

Unifiedpost shows double-digit growth and addressable market expansion

High organic revenue and customer growth, combined with European platform roll-out

La Hulpe, Belgium – September 16, 2022, 7:00 a.m. CET – Unifiedpost Group (Euronext: UPG) (Unifiedpost, the Group or the Company) is pleased to announce a double-digit organic digital revenue growth over H1 2022. The recurring digital processing revenue grew by 21.7% y/y to €55.9 million in H1 2022. The Group revenue grew by 13.6% y/y to €91.7 million over the same period. The customer base grew by a strong 14.9% in H1 2022 to reach close to one million customers. Unifiedpost was also able to bring the key investment phase of the European platform roll-out to a good end. This sets the Company in a unique position to take advantage of the expected market growth in the coming years driven by regulation. It also allows management to shift the focus towards becoming cash flow positive.

Highlights

- Group revenue grew by 13.6% y/y to €91.7 million in H1 2022, with recurring digital processing revenue up 21.7% y/y
- Strong growth of customer base by 14.9% in H1 2022 compared to end 2021
- On the back of platform and roll-out investments, the Group EBITDA amounts to -€6.5 million
- Cash and cash equivalents amount to €42.7 million and an additional €39.3 million available in undrawn financing. Sufficient cash to allow Unifiedpost to achieve a positive cash flow
- Becoming cash flow positive by H2 2023 is the key priority for the Company

Commenting on the H1 2022 results, Hans Leybaert, CEO and founder stated: “I am proud of how our businesses have continued to grow in H1 2022. Unifiedpost again shows double-digit organic growth, while investing in the European expansion of our teams, solutions and products. Our performance is in line with management expectations and budget. The peak of our investments is now behind us. We strongly believe our long-term growth and profitability profile is fully intact. The focus will be on gross margin improvement and cost efficiency, balancing investments for long-term growth while managing near-term profitability. The pipeline is well-stocked with major licensing deals and we are also working on major partnerships. We see important economies such as France and Poland reaching milestones in making digital invoicing mandatory. These developments give us confidence for the future. I wish to thank our global teams for their commitment to the development of Unifiedpost so far, and in the future.”

Key financial figures

(EUR million)	H1 2022	H1 2021	Change (%)
Group revenue	91.7	80.7	+13.6%
Digital processing revenue	59.3	50.4	+17.7%
Postage & parcel optimisation revenue	32.4	30.3	+6.9%
Recurring revenue (in % of total revenue)	96.3%	94.5%	+1.8%pts
Gross margin digital processing	40.0%	42.8%	-2.8%pts
EBITDA	-6.5	-1.4	-5.1
R&D costs (expensed and capitalised)	17.9	15.3	+17.0%
Loss for the period	21.1	11.1	+90.1%
Cash and cash equivalents	42.7	25.1	+70.1%

Key business KPI's

(#)	End H1 2022	End 2021	Change (%)
Customers	910,845	792,594	+14.9%
Companies in business network	1,745,401	1,504,895	+16.0%
Banqup customers	68,645	35,408	+93.9%

Impact of macro-economic and geopolitical situation

Unifiedpost **has not been directly impacted** by the Russian aggression against Ukraine. The Group has no business in Ukraine, nor in Russia. It also has no development centres in these countries. All countries where the Group is active are however experiencing levels of inflation that have not been observed in decades.

Double-digit growth rates in digital processing business

Unifiedpost grew its **revenue** in H1 2022 by 13.6% y/y in H1 to **€91.7 million**, driven by a double-digit organic growth of the digital processing revenue combined with a sound growth in postage and parcel optimisation services.

The Group saw its revenue from digital processing increasing by 17.7% y/y to €59.3 million in H1 2022. This was mainly driven by the **strong organic growth rate of 21.7% y/y of the recurring digital revenue**, i.e. digital platform revenue excluding the project and license business. The growth is spread over different countries and markets, with the Nordic countries, Serbia, Romania, the Baltics, and the Benelux showing accelerated growth rates.

The project and license business, which is non-recurring, contributed **€3.4 million** to the H1 2022 revenue. Project revenue is ahead of management expectations.

The **number of customers increased by 14.9%** in H1 2022 to a total of 910,845 at H1 2022. Overall average revenue per user (**ARPU**) in digital processing business amounts to **€23.0** for Q2 2022. This reflects some decline as expected by the management due to the increase in SME business of the Group. **96.3%** of the total digital processing revenue resulted from **recurring services**, slightly higher due to the limited number of large projects.

The gross margin of the digital processing business decreased slightly to **40.0%** (H1 2021 42.8%). The decrease in the first half of the year is predominantly caused by the launching costs of the new services and by inflation impacting suppliers and salaries.

Sound growth in postage & parcel optimisation business

Group revenue was also supported by **robust growth in postage and parcel optimisation services** (+ 6.9% y/y in H1 to €32.4 million). Unifiedpost saw its postage and parcel optimisation business having a good H1 2022, resulting in a revenue of €32.4 million. This is an increase of €2.1 million compared to H1 2021. The increase was caused by onboarding of large new customers and general price increases. The postage & parcel optimisation realised a gross margin of 10.3% for H1 2022, down 0.7%pts from H1 2021. Likewise, this decrease has been caused by inflation.

H1 2022 result impacted by peak in roll-out cost

Both segments combined, i.e. the digital processing revenue and postage and parcel optimisation services, led to a **gross profit of €27.0 million** at a total revenue of €91.7 million. This resulted in a **gross margin of 29.4%** (H1 2021: 30.8%).

During H1 2022, the Group spent **17.9€ million on research and development (R&D)**, of which 57.2% was capitalised. The R&D spending is equivalent to 30% of digital processing revenue, which is the Group's current targeted rate for R&D investments.

General and Administrative (G&A) expenses for the period increased by 22.0% y/y to a total of **€22.7 million**. The increase is mainly due to the three acquisitions in Q2 2021 and includes operational expenses for the pan-European structure. **The operational costs related to the roll-out of Banqup which peaked in H1 2022 are expected to decline in the coming periods.** Banqup demonstrates the significant additional growth potential of the Group. Unifiedpost has already obtained regulatory approval in 19 countries to issue local payment accounts with their own IBAN numbers. The Group is extending its European footprint by starting up these countries, launching branch payment offices, getting the payment business accredited by local authorities and launching new business in countries with a current limited revenue. **This process includes one-off costs that can be considered investments in the further scalability of Banqup** as more and more countries in Europe introduce mandatory digital invoicing.

Sales & Marketing expenses were up 29.6% y/y for the period and amounted to **€14.6 million**. This was caused by the increasing efforts in marketing and the additional cost related to the expansion of the pan-European structure.

Unifiedpost has now brought the key investment phase of the **European platform roll-out** to a **good end**. This sets the Company in a unique position to take advantage of the market growth in the coming years driven by regulation. It also allows the management to shift the focus towards becoming cash flow positive.

The Group reported an **EBITDA** of **-€6.5 million for H1 2022** (H1 2021: -€1.4 million). The EBITDA is impacted by €1.4 million non-recurring items.

The loss from operations for the period amounted to €21.1 million (H1 2021: €11.1 million).

Growth secured with funding

The cash flow from financing activities amounted to +€51.6 million for the period. **Unifiedpost's cash and cash equivalents increased to €42.7 million** at H1 2022. The increase was realised by the Company by signing a committed €100 million five-year senior facilities agreement, provided by Francisco Partners, a leading global investment firm that specializes in partnering with technology-enabled businesses. The facility is structured in a term loan facility A of €75 million which has been drawn and an uncalled capex facility B of €25 million. It remains available for 24 months from the closing date of the facilities agreement (7 March 2022).

This new granted loan facility was used for the **refinancing of existing financial debts** for a total amount of **€21.7 million** and for the financing of the working capital needs of the Group (€6.8 million). The Group's **net debt position** at H1 2022 amounts to **€50.5 million**. Besides the undrawn capex facility of €25 million of the Francisco Partners agreement, the Group has €14.3 million of other **undrawn financing facilities**. Based upon the cash forecast for the upcoming twelve months (period: July 2022 until June 2023), the Group should be well equipped with **sufficient liquidity**.

Positive cash flow expected for H2 2023

Throughout the remainder of the FY 2022, Unifiedpost expects to generate additional revenue by license deals for the B2B e-invoicing market. The pipeline for license sale is well stocked and will have a positive effect on the growth the Company is aiming for. These deals will support the growth rate to the targeted organic growth of at least 25% in digital processing revenues in FY 2022.

In FY 2023 Group management expects to benefit from the growth of key markets. The mandatory digital e-invoicing that is taking place in several European countries is a change imposed by government on Banqup's end-users or final customers.

Due to the changed economic circumstances and business conditions, the Company has decided to make the target to **become cash flow positive its predominant priority**. The target is to be cash flow positive for H2 2023.

Investors & Media webcast

Management will host a live video webcast for analysts, investors and media today at 10:00 a.m. CET.

A recording will be available shortly after the event. To attend, please register at <https://onlinexperiences.com/Launch/QReg/ShowUUID=5D4FD600-F6FE-4EFA-82CA-6834FE36247F>

A full replay be available after the webcast at: <https://www.unifiedpost.com/en/investor-relations>

Financial Calendar 2022

- 10 November 2022 Publication Q3 2022 Business Update
- 30 November 2022 Investor Day 2022

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About Unifiedpost Group

Unifiedpost is a leading cloud-based platform for SME business services built on “Documents”, “Identity” and “Payments”. Unifiedpost operates and develops a 100% cloud-based platform for administrative and financial services that allows real-time and seamless connections between Unifiedpost’s customers, their suppliers, their customers, and other parties along the financial value chain. With its one-stop-shop solutions, Unifiedpost’s mission is to make administrative and financial processes simple and smart for its customers. Since its founding in 2001, Unifiedpost has grown significantly, expanding to offices in 32 countries, with more than 500 million documents processed in 2021, reaching over 1,600,000 SMEs and more than 2,500 Corporates across its platform today.

Noteworthy facts and figures:

- Established in 2001, with a proven track record
- 2021 turnover €171 million
- 1400+ employees
- Diverse portfolio of clients across a wide variety of industries (banking, leasing, utilities, media, telecommunications, travel, social security service providers, public organisations, etc.) ranging from large internationals to SMEs
- Unifiedpost Payments, a fully owned subsidiary, is recognised as a payment institution by the National Bank of Belgium
- Certified Swift partner
- International M&A track record
- Listed on the regulated market of Euronext Brussels, symbol: UPG

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