

Q1 results: revenue grows by almost 16% to €46.2 million Strong growth of revenue and customer base demonstrates momentum of digital platform

May 23, 2022

Press release

La Hulpe, Belgium – May 23, 2022, 7:00 a.m. CET - Unifiedpost Group's (Euronext: UPG) (Unifiedpost, the Group or the Company) revenue in the first quarter of 2022 increased by almost 16% to €46.2 million. This substantial increase was mainly driven by the accelerated underlying organic growth momentum in recurring digital revenue (+19.3%), which is at the core of the business of the Company. The continued platform rollout and the growing customer base to more than 850,000 customers (+8.2% in Q1 2022) were the main engines for growth. Moreover, the platform scalability showed promising results with the successful launch of the unique SME-platform Banqup throughout Europe. During the first quarter, Unifiedpost Group launched its inhouse developed payment functionality, a crucial cornerstone of the product, in seven countries and further connected major European banks to the platform.

Highlights

- Group revenue grew by 15.7% y/y to €46.2 million in Q1 2022
- Organic recurring digital revenue up by 19.3% y/y in Q1 2022 (Q1 2021: 6.7%). Organic digital processing revenue +13.9% y/y, correlated to the non-recurring project and licence business
- Strong growth of customer base with 8.2% in Q1 compared to YE 2021
- Successful expansion of new SME-ecosystems and further rollout of payment functionality strengthens high product scalability and demonstrates overall Group's growth potential
- Growth rates in digital business increasingly supported by European governments' decisions
- Management guidance for FY2022 and FY2023 confirmed

Commenting on the business update, Hans Leybaert, CEO and founder stated: "We are pleased with the progress made during the first three months of the year, which is according to plan. Strong customer development led to 19.3% organic revenue growth of our (recurring) digital platform services (Q1 2021: 6.7%). Moreover, the current pipeline of upcoming project deals is promising, especially due to the regulatory windfall that is to be expected in the short term. More and more European countries are making plans to make e-invoicing compulsory. Consequently, we remain committed to meet our full year management guidance of an organic revenue growth rate in our digital processing business of at least 25% year on year."

Key financial figures

| (EUR million) | Q1 2022 | Q1 2021 | Change (%) |
|--|---------|-------------------|------------|
| Digital processing revenue – organic | 27.6 | 24.2 ¹ | +13.9% |
| Digital processing revenue – acquired business | 2.0 | - | - |
| Postage & parcel optimisation revenue | 16.5 | 15.6 | +5.7% |
| Group revenue | 46.2 | 39.9 | +15.7% |

Key business KPI's

| (#) | End Q1 2022 | End Q4 2021 | End Q3 2021 |
|---|-------------|-------------|-------------|
| Customers | 857,313 | 792,594 | 736,653 |
| Companies in business network | 1,615,062 | 1,504,895 | 1,319,225 |
| Banqup customers | 56,000 | 35,408 | 30,553 |
| <i>Organic growth (new subscriptions)</i> | 5,197 | 4,855 | 3,561 |
| <i>Migrated</i> | 15,395 | - | - |
| Banqup customers Belgium (Billtobox) | 31,848 | 28,864 | 24,324 |
| Banqup customers France (JeFacture) | 2,844 | 2,072 | 1,300 |

Recurring digital processing revenue grew significantly by 19.3%

Consolidated Group revenue in the first quarter of FY2022 increased by 15.7% to €46.2 million, driven mainly by organic growth from digital processing revenue. This core business of Unifiedpost accounted for €29.6 million, an increase of 22.3% y/y. **Recurring digital revenue**, i.e., digital platform revenue excluding the project and licence business, showed a strong increase in growth momentum, as its organic growth rate **grew significantly by 19.3%** y/y compared to its growth rate of 6.7% in Q1 2021. Given the more volatile nature of the non-recurring project and licence business, the organic growth in total digital processing revenue reached 13.9% in Q1 2022 (Q1 2021: 10.1%).

Postage & parcel optimisation revenue showed a sound growth rate of 5.7% y/y. Group-wide, due to the lower project business in the first three months of 2022, the share of recurring revenue increased to 96.3% of total revenue (FY2021: 92.8%).

Customer base grew substantially by 8.2% in Q1

In Q1 2022 Unifiedpost grew its **customer base to 857,313 customers** (+8.2% compared to YE2021). The consolidated **business network** expanded to over **1.6 million**

companies by the end of Q1 2022, representing an estimated 7% of businesses in Europe.

The total number of **Banqup customers** grew to **56,000** (31 December 2021: 35,408). Banqup is Unifiedpost's core SME-product allowing customers to create and send sales invoices, keep an overview of all (financial) documents and manage administration. A unique payment functionality was added to the product. The customer growth over the last three months includes migration effects, mainly from legacy platforms in the Baltics, amounting to 15,395 customers. Adjusting for such migrated users, the number of Banqup users increased by 5,197 in the three months up to 31 March 2022, supported by a very pleasing organic growth in markets like France, Serbia and in the Benelux.

Within the French market, Unifiedpost sees the number of **JeFacture** customers increasing steadily. Management expects an exponential growth of customers including speeding up run rates. Already today, the number of processed documents broadly doubles every month.

Overall average revenue per unit (**ARPU**) in digital processing business (2) reached €24.5. The decline in ARPU compared to FY2021 (€27.9) is predominantly due to two effects. The first one is a negative basis effect from the last quarter as that includes the licence revenue resulting from the project with the Serbian Government. The second one results from the significantly higher revenue contribution from Unifiedpost's SME business with a structurally lower ARPU.

Platform scalability and new ecosystems show promising results

During the first quarter of FY2022, Unifiedpost Group continued to successfully launch its **Banqup** platform throughout Europe. The payment functionality was launched for the first-time outside Belgium. Unifiedpost laid the foundations for the payment infrastructure by obtaining regulatory approval in already 19 countries today to issue local payment accounts – with own IBAN numbers. Unifiedpost is speeding up the roll-out of its payment services by further connecting major European banks to the platform. As of today, the payment functionality is live in 7 countries.

The payment functionality is not only a crucial cornerstone in the unique product offering of Banqup. It will also enable Banqup customers to receive financing via assignment of receivables (factoring) and to improve their cash position. In February 2022, Unifiedpost agreed on a **partnership with Izola Bank**, allowing Banqup to offer invoice financing to customers in Belgium and in The Netherlands. Funding levels for the invoice finance services within the platform can currently add up to €50 million. There is significant additional potential to further scale up this business model as Banqup will expand this functionality throughout all its European markets.

Impact of macro-economic and geopolitical situation

Unifiedpost has not been directly impacted by the Russian aggression against Ukraine. The Group has no business Ukraine, nor in Russia. It also has no development centres in these countries. There is no direct revenue from Russia or with Russian customers, as Unifiedpost is compliant with the EU sanctions. In Moldova, where Unifiedpost employs about 90 people, Group management is closely monitoring the situation and different scenarios have already been prepared to secure our local workforce and the business continuity in case of escalation.

Financing provides flexibility to secure growth plans

On 7 March 2022, Unifiedpost signed a €100 million five-year loan facility provided by Francisco Partners, a leading global investment firm that specializes in partnering with technology-enabled businesses. Francisco Partners obtained an equity commitment fee of 3% of the share capital of Unifiedpost and the loan bears a 3% cash interest and 8% interest paid in kind. Unifiedpost has drawn €75 million, of which €25 million is being used as a buffer for the potential negative consequences of the macro-economic and geopolitical situation. This leaves the Group with €50 million of which €30 million is required to cover R&D expenditures and €20 million is used for loan repayments.

€25 million of the €100 million facility remains today undrawn without costs and remains available for future additional investments. The partnership with Francisco Partners provides Unifiedpost with a high degree of financial flexibility, securing its growth plans in a market environment characterized by high geopolitical uncertainties and rising interest rates.

Management guidance confirmed

Based on the Q1 2022 results and the Company's internal forecast for the following quarters, Unifiedpost reiterates its FY2022 and FY2023 guidance, with organic digital processing revenue growth of at least 25% for FY2022, stepping up to at least 30% in FY2023. Management also reaffirms digital processing revenue gross margin guidance of at least 60% by 2023 and an adjusted EBITDA margin expected to reach at least 25% by FY2023. The guidance does not take any further escalation of the war or further repercussions on European energy supply into account.

(1) Including the digital processing revenue from acquired businesses in Q1 2021.

(2) Revenue in digital processing business divided by number of paying customers at the end of the relevant period.

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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 https://channel.royalcast.com/landingpage/unifiedpost/20220523_1/

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

Financial Calendar 2022

- 12 August 2022: Publication H1 2022 Business Update
- 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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