-IE*	*Interna-tional*	Major Operations	Additional Operations	Other	31 January 2021
Investments of the period									
Tangible fixed assets	10.3	19.1	0.7	0.6	4.4	35.1	0.7	1.8	37.6
Intangible fixed assets	0.3	0.7	0.4	0.0	0.0	1.4	5.3	27.5	34.2
Investments	**10.6**	**19.8**	**1.1**	**0.6**	**4.4**	**36.5**	**6.0**	**29.3**	**71.8**
Assets right-of-use	4.9	7.1	2.8	0.3	0.6	15.7	1.3	0.8	17.8
Total investments	**15.5**	**26.9**	**3.9**	**0.9**	**5.0**	**52.2**	**7.3**	**30.1**	**89.6**
Amortization of the period									
Tangible fixed assets	14.3	18.6	0.6	0.9	9.5	43.9	0.9	3.1	47.9
Intangible fixed assets	0.8	2.8	3.0	0.3	0.1	7.0	2.2	34.3	43.5
Amortization	**15.1**	**21.4**	**3.6**	**1.2**	**9.6**	**50.9**	**3.1**	**37.4**	**91.4**
Assets right-of-use	8.0	6.2	1.5	1.4	0.4	17.5	1.9	3.1	22.5
Total amortization	**23.1**	**27.6**	**5.1**	**2.6**	**10.0**	**68.4**	**5.0**	**40.5**	**113.9**

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 2022, 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 2022	31 January 2021
Cancellation of rent expenses	22.7	23.5
Amortization expenses	(19.2)	(20.8)
EBIT impact	**3.5**	**2.7**
Amortization of the period	19.2	20.8
EBITDA impact	**22.7**	**23.5**
Financial interests	(2.2)	(2.4)
Other operational expenses *	(0.1)	(1.3)
NET INCOME IMPACT	**1.2**	**(1.0)**

* *This line includes the asset right-of-use impairment related to the sites closed in 2020.*

IMPACTS ON THE CASH FLOW STATEMENT

	31 January 2022	31 January 2021
Net income	1.2	(1.0)
Amortization	19.2	22.5
Net cost of debt	2.2	2.4
Interests paid	(2.2)	(2.4)
Other	0.2	(0.2)
Net cash flow from operating activities	**20.6**	**21.3**
Impact of changes in the assets right-of-use	(10.1)	(17.8)
Net cash flow from investing activities	**(10.1)**	**(17.8)**
Repayment of lease obligations	(10.5)	(3.5)
Net cash flow from financing activities	**(10.5)**	**(3.5)**
CHANGE IN NET CASH	**-**	**-**

TABLES OF VARIATIONS OF THE ASSETS RIGHT-OF-USE AND THE LEASE OBLIGATIONS

As of 31 January 2022, the net assets right-of-use amounts to 53.4 million euros.

	Buildings	Other intangible assets	Assets right-of-use
Gross value at 31 January 2021	**112.7**	**19.3**	**132.0**
New contracts/renewals	6.4	3.7	10.1
Other changes*	(6.7)	-	(6.7)
Translation differences	3.8	-	3.8
Gross value at 31 January 2022	**116.2**	**23.0**	**139.2**
Amortization at 31 January 2021	**(57.8)**	**(11.6)**	**(69.4)**
Charges	(14.1)	(5.1)	(19.2)
Other changes*	4.8	-	4.8
Translation differences	(1.9)	(0.1)	(2.0)
Amortization at 31 January 2022	**(69.0)**	**(16.8)**	**(85.8)**
NET BOOK VALUE AT 31 JANUARY 2022	**47.2**	**6.2**	**53.4**

* *Other changes concern terminated contracts or contracts not renewed in 2022.*

As of 31 January 2022, the lease obligations amount to 64.9 million euros including 44.4 million euros of long-term portion.

	31 January 2021	Debt modification	Reimbursements	Translation differences	Other variations*	31 January 2022
Non-current lease obligations	53.8	3.9	-	2.4	(15.7)	44.4
Current lease obligations	19.8	6.2	(20.6)	-	15.1	20.5
LEASE OBLIGATIONS	**73.6**	**10.1**	**(20.6)**	**2.4**	**(0.6)**	**64.9**

* *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 2022	31 January 2021
Amortization of fixed assets	109.6	113.9
Provisions (reversals)	(6.7)	3.2
(Gains) and losses on changes in fair value	(16.7)	(0.9)
(Proceeds) expenses from share-based payments	0.5	0.2
Reversal of earn out not paid	-	(6.5)
Quadient Oceania divestment	-	18.8
Automated packaging solutions business divestment	6.7	-
Other	0.5	3.5
TOTAL	**93.9**	**132.2**

As of 31 January 2022, the provisions variation mainly relates 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.

As of 31 January 2021, the provision variation mainly related to added charges on assets depreciation for an amount of 5.3 million euros and to reversals on provisions presented in liabilities for (1.8) 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 2022, the line "Other" mainly includes the research tax credit for an amount of (1.2) million euros. As of 31 January 2021, the line "Other" mainly included the reclassification of the expenses related to the changes in scope in investing activities cash-flow and the research tax credit for (1.8) million euros.

8-2: Changes in working capital

	31 January 2022	31 January 2021
Inventories variation	(15.9)	(2.6)
Trade accounts receivable variation	14.6	(15.5)
Deferred income variation	2.0	(4.3)
Trade payables variation	5.1	(1.0)
Other current assets and liabilities variation	(13.4)	25.6
TOTAL	**(7.6)**	**2.2**

The change in the other current assets and liabilities is mainly explained by timing differences on prepayments and other debts. In 2020, the change in the other current assets and liabilities was impacted by the postponement of VAT and other taxes payments in some countries where the Group operates.

8-3: Impact of changes in scope

As of 31 January 2022, the acquisition of Beanworks generates a net cash out of 73.8 million euros. The divestment of the automated packaging solutions business generates a cash collection of 12.0 million euros.

As of 31 January 2021, the acquisition of YayPay generated a net cash out of 20.5 million euros. The effective divestment of Proship, realized on 28 February 2020, generated a net cash collection of 10.5 million euros. The divestment of Quadient Oceania generated a net cash collection of 1.1 million euros.

8-4: New borrowings and repayment of borrowings

In March 2021, Quadient repaid by anticipation the full outstanding amount of the bond 2.50% maturing in June 2021 for an amount of 163.2 million euros. In September 2021, Quadient repaid by anticipation a *Schuldschein* private placement under German law for 3.0 million euros. In November 2021, Quadient issued a *Schuldschein* private placement under German law for 105.0 million United States dollars and 170.0 million euros with different maturities. In November 2021, Quadient repaid by anticipation a *Schuldschein* private placement under German law for 64.0 million United States dollars and 73.5 million euros.

8-5: Reconciliation of the liabilities flows coming from financing activities

		Cash-flow movements		Non-cash changes		
	31 January 2021	New debt	Repayment	Other *	Translation difference	31 January 2022
Non-current financial debt	767.1	196.6	(64.0)	(36.8)	6.1	869.0
Current financial debt	180.6	2.2	(165.8)	34.1	-	51.1
FINANCIAL DEBT	**947.7**	**198.8**	**(229.8)**	**(2.7)**	**6.1**	**920.1**

* *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 2022	**1,171**	**1,802**	**913**	**430**	**663**	**4,979**
31 January 2021	1,471	1,740	906	437	681	5,235

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 2022	**1,684**	**1,185**	**472**	**643**	**61**	**934**	**4,979**
31 January 2021	1,685	1,242	598	664	63	983	5,235

On 31 January 2022, the Group had 151 temporary staff compared with 108 as of 31 January 2021.

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 2022	31 January 2021
Wages and salaries, bonuses and commissions	333.3	338.1
Social costs	92.5	90.9
Share-based payments	0.5	0.2
Pension expenses under defined contribution plans	0.6	0.6
TOTAL	**426.9**	**429.8**

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 53.5 million euros (44.5 million pounds sterling) as of 31 January 2022 compared with 36.3 million euros (32.1 million pounds sterling) as of 31 January 2021. 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 2022	31 January 2021
Change in value of obligations		
Present value of obligations at start of period	211.3	214.0
Service cost	1.5	1.7
Discounting cost	2.6	3.3
Actuarial (gains) or losses	(16.5)	10.4
Payments made	(7.7)	(9.8)
Scope variation	(0.4)	0.2
Other [a]	9.6	(8.5)
Present value of liabilities at end of period	**200.4**	**211.3**

	31 January 2022	31 January 2021
Change in hedging assets		
Fair value of hedging assets at beginning of period	223.9	232.0
Expected return on plan assets	2.8	3.5
Actuarial gains (losses)	5.6	5.3
Contributions paid by employer	0.8	2.8
Payments made by fund	(6.7)	(8.8)
Other [(a)]	14.0	(10.9)
Fair value of hedging assets at end of period	**240.4**	**223.9**
Financial hedging		
Plans' position	40.0	12.6
of which recognized in assets	56.7	36.3
of which recognized in liabilities	(16.7)	(23.7)
Amount recognized in the consolidated income statements		
Service cost	1.5	1.7
Discounting cost	2.6	3.3
Expected return on plan assets	(2.8)	(3.5)
Total retirement benefit expense	**1.3**	**1.5**
Amount recognized in the consolidated statements of comprehensive income		
Actuarial (losses)/gains	**(22.1)**	**5.1**
On obligations	(16.5)	10.4
On hedging assets	(5.6)	(5.3)
Cumulated actuarial (losses)/gains	**(22.5)**	**(0.4)**
Actuarial assumptions		
Discount rate[(b)]	2.3%	1.4%
Expected long-term inflation rate – Retail Price Inflation (RPI)[(b)]	3.6%	3.0%
Expected long-term inflation rate – Consumer Price Index (CPI)[(b)]	2.6%	2.0%
Expected long-term rate of annuity increases[(b)]	3.4%	2.9%
Breakdown of hedging assets		
Bonds	22%	23%
Other investments	78%	77%

(a) *The line "Other" mainly includes translation differences and 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 81% of the Group's retirement benefit obligations.*

9-3-3: CHANGES IN OBLIGATIONS

Group pension liabilities were as follows over the last five years:

	2021	2020	2019	2018	2017
Obligation – present value	200.4	211.3	214.0	189.9	202.2
Fair value of assets	240.4	223.9	232.0	204.9	213.8
Plan (surplus)/deficit	**(40.0)**	**(12.6)**	**(18.0)**	**(15.0)**	**(11.6)**
Actuarial gains/(losses):					
On liabilities	(16.5)	10.4	21.0	(4.3)	1.2
On assets	(5.6)	(5.3)	(22.5)	1.4	(4.4)

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 2021 is a gain of 1.2% compared with 1.5% in 2020.

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 22.5 million euros as of 31 January 2022 compared with a loss of 0.4 million euros as of 31 January 2021.

The expense related to the French subsidiaries' defined contribution pension plans amounts to 0.6 million euros in 2021, stable compared with 2020.

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 31/01/2021	Shares granted	Shares delivered	Shares cancelled	Outstanding shares 31/01/2022
28/06/2018	226,600	226,600	194,600	-	(23,700)	(170,900)	-
26/04/2019	12,000	12,000	1,000	-	-	-	1,000
23/09/2019	391,030	391,030	376,300	-	-	(31,150)	345,150
06/01/2020	5,000	5,000	5,000	-	-	(5,000)	-
15/01/2021	386,000	386,000	386,000	-	-	(11,000)	375,000
15/02/2021	6,500	6,500	-	6,500	-	-	6,500
24/09/2021	385,500	193,690	-	385,500	-	-	385,500
01/12/2021	3,800	1,450	-	3,800	-	-	3,800

(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 2022	31 January 2021	31 January 2020	31 January 2019	31 January 2018
Free share granted valuation	0.5	0.2	0.7	0.7	(0.6)

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 3.4 million euros in 2021, compared with 4.3 million euros in 2020.

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 2021 in respect of free shares allocation plans granted to the management team, compared with 0.6 million euros in 2020. 77,000 shares were granted to members of the management team during the 2021 financial year compared with 73,000 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 2022 totalled 0.5 million euros compared with 0.6 million euros as of 31 January 2021 and concerns the members of the management team. The cumulative payments stand at 6.8 million euros as of 31 January 2022.

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 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	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.*

	31 January 2020	Added	Used	Non-used	Other	31 January 2021	Current portion	Non-current portion
Structure optimization	4.5	15.2	(13.9)	(0.6)	0.3	5.5	5.5	-
Business risk/customer guarantees	0.2	0.3	(0.0)	0.0	0.0	0.5	0.5	-
Dispute provisions	4.1	0.9	(0.7)	(0.1)	(0.0)	4.2	1.9	2.3
Other	3.7	1.5	(1.2)	(0.2)	(0.2)	3.6	2.3	1.3
Retirement benefit obligations – note 9-3	25.0	2.3	(3.8)	0.0	(0.3)	23.2	-	23.2
Long term incentives	1.4	0.0	(0.9)	(0.5)	(0.0)	0.0	0.0	0.0
TOTAL	**38.9**	**20.2**	**(20.5)**	**(1.4)**	**(0.2)**	**37.0**	**10.2**	**26.8**

Structure optimization

The Group pursues the optimization of its operations.

Provisions totalling 5.5 million euros were booked as of 31 January 2021. In 2021, additional expenses of 10.4 million euros were booked and (10.4) million euros were used.

As of 31 January 2022, the balance of these provisions is 4.4 million euros.

Other

As of 31 January 2022, a total 2.5 million euros (3.6 million euros as of 31 January 2021) 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 2022.

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 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.

	31 January 2021		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	56.0	56.0	14.5	40.7	-	0.8
Lease receivables[a]	598.2	601.0	-	598.2	-	-
Other long-term receivables	3.2	3.2	-	3.2	-	-
Receivables[b]	231.5	231.5	-	231.5	-	-
Other receivables[b]	8.9	8.9	-	8.9	-	-
Derivative financial instruments[c]	6.9	6.9	-	-	-	6.9
Cash and cash equivalents[d]	513.7	513.7	-	513.7	-	-
Assets	**1,418.4**	**1,421.2**	**14.5**	**1,396.2**	**-**	**7.7**
Financial debts and bank overdrafts[e]	952.5	966.0	156.0	-	796.5	-
Other long-term debts	0.8	0.8	-	0.8	-	-
Accounts payable[b]	75.5	75.5	-	75.5	-	-
Other operating liabilities[b]	199.7	199.7	-	199.7	-	-
Derivative financial instruments[c]	1.0	1.0	-	-	-	1.0
Liabilities	**1,229.5**	**1,243.0**	**156.0**	**276.0**	**796.5**	**1.0**

(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 2021 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 portion of the 2.50% Quadient S.A. bond that was swapped for 125 million euros and the portion of 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 433.9 million euros;

- concerning fixed rate debts, the fair value has been calculated from the yield curve as of 31 January 2021. The difference between the fair value and the value as appearing in the balance sheet is 19.9 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 2022	31 January 2021
Bond Issue – Quadient S.A. 2.50% [(a)]	-	-	-	-	166.4
Bond Issue – Quadient S.A. 2.25% [(b)]	-	7.3	323.8	331.1	331.0
Schuldschein[(c)]	-	39.9	515.3	555.2	413.6
Revolving Credit facility[(d)]	-	0.1	-	0.1	0.1
Other debts	5.4	3.8	29,9	39.1	41.4
TOTAL	**5.4**	**51.1**	**869.0**	**925.5**	**952.5**

(a) *Quadient issued an inaugural 350 million euros public bond on 23 June 2014 listed on Euronext Paris under ISIN number FR0011993120 after filing a prospectus with the Autorité des Marchés Financiers (approval number 14-310 of 19 June 2014). This bond carries a fixed interest of 2.50% and is payable on 23 June 2021. This obligation has been reimbursed on 23 March 2021, Quadient having exercised his prepayment option at par 3 months before maturity.*

(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. IFRS accounting entails an initial debt of 323.1 million euros, representing a debt issued at 2.3750%.*

(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 and the debt fair value adjustment represents an amount of 0.3 million euros. The fair value of the swap is recorded in non-current financial derivative instruments (assets) for an amount of 0.3 million euros. In November 2021, Quadient repaid 32.0 million euros and 28.0 million United States.*

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 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 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 2022, Quadient does not use that credit facility.*

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. 2.50% and the Quadient S.A. 2.25% bond issues, which are 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 2022.

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 2022 including IFRS 16	31 January 2022 excluding IFRS 16	31 January 2021 including IFRS 16	31 January 2021 excluding IFRS 16
Consolidated net debt	508.8	443.9	510.5	437.0
Consolidated net debt excluding leasing	74.7	10.4	72.2	(0.1)
Leasing net debt	434.1	433.5	438.3	437.6
Consolidated EBITDA	249.6	226.9	258.9	233.6
Consolidated EBITDA excluding leasing	168.1	145.6	174.6	149.5
Cost of net financial debt	24.5	22.3	32.7	30.3
Leasing net portfolio	583.5	583.5	584.9	584.9
Provision for bad debt	9.9	9.9	10.0	10.0

Covenant calculation

	Covenant to comply	31 January 2022	31 January 2021
Debts subject to covenants – including IFRS 16 (*Schuldschein* 2017)			
Consolidated net debt excluding leasing/consolidated EBITDA excluding leasing	<3.0	0.4	0.4
Consolidated EBITDA/Cost of net financial debt	>4	10.2	7.9
Leasing net debt/leasing net portfolio	<90%	74.4%	74.9%
Default rate	<=5%	1.7%	1.7%
Other debts subject to covenants – excluding IFRS 16			
Consolidated net debt excluding leasing/consolidated EBITDA excluding leasing	<3.0	0.1	-
Consolidated EBITDA/Cost of net financial debt	>4	10.2	7.7
Leasing net debt/leasing net portfolio	<90%	74.3%	74.8%
Default rate	<=5%	1.7%	1.7%

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 1,350.4 million euros as of 31 January 2022, the ratio is respected.

11-2-4: BREAKDOWN BY CURRENCY

	31 January 2022	31 January 2021
Euros (EUR)	670.0	745.9
United States dollars (USD)	231.5	182.3
Other currencies	24.0	24.3
TOTAL	**925.5**	**952.5**

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 2022	31 January 2021
2021	-	185.4
2022	56.5	88.7
2023	111.9	194.0
2024	83.7	82.9
2025	379.3	379.0
2026	121.0	22.5
2027	173.1	-
TOTAL	**925.5**	**952.5**

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 2022 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 – Quadient S.A. 19.0 MEUR	Variable	EURIBOR 6 months	1.4000	1.7471
Schuldschein – Quadient S.A. 5.0 MEUR	Variable	EURIBOR 6 months	1.5500	1.9995
Schuldschein – Quadient S.A. 7.5 MUSD	Fixed	4.056	-	4.1439
Schuldschein – Quadient S.A. 10.0 MUSD	Variable	LIBOR 3 months	2.2096	4.2811
Schuldschein – Quadient S.A. 11.0 MUSD	Variable	LIBOR 3 months	2.4596	4.9579
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. 37.0 MEUR	Variable	EURIBOR 6 months	1.5000	1.5920
Schuldschein – Quadient S.A. 5.0 MEUR	Variable	EURIBOR 6 months	1.7500	1.8170
Schuldschein – Quadient S.A. 35.0 MUSD	Variable	LIBOR 3 months	1.7560	4.2820
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 2022 which can be drawn in euros (EUR) and United States dollars (USD):

	Amount of the credit line	Amounts drawn at 31 January 2022	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 0.50% 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 2022				
	Book value	Accrued interest	Fair value	Fair value +50 bps	Fair value -50 bps
Bond issue – Quadient S.A. 2.25% 325 MEUR	331.1	7.3	330.2	333.8	324.1
Schuldschein EUR	150.9	1.7	150.7	153.3	149.1
Schuldschein USD	47.4	0.3	46.5	47.8	45.2

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 2022. 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.* 21.9 million euros, divided by the average net debt (average financial debt – average cash and cash equivalents) during the year, equals 2.69%.

Currency	Gross rate	Amount in currency
Euros (EUR)	**2.16%**	**12.9**
Financial costs before hedging impact	2.14%	13.0
Hedging impact	(0.02)%	(0.1)
United States dollars (USD)	**3.10%**	**6.9**
Financial costs before hedging impact	3.26%	7.2
Hedging impact	0.16%	0.3

11-3-3: CAPITALIZED/AMORTIZED DEBT COSTS

The costs related to the arrangement of the different debts amount to 1.2 million euros for the year 2021.

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 2022 budget, the breakdown of sales and costs in United States dollars is as follows: sales 50.4%, cost of sales 38.9%, operating costs 41.4%, and interest expenses 33.8%. A 5% decrease in the euro/United States dollar exchange rate from the budget rate of 1.19 would have the following impacts on the Group's income statement: sales (25.1) million euros, current operating income (7.5) million euros and net income (4.6) million euros.

Based on the 2022 budget, the breakdown of sales and costs in pounds sterling is as follows: sales 8.4%, cost of sales 5.9%, operating costs 12.9%. A 5% decrease in the euro/pound sterling exchange rate from the budget rate of 0.88 would have the following impacts on the Group's income statement: sales (6.2) 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 2022 regarding exchange rate hedging for commercial activities.

2021 FINANCIAL YEAR – BALANCE SHEET HEDGING: HEDGING POSITIONS COVERING FINANCIAL ASSETS OR LIABILITIES ON QUADIENT'S BALANCE SHEET AT 31 JANUARY 2022 AND EXPECTED TO BE REALIZED NO LATER THAN APRIL 2022

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Financial assets	48.3	8.5	8.0	4.5	231.0	14.5	10.3	4.6	20.3	0.5	2.5	0.1
Financial liabilities	33.2	4.2	5.8	0.5	201.7	6.8	11.4	0.5	80.9	0.5	0.3	-
Net exposure before hedging	**15.1**	**4.3**	**2.2**	**4.0**	**29.3**	**7.7**	**(1.1)**	**4.1**	**(60.6)**	**-**	**2.2**	**0.1**
Hedging	(13.6)	(4.3)	(2.1)	(1.7)	(29.3)	(6.1)	(1.1)	(0.6)	50.0	(2.1)	(1.6)	(0.4)
NET EXPOSURE AFTER HEDGING	**1.5**	**-**	**0.1**	**2.3**	**-**	**1.6**	**(2.2)**	**3.5**	**(10.6)**	**(2.1)**	**0.6**	**(0.3)**

2022 BUDGET: HEDGING POSITIONS COVERING ANTICIPATED FINANCIAL ASSETS AND LIABILITIES IN FINANCIAL YEAR 2022 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	213.4	33.8	16.4	42.1	2,374.7	71.0	44.0	30.3	104.6	6.3	5.0	1.4
Financial liabilities	119.6	26.3	6.4	1.6	2,098.6	14.2	57.1	5.5	828.9	7.3	1.0	2.6
Net exposure before hedging	**93.8**	**7.5**	**10.0**	**40.5**	**276.1**	**56.8**	**(13.1)**	**24.8**	**(724.3)**	**(1.0)**	**4.0**	**(1.2)**
Hedging	(43.0)	(1.7)	(4.6)	(17.5)	(176.6)	(9.5)	-	(7.5)	280.0	-	(3.4)	-
NET EXPOSURE AFTER HEDGING	**50.8**	**5.8**	**5.4**	**23.0**	**99.5**	**47.3**	**(13.1)**	**17.3**	**(444.3)**	**(1.0)**	**0.6**	**(1.2)**

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 18.5 million United States dollars sold, 2.0 million Norwegian krona sold, 45.0 million Japanese yen sold, 1.2 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: 9.5 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 2022. These instruments are listed below by type and by currency for the period to which they relate.

2021 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	-	13.8	-	-	-	-
GBP	-	4.3	-	-	-	-
CAD	-	2.1	-	-	-	-
NOK	1.7	3.4	-	-	-	-
JPY	-	29.3	-	-	-	-
SEK	-	6.1	-	-	-	-
CHF	-	1.1	-	-	-	-
DKK	-	0.6	-	-	-	-
CZK	50.0	-	-	-	-	-
SGD	-	2.1	-	-	-	-
AUD	-	1.6	-	-	-	-
PLN	-	0.4	-	-	-	-

2022 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	-	14.5	18.5	-	-	28.5
GBP	-	1.7	-	-	-	-
CAD	-	4.6	-	-	-	-
NOK	-	13.5	2.0	-	-	4.0
JPY	-	86.6	45.0	-	-	90.0
SEK	-	9.5	15.0	-	-	-
DKK	-	7.5	-	-	-	-
CZK	180.0	-	-	200.0	100.0	-
AUD	-	1.1	1.2	-	-	2.3

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	-	14.5	18.5	-	-	19.0
GBP	-	1.7	-	-	-	-
CAD	-	4.6	-	-	-	-
NOK	-	13.5	2.0	-	-	2.0
JPY	-	86.6	45.0	-	-	45.0
SEK	-	9.5	15.0	-	-	-
DKK	-	7.5	-	-	-	-
CZK	180.0	-	-	100.0	100.0	-
AUD	-	1.1	1.2	-	-	1.2

Notional value – Ineffective portion of hedge instruments	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	-	-	-	-	9.5
NOK	-	-	-	-	-	2.0
JPY	-	-	-	-	-	45.0
CZK	-	-	-	100.0	-	-
AUD	-	-	-	-	-	1.1

AVERAGE HEDGE RATE

Currency	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Average hedge rate	1.1487	0.8378	1.4276	10.0044	129.4580	10.4152	1.0377	7.4399	25.4312	1.5190	1.5847	4.5908

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 2022.

Notional value	31 January 2021	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 2022
Financial assets	**0.4**	**-**	**0.3**	**(0.1)**	**(0.2)**	**0.4**
Cash flow hedge	0.5	-	0.3	(0.1)	(0.1)	0.6
Ineffective hedge	(0.1)	-	-	-	(0.1)	(0.2)
Financial liabilities	**0.2**	**-**	**0.4**	**-**	**0.2**	**0.8**
Cash flow hedge	0.2	-	0.4	-	0.2	0.8
Ineffective hedge	-	-	-	-	-	-

* *OCI: Other Comprehensive Income.*

Sensitivity of the instruments

Concerning the financial instruments hedging the operations carried out in financial year 2021 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 2.3 million euros loss. The impact of a 10% decrease in the foreign currency *versus* the euro would be a 2.0 million euros gain.

Concerning the operations hedging the 2022 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	1.4	0.1
Financial liabilities	(4.4)	(1.0)

For a 10% decrease in foreign currency *versus* the euro:

	Impact on equity	Impact on net income
Financial assets	3.3	-
Financial liabilities	(0.8)	(0.2)

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, the Quadient Group has 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 2022 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	**34.6**	**539.3**	**96.0**	**670.0**	**24.4**	**97.0**	**86.0**	**207.4**
Of which fixed-rate debts	31.1	445.8	-	477.0	1.0	34.9	-	35.9
CORRESPONDING HEDGE MATURITIES	**150.0**	**70.0**	**-**	**220.0**	**25,0**	**160,0**	**-**	**185,0**

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:

	2022	2023	2024
Interest on fixed rates	1.1	0.1	0.1
Interest on the variable rate position	1.2	3.4	4.9
Interest on hedging operations	0.5	(0.4)	(0.5)
TOTAL	**2.8**	**3.1**	**4.5**

Sensitivity of the financial results to interest rate changes is as follows:

	2022	2023	2024
Sensitivity to a +0.5% increase in interest rates	0.8	3.0	3.3
Sensitivity to a (0.5)% decrease in interest rates	(0.5)	(1.3)	(2.7)

For 2021, 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 2022.

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	18.3/20.0	27.4/30.0	-
Swap – buyer	EUR	-	29.5	-
Swap – receiver	USD	-	70.0	-
Cap – buyer	USD	25.0	45.0	-
Cap – buyer	EUR	-	70.0	-
Floor – buyer	USD	-	45.0	-
Floor – buyer	EUR	168.3	-	-

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	-
Swap – receiver	USD	-	70.0	-
Cap – buyer	USD	25.0	45.0	-
Cap – buyer	EUR	-	70.0	-
Floor – buyer	USD	-	45.0	-
Floor – buyer	EUR	150.0	-	-

INSTRUMENTS NOT ELIGIBLE FOR HEDGE ACCOUNTING

Notional value	Currency	<1 year	1 to 5 years	>5 years
Cross currency swap – Lender EUR/Borrower USD	EUR/USD	18.3/20.0	-	-
Floor – buyer	EUR	18.3	-	-

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 2022.

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 2021	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 2022
Financial assets (derivatives)	**6.8**	**-**	**1.5**	**(0.1)**	**(5.3)**	**-**	**2.9**
Debt and swap at fair value hedge	2.0	-	-	-	(1.8)	-	0.2
Derivative instruments qualified as cash flow hedge	2.9	-	1.5	(0.1)	(2.0)	-	2.3
Derivative instruments not eligible	1.9	-	-	-	(1.5)	-	0.4
Financial liabilities (derivatives)	**2.2**	**-**	**(1.3)**	**-**	**-**	**-**	**0.9**
Derivative instruments qualified as cash flow hedge	2.2	-	(1.3)	-	-	-	0.9
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 2022 is as follows:

	31 January 2022	Impact on equity	Impact on income statement	31 January 2022
Financial assets (derivatives)	**2.9**	**0.9**	**(0.1)**	**3.7**
Debt and swap at fair value hedge	0.2	-	(0.1)	0.1
Derivative instruments qualified as cash flow hedge	2.3	0.9	-	3.2
Derivative instruments not eligible	0.4	-	-	0.4
Financial liabilities (derivatives)	**0.9**	**(0.2)**	**-**	**0.7**
Derivative instruments qualified as cash flow hedge	0.9	(0.2)	-	0.7
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 2022 is as follows:

	31 January 2022	Impact on equity	Impact on income statement	31 January 2022
Financial assets (derivatives)	**2.9**	**(0.8)**	**0.2**	**2.3**
Debt and swap at fair value hedge	0.2	-	0.2	0.4
Derivative instruments qualified as cash flow hedges	2.3	(0.8)	-	1.5
Derivative instruments not eligible	0.4	-	-	0.4
Financial liabilities (derivatives)	**0.9**	**0.2**	**-**	**1.1**
Derivative instruments qualified as cash flow hedges	0.9	0.2	-	1.1
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 2022.

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 2022, 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 Zhilai, leading locker manufacturer in China, that accounted for 15.7% of total Group purchases in 2021 compared with 18.3% in 2020. The top five and the top ten suppliers respectively account for 21.5% and 31.0% of total Group purchases in 2021, compared with 19.6% and 27.9% in 2020.

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 1.9 million euros before netting and recorded derivatives under liabilities of 0.8 million euros before netting. These transactions are carried out with eight banking partners. As of 31 January 2022, the netting of these instruments would be an asset of 1.1 million euros.

11-4-7: BREXIT RISK EXPOSURE

Quadient's business in the United Kingdom consists of hardware sales within Mail-Related solutions and sales of licenses in the digital communications solutions business. Quadient also owns a logistics hub and a folder-inserter factory. These activities generate import and export flows which can be sizeable, in particular with European countries, North America and the Asia-Pacific area. These activities could be affected by Brexit but, at this stage, the Group has not identified any accounting impacts to be recognized in its financial statements.

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 2022 are as follows:

	Current tax	Deferred tax
France	27.4%	25.8%
United Kingdom	19.0%	19.0%
Netherlands	25.0%	25.0%
United States	26.1%	26.1%
Germany	31.6%	31.6%

12-3: Tax proof

The reconciliation between the theoretical tax charge and the actual tax charge is as follows:

	31 January 2022	31 January 2021
Net income of consolidated companies before income tax	109.0	65.2
Tax rate for the consolidating company	27.4%	32.0%
Theoretical expense	29.9	20.9
Income tax rate differences	(6.1)	(9.6)
ODIRNANE	(2.5)	(2.9)
Permanent differences	(4.8)	11.8
Tax rate reduction and other non-recurring items *	3.4	3.3
Prior year tax adjustment	(0.5)	0.1
Other	0.3	0.1
TOTAL INCOME TAX	**19.7**	**23.8**
EFFECTIVE TAX RATE	**18.1%**	**36.5%**

* *The exceptional items mainly include a provision for fiscal risk.*

	31 January 2022	31 January 2021
Current income tax charge	31.9	10.7
Deferred income tax charge	(12.2)	13.1
TOTAL INCOME TAX	**19.7**	**23.8**

12-4: **Deferred taxes**

Deferred taxes are mainly due to the following:

	31 January 2021	Changes recognized through equity	Changes recognized in the income statement	Other changes *	Foreign exchange differences	31 January 2022
Tax loss carry-forwards – Net	7.8	(0.0)	(0.6)	(0.1)	0.4	7.5
Pension provision	5.3	(1.7)	0.1	(0.1)	(0.1)	3.5
Expenses with deferred deductibility:						
• inventories and bad debt	4.2	-	(0.5)	0.0	0.3	4.0
• employees related provisions	1.9	(0.1)	0.3	-	0.1	2.2
• fixed assets amortization	22.6	(0.1)	10.9	0.0	2.8	36.2
• other expenses with deferred deductibility	(0.9)	-	(0.8)	0.1	0.0	(1.6)
Leasing activities	(92.5)	-	4.5	(1.5)	(8.0)	(97.5)
Patents	3.2	-	(0.7)	-	-	2.5
Eliminations of margins on inventories, rented and demo equipment	3.2	-	(0.4)	-	0.1	2.9
Capitalization of research and development expenses	(19.7)	-	(1.6)	-	0.8	(20.5)
PPA Taxes	(5.9)	-	1.9	(3.8)	(0.4)	(8.2)
Goodwill amortization	(36.1)	-	(0.9)	1.7	(2.7)	(38.0)
Pension	(12.8)	(5.0)	(0.1)	-	(0.9)	(18.8)
Other	(11.5)	(0.7)	0.1	-	(0.3)	(12.4)
DEFERRED TAXES ASSETS (LIABILITIES)	**(131.2)**	**(7.6)**	**12.2**	**(3.7)**	**(7.9)**	**(138.2)**

* *The column "Other changes" mainly includes some reclassifications.*

As of 31 January 2022, 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 (20.1) million euros as of 31 January 2022. The depreciated tax loss carry-forwards represents a tax basis of approximately 78.4 million euros as of 31 January 2022. 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 34.6 million euros divided into 34,562,912 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 2022, additional paid-in capital amounted to 52.9 million euros, unchanged from 31 January 2021.

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 2022 amounted to 6.2 million euros compared with (33.1) million euros as of 31 January 2021.

13-1-5: DIVIDEND PER SHARE

Parent company retained earnings before appropriation of 2021 net income amounted to 326.8 million euros as of 31 January 2022 compared with 314.2 million euros as of 31 January 2021.

A dividend of 0.55 euros should be paid, subject to the 16 June 2022 General Meeting's approval in relation to the 2021 financial results. If approved, the dividend will be paid in cash and in one instalment.

The dividend distributed in relation to the 2020 financial results was 0.50 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 2021	Bought	Sold	Free shares delivery	31 January 2022
Liquidity contract	153,863	644,293	(633,897)	-	164,259
Share-based payments	19,504	100,000	-	(23,700)	95,804

As of 31 January 2022, the Group held 164,259 shares within the framework of the liquidity contact and 95,804 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 153,863 and 19,504 respectively as of 31 January 2021.

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 2022. 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.

Since there is no contractual obligation to repay the nominal or to pay coupons to holders of the bonds, the ODIRNANE was initially recognized as an equity instrument, for an amount of 261.5 million euros, net of issue costs.

Following the 0.50 euros dividend distribution that occurred at the beginning of July 2021, the conversion ratio was adjusted to 1.411 with effect from 4 August 2021. As of 31 January 2022, the amount of unmatured accrued coupons represents 1.1 million euros and is booked as current debt.

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 2022	31 January 2021
Net income – attributable to equity holders of the parent company	**87.8**	**40.4**
ODIRNANE dividends	(8.9)	(8.9)
Restated basic earnings (A)	**78.9**	**31.5**
Effect of dilutive instruments:		
• Dilutive free shares	-	-
• ODIRNANE conversion	8.9	-
Diluted net income (B)	**87.8**	**31.5**
Number of outstanding shares	34,014	34,155
Effect on a *pro rata* time basis of dividend payments in shares, the exercise of stock options, share buybacks for cancellation and liquidity contract	11	(39)
Weighted average number of shares outstanding (in thousands)* (C)	**34,025**	**34,116**
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)	**40,497**	**34,116**
NET EARNINGS PER SHARE (IN EUROS) (A)/(C)	**2.32**	**0.92**
DILUTED NET EARNINGS PER SHARE (IN EUROS) (B)/(D)	**2.17**	**0.92**

* *Weighted average over the period.*

At 31 January 2022, the free shares have a relutive effect, and they have been therefore excluded from the calculation of the diluted net earning per share. At 31 January 2021, the potentially dilutive instruments described in the above accounting principles had a relutive effect and have thus been excluded from the calculation of diluted earnings per share.

NOTE 14 POST-CLOSING EVENTS

- 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 no supply chain exposure in the region. In addition, Quadient has no direct employee in these countries but does work with a small group of software developers contractors supporting and developing the YayPay solution. Our YayPay software solutions are cloud-based, hosted in European Union and North America and are securely accessed, managed and maintained remotely, from anywhere in the world. Business continuity plans are in place worldwide. Therefore, we do not anticipate any disruption to the use and the support of the software.
- From 31 January 2022 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 2021 and 2020:

	EY				Finexsi Audit			
	Amount (before VAT)		%		Amount (before VAT)		%	
(In thousands of euros)	2021	2020	2021	2020	2021	2020	2021	2020
Audit, certification and examination of individual and consolidated financial statements								
Issuer	557	537	22%	21%	247	250	87%	87%
Fully-consolidated subsidiaries	1,818	1,773	73%	69%	40	36	13%	13%
Services other than certification of financial statements						-		
Issuer	-	-	-	-	-	-	-	-
Fully-consolidated subsidiaries	-	-	-	-	-	-	-	-
Audit sub-total	**2,375**	**2,310**	**95%**	**90%**	**287**	**286**	**100%**	**100%**
Other services provided by Auditor and its network								
Acquisitions	-	-	-	-	-	-	-	-
Legal & tax	82	166	3%	7%	-	-	-	-
Other	61	71	2%	3%	-	-	-	-
Other services sub-total	**143**	**237**	**5%**	**10%**	**-**	**-**	**-**	**-**
TOTAL	**2,518**	**2,547**	**100%**	**100%**	**-**	**286**	**-**	**100%**

6.2 Statutory auditors' report on the consolidated financial statements

Year ended 31 January 2022

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 2022.

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 2022 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 1 February 2021 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.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of audits.

It is in this complex, evolving context that, 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.

Goodwill

Identified risk

Goodwill amounts to 1,119.8 million euros as of 31 January 2022. They are tested for impairment at least once a year or when there is an indication of impairment. Impairment tests are carried out at 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 Goodwill at each CGU or group of CGUs level.

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 revenue and operating income growth assumptions over 5 years, as described in note 4-5-1 to the consolidated financial statements. Industrial margins and net assets are reallocated to the country where the equipment is installed, and leasing margins and net assets are reallocated to the country where the signatories of finance lease contracts are located. Support costs (holding, human resources, IT…) were also reallocated to the CGUs or groups of CGUs on a pro rata basis according to their revenue. Beyond this five-year horizon, the terminal value is calculated by applying to the last cash flow the infinite growth rate.

Cash flows are then discounted. The discount rates are determined according to the activities and geographical areas. Where appropriate, these discount rates consider a specific risk premium.

The assumptions, sensitivity analysis and the results of the tests performed are disclosed in further detail in Note 4-5 to the consolidated financial statements.

Valuation 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 growth rate used for cash flow projections and the discount rate applied.

Our answer

We have assessed the conformity of the methodology applied in determining the CGUs or Group of CGUs with the IFRS in force as well as the allocation of goodwill to them.

We obtained an understanding of the procedures implemented by the Group's Management to determine the value in use of goodwill and specifically cash flows, and to perform impairment tests.

We have assessed the consistency of the impairment model applied and the calculation formulas used.

We also analyzed the key assumptions used in the cash flow forecasts. Our work consisted in:

- comparing the projected cash flows with historical data;
- analyzing the consistency of projected cash flows with the Group's strategic initiatives ("Back to Growth");
- reconciling the data used with business plans prepared by management and presented to the Board of Directors;
- assessing the consistency of the reallocation of margins methodology and net assets of the leasing and industrial entities as well as support costs;
- assessing 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 market analyses
- 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 Note 4-5 to the consolidated financial statements.

Turnover

Risk identified	Our audit approach
As at 31 January 2022, Sales amounted to 1,024.3 million euros. 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. 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. The accounting standards for the registration of this type of contract imply judgment, and particularly for complex contracts. 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 or provided • License fees are fixed and there are no uncertainties on the completion of the contract; • Collection is probable. 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 products 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 information relating to the Group given in the management 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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of preparation of the consolidated financial statements intended to be 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 intended to be 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 the responsibility of Board of director, 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 intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF *(Autorité des marchés financiers)* agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Quadient S.A. by the annual general meeting held on 8 July 2004 for FINEXSI AUDIT and on 9 September 1997 for ERNST & YOUNG et Autres.

As at 31 January 2022, FINEXSI Audit and ERNST & YOUNG et Autres were in the 18th year and 25th year of total uninterrupted engagement which are the 23rd 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 and Paris-La Défense, 2 May 2022

The Statutory Auditors

French original signed by

FINEXSI AUDIT

Lucas Robin

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 of euros, rounded to one decimal place.

6.3.1 2021 FINANCIAL YEAR SIGNIFICANT EVENTS

Acquisition of Beanworks by Quadient Canada

On 22 March 2021, Quadient Canada Ltd acquired the company Beanworks, a leader in software as a service (SaaS) accounts payable automation solutions. Quadient S.A. financed this acquisition through a 50.0 million Canadian dollars (38.8 million euros) capital increase and a 60.0 million Canadian dollars loan (43.6 million euros as of 31 January 2022).

Waiver of debt and exit from the Group

On 21 December 2021, Temando SAS has been dissolved through a universal transfer of assets from Temando SAS to Quadient S.A. As a result of this operation, Quadient S.A. recorded a waiver of debt for an amount of 0.9 million euros. This receivable was fully depreciated, the provision has been reversed.

On 31 January 2022, Quadient S.A. consents a 17.1 million euros waiver of debt to its subsidiary Neopost Holding Pty Ltd, with an associated reversal of the provision for the same amount.

On 31 January 2022, Quadient S.A. recorded a depreciation of Neopost SDS Ltd's receivables for 2.8 million euros.

Minority interests acquisition

On 30 December 2021, PackCity SAS, itself wholly owned by Quadient S.A., acquired the 25% minority stake of the entity Packcity France and holds now 100%.

6.3.2 OPERATING INCOME

Quadient S.A.'s operating loss amounts to 6.5 million euros compared with a loss of 11.4 million euros as of 31 January 2021.

6.3.3 FINANCIAL INCOME

Net financial income amounts to 104.4 million euros, up from 34.6 million euros last financial year. Dividends received by the Company totalled 104.8 million euros as of 31 January 2022 compared with 64.6 million euros as of 31 January 2021. Net interest income from the Group's subsidiaries totals 18.3 million euros (18.2 million as of 31 January 2021), before recognition of a loss on receivables on investments of 18.0 million euros (26.9 million as of 31 January 2021). Interest expenses for external borrowings stand at 25.80 million euros (35.0 million euros as of 31 January 2021). Net financial depreciation are recorded for (13.8) million euros as of 31 January 2022 (33.1 million euros as of 31 January 2021).

6.3.4 EXTRAORDINARY INCOME

Quadient S.A.'s extraordinary gain amounts to 0.3 million euros compared with a loss of 0.2 million euros as of 31 January 2021.

Treasury share disposals under the liquidity contract generate 1.1 million euros (1.0 million euro as of 31 January 2021) of extraordinary income on capital transactions and 0.8 million euros (1.2 million euros as of 31 January 2021) of extraordinary expenses on capital transactions.

6.3.5 NET INCOME

Net income amounts to 103.7 million euros (29.6 million euros as of 31 January 2021), after a net tax benefit of 5.5 million euros (6.6 million euros as of 31 January 2021),

In accordance with the article 223 *quater* of the French general tax code (CGI), the financial statements for the current year include 94,038 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 468.5 million euros as at 31 January 2022, an increase of 88.6 million euros year-on-year. This increase corresponds to the 2021 net income after deduction of 17.2 million euros paid to shareholders for the 2020 dividends.

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 2022	Number of invoices
Trade payables – Ageing		
• Not due	10.6	143
• Between 1 and 30 days	0.3	11
• Between 31 and 60 days	0.1	3
• Between 61 and 90 days	0.1	5
• More than 90 days	0.1	31
TOTAL	**11.2**	**193**

Suppliers are contractually paid within 30 days.

	31 January 2022	Number of invoices
Trade receivables – Ageing		
• Not due	14.4	136
• Between 1 and 30 days	0.1	6
• Between 31 and 60 days	0.6	14
• Between 61 and 90 days	-	0
• More than 90 days	1.2	53
TOTAL	**16.3**	**209**

Customer payments are contractually collected within 30 days. Trade receivables due for more than 90 days mainly concern the Australian subsidiaries.

6.3.8 FIVE-YEAR RESULTS TABLE

	31/01/2018	31/01/2019	31/01/2020	31/01/2021	31/01/2022
Share capital					
Capital at year-end closing	34.6	34.6	34.6	34.6	34.6
Number of shares	34,562,912	34,562,912	34,562,912	34,562,912	34,562,912
Operations and earnings					
Sales excluding tax	45.3	33.8	34.9	33.7	30.7
Earning before taxes, depreciation/amortization and provisions	89.0	97.4	83.1	(6.5)	84.4
Income taxes	9.9	10.3	6.4	6.6	5.5
Amortization expense and provisions	(20.0)	(69.2)	(78.4)	29.5	13.8
Net income	78.9	38.5	11.1	29.6	103.7
Distributed earnings	58.5	18.2	12.0	17.2	18.9

	31/01/2018	31/01/2019	31/01/2020	31/01/2021	31/01/2022
Earnings per share (in euros)					
Earnings after tax, before depreciation/amortization and provisions	2.86	3.12	2.59	0.00	2.60
Earnings after tax, depreciation/amortization and provisions	2.28	1.11	0.32	0.86	3.00
Dividends paid	1.70	0.53	0.35	0.50	0.55
Employees					
Average headcount	35	39	42	43	45
Payroll	5.6	7.3	8.8	9.6	9.0
Employee benefits paid (Social security, social welfare)	4.9	4.8	4.1	6.3	4.1

6.3.9 DIVIDENDS

A dividend of 0.55 euros, 10% higher than last financial year, should be paid, subject to the 16 June 2022 General Meeting's approval in relation to the 2021 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 377.6 million euros and are calculated as follows:

(In euros)	31 January 2022
Allocation of income subject to the approval of the Annual General Meeting of shareholders:	
• Retained earnings	273,834,682.74
• 2021 net income	103,724,679.20
• Deduction from issue premium	-
TOTAL	**377,559,361.94**

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

Finexsi Audit, represented by Lucas Robin;

Ernst & Young et Autres, represented by May-Kassis Morin.

6.3.11 POST-CLOSING EVENTS

In the context of the recent military developments in Ukraine, Quadient S.A. does not expect, at the moment, significant impacts on its financial situation.

Between the end of the financial year at 31 January 2022 and the approval of the statutory financial statements by the Board of directors, there were no other significant changes in the company's commercial or financial situation.

6.3.12 2021 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 of euros)	Notes	31 January 2022	31 January 2021
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		(0.1)	(0.1)
	(3)	**0.2**	**0.2**
Financial assets			
Gross value		1,302.4	1,265.4
Impairment		(99.6)	(116.6)
	(4)	**1,202.8**	**1,148.8**
Net receivables			
Net accounts receivable		16.3	16.3
Net other receivables		369.9	308.1
	(5)	**386.2**	**324.4**
Short-term investments and cash & cash equivalents			
Treasury shares		5.7	3.3
Short term securities		-	-
Cash & cash equivalents		392.0	413.9
	(6)	**397.7**	**417.2**
Financial derivative instruments		**1.1**	**4.9**
Prepaid expenses		**0.8**	**0.6**
Differed charges		**3.3**	**3.6**
Unrealized foreign exchange losses	**(7)**	**4.8**	**4.8**
TOTAL ASSETS		**1,996.9**	**1,904.5**

The following notes form an integral part of the financial statements.

LIABILITIES

(In million of euros)	Notes	31 January 2022	31 January 2021
Share capital		34.6	34.6
Additional paid-in capital		52.9	52.9
Reserves		277.3	264.7
Net income		103.7	29.6
Shareholders' equity	**(8)**	**468.5**	**381.8**
Contingency and loss provisions			
Contingency provisions		0.1	0.8
Loss provisions		3.9	3.5
	(9)	**4.0**	**4.3**
Financial debts			
Bank loans		1,152.3	1,175.9
Other borrowings and debts		0.6	0.6
	(10)	**1,152.9**	**1,176.5**
Accounts payable			
Trade payables		11.2	14.0
Provisional dividends payable		-	-
Other operating liabilities		352.2	310.2
Taxes		0.2	0.3
		363.6	**324.5**
Financial derivative instruments		**1.1**	**0.6**
Overdrafts		**0.0**	**0.0**
Unrealized foreign exchange gains	**(7)**	**6.7**	**16.8**
TOTAL LIABILITIES		**1,996.9**	**1,904.5**

The following notes form an integral part of the financial statements.

6.4.2 INCOME STATEMENT

(In million of euros)	Notes	31 January 2022	31 January 2021
Revenue from services		30.7	33.7
Reversal of depreciation and allowances, expense transfers		1.6	0.2
Other revenue		0.0	0.0
Revenue from operations		**32.3**	**33.9**
Other purchase costs and operating expenses		(36.7)	(41.0)
Other expenses		(0.5)	(0.5)
Depreciation, amortization and allowances		(1.6)	(3.8)
Operating expenses		**(38.8)**	**(45.3)**
Operating income	**(11-1)**	**(6.5)**	**(11.4)**
Investment income (dividends)		104.8	64.6
Investment income (interest)		20.2	20.1
Other interest and financial income		59.3	29.9
Reversals of depreciation, amortization and allowances		18.6	54.9
Financial income		**202.9**	**169.5**
Interest expenses		(93.7)	(113.1)
Commitment commissions		(0.0)	(0.0)
Depreciation, amortization and allowances		(4.8)	(21.8)
Financial expenses		**(98.5)**	**(134.9)**
Financial result	**(11-2)**	**104.4**	**34.6**
Current operating income		**97.9**	**23.2**
Extraordinary capital gains			
• proceeds from assets sales		-	-
• other		1.1	1.0
Extraordinary income		**1.1**	**1.0**
Extraordinary capital losses			
• net book value of assets sales		-	-
• extraordinary amortization charges on intangible fixed assets		-	-
• other		(0.8)	(1.2)
Extraordinary expenses		**(0.8)**	**(1.2)**
Extraordinary income	**(11-3)**	**0.3**	**(0.2)**
Income tax	**(11-4)**	5.5	6.6
NET INCOME		**103.7**	**29.6**

The following notes form an integral part of the financial statements.

6.4.3 STATEMENT OF CASH FLOW

(In million of euros)	31 January 2022	31 January 2021
Net income	103.7	29.6
Depreciation and amortization expenses (reversal)	-	0.1
Contingency and loss provision (reversal)	2.5	(16.4)
Capital gains or loss on disposal of fixed assets	-	-
Gains and losses on changes in fair value	(5.4)	10.1
Cash flow from operations	**100.8**	**23.4**
(Increase) decrease in accounts receivable	-	5.0
Increase (decrease) in accounts payable	(2.8)	6.0
(Increase) decrease in other operating payables and receivables	(15.2)	(126.1)
Cash flow from operating activities (A)	**82.8**	**(91.8)**
Investments in intangible fixed assets	(0.0)	(0.0)
Investments in tangible fixed assets	-	-
Securities acquired and (increase) decrease in loans granted	(35.3)	200.3
Sub-total investments	**(35.3)**	**200.3**
Disposals of fixed assets	-	-
Cash flow from investment activities (B)	**(35.3)**	**200.3**
Dividends paid	(17.2)	(12.0)
New financial debts	263.4	42.2
Repayment of borrowings	(295.3)	(147.9)
Net change in other debts and accrued interest not yet matured	(2.5)	6.0
Cash flow from financing activities (C)	**(51.6)**	**(111.7)**
Impact of exchange rate changes on cash and cash equivalents **(D)**	(17.7)	11.9
Change in net cash & cash equivalents (A) + (B) + (C) + (D)	**(21.8)**	**8.7**
Opening cash & cash equivalents	**413.9**	**405.2**
CLOSING CASH & CASH EQUIVALENTS	**392.1**	**413.9**

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 2020	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**276.7**	**364.2**
2019 Dividends – balance payment	-	-	-	-	(12.0)	(12.0)
Net income	-	-	-	-	29.6	29.6
Shareholders' equity as of 31 January 2021	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**294.3**	**381.8**
2020 Dividends – balance payment	-	-	-	-	(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**

The following notes form an integral part of the financial statements.

6.4.5 NOTES TO THE FINANCIAL STATEMENTS

Financial years ended 31 January 2022 and 31 January 2021.

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 2021.

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 2021

Acquisition of Beanworks by Quadient Canada

On 22 March 2021, Quadient Canada Ltd acquired the company Beanworks, a leader in software as a service (SaaS) accounts payable automation solutions. Quadient S.A. financed this acquisition through a 50.0 million Canadian dollars (38.8 million euros) capital increase and a 60.0 million Canadian dollars loan (43.6 million euros as at 31 January 2022).

Waiver of debt and exit from the Group

On 21 December 2021, Temando SAS has been dissolved through a universal transfer of assets from Temando SAS to Quadient S.A. As a result of this operation, Quadient S.A. recorded a waiver of debt for an amount of 0.9 million euros. This receivable was fully depreciated, the provision has been reversed.

On 31 January 2022, Quadient S.A. consents a 17.1 million euros waiver of debt to its subsidiary Neopost Holding Pty Ltd, with an associated reversal of the provision for the same amount.

On 31 January 2022, Quadient S.A. recorded a depreciation of Neopost SDS Ltd's receivables for 2.8 million euros.

Minority interests acquisition

On 30 December 2021, PackCity SAS, Quadient S.A's subsidiary, acquired the 25% minority stake of the entity Packcity France and holds now 100%.

NOTE 2 MAIN ACCOUNTING PRINCIPLES

The financial statements closed on 31 January 2022 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 2020	**41.2**	**0.2**
Acquisitions	-	0.1
Disposal, write off	-	-
Gross value as of 31 January 2021	**41.2**	**0.3**
Acquisitions	-	-
Disposal, write off	-	-
Gross value as of 31 January 2022	**41.2**	**0.3**
Cumulative amortization	**(41.2)**	**(0.1)**
NET BOOK VALUE AS OF 31 JANUARY 2022	**0.0**	**0.2**

	Intangible fixed assets	Tangible fixed assets
Net book value as of 31 January 2020	**0.1**	**0.2**
Acquisitions	-	-
Change in amortization and depreciation	(0.1)	-
Net book value as of 31 January 2021	**0.0**	**0.2**
Acquisitions	-	-
Change in amortization and depreciation	-	-
NET BOOK VALUE AS OF 31 JANUARY 2022	**0.0**	**0.2**

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 2022	31 January 2021
Investments – Gross value		
Quadient Finance France	8.6	8.6
Mailroom Holding BV	26.0	26.0
Quadient Holdings USA Inc.	246.2	246.2
Quadient Switzerland AG	12.5	12.5
Neopost Asia Pacific (Holding) Pte Ltd	2.9	2.9
Quadient Canada Ltd	48.1	9.3
Quadient Denmark A/S	16.1	16.1
Quadient Finance Ireland Ltd	15.0	15.0
Quadient Finland Oy	2.9	2.9
Quadient France	197.4	197.4
Quadient Germany GmbH&Co. KG	43.3	43.3
Quadient Holdings Ltd	77.9	77.9
Neopost Holdings Pty Ltd	43.2	43.2
Quadient Industrie France	0.0	0.0
Quadient Ireland Ltd	1.0	1.0
Quadient Japan	3.1	3.1
Quadient Norge AS	4.5	4.5
Quadient Belgium Nv	0.5	0.5
Neopost SDS Ltd	4.6	4.6
Neopost Shipping Holding Pty Ltd	20.5	20.5
Quadient Shipping	7.2	7.2
Quadient Italy Srl	1.3	1.3
Quadient Sverige AB	13.1	13.1
Quadient Technologies UK Ltd	33.7	33.7
Neopost Verwaltungs GmbH	3.3	3.3
Quadient CXM AG	132.3	132.3
Rena GmbH	6.3	6.3
Packcity SAS	1.3	1.3
Quadient Solutions France	0.0	-
AMS Investissement	0.1	0.1
Docapost BPO IS	2.4	2.4
Investments – Total gross value	**975.3**	**936.5**
X'Ange Capital 2	-	1.3
Partech Entrepreneur II	2.2	4.0
X'Ange Capital 4	1.3	-
***FPCI* (Professional Private Equity Funds) – Total gross value**	**3.5**	**5.3**

	31 January 2022	31 January 2021
Loans to subsidiaries	322.6	322.6
Liquidity contract	1.0	1.1
Total gross value	**1,302.4**	**1,265.5**
Impairment on investments		
Neopost SDS Ltd	(4.6)	(4.6)
Rena GmbH	(6.3)	(6.3)
Neopost Shipping Holding Pty Ltd	(20.5)	(20.5)
Neopost Holdings Pty Ltd	(34.9)	(34.9)
Quadient Finland Oy	(1.8)	(1.8)
Quadient Norge AS	(2.8)	(2.8)
Quadient Sverige AB	(9.7)	(9.7)
Quadient Denmark A/S	(14.6)	(14.6)
Quadient Japan	(2.1)	(2.1)
Neopost Asia Pacific (Holding) Pte Ltd	(2.3)	(2.3)
Investments – Total impairment	**(99.6)**	**(99.6)**
Loans – Total impairment	**-**	**(17.1)**
Total impairment	**(99.6)**	**(116.7)**
TOTAL NET VALUE	**1,202.8**	**1,148.8**

Changes in the financial assets gross value over the period are due to:

- the 38.8 million euros capital increase in Quadient Canada;
- the distribution received from X'Ange Capital 2 for 1.3 million euros;
- the distribution received from Partech Entrepreneur II for 1.8 million euros;
- the contribution paid to X'Ange Capital 4 for 1.3 million euros;
- the decrease of the liquidity contract of 0.1 million euros.

Changes in the loans impairment are explained by the followings:

- the depreciation reversal of Neopost Holding Pty Ltd's loan for 17.1 million euros, following the write-off of this receivable for the same amount as of 31 January 2022.

An impairment test has been carried out on Quadient S.A. financial assets as of 31 January 2022 and leads to any additional impairment.

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 2022	31 January 2021
Subsidiary current accounts – cash facility		
Quadient CXM Switzerland AG	13.6	3.1
Quadient CXM Czech s.r.o.	2.7	2.2
Quadient CXM Canada Inc.	17.6	1.6
Quadient CXM Denmark Aps	1.1	1.4
Quadient Data UK Ltd	3.2	2.6
Quadient Singapore Pte Ltd	3.8	4.0
Quadient CXM Italy	-	0.1

	31 January 2022	31 January 2021
Quadient Poland Sp. z.o.o	1.1	1.2
Quadient Technologies Czech s.r.o.	0.6	0.8
Quadient CXM AG	22.7	8.5
Quadient Leasing USA Inc.	29.0	0.7
Quadient Finance USA Inc.	30.6	-
Quadient Holdings USA Inc.	-	27.0
Quadient Switzerland AG	2.4	2.3
Quadient Shipping	10.1	7.0
Quadient Finance UK Ltd	3.6	3.0
Quadient Finance Ireland Ltd	137.7	156.0
Quadient Global Services Ltd	1.8	1.5
Quadient UK Ltd	1.3	0.9
Neopost SDS Ltd	2.7	3.4
Quadient Italy Srl	26.4	23.0
Quadient Rental Italy Srl	12.0	8.0
Quadient Japan	2.9	3.2
Neopost Software GmbH	4.0	2.6
Quadient Technologies France	6.8	14.0
Quadient Holding Germany	6.5	5.0
Packcity France	3.9	-
Packcity SAS	0.5	4.0
Temando SAS	-	0.8
Quadient Industrie France	0.0	0.5
Quadient International Supply Ltd	0.4	2.5
Quadient solutions Ltd	7.3	7.2
Quadient Finance Switzerland AG	0.0	0.6
YayPay UK Ltd	1.4	0.3
YayPay Inc	5.2	0.9
Other	0.5	0.4
Total subsidiary current accounts	**363.4**	**300.3**
Accounts receivables (intercompany billing services)	16.3	16.3
Tax receivables	5.4	5.9
Other	3.8	2.8
Total gross value	**398.9**	**325.3**
Impairment	**(2.7)**	**(0.8)**
Total net value	**386.2**	**324.5**

Changes in the receivables gross value over the period are due to:

- the increase of short term advances to subsidiaries for 63.1 million euros;
- the decrease of the State's receivable of 0.5 million euros, due to the decrease of the VAT's receivable of 0.7 million euros and the increase of the corporate tax's receivable of 0.2 million euros ;
- the increase of the other receivables for 1.0 million euros;

Changes in depreciations of receivables over the period are explained by the followings:

- the depreciation recorded of the Neopost SDS Ltd's advance for 2.8 million euros.
- the reversal of the current account of Temando SAS for 0.8 million euros, and following the write-off of this receivable for the same amount as at 31 January 2022.

The trade receivables settlement period is 30 days.

The receivables breakdown by maturity at 31 January 2022 is as follows:

	Gross value	Less than 1 year	More than 1 year
Loans to subsidiaries	322.6	-	322.6
Other financial assets – Liquidity contract	1.0	-	1.0
Tax receivables	5.4	1.6	3.8
Subsidiaries current accounts	363.4	363.4	-
Receivables on intercompany billing services	16.3	16.3	-
Other receivables	3.8	3.8	-
TOTAL	**712.5**	**385.1**	**327.4**

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 stock-options and 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 options and 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 2022	31 January 2021
Short-term investments and cash & cash equivalents		
Treasury shares	5.7	3.3
Short-term securities	-	-
Cash & cash equivalents	392.0	413.9
TOTAL	**397.7**	**417.2**

Treasury shares

The number of treasury shares at 31 January 2022 is 260,063 of which 164,259 are held for the liquidity contract and 95,804 with the aim of fulfilling the obligations of the stock-option and 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 2021 are the following:

	31 January 2021		Bought		Sold		Free shares delivery		31 January 2022	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Liquidity contract	153,863	2.8	644,293	14.0	(633,897)	(13.6)	-	-	164,259	3.2
Coverage of obligations	19,504	0.5	100,000	2.6	-	-	(23,700)	(0.6)	95,804	2.5
TOTAL	**173,367**	**3.3**	**744,293**	**16.6**	**(633,897)**	**(13.6)**	**(23,700)**	**(0.6)**	**260,063**	**5.7**

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 6.7 million euros as of 31 January 2022 and the provision is recorded for an amount of 0.1 million euros. As of 31 January 2022, the translation adjustment asset comes out at 4.8 million euros and the translation adjustment liability at 6.7 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 2022, the share capital totalled 34.6 million euros divided into 34,562,912 ordinary shares with a par value of 1 euro each, the share capital is fully released. There was no change during financial year 2021.

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 2022, additional paid-in capital amounts to 52.9 million euros. There was no change during 2021 financial year.

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 2021 net income amount to 326.8 million euros as of 31 January 2022 compared with 314.2 million euros as of 31 January 2021.

A dividend of 0.55 euros, 10% higher than last financial year, should be paid, subject to 16 June 2022 General Meeting's approval in relation to the 2021 financial results. If approved, the dividend will be paid in cash and in one instalment.

The dividend distributed in relation to the 2020 financial results was 0.50 euros, and it was paid in cash the 9 August 2021.

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 2021	Added	Used	Non-used	31 January 2022	Maturity
Contingency provisions						
Unrealized foreign exchange losses	0.8	0.0	0.7	-	0.1	n/a
Total contingency provisions	**0.8**	**0.0**	**0.7**	**-**	**0.1**	
Loss provisions						
Retirement indemnities	0.8	-	-	(0.1)	0.7	n/c
Treasury shares	0.4	2.1	-	-	2.5	1 to 2 years
Others	2.3	0.1	(1.7)	-	0.7	n/a
Total loss provisions	**3.5**	**2.2**	**(1.7)**	**(0.1)**	**3.9**	
TOTAL	**4.3**	**2.2**	**(2.4)**	**(0.1)**	**4.0**	

Treasury shares

As of 31 January 2022, the Group has 164,259 shares held for the liquidity contact and 95,804 shares to fulfil the commitments on the stock-option and free share attribution programs for employees and Group executives, compared with 153,863 shares and 19,504 shares as of 31 January 2021.

	Number	31 January 2021	Added	Used	Non-used	Number	31 January 2022
Total	19,504	0.5	(23,700)	(0.6)	100,000	95,804	2.5

NOTE 10 FINANCIAL DEBTS

As of 31 January 2022 and 31 January 2021, debts break down as follows:

	Less than one year	One to five years	More than five years	31 January 2022	31 January 2021
Undated bonds (ODIRNANE)[a]	1.1	265.0	-	266.1	266.1
Bond Issue – Quadient S.A. 2.50%[b]	-	-	-	-	165.6
Bond Issue – Quadient S.A. 2.25%[c]	7.3	323.8	-	331.1	331.0
Schuldschein[d]	39.9	515.1	-	555.0	413.1
Revolving credit facility[e]	0.1	-	-	0.1	0.1
Loan Quadient Ireland Ltd	0.6	-	-	0.6	0.6
TOTAL	**49.9**	**1,103.9**	**-**	**1,152.9**	**1,176.5**

(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.*

(b) *Quadient issued an inaugural 350 million euros public bond on 23 June 2014 listed on Euronext Paris under ISIN number FR0011993120 after filing a prospectus with the Autorité des Marchés Financiers (approval number 14-310 of 19 June 2014). This bond carries a fixed interest of 2.50% and is payable on 23 June 2021. On 5 February 2020, Quadient bought back on the market a nominal of 15.0 million euros in addition to the 148.8 million euros bought back earlier on 23 January 2020. bringing the notional outstanding amount to 163.2 million euros. This obligation was reimbursed on 23 March 2021, Quadient having exercised his prepayment option at par 3 months before maturity.*

(c) *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*

(d) *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.*

In May 2019, Quadient concluded private placements under German law (Schuldschein) consisting of nine tranches with different maturities of between four and seven years for a total amount of 130.0 million euros and 90.0 million United States dollars.

In February 2020, Quadient concluded private placements under German law (Schuldschein) consisting of four tranches with different maturities of 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 12 tranches with different maturities between five and seven years for a total amount of 178.0 million euros and 105.0 million United States dollars.

(e) *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 2022, Quadient S.A. does not use that credit facility.*

With the exception of the bond issue – Quadient S.A. 2.25% and the ODIRNANE which are not subject to any covenant, the various debts (private placements, *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 2022.

Debts maturity as of 31 January 2022 is as follows:

	Gross value	Less than 1 year	One to five years	More than 5 years
Undated bonds (ODIRNANE)	266.1	1.1	265.0	-
Bonds issue – Quadient S.A. 2.25%	331.1	7.3	323.8	-
Schuldschein	555.0	39.9	515.1	-
Bank loans	0.1	0.1	-	-
Quadient Ireland Ltd loan	0.6	0.6	-	-
Trade payables	11.2	11.2	-	-
Tax and social security liabilities	0.2	0.2	-	-
Other debts	352.2	352.2	-	-
TOTAL	**1,516.5**	**412.6**	**1,103.9**	**-**

NOTE 11 INCOME STATEMENT

11-1: Operating income

Quadient S.A.'s operating loss amounts to 6.5 million euros compared with a loss of 11.4 million euros for the previous year, and it breaks down as follows:

	31 January 2022	31 January 2021
Assistance to subsidiaries	18.5	20.0
Brand royalties	6.8	9.0
Rebilling of costs paid on behalf of subsidiaries	5.4	4.7
Reversal of depreciation and amortization, transfer of expenses	1.6	0.2
Other revenues	0.1	0.0
Revenue from operations	**32.3**	**33.9**
Wages, bonuses, commissions and payroll charges	(13.2)	(16.0)
Fees	(5.1)	(5.4)
Expenses related to acquisitions	(5.4)	(7.7)
Purchases, maintenance	(0.6)	(0.8)
Transport and travel, seminars	0.1	(1.0)
Staff seconded	(8.8)	(6.4)
Insurance	(1.0)	(0.8)
Taxes	(0.7)	(0.9)
Rents and associated costs	(0.9)	(0.9)
Compensation of directors	(0.5)	(0.5)
Treasury shares delivered (for the allocation of free shares)	(0.6)	(0.6)
Borrowing expenses	(0.2)	(0.3)
Depreciation and amortization expenses	(1.6)	(3.8)
Other expenses	(0.3)	(0.2)
Operating expenses	**(38.8)**	**(45.3)**
OPERATING INCOME	**(6.5)**	**(11.4)**

The management fees contracts and brand name contracts generate an income of 25.3 million euros as at 31 January 2022 compared with 29.0 million euros as at 31 January 2021.

11-2: Financial income

Financial income amounts to 104.4 million euros compared with 34.6 million euros a year before and it breaks down as follows:

	31 January 2022	31 January 2021
Interest expenses on external borrowings	(25.8)	(35.0)
Net income on internal loans and borrowings	18.3	18.2
Loss on receivables related to investments	(18.0)	(26.9)
Dividends received	104.8	64.6
Revenue from disposals of securities	0.8	0.1
Other financial products	1.9	2.2
Net gain on foreign exchange and swaps	8.6	(21.7)
(Provision)/reversal for losses on foreign exchange	0.7	8.7
(Provision)/reversal of impairment on short-term receivables	(2.0)	21.2
(Provision)/reversal of impairment on investments in affiliates	-	(4.4)
(Provision)/reversal of impairment on loans	17.1	7.9
(Provision)/reversal of impairment on treasury shares	(2.0)	(0.3)
TOTAL	**104.4**	**34.6**

11-3: Extraordinary income

Quadient S.A.'s extraordinary gain amounts to 0.3 million euros compared with a loss of 0.2 million euros as of 31 January 2021.

Treasury shares disposals under the liquidity contract generate extraordinary income from capital transactions for 1.1 million euros (1.0 million euros of 31 January 2021) and extraordinary expenses from capital transactions for 0.8 million euros (1.2 million euros as of 31 January 2021).

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 94,038 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 2021:

- Quadient France;
- Quadient Finance France;
- Quadient Industrie France S.A.;
- Quadient Technologies France;
- Quadient Shipping.

For financial year 2021, a tax benefit coming from the tax consolidation is recorded for 6.0 million euros (6.3 million euros for 2020), and a tax charge resulting from the Group tax result for 0.5 million euros.

Losses carried forward amount to 54.0 million euros as of 31 January 2022. As of 31 January 2022, the Group tax result submitted to ordinary tax rate is a profit.

Net income amounts to 103.7 million euros (29.6 million euros as of 31 January 2021).

	Income before tax	Theoretical tax	Net income
Current income	97.9	3.2	101.1
Extraordinary Income (loss)	0.3	(0.1)	0.2
Sub-total	**98.2**	**3.1**	**101.3**
Tax credits offsetting	-	1.3	1.3
Effect of tax consolidation	-	1.1	1.1
TOTAL	**98.2**	**5.5**	**103.7**

NOTE 12 INFORMATION ON ASSOCIATED COMPANIES

Figures for associated companies break down as shown below:

		Associated companies	
	31 January 2022	Majority stake	Minority stake
Financial assets	1,119.3	1,196.8	2.5
Receivables	377.0	377.0	-
Financial debts	0.6	0.6	-
Financial expenses	19.9	19.9	-
Financial income (interests)	20.2	20.2	-
Financial income (dividends)	104.8	104.8	

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 2022.

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.

2021 FINANCIAL YEAR – ASSETS AND LIABILITIES HEDGING: HEDGING POSITIONS COVERING FINANCIAL ASSETS OR LIABILITIES ON QUADIENT S.A.'S BALANCE SHEET AT 31 JANUARY 2022 AND EXPECTED TO BE REALIZED NO LATER THAN APRIL 2022

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Financial assets	6.7	0.8	1.3	1.0	24.8	0.2	1.1	0.5	-	0.1	2.0	0.1
Foreign exchange contract assets	41.6	7.7	6.7	3.5	206.2	14.3	9.2	4.1	20.3	0.4	0.5	0.0
Total assets exposure	**48.3**	**8.5**	**8.0**	**4.5**	**231.0**	**14.5**	**10.3**	**4.6**	**20.3**	**0.5**	**2.5**	**0.1**
Financial liabilities	6.4	1.1	0.1	0.0	0.3	0.0	0.1	0.1	1.7	0.1	0.0	-
Foreign exchange contract liabilities	26.8	3.1	5.7	0.5	201.4	6.8	11.3	0.4	79.2	0.4	0.3	0.0
Total liabilities exposure	**33.2**	**4.2**	**5.8**	**0.5**	**201.7**	**6.8**	**11.4**	**0.5**	**80.9**	**0.5**	**0.3**	**-**
Net exposure before hedging	**15.1**	**4.3**	**2.2**	**4.0**	**29.3**	**7.7**	**(1.1)**	**4.1**	**(60.6)**	**-**	**2.2**	**0.1**
Hedging	(13.6)	(4.3)	(2.1)	(1.7)	(29.3)	(6.1)	(1.1)	(0.6)	50.0	(2.1)	(1.6)	(0.4)
NET EXPOSURE AFTER HEDGING	1.5	-	0.1	2.3	-	1.6	(2.2)	3.5	(10.6)	(2.1)	0.6	(0.3)

2022 BUDGET: HEDGING POSITIONS COVERING ANTICIPATED FINANCIAL ASSETS AND LIABILITIES IN FINANCIAL YEAR 2022 EXPECTED TO BE REALIZED NO LATER THAN APRIL 2023

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Projected financial assets	24.0	2.0	3.3	2.1	87.9	1.7	4.4	0.9	-	0.1	0.3	0.1
Foreign exchange contract assets	189.4	31.8	13.1	40.0	2,286.8	69.3	39.6	29.4	104.6	6.2	4.7	1.3
Total assets exposure	**213.4**	**33.8**	**16.4**	**42.1**	**2,374.7**	**71.0**	**44.0**	**30.3**	**104.6**	**6.3**	**5.0**	**1.4**
Projected financial liabilities	6.5	0.1	0.8	0.0	0.9	0.0	0.4	0.2	7.6	0.1	0.0	-
Foreign exchange contract liabilities	113.1	26.2	5.6	1.6	2,097.7	14.2	56.7	5.3	821.3	7.2	1.0	2.6
Total liabilities exposure	**119.6**	**26.3**	**6.4**	**1.6**	**2,098.6**	**14.2**	**57.1**	**5.5**	**828.9**	**7.3**	**1.0**	**2.6**
Net exposure before hedging	**93.8**	**7.5**	**10.0**	**40.5**	**276.1**	**56.8**	**(13.1)**	**24.8**	**(724.3)**	**(1.0)**	**4.0**	**(1.2)**
Hedging	(43.0)	(1.7)	(4.6)	(17.5)	(176.6)	(9.5)	-	(7.5)	280.0	-	(3.4)	-
NET EXPOSURE AFTER HEDGING	50.8	5.8	5.4	23.0	99.5	47.3	(13.1)	17.3	(444.3)	(1.0)	0.6	(1.2)

The Group 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 18.5 million United States dollars sold, 2.0 million Norwegian krona sold, 45.0 million Japanese yen sold, 1.2 million Australian dollars sold, and 100.0 million Czech krona purchased.

The Group 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: 9.5 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 2022. These instruments are listed below by type and by currency for the period to which they relate.

2021 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	-	13.6	-	-	-	-
GBP	-	4.3	-	-	-	-
CAD	-	2.1	-	-	-	-
NOK	1.7	3.4	-	-	-	-
JPY	-	29.3	-	-	-	-
SEK	-	6.1	-	-	-	-
CHF	-	1.1	-	-	-	-
DKK	-	0.6	-	-	-	-
CZK	50.0	-	-	-	-	-
SGD	-	2.1	-	-	-	-
AUD	-	1.6	-	-	-	-
PLN	-	0.4	-	-	-	-

2021 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	-	14.5	18.5	-	-	28.5
GBP	-	1.7	-	-	-	-
CAD	-	4.6	-	-	-	-
NOK	-	13.5	2.0	-	-	4.0
JPY	-	86.6	45.0	-	-	90.0
SEK	-	9.5	15.0	-	-	-
DKK	-	7.5	-	-	-	-
CZK	180.0	-	-	200.0	100.0	-
AUD	-	1.1	1.2	-	-	2.3

INSTRUMENT VALUATIONS

Hedging instruments relating to the 2021 financial year, *i.e.* hedging assets and liabilities on the balance sheet as at 31 January 2022, have been fully valued and recognized at their market value at 31 January 2022. The net market value of these instruments as at 31 January 2022 is (0.2) million euros.

Financial instruments relating to the 2022 budget have not xbeen valued in Quadient S.A.'s financial statements.The net market value of these instruments as at 31 January 2022 is (0.2) 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	(11.6)	
Quadient Leasing USA[a]	Short term loan	USD	32.3	
Quadient Leasing USA[a]	Loan	USD	270.0	
Quadient Holdings USA[a]	Short term advance	USD	(3.2)	
Quadient Finance USA[a]	Short term loan	USD	34.1	
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	0.5	
Quadient CXM[a]	Short term advance	USD	(2.3)	
Quadient Supply Hong Kong[a]	Short term advance	USD	(2.0)	
Quadient CXM Canada, Inc.[a]	Short term loan	USD	19.6	
Quadient Singapore Pte Ltd[a]	Short term loan	USD	0.9	
Neotouch Cloud solutions Dac[a]	Short term advance	USD	(1.8)	
Quadient Global Services[a]	Short term loan	USD	1.6	
Quadient CXM USA[a]	Short term advance	USD	(21.1)	
Parcel Pending Inc.[a]	Short term advance	USD	(4.6)	
YayPay US[a]	Short term loan	USD	5.8	316.9
Quadient International Supply	Short term advance	GBP	(0.6)	
Quadient UK	Short term loan	GBP	0.3	
Quadient Finance UK	Short term loan	GBP	3.0	
Quadient Industrie France	Short term loan	GBP	0.1	
Quadient CXM UK	Short term advance	GBP	(0.7)	
Quadient Technologies UK	Short term advance	GBP	(10.3)	
Quadient Finance Ireland	Short term loan	GBP	37.2	
Quadient Data UK Ltd	Short term loan	GBP	2.7	
Quadient Global Services	Short term loan	GBP	0.3	
Neotouch Cloud solutions Dac	Short term loan	GBP	0.1	
DCS Ltd	Short term advance	GBP	(2.3)	
Quadient CXM	Short term advance	GBP	(2.3)	
Quadient solutions	Short term loan	GBP	6.1	
YayPay UK	Short term loan	GBP	1.1	32.5
Quadient Switzerland	Short term loan	CHF	2.4	
Quadient CXM	Short term advance	CHF	(64.8)	
Quadient CXM Switzerland	Short term advance	CHF	(16.5)	
Quadient Finance Ireland	Short term loan	CHF	7.9	(70.7)

Subsidiary	Loan/borrowing/ short-term advance	Currency	Amount	Notional amount of financial instruments[b]
Quadient Japan	Short term loan	JPY	376.6	
Quadient Singapore Pte Ltd	Short term advance	JPY	(189.1)	
Packcity Japan	Loan	JPY	3,213.0	
Quadient International Supply	Short term loan	JPY	49.1	3,451.9
Quadient Norge	Short term loan	NOK	1.6	
Quadient Finance Norge	Short term advance	NOK	(6.4)	
Quadient Finance Ireland	Short term loan	NOK	35.7	32.5
Quadient Sverige	Short term advance	SEK	(9.7)	
Quadient Finance Ireland	Short term loan	SEK	38.3	
Quadient Finance Sweden	Short term advance	SEK	(4.6)	24.0
Quadient Finance Ireland	Short term loan	DKK	26.7	
Quadient CXM Denmark	Short term loan	DKK	8.2	
Quadient Denmark	Short term advance	DKK	(36.1)	
Quadient Finance Denmark	Short term advance	DKK	(3.9)	(5.6)
Quadient Canada Ltd	Loan	CAD	62.1	
Quadient CXM	Short term loan	CAD	16.2	
Quadient CXM Canada, Inc.	Short term advance	CAD	(26.5)	51.8
Quadient CXM	Short term advance	CZK	(116.1)	
Quadient Technologies Czech s.r.o	Short term advance	CZK	(58.2)	
Quadient CXM Czech s.r.o	Short term advance	CZK	(59.2)	(233.7)
Quadient Poland SP z.o.o	Short term loan	PLN	4.9	4.9
Neopost Asia Pacific Holding Pty Ltd	Short term advance	SGD	(0.8)	
Quadient CXM	Short term loan	SGD	4.3	
Quadient Singapore Pte Ltd	Short term advance	SGD	(7.6)	(4.3)
Quadient Finance Ireland	Short term loan	AUD	30.1	
Quadient Australia Pty Ltd	Short term advance	AUD	(0.9)	
Quadient CXM	Short term loan	AUD	0.4	28.4

(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	660.2	226.2
Net exposure before hedging	(660.2)	(226.2)
Fixed-rate debt	472.8	52.5
Hedging	220.0	185.0

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 2022 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	18.3/20.0	27.4/30.0	-
Swap – buyer	EUR	-	29.5	-
Swap – receiver	USD	-	70.0	-
Cap – buyer	USD	25.0	45.0	-
Cap – buyer	EUR	-	70.0	-
Floor – buyer	USD	-	45.0	-
Floor – buyer	EUR	168.3	-	-

INSTRUMENTS VALUATION

The valuation of the aforementioned instruments is not included in the financial statements at 31 January 2021.

For information, at the end of the financial year, the valuation of these instruments with the IFRS is an asset of 2.9 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 2022.

OTHER COMMITMENTS GIVEN

	Currency	31 January 2022	31 January 2021
Bank guarantee in favor of the British postal service	GBP	-	0.8
Bank guarantee in favor of the Irish postal service	EUR	1.7	1.7
Partech Entrepreneur II – Investment commitment	EUR	0.1	0.6
X'Ange 4 – Investment commitment	EUR	3.7	-

Quadient S.A. have signed a comfort letter to Quadient Shipping, in loss for 5.0 million euros as at 31 January 2022.

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	2021 net income	2020 sales	Dividends paid
Quadient France Nanterre – France	EUR 100.9	EUR 197.4	EUR 197.4	-	-	EUR 15.5	EUR 148.5	EUR 24.9
Quadient Finance France Nanterre – France	EUR 11.1	EUR 8.6	EUR 8.6	-	-	EUR 0.4	EUR 42.3	EUR 0.5
Quadient Industrie France Bagneux – France	EUR 18.6	EUR 0.0	EUR 0.0	-	-	EUR (0.1)	EUR 39.9	-
Quadient Shipping Cavaillon – France	EUR 0.5	EUR 7.2	EUR 7.2	-	-	EUR (5.0)	EUR 13.1	-
Packcity SAS Cavaillon – France	EUR 1.5	EUR 1.3	EUR 1.3	-	-	-	-	-
Docapost BPO IS Charenton-le-Pont – France	EUR 25.0	EUR 2.4	EUR 2.4	-	-	EUR 3.0	EUR 83.5	-
AMS Investissement Paris. 9th – France	EUR 0.5	EUR 0.1	EUR 0.1	-	-	-	-	-
Quadient Holding Netherlands bv Drachten – The Netherlands	EUR 48.0	EUR 26.0	EUR 26.0	-	-	EUR 7.3	-	-
Quadient Italy Milan – Italy	EUR 7.2	EUR 1.3	EUR 1.3	EUR 26.5	EUR 26.5	EUR (1.6)	EUR 7.6	-
Quadient Belgium Zaventem – Belgium	EUR 12.1	EUR 0.5	EUR 0.5	-	-	EUR 2.3	EUR 15.0	-
Neopost Mailing Logistic Systems Barcelona – Espagne	EUR 17.0	EUR 0.0	EUR 0.0	-	-	EUR (0.1)	-	-
Quadient Ireland Dublin – Ireland	EUR 6.9	EUR 1.0	EUR 1.0	-	-	EUR 0.1	EUR 10.7	-
Neopost SDS Ltd Dublin – Ireland	EUR (2.8)	EUR 4.6	-	EUR 2.8	EUR 0.0	EUR 0.0	EUR 0.0	-
Quadient Finance Ireland Ltd Dublin – Ireland	EUR 41.1	EUR 15.0	EUR 15.0	EUR 137.7	EUR 137.7	EUR 20.4	EUR 31.8	EUR 20.0
Neotouch Cloud solutions Dac Dublin – Ireland	EUR 9.7	EUR 0.0	EUR 0.0	-	-	EUR 3.7	EUR 17.1	-
Neopost Global Services Ltd Dublin – Ireland	EUR 15.8	EUR 0.0	EUR 0.0	EUR 1.8	EUR 1.8	EUR 4.9	EUR 23.3	-
Quadient Switzerland AG Schlieren – Switzerland	CHF 15.3	EUR 12.5	EUR 12.5	CHF 2.4	CHF 2.4	CHF (0.1)	CHF 14.8	-
Quadient CXM AG Effretikon – Switzerland	-	EUR 132.3	EUR 132.3	EUR 22.7	EUR 22.7	CHF 3.5	CHF 52.7	-
Quadient Germany Munich – Germany	EUR 12.8	EUR 43.3	EUR 43.3	-	-	EUR 3.0	EUR 41.7	-

Company name	Equity	Value of investments: Gross value	Value of investments: Net book value	Value of loans and advances: Gross value	Value of loans and advances: Net book value	2021 net income	2020 sales	Dividends paid
Quadient Holding Germany Munich – Germany	EUR 4.0	EUR 3.3	EUR 3.3	EUR 6.5	EUR 6.5	-	-	-
Rena GmbH Munich – Germany	EUR 1.6	EUR 6.3	-	-	-	-	-	EUR 0.5
Quadient Holdings UK Ltd Romford – UK	GBP 65.2	EUR 77.9	EUR 77.9	-	-		GBP 65.2	-
Quadient Technology Holdings UK Ltd Loughton – UK	GBP 3.4	EUR 33.7	EUR 33.7	-	-	-	-	-
Quadient Norge AS Oslo – Norway	NOK 9.2	EUR 4.5	EUR 1.7	-	-	NOK 8.1	NOK 56.6	-
Quadient Sverige AB Solna – Sweden	SEK 9.8	EUR 13.1	EUR 3.4	-	-	SEK 2.1	SEK 109.3	-
Quadient Denmark A/S Rodovre – Denmark	DKK 39.2	EUR 16.1	EUR 1.5	-	-	DKK 3.8	DKK 46.3	-
Quadient Finland Oy Helsinki – Finland	EUR 1.4	EUR 2.9	EUR 1.1	-	-	EUR (0.2)	EUR 4.5	-
Quadient Finance Finland Oy Helsinki – Finland	EUR 0.3	EUR 0.0	EUR 0.0	-	-	EUR 0.0	EUR 1.0	-
Quadient Holdings USA Inc. Milford – USA	USD 589.7	EUR 246.2	EUR 246.2	USD 32.3	USD 32.3	USD (8.0)	-	USD 55.0
Quadient Canada Ltd Markham – Canada	CAD 61.4	EUR 60.3	EUR 60.3	-	-	CAD (3.5)	CAD 25.3	-
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 28.1	AUD 28.1	AUD 1.7	-	-
Neopost Shipping Holding Pty Ltd Sydney – Australia	AUD 40.6	EUR 20.5	EUR 0.0	-	-	AUD 31.4	-	-
Quadient Japan Tokyo – Japan	JPY 0.0	EUR 3.1	EUR 1.0	JPY 376.6	JPY 376.6	JPY (22.3)	JPY 592.0	-

NOTE 15 REMUNERATION AND HEADCOUNT

15-1: Headcount

Quadient SA has 46 employees as of 31 January 2022 compared with 43 as of 31 January 2021.

15-2: Staff costs

The staff costs amount to 13.8 million euros in 2021 compared to 16.5 million euros in 2020 and breaks down as follows:

	31 January 2022	31 January 2021
Compensation	9.0	9.6
Other staff expenses	4.8	6.9
TOTAL	**13.8**	**16.5**

Other staff expenses include amounts recognized for employee benefits (social security, works…), pension and remuneration of non-executive directors.

In 2020, other staff expenses included 1.7 million euros relating to the penultimate payment of the defined benefit pension plan (Article 39 of the General French Tax Code).

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.

This valuation takes into account the change in accounting regulations. This change in regulation relates to attributing benefits to periods of service and the caps on such benefits. The impact on Quadient S.A.'s financial statements, recorded retroactively in reserves at the beginning of 2021 financial year, represents (0.2) million euros.

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 2021 compared with 150.0 thousand euros in 2020.

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 revenues, operating margin and capital employed, representing 80% of the target bonus, supplemented by specific individual performance objectives representing 20%. 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 as total compensation for the Chief Executive Officer is 1,101.6 thousand euros in 2021, compared with 744.6 thousand euros in 2020.

As of 31 January 2022, no loans or guarantees have been granted to any corporate officer.

As of 31 January 2022, 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 2022, the Board of directors of Quadient SA comprises 12 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 2021, compared with 0.5 million euros in respect of the 2020 financial year.

The non-executive directors do not receive any compensation other than that paid for their position in the Company.

As of 31 January 2022, no loans or guarantees had been granted or set up in favor of the administrative organs.

As of 31 January 2022, 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

In the context of the recent military developments in Ukraine, Quadient S.A. does not expect, at the moment, significant impacts on its financial situation.

Between the end of the financial year as of 31 January 2022 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

Year ended 31 January 2022

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 your Annual General meetings we have audited the accompanying financial statements of Quadient S.A for the year ended 31 January 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 January 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

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 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 1 February 2021 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.

EMPHASIS OF MATTERS

We draw your attention to note 15-3 “Post-employment benefits commitments” in the financial statements notes, which mentions amendment impact of ANC recommendation no. 2013-02 for pension and similar benefit obligations. Our opinion is not modified in respect of this matter.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

Due to the global crisis related to the COVID-19 pandemic, the financial statements for this period have been prepared and audited under special circumstances. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties regarding their future prospects. Some of these measures, such as travel restrictions and remote working, have also had an impact on companies' internal organization and on the performance of audits.

It is in this complex, evolving context that, 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 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 financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Financial assets in subsidiaries

Risk identified	Our audit approach
Financial assets in subsidiaries amount to 1,202.8 million euros net at 31 January 2022. 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 asset 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 asset 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.	We obtained an understanding of the methodology used by the Company for carrying out the test, We have analyzed 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 analyzed the value of financial assets resulting from the discounted cash flow method We have assessed the consistency of the cash flows projections prepared by management, and compared the assumptions with the data available on the market 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 have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided 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 the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4 and L. 22-10-10 L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code *(Code de commerce)* relating to the remuneration and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of voting rightshas been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Format of preparation of the financial statements intended to be 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 financial statements intended to be 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 responsibility of Board of director, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des marchés financiers)* agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Quadient SA by the annual general meeting held on 8 July 2004 for FINEXSI Audit and on 9 September 1997 for ERNST & YOUNG et Autres.

As at January 31, 2022, FINEXSI Audit and ERNST & YOUNG et Autres were in the 18^{th} year and 25^{th} year of total uninterrupted engagement, which are the 23^{nd} 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 FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the 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 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 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 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 financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit 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 includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the 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 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 and Paris-La Défense, 2 May 2022

The Statutory Auditors

French original signed by

FINEXSI et AUTRES	**ERNST & YOUNG et Autres**
Lucas Robin	May Kassis Morin

7

INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

7.1 Quadient S.A. share capital

7.1.1 SECURITIES GIVING ACCESS TO CAPITAL

On 16 June 2015, Quadient S.A. (formerly Neopost S.A.) issued net share settled undated unsecured bonds 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 "Freiverkehr" open market of the Frankfurt stock exchange under ISIN code FR0012799229 (see note 14-2 to the consolidated financial statements in chapter 6 of this universal registration document).

Moreover, the free share plans are described in note 10-4-2 of the consolidated financial statements in this universal registration document.

7.1.2 CHANGES IN QUADIENT S.A.'S SHARE CAPITAL

		Issue price per share		Number of shares		
Date	Operation	Par value	Paid-in capital	Issued/ cancelled	Total	Share capital
31/01/2007	Capital increase through the exercise of options	EUR 1	EUR 33.18	315,818	32,222,905	EUR 33,222,905
23/03/2007	Cancellation of treasury stock	EUR 1	EUR 86.62	(776,834)	31,446,071	EUR 31,446,071
31/01/2008	Capital increase through the exercise of options	EUR 1	EUR 37.40	262,853	31,708,924	EUR 31,708,924
01/04/2008	Cancellation of treasury stock	EUR 1	EUR 76.98	(724,364)	30,984,560	EUR 30,984,560
31/01/2009	Capital increase through the exercise of options	EUR 1	EUR 37.94	188,135	31,172,695	EUR 31,172,695
31/03/2009	Cancellation of treasury stock	EUR 1	EUR 21.29	(335,178)	30,837,517	EUR 30,837,517
11/01/2010	Share issue under the interim dividend payment	EUR 1	EUR 53.46	326,501	31,164,018	EUR 31,164,018
31/01/2010	Capital increase through the exercise of options	EUR 1	EUR 38.94	57,869	31,221,887	EUR 31,221,887
11/08/2010	Share issue under the payment of the outstanding balance of the dividend	EUR 1	EUR 52.37	569,868	31,791,755	EUR 31,791,755
11/01/2011	Share issue under the interim dividend payment	EUR 1	EUR 55.98	439,432	32,231,187	EUR 32,231,187
31/01/2011	Capital increase through the exercise of options	EUR 1	EUR 42.29	63,176	32,294,363	EUR 32,294,363
31/07/2011	Capital increase through new shares	EUR 1	EUR (1)	27,370	32,321,733	EUR 32,321,733
04/08/2011	Share issue under the payment of the outstanding balance of the dividend	EUR 1	EUR 51.24	647,183	32,968,916	EUR 32,968,916
11/01/2012	Share issue under the interim dividend payment	EUR 1	EUR 46.93	441,071	33,409,987	EUR 33,409,987
31/01/2012	Capital increase through the exercise of options	EUR 1	EUR 39.37	42,055	33,452,042	EUR 33,452,042
27/07/2012	Capital increase through new shares	EUR 1	EUR(1)	18,820	33,470,862	EUR 33,470,862
03/08/2012	Share issue under the payment of the outstanding balance of the dividend	EUR 1	EUR 33.72	954,426	34,425,288	EUR 34,425,288

		Issue price per share		Number of shares		
Date	Operation	Par value	Paid-in capital	Issued/ cancelled	Total	Share capital
31/01/2013	Capital increase through the exercise of options	EUR 1	EUR 31.03	15,030	34,440,318	EUR 34,440,318
31/01/2014	Capital increase through the exercise of options	EUR 1	EUR 46.78	107,685	34,548,003	EUR 34,548,003
31/01/2015	Capital increase through the exercise of options	EUR 1	EUR 54.89	14,601	34,562,604	EUR 34,562,604
31/01/2016	Capital increase through the exercise of options	EUR 1	EUR 50.00	308	34,562,912	EUR 34,562,912

There were no changes in Quadient S.A.'s share capital between 1 February 2016 and 31 January 2022.

7.1.3 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

Total number of voting rights and shareholders

As of 31 January 2022, the Company's share capital comprised 34,562,912 shares, each carrying one voting right. There is no shareholder pact or agreement. Given the large free float, the high proportion of capital owned by foreign entities and the high trading volumes, the Company does not know the exact number of shareholders. To the Company's knowledge, no shareholder owns more than 3% of its capital other than those mentioned in chapter 3 of this universal registration document.

In addition to the ownership disclosure requirements as defined under articles L.233-7 to L.233-14 of the French commercial code, Quadient S.A. requires all shareholders whose ownership rises above 3%, and every subsequent 1% increment, to disclose any increase or decrease in their interest. This requirement was introduced by the Annual General Meeting of 5 October 1998.

Failure to comply with ownership disclosure requirements will lead to the forfeiture of voting rights for a two-year period starting from the date on which disclosure is finally made.

Quadient S.A. is controlled neither directly nor indirectly. There is no agreement which might lead to a change of control.

Treasury shares

The number of treasury shares as of 31 January 2022 was 260,063 of which 164,259 shares held within the framework of the liquidity contract and 95,804 shares acquired to fulfil the obligations relating to the stock-option and free share plans awarded to employees or corporate officers.

In 2005, Quadient signed a liquidity contract with Exane BNP Paribas worth a total value of 8 million euros. As of 31 January 2022, the Group owned 164,259 shares within the framework of this liquidity contract, with a book value of 3.0 million euros.

7.1.4 CHANGES IN SHAREHOLDER STRUCTURE

Please refer to the section "Shareholder structure" in chapter 3 "management report" of this universal registration document.

7.1.5 TRANSACTIONS CARRIED OUT ON QUADIENT SHARES BY MEMBERS OF THE BOARD

	Net change	Number of shares owned as of 31 January 2022	Number of shares owned as of 31 January 2021
Hélène Boulet-Supau[(a)]	2,300	3,150	850
Martha Bejar	0	695	695
Éric Courteille	0	267	267
Virginie Fauvel	-	n/a	730
Paula Felstead	-	0	n/a
Geoffrey Godet	5,332	38,198	32,866
William Hoover Jr.	-	n/a	200
Nathalie Labia	220	220	0
Didier Lamouche	2,000	4,000	2,000
Christophe Liaudon	200	1,215	1,015
Sébastien Marotte	-	0	n/a
Vincent Mercier	2,900	11,900	9,000
Richard Troksa	0	1,500	1,500
Nathalie Wright	0	1,015	1,015

(a) *3,150 shares, of which 2,300 are owned by Ms. Boulet-Supau's partner.*

7.1.6 PLACE OF THE ISSUING ENTITY IN THE SCOPE OF CONSOLIDATION

Please refer to note 3-4 in chapter 6 "Consolidated financial statements" of this universal registration document.

7.1.7 PLEDGES, WARRANTIES AND SECURITIES ON QUADIENT'S SHARES OR ASSETS

None.

7.2 Quadient shares

7.2.1 MARKET FOR QUADIENT SHARES

Shares

Quadient shares are listed in compartment B of Euronext Paris (QDT) and is part of the CAC® Mid & Small and EnterNext® Tech 40 indices.

As a reminder, the Group being listed as of 25 September 2019 under the name Quadient, in place of Neopost, and under the QDT ticker, in place of NEO.

OWN SHARE PURCHASES

In accordance with articles L.225-209 et seq. of the French commercial code, Quadient S.A. is authorized to buy its own shares notably for the purposes of cancelling them and regulating its share price. This authorization was renewed by the 1 July 2021 Annual General Meeting, and is subject to the following conditions:

- maximum purchase price: 50 euros;
- the maximum number of Quadient shares that Quadient S.A. may acquire under this authorization is equal to 10% of its total number of shares in issue.

As of 31 January 2022, Quadient S.A. used this authorization and owned 260,063 shares (of which 164,259 shares held within the framework of the liquidity contract), with a book value of 4.7 million euros.

7.2.2 SHARE PRICE PERFORMANCE

Since 1 February 2021 until 7 April 2022 relative to the SBF 120 index:

7.2.3 SHARE PRICE AND TRADING INFORMATION OVER 18 MONTHS

	Highest price *(In euros)*	Lowest price *(In euros)*	Average daily trading volume	Average daily trading value *(In millions of euros)*
October 2020	12.40	10.23	89,875	1.03
November 2020	18.40	11.22	158,817	2.27
December 2020	17.13	15.05	87,790	1.43
January 2021	19.05	15.57	104,430	1.80
February 2021	20.12	18.09	77,402	1.48
March 2021	23.70	19.24	108,122	2.29
April 2021	23.48	19.90	65 050	1.41
May 2021	25.60	19.70	77,918	1.76
June 2021	26.88	23.54	65,365	1.64
July 2021	26.24	23.20	45,857	1.15
August 2021	25.12	22.94	35,031	0.84
September 2021	24.26	20.60	63,005	1.41
October 2021	22.90	20.02	48,154	1.03
November 2021	21.60	18.60	43,213	0.88
December 2021	20.16	17.37	47,610	0.89
January 2022	20.16	16.91	49,957	0.92
February 2022	18.26	15.90	53,330	0.91
March 2022	18.17	13.61	55 216	0.89

Source: NYSE Euronext.

7.2.4 DIVIDENDS

Please refer to chapter 3 “management report” and chapter 6 “Quadient S.A. statements of financial position” of this universal registration document.

8

ADDITIONAL INFORMATION

8.1 General information

8.1.1 COMPANY NAME AND HEAD OFFICE

Quadient S.A.

42-46, avenue Aristide Briand, 92220 Bagneux, France.

Telephone: +33 1 45 36 30 00.

8.1.2 LEGAL FORM AND JURISDICTION

Limited-liability company with a Board of directors, governed by French legislation. Quadient S.A. is ruled by the French commercial code and by all other applicable laws and regulations. The Company has two Auditors, as required by the law (see next pages).

8.1.3 DATE OF INCORPORATION AND TERM

Quadient S.A. (then known as Afisup) was incorporated on 21 February 1995 for a period of 99 years, expiring on 1 September 2094.

8.1.4 CORPORATE PURPOSE (SUMMARY OF ARTICLE 2 OF THE ARTICLES OF ASSOCIATION)

Quadient S.A.'s purpose is, in France as in all countries, to research, design, manufacture, develop, sell, rent (with or without buy or sell option), distribute and maintain machines, equipment and software for the processing and routing of mail and parcels, along with all other office machines, equipment and software and all accessories required for the installation and operation of these machines, equipment and software. Its purpose also includes carrying out all subcontracting operations, providing all services and exploiting all patents, brands, expertise and procedures concerning these machines, equipment and software.

8.1.5 REGISTRATION

Quadient S.A. is registered with the Nanterre commerce and companies' registry under no. 402 103 907.

8.1.6 CONSULTATION OF LEGAL DOCUMENTS

Documents and information relating to Quadient S.A. may be consulted at the Company's head office.

8.1.7 FINANCIAL YEAR (ARTICLE 6 OF THE ARTICLES OF ASSOCIATION)

Each Quadient S.A. financial year lasts twelve months, starting on 1 February and ending on 31 January of the following calendar year.

8.1.8 APPROPRIATION OF EARNINGS (ARTICLE 19 OF THE ARTICLES OF ASSOCIATION)

Profits are determined and appropriated in accordance with the laws and regulations in force.

8.1.9 ANNUAL GENERAL MEETING (ARTICLE 18 OF THE ARTICLES OF ASSOCIATION)

Shareholders' Meetings are convened and hold deliberations in accordance with the law. Admission is governed by the French commercial code. Each share in the Company carries one voting right. There are no double voting rights. There are no restrictions on voting rights. The terms for exercising voting rights comply with the laws and regulations in force.

8.1.10 STATUTORY THRESHOLD CROSSING DISCLOSURES (SUMMARY OF ARTICLE 11 OF THE ARTICLES OF ASSOCIATION)

In addition to the ownership disclosure requirements stated under articles L.233-7 to L.233-14 of the French commercial code, Quadient S.A. requires all shareholders whose ownership rises above 3%, and every subsequent 1% increment, to disclose any increase or decrease in their holding. This requirement was introduced by the Annual General Meeting of 5 October 1998.

Failure to comply with ownership disclosure requirements will lead to the forfeiture of voting rights for a two-year period starting from the date on which disclosure is finally made.

8.2 Recent events

Quadient helps DHL expand delivery network in Sweden with smart outdoor parcel lockers

On 16 March 2022, Quadient announced that DHL, world's leading logistics company will be rolling out a significant number of Quadient's smart parcel lockers in 2022, in outdoor locations in the largest regions of Sweden. For Quadient, this strategic partnership with DHL in the region will help both companies reach their common goal of providing better and more sustainable delivery services to business customers and consumers. Parcel Pending by Quadient smart parcel lockers provide the customer significantly greater flexibility in when and where they want to pick up their parcels and this reduces the shipping cost considerably for both carrier and customer.

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

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

The new locker systems are part of Purolator's ongoing investments to enhance customer experience while meeting the demand of increased e-commerce package volumes. Smart parcel lockers are emerging as a logistics solution that speeds up delivery times, improves the delivery experience and increases package visibility. Parcel Pending by Quadient's smart lockers supported Purolator through its busy 2021 holiday season, during which more than 12,000 shipments were kept safe from bad weather and from being stolen. It took customers approximately 15 seconds to collect their packages.

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

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

Beanworks by Quadient has been growing in North America since 2012, with businesses now processing more than €14 billion a year through the platform. The cloud-based AP workflow provides a multitude of benefits to accounting and financial teams looking to simplify time-consuming invoice management processing, reduce fraud risks and manage AP with remote workforces.

The solution offers teams robust features such as automatic data capture, multi-level invoice approval channels and purchase order matching. Users also benefit from real-time status updates on invoices, access to AP inboxes, payment approvals and workflows that reduce the need for time-consuming and error-prone data entry. The Beanworks AP solution currently integrates with market-leading financial software including QuickBooks, Sage 50, Sage 100, Sage 200, Sage 300, Sage Intacct, Microsoft Dynamics GP, Xero, and NetSuite.

Quadient Experiences a Record Year for its Production Mail High Performance solutions

On 4 February 2022, Quadient announced it reached a new milestone in 2021 by shipping more than 100 units of its high-performance folder-inserter system, the DS-1200 G4i, in a single year. Quadient continues to demonstrate its resilience and to gain traction in the print and mail services provider segment, in particular thanks to the success of its intelligent cloud software and production mail solutions as businesses look for flexible and efficient document handling systems.

As businesses shift their customer retention strategies from bulk marketing and transactional communications to personalized and multichannel contents, they are finding considerable value in outsourcing elements of their customer communications strategy through Print Service Providers (PSPs). Ensuring every recipients' envelope contains the correct, compliant and personalized documents under demanding production deadlines is more important than ever. Quadient's high-performance production mail solutions combined with its Intelligent Communication Automation (ICA) software suite is ideally fit to address PSP needs with technology that offers both flexibility and reliability in managing short and complex jobs.

Produced in Quadient's recently expanded, state-of-the-art manufacturing and research and development centre in Loughton, UK, the DS-1200 G4i and the full range of Quadient mid-high folders/inserters are shipped to 90 countries worldwide.

8.3 Officer responsible for the universal registration document and Auditors

8.3.1 OFFICER RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Geoffrey Godet, Quadient S.A. Chief Executive Officer.

8.3.2 AUDITORS

Statutory auditors

ERNST & YOUNG ET AUTRES

Represented by May Kassis-Morin

ERNST & YOUNG et Autres, Tour First, TSA 14444, 92037 Paris-La Défense Cedex, France

Member of the Compagnie Régionale de Versailles

Start of first appointment: 9 September 1997 (for the remaining term of the preceding Auditor's appointment)

Duration of current appointment: six years (from 28 June 2019)

Expiry of current appointment: the end of the Annual General Meeting convened to vote on the financial statements for the financial year ending 31 January 2025.

FINEXSI AUDIT

Represented by Lucas Robin

14 rue de Bassano 75116 Paris, France

Member of the Compagnie Régionale de Paris

Start of first appointment: 6 July 2010

Duration of current appointment: six years (from 1 July 2016)

The appointment of Finexsi Audit was renewed during the Annual General Meeting on 1 July 2016 for a six-year period *i.e.* until the General Meeting convened to vote on the financial statements for the financial year ending 31 January 2022.

Alternate Auditors

AUDITEX

Tour First, TSA 14444, 92037 Paris-La Défense Cedex, France

Alternate Auditor to Ernst & Young et Autres

Start of first appointment: 8 July 2008

Duration of current appointment: six years (from 28 June 2019)

Expiry of current appointment: the end of the Annual General Meeting convened to vote on the financial statements for the financial year ending 31 January 2025.

OLIVIER COURAU

14 rue de Bassano 75116 Paris, France

Alternate Auditor to Finexsi Audit

Start of first appointment: 1 July 2016

Duration of current appointment: six years (from 1 July 2016)

Olivier Courau was appointed alternate Auditor during the Annual General Meeting on the 1 July 2016 for a six-year period *i.e.* until the General Meeting convened to vote on the financial statements for the financial year ending 31 January 2022.

8.4 Statement by officer

"I hereby certify that the information contained in this universal registration document is, to my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I further certify that, to my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a fair view of the assets and liabilities, financial position and results of the Company and all the undertakings included in the consolidation, and that the information included in this universal registration document within the management report and listed in the table of concordance in section 8.7.3 presents a fair view of the development and performance of the business, results and financial position of the Company and all the undertakings included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed".

Geoffrey Godet,

Chief Executive Officer

8.5 Fees paid to the statutory auditors and members of their networks

Please refer to the note 15 in chapter 6 "Consolidated statements of financial position" of this universal registration document.

8.6 Information policy

8.6.1 OFFICERS IN CHARGE OF FINANCIAL INFORMATION

Laurent du Passage	Chief financial officer
Catherine Hubert-Dorel	VP Investor Relations
Address	Quadient S.A. 42-46, avenue Aristide Briand 92220 Bagneux, France
Telephone	+33 1 45 36 30 00
Email	financial-communication@quadient.com
Quadient website	www.Quadient.com
Investor Relations website	https://invest.Quadient.com/en-US

8.6.2 SHAREHOLDER INFORMATION

This universal registration document will be sent to shareholders free of charge upon request. Documents and information relating to Quadient can be consulted at the Company's head office.

This universal registration document as well as all press releases, analyst presentations, annual reports and other financial information may be consulted on Quadient's Investor Relations website.

8.6.3 FINANCIAL COMMUNICATION CALENDAR

7 June 2022	First-quarter 2022 sales
16 June 2022	Annual General Meeting
26 September 2022	Second-quarter 2022 sales and first-half 2022 results
5 December 2022	Third-quarter 2022 sales
31 January 2023	End of 2022 fiscal year
March 2023	Fourth-quarter 2022 sales and full-year 2022 results

8.7 Concordance tables

8.7.1 HEADINGS UNDER APPENDIX 1 OF REGULATION (UE) 2017/1129

		Pages
1.	**Persons responsible, information from third parties, expert reports and approval by the competent authority**	
1.1.	Officers responsible for information in universal registration document	266
1.2.	Declaration by officers responsible for universal registration document	267
1.3	Experts' statements	n/a
1.4	Information from third parties	n/a
1.5	Declaration without prior approval from the competent authority	1
2.	**Statutory auditors**	
2.1.	Name and address of statutory auditors	266 & 267
2.2.	Resignation and non-renewal of statutory auditors	n/a
3.	**Risk factors**	
3.1.	Risks description and assessment	86 to 96
4.	**Information on the issuer**	
4.1.	Corporate name and trading name of issuer	264
4.2	Place and number of registration by issuer	264
4.3.	Date of incorporation and term	264
4.4.	Head office and legal form, address and telephone number	264
5	**Overview of the activities**	
5.1.	Main activities	4 & 5, 18 to 20
5.1.1.	Nature of operations	4 & 5, 18 to 20
5.1.2.	New products or services	18 to 20
5.2.	Main markets	4 & 5, 8 & 9, 18 to 20
5.3.	Exceptional events	n/a
5.4.	Strategy and objectives	6 & 7, 10 & 11, 21 to 23
5.5.	Dependence of issuer	91
5.6.	Competitive position	88 & 89
5.7.	Investments	25
5.7.1.	Description of main historical investments	n/a
5.7.2.	Description of main current investments	n/a
5.7.3.	Information on holdings	164 to 166 and 249 & 250
5.7.4.	Environment and tangible assets	126 to 133 ans 171 to 174
6.	**Organisational structure**	
6.1	Organisation chart	168 & 169
6.2.	Issuer's major subsidiaries	167
7.	**Financial position and earnings**	
7.1.	Financial position	81
7.2.	Operating income	80
7.2.1.	Major factors, extraordinary events and new developments	72 to 82
7.2.2.	Explanation of changes in revenues and net income	72 to 82

8.7.2 TABLE OF CONCORDANCE FOR THE ANNUAL FINANCIAL REPORT

8.7.3 TABLE OF CONCORDANCE FOR THE MANAGEMENT REPORT

Articles L.225-100 *et seq.* of the French commercial code

	Pages
Situation and activity of the Group in 2021	**6 & 7, 72 to 81**
Analysis of changes in the business, results and the financial position of the Company and the Group	72 to 81
Major events between the year-end and the date of preparation of the management report	218, 226, 251 and 265 & 266
Developments and outlook for the future	22 & 23
Research and development	24 and 80
Company financial statements	
Balance sheet and Income Statement	227 to 229
Expenses and charges stipulated in article 223 *quater* of the French general tax code	224 and 242
Supplier settlement periods	225
Acquisitions of investments or controlling interests during the fiscal year in companies whose registered office is located in France	n/a
Five-year financial summary	225 & 226
Subsidiaries and investments	249 & 250
Main risk factors	
Risks related to operations	91 to 94
Legal risks	95 & 96
Equity risk	n/a
Credit and counterparty risk	213
Liquidity risk	213
Financial and market risk	206 to 213
Risks associated with employee-related liabilities	192 to 194 and 196
Insurance	97
Notes on the use of financial instruments	205 to 213
Governance	
Organization of group management activities	28
List of offices and duties exercised in companies by corporate officers during the last fiscal year	29 to 35
Compensation and benefits paid to corporate officers during the last fiscal year	46 to 65
Commitments given in favour of executive corporate officers	55 to 65
Options and performance shares granted to executive corporate officers	52 and 64
2021 compensation of the Chairman and of the Chief Executive Officer	48 to 52
Summary of transactions carried out in 2021 by members of the Board of directors and other senior managers involving Quadient shares	260
Agreements between an executive officer or a major shareholder and a subsidiary	36
Information on related party agreements	65
Non-financial performance statement	
Business Model	8 & 9
Non-financial performance statement	8 & 9 and 102 to 145

	Pages
Information on the share capital	
Changes in the ownership of share capital and voting rights during the last three fiscal years	82 & 83
Ownership structure and changes during the fiscal year	258 & 259
Factors affecting a potential takeover bid	67
Employee shareholding	82 & 83
Crossing of legal thresholds reported to the Company	84
Shareholder agreements concerning the share capital of the Company	259
Buyback by the Company of its own shares	259
Information on share subscription options granted to executive corporate officers and employees	52 and 64
Information on free share grants to executive corporate officers and employees	52 and 64
Summary schedule of current delegations of authority to increase the share capital and use of these delegations during the fiscal year	66
Dividends and other revenue distributed during the last three fiscal years	226
Report on corporate governance	**28 to 65**
Information on the renewal of the terms of office of the statutory auditors	**266 & 267**

8.7.4 TABLE OF CONCORDANCE FOR THE GLOBAL REPORTING INITIATIVE

GRI Standard	Reference	Omission
General Disclosures		
Organizational profile		
102-1 Name of the organization	Introductory booklet -Profile and activities, p 4	
102-2 Activities, brands, products, and services	Introductory booklet - Profile and activities, p 4 to 5 1.1 Activities, p 18 to 20	
102-3 Location of headquarters	1.3.1 Head office, p 24	
102-4 Location of operations	1.3 Organizational structure, p 24	
102-5 Ownership and legal form	3.2 Ownership structure, p 82 to 84 8.1.2 Legal form and jurisdiction, p 264	
102-6 Markets served	Introductory booklet- Profile and activities, p 4 to 5 1.1 Activities, p 18 to 20	
102-7 Scale of the organization	Introductory booklet- Business model, p 8 to 9 Financial performance, p 14	
102-8 Information on employees and other workers	5.1.8 Other non-financial information, p 144 to 146 6.1.6. Note 9 - Headcount and employee benefits, p 191 to 195	
102-9 Supply chain	5.1.4 Engage with partners and suppliers who observe standards similar to those of the Company, p 146 to 147	
102-10 Significant changes to the organization and its supply chain	5.1.9 Notes regarding methodology and the CSR reporting scope, p 163 to 169	

GRI Standard	Reference	Omission
102-11 Precautionary Principle or approach	5.1.6 Product safety for users, p 138	
102-12 External initiatives	5.1.2 CSR Strategy and policy - International standards, p 102 to 110	
102-13 Membership of associations	5.1.2 CSR Strategy and policy - CSR ambition defined with stakeholders, p 103 to 105	
Strategy		
102-14 Statement from senior decision-maker	Introductory booklet- Message from the Chairman, p 2	
Ethics and integrity		
102-16 Values, principles, standards, and norms of behaviour	5.1.4 Enabling a culture of excellence and integrity, p 120 to 126	
Governance		
102-18 Governance structure	Introductory booklet and Chapter 2- Corporate governance report for Committees, p 28	

GRI Standard	Reference	Omission
Stakeholder engagement		
102-40 List of stakeholder groups	5.1.2 CSR Strategy and policy - CSR ambition defined with stakeholders p 103 to 104	
102-41 Collective bargaining agreements	5.1.3 Provide great working conditions where all employees can perform at their very best, p 112	
102-42 Identifying and selecting stakeholders	5.1.2 CSR Strategy and policy - CSR ambition defined with stakeholders p 103 to 104	
102-43 Approach to stakeholder engagement	5.1.2 CSR Strategy and policy - CSR ambition defined with stakeholders p 103 to 104	
102-44 Key topics and concerns raised	5.1.2 CSR Strategy and policy - CSR ambition defined with stakeholders p 103 to 104	
Reporting practice		
102-45 Entities included in the consolidated financial statements	6.1.3 - Note 3 Consolidated financial statement, p 163 to 169	
102-46 Defining report content and topic Boundaries	5.1.9 Notes regarding methodology and the CSR reporting scope, p 146 to 147	
102-47 List of material topics	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
102-48 Restatements of information	5.1.9 Notes regarding methodology and the CSR reporting scope, p 146 to 147	
102-49 Changes in reporting	5.1.9 Notes regarding methodology and the CSR reporting scope, p 146 to 147	
102-50 Reporting period	5.1.9 Notes regarding methodology and the CSR reporting scope, p 146 to 147	
102-51 Date of most recent report	5.1.9 Notes regarding methodology and the CSR reporting scope, p 146 to 147	
102-52 Reporting cycle	5.1.9 Notes regarding methodology and the CSR reporting scope, p 146 to 147	
102-53 Contact point for questions regarding the report	8.3.1 Officer responsible for the universal registration document, p 266	
102-54 Claims of reporting in accordance with the GRI Standards	5.1.2 CSR Strategy and policy - International standards, p 102 to 110	
102-55 GRI content index	8.7.4 Table of concordance for the Global Reporting Initiative, p 273 to 281	
102-56 External assurance	5.2 Independent third party's report on consolidated non-financial statement presented in the management report, p 148	
Material topics		
GRI 205: Anti-corruption 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components	5.1.4 Enabling a culture of excellence and integrity. p 122 to 124	
103-3 Evaluation of the management approach	5.1.4 Enabling a culture of excellence and integrity, p 122 to 124	
205-2 Communication and training about anti-corruption policies and procedures	5.1.4 Enabling a culture of excellence and integrity, p 122 to 124	
205-3 Confirmed incidents of corruption and actions taken	5.1.4 Enabling a culture of excellence and integrity, p 122	

8

GRI Standard	Reference	Omission
GRI 301: Materials 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components	5.1.5 Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint, p 131 to 133	
103-3 Evaluation of the management approach	5.1.5 Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint, p 131 to 133	
301-3 Reclaimed products and their packaging materials	5.1.5 Products remanufacturing, p 132 to 133	
GRI 302: Energy 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components	5.1.5 Take actions to combat climate change and support global transition to a low carbon economy, p 127 to 131	
103-3 Evaluation of the management approach	5.1.5 Take actions to combat climate change and support global transition to a low carbon economy, p 127 to 131	
302-1 Energy consumption within the organization	5.1.8 Other non-financial information, p 145	
302-3 Energy intensity	5.1.8 Other non-financial information, p 145	

GRI Standard	Reference	Omission
GRI 305: Emissions 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components	5.1.5 Take actions to combat climate change and support global transition to a low carbon economy, p 127 to 131	
103-3 Evaluation of the management approach	5.1.5 Take actions to combat climate change and support global transition to a low carbon economy, p 127 to 131	
305-1 Direct (Scope 1) GHG emissions	5.1.5 Reducing Quadient's carbon footprint, p 129 5.1.8 Other non-financial information, p 145	
305-2 Energy indirect (Scope 2) GHG emissions	5.1.5 Reducing Quadient's carbon footprint, p129 5.1.8 Other non-financial information, p 145	
305-3 Other indirect (Scope 3) GHG emissions	5.1.5 Reducing Quadient's carbon footprint, p 129 5.1.8 Other non-financial information, p 145	
305-4 GHG emissions intensity	5.1.8 Other non-financial information, p 145	
305-5 Reduction of GHG emissions	5.1.5 Reducing Quadient's carbon footprint, p 126 to 131	
GRI 306: Waste 2020		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components	5.1.5 Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint, p 131 to 133	
103-3 Evaluation of the management approach	5.1.5 Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint, p 131 to 133	
306-3 Waste generated	5.1.8 Other non-financial information, p 145 to 146	
306-4 Waste diverted from disposal	5.1.8 Other non-financial information, p 145 to 146	
306-5 Waste directed to disposal	5.1.8 Other non-financial information, p 145 to 146	
GRI 307: Environmental Compliance 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	

GRI Standard	Reference	Omission
103-2 The management approach and its components	5.1.5 Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint, p 131 to 133	
103-3 Evaluation of the management approach	5.1.5 Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint, p 131 to 133	
307-1 Non-compliance with environmental laws and regulations	5.1.5 Foster circular economy principles in Quadient's operations and solutions to lower the Company's environmental footprint, p 132	
GRI 308: Supplier Environmental Assessment 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components	5.1.4 Engage with partners and suppliers who observe standards similar to those of the Company, p 125 to 126	
103-3 Evaluation of the management approach	5.1.4 Engage with partners and suppliers who observe standards similar to those of the Company, p 125 to 126	
308-1 New suppliers that were screened using environmental criteria	5.1.4 Engage with partners and suppliers who observe standards similar to those of the Company, p 126	
GRI 401: Employment 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components		
103-3 Evaluation of the management approach	5.1.3 Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 112 to 115 5.1.3 Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 112 to 115	
401-1 New employee hires and employee turnover	5.1.3 Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 117-118 and 5.1.8 Other non-financial information, p 144	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.1.3 Provide great working conditions where all employees can perform at their very best, p 112 to 115	

GRI Standard	Reference	Omission
GRI 403: Occupational Health and Safety 2018		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components	5.1.3 Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 112 to 115	
103-3 Evaluation of the management approach	5.1.3 Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 112 to 115	
403-1 Occupational health and safety management system	5.1.3 Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 112 to 115	
403-9 Work-related injuries	5.1.3 Give all employees the opportunity and the means for personal development and to contribute to the Company's success p. 112 to 115 and 5.1.8 Other non-financial information, p 145	
GRI 404: Training and Education 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components5		
103-3 Evaluation of the management approach	5.1.3 Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 117 to 119	
404-1 Average hours of training per year per employee	5.1.3 Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 117 to 119	
	5.1.3 Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 117	
404-3 Percentage of employees receiving regular performance and career development reviews	5.1.3 Give all employees the opportunity and the means for personal development and to contribute to the Company's success, p 117	

GRI Standard	Reference	Omission
GRI 405: Diversity and Equal Opportunity 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components	5.1.3 Create an inclusive and diverse culture indicative of Quadient's equal opportunity employer philosophy, p 115 to 117	
103-3 Evaluation of the management approach	5.1.3 Create an inclusive and diverse culture indicative of Quadient's equal opportunity employer philosophy, p 115 to 117	
405-1 Diversity of governance bodies and employees	5.1.3 Create an inclusive and diverse culture indicative of Quadient's equal opportunity employer philosophy p 115 to 117; 2.1.1 Governance report p 29 to 30; 5.1.8 Other non-financial information, p 145	
GRI 406: Non-discrimination 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components	5.1.4 Enabling a culture of excellence and integrity, p 115 to 117	
103-3 Evaluation of the management approach	5.1.4 Enabling a culture of excellence and integrity, p 115 to 117	
406-1 Incidents of discrimination and corrective actions taken	5.1.3 Create an inclusive and diverse culture indicative of Quadient's equal opportunity employer philosophy, p 115	
GRI 412: Human Rights Assessment 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components	5.1.4 Enabling a culture of excellence and integrity, p 122	
103-3 Evaluation of the management approach	5.1.4 Enabling a culture of excellence and integrity. p 122	
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	5.1.4 Enabling a culture of excellence an integrity, p 122	Since February 2022, all new agreements and contracts are using a new template with compliance clauses. Therefore, in 2021 the Company is not able to report the number of significant agreements and contracts including a human rights clauses. The company means by significant agreements and contracts, those requiring the approval by at least an executive committee member or those with an amount going over 300,000 euros per year.

GRI Standard	Reference	Omission
GRI 414: Supplier Social Assessment 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components	5.1.4 Engage with partners and suppliers who observe standards similar to those of the Company, p 125 to 126	
103-3 Evaluation of the management approach	5.1.4 Engage with partners and suppliers who observe standards similar to those of the Company, p 125 to 126	
414-1 New suppliers that were screened using social criteria	5.1.4 Engage with partners and suppliers who observe standards similar to those of the Company, p 126	
GRI 418: Customer Privacy 2016		
103-1 Explanation of the material topic and its Boundary	5.1.2 CSR Strategy and policy - Materiality matrix, p 104 to 105	
103-2 The management approach and its components	5.1.4 Protect privacy and integrity of data entrusted to Quadient against internal and external threats, p 123 to 124	
103-3 Evaluation of the management approach	5.1.4 Protect privacy and integrity of data entrusted to Quadient against internal and external threats, p 123 to 124	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.1.4 Protect privacy and integrity of data entrusted to Quadient against internal and external threats, p 125	

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