

Unifiedpost grows digital revenue while further improving operational efficiency

Capturing digital trends and navigating the evolving e-invoicing and e-payment market

La Hulpe, Belgium – August 29, 2023, 7:00 a.m. CET – [INSIDE INFORMATION] Today, Unifiedpost Group (Euronext: UPG), a leading provider of integrated business communications solutions, presents its results for H1 2023. The digital processing revenue has increased, showing a 9,9% growth y/y, supported by a 12,3% rise in recurring digital processing revenue. This is reflected in Unifiedpost's growing customer base, totalling 1.172.197 businesses by the end of H1 2023. As Europe continues its shift towards full digital invoicing, with some countries taking more time to adapt, the Group's focus remains on a positive cash flow while continuing a trajectory filled with growth and innovation.

Highlights

- Digital processing revenue grows 9,9% in H1 2023 y/y, supported by a 12,3% rise in recurring digital processing revenue
- Digital processing gross margin improves to 41,5%, up 1,5 %pts y/y
- Revenue decline in postage and parcel optimisation y/y is primarily due to SEK-EUR exchange rate fluctuations
- Cash at end of H1 2023 at € 24,7 million with undrawn financing available
- A binding offer was made for the divestment of FitekIN and Onea at € 7,2m with closing set for H2 2023
- Focus remains on becoming cash flow positive
- The Group is preparing for EU e-invoicing shifts including divestments of its non-core services

Commenting on the H1 2023 results, Hans Leybaert, CEO and founder, remarked: "H1 2023 shows how committed we are to adapting in a digital world that keeps changing. The recent postponement by the French Ministry of Finance underscores the ground-breaking changes of the digital transition. The broader market now sees what we've known for a while: we need broad and integrated solutions. Our strategic choice to offer a fully integrated platform has positioned us not only to adapt but to lead in these exciting times. I am immensely grateful to our Unifiedpost team and partners for their continued dedication and for anticipating the multifaceted needs of the future."

Key financial figures

(EUR million)	H1 2023	H1 2022	Change (%)
Group revenue	93,2	91,7	+1,5%
<i>Digital processing revenue</i>	65,2	59,3	+ 9,9%
<i>Recurring digital processing revenue</i>	62,8	55,9	+12,3%
<i>Non-recurring digital revenue (licences + project)</i>	2,4	3,4	-29,4%
<i>Postage & parcel optimisation revenue</i>	27,9	32,4	-13,9%
Recurring revenue (in % of total revenue)	97,4%	96,3%	+1,1%pts
Gross margin digital processing	41,5%	40,0%	+1,5%pts
EBITDA margin	-3,1%	-7,1%	+4,0%pts
Loss for the period	-24,0	-21,1	+13,7%
Cash and cash equivalents	24,7	42,7	-42,2%

Key business KPI's

(#)	End Q2 2023	End Q1 2023	End Q4 2022	End Q3 2022	End Q2 2022
Customers	1.172.197	1.133.706	1.063.776	986.971	910.845
Paying customers	490.936	473.679	468.128	453.417	430.524
Customers paid by 3 rd parties	681.261	660.027	595.648	533.554	480.321
Companies in business network	2.254.762	2.186.270	2.109.297	2.023.460	1.745.401
Banqup customers	151.931	143.902	124.333	80.420	68.546
Billtoibox customers Belgium	48.651	45.359	40.363	37.459	35.382
JeFacture customers France	14.291	11.973	5.428	4.087	3.591

Growing digital processing revenue while improving operational efficiency

In H1 2023, we concentrated on moving closer to our main goal: a positive cashflow. We combine three main strategies, which we have diligently pursued in the past and continue to uphold:

1. Consistent growth of digital processing gross profit, preferable recurring in nature
2. Balanced approach to postage & parcel optimisation services
3. Focus on synergy realisation and streamlining organisation

These markers not only highlight our H1 2023 endeavours but also provide a glimpse into our strategic roadmap for the coming periods.

Consistent growth of digital processing gross profit

Unifiedpost's digital processing services are the cloud-based platforms that serve small, medium, and large businesses in areas of document flows, payments, and additional value-added services.

The first half of 2023 clearly demonstrated Unifiedpost's strong dedication to its digital path. Digital processing revenue saw an increase of 9,9% y/y to € 65,2 million. Driving this was the growth of our recurring digital processing revenue, which registered a 12,3% increase y/y, reaching € 62,8 million.

Non-recurring digital revenue experienced a decline, down by 29,4% y/y to a total of € 2,4 million for H1 2023. This fluctuation is indicative of the inherent cyclical nature associated with non-recurring revenue sources.

Our goal to continually augment the gross profit of the digital processing service remains unwavering. The growth in gross profit of digital processing services y/y amounting to € 3,3 million is partially driven (i) by revenue growth amounting to € 2,3 million additional gross profit and partially driven (ii) by increasing margin-% amounting to € 1,0 million additional gross profit.

Steady gross profit of postage and parcel optimisation services

Unifiedpost has services in the Nordics to optimise postage to its clients. Depending on client preferences, Unifiedpost's service can be solely for 'optimisation', or extended to printing and overseeing all associated postage expenses. Unifiedpost can extend these services to (small) parcel distribution.

In H1 2023, Unifiedpost's postage & parcel revenue declined 13,9% y/y, settling at € 27,9 million, down from € 32,4 million in H1 2022. This can be largely attributed to the impact of the SEK-EUR exchange rate change (-9,7% from 30 June 2022 to 30 June 2023). Another influential factor has been the evident shift from paper to digital among our clientele.

Our improved gross margin in this segment shows our resilience. The margin climbed from 10,3% in H1 2022 to 11,3% in H1 2023. This improvement in gross margin compensated the missing gross profit from reduced volumes.

Focus on synergy realisation and streamlining organisation drives Unifiedpost towards a sustainable future

In the domain of strategic cash management, it's essential to manage both operational and investment costs. Following our acquisitions and integrations, Unifiedpost has shifted its focus towards operational efficiency, capitalizing on the synergies. Activating these synergies results in the reallocation of teams, a heightened emphasis on efficiencies, and bolstering our cost-saving program. The reallocation of teams affects how our expenses by nature are presented. It's vital to recognize that a direct year-on-year comparison of expenses (2022-2023) by category may not yield a comprehensive picture.

The implementation of our strategic initiatives is evident. As of 30 June 2023, we have reduced the employee count from 1.479 (recorded on 30 June 2022) to 1.322. Although H1 2023 still bears significant one-off costs, the cumulative impact of a 10,6% workforce reduction will manifest in subsequent quarters. This will be observable in the operational costs associated with S&M, R&D,

G&A, and in CAPEX. Notably, the Group's total personnel costs for H1 2023 decreased to € 40,9 million from € 41,2 million in H1 2022, despite an approximate 5% wage surge across the Group due to inflation. By June 2023, our monthly personnel expense had further reduced to € 6,1 million. The total expenses declined year over year from € 109,5 million to € 108,9 million for the first semester.

It's noteworthy that the company has recorded a larger portion of R&D in its results (€ 1,4 million) as it stopped development on some local products but continued maintain services for these products.

By diligently managing personnel expenses without sacrificing service quality or growth trajectories, and with a keen commitment to R&D investments for emerging markets, Unifiedpost Group is resolutely navigating towards a cash flow-positive business.

Liquidity position pave the way for future growth

By the end of H1 2023, Unifiedpost Group reported a financial position with cash and cash equivalents totalling € 24,7 million. Additionally, the Group has € 15,9 million in undrawn invoice financing and € 2,0 million in undrawn financing facilities. Our working capital continues to align with the figures observed at the end of 2022.

As 2023 unfolds, Unifiedpost Group's outlook remains positive. The projected growth in revenue and gross profit is being realised. With a growing customer base that adds to our recurring digital processing revenue, combined with effective cost management, the Group is progressing to reach the cash flow break-even point. With the data from the first half of the year now available, we are further committed to generate over H2 a positive operating cash flow that exceeds the capital expenditure of the Group over the same period.

Growing the network: robust customer growth

Unifiedpost's emphasis on customer onboarding has proven fruitful. By Q2 2023, our customer count rose to 1.172.197, a 10,2% growth from the end figure of 2022. In detail, Q1 2023 saw 69.930 new customers, and Q2 added 38.491. Our paid customer segment reached 490.936, while third-party financed customers grew to 681.261.

Our business network, i.e. own customers and other companies that we can reach in a digital way, now serves over 2,25 million companies, up from 2,11 million at the end of 2022. This growth cements our position in the e-invoice and e-payment segment, particularly among Europe's SMEs.

Our core SME platforms, including Banqup, Billtobox, and JeFacture, gained momentum. Their combined customer base reached 151.931 by Q2 2023. Impressively, H1 2023 added 27.598 new subscriptions. Belgium and France, key markets for us, also reported growth. Banqup's Belgian customers (Billtobox) increased to 48.651. In France, early adopters of JeFacture reached 14.291 by Q2's end.

Proactively navigating the evolving e-invoicing and e-payment landscape

On 28 July 2023, the French Ministry of Finance announced a postponement in the e-invoicing and e-reporting mandates originally starting July 2024. These mandates, planned in phases, now face revision due to challenges integrating daily B2C sales data, international B2B sales invoices, and more. This digital transition is compounded by technological, operational, and regulatory challenges.

Unifiedpost Group has consistently been at the forefront, actively preparing for these complexities. The recent developments underscore the importance of flexible and diverse solutions, an area where Unifiedpost has consistently excelled. Our strategy revolves around offering an extensive integrated range of services suitable for businesses of all sizes. Ready to adopt the new systems swiftly, we have always anticipated potential market complexities and possible delays. Nevertheless, our commitment to our mission remains strong.

With Europe transitioning to a new framework for e-invoicing and e-payment, Unifiedpost Group consistently evaluates its services, ensuring we maintain a comprehensive offering that addresses all requirements. Services that are not integrated or not fully digital are scrutinised for potential divestment. The divestment of FitekIN and Onea as standalone products, expected to close in Q4 2023, marked a strategic move in this direction. Announced on 1 August 2023, this decision emphasizes our commitment to streamlining core business operations. On the other hand, Unifiedpost Group successfully incorporated the software product Valitax, a mandatory feature for the future e-invoicing market, further enhancing its suite of solutions. This functionality will be embedded in the Banqup product offering and delivers important added value on validating indirect taxes applied on e-invoices.

This constantly evolving landscape presents numerous opportunities for Unifiedpost Group. The escalating demand for e-invoicing and e-reporting highlights the vast potential for growth across the EU. While challenges persist, they also signal the start of new partnerships and collaborations, helping Unifiedpost Group to strengthen its market position.

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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 [x](#). Participants can also join via telephone. They can obtain their personal dial-in details by registering with this link:

To register and attend the webcast, please click here:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=FDA50AEB-A54F-41AD-BF25-6D7D90E7E0F9>

For those preferring a conference call, please register here:

<https://register.vevent.com/register/BI373d499b94884250b0f1b429b53a03be>

A full replay be available after the webcast at: <https://investors.unifiedpostgroup.com/>

Financial Calendar 2023

- 16 November 2023 Publication Q3 2023 Business Update

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Interim consolidated statement of profit or loss and other comprehensive income (unaudited)

Thousands of Euro, except per share data	For the 6-month period ended 30 June	
	2023	2022
Digital processing revenues	65.220	59.260
Digital processing cost of services	-38.183	-35.557
Digital processing gross profit	27.037	23.703
Postage & Parcel optimisation revenues	27.941	32.404
Postage & Parcel optimisation cost of services	-24.770	-29.067
Postage & Parcel optimisation gross profit	3.171	3.337
Research and development expenses	-11.321	-7.549
General and administrative expenses	-20.733	-22.659
Selling and marketing expenses	-13.899	-14.624
Other income / (expenses)	-452	-440
Profit / loss (-) from operations	-16.197	-18.232
Financial income	88	245
Financial expenses	-7.640	-3.552
Change in fair value of financial liabilities	-	535
Share of profit / loss (-) of associates	-	-
Profit / loss (-) before tax	-23.749	-21.004
Income tax	-292	-146
PROFIT / LOSS (-) FOR THE YEAR	-24.041	-21.150
Other comprehensive income / loss (-):	-1.388	-1.971
<i>Items that will not be reclassified to profit or loss (-), net of tax:</i>		
Remeasurements of defined benefit pension obligations	-	-
<i>Items that will or may be reclassified to profit or loss, net of tax:</i>		
Exchange gains / losses (-) arising on translation of foreign operations	-1.388	-1.971
TOTAL COMPREHENSIVE INCOME / LOSS (-) FOR THE YEAR	-25.429	-23.121
Profit / loss (-) is attributable to:		
<i>Owners of the parent</i>	-24.058	-20.760
<i>Non-controlling interests</i>	17	-390
Total comprehensive income / loss (-) is attributable to:		
<i>Owners of the parent</i>	-25.446	-22.731
<i>Non-controlling interests</i>	17	-390
Earnings per share attributable to the equity holders of the parent:		
Basic	-0,67	-0,61
Diluted	-0,67	-0,61

Interim consolidated statement of financial position (unaudited)

Thousands of Euro	<i>As at 30 June</i>	<i>As at 31 December</i>
	2023	2022
ASSETS		
Goodwill	152.580	153.429
Other intangible assets	88.439	85.516
Property and equipment	7.741	8.231
Right-of-use assets	10.457	10.214
Investments in associates	1.875	1.875
Non-current contract costs	678	872
Deferred tax assets	760	462
Other non-current assets	2.165	1.728
Non-current assets	264.695	262.327
Inventories	691	822
Trade and other receivables	27.547	31.890
Contract assets	688	426
Contract costs	1.533	1.859
Current tax assets	1.030	705
Prepaid expenses	1.942	2.275
Cash and cash equivalents	24.696	40.033
Current assets	58.127	78.010
TOTAL ASSETS	322.822	340.337
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital	326.806	326.806
Costs related to equity issuance	-16.029	-16.029
Share premium reserve	492	492
Accumulated deficit	-172.541	-148.497
Reserve for share-based payments	1.831	1.813
Other reserve	-3.034	-2.863
Cumulative translation adjustment reserve	-5.101	-3.713
Equity attributable to equity holders of the parent	132.424	158.009
Non-controlling interests	467	281
Total shareholders' equity	132.891	158.290
Non-current loans and borrowings	106.904	97.408
Liabilities associated with puttable non-controlling interests	859	840
Non-current lease liabilities	6.689	6.438
Non-current contract liabilities	4.641	4.039
Retirement benefit obligations	88	83
Deferred tax liabilities	5.016	5.720
Non-current liabilities	124.197	114.528
Current loans and borrowings	8.611	6.967
Current liabilities associated with puttable non-controlling interests	7.650	7.670
Current lease liabilities	3.761	3.800
Trade and other payables	30.411	34.853
Contract liabilities	13.545	12.701
Current income tax liabilities	1.756	1.528
Current liabilities	65.734	67.519
TOTAL EQUITY AND LIABILITIES	322.822	340.337

Interim consolidated statement of changes in equity (unaudited)

Thousands of Euro	Share capital	Costs related to equity issuance	Share premium reserve	Accumulated deficit	Share based payments	Other reserves	Cumulative translation adjustment reserve	Non-controlling interests	Total equity
Balance as at 1 January 2023	326.806	-16.029	492	-148.497	1.813	-2.863	-3.713	281	158.290
Result for the period	-	-	-	-24.058	-	-	-	17	-24.041
Other comprehensive income / loss (-)	-	-	-	-	-	-	-1.388	-	-1.388
Total comprehensive income / loss (-) for the period	-	-	-	-24.058	-	-	-1.388	17	-25.429
Share-based payments	-	-	-	-	18	-	-	-	18
Current year profit AND OCI of NCI with put option	-	-	-	-	-	-169	-	169	-
Other	-	-	-	14	-	-2	-	-	12
Balance as at 30 June 2023	326.806	-16.029	492	-172.541	1.831	-3.034	-5.101	467	132.891

Thousands of Euro	Share capital	Costs related to equity issuance	Share premium reserve	Accumulated deficit	Share based payments	Other reserves	Cumulative translation adjustment reserve	Non-controlling interests	Total equity
Balance as at 1 January 2022	309.220	-15.926	492	-101.332	1.545	2.529	-376	277	196.429
Result for the period	-	-	-	-20.760	-	-	-	-390	-21.150
Other comprehensive income / loss (-)	-	-	-	-	-	-	-1.971	-	-1.971
Total comprehensive income / loss (-) for the period	-	-	-	-20.760	-	-	-1.971	-390	-23.121
Issuance of new shares	12.756	-	-	-	-	-3.801	-	-	8.955
Share-based payments	-	-	-	-	53	-	-	-	53
Current year profit AND OCI of NCI with put option	-	-	-	-	-	-346	-	346	-
Changes in carrying value of liabilities associated with puttable NCI	-	-	-	-	-	-3.290	-	-	-3.290
Other	-	-	-	-16	-1	-	-	-	-17
Balance as at 30 June 2022	321.976	-15.926	492	-122.108	1.597	-4.908	-2.347	233	179.009

Interim consolidated statement of cash flows (unaudited)

Thousands of Euro	<i>For the 6-month period ended 30 June 2023</i>	<i>For the 6-month period ended 30 June 2022</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / loss for the year	-24.041	-21.150
Adjustments for:		
▪ Amortisation and impairment of intangible fixed assets	10.351	8.994
▪ Depreciation and impairment of property, plant & equipment	746	757
▪ Depreciation of right-of-use assets	2.162	2.002
▪ Impairment of trade receivables	35	105
▪ Gain on disposal of fixed assets	-25	-
▪ Financial income	-87	-245
▪ Financial expenses	7.640	3.552
▪ Change fair value of derivative	-	-535
▪ Income tax expense / income (-)	292	146
▪ Share-based payment expense / own shares	18	53
Subtotal	-2.909	-6.321
Changes in Working Capital		
▪ Increase (-) / decrease in trade receivables and contract assets & costs	4.566	-243
▪ Increase (-) / decrease in other current and non-current receivables	-141	-237
▪ Increase (-) / decrease in inventories	131	-302
▪ Increase / decrease (-) in trade and other liabilities	-2.561	-6.023
Cash generated from / used in (-) operations	-914	-13.126
Income taxes paid	-1.592	-1.260
Net cash provided by / used in (-) operating activities	-2.506	-14.386
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments made for purchase of intangibles and development expenses	-9.050	-10.359
Proceeds from the disposals of intangibles and development expenses	-	1
Payments made for purchase of property, plant & equipment	-344	-1.237
Proceeds from the disposals of property, plant & equipment	94	14
Interest received	87	56
Net cash provided by / used in (-) investing activities	-9.213	-11.525
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ordinary shares	-	12.756
Proceeds from loans and borrowings	5.752	63.360
Repayments of loans and borrowings	-4.762	-21.696
Repayment of lease liabilities	-2.373	-2.252
Interest paid on loans, borrowings and leasings	-2.235	-563
Net cash provided by / used in (-) financing activities	-3.618	51.605
Effect of exchange rate changes	-	-
Net increase / decrease (-) in cash & cash equivalents	-15.337	25.694
Cash and cash equivalents at beginning of period	40.033	16.970
Cash and cash equivalents at end of period	24.696	42.664

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
- 2022 turnover €191 million
- 1300+ 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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