

Unifiedpost shows continued double-digit growth in first semester of 2022

August 12, 2022

Press release - Regulated information

Consistent growth of revenue and customer base demonstrates momentum for digital business

La Hulpe, Belgium – August 12, 2022, 7:00 a.m. CET – Unifiedpost Group's (Euronext: UPG) (Unifiedpost, the Group or the Company) revenue in the first half year of 2022 increased by 13.6% y/y to €91.7 million. This substantial increase was mainly driven by the double-digit underlying growth in recurring digital revenue (+21.7%), which is at the core of the business of the Company. Unifiedpost expects further double-digit growth due to the accelerated adoption of e-invoicing throughout Europe.

Highlights

- Group revenue grew by 13.6% y/y to €91.7 million for H1 2022
- Recurring digital processing revenue up by 21.7% y/y in H1 2022
- Including project and license business, total digital processing revenue grew +17.7% y/y in H1 2022
- Strong growth of customer base with 14.9% in H1 compared to end 2021
- Reaching cash flow break-even point by H2 2023 is the predominant priority for the Company
- Promising new business opportunity for the Group with government portals

Commenting on the business update, Hans Leybaert, CEO and founder stated: "We show a solid organic growth, in line with budget, in the first half of 2022. Unifiedpost's business remains strongly dependent on local e-invoicing regulations. We have monitored a positive evolution in the market in the sense that even more European countries have committed themselves to making e-invoicing mandatory in the near future. Some committed countries postponed the implementation in the short term but are still on the road towards obliging regulatory e-invoicing. Consequently, potential growth is currently concentrated in the countries where we see that due to regulatory tailwinds, companies tend to implement e-invoicing rather sooner. Looking forward to the coming quarters, we have a well-stocked pipeline of some large license deals. To pave the way for our long-term business development, we are currently also building several important partnerships. Next to that, our focus is on becoming cashflow break-even."

Key financial figures

(EUR million)	H1 2022	H1 2021	Change (%)
Digital processing revenue	59.3	50.4	+17.7%
<i>Recurring</i>	55.9	45.9	+21.7%
<i>Project & licenses</i>	3.4	4.5	-24.3%
Postage & parcel optimisation revenue	32.4	30.3	+6.9%
Group revenue	91.7	80.7	+13.6%

Key business KPI's

(#)	End H1 2022	End 2021	Change (%)
Customers	910,845	792,594	+14.9%
<i>Direct paying customers</i>	430,524	368,277	+16.9%
<i>Indirect paying customers (third party)</i>	480,321	424,317	+13.2%
Companies in business network	1,745,401	1,504,895	+16.0%
Banqup customers	68,645	35,408	+93.9%
<i>Organic growth (new subscriptions)</i>	10,726	4,855	+120.9%
<i>Migrated</i>	22,511	-	-
Banqup customers Belgium (BilltoBox)	35,382	28,864	+22.6%
Banqup customers France (JeFacture)	3,591	2,072	+73.3%

Recurring digital processing revenue grew significantly by 21.7% in H1 2022

Consolidated Group revenue in first semester of 2022 increased by 13.6% to €91.7 million, mainly driven by organic growth from digital processing revenue (1). This core business of Unifiedpost contributed €59.3 million, an increase of 17.7% y/y, of which 13.7% was organic. **Recurring digital revenue**, i.e., digital platform revenue excluding the project and license business, showed a strong growth rate of 21.7% y/y. The project and license business, which is non-recurring, contributed €3.4 million. Postage & parcel optimisation revenue showed a sound growth rate of 6.9% y/y. Group-wide recurring revenue remains high at 96.3% of total Group revenue for the first half of 2022.

Customer base grew substantially by 14.9% in H1 2022

In H1 2022 Unifiedpost grew its **customer base** to **910,845 customers** (+14.9% compared to FY 2021). The consolidated **business network** expanded to over **1.75 million**

companies, representing an estimated share of 6% of SME businesses in Europe.

The total number of **Banqup customers** grew to **68,645** (+93.9% compared end YE 2021). The customer growth includes migration effects, mainly from legacy platforms in the Baltics. Adjusting for such migrated users, the number of Banqup users increased by 10,726 in the first six months of 2022, supported by a very pleasing organic growth in markets like France, Serbia and in the Benelux.

In the French market, Unifiedpost sees the number of **JeFacture** customers increasing steadily. Management expects exponential customer growth rates when the deadline for mandatory B2B e-invoicing is nearing.

Overall average revenue per user (ARPU) in digital processing business amounts to €23 for Q2 2022. This reflects some decline compared to Q1 (€24.5). This decrease is as expected by the management. It is important to emphasize that this effect results from the significantly higher contribution from Unifiedpost's SME business in terms of new customers, which have a significantly lower ARPU. This leads to a structural dilution of the overall ARPU figure, in line with expectations based on the Company's strategy.

Platform scalability and new ecosystems show promising results

Unifiedpost Group continued to successfully launch its **Banqup** platform in 2022. Given the accelerated adoption of e-invoicing throughout Europe, the growth of the platform is expected to continue based on the implementation of regulation on country level (2). Unifiedpost has been speeding up the roll-out of its payment services by further connecting major European banks to the platform. Today the Company has 686 banking connections (PSD2) in 19 countries. As of today, the payment functionality is live in 8 countries and is expected to reach 14 by year end 2022.

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.

Market

The world has changed. The uncertain geo-political environment and the supply chain disruptions are persisting. This creates a challenging business context impacting businesses worldwide with international sanctions against Russia, rising energy prices, unprecedented inflation and increasing interest rates. As businesses seek in these circumstances for cost efficiency measures, the need for digital solutions like e-invoicing is more relevant than ever. Governments are largely impacted today by an increasing deficit and debt. To reduce their deficit, governments are accelerating the fight against VAT fraud by declaring e-invoicing mandatory. Within the EU the program 'VAT in Digital Age' is a new legislative package to adapt the way value-added tax shall be reported and collected. This should lead to a significant boost for the (B2B) e-invoicing once the laws are in force. **The boost is expected in the period 2023-2028.** The year 2022 is for most of the countries a preparation year. Countries who had already released a timetable for making B2B e-invoicing mandatory are experiencing **some execution delays**. This is the case in Poland and France. Additionally, market trends show that the increased adoption of B2B-invoicing is closely linked to the deadline of mandatory e-invoicing. The growth in markets is back end loaded. With the increasing legislation on mandatory e-invoicing there is an **increasing demand from governments** for e-invoice portals. Governments aim to offer a basic free e-invoicing portal to businesses.

Management guidance

Unifiedpost's organic growth has been supported by a growing number of SME and corporate customers, and an increasing usage of the platform. The growth is steady double-digit. A further acceleration is linked to the deadlines of governments making e-invoicing mandatory. These ground-breaking movements are challenging for governments.

New business opportunities have emerged for Unifiedpost: government portals. A basic version of the Unifiedpost platform is a perfect solution for government e-invoice portals and gateways to VAT-compliance validation. Unifiedpost has sold platform licenses to governments in the past. Today, with the regulatory tailwinds becoming stronger and stronger, more business can be generated. With the transitional year 2022 for the B2B e-invoicing market the Group will generate substantial additional revenue from this business in **Q3/Q4 with license deals**. The pipeline for license sale is well stocked. These deals, if timely materialised in 2022, will support the organic growth of 25%.

Due to the changed business conditions, the Company has decided to make the target to become **cashflow break-even its predominant priority**. The target is to be cashflow break-even by the **second semester of 2023**. All costs and investments will further be aligned to B2B e-invoice market developments and market growth. The costs of the Group are meanwhile impacted directly and indirectly by inflation. To counter that impact the Group plans to increase sales prices.

(1) As from Q2 2022, organic growth includes revenue from all acquired entities.

(2) An international roadmap and details on tax compliance can be found on <https://www.unifiedpost.com/en/crossnet/tax-compliance>.

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=AE36E23B-6237-4AB5-B993-341BE192ADC3>

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

Financial Calendar 2022

- 16 September 2022: Publication H1 2022 Financial Results
- 10 November 2022: Publication Q3 2022 Business Update

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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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