

Unifiedpost's strong 2021 performance supports ambitious growth objectives

March 8, 2022

Press release - Regulated information

La Hulpe, Belgium – March 8, 2022, 7:00 a.m. CET, Unifiedpost Group (Euronext: UPG) (Unifiedpost, the Group or the Company) is pleased to announce its fourth-quarter and full-year results for the year ended December 31, 2021.

Highlights

- Group revenue increased in 2021 by 147% y-o-y to €170.5 million driven by organic growth and acquisitions
- FY 2021 organic growth in digital processing revenue of 15.6% - management guidance fully reached. Q4 2021 growth of 25% y-o-y
- Companies acquired in 2021 are almost fully integrated and the acquisition strategy proved successful
- Product harmonisation for corporates and SMEs realised
- Cash and equivalents of €17 million, €20 million (available) in undrawn financing and new debt financing deal secure financing of Unifiedpost's growth path

Commenting on the results, Hans Leybaert, CEO and founder stated: "I am truly delighted with a successful year 2021. Precisely in the year that the company celebrated its 20th birthday, important milestones were reached on our ambitious growth path. We have successfully integrated all acquisitions, expanded our product range to serve the full spectrum of company sizes and rolled out our SME-platform Banqup. The roll out includes making the payment functionality available in 32 countries. In that same year, we showed a strong growth in revenue (+147% y-o-y), driven by acquisitions and increasing digital processing organic growth (15.6% y-o-y). Our customer base expanded organically by +30%, the second year in a row. Including our acquisitions, we have now a full European business network, reaching more than 1.5 million companies. 2021 has set the scene for the coming years. We look ahead with confidence. Regulatory tailwinds are accelerating across Europe. This is becoming a strong external growth driver for our business. And with our integrated product offering available in 32 countries, we are ready to meet the demands of the market and our own targets."

Key FY figures

(EUR million)	FY 2021	FY 2020	Change (%)
Group revenue	170.5	68.9	+147%
Digital processing revenue	106.9	68.9	+55%
Postage & parcel optimisation revenue	63.6	-	-
Organic growth digital processing revenue	15.6%	9.9%	+5.7%pts
Recurring revenue (in % of total revenue)	92.8%	90.6%	+2.2%pts
Gross margin digital processing	43.7%	42.6%	+1.1%pts
Adjusted EBITDA margin ¹	-1.6%	-2.3%	+0.7%pts
R&D costs (expensed and capitalised)	33.1	20.7	+60%
Loss for the period	-25.6	-33.8	-
Cash and cash equivalents	17.0	125.9	-

Key Q4 figures

(EUR million)	Q4 2021	Q4 2020	Change (%)
Digital processing revenue – organic	23.4	18.7	+25%
Digital processing revenue – acquired 2021 business	7.4	-	-
Postage & parcel optimisation revenue - acquired	20.3	-	-
Group revenue	51.1	18.7	+173%

¹ Adjusted EBITDA for a period, as EBITDA plus share-based payment expense, non-recurring operational expenses, acquisitions expenses, costs in relation with the Company's listing, less other income and expenses.

Details of the financial results

Unifiedpost grew its revenue in FY2021 by 147% driven by organic growth and acquisitions. The COVID-19 pandemic burdened the business of the Group in the first half of the year, specifically in UK, Belgium and Slovakia. In H2 the impact from the pandemic diminished while economic activity resumed. Q4 COVID effects did no longer impact the Group's business. Unifiedpost is not directly impacted by the geopolitical crisis in Europe. The Group has no business in Ukraine and Russia and has no development centres in those countries.

Digital processing

The Group's revenue resulting from digital processing amounted to €30.8 million in Q4, an increase of 65% compared to Q4 last year. The growth is spread over different countries and markets, more particularly Sweden, Serbia, Romania, Baltics, and the Benelux which contributed to this acceleration. The sale of licenses in Serbia (€1.6 million) was a non-recurring increase in Q4. The number of paying customers increased by 33,350 in the quarter to a total of 368,277 at the end of FY 2021. Unifiedpost's ARPU² increased to €27.9, an improvement of €2.2 compared to Q3 2021. €1.4 of the ARPU increase is due to the non-recurring licence sale in Serbia.

Supported by a strong last quarter, the FY 2021 digital processing revenue amounted to €106.9 million. €27.2 million was generated by the 2021 acquisitions. Unifiedpost delivered a strong organic growth for the full year at 15.6% y-o-y – with growth momentum increasing. The revenue coming from subscriptions from small and medium companies grew by 44% during the year. 88.5% of the total digital processing revenue resulted from recurring services, of which transaction revenue remains the most important. The paying customer base grew during 2021 organically by 30.4% y-o-y.

The gross margin of the digital processing business increased to 43.7%, an increase of 1.1%pts y-o-y. This improvement is driven by economies of scale and a higher demand for end-to-end digital processing solutions.

Postage & parcel optimisation

Unifiedpost saw its post and parcel optimisation business having a strong Q4, resulting in a revenue of €20.3 million. This is an increase of €7.2 million compared to Q3. The increase was caused by general price increases, seasonal effects and the onboarding of a couple of large new customers. The gross margin grew to 11.3% for FY 2021, up 0.6%pts from H1 2021.

The FY 2021 revenue for post and parcel optimisation amounted to €63.6 million.

Result for the period

Both segments combined led to a gross profit of €53.9 million at a total revenue of €170.5 million (31.6% gross margin).

Unifiedpost continues to invest in its platform and services development. During 2021, the Group spent €33.1 million on R&D, of which 57% was capitalised. The R&D spending is equivalent to 31% of digital processing revenue. G&A expenses for the period increased by 57% y-o-y to a total of €40.5 million. This expansion was due to the Group's general expansion, including its acquisitions. Sales & Marketing expenses were up 71% y-o-y to €24.9 million. The growth reflects the Group's commercial efforts for its European expansion to 32 countries. The Group reports an EBITDA of -€4.4 million, an improvement of €1.6 million. The loss from operations amounted to €25.6 million. Unifiedpost's cash and cash equivalents decreased predominantly due to the pay-outs for its acquisitions, which amounted to a total of €82.9m for six major and two minor acquisitions.

At the end of the period, Unifiedpost's cash and cash equivalents amounted to €17 million being additionally backed by an undrawn financing facility of €20 million.

Business update

Product harmonisation

Unifiedpost has successfully integrated and expanded its product portfolio. The product offering for the corporate market are bundled in "Channel" and "Collect", covering respectively outgoing and incoming flows. Meanwhile the one-stop-shop-solution for the SMEs, "Banqup", has been rolled out in 32 countries. The three solutions are integrated through Crossnet, the leading proprietary Unifiedpost network. The integration of all own solutions was an essential milestone in the development roadmap to support future growth and network expansion. Over 1.5 million companies already exchange their documents directly or indirectly via Crossnet.

Expanding addressable market

In the beginning of the year 2021 Unifiedpost has set challenging targets for what was announced as a construction year: make the Unifiedpost solutions - including payment services – available in 26 countries. Having a unique product offering covering the full market spectrum and a footprint in so many countries give the Group a unique position to benefit from economies of scale. No other provider on the market has a comparable scale and footprint. The number of countries went up to no less than 32 during the year and the Group succeeded in the roll out. Banqup.com went live, and early 2022 final requirements are being completed.

Growing the network

Unifiedpost has set ambitious targets for new customer onboarding. At the end of the period, the organic customer growth was 30.4% y-o-y, a second consecutive year with an organic growth of at least 30%. The Group had at year end a total of 792,594 customers, of which 368,277 were paying customers. The consolidated business network expanded in 2021 to over 1.5 million companies, representing an estimated 6% of SMEs in Europe.

The number of Banqup (incl. Billtobox) customers grew to 35,408, a growth of 86% y-o-y. Although France has delayed the adoption of mandatory e-invoicing, over 2.000 early adopters onboarded within 2021 and started to use with the JeFacture solution.

ESG

Good corporate citizenship has always been fundamental since Unifiedpost was founded. In view of our core business and with human capital as our most important asset, creating sustainability is a natural extension of the way Unifiedpost does business. The focus in the year 2021 was the strengthening of the governance policies, the environmental conscience and the attraction and retention of talent. To embed the long-term roadmap an ESG Committee was installed. The committee consists of one independent member of the Board of Directors, two Executive Committee members and several members of the operational management.

Event after reporting date: new growth financing

Unifiedpost signed on 7th of March 2022 a €100 million five-year Term Loan facility provided by Francisco Partners, a leading global investment firm that specializes in partnering with technology and technology-enabled businesses. As part of the transaction, Francisco Partners will also obtain a 3% equity stake of the share capital of Unifiedpost.

This financing round enables Unifiedpost to enhance its funding scope and flexibility. The funds raised will be used to refinance existing debt, support the Group's growth strategy, including R&D investments, working capital requirements, and fund potential future transactions to further expand its capabilities and geographical coverage. This will support Unifiedpost, active in 32 countries with headquarters in Belgium, to further develop and commercialize its secure, standardized and scalable product offering to digitalize the financial supply chain of SMEs, midsized and large corporates.

Commenting on the financing from Francisco Partners, Hans Leybaert, CEO and Founder stated: *"By increasing our funding flexibility, we are on track for the next steps on our ambitious growth path. After our successful IPO in 2020 and the intense acquisition path since, we now not only have the proceeds but also the trusted confidence of a renowned financing partner to continue the further expansion of our business communication and payment network."*

Unifiedpost was supported on this transaction by Nielen Schuman as financial advisor and Linklaters as legal advisor.

Outlook for coming years

Reports from Billentis and Insight Partners on e-invoicing in Europe forecast the growth of the e-invoicing market at a CAGR 2020-2027 of at least 18% p.a. In key Unifiedpost markets like Germany, France and Italy the forecasted growth exceeds 20% p.a. The regulatory tailwinds increase further with the aim to close the VAT gap for

governments and tax authorities. Closing the VAT gap is key priority for governments throughout Europe. In the coming 18 months in no less than 10 countries, all key Unifiedpost markets, laws for mandatory B2B/B2G e-invoicing will come into effect.

The current geopolitical situation is impacting Europe and its economy. Unifiedpost has no direct exposure in Russia or Ukraine. Assuming today, that the situation does not escalate further, Unifiedpost is holding on to its guidance: with the position on the market, and the highly attractive SME segment, Unifiedpost reconfirms the guidance of the Group for organic growth in 2022: the Group expects organic growth to exceed 25% y-o-y in FY2022.

For FY2023 Unifiedpost also confirms the guidance provided: an organic digital processing revenue growth of at least 30% and on the digital processing revenue a gross margin of at least 60% and an adjusted EBITDA margin of at least 25%.

² Average revenue per unit (ARPU) is calculated as revenue divided by the number of paying customers

Analyst, Investors & Media webcast

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

A presentation can be followed via live webcast. A recording will be available shortly after the event.

To attend, please register at https://channel.royalcast.com/landingpage/unifiedpost/20220308_1/

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

Financial Calendar 2022

- 08 March 2022: Publication FY 2021 Financial Results
- 19 April 2022: Publication Annual Report 2021
- 17 May 2022: Annual General Meeting of Shareholders
- 23 May 2022: Publication Q1 2022 Business Update
- 12 August 2022: Publication H1 2022 Business Update
- 16 September 2022: Publication H1 2022 Financial Results
- 10 November 2022: Publication Q3 2022 Business Update

Enquiries

Hans Leybaert, CEO

+32 477 23 94 80

hans.leybaert@unifiedpost.com

Laurent Marcelis, CFO

+32 477 61 81 37

laurent.marcelis@unifiedpost.com

Investor Relations & Media

Sarah Heuinck

+32 491 15 05 09

sarah.heuinck@unifiedpost.com

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 1,000,000 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

() Warning about future statements: The statements contained herein may contain forecasts, future expectations, opinions and other future-oriented statements concerning the expected further performance of Unifiedpost Group on the markets in which it is active. Such future-oriented statements are based on the current insights and assumptions of management concerning future events. They naturally include known and unknown risks, uncertainties and other factors, which seem justified at the time that the statements are made, but may possibly turn out to be inaccurate. The actual results, performance or events may differ essentially from the results, performance or events which are expressed or implied in such future-oriented statements. Except where required by the applicable legislation, Unifiedpost Group shall assume no obligation to update, elucidate or improve future-oriented statements in this press release in the light of new information, future events or other elements and shall not be held liable on that account. The reader is warned not to rely unduly on future-oriented statements.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Thousands of Euro	For the year ended 31 December	
	Unaudited 2021	Audited 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the year	(25,579)	(33,769)
Adjustments for:		
▪ Amortisation and impairment of intangible fixed assets	16,206	11,019
▪ Depreciation and impairment of property, plant & equipment	1,241	861
▪ Depreciation of right-of-use-assets	4,044	3,138
▪ Impairment of trade receivables	(25)	71
▪ Financial income	(22)	(102)
▪ Financial expenses	2,027	6,602
▪ Share of (profit) / loss of joint ventures	-	51
▪ Gain on disposal of associates	-	126
▪ Gain on disposal of fixed assets	(17)	(66)
▪ Gain from remeasurement of previously held interest upon assuming control over a subsidiary	-	(465)
▪ Share-based payment expense	243	215
▪ Income tax expense / (income)	195	872
▪ Fair value change of financial asset	-	-
▪ Fair value change of derivative	(2,477)	5,343
▪ Contingent consideration	250	-
Subtotal	(3,914)	(6,104)
Changes in Working Capital		
(Increase)/decrease in trade receivables and contract assets	(6,727)	(4,552)
(Increase)/decrease in other current and non-current receivables	(958)	(229)
Increase/(decrease) in Inventories	(41)	(41)
Increase/(decrease) in trade and other liabilities	17,095	4,472
Effects of foreign exchange rate changes on working capital		
Cash generated from/ (used in) operations	5,455	(6,454)
Income taxes paid	(1,392)	(381)
Net cash provided by / (used in) operating activities	4,063	(6,835)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments made for acquisition of subsidiaries; net of cash acquired	(82,903)	1,121
Settlement of the Fitek Slovakia put option	(2,000)	-
Payments made for purchase of property, plant & equipment	(2,166)	(2,398)
Proceeds from the disposals of property, plant & equipment	55	223
Payments made for purchase of intangibles and development expenses	(19,792)	(10,672)
Proceeds from the disposals of intangibles and development expenses	56	73
Proceeds from sale of financial assets at fair value through profit or loss	-	-
Proceeds from sale of subsidiaries, net of cash disposed	-	(112)
Upfront payments made for leases	-	(38)
Interest received	20	1
Dividend payments received from joint ventures	-	-
Net cash provided by / (used in) investing activities	(106,730)	(11,802)