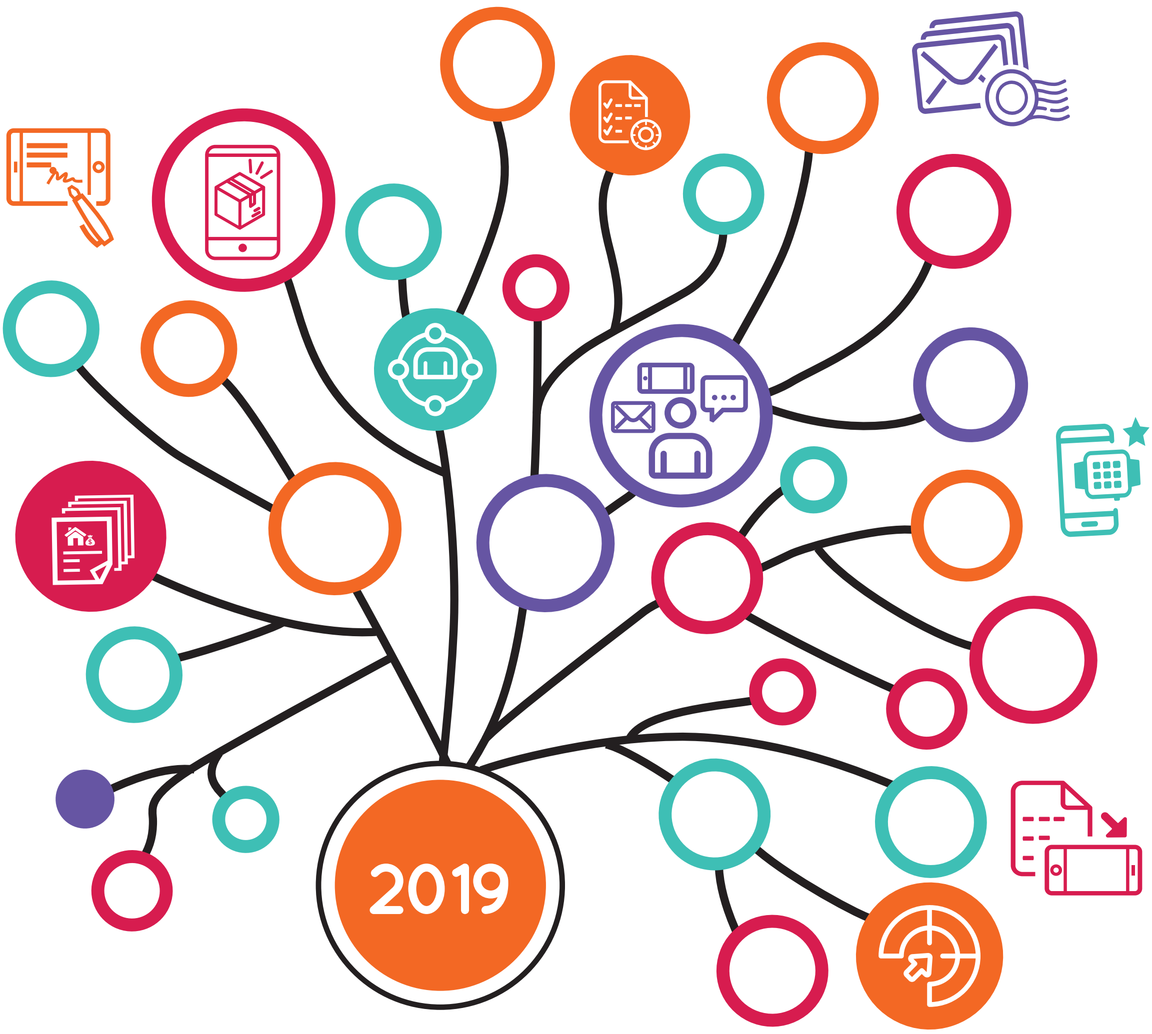


UNIVERSAL REGISTRATION DOCUMENT

New version of the Registration Document

Contents

quadient

UNIVERSAL REGISTRATION DOCUMENT

New version of the Registration Document

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document was filed on May 4, 2020, with the French financial markets authority as the competent authority in accordance with Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said regulation. The Universal Registration Document may be used for the purposes of a public offering of financial securities or the admission of financial securities to trading on a regulated market if it is accompanied by a simplified prospectus and, where applicable,a summary and all the amendments made to the Universal Registration Document. The entirety thus constituted is approved by the French financial markets authority in accordance with Regulation (EU) 2017/1129.

MESSAGE FROM THE **CHAIRMAN**

DIDIER **LAMOUCHE**

CHAIRMAN OF THE BOARD OF DIRECTORS

"VIGILANT AND MAINLY INDEPENDENT, THE BOARD MONITORS THE EFFECTIVE EXECUTION OF THE STRATEGY AND PLAYS ITS ROLE IN A PROFESSIONAL AND COMMITTED WAY. "

To the Shareholders,

Quadient has accelerated its transformation over the last two years. This programmed mutation aims to meet companies' needs for digital, automated solutions and to allow the Group to sustainably return to profitable growth.

2019 was the first year of execution of the "Back to Growth" strategic plan, prepared in 2018: it was an exemplary year in terms of both operational and financial results. The refocusing of our business on four main solutions - Customer Experience Management, Business Process Automation, Mail-Related Solutions, Parcel Locker Solutions - was supplemented by a return to investment in organic resources, divestments and a prudent, targeted acquisition plan.

In a context of profound transformation, the Board of directors' role is to monitor the effective execution of the strategic plan. With this in mind, the Strategy and Corporate Social Responsibility Committee, created at the end of 2018, has further strengthened the assessment and validation process for acquisitions and divestments by applying strict financial discipline. Parcel Pending, the only acquisition completed to date, has seen strong growth since its consolidation. The Board also approved the different divestments carried out, with portfolio refocusing at the heart of the strategy.

Lastly, this Committee reflects Quadient's desire to make CSR policy a major focus: the priorities defined are respect for ethical values, support for local communities, the fight against climate change and commitment to our employees.

At the same time as Quadient was carrying out the profound change in its organization, the Group's governance also changed considerably: the Board of directors continued its renewal with two new independent directors including its Chairman, a position that I have had the honor of assuming since June 2019. Almost all of the Board is today comprised of independent members and fully plays its role in a professional and committed way.

The unprecedented crisis related to the Covid-19 pandemic has led to a full and unreserved mobilization of the management team and the Board to protect our employees, support our customers and preserve Quadient's potential. In this respect, particular vigilance has been paid to our financial position. The solidity of our business model and strong cash position at the start of 2020 give us confidence in Quadient's ability to overcome this unexampled crisis and capitalize on the resulting acceleration towards the digital transition.

Didier LAMOUCHE

THREE QUESTIONS FOR THE **CHIEF EXECUTIVE OFFICER**

GEOFFREY **GODET**

CHIEF EXECUTIVE OFFICER

"COMMITTED TO AN AMBITIOUS STRATEGY, WE ARE FACING THE COVID-19 CRISIS WITH A NEW ORGANIZATIONAL STRUCTURE THAT IS FULLY OPERATIONAL AND MANY STRENGTHS"

How has Quadient changed since you announced your "Back to Growth" strategic plan in early 2019?

Our choice to focus on four major solutions led to an intense reorganization. We shifted from being a holding company uniting multiple businesses that were managed independently and in a decentralized way to being an integrated company. To implement this transformation, we restructured the management team. We hired new people, many of whom had international experience. Finally, we adopted a new identity: Quadient, a brand that is better suited to fulfill our ambitions.

Our new organizational structure is now fully operational. In both North America and Europe, each of our regions handles the sales, implementation and maintenance of the solutions installed at our customers' sites. We are using our new organizational structure to enhance commercial and back-office synergies, pool our R&D efforts and take advantage of a streamlined supply and logistics chain. As for our additional operations grouped within a separate division, we have discontinued the operations of one nonstrategic subsidiary, we have divested three other subsidiaries, and overall, we have restored profitability to the whole entity.

How would you describe the Group's 2019 performance?

With organic growth of 1.6%, we recorded our best performance since 2013. This illustrates the relevance of our strategic choices. Thanks to our efforts, we continued to gain market share in our mail-related business, particularly in the United States, and our three other solutions posted strong double-digit growth. All the credit for this goes to our teams, who were able to galvanize our commercial performance by leveraging the investments made to advance our strategy. Finally, thanks to the improved profitability of our additional operations, our EBIT margin remained high despite our increased investments and the change in our business mix.

Covid-19 has pushed the start of the 2020 financial year into uncharted territory. Are you well equipped to cope with this crisis?

While our priority was first to protect our employees and the continuity of service for our customers and partners, we are entering this situation with many strengths on our side. We have a structurally resilient business model with a high proportion of recurring revenue. We also have a certain amount of flexibility since most of our equipment manufacturing is subcontracted, which creates a lot of variability in our cost base. I would also add that our balance sheet is utterly healthy and our liquidity is robust.

Nevertheless, we are managing the situation as closely as possible. We are implementing cost-saving measures and undertaking investment arbitrage while remaining fully committed to our ambitious strategy. We believe that the crisis and the lockdown periods that have been instituted will reinforce the value of our solutions, particularly omnichannel management of customer interactions, paperless mail, the automation of invoicing procedures and parcel locker solutions.

PROFILE & ACTIVITIES

Quadient helps companies simply and efficiently create meaningful, personalized interactions with their customers.

There is always something important for the customer behind every interaction, whether the interaction involves mailing a contract, confirming a reservation via text message, receiving a parcel, paying a bill, or communicating through a mobile or web app.

Quadient aspires to be among the leaders in each of its key areas of business.

4 areas of business

CUSTOMER EXPERIENCE MANAGEMENT

Software solutions that help large businesses design, manage and send personalized, omnichannel communications in large volumes and on demand (statements, invoices, etc.), and that help customize the digital experience they offer their customers through bespoke mobile and web applications:

- The compliance of communications is vital in strictly regulated industries, such as financial services, insurance and healthcare;
- Quadient's products and services are shifting toward SaaS and subscriptions.

Sales(1)
€140 million
+12.5%(2)

Global market

Customer communications management
€1 billion

Customer experience management
~€3 billion

BUSINESS PROCESS AUTOMATION

Software solutions to automate communications for small & medium-size enterprises, streamline and digitize the management of their documents and processes, mainly supplier and customer invoices:

- Small businesses are still at an early stage in the digitalization of their processes.

Sales(1)
€65 million
+18.4%(2)

Global market

Digitalization of invoice management
~€3 billion

SaaS/Cloud solutions
+15%/year

(1) 2019 sales. *(2) Organic growth compared to 2018.*

500,000 customers

A fragmented, diversified customer base in terms of industry and location

€1.1 billion
In sales

+1.6%
Organic growth

90
Countries where Quadient's products are distributed

5,693
Employees

MAIL-RELATED SOLUTIONS

Extensive line of hardware and software for preparing and sending mail (franking systems and folders/inserters suitable for both low and high volumes):

- Mail processing remains a major market despite the structural decline in letter volumes;
- A market with high barriers to entry;
- North America represents approximately 50% of the global market.

Sales(1)
€ 790 million
-3.0%(2)

Global market

€ 3-4 billion
including production mail

€ 2-3 billion
excluding production mail

PARCEL LOCKER SOLUTIONS

This solution, which consists of lockers integrated with software to automate the tracking of parcel drop-off and pick-up, helps optimize the management of last-mile parcel delivery and simplifies parcel retrieval, whether that happens in public places, at retailers' sites or at residences:

- The only proven automated solution as of today, offering notably contactless delivery;
- A fledgling, multi-local market suited to the proliferation of parcels resulting from the boom of e-commerce.

Sales(1)
€ 65 million
+30.7%(2)

Market

More than 50 million compartments
25 million in the United States
9 million in Japan

“BACK TO GROWTH” STRATEGY

In January 2019, Quadient unveiled its strategic plan through 2022, named “Back to Growth”.

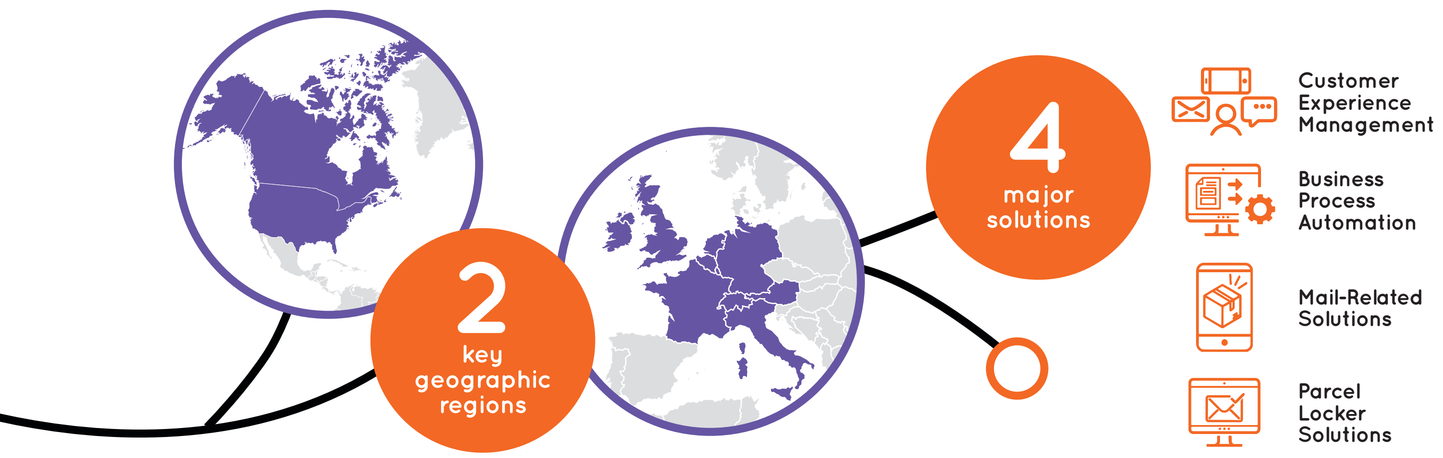
This plan aims to accelerate the Company's transformation and reposition it to pursue sustained, profitable organic growth.

To learn more:
Chapter 1.2

Realignment of the business portfolio and focusing of investments

To achieve a more robust growth level, the **“Back to Growth”** plan is based on focusing the business on **strategic solutions** in which the Group has proven its credentials and possesses recognized strengths: know-how, added value of solutions, market positions and in-depth understanding of customers' needs. On a concrete level, this means placing priority on expanding **three strong growth drivers** – **Customer Experience Management**, **Business Process Automation** and **Parcel Locker Solutions** – and opting to reinvest in **Mail-Related Solutions**, a major source of cash generation. At the same time, Quadient has decided to focus its efforts on the geographic regions that have the best prospects for profitable growth. To support this strategy, the Group plans to maintain a high level of internal investment and to add to its business portfolio by making targeted acquisitions while demonstrating strict financial discipline.

MAJOR OPERATIONS



To support its growth, Quadient is directing its efforts at four major solutions in two geographic regions: North America and the main European countries, centered around France, Germany and the United Kingdom.

A new model

Quadient has altered its *modus operandi* in order to more efficiently roll out its strategy, be more agile and metter meet its customers' needs.

Clear priorities, a new way of working, a rebooted and expanded management team with added skills and more international experience, and a new approach to managing the solutions in an integrated way have sparked a cultural shift throughout the organization, a key factor in successfully executing the strategy.

Unifying the organization also allows Quadient to develop synergies, both at the operational level, such as for R&D, back office and the supply chain, and at the commercial level with the expansion of cross-selling.

In September 2019, the Company changed its name to Quadient to accompany its new strategy and transformation into a unified business bringing all its solutions together under a single brand.

quadient
Because connections matter.

Execution of the strategy in 2019

MAJOR OPERATIONS

Business expansion:
- Customer gains in new verticals;
- Increased market share in existing verticals;
- Increased cross-selling;
- Establishment of new sales partnerships.

Acceleration of innovation and R&D:
- Streamlining of product lines;
- Expansion of Cloud offerings.

Strengthening of synergies among the four major solutions.

Acquisition of Parcel Pending, the leader on the residential market for parcel lockers in North America:
- Integration on track;
- Accelerated growth.

Optimization of the supply chain.

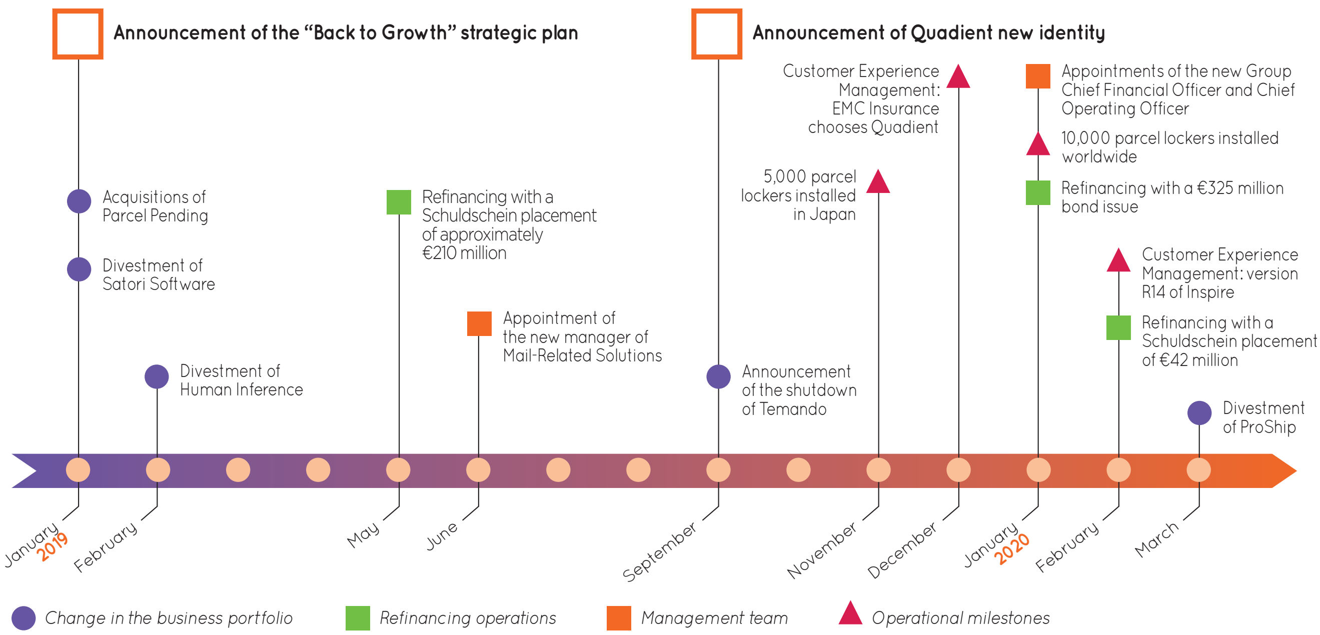
ADDITIONAL OPERATIONS

Substantial progress in the "Grow, improve or exit" strategy.

This strategy applies to the major solutions outside of North America and the main European countries, and to all the non-strategic solutions:

- Strong growth and increased profitability of the international Customer Experience Management activity and the Parcel Locker Solutions in Japan;
- Reshaping of the portfolio: three divestments and the shutdown of one business;
- Total amount of divestments carried out: more than $90 million;
- Significant improvement in profitability.

Main events of the period



In late March 2020, amid an economic environment disrupted by the Covid-19 pandemic, Quadient decided to suspend the quantitative objectives connected to its "Back to Growth" plan. To view the most recent announcements by the Company, please visit the financial communication website: https://invest.quadient.com/en-US.

BUSINESS MODEL

A portfolio of solutions with a significant share of recurring revenue and commonalities between the business models

INDUSTRY TRENDS

Digitalization, a major catalyst in the change of communication and business process automation

Despite its structural decline, mail market remains large

Customer experience, the playing field where companies can differentiate themselves

Management of last-mile parcel delivery, a priority as e-commerce surges

STRENGTHS

An integrated company

- New organizational structure and a representative brand for all activities. New tagline: "Because connections matter"
- Focus on the main growth drivers in **two** major geographic regions: **North America / Main European countries**
- Direct or indirect distribution network covering **90** countries

High-performing industrial assets

- **3** production centers
- **5** logistics centers
- **100%** of industrial sites are certified ISO 14001, OHSAS 18001/45001

A culture of R&D and innovation

- **4.7%** of sales dedicated to R&D
- More than **750** engineers
- **7** R&D centers
- A team dedicated to digital innovation

Expert teams

- **5,693** employees
- Diverse backgrounds: expertise, origins, skills, cultures, outlooks
- **86%** of employees completed a training session in 2019; **32%** of these training sessions were about digital technology

A strong financial structure

- Robust liquidity position: **€498 million** in cash and **€400 million** of undrawn credit lines at end-January 2020
- Debt backed by future cash flows from rental operations and leasing portfolio (**€668 million** net debt)
- Leverage excluding leasing: **0.9x** EBITDA[1]

(1) Net debt excluding leasing/ EBITDA excluding leasing.

SMART HARDWARE

BUSINESS MODEL
(underlying factor)

Recurring

- **Rental and leasing** (installed base)
- **Maintenance** (installed base / charging for maintenance services)
- **Supplies** (Mail-Related Solutions: use / mail volumes)
- **Subscription / use** (Parcel Locker Solutions: based on use in certain cases)

Non-recurring

- **Equipment sales** (number of units sold / per-unit price)

CUSTOMERS

Mail-Related Solutions

- Small and medium-sized enterprises
- Large accounts

Parcel Locker Solutions

- Residential
- Universities in the United States (cross-selling)
- Corporates (cross-selling)
- Retailers
- Carriers

RECURRING REVENUE

Mail-Related Solutions: Approx. **70%**

Parcel Locker Solutions: Between approx. **30%** (US) & **90%** (Japon)

2019 RESULTS

- SALES: **€1.1 billion**
- RECURRING REVENUE: **68%**
- MAJOR OPERATIONS: **83%** of sales, of which:
  - NORTH AMERICA: **55%**
  - MAIN EUROPEAN COUNTRIES: **45%**
- CURRENT EBIT(2): **€185 million**

(2) Before acquisitions-related expenses

SOFTWARE/ DIGITAL SOLUTIONS

BUSINESS MODEL
(underlying factor)

Recurring

- **Subscription (SaaS)** (installed base)
- **Use**
- **Maintenance** (installed base / charging for maintenance services)
- **Professional services** (invoiced on a time spent basis)

Non-recurring

- **License sales** (number of units sold / per-unit price)

BUSINESS PROCESS AUTOMATION	CUSTOMER EXPERIENCE MANAGEMENT

CUSTOMERS

BUSINESS PROCESS AUTOMATION	CUSTOMER EXPERIENCE MANAGEMENT
• Segment of largest small & medium-size enterprises • 70% of Business Process Automations customers are Mail-Related Solutions customers	• Large accounts • 10% of sales are made to Mail-Related Solutions customers

RECURRING REVENUE

BUSINESS PROCESS AUTOMATION	CUSTOMER EXPERIENCE MANAGEMENT
>70%	Approx. 70%

VALUE CREATION

OUR CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

CUSTOMERS

- Circular economy: **32%** of hardware marketed are produced through a remanufacturing process
- **96%** customer satisfaction rate

12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

PEOPLE

- **€466 million** paid in employee wages, bonuses, commissions and payroll charges
- **96.3%** permanent contracts to support local jobs
- **31.1%** women in the Group
- **26.4%** of managers are women
- **47%** of employees have access to a workplace wellness program

8 DECENT WORK AND ECONOMIC GROWTH; 5 GENDER EQUALITY

ACCOUNTS PAYABLE

- **€245 million** in purchases
- **89.2%** of suppliers assessed comply with the requirements of the Suppliers' Code of Conduct

STATES AND REGIONS

- **€29 million** in taxes
- **5%** reduction in CO_2 emissions compared to 2018 (Scopes 1 and 2)
- **90%** of waste recycled or recovered
- Employees involved in many volunteer initiatives in their local communities

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 13 CLIMATE ACTION

SHAREHOLDERS

- **€18 million** in dividends paid for 2018

QUADIENT, A RESPONSIBLE COMPANY

For more than a decade, Quadient has run its business with the greatest integrity, offering its customers innovative and sustainable solutions while working to limit its impact on the environment. Quadient has defined a CSR process, aligned with its operations and strategy, around four pillars.

Pillars and main events of 2019

Engaging with the Group's employees and local communities

Health, Safety and Well-being
- **47%** of employees have access to a wellness and employee assistance program
- **0.12%** absenteeism due to workplace accidents

Talent Attraction and Retention
- **804** new hires in 2019
- Employee Net Promoter Score (NPS) rose from 2 to 3
- Staff turnover rate of **12.6%**

Human Capital Development
- **85.6%** of employees attended at least one training course in 2019
- Deployment of the "LinkedIn Learning" e-program and online English classes

Diversity
- Women represent **31.1%** of Quadient's total workforce
- Women make up **19.2%** of senior leaders, up by **60%** compared to 2018
- Deployment of the "Empower Women Program"

To learn more: Chapter 5.1.3

Creating the best customer experience by offering innovative, reliable, and sustainable solutions and services

Technology and Innovation
- **4.7%** of sales dedicated to innovation & R&D especially to develop cloud-based offer for digital solutions and enhance existing products with new functionalities

Sustainable Products and Solutions
- **32%** of hardware placed on the market come from remanufacturing
- Measuring the carbon footprint of products and digital solutions

Customer Satisfaction
- A **96%** customer satisfaction rate
- **99.8%** availability of digital solutions (Business Process Automation & Customer Experience Management)

To learn more: Chapter 5.1.4

Promoting a culture of excellence and integrity

Code of Ethics
- Update to the Code of ethics

Data protection and information security
- **Five** sites ISO 27001-certified
- **25** security audits conducted

Responsible Procurement
- **221** suppliers assessed, representing **98.9%** of production purchasing
- **89.2%** of suppliers assessed comply with the requirements of the Suppliers' Code of Conduct

To learn more: Chapter 5.1.5

Reducing Quadient's environmental footprint

Circular Economy
- **90%** of industrial waste recycled
- **31%** of used ink cartridges collected
- Industrial waste reduced by **8.6%** compared to 2018

Climate Change
- Energy consumption reduced by **8.0%** compared to 2018
- In 2019, Quadient obtained a score of **B** on the Carbon Disclosure Project (CDP) questionnaire

To learn more: Chapter 5.1.6

A strategy recognized by non-financial rating agencies

Rating agencies	Previous score or ranking	2019 score or ranking	Positioning and index
EcoVadis (GOLD 2019 ecovadis CSR Rating)	**Total score 67/100:** • Environment (80) • Working conditions and Human Rights (70) • Ethics (60) • Responsible procurement (50)	**Total score 69/100:** • Environment (80) • Working conditions and Human Rights (70) • Ethics (60) • Responsible procurement (60)	Quadient places in the top **1% of suppliers recognized by EcoVadis as the most advanced and committed in matters of sustainable development, all sectors combined.**
CDP (DRIVING SUSTAINABLE ECONOMIES)	**Total score: B**	**Total score: B**	Quadient obtained **a score of above the European regional average** (“C”) and above average in the electrical and electronic equipment sector (“C”).
Gaïa RATING	**Total score 76/100:** • Environment (77) • Social (69) • Governance (65) • External stakeholders (78)	**Total score 85/100:** • Environment (86) • Social (85) • Governance (79) • External stakeholders (98)	Quadient ranks **9th out of 230 in the Gaïa Index**, climbing four spots since 2018.
vigeo eiris	• Environment (52/100) • Human resources (47/100) • Market behavior (52/100) • Corporate governance (56/100) • Societal commitment (41/100)	• Environment (45/100) • Human resources (58/100) • Market behavior (55/100) • Corporate governance (57/100) • Societal commitment (46/100)	member of the INVESTMENT REGISTER ETHIBEL EXCELLENCE Quadient is **listed in the Ethibel EXCELLENCE** and **PIONEER Investment Registers.**

Our ambitions for 2020-2022

- Provide **great working conditions** empowering all Quadient employees to perform at their very best.
- Create a **diverse and inclusive** culture indicative of Quadient’s **equal opportunity** employer philosophy.
- Give all employees the opportunity and the means for **personal** and **career development**, and empower them to contribute to the Company’s success.
- Encourage employees to **support the communities** that make sense for them.

- Promote a culture of **integrity** and **ethical** conduct through Quadient’s **compliance** program.
- **Protect data** entrusted to Quadient against internal and external threats.
- Engage with **partners** and **suppliers** who observe **standards** similar to those of the Company.

- Leverage **digital technology** and **innovation** to develop new functionalities for existing solutions and design tomorrow’s solutions.
- Design **cutting-edge solutions** to help our customers fulfill their needs while contributing to **sustainable development**.
- Deliver high **quality, reliable** and **secured** products, solutions and services.

- Support the global transition to a **low carbon economy** by reducing the Company’s **greenhouse gas emissions**.
- Foster **circular economy** principles in the Company’s activities to lower Quadient’s **environmental footprint**.

A LARGELY INDEPENDENT **BOARD OF DIRECTORS**

The Board of Directors has 11 members, who provide their expertise notably in the fields of digital, e-commerce, new technology and corporate governance.

It has approval power over Quadient's strategic guidelines and decisions, and checks the proper execution of the strategy, including new project launches, investments, divestments and acquisitions.

DIDIER LAMOUCHE
Chairman of the Board

7 Number of meetings

93% Average attendance

90% Independence of Directors*

40% Women*

GEOFFREY GODET
Chief Executive Officer

MARTHA BEJAR
Since January 2019

HÉLÈNE BOULET-SUPAU
Since March 2017

ERIC COURTEILLE
Since March 2012

VIRGINIE FAUVEL
Since July 2017

CHRISTOPHE LIAUDON
Director representing employees
Since August 2019

WILLIAM HOOVER JR.
Since July 2013

VINCENT MERCIER
Since July 2009

RICHARD TROKSA
Since July 2016

NATHALIE WRIGHT
Since September 2017

Audit Committee · *Strategy and Corporate Social Responsibility Committee* · *Remuneration and Appointments Committee* · *Chairman of a committee*

MAPPING OF THE BOARD'S EXPERTISE

General management, executive functions, management, and entrepreneurship	7
Technology & IT	6
Digital (e-business, e-commerce, machine learning, customer experience)	6
Finance	5
Technology, cybersecurity	5
Strategy, innovation & transformation	4
M&A, private equity	3
Operations, supply chain	3
Consulting	3
Retail	3
Banking and insurance (fintech)	2
Logistics	1
Other industries (travel and entertainment, capital goods, consumer goods, equipment)	5

(*) In accordance with French law and the AFEP-MEDEF Code, Directors representing employees are not counted when determining the percentage of Independent Directors or the proportion of women on the Board of Directors.

AN INTERNATIONAL **MANAGEMENT TEAM**

GEOFFREY GODET
Chief Executive Officer

The management team includes the managers of centers of excellence and of operations, organized by line of solutions and by geographic region.

During the 2019 financial year, Quadient continued to build up the management team as part of the set up of a further integrated organization. The Group takes advantages of new types of expertise, more international as well as more specialized background and greater diversity.

SUPPORT FUNCTIONS

STÉPHANIE AUCHABIE*
Human resources

BRANDON BATT*
Transformation

LAURENT DU PASSAGE*
Chief of Staff

STEVE RAKOCZY*
Digital

TAMIR SIGAL*
Marketing

CHRISTELLE VILLADARY*
Finance

OPERATION

JEAN-FRANÇOIS LABADIE*
Chief Operating Officer & in charge of Additional Operations

ALAIN FAIRISE
North America

BENOIT BERSON
France & Benelux

DROR ALLOUCHE
Germany, Austria, Italy & Switzerland

DUNCAN GROOM
United Kingdom and Ireland

SOLUTIONS

CHRIS HARTIGAN
Customer Experience Management

ALYNA WNUKOWSKY
Business Process Automation

JEFF CROUSE
Mail-Related Solutions

DANIEL MALOUF
Parcel Locker Solutions

ZBINEK HODIC
Software Technology

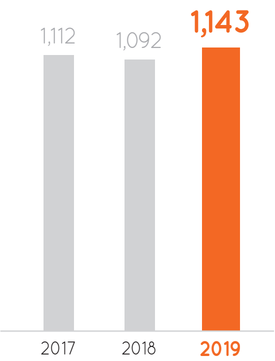
THIERRY LE JAOUDOUR
Hardware Technology

(*) Reports directly to the Chief Executive Officer.

FINANCIAL **PERFORMANCE**

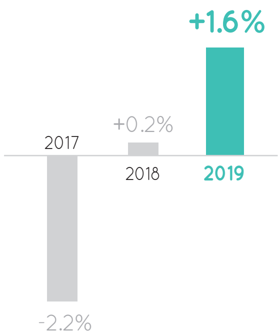
INCOME STATEMENT

SALES
(in million euros)



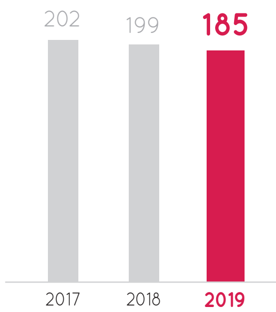
In 2019, recurring revenue accounted for 68% of the Group's total sales

ORGANIC GROWTH[(1)]
(annual growth rate)



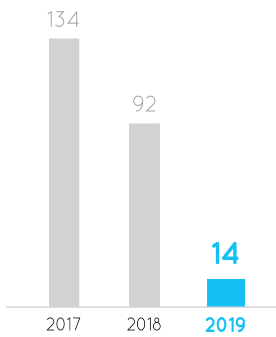
Performance in 2019 was driven by the three growth engines and a better resilience of Mail-Related Solutions

CURRENT EBIT[(2)]
(in million euros)



Current EBIT remained at a high level thanks to the improved profitability of Additional Operations and despite increased investments

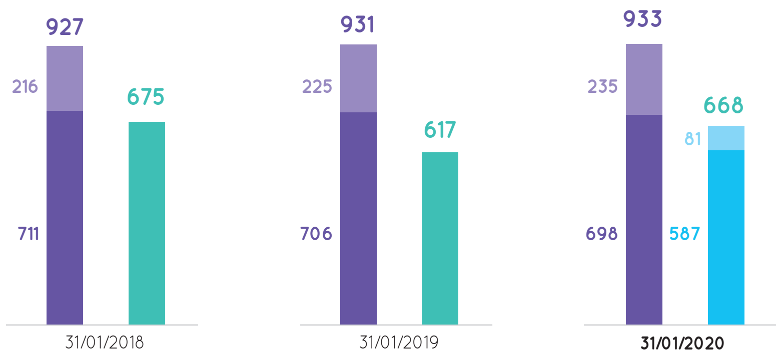
NET INCOME
(in million euros)



Net income for 2019 includes asset depreciations related to non-strategic activities, for €78 million

(1) Growth excluding currency and scope effects
(2) Before acquisitions-related expenses

FINANCIAL STRUCTURE
(in million euros)



Quadient's net debt is backed by future cash flows from its rental operations, leasing portfolio, and other financing services.

- *Future cash flow from rental operations*
- *Leasing portfolio*
- *Net financial debt*
- *IFRS 16 impact*
- *Net financial debt excluding IFRS 16 impact*

INVESTOR **RELATIONS**

2020 financial agenda

Q1 2020 sales: May 27, 2020*

Annual General Meeting: July 6, 2020

Second quarter 2020 sales and first half-year 2020 results: September 28, 2020*

Half-year results presentation: September 29, 2020

Q3 2020 sales: November 24, 2020*

(*) *Publication after Paris Euronext Market close.*

Listing information

quadient *(trade name)*

Listing: Euronext Paris

Market: Compartment B

ISIN Code: FR0000120560

Ticker/Mnemo: QDT

Index: SBF 120

Investors met in 2019

Institutions met: 135

Investors met: 181

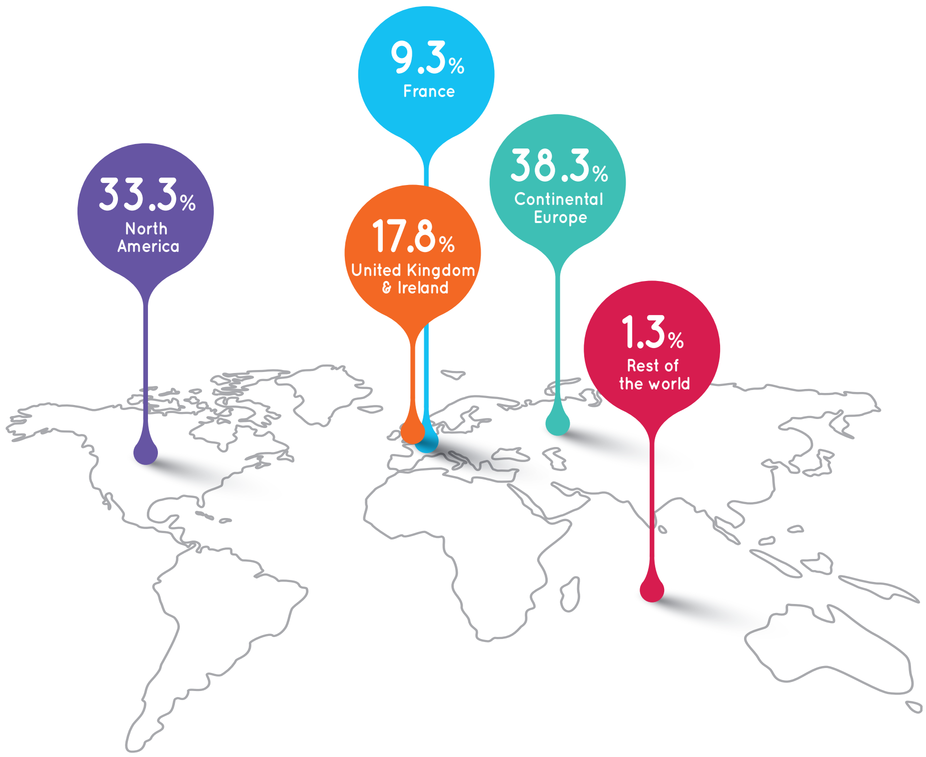
Countries covered: 5

Cities covered: 10

Roadshows: 14

Conferences: 4

GEOGRAPHIC DISTRIBUTION OF INSTITUTIONAL INVESTORS[(1)]



(1) *Institutional investors represent 82% of the capital of the Company.*

1

CORPORATE OVERVIEW

1.1 Activities

For all businesses – small or large, local or global – every customer interaction is critical. Today, a business transaction is much more than that – it is an opportunity to make a meaningful connection. A moment to make a positive impact on someone's life. A chance to create a customer for life.

Customer experience continues to be the battlefield. According to Forrester Research, improving Customer Experience by one point can drive more than a billion dollars in revenue[1]. In 2018, over 300 billion pieces of mail were delivered globally. However, this market is in decline, making digitalization the core catalyst in the transformation of physical communications and business processes. As e-commerce continues to grow, last mile delivery challenges must be solved in the years to come including the continued growth in deliveries, and the increase in related emissions.

As organizations seek to address the key elements driving customer connections today, they often struggle to move fast and meet evolving consumer demands due to:

- compliance mandates;
- ever-changing requirements;
- mergers and acquisitions;
- system complexities;
- internal politics;
- shift in demographics.

By focusing on four key solution areas including Customer Experience Management, Business Process Automation, Mail-Related Solutions, and Parcel Locker Solutions, Quadient[2] helps simplify the connection between people and what matters. Quadient supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence.

In 2019, Quadient has four major solutions, detailed below:

- Customer Experience Management;
- Business Process Automation;
- Mail-Related Solutions; and
- Parcel Locker Solutions.

(1) Source: Forrester: How Customer Experience Drives Business Growth, December 13, 2019.

(2) All references to Quadient refer to the former Neopost Group. Please note that as the legal name of the holding company is still Neopost S.A., the holding company's legal name will formally change pursuant to the resolution to be submitted to shareholders at the 2020 General Meeting for an approval of an amendment to the Company's Articles of Association to change the Company's name from Neopost S.A. to Quadient S.A.

1.1.1 CUSTOMER EXPERIENCE MANAGEMENT

For enterprises who must compete by creating exceptional customer experiences, Quadient provides omnichannel software solutions and expertise that deliver compliant and meaningful customer interactions. Quadient aims to leverage its Customer Communications Management (CCM) solution – in an industry in which it holds a firm leading market position both in size and reputation – to bring customer experience to the next level.

These solutions enable companies to design, coordinate and harmonize all of their customer communications across various departments (sales, marketing, accounting, etc.), while adapting to each department's specific needs. The "Quadient Inspire" software suite facilitates the creation and management of transactional and marketing communication documents regardless of the medium and the channel used (physical mail, e-mail, fax, text messages, websites, social networks, etc.) and manages omnichannel delivery for transactional and promotional communications.

The roadmap Quadient has for the Customer Experience Management solution is based on three pillars:

- expand into new vertical markets: from its print service providers client base, Quadient has successfully gained customers in the financial services, insurance and healthcare industries and now target customers in new verticals *i.e.* telcos, utilities and governments;
- continue to add cloud-based services to complement on-premise software offerings;
- extend its Customer Communication Management offering to Customer Experience Management, building on its expertise in document-based customer centric communications and interactions.

Market

Customer Communication Management market is a slightly growing niche market which size is estimated around 1 billion U.S. dollars in revenue. Customer Experience Management market is estimated around 3 billion U.S. dollars in sales. Competition is fragmented however Quadient has been consistently recognized as a leader in customer communications management by customers and analyst firms such as Gartner, Forrester, IDC and Aspire.

Customers

Customers leveraging Customer Experience Management solutions are primarily large accounts in vertical markets such as banks or insurance companies and print service providers. In 2019, Quadient also started to develop into new vertical markets, notably in utilities, telcos and government.

1.1.2 BUSINESS PROCESS AUTOMATION

The digitalization of business processes is at the heart of many organizations' cost optimization programs, and is key to driving a better experience for customers and employees. Moreover, regulation is increasingly favoring the switch to digital processes. As a result, the Quadient Business Process Automation solutions, particularly in the field of invoicing flows (accounts receivable/accounts payable), is a new strategic priority.

Business Process Automated Solutions are adapted to the requirements of small and medium sized enterprises and are marketed and delivered as either an on-premise or a SaaS offering (Software as a Service) via the Cloud. Quadient also has a network of partners to deliver specific solutions such as hybrid mail solutions.

Quadient will continue to expand its offering by adding new functionalities including order management and purchasing .

Market

The market for business processes is estimated at approximately 3 billion U.S. dollars in sales. The portion of the market targeted by Quadient is estimated to be around 1 billion U.S. dollars in sales[1], with an anticipated average annual growth rate of 15 % between 2019 and 2024.

Customers

Target customers for Quadient Business Process Automation solutions are primarily within the higher range of small and medium-sized enterprises.

(1) *Quadient estimates.*

1.1.3 MAIL-RELATED SOLUTIONS

Mail-Related Solutions encompasses the legacy business of Quadient. Quadient supplies equipment, software and services to cover the entire process of managing incoming and outgoing mail. It provides expertise and training in organizing mailrooms and mailing processes, according to each customer's business and operations requirements.

Quadient offers a competitive range of folders/inserters for the office, mailroom and mail center segments. These systems, supplemented with intelligent software to interface with databases, make it possible to publish, prepare for insertion, combine and route documents (pay slips, invoices, marketing mail shots). Quadient also offers ongoing maintenance on these systems to ensure business continuity for customers. Since these systems are connected to the Internet, the maintenance can be performed remotely. Quadient is considered to be one of the world's leading manufacturer of folders/inserters for offices and mailrooms.

Furthermore, Quadient offers mailing solutions which combine franking machines, franking management software solutions, accessories like postal scales, ink cartridges and other supplies to operate them. Quadient offers maintenance of its equipment (which may be remote) and the update of postal tariffs.

Finally, Quadient markets customized financing solutions for all equipment and services which it sells as well as long-term rentals in countries where regulation makes it mandatory, *i.e.* France for the entire franking machine, the United States and Canada for the meter.

Quadient also has a financial service called postage financing.

Market

The size of the mail solutions' market is estimated to be around 2.5 billion U.S. dollars of sales per year[(1)]. Quadient is ranked number 2 worldwide with a revenue of 790 million euros in 2019 in Mail-Related Solutions. Its two main competitors are Pitney Bowes and Francotyp Postalia with respective revenue of 1.5 billion U.S. dollars for Pitney Bowes' Sending Technology Solutions division (formerly called SMB) and 134 million euros for Francotyp Postalia's Franking and Inserting division in 2019.

Quadient is no longer in a position to precisely give market shares in terms of installed base due to the lack of availability of the data from French and U.S. postal authorities.

Customers

Mail-Related Solutions' customers are mainly small and medium sized enterprises across all industry sectors. However, thanks to its large range of products, Quadient also provides solutions to larger accounts, especially Print Service Providers.

Postal authorities' role

Postal authorities govern production, distribution and maintenance of franking machines.

1.1.4 PARCEL LOCKER SOLUTIONS

For businesses and people who need to manage a growing volume of deliveries and returns, Quadient provides and operates a smart and secure pick-up, drop-off solution that offers convenience and peace of mind.

Quadient parcel lockers are an automated solution that securely stores packages for easy consumer retrieval – eliminating the need for multiple deliveries and re-delivery attempts and reduces the risk of lost packages, hence respecting delivery deadlines and lowering CO_2 emissions.

Parcel volumes continue to increase. Due to the continued growth of e-commerce, smart parcel lockers are rapidly emerging as the most efficient and secure customer experience solution to solve the last mile delivery issue.

On the proven successful experience in building an installed base of parcel lockers, notably in Japan, Quadient aims at taking significant positions in key geographies, primarily in the United States. Additionally, Quadient, who has been deploying its French and Japan footprint through contracts with both carriers and retailers, sees a strong market opportunity in the residential sector.

In January 2019, Quadient made a significant entry into the high-growth parcel locker market through the acquisition of Parcel Pending, the current leader in the residential market in the United States.

(1) *Quadient estimates excluding production mail.*

Market

Parcel lockers represent a nascent multi-local business.

In Japan, Quadient is the market leader with more than 5,400 lockers installed and is benefitting from its first entrant position. In the United States, following the acquisition of Parcel Pending, Quadient became the leader in the residential segment in the United States, with more than 4,000 lockers installed in North America.

Customers

Parcel Locker Solutions' customers are primarily multi-residentials, universities, retailers, logistics operators, postal authorities and carriers.

1.1.5 OTHER SOLUTIONS

In addition to the major solutions, Quadient has more solutions grouped under additional Operations including graphics activities, shipping software, and automated packing system (CVP).

Graphic activities

Quadient distributes a wide range of equipment for print finishing including guillotines, binding machines, laminating machines, paper folding machines for any type of format. These graphics solutions are available primarily in the Nordic countries and in Australia.

Shipping software solutions

Multi-carrier shipping platforms streamline fulfillment, generate labels, and create transport documents. Available in stand-alone solutions, interfacing with existing information systems or integrated with e-commerce platforms, these solutions adjust to the needs and volumes handled by retailers and online retailers.

Quadient also offers online and mobile solutions based on EDI (Electronic Data Interchange), RFID (Radio Frequency IDentification) or bar code data capture technologies to track and locate mail pieces and register proof of delivery.

Automated Packing System (CVP)

The automated packing solutions CVP address the specific needs of e-commerce. The system builds fit-to-size packages that reduce package volume by up to 50%, saving on cardboard consumption and eliminating the need for void fill as well as providing significant savings in transportation costs.

Divested and exited activities

In 2019, Quadient decided to exit the data quality business, resulting in two divestments:

- on 28 January 2019, Quadient proceeded with the divestment of Satori Software to Thompson Street Capital Partners (TSCP), the owner of BCC Software;
- on 8 February 2019, Quadient proceeded with the divestment of Human Inference to EDM Media Group.

In September 2019, Quadient decided to execute a phased shutdown of the activity of its subsidiary Temando (shipping software dedicated to e-commerce) which was part of its Additional Operations. The business was subject to an orderly shutdown over time, subject to Temando's legal obligations to its customers and other stakeholders. In 2019; this subsidiary recorded sales below 3 million euros and an operating loss of about 3 million euros.

In February 2020, Quadient decided to divest its subsidiary ProShip, a global provider of automated multi-carrier shipping software, to FOG Software Group, a division of Constellation Software, Inc, a company listed in Toronto, Canada.

Pursuant to its stated strategy to "Grow, Improve or Exit" the businesses within its Additional Operations segment, Quadient will continue carefully assessing each of the activities into 2020.

1.2 Strategy

At the end of March 2020, in an economic context disrupted by the COVID-19 pandemic, Quadient decided to suspend the indication given up to 2022 as part of the Back to Growth plan, presented below. The reader is invited to refer to Quadient Investor relations website at the following address https://invest.quadient.com/ for the latest updates published by the Company.

1.2.1 "BACK TO GROWTH" STRATEGY

On 23 January 2019, Geoffrey Godet, Quadient's Chief Executive Officer since 1 February 2018, unveiled its strategy for the 2019-2022 period. Named "Back to Growth", this strategy aims at expanding and growing the Group while accelerating its transformation to reach a more balanced business profile designed to deliver sustainable and profitable organic growth going forward.

Quadient decided to rebalance its portfolio by focusing it, alongside with Mail-Related legacy business, on key growth engines in which Quadient has already proven its legitimacy and strengths: Customer Experience Management, Business Process Automation and Parcel Locker Solutions. Quadient will continue to develop these strategic activities by reinforcing its positions in key geographies where prospects for profitable growth have been identified via organic investments and bolt-on acquisitions made in a disciplined way.

To support this ambition, Quadient has also changed its operating model to become an integrated company, so that it can act smarter and faster to better meet its customers' expectations and market trends.

Clear priorities, a modern brand, new ways of doing business, a renewed management team, and a new approach to managing solutions in a more integrated way will continue to foster a cultural change throughout the organization. This increased collaboration and unified culture is reinforcing the ability for Quadient's management team to execute the new strategy.

To achieve this strategy, Quadient intends to:

- reinvest in its highly cash generative Mail-Related Solutions offering;
- focus on four major solutions, in two main geographies, namely North America and its main European countries;
- seize bolt-on acquisition opportunities which, together with organic growth in selected business segments, will contribute to scale up the major offerings;
- streamline the organization to operate in a more efficient and integrated way;
- either grow, improve or exit the Additional Operations by no later than 2022;
- adapt the shareholder return policy and allow for potential re-leveraging to gain flexibility in capital allocation.

1.2.2 STREAMLINE OPERATIONS

The refocus of the Company on its Major Operations goes hand in hand with the implementation of an organization aimed at conducting these businesses in a more integrated manner than in the past. In addition to each one of the four major solutions being overseen by a dedicated Chief Solutions Officer, the operations will be primarily structured under geographical responsibilities with North America and the main European countries the latter being divided into three regions: France & Benelux; United Kingdom & Ireland; Germany, Austria, Switzerland and Italy. All other geographies and the Other Solutions summarized in section "Other Solutions" are organized into the Additional Operations segment, which is separately managed. Since 1 February 2020, the leaders of these operations report directly to the Company's Chief Operations Officer.

The support functions continue to play a key role, including the oversight of the Company's overall transformation, driving the Company's digital transformation of its systems and back-office operations, forging a common marketing vision, centralizing the development and management of the Company's product portfolio, strengthening synergies for both R&D and supply chain and continuing to maintain a discipline of financial planning, cash management and internal controls.

As one organization, Quadient is able to leverage its core assets across all solutions to better serve our customers. This includes supply chain and logistics, R&D for all software and cloud-based solutions, sales and services within the regions and back office services such as human resources, finance, marketing, legal, CSR, and IT/digital.

1.2.3 CAPITAL ALLOCATION

Quadient's growth ambitions will partly rely on its ability to execute some bolt-on acquisitions that will be designed to accelerate the Company's transformation and expand its franchise within its major offers. Strict discipline and stringent financial criteria will be applied to the selection of M&A opportunities. Quadient will consider targets with high growth rate and a firm view to achieving a Return on Capital Employed[1] covering its cost of capital by the end of the third year, post year of closing.

Respect for the capital allocation discipline in connection with portfolio rotation will be ensured by a team dedicated that will support operational teams throughout the investment or divestment process.

Quadient is setting an envelope dedicated to bolt-on acquisitions amounting to 100 million euros, net of divestments, on average per year over the 2019-2022 period.

In addition, Quadient aims to spend on average 100 million euros per year in capital expenditure which would be mostly allocated to Major Operations.

1.2.4 SHAREHOLDER RETURN POLICY

To achieve these goals, Quadient needs to gain flexibility in its capital allocation. This implies adapting its shareholder policy. The company has therefore decided to set its annual pay-out ratio at a minimum of 20% of the Group attributable net income with the minimum annual dividend set at an absolute floor of 0.50 euro per share. The dividend will be paid in cash and in one instalment.

In addition, Quadient commits to returning to shareholders at the end of the 2019-2022 plan the potentially unused share of its net 400 million euros M&A targeted envelope.

1.2.5 MID-TERM GUIDANCE

Over the 2019-2022 "Back to Growth" strategic plan, Quadient aims to achieve:

- a mid-single digit sales CAGR at constant exchange rates;
- a high-single digit current EBIT[2] CAGR at constant exchange rates;
- a rebalancing of its business portfolio leading Mail Related Solutions to represent less than 50% of sales by 2022;
- be in a position to achieve low single digit organic sales growth in a sustainable way, by no later than the end of the plan.

During the period 2019-2022, Quadient will keep an annual free cash-flow conversion[3] of over 50%.

At the end of March 2020, in an economic context disrupted by the COVID-19 pandemic, Quadient decided to suspend the indication given up to 2022 as part of the Back to Growth plan, presented below. The reader is invited to refer to Quadient Investor relations website at the following address https://invest.quadient.com/ for the latest updates published by the Company.

(1) ROCE calculated as current EBIT post tax/ Enterprise value acquired.

(2) Current EBIT = Current operating income before acquisition-related expenses.

(3) Cash flow conversion = cash flow after capital expenditure/ current EBIT

1.3 Organizational structure

1.3.1 HEAD OFFICE

Quadient's head office is in Bagneux, France, in the Paris region. All the strategic assets such as research and development, production and distribution activities described below are held by wholly owned subsidiaries of Neopost S.A. , the parent company of the Group[(1)].

1.3.2 RESEARCH AND DEVELOPMENT CENTERS

Quadient has several research and development centers. The main R&D centers are located in Bagneux (France), Drachten (the Netherlands), Loughton (United Kingdom), Hradec Kràlové (Czech Republic), Cavaillon (France), Irvine (United States) and Milford (United States).

More than 750 engineers and technicians work in the R&D field at Quadient.

1.3.3 PRODUCTION CENTERS

Quadient has three production and assembly centers: Le Lude (France) for high-end mailing systems, Drachten (the Netherlands) for mid-range folders/inserters and the automated packing systems CVP and Loughton (United Kingdom) for high-end folders/inserters.

A team based in Hong Kong manages Quadient's network of subcontractors in Asia. Quadient subcontractors assemble entry-level to mid-range mailing systems and entry-level folders/inserters for Mail-Related Solutions. This team also provides solutions for parcel lockers, notably for both Packcity and Parcel Pending brands. The Memphis (United States) center is responsible of logistics and customization of products for North America.

All these centers employ approximately 650 people.

1.3.4 DISTRIBUTION

Quadient's international sales network is a key asset of its business. The Company has wholly owned subsidiaries and branches in 29 countries: Australia, Austria, Belgium, Brazil, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Hungary, India, Ireland, Italy, Japan, Luxembourg, Mexico, the Netherlands, Norway, New Zealand, Poland, Singapore, Spain, Sweden, Switzerland, Taiwan, the United Kingdom and the United States.

Quadient also has a network of local distributors in about 60 countries in addition to the countries covered by its subsidiaries. Generally speaking, these distributors are independent, essentially dedicated to Quadient products and have signed long-term distribution contracts with Quadient.

(1) Please note that as the legal name of the holding company is still Neopost S.A., the holding company's legal name will formally change pursuant to the resolution to be submitted to shareholders at the 2020 General Meeting for an approval of an amendment to the Company's Articles of Association to change the Company's name from Neopost S.A. to Quadient S.A.

1.3.5 INVESTMENTS

Excluding acquisitions, Quadient invested 109.3 million euros in 2019 compared with 87.9 million euros in 2018 and 98.8 million euros in 2017. This amount includes 13.5 million euros related to the implementation of IFRS 16.

Details of investments are shown in the table below:

(In millions of euros)	31 January 2020	31 January 2019	31 January 2018
Acquisition of software	1.8	2.6	3.8
Capitalisation of development expenses	31.1	29.2	27.9
Acquisition of machinery and equipment	1.7	4.3	3.6
Rented equipment	49.7	37.0	52.4
IT implementation costs	0.0	0.0	1.4
Other investments	11.5	14.8	9.7
Assets right of use IFRS 16	13.5	-	-
TOTAL	**109.3**	**87.9**	**98.8**

The breakdown of investments by geographical area is the following:

(In millions of euros)	31 January 2020	31 January 2019
Main european countries[1]	21.0	19.6
North America	30.5	22.0
Additional operations	24.7	20.4
Other	33.1	25.9
TOTAL	**109.3**	**87.9**

(1) The main European countries are: Germany, Austria, Benelux, France, Ireland, Italy, United-Kingdom and Switzerland.

Regarding acquisitions, the Group invested, net of divestments, 11.9 million euros in 2019, compared with 26.3 million euros in 2018, mainly linked to the investment in Parcel Pending and the divestment of Satori Software.

These investments and acquisitions were financed either with Group cash or with existing credit lines.

Quadient is setting an envelope dedicated to bolt-on acquisitions amounting to 100 million euros, net of divestments, on average per year over the 2019-2022 period.

In addition, Quadient aims at spending on average 100 million euros per year in capital expenditure which would be mostly allocated to Major Operations.

CORPORATE GOVERNANCE REPORT

2.1 Board of directors

2.1.1 GOVERNANCE STRUCTURE

Neopost S.A., Quadient's holding company, is a limited company with a Board of directors. On January 12, 2018, the Board opted for a separation of the functions of Chairman of the Board and Chief Executive Officer. This separation of functions, based on a desire to separate the management and supervisory bodies, complies with the undertaking of the General Meeting of July 1, 2016 and took effect as from February 1, 2018.

This separation of functions was further supported by the appointment of a non-executive Chairman with the status of independent director on June 28, 2019.

In order to maintain a balance in discussions and within its governance structures, the Board of directors is comprised mainly of independent directors (including its Chairman since June 28, 2019, besides Geoffrey Godet, Chief Executive Officer). The committees are made up exclusively of independent directors. The organization of the Board of directors was significantly restructured in 2018 following the decision to separate the functions of Chairman and Chief Executive Officer. In this context, the remuneration and appointments committees were merged into a single committee, as the Board of directors considered this structure to be more suitable and efficient following an assessment of the duties effectively carried out by these two committees. In addition, a new strategy and corporate social responsibility committee of the Board of directors (the "Strategy and Corporate Social Responsibility Committee") was also created to provide recommendations to the Board of directors, particularly in connection with the preparation and implementation of its "Back to Growth" strategy.

The conflict of interests policy was reviewed when the rules of procedure of the Board of directors and the Committees were revised. Until the appointment of the new Chairman of the Board, the lead director was responsible for monitoring this policy. Since then, he has been in charge of the transition until January 31, 2020, when this position ended, and the management of conflicts of interest has been fully assigned to the Chairman of the Board in conjunction with the Remuneration and Appointments Committee (the role and functions of the Committees are detailed in section 2.2). Apart from the limitations imposed by law and regulations, limitations to the powers of the Chief Executive Officer are provided by the Board of directors' rules of procedure as described in section 2.1.2.

2.1.2 MISSIONS OF THE BOARD OF DIRECTORS

The Board of directors, a corporate body and forum for strategic discussion and decision-making, optimizes value creation while upholding the short, medium and long-term interests of the shareholders and all stakeholders.

Over and above the local legal requirements, Quadient places particular importance on the Board being able to perform the following roles:

- approve all decisions concerning the Company's major strategic, economic, social and financial orientations and ensure that these are implemented;
- to be informed of a change in the markets, the competitive environment and the key challenges, including in the domain of the Company's corporate social responsibility;
- ensure there is an effective system in place within the Company that offers reasonable assurance that operations are conducted in accordance with current rules and regulations;
- set up and run specialized committees with a view to enriching the decision-making process;
- approve, upon recommendation of the Strategy and Corporate Social Responsibility Committee:
  - strategic choices and plans, aiming to promote long-term value creation by the Company and taking into account the social and environmental challenges of its activities,
  - significant restructurings and investments that are not budgeted or that fall outside the scope of the strategy announced, and
  - generally, any acquisitions or disposal of any entity, company or activity, by any means whatsoever (including the acquisition or disposal of securities or assets, merger, spin-off or capital contribution), for an enterprise value or price exceeding 15 million euros;
- approve the annual budget, review and approve the financial statements at regular intervals;
- review the Company's financial communication policy;
- appoint the corporate officers in charge of running the Company;
- set the remuneration policy for general management on the recommendation of the remuneration committee;

- each year, prior to publication of the annual report, review on a case-by-case basis the position of each of the directors and then notify the shareholders of the results of its review with a view to identifying independent directors;
- approve the Corporate governance report on the conditions for preparing and organizing the Board of directors' work, together with the Company's internal control procedures.

Details on how the Board of directors operates and on the rights, obligations and recruitment practices of its members within the limits of their authorized mandates are defined in the Company's rules of procedure. The rules of procedure also detail the Board's principal missions as well as the operations for which its approval is required.

Table summarizing the composition of the Board of directors for the 2019 financial year:

	Age	Nationality	Key competence	Independence	Years on the Board	Start/renewal of directorship	End of Directorship	End of term	Individual rate of attendance
Geoffrey Godet	42	F & US	Executive functions, Finance, e-Business, Technology	no	19 months	June 2018		2021	100%
Didier Lamouche	60	F	Executive functions, Supply Chain, Multiple CEO assignments Corporate Governance Public and Privately-owned companies	yes	9 months	June 2019		2022	100%
Denis Thiery	64	F	Finance & Managment	no	12 years	July 2017	June 2019	2019	100%
Martha Bejar	57	US	ICT(Information, Communication, Technology), Former CEO, Business and Digital Transformation, M&A, Cybersecurity / Risk, Customer Experience, Innovation	yes	1 year	June 2019		2022	100%
Hélène Boulet-Supau	53	F	Finance, e-Commerce Services, Entrepreneur, formerly CEO	yes	2 years	June 2017 renewed June 2018		2021	100%
Éric Courteille	52	F	Finance, e-commerce, Entrepreneur, currently CEO	yes	7 years	July 2012 renewed June 2017		2020	100%
Virginie Fauvel	45	F	e-Business, digital, technologies, International, Machine Learning	yes	3 years	June 2019		2022	100%
William Hoover Jr.	70	US	Corporate & Business Strategy, Post Merger Management, Supply Chain Design, Large scale change programs	yes	6 years	July 2013, renewed June 2017		2020	57%
Vincent Mercier[(a)]	70	F	Corporate Strategy, Finance, M&A, Private equity, logistics	yes	10 years	June 2018		2021	100%
Richard Troksa	57	US	Consulting, new technologies, entrepreneur, Formerly CEO, Operational Management	yes	3 years	July 2016 renewed June 2018		2021	100%
Nathalie Wright	55	F	Management, New Technologies	yes	1 year	June 2018		2022	86%

(a) Vincent Mercier was the Board's lead director, and the lead director's term of office ended on January 31, 2020 as stipulated upon the appointment of the new independent Chairman of the Board in June 2019.

Director representing the employees

	Age	Nationality	Key competences	Independence	Year on the board	Start/renewal of directorship	End of term	Individual rate of attendance
Christophe Liaudon	49	F	Management, Finance	no	6 months	August 27, 2019	2021	100 %

In application of the Pacte law,an additional employee representing the employees will be appointed in 2020.

Changes within the Board of directors

Changes that occurred in 2019 within the Board of directors are:

	Appointments	Ratification/Renewal	Departure
General Meeting of June 28, 2019	Didier Lamouche	Marta Bejar Nathalie Wright Virginie Fauvel	Denis Thiery
Board of directors of September 23, 2019 (following the CSE of August 27, 2019)	Christophe Liaudon (renewal on August 27, 2021)		
Board of directors of June 28, 2019	Didier Lamouche (Chairman)		Denis Thiery (Chairman)
Board of directors of January 11, 2019	Martha Bejar		

In accordance with the decision of the Board of directors of April 26, 2019, the position of lead director was withdrawn on January 31, 2020.

2.1.3 CHAIRMAN OF THE BOARD

Didier LAMOUCHE

Didier Lamouche is the Chairman of the Board of Quadient since June 28, 2019.

Didier Lamouche, 60 years old, a French citizen, graduated from Ecole Centrale de Lyon (France) and holds a PhD in Semiconductor Technology. Until the end of 2018, Didier Lamouche was Chairman of the Management Board of Idemia, a company resulting from the merger of Safran Identity & Security with Oberthur Technologies, the world leader in cyber security and digital identity technologies, which he had headed since 2013. He previously served as Chief Operating Officer of ST-Microelectronics from 2010 to 2013 and Chairman of the Management Board of the ST-Ericsson joint venture from 2011 to 2013. Didier Lamouche was previously Chairman and CEO of the Bull Group from 2005 to 2010, which he turned around and repositioned on growth segments. Didier Lamouche began his career in 1984 as an R&D engineer at Philips Research Lab before joining IBM Microelectronics from 1985 to 1994,holding various industrial positions in the semiconductor environment, in France and in the United States, at Motorola Semiconductor in 1995-1996, then as founder and CEO of the IBM-Siemens joint venture, Altis Semiconductor, from 1998 to 2003, and finally as Global Vice President of IBM's semiconductor operations based in New York. Didier Lamouche has extensive experience in corporate governance, in both public and private environments, having served as a director of seven companies for nearly 15 years.

Didier Lamouche was appointed as director of Neopost S.A. by the General Meeting of June 28, 2019 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending January 31, 2022. He was appointed as Chairman of the Board on the same date.

Other mandates in the Group: none.

Other mandates outside the Group: He is also member of the Board of Adecco, (the world leader in human resources services); Chairman of the board of the German company Utimaco GmbH (leader in the cyber security industry); Managing Partner of DLT Consulting and Associate Director of Granga Sprl.

Didier Lamouche hold 2,000 Quadient shares.

2.1.4 CHIEF EXECUTIVE OFFICER

Geoffrey GODET

Appointed Chief Executive Officer of Quadient as of February 1, 2018, Geoffrey Godet, 42, is a dual French and American citizen and a graduate of HEC. He has spent his entire career with the Flatirons Jouve Group, a leader in digital solutions for banking, insurance, healthcare, manufacturing, aeronautics, publishing, media and education. The Flatirons Jouve Group is present in the United States, France, the United Kingdom, Germany, the Nordic countries, China and India. Since 2004, Geoffrey had been Chief Executive Officer of Flatirons Solutions, based in California, and most recently was Chairman and Chief Executive Officer of Jouve, based in Paris. Prior to that, he was successively marketing and communication director, Head of the cultural heritage digitization division and managing director of Jouve Aviation Solutions. Geoffrey Godet was appointed director at the General Meeting of June 29, 2018 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending January 31, 2021.

Other mandates in the Group: director of Mailroom Holding Inc.

Other mandates outside the Group: none.

Other mandates over the past five years (other than those already listed above): Chairman & Chief Executive Officer of Jouve, Chief Executive Officer of Flatirons Solutions Inc.

Geoffrey Godet holds 28,666 Quadient shares.

2.1.5 MEMBERS OF THE BOARD

The members of the Board of directors are proposed by the Board, on the advice of the Remuneration and Appointments Committee, and appointed by the Ordinary General Meeting. The General Meeting may revoke their appointments at any time.

Regular renewal of Members (the Board has been getting younger, with the average age decreasing from 60.9 in 2016 to 55.5 in 2019) and compliance with law n° 2011-103 of January 27, 2011 on equal representation of men and women and openness of the Board to diversity are the Board's governance guidelines. Accordingly, 37% of the directors (including the director representing the employees) are of foreign nationality. The Remuneration and Appointments Committee is in charge of establishing the terms of succession plans.

In accordance with the decision of the Board of directors on January 12, 2018, the functions of Chairman and Chief Executive Officer of Quadient have been separated since February 1, 2018.

The number of directors over 70 shall not exceed one-third of directors in office. The age limit for the Chairman is 65. The term of each director's mandate is limited to three years.

Lead director

The position of lead director was created at Quadient in the context of the merger of the functions of Chairman and Chief Executive Officer and in order to ensure the transition once these functions had been separated, since the non-executive Chairman did not have the status of independent director. Therefore, in accordance with the AMF (French Financial Markets Regulator) recommendations, Quadient had decided to appoint Vincent Mercier as lead director in 2016 among the independent directors. His role is to ensure the proper functioning of the governance bodies, the absence of conflicts of interests and that the concerns of shareholders with respect to governance are taken into account. The lead director's missions and responsibilities, described in the rules of procedure of the Board of directors and the Committees, notably included the following:

- participating in the preparation of the Board's meetings where necessary;
- requesting Board meetings under exceptional circumstances with a specific agenda and, proposing, at his or her own initiative, the holding of work sessions between independent directors;
- chairing all Board meetings where the Chairman of the Board is absent, including work sessions between independent directors;
- ensuring the Board's rules of procedure are applied at Board meetings;
- liaising between the Chairman and other members of the Board;
- taking part in the periodic assessment of the Board's work, particularly through holding work meetings between independent directors;
- taking part in committees work where necessary;
- providing guidance and recommendations to the Board in the case of conflicts or potential conflicts of interest, with a director;
- making him/herself available, in coordination with the Chairman of the Board to discuss governance questions with shareholders.

Following the Board meeting of April 26, 2019 and the decision of the General Meeting of Shareholders of June 28, 2019, the position of lead director ended on January 31, 2020.

Vincent MERCIER

Vincent Mercier is 70 years old and a French citizen. He is a civil engineering graduate from the École des Mines and has a Masters in economic science, as well as an MBA from Cornell University (United States) For 10 years, he was one of the heads of the Industrial Development Institute while teaching strategy at HEC. He has extensive experience in the Service and Retail industries, having been a member of Wagons-Lits and then Carrefour Group's executive committees. Until 2014, he was Chair of the Supervisory Board of Roland Berger Strategy Consultants, where he served as director for France and China until 2010.

Vincent Mercier was appointed director of Neopost S.A. at the General Meeting of July 7, 2009. His mandate was renewed at the General Meeting of June 29, 2018 for a three-year term, which means until the 2021 General Meeting called to vote on the financial statements for the financial year ending January 31, 2021.

Other mandates in the Group: none.

Other mandates outside of the Group: director of Sucden, FM Logistic, Altavia Europe, MAF and ADIE.

Other mandates over the past five years (other than those already listed above): Chair of the Supervisory Board of Roland Berger Strategy Consultants until July 2014.

Vincent Mercier holds 6,500 Quadient shares.

Martha BEJAR

Martha Bejar is 57 years old, an American citizen and an expert in software with an in-depth knowledge of the American market. She has held the position of Chief Executive Officer in several IT infrastructure management and network services companies.

Martha is the recipient of numerous industry awards including "Inspiring Women 2017" from Washington State, and was ranked in the 50 most influential Hispanic women in the United States by Hispanic Inc. Business Magazine.

The Board of directors coopted Martha Bejar on January 11, 2019, to replace Catherine Pourre who resigned on September 24, 2018.

Following ratification of her co-optation, her mandate was renewed at the General Meeting of June 28, 2019, for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending January 31, 2022.

Other mandates in the Group: none.

Other mandates outside of the Group: director and Chief Executive Officer of Red Bison Advisory Group.

Other mandates over the past five years (other than those already listed above): Chief Executive Officer of Flow Mobile, CEO of Union Corp.

Martha Bejar holds 695 Quadient shares.

Hélène BOULET-SUPAU

Hélène Boulet-Supau is 53 years old and a French citizen. Having graduated from ESSEC, she started her career at Arthur Andersen, before joining the Pierre & Vacances Group, where she held various finance positions from 1991 to 2000, before being appointed Group financial director. Hélène Boulet-Supau then worked as a financial consultant, before taking over the reins of Larroque alongside the company's founder. From 2007 to 2019, Hélène Boulet-Supau was Chief Executive Officer and shareholder of Sarenza. In 2020, she launched a business providing services to companies, FabWorkplace . Lastly, Hélène Boulet-Supau was awarded the Veuve Cliquot prize in 2013 for business women with outstanding entrepreneurial spirit and creativity.

Ratification of the co-optation of Hélène Boulet-Supau to the Board of directors was approved by the General Meeting of shareholders on June 30, 2017. Hélène Boulet-Supau's mandate was renewed at the General Meeting of June 29, 2018 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending January 31, 2021.

Other mandates in the Group: none.

Other mandates outside of the Group : director of the association Entrepreneurs du Monde, Manager of HBS Blueprint SARL.

Other mandates over the past five years (other than those already listed above): director of Sarenza S.A.

Hélène Boulet-Supau holds 850 Quadient shares.

Éric COURTEILLE

Éric Courteille is 52 years old, and a French citizen. He is Chairman of New R SAS and has been Chief Executive Officer of La Redoute SAS since June 2, 2014. Éric Courteille is a graduate of ESCP-EAP and started his career at Arthur Andersen France, as an auditor, from 1995 to 2000. He then jointly founded the Sporever Group. From 2002 to 2006, he held several positions in the finance department of the PPR Group. At the end of 2006, he joined Redcats as administrative and finance director for the brand The Sportsman's Guide (Redcats USA). He then became financial director and General Secretary of Redcats S.A. in April 2009.

On July 4, 2012, the Neopost S.A. General Meeting ratified the appointment of Éric Courteille as director. His mandate was renewed at the General Meeting of June 30, 2017 for a further three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending January 31, 2020.

Other mandates in the Group: none.

Other mandates outside of the Group: Chief Executive of BCR SAS; Chairman of NEW R SAS; Chief Executive Officer of La Redoute SAS; permanent representative of New R SAS as Chairman of Relais Colis SAS.

Other mandates over the past five years (other than those already listed above): Chief Executive Officer of NEW R SAS; Chairman of Relais Colis SAS; permanent representative of Relais Colis on the Management Board of Aubaines Magasins SAS; director of La Redoute S.A. (France) and La Redoute Catalogue Benelux (Belgium); Chairman of Redcats International Holding SAS, Giornica SAS and Redcats Business Development; director of Redcats USA Inc. (USA) and Redcats USA LLC (USA); director of Cyrillus UK Ltd (UK); director of Redcats UK (UK); Chairman of the Board and delegated director of Cyrillus Benelux S.A. (Belgium); Board member of Redcats Nordic AB (Sweden); Board member of Redcats Management Services SAS; permanent representative of Redcats S.A. on the Management Board of SAS SADAS, of SAS Cyrillus and of SAS La Redoute Mag; Chairman of SAS DIAM; permanent representative of Redcats S.A. on the Board of directors of Cyrillus Benelux S.A. (Belgium), of LMDV S.A., of Movitex S.A. and on the Management Board of Redcats International SAS, permanent representative of SOGEP SAS as a director of Somewhere S.A., and permanent representative of La Redoute S.A. on the Management Board of SAS La Redoute Mag.

Éric Courteille holds 267 Quadient shares.

Virginie FAUVEL

Virginie Fauvel is 45 years old and a French citizen. She is a graduate engineer of the École des Mines Nancy. Virginie Fauvel started her career at Cetelem as director of statistical studies, risks and CRM. She was appointed director of Digital Technology in 2004, heading the e-business entity and responsible for drawing up Cetelem's global online strategy. Virginie Fauvel then directed the BNP Paribas entity dedicated to online banking in Europe and in France, before founding Hello Bank!, the leading online bank in Italy, France, Belgium and Germany. She joined Allianz France in 2013 as a member of the executive committee, in charge of teams dedicated to the digital transformation of the Company, big data, artificial intelligence, communication and marketing. Since January 15, 2018, Virginie Fauvel has been heading group transformation at Euler Hermes and is director of the Americas region. She has also been a Board member of the Euler Hermes Group since April 1, 2018.

Virginie Fauvel was appointed director of Neopost S.A. at the General Meeting dated July 1, 2016 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending January 31, 2019.

Virginie Fauvel's mandate was renewed at the General Meeting of June 28, 2019 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending January 31, 2022.

Other mandates in the Group: none.

Other mandates outside of the Group: member of the Supervisory Board of the Europcar Group and Board member of Euler Hermes.

Virginie Fauvel holds 730 Quadient shares.

William HOOVER Jr.

William Hoover Jr. is 70 years old and an American citizen. He was a Senior Partner at McKinsey for 30 years. A graduate of politics, philosophy and economics from Oxford University, William Hoover Jr also has an MBA from Harvard Business School. He established himself in Denmark in 1980 where he devoted his work to advising Scandinavian businesses, primarily in the fields of high technology, telecommunications and industry. Notably, he has advised businesses on setting up in and expanding to China.

His mandate was approved at the General Meeting held on July 2, 2013. This mandate was renewed at the General Meeting of June 30, 2017 for a three-year term, which means until the General Meeting of 2020.

Other mandates in the Group: none.

Other mandates outside of the Group: Board member of GN Great Nordic, a company listed on the Copenhagen stock exchange, Chairman of the Board of ReD Associates. William Hoover Jr. is also a director of the LEGO Foundation.

Other mandates over the past five years (other than those already listed above): Board member of Danfoss AS, Board member of Sanistal A/S.

William Hoover Jr. holds 200 Quadient shares.

Richard TROKSA

Richard Troksa is 57 years old and an American citizen. He is a consultant at Gold Aspen Executive Consulting, dedicated to providing advice in strategy and development in the field of new technologies. Graduating with a master's degree in engineering sciences from the University of Colorado, Richard Troksa started his career at IBM in 1984, where he was head of software development before being appointed Business Line Manager in 2003. He then joined Exstream Software, where he was appointed Chief Executive Officer in 2007. In 2008, he became Vice President of the Enterprise Software branch at Hewlett-Packard (HP), a position he held until 2010. Richard Troksa has a solid financial and managerial experience, combined with a new technologies profile.

Richard Troksa was appointed director of Neopost S.A. at the General Meeting of July 1, 2016 for a three-year term, and was renewed in advance at the General Meeting of June 29, 2018 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending January 31, 2021.

Other mandates in the Group: none.

Other mandates outside of the Group: member of the Board of directors of 7 Summits Inc., member of the Supervisory Board of Pulsar 360 Inc.

Other mandates over the past five years (other than those already listed above): Board member of DocuLynx Inc.

Richard Troksa holds 1,500 Quadient shares.

Nathalie WRIGHT

Nathalie Wright is 55 years old and a French citizen. A graduate in economics from Paris Assas University, the IAE and INSEAD, she started her career at Digital Equipment France before joining NewBridge Networks France. She held the positions of Sales Manager and Country Leader at MCI, then Easynet and finally, Vice President Southern Europe in charge of Commercial Strategy for France, Italy, Spain and the Middle East for AT&T. Nathalie Wright joined Microsoft in 2009, where she held the positions of director of the Public Sector division, then General Manager for Enterprise & Strategic Alliances for 5 years. In 2017, Nathalie Wright was appointed Vice President Software France at IBM. She is currently Chief Digital Officer and member of the Rexel Group Executive Committee, as well as being responsible for the activity in the Nordic region. Nathalie Wright was made a Chevalier de la Légion d'honneur in 2011 for her actions promoting diversity in the workplace. Nathalie Wright was co-opted to replace Jean-Paul Villot, who resigned from his directorship on July 28, 2017. Her mandate extends for the remaining period of her predecessor, which means until of January 31, 2019.

Nathalie Wright's mandate was renewed at the General Meeting of June 28, 2019 for a three-year term, which means until the General Meeting called to vote on the financial statements for the financial year ending January 31, 2022.

Other mandates in the Group: none.

Other mandates outside of the Group: member of the Supervisory Board of Groupe Keolis S.A.S.

Nathalie Wright holds 1,015 Quadient shares.

DEPARTING DIRECTORS

Denis THIERY

Denis Thiery is 64 years old and a French citizen. He was Chairman of the Board from February 1, 2018 to June 28, 2019. Having graduated from HEC, he began his career as an auditor at Coopers & Lybrand in France and in the USA. From 1984 to 1991, he held a number of positions at Wang France, before becoming financial director in 1989. From 1991 to 1997, he was financial director, and then Chief Executive Officer of Moorings, the world leader in yacht chartering, based in the United States. Denis Thiery joined Quadient in 1998 as Group financial director and became Chief Executive Officer and then Chairman and Chief Executive Officer from January 12, 2010 until January 31, 2018.

As the functions of Chairman and Chief Executive Officer have been separated as from February 1, 2018, Denis Thiery acted solely as Chairman of the Board of directors from that date until June 28, 2019, and Geoffrey Godet was appointed Chief Executive Officer by decision of the Board of directors on January 12, 2018. Denis Thiery had been appointed director by the General Meeting of July 10, 2007. His mandate was renewed at the General Meeting of July 1, 2016 for a three-year term, *i.e.* until the General Meeting called to vote on the financial statements for the financial year ending January 31, 2019.

The Board of directors, meeting on April 26, 2019, acknowledged the decision of Denis Thiery not to request the renewal of his mandate as director Denis Thiery left his position as Chairman of the Board of Directors on June 28, 2019 in favor of Didier Lamouche..

Other mandates in the Group: none

Other mandates outside of the Group: none.

2.1.6 EMPLOYEE REPRESENTATIVE DIRECTOR

Christophe LIAUDON

Christophe Liaudon is 49 years old and a French citizen.

After spending about ten years in both private and public sectors, he joined Quadient in 2002 to create and organize the treasury department. Since then, Christophe has accompanied the Group in its growth in building up the cash management organization and the optimization of the debt structure. Quadient has been a pioneer in the French private placement (PP) market after several USPP deals and was one of the first to issue a *Schuldschein* in USD.

Christophe Liaudon was appointed director representing the employees of Neopost S.A. at the social and economic committee (CSE) of August 27, 2019 for a two-year term. His mandate is due to be renewed at the CSE to be held in 2021.

Christophe Liaudon holds 1,015 Quadient shares.

2.1.7 INDEPENDENT DIRECTORS

In accordance with the recommendations of the Afep-Medef code, the rules of procedure of the Board and its committees provide that the Board of directors and the committees be composed of a majority of directors deemed to be independent.The Afep-Medef code provides the following definition of an independent director: "A director is independent when he or she has no relationship of any kind whatsoever with the company, its group or the management of either that could compromise his or her freedom of judgement."Pursuant to the recommendations of this code, the Remuneration and Appointments Committee issues its recommendation on the independence of the members of the Board of directors annually in light of these independence criteria. The last report was presented to the Board of dire ctors on March 27, 2020. It confirmed that nine out of the ten directors on the Board as of January 31, 2020 (90%[1]) were independent. Accordingly, all directors on the Board of Neopost S.A., with the exception of the Chief Executive Officer, are independent.

(1) *This rate does not take into account the director representing the employees.*

Criteria	Didier Lamouche	Martha Bejar	Hélène Boulet-Supau	Eric Courteille	William Hoover Jr	Virginie Fauvel	Vincent Mercier	Richard Troksa	Nathalie Wright
He/she shall not be an employee or executive corporate officer of the Company, an employee, corporate officer or director of its parent company or of a company that it consolidates, and not have served in any of these capacities during the previous five years	√	√	√	√	√	√	√	√	√
He/she shall not be an executive corporate officer of another company in which the Company holds, directly or indirectly, a position on the Board of directors, or in which an employee designated as such or an executive corporate officer of the Company (either present or within the last five years) holds a position on the Board of directors	√	√	√	√	√	√	√	√	√
He/she shall not be a major client, supplier, corporate banker or financial banker of the Company or the Group, or be an entity for which the Company or Group represents a significant percentage of business	√	√	√	√	√	√	√	√	√
He/she shall not have close family ties with a corporate officer	√	√	√	√	√	√	√	√	√
He/she shall not have been a statutory auditor of the Company in the previous five years	√	√	√	√	√	√	√	√	√
He/she shall not have been a director of the Company for more than 12 years. The loss of status as independent director occurs after a period of 12 years.	√	√	√	√	√	√	√	√	√
He/she shall not receive variable remuneration in cash or securities or any remuneration related to the Group's performance	√	√	√	√	√	√	√	√	√
He/she shall not participate in the control of the Company, or hold more than 10% in the capital or voting rights of the Company.	√	√	√	√	√	√	√	√	√

None of the directors considered to be independent have any direct or indirect business links with the Company, with the exception of Éric Courteille who was appointed Chief Executive Officer of La Redoute in June 2014. The latter has business links with Packcity France and Temando France, Neopost subsidiaries. Transactions invoiced to La Redoute and to its subsidiaries totaled 221,000 euros in 2019. Since June 2014, this business relationship has continued for similar amounts and in no way constitutes economic dependence or even a significant proportion in the sector. Hence, this business link was considered non-material and does not compromise Éric Courteille's independence.

There are no family ties between the directors. None of the directors on the Board as of January 31, 2020 have been found guilty of fraud, managing a company placed in receivership or declared bankrupt, incurred any official public penalty and/or sanction, or been prevented from acting or operating in the management or conduct of a company, over the past five years. No directors have been involved in liquidation proceedings when they were a member of a Board of directors, a management body or supervisory board over the past five years.

There are no potential conflicts of interest for the corporate officers and directors between their duties to Quadient and other interests or duties to which they may be bound.

No arrangements or agreements have been made with the principal shareholders, customers, suppliers or other parties, by virtue of which any of the corporate officers has been selected as a member of an administrative, management or supervisory body or as a member of the general management.

GENDER EQUALITY AND DIVERSITY ON THE BOARD

Indicator	2019	2018
Non-French national directors	4[a]	4[a]
% non-French nationality	37%[a]	40%[a]
Number of women	4	4
% women	40%[b]	40%

(a) Geoffrey Godet has a dual French and American nationality. The director representing the employees is taken into account for the purpose of this ratio in 2019.

(b) In accordance with French legislation and the Afep-Medef code, the employee representative director is not taken into account when determining the proportion of women on the Board of directors.

The Board of directors ensures a balance in its composition and that of its committees, in particular through the diversity and complementarity of experience, skills and professional expertise. The criteria prevailing in the process of selecting talents sought to renew or supplement those already present within the Board are as follows:

- independence, skills, international experience, motivation, availability;
- alignment with the strategy of the Corporation and its subsidiaries;
- adequacy with the current composition and appropriate evolution of the Board of directors;
- maintaining of the appropriate number of independent directors;
- balanced gender representation, nationalities, expertise.

As explained in sections 2.1.2 to 2.1.6 above-mentioned, the vast majority of the Board members have extensive international experience. 37% of them have a non-French nationality.

Four of the ten Board members are women (excluding the director representing the employees, who is not taken into account when determining gender parity), bringing their current representation on the Board to 40% as of January 31, 2019.

Each director contributes to the Board's diversity through their respective career path, age and nationality. Their range of experience and expertise contribute to the Board's diversity.

Training and induction of new directors

Upon taking office and in order to ease a smooth transition as a Board member, all new directors receive the documentation required to perform their duties. This documentation includes the Company's articles of association, the rules of procedure of the Board and its committees, the stock market code of ethics (to be signed) together with the annual calendar of authorization periods to trade on Quadient's securities, the annual schedule of Board and committee meetings, the date of the General Meeting and the most recent registration document or, from 2020, the universal registration document.

In addition, each new director meets with the Group's senior managers to gain a deeper knowledge of the Company, its businesses and markets.

Each year, the directors attend at least one specific Board meeting on strategy. During this specific "strategy session", the management presents a number of topics for discussion concerning future strategy, the general activities of the various departments, new products (especially those that constitute a change of strategy for the Group) and new acquisitions.

Additionally, each new director is registered with the French Institute of Directors (IFA). The director representing the employees receives dedicated training from the IFA.

All directors receive the press releases issued by the Group.

2.1.8 WORK OF THE BOARD OF DIRECTORS

During the financial year ended January 31, 2020, the 11 members of the Board of directors met seven times with a global attendance rate of 91.2%. On average, the meetings lasted 4 hours and 17 minutes.

Directors' participation at Board meetings in the financial year 2019:

	Attendance rate	Number of meetings
Geoffrey Godet	100%	7/7
Denis Thiery[(a)]	100%	3/3
Didier Lamouche[(a)]	100%	4/4
Martha Bejar	100%	7/7
Hélène Boulet-Supau	100%	7/7
Éric Courteille	100%	7/7
Virginie Fauvel	100%	7/7
William Hoover Jr.[(b)]	57%	4/7
Vincent Mercier	100%	7/7
Richard Troksa	100%	7/7
Nathalie Wright[(b)]	86%	6/7
Christophe Liaudon	100%	3/3

(a) *Denis Thiery left the Board of directors on June 28, 2019 and was replaced on this same date by Didier Lamouche*
(b) *These directors had previous commitments planned for a long time, notably with boards of directors of which they are members.*

The main themes discussed at Board meetings in 2019 were as follows:

Group strategy	• Review of the acquisitions, divestments and projects underway • Monitoring the Group's new strategy and organization • Monitoring the capital allocation process based upon the Strategy and Corporate Social Responsibilty's recommendations • Financial communication
Corporate Governance	• Board assessment by an external consultancy • Review of the Board members' independence under the definition provided in the rules of procedure
Internal control	• Results of the work conducted by the audit committee concerning audits and evaluation of the internal control system in the Group • Approval of the report on the work of the Board and internal control and risk management procedures
Group finances	• Highlights, presentation and analysis of 2018 financial year results • Budget and outlook for 2019 financial year • Forecasts and quarterly results • Approval of the annual and interim consolidated financial statements for Quadient • Approval of the annual and interim individual financial statements for Neopost S.A. • Cash and debt positions, dividends, launch and monitoring of share buyback programs • Refinancing operations
Remuneration	• Results of the remuneration committee's work • Fixed and variable remuneration paid to the Chairman and to the Chief Executive Officer • Performance of free share allocation programs • New allocation of directors' compensation for 2019 • Plan for allocating free performance shares • Implementation of the share buyback program and delegations granted to the Chief Executive Officer
Appointments	• Appointment of Christophe Liaudon as director representing the employees • Selection and appointment of Didier Lamouche as Chairman of the Board • Implementation of the succession plan taking into account the diversity and equal opportunities policies

Once finalized, all documents relating to a Board meeting's agenda are transmitted to the directors by management at the earliest opportunity, *i.e.* several days before the meeting. The elements can be accessed by all Board members via the Internet platform that enables them to review documents prior to meetings, as well as information such as the articles of association and the Board's rules of procedure. This platform also provides access to the documents of the various committees, exclusively for directors who sit on the committee.

At the initiative of the lead director, "executive sessions" have been held involving independent directors, without the presence of the Chairman and of the Chief Executive Officer. An executive session was systematically held before each Board meeting during the 2019 financial year.

According to the Company's rules of procedure, the Chairman's obligation to disclose information goes hand-in-hand with each director's duty to be diligent in remaining informed, to request any information they may require to aid understanding of the items on the agenda from the Chairman in good time, to make themselves available, and allow the necessary time and attention to perform their duties.

Corporate governance code

Quadient has long pursued an active corporate governance policy. The Company has referred to the Afep-Medef code in drafting this report.

Following the publication of the revised Afep-Medef code in June 2018, the Board examined recommendations from the revised code at its meeting held on March 25, 2019.

Implementing the "comply or explain"principle of the Afep-Medef code

Under the "comply or explain" rule set out in article L.225-37-4 8° of the French commercial code and article 27-1 of the Afep-Medef code, Quadient considers that its practices comply with the code's recommendations

2.1.9 RULES OF PROCEDURE OF THE BOARD AND COMMITTEES

The rules of procedure of the Board and Committees were drafted on March 30, 2004. These were completely revised by the Board of directors on September 24, 2018 in order to create the Strategy and Corporate Social Responsibility Committee. The Remuneration and Appointments Committees merged into a single committee. The Audit Committee remains unchanged.

The rules of procedure were again amended during the Board meeting of June 27, 2019 to take into account the appointment of an independent Chairman of the Board and the expiry of the lead director's term of office. As explained in section 2.1.1 above, the Board of directors' meeting of December 13, 2019 also introduced a limitation on the powers of the Chief Executive Officer in the rules of procedure.

The aim of the rules of procedure is to set out the role and operating procedures of the Board of directors, together with the rights, obligations and recruitment practices of its members, within the scope of their actual skills, in order to ensure the Company's long-term future, its smooth running and the sustained creation of value for shareholders, employees and the Company's other stakeholders. The rules of procedure can only be approved and amended by decision of the Board of directors.

The following are scheduled to the rules of procedure:

- the regulations of the Remuneration and Appointments Committee;
- the regulations of the Strategy and Corporate Social Responsibility Committee;
- the regulations of the Audit Committee;
- the definition of independent director, as provided by the Remuneration and Appointments Committee;
- the directors' Charter.

In addition to the duties attributed to the Board by the law and the articles of association, the Board approves strategic decisions, budgets, significant acquisitions and divestments, and restructuring plans. It also ensures the quality and reliability of financial and non-financial information and of communications to shareholders.

In particular, the Board of directors' duties include:

- approving this report on corporate governance, the organization and preparation of the Board's work and on internal control procedures;
- defining the role of independent director;
- defining the remuneration policy for the Group's executives;
- making necessary changes to the rules of procedure governing the various committees.

The specialized committees make proposals to the Board relating to their field of expertise.

The rules of procedure set out the rights and obligations of directors, particularly as regards attendance, confidentiality of information, directors' information rights and restrictions in trading on Quadient securities.

Rules on managing conflicts of interest are set out in the rules of procedure of the Board and committees: "Article 5 – Independence and conflict of interests: directors shall strive to avoid any conflict that may exist between their moral and material interests and those of the Company. They shall notify the Board of any conflict of interests in which they may be involved. In cases where they cannot avoid being in a situation of conflict of interests, they shall refrain from participating in the debates and any decisions with respect to the issues concerned."

In addition, all directors must file an annual declaration with Quadient confirming the absence of any conflict of interests and that they have not been found guilty of fraud, managing a company placed in receivership or been declared bankrupt.

The rules of procedure specify that a minimum of four Board meetings are to be held per financial year and that each director must hold Quadient securities worth at least one year of compensation paid to directors (formerly directors' fees).

They also set out the rules for transcribing the minutes of meetings.

The full text of the rules of procedure is available on the Group website: https://www.quadient.com/.

Assessment of the Board

The matter of its composition is regularly discussed by the Board. In compliance with the rules of procedure, the Board is assessed at least once a year at the initiative of the Chairman of the Remuneration and Appointments Committee. This self-assessment notably includes the following subjects: composition of the Board, skills of its members, remuneration policy, new mandates and the staggering of the renewal of mandates.

An external firm, under the supervision of the Remuneration and Appointments Committee, conducted a formal assessment of the Board in the 2018/2019 financial year to check compliance with the principles of the Board's functioning and to identify proposals that might improve its functioning and efficiency. This assessment led to individual interviews by the external firm with each director, based on a detailed questionnaire. This process is repeated every three years.

The conclusions of this assessment were reviewed by the Board at its meeting held on March 25, 2019 and were generally satisfactory. They underlined the balanced composition of the Board members in term of expertise. The main areas for planned improvements concern:

- working on a better definition of roles and responsibilities between the Chairman and the Chief Executive Officer during the organization and management of Board meetings;
- improving Board meeting procedures to create more time for discussion and feedback from the committees about their respective work;
- considering whether to hold Board meetings or strategic sessions on other Group sites, in particular in the United States, to be able to better oversee the Group's strategic transformation.

Ethics charter

Continuing the initiatives undertaken in recent years on good corporate governance practices, the Directors' Charter was approved on March 28, 2011.

It allows all directors to use their full skills and ensures that each of them makes an effective contribution, while adhering to the rules of independence, ethics and integrity that are expected from them. The eight articles of the Directors' Charter set out a number of principles:

- Article 1 – Administration and corporate interest;
- Article 2 – Compliance with laws and the articles of association;
- Article 3 – Exercise of office: guiding principles;
- Article 4 – Independence and duty of expression;
- Article 5 – Independence and conflict of interests;
- Article 6 – Integrity, loyalty and duty of discretion;
- Article 7 – Professionalism and involvement;
- Article 8 – Professionalism and efficiency.

Quadient has also drawn up an Ethics code designed to help employees and stakeholders by providing a framework for business decisions and activity. It includes its own references in terms of requirements and practice, as well as providing useful tools and resources for all Group employees.

In addition, various internal whistleblowing systems have been implemented in the different countries to detect, penalize and prevent repetition of conduct or situations that are contrary to the ethics approach of Quadient. In 2019, the Group created a compliance function, which works in particular to roll out these whistleblowing systems more widely through the use of appropriate tools.

Stock market Code of ethics

In terms of stock market ethics, the rules of procedure define the rights and commitments of directors with a particular emphasis on respecting the confidentiality of information received and restrictions on trading Quadient shares.

The stock market ethics codes for "permanent insiders" and "informed employees and occasional insiders" were revised to take European reforms into account, in particular European regulation 596/2014 on market abuse and the law of June 21, 2016 on the system for combating market abuse. These stock market ethics codes set out the rules for corporate officers, informed employees and occasional insiders, and include:

- a summary of the existing laws and regulations in the field of stock market ethics together with the corresponding administrative and/or criminal penalties;
- a definition of the key concepts (insider information, informed employees, etc.);
- a summary of the confidentiality obligations imposed upon corporate officers, informed employees and occasional insiders;
- clarifications regarding the no-trading rules and an appendix containing a schedule of the periods during which trading is authorized – the red and green periods' table;
- clarifications, for the purposes of transparency and caution, of the Company's disclosure obligations vis-à-vis the AMF, with an appendix containing a model declaration;
- a summary of specific provisions relating to stock options and free shares.

Every corporate officer and informed employee must sign an undertaking certifying that he/she has read and understood the stock market code of ethics and promises to comply with the terms of the code. The Group's legal department is in charge on checking compliance with the Group's codes.

2.2 Committees

The attendance rate of directors at committees is detailed below:

	Audit committee Chair: E. Courteille	Strategy & Corporate Social Responsibility committee Chair: R.Troksa	Remunerations & Nominations committee Chair: V.Mercier
Hélène Boulet-Supau	100%		100%
Éric Courteille	100%		
Virginie Fauvel			100%
William Hoover Jr.	33%		
Vincent Mercier		100%	100%
Richard Troksa		100%	
Nathalie Wright		66%	

2.2.1 REMUNERATION AND APPOINTMENTS COMMITTEE

Indicators	2019	2018
Number of meetings	4	2
Average attendance rate	100%	100%
Number of members	3	3
% of independent directors	100%	100%

The two remuneration and appointments committees were merged in 2018. This new committee is composed of three independent directors and met four times in 2019 with a 100% attendance percentage. The average length of meetings was 90 minutes.

Since September 24, 2018, this committee is composed of Vincent Mercier (Chairman), Virginie Fauvel and Hélène Boulet-Supau.

The committee takes over the tasks of the previously separated Remuneration and Appointments Committees. It is thus in charge of:

- proposing the definition of independent director and, where necessary, issuing an opinion on the independence of a director and suggest to the Board any changes in its composition;
- preselecting candidates for the Board according to the following criteria: independence, competence, motivation, availability, international experience;
- ensuring the adequacy of the current composition, to the desirable evolution of the Board and to the Group's strategy;
- maintaining the required number of independent directors on the Board;
- setting a succession plan for the Chairman and the Chief Executive Officer;
- considering all matters relating to the rights and obligations of members of the Board of directors;
- proposing to the Board of directors the general remuneration policy for the Chairman and the Chief Executive Officer, including retirement, end-of-career or termination payments, various benefits and award of stock options and free shares;
- setting the remuneration for directors and the way in which it is to be allocated, based on the contribution of each of the members to the Board and to the specialized committees;
- examining the Group's salary policy;
- reviewing the figures on remuneration, which will be published in the annex to the individual financial statements.

The Committee is also informed by general management of the level of remuneration of the main senior managers.

The Remuneration and Appointments Committee primarily interacts with executive management and the human resources department. It may order all the specific studies that it deems necessary, and may call on external experts. It any case it may refer to salary surveys and relevant benchmarking conducted by the human resources department.

When resolving on compensation, Committees are preceded by preparatory meetings between the Chairman of the Committee, the Human Resources Director and, where applicable, the Chief Executive Officer.

The main topics discussed at the Remuneration and Appointments Committee meetings in 2019 were:

Composition and operation of the Board of directors and the various committees	• Selection and appointment process of Didier Lamouche, as new independent Chairman of the Board of Neopost SA ; induction plan • Chairman and Chairman and Chief Executive Officer succession plan • Appointment process and induction plan concerning Christophe Liaudon, director • Appointment process and induction plan of the director representing the employees • Follow up of improvement orientations suggested by the Board 's external assessment • Validation of the Board 'committees composition • Review of the Board composition and of its members' key competencies
Executive directors	• Compensation of the Chairman • Compensation of the Chief Executive Officer, in particular the objectives of the variable portion, the evaluation of the achievement of the 2018 objectives • Review of long-term compensation plans (free allocation of shares) • Directors 'remuneration package (former directors' fees) • 2018 Group bonus result and Group objectives for 2019 • Defining the targets relating to the termination of office payment for the Chief Executive Officer
Miscellaneous	• Information concerning the Diversity, Parity and Inclusion Action Plan, led by the human resources department • Information on the digitization of the culture and the employee experience

2.2.2 AUDIT COMMITTEE

Indicators	2019	2018
Number of meetings	3	3
Average attendance rate	78%	100%
Number of members	3	3
% of independent directors	100%	100%

The Board is assisted by an Audit Committee, composed of three independent members, which met three times in 2019 with an attendance rate of 78%. On average, the meetings lasted for two hours.

The Audit Committee comprises Éric Courteille (Chair), Hélène Boulet-Supau and William Hoover Jr.

The Audit Committee monitors all matters relating to the drafting and auditing of financial and accounting information, and in particular:

- the process of preparing financial information, notably by examining the scope of the consolidated companies;
- the effectiveness of internal control and risk management systems, their application and the implementation of corrective measures, where needed;
- legal audit by the statutory auditors of the annual financial statements and, where appropriate, the consolidated financial statements;
- the competence and independence of the external experts used by the Group.

In this context, the tasks of the committee are:

- to review the scope of consolidation and examine all draft consolidated and individual financial statements and related reports which will be submitted to the Board for approval;
- to select a consolidation frame of reference, to ensure the appropriateness and permanence of the accounting policies used to draw up the consolidated and individual financial statements and to ensure the appropriateness of the treatment of significant operations at Group level;
- to ensure with respect to the executive management that all legal and financial communications are correctly performed with respect to stock market authorities;
- to assess the level of satisfaction of statutory auditors with the quality of information received from the Company's departments when performing their task and gather comments from management regarding the degree of sensitivity of the statutory auditors to the Group's business and its environment;

- to examine the key points of the statutory auditors' audit, any information brought to its knowledge with respect to operations and transactions by the Company that raises ethical issues, and transactions which, due to their nature and the person concerned, may reveal a conflict of interests;
- to ensure that key risks are identified, managed and brought to its attention. To this end, it examines the internal control and risk management systems, the internal audit program, monitors its development and the results of action plans, and draws the Board's attention to any improvements that have been made or remain to be made;
- to issue an opinion on the appointment or renewal of the statutory auditors;
- to ensure the statutory auditors' independence and objectivity.

The main topics discussed at the audit committee meetings in 2019 were:

Financial position	• Organization of work for the annual closing • Review of the annual financial statements • Review of the management report • Review of the statutory auditors' assignments and fees • Review of acquisition price allocation • Review of deferred taxes • Examination of off-balance sheet commitments • Review of the key points of the statutory auditors' audit • Presentation of work to measure the impact of IFRS 16 on the balance sheet and EBITDA • Review of the impacts of acquisitions and divestments • Review of tax aspects and changes in ongoing litigation • Review of the implementation of IFRS 15 • Review of services, excluding audit work, provided by the EY network.
Internal audit and risk management	• Review of internal audit procedures • Monitoring of the programmes carried out by internal audit • Risk mapping

The Audit Committee primarily interacts with executive management, the finance department, the head of internal control and the Company's statutory auditors. The statutory auditors attend every Audit Committee meeting.

The Audit Committee can commission specific studies as required and may call on the services of external experts.

2.2.3 STRATEGY AND CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Indicators	2019	2018
Number of meetings	3	3
Average attendance rate	89%	100%
Number of members	3	3
% of independent directors	100%	100%

Since September 24, 2018, the Board has been assisted by a Strategy and Corporate Social Responsibility Committee.

This committee is composed of Richard Troksa (Chair), Vincent Mercier and Nathalie Wright. The committee met three times and the average length of meetings was 90 minutes.

The committee's task includes reviewing and making recommendations on:

- the Group's strategic axes and the resulting medium and long-term prospects;
- the development projects of strategic importance to the Group, in particular in terms of external growth and in the acquisition or sale of subsidiaries and shareholdings or other assets, significant investments and indebtedness;
- the guidelines, resources and achievements related to the social and environmental responsibility policy of the Company and of the Group and the contribution to sustainable development, in particular in relation to the strategy;
- the guidelines, resources and achievements related to the Company's and the Group's ethics, compliance and diversity policy.

The Strategy and Corporate Social Responsibility Committee mainly interacts with members of the executive management. It may also hear members of the operational or functional divisions of the Company and the Group.

The committee carries out its tasks independently and may, where appropriate, be assisted by external consultants. The committee may decide to invite other directors to participate in some of the committee's debates.

The main topics discussed at the Strategy and Corporate Responsibility Committee meetings in 2019 were:

Strategy	• Monitoring the "Back to Growth" strategy • Reviewing the selection and plans on key investments • M&A governance principles in the framework of "Back to Growth" • Review of the main acquisition and divestment projects, strategic and financial evaluation within the “capital allocation”process
Corporate social responsibility	• Review of the Group's corporate social responsibility, environment and diversity and equal opportunity policies

2.3 Management team

The key task of the management team is to help to draw up the Group's strategic decisions and coordinate their implementation worldwide. On February 1, 2019, the Chief Executive Officer and his direct reports were as follows:

Geoffrey Godet	Chief Executive Officer
Stéphanie Auchabie	Chief human resources officer
Brandon Batt	Chief transformation officer
Henri Dura[a]	Chief solutions officer
Laurent du Passage	Chief of staff
Jean-François Labadie	Chief finance officer
Steve Rakoczy	Chief digital officer

(a) Henri Dura's position ended on January 28, 2020.

From 1 February 2020 on, the Chief Executive Officer and his direct reports are the following:

Geoffrey Godet	Chief Executive Officer
Stéphanie Auchabie	Chief human resources officer
Brandon Batt	Chief transformation officer
Laurent du Passage	Chief of staff
Jean-François Labadie	Chief operations officer
Steve Rakoczy	Chief digital officer
Tamir Sigal	Chief marketing officer
Christelle Villadary	Chief finance officer

The Remuneration and Appointments Committee has introduced a Gender equality, Diversity and Inclusion Plan to promote professional parity within Quadient. Today, the management team includes members of different nationalities and two women. The Senior Leader Conference, an annual conference gathering the people holding the 125 highest positions in Quadient, comprises 19.2% women.

In order to achieve the objectives it has set, Quadient intends to invest in diversity and gender parity by first addressing the issue of women representation on the Board of directors, in executive management and on the Management Team, and by creating a positive environment not only for its women employees, but also for people of diverse backgrounds.

The initiatives put in place in 2019 and planned for 2020 are first and foremost related to the implementation of a Women's Leadership program. This program is called "Empower" and is supported by Geoffrey Godet and Quadient's management team. It is designed to provide insights and practical skills focused on both the challenges and opportunities for women in leadership positions. It is an opportunity to reflect, reframe and equip oneself to progress to higher positions in the Company. These women will network and thrive and in turn, share their success with other women and help them achieve success. It will also involve creating a community of women to share experiences and knowledge and to give each other the mutual confidence to work in a male-dominated environment. In addition, Quadient has decided to take an active part in events dedicated to women's rights, which help to develop the awareness of employees on this subject. Training for both managers and employees are available and promoted to help them fight against unconscious bias.

This visibility of women in senior positions greatly encourages the recruitment of women from outside the Company. Recruitment also promotes diversity, and Quadient's commitment to integrate more LGBTQ+ and minority people.

2.4 Remuneration of managers and directors

2.4.1 REMUNERATION POLICY OF CORPORATE OFFICERS

At Quadient, the remuneration policy for all corporate officers is determined by the Board of directors on the basis of proposals from the Remuneration and Appointments Committee.

The work of the Remuneration and Appointments Committee relating to the remuneration policy for corporate officers is organized through preparatory meetings between the Chairman of the Committee, the Human Resources Director and, where appropriate, the Chief Executive Officer.

Members of the Board of directors and of the Remuneration and Appointments Committee are required, in the context of the preparation of the remuneration policy for corporate officers, to comply with rules relating to the management of conflicts of interests set out in article 3.b of the rules of procedure of the Board and Committees and the principles set out in article 5 of the Directors' Charter. The Chairman and the Chief Executive Officer may participate in the work of the Committee ruling on compensation. However, when the matters concern their own remuneration, or any other subject that concerns it, they do not take part to the Committee's work.

Each year, the Board of directors and the Remuneration and Appointments Committee evaluate - and revise if necessary - Quadient's overall remuneration policy in the context of the work of these two bodies. The Board of directors and the Remuneration and Appointments Committee refer to the recommendations of the Afep-Medef code, in particular when determining the remuneration policy. In accordance with these recommendations and applicable regulations, they ensure that the remuneration policy:

- respects the principles of completeness, balance, comparability, consistency, transparency and moderation;
- respects the corporate interest, contributes to the Company's commercial strategy and sustainability, in particular by adopting criteria that assess the implementation of the new "Back to Growth" strategy and the Company's long-term development;
- takes into account the vote of the shareholders and, where applicable, the opinions expressed at the General Meeting;
- takes into account the terms and conditions of remuneration and employment of employees, the review of the Group's salary policy being among the duties of the Remuneration and Appointments Committee; and
- also takes into account market practices. The compensation packages and structure described below will also apply to the corporate officers whose term of office is would be renewed, or (where applicable on a pro rata basis) to any new corporate officer who would be appointed, during the period of the application of this policy.

2.4.2 MANAGEMENT TEAM

The gross remuneration of the management team on January 31, 2020, including the Chief Executive Officer, Geoffrey Godet, is as follows:

(In thousands of euros)	January 31, 2020	January 31, 2019
Fixed remuneration	1,977.4	2,793.3
Annual variable remuneration	1,131.3	3,136.4
Multi-annual variable remuneration	-	-
Benefits in kind (company cars, unemployment insurance for business directors, supplementary pension scheme paid in cash)	382.4	482.0
Remuneration of directors (previously directors' fees)	30.0	15.0
Valuation of stock options[a]	-	-
Valuations of attribution of securities giving access to capital[a]	739.5	793.9
TOTAL	**4,260.6**	**7,220.6**

(a) *The indicated amount corresponds to the total cost of the award in the financial year.*

2.4.3 PAY RATIO

This presentation was made in accordance with the terms of article L. 225-37-3 of the French Commercial Code.

The ratios below have been calculated on the basis of fixed and variable remuneration, incentive schemes, profit-sharing and benefits in kind paid during the years in question, i.e. financial years 2018 and 2019, as well as performance shares awarded during the same periods and valued at their fair value.

The calculation of averages and medians takes into account 1,101 employees for the 2019 financial year, excluding executive directors. This scope covers employees who have been continuously compensated by one of Quadient's French entities and who were present for the entire financial year in question. The remuneration taken into account in 2019 in the calculation of the ratios relating to the Chairman of the Board of directors includes Didier Lamouche and Denis Thiery pro rata temporis for the remuneration solely relating to the exercise of their respective mandates as Chairman of the Board of Directors.

In addition, as a result of the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer since financial year 2018, the equity ratios only cover the last two financial years, in accordance with Afep-Medef recommendations dated January 28, 2020 entitled "Guidelines on Remuneration Multiples".

	January 31, 2020	January 31, 2019
Chairman of the Board of Directors		
Ratio of Chairman's compensation / average employee compensation	2.4	2.8
Ratio of Chairman's compensation / median employee compensation	3.0	2.8
Chief Executive Officer		
Ratio of Chief Executive Officer's compensation / average employee compensation	29.7	16.7
Ratio of Chief Executive Officer's compensation / median employee compensation	37.4	21.0
Employees of Quadient		
Change in average employees' compensation	+6.3%	N/A
Financial performance of Quadient		
Change in revenue	+4.7%	(1.8)%
Change in current operating income	(7.1)%	(1.5)%

The increase in the ratios relating to the remuneration of the Chief Executive Officer between 2018 and 2019 is due to the payment in 2019 of the variable element of his remuneration for 2018. Since Geoffrey Godet joined the Company on February 1, 2018, he did not receive any variable remuneration for 2017. As a reminder, the position of Chief Executive Officer was created on February 1, 2018 when the functions of Chairman and Chief Executive Officer were separated.The change in the average compensation of employees is linked, among other things, to the recruitment of a new range of profiles (seeking digital skills and niche expertise, which are rare and valued on the market to assist Quadient's digitalization) and to variable compensation paid in 2019 that is more significant than in the previous year, reflecting Quadient's better performance.

Stock subscription or stock purchase options granted to the top ten non-corporate officer beneficiary employees and options exercised by the latter

There have been no subscription or stock purchase plans since 2012. As regards previous or ongoing plans, no options have been exercised by the top ten non-corporate officer employees.

Stock subscription or stock purchase options

The following plans were approved:

Date of Annual General Meeting	Number of options to be allocated	Duration of authorization
February 9, 2000	1,200,000	5 years
July 9, 2003[(a)]	900,000	38 months
July 5, 2006	960,000	38 months
July 7, 2009	960,000	38 months

(a) *Of which 33,300 free shares were allocated in accordance with the authorizations of the General Meetings of July 9, 2003 and July 6, 2005.*

These stock subscription or stock purchase options were granted to the executive team and the most high-potential employees having an impact on value creation within Quadient. Details of these subscription plans are provided in table #°8 of the Afep-Medef code in this section.

Performance shares

Date of General Meeting	Number of shares to be allocated	Duration of authorization
July 5, 2006	320,000	38 months
July 6, 2010	400,000	26 months
July 4, 2012	300,000	26 months
July 1, 2015	360,000	26 months
July 1, 2016	400,000	26 months
June 30, 2017	400,000	26 months
June 28, 2019	400,000	14 months

The awards granted are listed in table #9 of the Afep-Medef recommendations in this chapter.

Employee savings plan

A Group company savings plan (PEE) was introduced by Neopost S.A. in September 1998. Employees of Neopost S.A. or French companies related to it as defined in article L. 225-180 of the French commercial code, are eligible to join the Neopost group company savings plan, subject to a minimum of six months of service in the company.

A collective pension saving scheme (PERCO) was introduced in Neopost S.A. and the Group's French companies, open to employees that have a minimum of three months of service in the Company. A collective employee shareholding fund (FCPE) was created and approved by the Securities and Stock Exchange Commission, now the AMF, on January 19, 1999. This fund was created to manage the amounts received under the Neopost group company savings plan. The Quadient FCPE mainly invests the amounts received in Quadient shares and the investments are frozen for a period of five years, except in legally-allowed cases of early release.

The Neopost S.A. General Meeting of June 28, 2019 granted the Board of directors the powers required to issue, on one or more occasions and over a 26-month period, shares reserved in particular for employees benefitting from the Neopost group company savings plan, subject to a nominal limit of 600,000 euros.

2.4.4 REMUNERATION POLICY OF NON-EXECUTIVE DIRECTORS

TABLE OF COMPENSATION RECEIVED BY NON-EXECUTIVE DIRECTORS

TABLE #3 AFEP-MEDEF CODE

(In euros)	January 31, 2020	January 31, 2019
Compensation of directors (formerly directors' fees)		
Martha Bejar	31,500	-
Hélène Boulet-Supau	51,500	46,500
Éric Courteille	51,500	51,500
Virginie Fauvel	41,500	41,500
William Hoover Jr.	28,133	36,333
Christophe Liaudon, director representing the employees	13,125	-
Vincent Mercier	76,500	76,500
Catherine Pourre (has left the Board on 2018)	-	29,250
Richard Troksa	51,500	46,500
Nathalie Wright	35,567	31,333
Total	**380,825**	**359,416**
Other remuneration	-	-
Chairman's compensation as a director(a)	**30,000**	**30,000**
Chief Executive Officer's compensation as a director	**30,000**	**15,000**
TOTAL COMPENSATION OF DIRECTORS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER	**440,825**	**404,416**
Maximum amount authorized by the General Meeting	495,000	495,000

(a) *Including 17,500 euros compensation of directors received by Didier Lamouche and 12,500 euros by Denis Thiery.*

In respect of their mandate as a director, the Chairman of the Board and the Chief Executive Officer receive a fixed amount of 30,000 euros per year for 100% attendance.

Board members

The methods for calculating the remuneration of non-executive directors (formerly directors' fees) are as follows:

- base remuneration: 15,500 euros per year;

The Board of directors met seven times during the financial year 2019;

- attendance remuneration I: maximum of 13,000 euros/year, for (ordinary) scheduled meetings; the amount may be reduced depending on personal attendance in each of these meetings (attendance remuneration I/meeting = 13,000 euros/number of ordinary meetings * attendance rate at these scheduled meetings);
- attendance remuneration II: maximum of 3,000 euros/year, regardless of the number of extraordinary meetings convened during the year; the amount may be reduced based on personal attendance in each of these meetings (Attendance remuneration II/meeting = 3,000 euros/number of extraordinary meetings * attendance rate at these unscheduled meetings);
- in the event no extraordinary meeting is convened, the 3,000 euros shall be allocated to each director in proportion to his or her actual attendance in the (ordinary) scheduled meetings;
- the total attendance remuneration (variable portion) is therefore capped at 16,000 euros per year, and the annual total amount of attendance remuneration is capped at 31,500 euros.

Committee remunerations are subject to the personal attendance rule.

- committee members: 10,000 euros per year;
- committee Chairperson: 20,000 euros per year;
- lead director: additional 15,000 euros per year.

These remuneration criteria described above will apply in the context of the 2020 remuneration policy of directors.

The Board of directors may also propose, as part of the 2020 remuneration policy of directors, in addition to the maximum amount authorized by the General Meeting for the compensation of directors (formerly directors' fees), to allocate, upon the recommendation of the Remuneration and Appointments Committee, to one or several directors an exceptional remuneration for a specific mission assigned in accordance with article L.225-46 of the French commercial code, considering, notably, the scope of such mission, its duration and the involvement required. The allocation of such remuneration shall be subject to the related-party agreement process.

As of January 31, 2020, no loans or guarantees had been granted or provided in favor of any management bodies of the Company.

As of January 31, 2020, no post-mandate obligations, such as remuneration, compensation or benefits, had been entered into by the Company for the benefit of its non-executive directors.

2.4.5 THE CHAIRMAN & THE CHIEF EXECUTIVE OFFICER – 2019 REMUNERATION

The total remuneration and benefits in kind paid by Neopost S.A. and the companies it controls to Denis Thiery, Chairman until June 28, 2019, Didier Lamouche, Chairman since June 28, 2019, and Geoffrey Godet, Chief Executive Officer, during the financial year 2019, were awarded on the basis of the resolutions approved by the General Meeting on June 28, 2019. These resolutions approved the principles and criteria for setting, allocating and awarding the various elements of this remuneration.

At Quadient, the remuneration policy for executive directors is determined by the Board of directors, on the Remuneration and Appointments Committee's proposal.

The Board of directors and the Remuneration and Appointments Committee refer in particular to the recommendations of the Afep-Medef code when establishing the remuneration and benefits awarded to Quadient's executive directors. In accordance with these recommendations, they ensure that this remuneration policy complies with principles of comprehensiveness, balance, comparability, consistency, transparency and moderation, and also take market practices into account.

Due to the time spent in the United States linked to the importance of this country for Quadient, Geoffrey Godet's remuneration is partly paid in United States dollars by the subsidiary company Mailroom Holding Inc.

The total remuneration and benefits in kind paid and owed by Neopost S.A. and the companies that it controls to Didier Lamouche during the financial year 2019, which ended on January 31, 2020, is allocated as follows:

Overview of the components of Didier Lamouche's remuneration in his capacity as Chairman *(In thousands of euros)*	Paid or due as of January 31, 2020
Annual fixed remuneration[(a)]	70.0
Annual variable remuneration	paid: none - due: 0.0
Multi-annual variable remuneration	None
Compensation as director[(b)]	17.5
Benefits in kind (company car, unemployment insurance for business directors)	None
Exceptional remuneration	0.0
Compensation linked to the assumption or termination of duties	0.0
Valuation of performance shares awarded during the financial year	None

(a) *The gross annual fixed remuneration is 120,000 euros, paid after June 28, 2019,* prorata temporis.
(b) Prorata temporis.

The total remuneration and benefits in kind paid and owed by Neopost S.A. and the companies that it controls to Denis Thiery during the financial year 2019, which ended on January 31, 2020, is allocated as follows:

Overview of the components of Denis Thiery's remuneration in his capacity as Chairman *(In thousands of euros)*	Paid or due as of January 31, 2020
Annual fixed remuneration[(a)]	50.0
Annual variable remuneration	paid: none due: none
Multi-annual variable remuneration	None
Compensation of directors[(b)]	12.5
Benefits in kind (company car)	3.1
Exceptional remuneration	0.0
Compensation linked to taking up roles or termination of duties	0.0
Valuation of performance shares awarded during the financial year	None

(a) *The gross annual fixed remuneration is 120,000 euros, paid between February 1 and June 28, 2019,* prorata temporis.
(b) Prorata temporis.

For information - Overview of the components of Denis Thiery's remuneration in his capacity as International coordinator (until June 30, 2018) *(In thousands of euros)*	Paid or due as of January 31, 2020
Annual fixed remuneration	None
Annual variable remuneration[(a)]	paid: 272.7 due: 0.0
Multi-annual variable remuneration	None
Compensation of directors	None
Benefits in kind (company car)	None
Exceptional remuneration	0.0
Compensation linked to taking up roles or termination	0.0
Valuation of performance shares awarded during the financial year	None

(a) *The annual variable remuneration "paid" in 2019 and accrued in the exercice 2018, corresponds to the bonus for the previous year. This amount was paid as part of his employment contract as International coordinator, which ended on June 30, 2018.*

The total remuneration and benefits in kind paid and owed by Neopost S.A. and the companies that it controls to Geoffrey Godet during the financial year 2019, which ended on January 31, 2020, is allocated as follows:

Overview of the components of Geoffrey Godet's remuneration in his capacity as Chief Executive Officer *(In thousands of euros)*	Paid or due as of January 31, 2020
Annual fixed remuneration[(a)]	603.3
Annual variable remuneration[(b)]	paid: 706.6 due: 603.3
Multi-annual variable remuneration	None
Compensation of directors	30.0
Benefits in kind (company car, unemployment insurance for business directors, supplementary retirement plan paid in cash)	193.9
Exceptional remuneration	0.0
Compensation linked to the assumption or termination of duties	0.0
Valuation of performance shares awarded during the financial year	356.4

(a) *The fixed remuneration is divided in two parts: 510,000 euros paid in France and 112,000 United States dollars paid in the United States. The EUR/USD exchange rate used is the budget rate, i.e. 1.20.*
(b) *The annual variable remuneration "due" corresponds to the bonus provisioned in Neopost S.A. and Mailroom Holding Inc. financial statements at the end of the financial year while the annual variable remuneration "paid" corresponds to the bonus paid with respect to the previous year, representing 117.12% of the fixed remuneration paid in 2018.*

The quantitative criteria for the Chief Executive Officer's variable remuneration for 2019 were the following:

Weight	Criteria	Threshold (0.0%)	Target (100%)	Maximum (150%)
40%	Sales	1,063.7	1,108.0	1,130.2
40%	Current operating income [(a)]	175.8	187.0	194.5
20%	Capital employed	(39.1)	(43.4)	(52.1)

(a) Excluding innovation expense and assuming a constant scope.

The achievements are the following:

Weight	Criteria	Performance[(a)]	Bonus
40%	Sales	1114,0	113.5%
40%	Current operating income [(b)]	187.8	105,6%
20%	Capital employed	(55.8)	150,0%
TOTAL			**117.6%**

(a) Performance measures take into account the exchange rates applied when the criteria were defined and are adjusted for scope effects, excluding innovation expense.

(b) Excluding innovation expense and assuming a constant scope.

In addition, the Remuneration and Appointments Committee estimated that the individual (qualitative) performance objectives' achievement rate was 110%, compared to a maximum of 150%.

Overall, Geoffrey Godet's performance stands at 116.08% and his annual variable remuneration for 2019 amounts to 592,008 euros paid in France and 130,010 United States dollars, subject to the approval of the General Meeting to be held on July 6, 2020. For the 2019 financial year, the performances relating to the qualitative objectives assigned to Geoffrey Godet were as follows:

- 60%: implementation of the new "Back to Growth" strategy with significant evolutions for the four strategic pillars; performance: 106%;
- 15%: finalize the implementation of the executive team of the Group, with preparation of a succession plan; performance: 110%;
- 10%: progress in the diversity and gender equality within the Group, implementation of cultural changes in line with the new strategic objectives and strengthening of processes' digitalization; performance: 120%;
- 15%: effective and interactive collaboration with the Board of Directors and the Chairman; performance: 120%.

SUMMARY TABLE OF REMUNERATION AND OPTIONS AND SHARE GRANTED TO EACH EXECUTIVE DIRECTOR

TABLE # 1 AFEP-MEDEF CODE

(In thousands of euros)	January 31, 2020	January 31, 2019
Didier Lamouche – Chairman since June 28, 2019		
Remuneration due for the financial year	87.5	-
Valuation of multi-annual variable remuneration awarded during the financial year	-	-
Valuation of options awarded during the financial year(a)	-	-
Valuation of performance shares awarded during the financial year(a)	-	-
TOTAL	**87.5**	**-**

(a) *The indicated amount corresponds to the total award during the financial year.*

(In thousands of euros)	January 31, 2020	January 31, 2019
Denis Thiery – Chairman until June 28, 2019		
Remuneration due for the financial year	65.6	117.9
Valuation of multi-annual variable remuneration awarded during the financial year	-	-
Valuation of options awarded during the financial year(a)	-	-
Valuation of performance shares awarded during the financial year(a)	-	-
TOTAL	**65.6**	**117.9**

(a) *The indicated amount corresponds to the total award during the financial year.*

(In thousands of euros)	January 31, 2020	January 31, 2019
Geoffrey Godet - Chief Executive Officer		
Remuneration due for the financial year	1,430.5	1,234.1
Valuation of multi-annual variable remuneration awarded during the financial year	-	-
Valuation of options awarded during the financial year(a)	-	-
Valuation of performance shares awarded during the financial year(a)	356.4	369.3
TOTAL	**1,786.9**	**1,603.4**

(a) *The indicated amount corresponds to the total award during the financial year.*

SUMMARY TABLE OF REMUNERATION OF EACH EXECUTIVE DIRECTOR

TABLE # 2 AFEP-MEDEF CODE

	January 31, 2020		January 31, 2019	
(In thousands of euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Didier Lamouche – Chairman since June 28, 2019				
Annual fixed remuneration	70.0	70.0	-	-
Annual variable remuneration[a]	-	-	-	-
Multi-annual variable remuneration	-	-	-	-
Compensation as director[b]	17.5	17.5	-	-
Benefits in kind	-	-	-	-
TOTAL	**87.5**	**87.5**	**0.0**	**0.0**
Denis Thiery[c] – Chairman until June 28, 2019				
Annual fixed remuneration	50.0	50.0	70.0	70.0
Annual variable remuneration[a]	-	-	-	598.3
Multi-annual variable remuneration	-	-	-	-
Compensation as director[b]	12.5	12.5	30.0	30.0
Benefits in kind	3.1	3.1	17.9	17.9
TOTAL	**65.6**	**65.6**	**117.9**	**716.2**
Geoffrey Godet – Chief Executive Officer				
Annual fixed remuneration[d]	603.3	603.3	603.3	603.3
Annual variable remuneration[a]	603.3	706.6	603.3	-
Multi-annual variable remuneration	-	-	-	-
Compensation as director	30.0	30.0	15.0	15.0
Benefits in kind	193.9	193.9	12.5	12.5
TOTAL	**1,430.5**	**1,533.8**	**1,234.1**	**630.8**

(a) *The annual variable remuneration in the column "Amounts due" corresponds to the bonus provisioned in Neopost S.A. and Mailroom Holding Inc. financial statements, at the end of the financial year while the column "Amounts paid" corresponds to the bonus paid with respect to the previous year.*

(b) Prorata temporis.

(c) *Denis Thiery received a remuneration on behalf of his employment contract as International Coordinator. Cf. section 2.4.5.*

(d) *The fixed remuneration is divided in two parts: 510,000 euros paid in France and 112,000 United States dollars paid in the United States. The exchange rate used is the budget rate, i.e. 1.20.*

SUMMARY TABLE OF COMPENSATION OF DIRECTORS AND OTHER REMUNERATION OF EACH EXECUTIVE DIRECTOR

TABLE #3 AFEP-MEDEF CODE

(In thousands of euros)	January 31, 2020	January 31, 2019
Didier Lamouche – Chairman since June 28, 2019		
Compensation as director[a]	17.5	-
Other remuneration	-	-
TOTAL	**17.5**	**0.0**
Denis Thiery – Chairman until June 28, 2019		
Compensation as director[a]	12.5	30.0
Other remuneration	-	-
TOTAL	**12.5**	**30.0**
Geoffrey Godet – Chief Executive Officer		
Compensation as director	30.0	15.0
Other remuneration	-	-
TOTAL	**30.0**	**15.0**

(a) Compensations as directors were paid to both Didier Lamouche and Denis Thiery for their corporate mandates in the Group's holding company, prorata temporis.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED DURING THE YEAR TO EACH EXECUTIVE DIRECTOR

TABLE # 4 AFEP-MEDEF CODE

(In euros)	Number and date of plan	Type of options	Valuation of options[a]	Number of options granted during the financial year	Exercise price	Exercise period
Didier Lamouche – Chairman since June 28, 2019[b]	-	-	-	-	-	-
Denis Thiery – Chairman until June 28, 2019[b]	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer[b]	-	-	-	-	-	-

(a) Under IFRS
(b) No stock-option was awarded during the financial year.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE YEAR BY EACH EXECUTIVE DIRECTOR

TABLE # 5 AFEP-MEDEF CODE

(In euros)	Number and date of plan	Number of options exercised during the year	Exercise Price
Didier Lamouche – Chairman since June 28, 2019	-	-	-
Denis Thiery – Chairman until June 28, 2019	-	-	-
Geoffrey Godet – Chief Executive Officer	-	-	-

PERFORMANCE SHARES GRANTED DURING THE YEAR TO EACH EXECUTIVE DIRECTOR

TABLE # 6 AFEP-MEDEF CODE

(In thousands of euros)	Number and date of plan	Number of shares granted during the year	Valuation of shares[a]	Vesting date	Availability date	Performance criteria
Didier Lamouche – Chairman	-	-	-	-	-	-
Denis Thiery – Chairman	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer	23/09/2019	40,000[b]	356.4	24/09/2022	24/09/2022	Sales Relative TSR[c]

(a) *IFRS valuation standards.*
(b) *i.e 0.12% of the share capital.*
(c) *TSR = Total Shareholder Return.*

PERFORMANCE SHARES THAT BECAME AVALAIBLE DURING THE YEAR FOR EACH EXECUTIVE OFFICER

TABLE # 7 AFEP-MEDEF CODE

	Date of plan	Number of shares available during the financial year	Number of shares that met the vesting conditions
Didier Lamouche – Chairman since June 28, 2019	-	-	-
Denis Thiery – Chairman until June 28, 2019	07/01/2016	34,000[a]	3,128
Geoffrey Godet – Chief Executive Officer	-	-	-

(a) *i.e. 0.10% of the share capital.*

HISTORY OF SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED

TABLE # 8 AFEP-MEDEF CODE

Stock options				
Date of General Meeting	07/07/2009	07/07/2009	07/07/2009	07/07/2009
Date of Board meeting (start of exercise period)	18/02/2009	12/01/2010	12/01/2011	12/01/2012
Expiry date	18/02/2019	12/01/2020	12/01/2021	12/01/2022
Performance conditions	**yes**	**yes**	**yes**	**yes**
Initial number of options available for subscription or purchase	325,885	475,000	239,400	260,800
including attributable under performance conditions	*63,000*	*154,000*	*40,000*	*75,000*
Adjusted[a] number of options that could be available for subscription or purchase	226,883	346,181	197,013	225,618
of which available for subscription or purchase by Didier Lamouche – Chairman	-	-	-	-
of which available for subscription or purchase by Denis Thiery – Chairman	-	-	-	-
of which available for subscription or purchase by Geoffrey Godet – Chief Executive Officer	-	-	-	-
	63.3	**57.19**	**66.64**	**52.3**
Initial subscription or purchase price (in euros)		**57,89**	**67,24**	**53.5**
	57.81	**52.23**	**60.86**	**47.76**
Adjusted(a) subscription or purchase price (in euros)		**52.87**	**62.32**	**48.85**
Total number of options subscribed	**(602)**	**(27,172)**	**-**	**(9,000)**
Adjusted(a) cumulative number of subscription or purchase options cancelled or nullified	(226,281)	(319,009)	(69,107)	(98,631)
NUMBER OF SHARE SUBSCRIPTIONS OR PURCHASE OPTIONS OUTSTANDING AS OF JANUARY 31, 2020	**-**	**-**	**127,906**	**117,987**
of which exercisable by Didier Lamouche – Chairman	-	-	-	-
of which exercisable by Denis Thiery – Chairman	-	-	-	-
of which exercisable by Geoffrey Godet – Chief Executive Officer	-	-	-	-

(a) *Adjusted value after the payment of dividends, partly paid from capital reserves.*

HISTORY OF PERFORMANCE SHARE GRANTED

TABLE # 9 AFEP-MEDEF CODE

Performance shares								
Date of General Meeting	04/07/2012	01/07/2015	01/07/2016	01/07/2016	30/06/2017	30/06/2017	28/06/2019	28/06/2019
Date of Board meeting	24/03/2014	01/07/2015	01/07/2016	27/03/2017	28/06/2018	26/04/2019	23/09/2019	06/01/2020
Performance conditions	yes	yes	yes	yes	yes	yes	yes	yes
Total number of shares granted, of which to:	150,060	199,500	149,000	246,700	226,600	12,000	395,000	5,000
Didier Lamouche – Chairman	-	-	-	-	-	-	-	-
Denis Thiery – Chairman	24,660	40,000	34,000	40,000	-	-	-	-
as percentage of share capital	0.07%	0.12%	0.10%	0.12%	-	-	-	-
Geoffrey Godet – Chief Executive Officer	-	-	-	-	40,000	-	40,000	-
as percentage of share capital	-	-	-	-	0.12%	-	0.12%	-
Vesting date of shares								
Tranche 1	25/03/2016	02/07/2017	02/07/2019	28/03/2020	29/06/2021	27/04/2022	24/09/2022	07/01/2023
Tranche 2	25/03/2017	02/07/2018	n/a	n/a	n/a	n/a	n/a	n/a
End date of the holding period								
Tranche 1	26/03/2018	03/07/2019	n/a	n/a	n/a	n/a	n/a	n/a
Tranche 2	26/03/2019	03/07/2020	n/a	n/a	n/a	n/a	n/a	n/a
Number of shares vested	**-**	**11,215**	**11,270**	**-**	**-**	**-**	**-**	**-**
Total number of shares cancelled or nullified	**150,060**	**188,195**	**137,730**	**72,700**	**6,100**	**-**	**-**	**-**
NUMBER OF SHARES OUTSTANDING AT JANUARY 31, 2020	**-**	**90[(a)]**	**-**	**174,000**	**220,500**	**12,000**	**395,000**	**5,000**

(a) Shares related to international plans.

TABLE # 10 AFEP-MEDEF CODE

Table #10 describes multi-annual variable remuneration. It is not shown here because this method of remuneration is not used by Quadient.

TABLE # 11 AFEP-MEDEF CODE

Executive directors (as at January 31, 2020)	Employment contract	Supplemental Pension plan	Compensation or benefits due or likely to be due in case of termination or change in functions	Compensation in view of a non-compete clause
Didier Lamouche	**No**	**No**	**No**	**No**
Start date of the mandate: June 28, 2019				
End date of the mandate: General Meeting called to approve the financial statements for the financial year that will end on January 31, 2022				
Denis Thiery	**No**	**No**	**No**	**No**
Start date of the mandate: January 12, 2010				
End date of the mandate: June 28, 2019				
Geoffrey Godet	**No**	**Yes[(a)]**	**Yes[(a)]**	**No**
Start date of the mandate: February 1, 2018				
End date of the mandate: General Meeting called to approve the financial statements for the financial year that will end January on 31, 2021				

(a) Cf. 2.4.7 of this Universal document of registration, the commitments mentioned in the fourth paragraph of article L.225-37-3.

In addition to the defined-contribution supplemental pension scheme (article 83 of the French general tax code), the Board of directors, on the recommendation of the Remuneration and Appointments Committee and in accordance with the resolutions of the General Meeting of June 28, 2019, approved the principle of granting the Chief Executive Officer a supplemental pension scheme. This scheme is based on payments made in cash that will represent 15% of his theoretical annual fixed and variable remuneration (assuming objectives are met at 100%), that will enable him to constitute his supplemental pension directly, year after year. Geoffrey Godet will allocate these additional payments, net of any social security contributions and taxes, to investment vehicles dedicated to financing his supplemental pension scheme.

These payments will be subject to performance objectives that will be the same as those related to his variable annual remuneration. The achievement percentage related to the Chief Executive Officer's annual variable remuneration will therefore apply to these payments but will be capped at a 100% achievement of the objectives.

On the recommendation of the Remuneration and Appointments Committee, the Board of directors, which determined the variable remuneration of the Chief Executive Officer based on performance for 2019 approved the payment of 153,000 euros to be paid in France and 33,600 United States dollars to be paid in the United States, in respect of this supplemental pension scheme, for the financial year 2019. Pursuant to article L.225-37-2, it is hereby specified that this payment shall be subject to the approval of the General Meeting called to vote on the financial statements for the financial year which ended on January 31, 2020.

2.4.6 THE CHAIRMAN – 2020 REMUNERATION

As the functions of Chairman and Chief Executive Officer have been separated since the financial year 2018, the remuneration aspects of this report concern two corporate officers: the Chairman of the Board, and the Chief Executive Officer.

Pursuant to Article L.225-37-2 of the commercial code, as amended by Law No. 2019-486 of May 22, 2019 concerning growth and transformation of companies (the "Pacte Law") and its implementing regulations of November 2019, this report sets out the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components that comprise the total remuneration and benefits in kind awarded to the Chairman of the Board, in respect of his corporate office, these principles and criteria will be the subject of a resolution put to the vote at the General Meeting of July 6, 2020.

Should the General Meeting of July 6, 2020 not approve this resolution, the remuneration shall be set in accordance with existing practices within the Company.

The remuneration policy of the Chairman is determined in compliance with Quadient remuneration policy, taking into account his duties, experience, years of service and performance, as well as market practices.

The remuneration of the Chairman consists of compensation for his mandate as director (formerly directors' fees), annual fixed compensation for his corporate mandate and benefits in kind.

1° Compensation as a director (formerly directors' fees)

The Board of directors may decide to pay the Chairman of the Board compensation for his mandate as director. The principle is to award a fixed amount.

The Chairman should receive a maximum of 30,000 euros in 2020 on an annual basis in respect of the corporate office he holds in Neopost S.A. This amount is unchanged compared to the previous year.

2° Annual fixed remuneration

In accordance with the Afep-Medef code's principles, the annual fixed remuneration is set by the Board of directors on the Remuneration and Appointments Committee's proposal. The fixed remuneration of the Chairman has thus been established in relation to the scope of the position and to practices observed in French and international groups where activities, revenues, market capitalization, number of employees and challenges are similar to those of Quadient's.

The Remuneration and Appointments Committee uses studies produced by external consulting firm Mercer to draw remuneration benchmarks for all Board positions. As regards the Chairman's remuneration, the committee refers to a panel comprising about 30 companies and, with the assistance of the aforementioned consulting firm, verifies Chairman remuneration's position, which appears to be in line with the practices of this panel, both in terms of structure and amount.

For the financial year 2020, the Chairman's annual fixed remuneration would be 120,000 euros, unchanged compared to the previous year.

3° Performance shares

Since the financial year 2018, the Chairman is no longer eligible for any long-term remuneration plans offered by the Company.

4° Benefits in kind

The Chairman can benefit from reimbursement of reasonable business expenses incurred in the course of performing his duties, on presentation of appropriate receipts, in accordance with Company policy.

The Chairman does not receive any other remuneration for his corporate office. Therefore, he does not receive any multi-annual variable remuneration, exceptional remuneration, nor any allocation of stock subscription or purchase options. He is not entitled to any severance payment or compensation relating to a non-compete clause.

These remuneration items will be the subject of a resolution submitted by the Board of directors to the General Meeting. The resolution will be worded as follows: "Having read the corporate governance report provided for in Article L.225-37 of the French commercial code and in accordance with article L.225-37-2 II of the French commercial code, the General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, approves the remuneration policy including the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional items comprising the total compensation and benefits of any kind presented in the aforementioned report and attributable to the Chairman's corporate office. This policy is described in section 2.4.6 "The Chairman - Remuneration 2020" of the universal registration document 2019."

2.4.7 THE CHIEF EXECUTIVE OFFICER – REMUNERATION 2020

Pursuant to Article L.225-37-2 of the commercial code, as amended by the Pacte Law and its implementing regulations of November 2019, this report, drawn up by the Board of directors, sets out the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional components comprising the total remuneration and benefits in kind awarded to the Chief Executive Officer, Geoffrey Godet, in respect of his corporate office, which shall be put to the vote in the General Meeting of July 6, 2020.

Should the General Meeting of July 6, 2020 not approve this resolution, the remuneration shall be set in accordance with existing practices within the Company.

Pursuant to article L.225-37-2, it is hereby specified that the payment of variable and exceptional components to Geoffrey Godet for the financial year 2020 shall be subject to approval of the General Meeting called to vote on the financial statements for the financial year which ended on January 31, 2021.

The remuneration elements for the Chief Executive Officer are therefore established on the basis of the Quadient remuneration policy considering his duties within Quadient, his experience, years of service and performance, as well as market practices. Any future increases in remuneration shall take into account Quadient's performance as well as market practices.

Due to the amount of time spent in the United States on account of the importance of this country for Quadient, approximately 15% of Geoffrey Godet's fixed and variable remuneration is paid in US dollars by the subsidiary Mailroom Holding Inc. for his mandate within this company.

Finally, Geoffrey Godet has no employment contract within the Company or any other company within the Group.

Decisions regarding the remuneration of the Chief Executive Officer are the responsibility of the Board of directors and are based on proposals from the Remuneration and Appointments Committee.

The remuneration of the Chief Executive Officer breaks down as follows:

1° Compensation as a director (formerly directors' fees)

The Chief Executive Officer should receive a maximum of 30,000 euros in 2020 on an annual basis in respect of his corporate office as director of Neopost S.A. This amount is unchanged compared to the previous year.

2° Annual fixed remuneration

Annual fixed remuneration is set by the Board of directors on the Remuneration and Appointments Committee's recommendation in accordance with the Afep-Medef code's principles. The fixed remuneration of the Chief Executive Officer has thus been established in relation to the scope of the position and to practices observed in French and international groups where activities, revenues, market capitalization, number of employees and challenges are similar to those of Quadient's.

For 2020, as each year, the Remuneration and Appointments Committee uses studies produced by the external consulting firm Mercer to draw remuneration benchmarks for all of the management team positions. As regards the Chief Executive Officer's remuneration, the committee refers to a panel comprising about 15 companies and, with the assistance of the aforementioned consulting firm, verifies the the Chief Executive Officer remuneration's position. For financial year 2020, his annual fixed remuneration would be unchanged from the previous year, i.e.:

- gross annual fixed remuneration for his duties as Chief Executive Officer of the Company of 510,000 euros, paid in France;
- gross annual fixed remuneration of 112,000 US dollars for his duties as director of the subsidiary Mailroom Holding Inc., paid in the United States.

This fixed remuneration appears to be in line with the practice of the chosen panel, both as regards structure and amount.

The breakdown of the gross annual fixed remuneration between the various duties of Chief Executive Officer of the Company and director of the subsidiary Mailroom Holding Inc., may be reviewed by mutual agreement to take into account, in particular, the time and resources dedicated to each of these duties.

3° Annual variable remuneration

The Chief Executive Officer has indicated that, in view of (i) the current situation related to the Covid-19 health crisis, (ii) the efforts, in particular in terms of compensation, to be implemented by the Group and its employees as described in the press release dated April 21, 2020, as well as (iii) the actions already implemented to address the health crisis as described in section 3.3 of Chapter 3 " Management Report" of this universal registration document, he renounced to his annual variable compensation for the year 2020. The Board of directors acknowledged his decision and praised the Chief Executive Officer's initiative.

4° Exceptional remuneration

The Board of directors decided to amend the remuneration policy so that an exceptional remuneration may be paid to the Chief Executive Officer, if the economic situation permits, for his proper management of the health crisis related to Covid-19 and its consequences for the Group during the financial year 2020.

This exceptional remuneration would be decided by the Board on the recommendation of the Remuneration and Appointments Committee based on objective and measurable criteria, with reference, in particular, to the recommendations of the Afep-Medef code to ensure that the remuneration policy complies with the principles of completeness, balance, comparability, consistency, transparency and moderation and also takes into account market practices.

It is specified, pursuant to Article L.225-37-2, that the payment of such exceptional remuneration to Geoffrey Godet for the financial year 2020, shall be subject to approval by the General Meeting convened to approve the financial statements for the financial year ending January 31, 2021.

5° Performance shares

The long-term component of Geoffrey Godet's remuneration solely comprises performance share allocation plans open to a range of beneficiaries within the Group, following a decision of the Board of directors taken on the Remuneration and Appointments Committee's recommendation.

The allocations awarded to corporate officers are capped at:

- 10% of the total number of free shares allocated annually; and
- 150% of the fixed annual remuneration valued in accordance with IFRS.

The final acquisition of the allocated free shares is subject to conditions of presence and performance that will be recorded by the Board of directors at the end of a period of three years following the date of allocation.

The vesting of free shares is subject to the existence of a corporate appointment or employment contract with Quadient. Accordingly, no delivery can take place after the termination of any corporate office or employment contract, unless otherwise decided by the Board of directors acting on the recommendation of the Remuneration and Appointments Committee and in accordance with the regulations governing free share plans. The performance criteria described in Table 6 in section "The Chairman & the Chief Executive Officer – 2019 Remuneration" above will be those applied for the remuneration policy 2020 of the Chief Executive Officer.

The Chief Executive Officer could receive up to 40,000 performance shares during the financial year 2020.

It is hereby specified that 50% of the amount of free shares definitively acquired by Geoffrey Godet cannot be sold before the end of his corporate offices. This will be the case until he holds a quantity of 50,000 definitively acquired free shares, which he shall then be bound to keep until the termination of said corporate offices.

6°The commitments specified in the fourth paragraph of article L.225-37-3

SUPPLEMENTAL PENSION SCHEME

The Chief Executive Officer benefits from the same supplemental pension scheme as the employees of Neopost S.A.

The Chief Executive Officer's supplemental pension scheme comprises a defined-contribution scheme (article 83 of the French general tax code) into which is paid a total of 5% of his remuneration, capped at 5 times the Social Security ceiling.

In order to qualify for this payment, the Chief Executive Officer must liquidate his pension entitlements related to both the French Social Security pension scheme and supplemental schemes.Furthermore, the Chief Executive Officer is also eligible to receive an additional annual cash payment equal to 15% of his total annual remuneration in the year in question (fixed and variable assuming objectives are achieved at 100%), so as to enable him to constitute his own supplemental pension directly, year after year. These payments are subject to performance objectives that are the same as those relating to his annual variable remuneration. The percentage achievement relating to the Chief Executive Officer's annual variable remuneration would therefore apply to these payments but would be capped at 100% of the objectives achieved.

Geoffrey Godet has indicated to the Board that, in view of (i) the current situation related to the COVID-19 health crisis, (ii) the efforts, in particular in terms of compensation, to be implemented by the Group and its employees as described in the press release dated April 21, 2020, as well as (iii) the actions already implemented to address the health crisis as described in section 3.3 of Chapter 3 " Management Report" of this universal registration document, he renounced to his supplemental pension benefit for 2020.

COMPENSATION FOR TERMINATION OF DUTIES

In the event of dismissal (other than for gross negligence or serious missconduct as defined by French labor laws), the Chief Executive Officer would receive compensation for termination of duties, the gross amount of which would depend on the extent of the achievement of annual performance objectives.

In accordance with current market practices, particularly within SBF120 companies, compensation for termination of duties of the Chief Executive Officer would apply from February 1, 2020 until the General Meeting called to vote on the financial statements for the financial year that will end on January 31, 2022.

The conditions of this indemnity, for each financial year within this period, would be the following: in the event of dismissal (other than for gross negligence or serious misconduct within the meaning of French labor law), the gross amount of this indemnity would amount to 12 months of remuneration based on his annual fixed and variable remuneration (assuming objectives are achieved at 100%), if the average variable remuneration received during the last three financial years corresponds to at least 50% of his theoretical annual variable remuneration (assuming objectives are achieved at 100%), and this, as confirmed by the Board of directors in respect of the criteria set. Financial years in which no variable remuneration is provided for in the Chief Executive Officer's remuneration policy would be neutralized for the purposes of this calculation.

Throughout this period, this compensation is subject to the approval of the General Meeting, in accordance with applicable legal rules. This commitment would continue under these terms and conditions, subject to the approval of the General Meeting.

7° Benefits in kind

The Chief Executive Officer benefits from the current life and disability insurance and supplemental health insurance schemes, unemployment insurance for company directors, a company car, assistance with filing his annual French and United States tax declarations and reimbursement of reasonable business expenses incurred in the course of performing his duties, on presentation of appropriate receipts, in accordance with Company policy.

The Chief Executive Officer does not receive any other remuneration for his corporate appointment. He does not therefore receive any multi-annual variable remuneration or any allocation of share subscription or purchase options. The Chief Executive Officer has not signed a non-compete clause, but must give a notice period of six months in the event of resignation.

These remuneration items will be the subject of a resolution submitted by the Board of directors to the General Meeting. The resolution will be worded as follows: "Having read the corporate governance report provided for in article L.225-37 of the French commercial code and in accordance with article L.225-37-2 of the French commercial code, the General Meeting, voting under the quorum and majority conditions required for ordinary general meetings, approves the remuneration policy including the principles and criteria for setting, allocating and awarding the fixed, variable and exceptional items (including the performance shares) comprising the total compensation, the commitments specified in the fourth paragraph of article L.225-37-3 of the French commercial code and benefits of any kind presented in the aforementioned report and attributable, in respect of his corporate mandate, to Mr. Geoffrey Godet, Chief Executive Officer. This policy is described in section 2.4.7 "The Chief Executive Officer - Remuneration 2020" of the universal registration document 2019."

2.5 Related-party agreements

The Board of directors has decided to remove from the scope of the related-party agreements, the agreements with Mr. Geoffrey Godet, in accordance with the French ordinance n°2019-1234 and its implementing decree n°2019-1235.

In accordance with Article L.225-39 of the French commercial code, the Board of directors carries out, when necessary, the assessment of agreements entered into under normal terms and conditions to ensure that they continue to meet these conditions.

The Board of directors is informed of any draft agreement likely to constitute a related party agreement or a so-called free agreement and of its evaluation by the competent management, in particular the Group's legal and financial management, for qualification purposes. When a member of the Board of directors has a direct or indirect interest in the agreement, he or she does not take part in its evaluation.

At least once a year, and regularly, an item on the agenda of the Board of directors shall be dedicated to the application of this process.

2.6 Summary table of the Extraordinary General Meeting delegations to the Board of directors

The General Shareholder Meeting of Neopost S.A. held on June 28, 2019 approved the following resolutions, giving the Board of directors powers to:

- issue ordinary shares and securities giving access to the Company's share capital, maintaining shareholders' preferential subscription rights, for a period of 26 months;
- issue ordinary shares, with the suppression of shareholders' preferential subscription rights, through an offer to the public, for a period of 26 months;
- issue ordinary shares, with the suppression of shareholders' preferential subscription rights through private placement in accordance with the provisions of clause II of article L.411-2 of the French monetary and financial code, for a period of 26 months;
- issue securities giving access to the Company's share capital, with the suppression of shareholders' preferential subscription rights through an offer to the public, for a period of 26 months;

- issue securities giving access to the Company's share capital, with the suppression of shareholders' preferential subscription rights through private placement in accordance with the provisions of clause II of article L.411-2 of the French monetary and financial code, for a period of 26 months;
- increase the value of issuances in case of oversubscription related to the issuance of ordinary shares or securities giving access to the Company's share capital, for a period of 26 months;
- increase the share capital by capitalizing reserves, profits or premiums, for a period of 26 months;
- increase the share capital by issuing ordinary shares and securities giving access to the share capital to compensate contributions in kind, within the limit of 10% of the share capital, for a period of 26 months;
- issue ordinary shares and securities giving access to the Company's share capital, in the case of a public exchange offering initiated by the Company, for a period of 26 months;
- increase the share capital and conduct share transfers reserved for Group employees in application of the provisions of article L.3332-1 et seq. of the French labor code, for a period of 26 months;
- proceed with increases in the share capital reserved for financial institutions or companies created specifically for implementing an employee savings scheme for the benefit of the employees of certain subsidiaries or foreign branch offices of the Group equivalent to the existing saving schemes of the Group's French and foreign companies, for a period of 18 months;
- proceed with allocations of free existing shares or shares to be issued with the suppression of shareholders' preferential subscription rights, for a period of 14 months;
- cancel the shares acquired under the Company's share buy-back program, for a period of 18 months.

Only the authorization relating to allocations of free existing shares or shares to be issued was used during the financial year 2019.

The full wording of these authorizations is available on request from Neopost S.A. head office.

The General Shareholder Meeting of Neopost S.A. called on July 6, 2020 to vote on the financial statements for the financial year that ended on January 31, 2020 will be asked to renew these authorizations on similar terms.

2.7 Information that could have an impact in the event of a takeover bid or exchange offer

In accordance with the provisions of article L.225-100-3 of the French commercial code, the factors that could have an impact on a takeover bid are the following:

- the Company's capital structure as described in chapter 7 of the universal registration document;
- direct or indirect investments in the Company's capital known to the Company pursuant to articles L.233-7 and L.233-12 of the French commercial code, as described in chapter 3 of the universal registration document;
- the rules applicable to the appointment and replacement of members of the Board of directors and amendments to the Company's articles of association, which are decided by General Meetings;
- the Board of directors' powers as delegated by the General Shareholder Meeting, particularly those relating to the issue or buy-back of shares, as described in chapter 7 of the universal registration document.

To the best of the Company's knowledge, there are no agreements between shareholders that could lead to restrictions in the transfer of shares and the exercise of voting rights.

2.8 Practical information for attending the General Meeting

Article 18 of the Company's articles of association, cited in chapter 8 of this universal registration document, describes the specific procedures for shareholder participation in General Meetings.

Practical information for attending General Meetings

All shareholders may participate in the General Meeting, regardless of the number of shares they own, notwithstanding any provisions to the contrary provided for by the articles of association.

The right of shareholders to participate in the General Meeting is conditional on their shares being registered in their name, or in the name of the intermediary acting on their behalf pursuant to paragraph 7 of article L.228-1 of the French commercial code, no later than 00:00, Paris time, on the second business day prior to the General Meeting, i.e. July 2, 2020, either in the registered share accounts held by the Company or in the bearer share accounts kept by the authorized intermediary.

Registration of the shares in bearer share accounts kept by authorized intermediaries must be evidenced by a certificate of participation issued by such intermediaries, or can be transmitted electronically if applicable under article R.225-61 of the French commercial code. This certificate of participation must be attached to the voting form or the proxy form, or to the request for an admission card in the shareholder's name or that of the broker that manages the share account.Shareholders wishing to atttend the Meeting in person and who have not received their requested admission card by 00:00, Paris time, two working days prior to the General Meeting will also be issued a certificate.If shareholders do not wish to attend the General Meeting in person, they may choose one of the following three options:

1. send a proxy vote to the Company without specifying a proxy holder. All proxy votes granted without a specified proxy shall result in a vote for the approval of the draft resolutions presented or accepted by the Board of directors and a vote against all other draft resolutions;
2. authorize a proxy vote by their spouse or partner with whom they have entered into a civil union or a shareholder or any other natural or legal person of their choosing, in accordance with article L.225-106 I of the French commercial code. Duly completed and signed proxy forms must include the full name and address of the shareholder and their proxy and be mailed along with a photocopy of the shareholder's ID and that of their proxy to CACEIS Corporate Trust. The same formalities that apply for granting a proxy apply for withdrawing it.
3. vote by mail.

No arrangements have been made to organize voting by electronic means of communication at this General Meeting. Therefore no such site as those referred to in article R.225-61 of the French commercial code will be set up for this purpose.In accordance with the provisions of article R.225-79 of the French commercial code, notifications to appoint a proxy holder or withdraw a proxy may also be sent electronically, as follows:

- for direct registered shareholders: by sending an email with an electronic signature obtained from an accredited certification service provider to: ct-mandataires-assemblees-neopost@caceis.com, indicating their full name, address and CACEIS Corporate Trust ID for direct registered share (information printed in the top left-hand corner of share account statements), or indicate their ID with their bank or broker if the case administered registered shares, as well as the full name of the designated proxy holder or the person from whom the proxy is being withdrawn;
- for bearer shareholders: by sending an email with an electronic signature obtained from an accredited certification service provider to: ct-mandataires-assemblees-neopost@caceis.com indicating their full name, address and full bank details and the full name of the designated proxy holder or the person from whom the proxy is being withdrawn, and by asking their bank or broker managing the share account to send a written confirmation (by letter) to CACEIS Corporate Trust – Service Assemblée Générale – 14, rue Rouget de Lisle; 92862 Issy-Les-Moulineaux Cedex 9 (or by fax to +33 (0) 1.49.08.05.82).

Only duly completed and signed notifications received three days prior to the General Meeting at the latest will be taken into account. In addition, only the aforementioned email address may be used to send notifications to appoint or withdraw proxies; requests or notifications concerning other matters will not be taken into account and/or processed.

Shareholders who have cast a postal vote, appointed a proxy or requested an admission card or share ownership certificate may still sell all or some of their shares at any time. However, if the sale takes place more than two business days prior to the General Meeting, namely July 2, 2020, 00:00, Paris time, the Company will take the appropriate measures to cancel or amend the related postal vote, proxy, admission card or share ownership certificate. The shareholder's bank or authorized intermediary must therefore notify the Company or its registrar of any such sale and provide it with the necessary information.

No sale or other transactions carried out after the second business day prior to the General Meeting, at 00:00, Paris time, irrespective of the method used, will be notified by the authorized intermediary or taken into account by the Company, notwithstanding any agreements to the contrary.

Postal voting forms or proxy forms will be automatically sent by mail to the holders of direct or administered registered shares.

Pursuant to the applicable laws and regulations, all documents that must be made available to shareholders for the purpose of this General Meeting, may be consulted, within the legally prescribed time frames, at the Neopost S.A. head office and on the Company's website https://invest.quadient.com/assemblees-generales or sent on written request to CACEIS Corporate Trust.

Bearer shareholders should request a postal/proxy voting form by way of a letter, which must be received by registered mail with acknowledgement of receipt by CACEIS Corporate Trust – Service Assemblée Générale – 14, rue Rouget de Lisle – 92862 Issy-Les-Moulineaux Cedex 9 at least six days prior to the General Meeting.

In order for postal votes to be taken into account, the completed and duly signed postal voting forms must be sent to CACEIS Corporate Trust – Service Assemblée Générale – 14, rue Rouget de Lisle – 92862 Issy-Les-Moulineaux Cedex 9 at least three days prior to the General Meeting.

Shareholders who have cast a postal vote, appointed a proxy or requested an admission card or share ownership certificate will not be able to participate in the General Meeting in any other way, unless the articles of association provide otherwise.

Shareholders may submit written questions to the Company as from the publication date of this Notice. Any such questions must be sent to the Company's head office by registered mail with acknowledgement of receipt by the fourth business day prior to the date of the General Meeting. A share registration certificate must be attached to the letter. The Board of directors is required to reply to these questions during the General Meeting and a joint response can be given to questions that have the same content. Answers to the questions will be posted on the Company's website at the following address: https://invest.quadient.com/assemblees-generales

Shareholders that meet applicable legal conditions may submit items or draft resolutions for the agenda of the General Meeting by sending a request by registered mail with acknowledgement of receipt, to be received at least 25 calendar days prior to the date of the General Meeting. A share registration certificate must be sent with any such request, evidencing that the applicant holds or represents at least 5% of the Company's capital.

Any draft resolutions proposed by shareholders, as well as a list of any items that have been included in the agenda of the General Meeting further to a shareholder's request, will be published on the Company's website: https://invest.quadient.com/assemblees-generales

In addition, review by the General Meeting of any items or draft resolutions submitted is conditional on the relevant parties providing, on the second business day prior to the date of the General Meeting, no later than 00:00, Paris time, a new certificate evidencing that their shares are registered in accordance with the requirements specified above.

2.9 Special report of the statutory auditors on regulated agreements and commitments

General shareholders' meeting held to approve the financial statements for the financial year ended 31 January 2020

To the General Shareholders' Meeting of Neopost SA,

In our capacity as your company's Statutory Auditors, we present to you our report on regulated agreements and commitments.

On the basis of information made available to us, we are responsible for communicating to you the characteristics and essential terms of, and the grounds supporting the company's interest in, the agreements and commitments of which we have been informed of or that we discovered during our assignment, without having to express our own opinion on their utility or appropriateness or being required to seek whether other agreements and commitments exist. Pursuant to article R. 225-31 of the French Commercial Code, you are responsible for assessing the interest in entering into these agreements and commitments in view of their approval.

In addition, we are responsible for communicating to you the information contemplated by article R. 225-31 of the French Commercial Code relating to the performance over the period under review of the agreements and commitments already approved by the general shareholders' meeting.

We carried out the procedures we deemed necessary in view of the professional standards of the *Compagnie nationale des Commissaires aux comptes* relating to this engagement.

1. AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments authorized and entered into during the course of the period under review

We hereby inform you that we have not been advised of any agreement or commitment authorized during the past financial year to be submitted for the approval of the General Meeting in accordance with the provisions of Article L. 225-38 of the French Commercial Code (Code de commerce).

2. AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL SHAREHOLDERS' MEETING

Agreements and commitments approved in prior financial years, the performance of which continued during the financial year under review

We hereby inform you that we have not been advised of any agreement or commitment previously approved by the General Meeting and the performance of which may have continued during the past fiscal year.

Signed in Paris-La Défense and Paris, on April 30th 2020

The Statutory Auditors

FINEXSI AUDIT	**ERNST & YOUNG et Autres**
Lucas ROBIN	May KASSIS-MORIN

MANAGEMENT REPORT

3.1 Review of Quadient's financial position and results in 2019

For the full-year 2019, consolidated sales stood at 1,142.7 million euros, up by 4.7% on 2018. Organic growth stood at +1.6%[1], excluding currency and scope effects, due to the acquisition of Parcel Pending and the divestments of Satori Software and Human Inference. The share of recurring revenue in the Group's total sales amounted to 68%, up organically by 1.1% versus 2018.

Current operating income[2] totaled 185.1 million euros in 2019, versus 199.3 million euros in 2018.

Current operating margin[2] stood at 16.2% of sales.

Net attributable income was 14.1 million euros, versus 91.5 million euros in 2018, due in particular to the impact of the goodwill impairment in the Additional Operations and the refinancing operations.

The net margin[3] stood at 1.2% of sales versus 8.4% in 2018.

Cash flow after capex stood at 85.8 millions euros (i.e. 78.0 million euros excluding the implementation of the IFRS 16 standard) versus 152.1 million euros in 2018. In 2019, cash flows were impacted by a cash-out of 8.7 million euros linked to the refinancing operations and the cash out of 6.6 million euros linked to the resolution of a tax litigation dated 2006-2008.

Excluding these two non-recurring items, the cash flow would have amounted to 93.3 million euros, excluding the implementation of the IFRS 16 standard, *i.e.* compared to the current operating result before acquisition-related expenses, a cash flow after capex conversion rate of 50.3%

3.1.1 HIGHLIGHTS

Refinancing

On 15 May 2019, the Group announced that it successfully raised the equivalent of 210 million euros (130 million euros and USD 90 million) through the *Schuldschein*, a private placement loan issued under German law. This transaction, mainly intended to repay existing lines maturing in 2019 and early 2020, extends the average maturity of the Group's debt with highly favorable conditions.

In June 2019, Quadient has extended up to June 2024 the revolving credit facility line maturity for the total commitment of 400 million euros thanks to the exercise of an extension option.

On 16 January 2020, the Group announced that it has successfully issued a new bond issue for 325.0 million euros in anticipation of the refinancing of its 2.50% existing bonds maturing in 2021 (issued with a nominal 350 million euros and with an outstanding nominal amount of 327 million euros before the launch). This operation allowed the repurchase of 148.8 million euros (i.e. 45% of the outstanding bond issue) extending the Group's average debt maturity. This new bond issue will mature on 3 February 2025 and bears a 2.25% coupon without financial covenants. The book was more than twice oversubscribed. This new non-rated bond was issued and admitted to trading on the regulated Paris Euronext market on 23 January 2020.

Phased shutdown of the activity of theAustralian subsidiary Temando

In September 2019, Quadient decided an orderly and phased shutdown of activity in its Australian subsidiary, Temando (e-commerce shipping software), subject to Temando's legal obligations to its customers and other stakeholders. At the end of financial year 2019, the shutdown was substantially progressed and is now almost completed. While this subsidiary recorded a current operating loss of nearly (8) million euros for sales of less than 5 million euros in 2018, the current operating loss for 2019 was reduced to (3) million euros for sales of approximately 3 million euros.

Change of the name and the visual identity

On 23 September 2019, the Group announced the decision to change its name to Quadient instead of Neopost. The choice of a unified and modern brand is the result of deploying a new Group organization as part of the Group's "Back to Growth" strategy, moving away from a holding company operating independent businesses to a single company with an integrated portfolio of solutions.

(1) *2019 sales are compared to 2018 sales to which is added revenue from Parcel Pending for an amount of €25.9 million and deducted revenue from Satori Software and Human Inference for a total amount of €21.6 million, and are restated of a €29 million favorable currency impact over the period.*

(2) *Excluding acquisition-related expenses.*

(3) *Net margin = net attributable income/total sales.*

3.1.2 INCOME STATEMENT

(In millions euros)	31 January 2020		31 January 2019	
Sales	**1,142.7**	**100.0%**	**1,091.9**	**100.0%**
Cost of sales	(302.1)	(26.4)%	(271.9)	(24.9)%
Gross margin	**840.6**	**73.6%**	**820.0**	**75.1%**
R&D expenses	(53.2)	(4.7)%	(56.9)	(5.2)%
Selling expenses	(283.3)	(24.8)%	(274.1)	(25.1)%
Administrative expenses	(214.9)	(18.8)%	(194.4)	(17.8)%
Maintenance & other operating expenses	(103.5)	(9.1)%	(94.5)	(8.7)%
Employee profit-sharing and share-based payments	(0.6)	(0.1)%	(0.8)	(0.1)%
Current operating income excluding expenses related to acquisitions	**185.1**	**16.2%**	**199.3**	**18.2%**
Expenses related to acquisitions	(15.5)	(1.4)%	(17.2)	(1.6)%
Current operating income	**169.6**	**14.8%**	**182.1**	**16.6%**
Structure optimization expense	(10.1)	(0.9)%	(13.1)	(1.2)%
Other operating expenses	(82.5)	(7.2)%	(11.5)	(1.0)%
Operating income	**77.0**	**6.7%**	**157.5**	**14.4%**
Financial income/(expenses)	(41.1)	(3.6)%	(30.5)	(2.8)%
Income before taxes	**35.9**	**3.1%**	**127.0**	**11.6%**
Income taxes	(21.4)	(1.9)%	(36.8)	(3.4)%
Income from associated companies	0.8	0.1%	1.4	0.1%
NET INCOME	**15.3**	**1.3%**	**91.6**	**8.4%**
Attributable to:				
• holders of the parent company	14.1	1.2%	91.5	8.4%
• non-controlling interests	1.2	0.1%	0.1	0.0%

3.1.3 CHANGE IN SALES BY ACTIVITIES

(In million euros)	2019	2018	Change	Change at constant exchange rate	Organic change[(a)]
Major Operations	**944.3**	**886.1**	**+6.6%**	**+3.5%**	**+0.6%**
Customer Experience Management	109.5	100.3	+9.1%	+6.2%	+6.2%
Business Process Automation	63.2	52.3	+21.1%	+18.8%	+18.8%
Mail-Related Solutions	728.1	727.5	+0.1%	(2.8)%	(2.8)%
Parcel Locker Solutions	43.5	6.0	+627.1%	+594.4%	+31.2%
Additional Operations	**198.4**	**205.8**	**(3.6)%**	**(4.4)%**	**+6.7%**
GROUP TOTAL	**1,142.7**	**1,091.9**	**+4.7%**	**+2.0%**	**+1.6%**

(a) 2019 sales are compared to 2018 sales to which is added the revenue from Parcel Pending for an amount of 25.9 million euros and deducted the revenue from Satori Software and Human Inference for a total amount of 21.6 million euros.

(In millions euros)	2019	2018	Change	Change at constant exchange rate	Organic change[a]
Major Operations	**944.3**	**886.1**	**+6.6%**	**+3.5%**	**+0.6%**
North America	523.6	446.4	+17.3%	+11.6%	+5.6%
Main European Countries	420.7	439.7	(4.3)%	(4.7)%	(4.7)%
Additional Operations	**198.4**	**205.8**	**(3.6)%**	**(4.4)%**	**+6.7%**
GROUP TOTAL	**1,142.7**	**1,091.9**	**+4.7%**	**+2.0%**	**+1.6%**

(a) 2019 sales are compared to 2018 sales to which is added the revenue from Parcel Pending for an amount of 25.9 million euros and deducted the revenue from Satori Software and Human Inference for a total amount of 21.6 million euros.

3.1.4 MAJOR OPERATIONS

Major Operations (83% of total sales), combining the Group's four strategic solutions across the two main geographies, i.e. North America and the Main European countries, recorded a 0.6 % organic growth in sales. This performance was driven by 5.6% organic growth in North America, where each of the four major solutions shows growth. The Main European countries segment achieved a 4.7% decrease in sales, excluding currency and scope effects.

Good dynamics in Customer Experience Management

For full-year 2019, Customer Experience Management sales were up organically by 6.2%, at 109.5 million euros, thanks to good performance in North America, including in particular the signature of three large deals during the fourth quarter of 2019. In the Main European countries, the level of activity remained high, but the growth rate was lower due to the high comparison basis of 2018.

The revenue linked to the SaaS[1] subscriptions continued to grow significantly. Revenue related to maintenance and professional services continued to increase, stemming from the growth of the customer base in previous years, particularly in 2018. The Group achieved license sales in new verticals, notably in utilities, government services and telecom.

Continuous strong growth in Business Process Automation

For full-year 2019, Business Process Automation sales were up 18.8 % organically, at 63.2 million euros, due to the strong momentum in France and in the United States and the acquisition of new customers, largely due to the development of new offers combined with Mail-Related Solutions. Conversely, the United Kingdom/Ireland region recorded a decrease in revenue due to a decline in the number of license deals versus last year.

SaaS subscriptions were up strongly, contributing to a higher level of recurring revenue at 78% of the total Business Process Automation sales.

Good resilience in Mail-Related Solutions thanks to growth in North America

For full-year 2019, Mail-Related Solutions sales were down organically by 2.8%, at 728.1 million euros.

This good resilience was reflected in growth in North America, particularly attributable to an increase in hardware sales, confirming Quadient's ability to outperform the market. Sales performance resulted primarily from optimized management of the installed base (due in particular to the renewal of leasing contracts), new customers and the development of offers combined with Business Process Automation solutions.

Mail-related activities in the Main European countries declined moderately, except in the Germany/Italy/Switzerland region where the decline was stronger.

The level of recurring revenue for Mail-Related Solutions remains high at above 70%.

Year-round robust acceleration in Parcel Locker Solutions

For full-year 2019, Parcel Locker Solutions sales were up 31.2%[2], at 43.5 million euros, due to the sharp increase in Parcel Pending's activity in the North American residential sector, with accelerating quarter-on-quarter growth. Parcel Pending is a company acquired in the United States at the end of January 2019. Its integration is well underway.

(1) Software as a Service.

(2) Parcel Lockers Solutions proforma sales (i.e. after incorporating Parcel Pending sales in 2018) totaled 32 million euros.

3.1.5 ADDITIONAL OPERATIONS

As announced in January 2019, as part of its "Back to Growth" strategy, the Group continued to implement strong measures to improve the performance of the Additional Operations' scope. 2019 sales totaled 198.4 million euros, or 17% of total sales. Excluding currency and scope effects due to the divestments of Satori Software and Human Inference, Additional Operations sales were up 6.7% organically.

This growth was achieved through an excellent 42.1% organic growth performance delivered by Customer Experience Management in Asia-Pacific and in the rest of Europe, as well as the continued expansion of Parcel Lockers in Japan resulting in 51.7% organic growth. The other remaining solutions (mail-related activities, shipping software, graphics, automated packing systems) declined slightly, despite the sale of a larger number of automated packing systems (17 units sold in 2019 versus 10 sold in 2018).

At the end of 2019, the shutdown of the activity in the Australian subsidiary, Temando, started in the second half of 2019, is almost completed.

Moreover, on 2 March 2020[1], the Group announced the divestment of ProShip for USD 15 million. The assets and liabilities of ProShip are disclosed as assets held for sale as of 31 January 2020.

3.1.6 RESEARCH AND DEVELOPMENT EFFORT

Research and development expenses amounted to 53.2 million euros in 2019 compared to 56.9 million euros in 2018 respectively representing 4.7% and 5.1% of the 2019 and 2018 sales. The expenses presented in the income statement do not reflect the whole effort as a part of the amount of R&D expenses is capitalized: 31.1 million euros in 2019 versus 29.2 million euros in 2018. The main focus of research and development is on developing future offers in the digital Communications and logistics. The Group continues to dedicate a part of its research and development effort to the future generations of franking machines and folders-inserters.

3.1.7 CURRENT OPERATING INCOME[2]

	2019			2018		
	Major Operations	Additional Operations	Total Group	Major Operations	Additional Operations	Total Group
Revenue	944.3	198.4	**1,142.7**	886.1	205.8	**1,091.9**
Current operating income[1]	180.6	4.5	**185.1**	206.0	(6.7)	**199.3**

Innovation expenses concern the development of new projects on customer experience management. Total innovation expenses amounted to 8.4 million euros in 2019 versus 4.4 million euros in 2018.

The Group's **current operating income before acquisition-related expenses** stood at 185.1 million euros in 2019, versus 199.3 million euros in 2018. As a reminder, excluding icon Systemhaus' earn-out reversal accounting for 7.5 million euros and taking into account scope effects recorded at the beginning of the year (acquisition of Parcel Pending and divestments of Satori Software and Human Inference), the Group's current operating income before acquisition-related expenses would have amounted to 188 million euros in 2018. Compared to this figure, the change in current operating income before acquisition-related expenses reflects:

- the increased resources deployed in Major Operations in order to support the acceleration in growth of the different solutions and an expanded customer base. An envelope of 15 million euros was allocated largely to the strengthening of the sales team and marketing activities, including Parcel Pending, as well as to the increase in R&D and innovation expenses;
- the significant improvement in Additional Operations' profitability thanks to growth in revenue of Customer Experience Management in the rest of the world and Parcel Locker Solutions in Japan, cost reductions, sales efficiency, reduced R&D expenses for non-strategic activities and the decrease in Temando's losses as part of the phased shutdown of the activity;
- and a positive currency effect amounting to 5 million euros.

The **current operating margin before acquisitions-related expenses** stood at 16.2% of sales.

Acquisition-related expenses totaled 15.5 million euros, at a comparable level to the 17.2 million euros recorded in 2018.

Current operating income in 2019 amounted to 169.6 million euros, versus 182.1 million euros in 2018.

(1) The transaction was closed on 28 February 2020.

(2) Current operating income before acquisition-related expenses / sales.

3.1.8 OPERATING INCOME

As in previous years, the Group recorded **expenses for the optimization of structures** in order to continue adapting its costs to the changes in organization and activities. These expenses amounted to 10.1 million euros in 2019, versus 13.1 million euros in 2018.

Result from other operating income and expenses stood at (82.5) million euros, versus (11.5) million euros in 2018. In particular, this included:

- the impairment of almost 100% of non-strategic activities-related goodwill within Additional Operations for 70.4 million euros : it concerns activities in the Nordic countries (essentially graphics and mail-related activities), in Australia (also mainly graphics and mail-related activities) and legacy shipping software in France;
- a 3.1 million euros charge due to the reclassification of ProShip as assets held for sale, under the IFRS 5 standard;
- a 5.3 million euros expenses related to the write-off of the net value of intangible assets recognized as part of Temando's PPA.

As regards the impairment of goodwill, the ProShip reclassification or write-off of the net value of intangible assets recognized with Temando's PPA, they represent non-cash items and reflect a value adjustment of the Additional Operations. In this respect, the Group continues to assess options, in line with the strategy announced in early 2019 as part of the "Back to Growth" plan. At the end of 2019, the Group has almost no goodwill left in its balance sheet associated with this non-strategic activities in the Additional Operations.

After recognizing these non-current items, **operating income** ended at 77.0 million euros in 2019, versus 157.5 million euros in 2018.

3.1.9 FINANCIAL INCOME

Quadient continued to manage by anticipation the extension of its debt maturity and financing cost. As a result, the Group launched two debt issuances in 2019, in order to refinance its future maturities:

- a *Schuldschein* private placement in May 2019, in order to refinance its 2019 and early 2020 maturities;
- a bond issue amounting to 325 million euros in January 2020, in order to refinance its existing bond issue maturing in June 2021.

These operations led to an additional expense of nearly 4.9 million euros in full-year 2019. Furthermore, the Group accounted for an interest expense as a result of applying the IFRS 16 standard for (2.6) million euros.

As a result, the net cost of debt amounted to (38.5) million euros, versus (31.2) million euros in 2018.

In 2019, the Group also recorded currency losses and other financial items of (2.6) million euros, versus currency gains and other financial items of 0.7 million euros in 2018.

Taking into account these non-recurring items, net financial losses therefore came to (41.1) million euros in 2019, versus a loss of (30.5) million euros for the same period in 2018.

3.1.10 NET INCOME

The corporate tax rate ended at 58.2% from 28.7% in 2018, representing a total amount of 21.4 million euros. This rate is owing to the impairment of goodwill recorded this year. Restated from this item, the corporate tax rate would be 20.5%. This change represents a normalization of the tax rate compared with 2018 which specifically recorded a provision settling a long-standing tax dispute dating from 2006 to 2008.

Factoring in the aforementioned items, net attributable income ended at 14.1 million euros, versus 91.5 million euros in 2018. Earnings per share stood at 0.15 euros versus 2.40 euros in 2018.

3.1.11 FINANCIAL POSITION

EBITDA[1] totaled 282.2 million euros in 2019 on 272.4 million euros in 2018. Excluding IFRS 16, EBITDA would have amounted to 258.1 million euros in 2019.

The 7.2 million euros increase in working capital largely is owed to an increased level of inventories in preparation for needs in 2020. It was also impacted by a slight increase in receivables in 2019, in line with the momentum in the Group's activity.

The Group recorded a decrease in its lease receivables, at a slower pace than in 2018, for an amount of (25.1) million euros versus (32.2) million euros in 2018. The leasing portfolio and other financing services reached 698.4 million euros as of 31 January 2020 compared to 706.2 million euros as of 31 January 2019 representing an organic 3.5% decrease, versus a 4.4% decrease in 2018.

Interest and taxes paid totaled 85.3 million euros in 2019, from 53.8 million euros one year earlier that benefitted from the around 13 million euros received in France for dividend tax repayment and related-interest on arrears. Quadient also recorded a net cash outflow of 6.6 million euros from the resolution of tax litigation dated 2006-2008 as well as a cash-outflow of 8.7 million euros linked to the refinancing operations.

Investments in tangible and intangible fixed assets are in line with the guidance given during the announcement of the strategic plan. They ended at 109.3 million euros (i.e. 95.8 million euros excluding IFRS 16 standard implementation) compared to 87.9 million euros in 2018, when the Group benefitted from a 4.8 million euros subsidy granted by the Japanese government to roll-out Packcity parcel lockers in Japan.

In total, the Group generated cash flow after capex of 85.8 million euros (i.e. 78.0 million euros excluding IFRS 16 standard implementation versus 151.9 million euros the previous year).

While operating cash flow was in line with the Group's expectations, in 2019, Quadient decided to seize the market opportunities, thereby refinancing its 2019, 2020 and 2021 debt maturities with beneficial conditions, in order to increase the average maturity of its debt. These operations had a 8.7 million euros impact on cash flow. In addition to these items, an additional 6.6 million euros cash outflow was booked in fourth-quarter 2019, linked to the resolution of tax litigation dated 2006-2008. Excluding these two non-recurring items, cash flow would have amounted to 93.3 million euros (excluding IFRS 16 standard implementation), i.e., expressed as a percentage of current operating income before acquisition-related expenses, a cash flow after capex conversion rate of 50.3% in full-year 2019, in line with the Group's indication.

On 31 January 2020, the net debt, stood at 668.5 million euros from 617.5 million euros on 31 January 2019. This increase was mainly due to the IFRS 16 standard implementation, resulting in a 81.4 million euros increase in the net debt. Excluding the IFRS 16 impact, the net debt decreased by almost 30 million euros in 2019. The leverage ratio (net debt/EBITDA) ended stable at 2.3x excluding the impact of IFRS 16. Group's net debt is backed by future cash flows generated from its rental and leasing activities.

Shareholders' equity was 1,248.6 million euros as at 31 January 2020, compared to 1,247.4 million euros as of 31 January 2019. Gearing[2] decreased to 47% of shareholders' equity excluding the IFRS 16 impact, versus 49% in 2018.

(1) EBITDA = current operating income + provisions for depreciation of tangible and intangible fixed assets.

(2) Net debt / shareholders' equity.

3.1.12 DIVIDEND

As part of its "Back to Growth" strategy, Quadient growth ambitions partly rely on its ability to close some bolt-on acquisitions that will be designed to accelerate the Group's transformation. To reach its objectives, Quadient need to gain flexibility in its capital allocation. The Group has therefore decided to adapt its shareholder return policy and to set its annual pay-out ratio at a minimum of 20% of the Group attributable net income with the minimum annual dividend set at an absolute floor of EUR 0.50 per share.

Given the uncertainties associated with the magnitude and duration of the COVID-19 pandemic, the Board of Directors will make a decision by the end of May for the dividend proposal related to the 2019 financial year, which will then be submitted to the approval of shareholders at the General Meeting.

	Date[(a)] of the interim dividend	Amount of the interim dividend	Date[(a)] of the balance of the dividend	Amount of the balance of the dividend	Amount of the full year dividend
2018	-	-	06/08/2019	-	EUR 0.53
2017	06/02/2018	EUR 0.80	07/08/2018	EUR 0.90	EUR 1.70
2016	07/02/2017	EUR 0.80	08/08/2017	EUR 0.90	EUR 1.70
2015	09/02/2016	EUR 0.80	09/08/2016	EUR 0.90	EUR 1.70
2014	10/02/2015	EUR 1.80	06/08/2015	EUR 2.10	EUR 3.90

(a) Payment date

3.1.13 SHARE BUYBACK PROGRAM

A share buyback program involving a maximum of 10% of the issued share capital at a maximum purchase price of 50 euros could be presented for approval to the Annual General Meeting to be held on July 6, 2020.

3.2 Ownership structure

Neopost S.A. is not controlled either directly or indirectly. There is no agreement which might lead to a change of control.

As at 14 February 2020[1], Neopost S.A.'s share ownership is as follows:

	Number of shares	%	Number of voting rights	%
Management and employees	536,825	1.553%	536,825	1.559%
Directors (non-executive)	6,147	0.018%	6,147	0.018%
Treasury shares held under liquidity contract	132,468	0.383%	-	-
Treasury shares held for stock option and free share allocations	5,968	0.017%	-	-
Teleios Capital Partners GmbH[a]	3,772,600	10.915%	3,772,600	10.959%
Norges Bank Investment Management (Norway)[a]	1,564,400	4,526%	1,564,400	4.544%
Marathon Asset Management, LLP[a]	1,513,000	4.378%	1,513,000	4.395%
Dimensional Fund Advisors, L.P. (U.S.)[a]	1,497,200	4.332%	1,497,200	4,349%
Wellington Management Company, LLP[a]	1,389,200	4.019%	1,389,200	4.036%
Braun von Wyss & Müller AG[a]	1,279,200	3.701%	1,279,200	3.716%
Other shareholders	22,865,904	66.157%	22,865,904	66.423%
TOTAL	**34,562,912**	**100.000%**	**34,424,476**	**100.000%**

(a) *Source: IPREO at 14 February 2020.*

To the Group's knowledge, no other shareholder owns more than 3% of the capital or voting rights.

At 31 January 2019, Neopost S.A.'s share ownership was as follows:

	Number of shares	%	Number of voting rights	%
Management and employees	529,801	1.533%	529,801	1.540%
Directors (non-executive)	152,049	0,440%	152,049	0.442%
Treasury shares held under liquidity contract	152,142	0.440%	-	-
Treasury shares held for stock option and free share allocations	8,349	0.024%	-	-
Marathon Asset Management, LLP[a]	1,797,200	5.200%	1,797,200	5.224%
Teleios Capital Partners GmbH[a]	1,644,900	4.759%	1,644,900	4.781%
Dimensional Fund Advisors, L.P. (U.S.)[a]	1,543,400	4.465%	1,543,400	4.486%
Wellington Management Group, LLP[a]	1,347,400	3.898%	1,347,400	3.917%
Braun von Wyss & Müller AG[a]	1,280,000	3.703%	1,280,000	3.721%
Norges Bank Investment Management (Norway)[a]	1,205,600	3.488%	1,205,600	3.504%
Other shareholders	24,902,501	72.050%	24,902,501	72.386%
TOTAL	**34,562,912**	**100.000%**	**34,402,421**	**100.000%**

(a) *Source: IPREO at 31 January 2019.*

(1) *Due to new processes put in place by Euroclear, information related to Quadient's shareholder basis was delayed slightly.*

At 31 January 2018, Neopost S.A.'s share ownership was as follows:

	Number of shares	%	Number of voting rights	%
Management and employees	672,581	1,946%	672,581	1.955%
Directors (non-executive)	4,353	0.013%	4,353	0,013%
Treasury shares held under liquidity contract	153,027	0.443%	-	-
Treasury shares held for stock option and free share allocations	10,761	0.031%	-	-
Marathon Asset Management LLP[a]	2,015,432	5.831%	2,015,432	5.859%
LSV Asset Management[a]	1,396,200	4.040%	1,396,200	4.059%
Braun von Wyss & Müller AG[a]	1,285,699	3.720%	1,285,699	3.738%
Dimensional Fund Advisors, LP[a]	1,282,564	3.711%	1,282,564	3.728%
Schroder Investment Management Ltd. (SIM)[a]	1,187,441	3.436%	1,187,441	3.452%
Norges Bank Investment Management (NBIM)[a]	1,144,008	3.310%	1,144,008	3.326%
Other shareholders	25,410,846	73.521%	25,410,846	73.871%
TOTAL	**34,562,912**	**100.000%**	**34,399,124**	**100.000%**

(a) Source: Nasdaq at 31 January 2018.

For more information, please refer to chapter 7 of this universal registration document.

Summary of Quadient shareholder legal threshold crossings since 1 February 2019:

Date	Name of Investment Fund	Threshold crossed
04/07/2019	Teleios Capital Partners LLC	Crossed the 5% threshold with 5.07% of the voting rights
10/10/2019	Teleios Capital Partners LLC	Crossed the 10% threshold with 10.23% of the voting rights
30/01/2020	Norges Bank	Crossed the 5% threshold with 5.09% of the voting rights

Summary of Quadient shareholder legal and statutory threshold crossings since 1 February 2020:

Date	Name of Investment Fund	Threshold crossed
09/03/2020	Teleios Capital Partners LLC	Crossed the 11% threshold with 11.05% of the voting rights
27/03/2020	Teleios Capital Partners LLC	Crossed the 12% threshold with 12.03% of the voting rights
07/04/2020	Braun von Wyss & Müller AG	Crossed the 3% threshold with 2.99% of voting rights
23/04/2020	Norges Bank	Crossed the 5% threshold with 4.82% of the voting rights

3.3 Information on trends and outlook

In response to the COVID-19 pandemic situation, the Group has already implemented measures aimed primarily at protecting the health of its employees while maintaining continuity of service to its customers. To date, the vast majority of teams around the World are teleworking, enabling all leads, service, maintenance, support and back-office activities to be performed remotely.

The economic impact of the global measures to control the spread of COVID-19 on the Group's business is difficult to assess and observations made in recent weeks should be viewed with caution. Nevertheless, in this context, the Group's installed base business model gives it a certain resilience, thanks in particular to the large proportion of recurring revenues that make up its topline, whether rental or leasing revenues, maintenance or service revenues, or even subscriptions to its software solutions in SaaS/Cloud invoiced as subscriptions and/or on a pay-as-you-go basis. The Group has a relatively flexible cost base thanks in particular to the outsourcing of the equipment manufacturing, at c. 90% in volumes of mailroom equipment systems and 100% in automated parcel lockers. Finally, the Group's large customer base of 500,000 customers, widely diversified both in terms of sectorial and geographical exposure, enables it to mitigate the impact of potential default payment.

- With respect to the Mail-Related Solutions, the Group is starting to observe a significant decrease in the use of equipments by its customers. The slowdown in commercial activity is confirmed and the Group notes postponements of the equipment deliveries and on-site maintenance operations. The Group expects this situation to continue as long as the lockdown measures are in place. In the event that the Group is unable to replace equipment reaching the end of its leasing or rental contracts, it plans to offer contract extension, which will consequently limit its cash outflow. As anticipated, Quadient also continues to record a drop in sales of consumables (e.g., ink cartridges) which are directly correlated to the use of mailing systems, and this, in a differentiated way from one region to another. To date, the Group is not able to quantify impact of this drop.
- In the area of Customer Experience Management, leads are beginning to be affected, as well as on-site service operations in most countries where they became impossible to be performed. Virtual meetings, however, make it possible to continue installing and developing solutions at customer sites. In a context where organizations are realizing the importance of managing multi-channel digital communications with their customers, the current environment favors the sale of SaaS/Cloud solutions.
- Regarding its Business Process Automation activities, Quadient has observed a slowdown in the volume of transactions supported by its dematerialization solutions for customer invoices. The impact of this decline remains difficult to assess to date. Quadient believes that the current environment is conducive to digital Business Process Automation solutions that enable the sending of dematerialized mail, electronic storage or the automation of invoice management processes. The solutions offered by Quadient can be easily installed remotely and operated in SaaS/Cloud mode. As such, Quadient has launched specific campaigns to offer its customers in containment situation to digitize their flow of customer invoices.
- Finally, for Parcel Locker Solutions, the marketing and installation of parcel lockers in North America has so far been only slightly affected, but the extension of containment measures could cause delays in installing new lockers in the residential segment. On the other hand, the automated parcel lockers activity in Japan is based on contractual rental revenues.

In order to limit the impact on results of the economic slowdown linked to the COVID-19 crisis and taking into account the level of inventories on hand, Quadient has already adapted its subcontracted equipment orders in Asia. The Group's production facilities have been temporarily closed, whereas its logistic centers continue to provide a minimum level of service. The Group has discontinued the use of temporary contracts and started to implement partial working measures in some countries where the drop of activity justifies it. This reduction in payroll cost base is supplemented by appropriate management of all operating costs. The Group will also conduct a careful review of planned investment decisions with the aim of reducing or delaying reducible capital expenditures, while preserving the potential for rolling out its solutions and pursuing some of its innovation and R&D efforts.

The Group is monitoring the situation extremely closely so that it may act nimbly and with the necessary responsiveness to continue adapting its operations and cost base, while ensuring an optimal level of service for its customers. The Group will ensure that the trade-offs it makes in savings will allow it to take advantage of the economic recovery under the best possible conditions, when this will occur.

The Group has a very solid cash position. At the end of January 2020, it stood at c.900 million euros, of which 498.3 million euros in cash and 400 million euros of undrawn credit line, the latter maturing in 2024. The Group also has only 31.7 million euros of maturities to service in the next 12 months. The cash position of the Group remains broadly stable as of the end of March 2020.

As announced at the end of March 2020, In view of the above and the uncertain economic environment in the coming months, the Group is not currently in a position to give any guidance for 2020. It also suspends the indications given for 2022 under the "Back to Growth" plan.

4

RISK FACTORS AND INTERNAL CONTROL

4.1 Risk factors

4.1.1 RISK ASSESSMENT

The Group has implemented a mapping process for its risks. The risk map was updated between the end of 2019 and the beginning of 2020 under the supervision of the head of internal control. This was done by holding discussions with key Group managers and subsidiary management teams (selection of the 20 top managers). It has been updated afterwards to take into account the COVID-19 crisis. A list of risks classified by theme was then drawn up and rated by the persons interviewed, based on two criteria: impact and likelihood.

The risk map is then presented to the Chief Executive Officer, the audit committee and the management team.

A number of operational action plans were introduced across the Group, overseen by clearly identified individuals and monitored on a regular basis at the highest level.

In addition to the review carried out by the audit committee at the end of March 2020, risks are reviewed by the Board of directors before taking any major decision (new acquisitions, restructuring, new credit lines, etc.). Risks are discussed by the Board from a Group-wide perspective when the three-year plan is drawn up, during which:

- Quadient's Chief Executive Officer presents market conditions: change in regulation, market trends, competition;
- the Chief Financial Officer presents the Group strategy and financial objectives (by country, business line, etc.). Risks are also assessed as part of the preparation and presentation of the budget.

Regarding the CSR (Corporate Social Responsibility)/non-financial risks, they have been assessed with the same methodology. They are presented in the risk mapping for the highest ones and in a more detailed way in chapter 5 "Non-financial performance statement" of the present document.

In addition, the risks and opportunities related to the Group's external environment are analyzed every year during preparation of the three-year strategic plan.

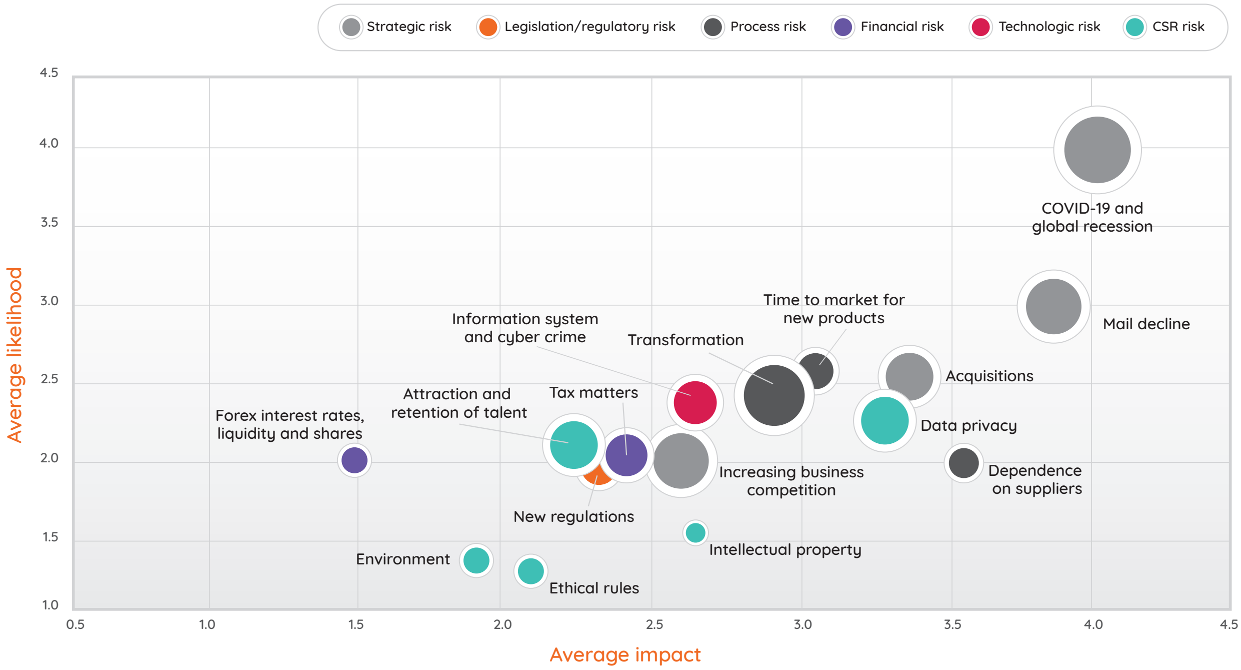
Finally, the directors of operating entities are responsible for identifying and assessing the risks associated with the activities they supervise. The results of their assessments are sent to the Group management and reviewed and discussed during operational reviews. Highlighting "red flags" risk areas is always part of the process.

4.1.2 MAIN RISKS AND RISK MANAGEMENT SYSTEMS

Risks are classified by category: strategic, operational, legal, technological, financial and CSR/extra-financial. During the interviews, they are rated on a scale of 1 to 4 in terms of impact and likelihood, 4 being the highest level of risk.

Risk values are expressed in net value knowing that they have been rated in terms of impact and likelihood after taking into account management systems to mitigate them. The risk map below represents the situation after the last risk assessment.

The horizontal axis represents the impact and the vertical axis the likelihood. The size of the circles represents the risk value that is calculated by multipling the average impact mentioned during interviews by the avarage likelihood and by the number of occurrences (*i.e.* number of times the risk was mentioned during the interviews). The graphic below presents the top 16 riks identied during the last risk assessment.



Summary of the six main risk categories

Strategic	Operational	Legal	Technological	Financial	CSR/ Extrafinancial
			High risks		
• COVID-19 crisis and risk of global recession • Mail decline • New competition • Acquisitions	• Transformation		• Information systems and cybercriminality		• Attractivity, talent retention and succession plans • Data privacy
			Low risks		
	• Time to market for new products • Dependence on suppliers	• Change in regulations		• Tax • Forex, interest rates, liquidity and shares	• Ethic and compliance • Environment • Intellectual property

The table below gives a precise description and dedicated action plan for each of the 6 risk categories and the way these risks are mitigated.

STRATEGIC RISKS

Risks	Risk management system
High Risks	
COVID-19 crisis and global recession	
COVID-19 crisis started in China in December 2019. It has spread to Italy since the beginning of February 2020 and then in other European countries, in North America and in South America. Containment measures have been taken in most countries and business and production activities are widely impacted but differently depending on the country.	Since beginning of February 2020, business continuity committees have been created in each regions and in each production sites. A weekly COMEX meeting is also dedicated to COVID-19.
Five major risks have been identified:	
• **Risk on employees and human capital** COVID-19 represents a risk on human capital. Health and safety of the Group's employees and works conditions allowing the maximum of security are key.	• **Risk on employees and human capital.** - Since beginning of February 2020, measures have been taken: • communication: health and safety preventive measures; • preparation of home office and trainings on different applications; • travel: travel ban on international flights except for imperious reasons, business trip reduction, cancellation or postponement of meetings or events. - Since March 2020: • home office for all employees if possible; • repatriation of employees. no more internal or external face to face meetings; • very limited number of on site service visit.
• **Risk on service continuity for customer** The majority of regions where Quadient operates are subject to containment measures. Service continuity for customers must be organized and, in the meantime, the maximum of security must be applied for the employees.	• **Risk on service continuity for customer** On site service visit have been reduced to the minimum and organized in the most safer way for the Group's employees and customers. Meanwhile call centers have been prepared and equiped for home office. Service continuity has been set up and is in line with preventive measures.
• **Risk on revenue** Containment of populations in main regions may lead to global recession. Quadient could be exposed on its non-recurring revenue: hardware and software sales. On the opposite this crisis may create opportunities in terms of revenue, especially for digitalization solutions.	• **Risk on revenue** Home office for sales people and service business continuity have been established very quickly and as a consequence all measures have been taken to reduce the impact on revenue. The percentage of recurring revenue is also key to assess risk on revenue.
• **Risk on profitability** Risk on revenue could have an impact on the level of profitability. The impact will depend on the magnitude of the decline and on the actions taken to adapt cost structure.	• **Risk on profitability** The Group has performed a review of all variable costs that could be postponed (third parties, projects,...). Action plan will take into account the level of the activity. Partial unemployment has been put in place.

Risks	Risk management system
Risk on cash position	**Risk on cash position**
Group cash position could be impacted by the recession: decrease of cash inflows in relation with a drop of revenue and with customers' cash issues.	Since January 31, 2020, Quadient has pursued its active debt management. In February 2020, Quadient bought back an additional 15 million euros of its bond 2,50% maturing in June 2021. After this new buy back, the outstanding amount of the bond is 163.2 million euros. In February 2020, following a reverse inquiry from some investors, Quadient proposed to its investors base invested in the German law private debt named *Schuldschein* to prolonge the maturity of their existing investment maturing the 21st of February 2020. Following this operation, Quadient paid back 17 million euros and 30 million U.S. dollars and issue a new *Schuldschein* for 3 million U.S. dollars with a four years maturity and 10 million U.S. dollars and 30.5 million of euros both with a five year maturity. Quadient net debt end of March 2020 shows the same level as of end of January 2020 and a revolving credit line of 400 million euros. This credit line is available in euros and U.S. dollars under the condition to meet covenants. This credit line is spread over a syndicate of 11 financial institutions. Risk of counterpart is limited as they are rated A a minima. Cash management department members use SaaS applications. They are all confined since March 16, 2020 in different locations. Cash management is performed through automatic cash pooling without any risk of liquidity for subisdiaries. Cash reporting and three months forecast are in place with a weekly report in order to anticipate potential impact on cash.
Mail decline	
Mail volumes are down in all countries where the Group operates. Experts anticipate a further decline of about (4) to (6)% per year. The Group's Mail-Related Solutions activities are linked to mail volumes. These activities were down by (5.3)% in 2015, by (4.6)% in 2016, by (4,3)% in 2017, by (3,8)% in 2018 and by (3.0)% in 2019.	To mitigate this decline, the Group continues to innovate to gain market share and develops complementary activities which enjoy strong growth. Quadient has announced its new strategy for the three coming years in January 2019. Named "Back to Growth". Main orientations are described in the section "Transformation" below. Thanks to these complementary activities, Quadient reduced the organic decline of its consolidated sales by (1.8)% in 2015, (2.1)% in 2016 and (2.2)% in 2017. Sales increased by 0.2% in 2018 and by 1,6% in 2019.
Increasing competition in new activities	
Quadient has two main competitors in its legacy business (Mail-Related Solutions): world leader Pitney Bowes and Francotyp Postalia, No. 3 in the world. Pitney Bowes is listed on the New York Stock Exchange. Its main market is North America. Francotyp Postalia is listed on the Frankfurt Stock Exchange. Germany is its main market. Regarding its new activities (Business Process Automation, Customer Experience Management and Parcel Locker Solutions), the Group made a number of acquisitions, notably: GMC Software in 2012, Icon Systemhaus in 2016 and Parcel Pending in January 2019. These acquisitions operate on markets where the competitive landscape is different from Mail Related Solutions. Quadient's competitors in these new markets are more numerous and could have greater financial resources than the Group, which might affect the Group's competitiveness. Finally, it can be mentioned that Customer Experience Management activity is number two worldwide and considered as a leader by Gartner thanks to continuous effort in R&D.	The Group's strategic and marketing department regularly analyze the competition and this topic is discussed during the Board meetings and during the management team meetings at least once a year. Regarding new activities, the Group has access to market studies made by renowned research firms.

Risks	Risk management system
Acquisitions	
Quadient unveiled in January 2019 its new strategy for the 2019-2022 period. Named "Back to Growth", this strategy aims at expanding and growing the Group while accelerating its transformation. To achieve this strategy, the Group intends to seize bolt-on acquisition opportunities which, together with organic growth in selected business segments, will contribute to scale up the Group's major offers. In this context, the Group acquired Parcel Pending in January 2019. These acquisitions, as do all acquisitions, bring about uncertainty as to the consolidation of the acquired teams, and on the capacity to develop appropriate products and generate synergies within Quadient's historical distribution network.	All project are thoroughly analyzed and then presented to the investment committee and to the board. Strict financial critérias are applied during the analysis of the target and in terms of return on investmet. Ability of integration is also a key topic. These acquisitions are then included in the four major solutions: Mail Related Solutions, Business Process Automation, Customer experience Management and Parcel Locker Solutions, and in the four main regions (North America and main European countries: France/Benelux, United Kingdom/Ireland, Germany/Austria/Switzerland/Italy).

OPERATIONAL RISKS

Risks	Risk management system
High risks	
Transformation	
The "Back to Growth" strategy implies many changes and is built around the following pilars: • reinvest in Quadient highly cash generative legacy Mail Related Solutions offering; • focus on four major solutions in the main geographies; • seize bolt-on acquisition opportunities; • streamline the Group's organization; • either grow, improve or divest the Group's Additional Operations by no later than 2022; • adapt the Group's shareholder return policy. Transformation and the ability to move quickly are key for the Group financial result in the future.	The refocus of the Group on its major activities goes hand in hand with the implementation of a new management organization aimed at conducting these businesses in a far more integrated manner than this was the case up to now. Four main activities have been defined. Each of them are overseen by a dedicated Chief Solutions Officer, In parallel, the organization is structured under geographical responsibilities with: • North America on the one hand; and main European countries on the other hand, the later being divided into three regions: • France & Benelux; • UK & Ireland; • Germany, Austria, • Switzerland & Italy. Additional Operations are put under the separate responsibility of one manager. The main objective is to truly operate as one company in order to unlock more commercial synergies in each main geography, as well as to streamline the local operations and be more efficient. To that extent, support functions play also a key role, including that of overseeing the Group's transformation, support the new strategy, coordinate cross-functional projects and initiatives, conduct acquisitions and potential divestments, forge a common marketing vision, centralize the development and management of the product portfolio, ensure greater consistency in the offering from one region to another, as well as strengthen synergies both in R&D and in the supply chain. This organization aims to create a strong and unique company culture.
Low risks	
Time to market for new products	
Developing and launching new products and services requires major investments. The Group's results and future financial position will depend in part on its ability to improve its products and services, to develop and produce new ones at the best price, and within the deadlines set by demand, and to distribute and market them.	A very strict procedure is applied for each launch of a new product. It includes Group project, planning, risk assessment and steering committee. All departments oncerned by this launch are involved in the project and in the steering comity.

Risks	Risk management system
Dependence on suppliers	
The Group's main supplier is Hewlett-Packard (HP) for inkjet printing heads and cartridges. HP accounted for 6.1% of total Group purchases in 2019 and 2018. The top five suppliers and the top ten suppliers respectively account for 18,7% and 27.6% of total purchases in 2019 versus 19,9% and 27,8% in 2018. The Group works also with OEM vendors. A disruption in supply from any one of these suppliers could significantly affect the Group's business, despite the contractual clauses in the agreements protecting the Group against such risk.	The Group has put in place alternative solutions in case such an event should actually occur. The Group works with three OEM vendors (tier one suppliers), which assemble entry-level and mid-range machines in Asia. Production is divided between these three tier one suppliers. In the event one of these suppliers should fail, the other two could take over production. Quadient also has a choice of strategic tier two suppliers, and for each of these, a replacement supplier has been selected. In addition, the Group is the owner of all molds, specific tools and industrial design. The Group has put in place alternative solutions for procurement. The Group has not been or very few impacted by COVID-19 crisis for procurement.

LEGAL RISKS

Risks	Risk management system
Low risks	
New regulations	
Quadient operates in several regions and in different activities. Some activities are under special regulations. This is the case for Mail-Related Solutions and postal regulations. Other activities are also under specific regulations such as intellectual property and data privacy. The group must be very careful.	The Group legal councel department and its local delegates follow the evolution of regulations. Group projets are launched to adapt the Group's processes to new regulations such as Sapin II law and GDPR[1]. As of today, the Group is not aware of any governmental, legal or arbitral proceedings likely to have a material impact, or which had over the past 12 months a material impact on the Group's financial position or profits.

TECHNOLOGICAL RISKS

Risks	Risk management system
High risks	
Information system and cyber criminality	
Quadient past decentralized organization and growth by acquisitions lead to great diversity in terms of information systems. Harmonization of IT insfrastructures, and pallications is part of the "Back to Growth" strategy.	A Chief Digital Officer has been appointed in 2019. His responsability is to align operational processes and IT within the Group. All IT teams report to him. This new team aims to focus on operational processes, cooperate with the management team in order to enforce "Back to Growth" strategy. IT security in terms of infrastructure and application is a key topic.

(1) *General Data Protection Regulation.*

FINANCIAL RISKS

Risks	Risk management system
Low risks	
Tax matters	
With regard to their current activities in France and abroad, Quadient entities are regularly subject to tax audits. Tax adjustments or uncertain tax positions not yet subject to tax adjustments are covered with appropriate provisions. The amounts of these provisions are regularly revised. In 2012, Quadient received a notification of tax adjustments in the Netherlands related to the financial years 2006, 2007, 2008. A mutual agreement was signed in 2019 by the Group with a payment of 15,7 million euros to the Dutch adminsitration and a refund of 9,1 million euros by the French administration. An investigation is still on going in United Kingdom. A provision has been recorded in 2019 for an amount of 9,1 million euros.	A tax review is performed annually at least in each entity with the help of an external tax adviser. Each tax investigation must be reported to the Group. An agreement has been signed with a global tax adviser to manage tax issues at Group level.
Exchange, rate, liquidity and shares	
The Group is mainly exposed to currency exchange rate risks through its international activity and to interest rate risks through its debt. Quadient enjoys a natural hedge on its current operating margin and its net income. Based on the 2020 budget, the breakdown of sales and costs in United States dollars is as follows: sales 43.4%, cost of sales 52.0%, operating costs 37,7%, interest expense 34.6%. A 5.0% decrease in the euro/United States dollar exchange rate from the budget rate of 1.15 would have the following impacts on the Group's income statement: sales (23.6) million euros, current operating income (4.1) million euros and net income (2.2) million euros. Based on the 2020 budget, the breakdown of sales and costs in pounds sterling is as follows: sales 7.9%, cost of sales 8.2%, operating costs 9.7%. A 5.0% decrease in the euro/pound sterling exchange rate from the budget rate of 0.90 would have the following impacts on the Group's income statement: sales (4.3) million of euros, current operating income (0.5) million euros and net income (0.4) million euros. The other currencies are not a major concern for the Group. None of them, individually taken, represents more than 5.0% of total sales. Beyond the natural hedge, no guarantee can however be given regarding the Group's ability to hedge exchange rate risk effectively. To limit the impact of a rise in interest rates on its interest expenses, Quadienthas a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times.	The Group believes that its cash flow (as defined in the consolidated cash flow statement in chapter 6 of this universal registration document) will easily enable it to service its debt, given the current level of debt. Debt by maturity is detailed in note 12-2-5 to the consolidated financial statements. Group debt is subject to compliance with covenants. Failure to comply with these covenants may lead to early repayment of the debt. As of January 31, 2020, the Group complies with all covenants (cf. note 12-2-3 to the consolidated financial statements). The Group treasurer, who reports to the Group Chief Financial Officer, monitors exchange rate and interest rate risks for all Quadient group's entities. A report showing the Group's underlying position and hedges is sent each month to the Chief Financial Officer to provide complete visibility on the financial risks relating to hedging activities, and to measure the financial impact of unhedged positions. Quadient uses the services of an independent consultancy based in Paris. This consultancy helps Quadient in its exchange rate risk hedging policy, and values its portfolio of hedging instruments under IFRS. This ensures the consistency of methodologies used and provides a financial opinion independent of any financial institution. This Company has the technical and human resources to monitor interest rate and exchange rate trends every day and alert the Group treasurer in light of the strategy in place. Please see tables below for detailed impacts of interest and exchange rate risks.

CSR RISKS

Risks	Risk management system
High risks	
Attraction and retention of talents	
Intellectual and human capital is a real source of value creation and talent management has become essential. In a constantly changing employment market, it is essential to retain and motivate talents. Some positions require particular attention due to their key role in the organization and the associated specific skills.	To avoid risk of losing key employees, the Group has put in place retention incentives such as phantom shares and free shares. It has also implemented contingency plans for all major key positions at all the Group's entities. These plans are regularly updated and reviewed by the remuneration and nomination committee.
Data privacy	
Quadient decentralized organization and growth by acquisitions lead to great diversity in terms of data base.	The head of IT security reports to the Chief Digital offcer and is in charge of the definition and of the application of IT security policies within the Group.In terms of security, postal audits were conducted successfully in all countries concerned in 2019, and continuous improvement plans are designed to meet postal requirements every year. The Group security policy has been updated. Based on the ISO 27001 standard, the policy started to be rolled-out early 2017, particularly in markets that commercialize SaaS offerings. Requirements relating to the GDPR ruling has also been addressed in these planned roll-outs to ensure compliance as of May 2018.
Low risks	
Ethical and compliance	
A code of Ethic has been set up. No matter in which entity or coutry we are operating, rules and principles have been defined.	The code of Ethic covers human rights, health and safety at work, diversity and human development, ethic and fair business relationship, environment and social responsability. A wistle blowing procedure has been been enforced.
As all companies, Quadient is exposed to risk of fraud and especially due to the development of cybercriminality. The Group has rolled out an initiative with managers of subsidiaries to ensure this risk is fully understood, to gather information on best practice and ensure standard practices are disseminated throughout the Group.	An anti-fraud policy was prepared and sent out in September 2014 to local chief financial officers and managing directors. The policy includes theoretical and practical recommendations to prevent fraud. If there is an attempted fraud using new methods, the head of internal control notifies local managing directors and chief financial officers where necessary. Neopost S.A. has taken out a specific insurance policy to enhance its protection against this type of risk. As part of the planned Group ethics charter, the Group internal control department introduced a procedure for managing conflicts of interest since October 2012 (refer to chapter 2 of this universal registration document, section “By-laws for the Board and committees.”.
Environment	
Given the nature of the Group’s assembly and distribution businesses, the Group is not aware of any environmental risk or risk related to climate change that might have a material impact on its financial position, business or results. Please refer to the social and environmental information detailed in chapter 5 of this universal registration document.	Regarding industrial risks, the Group updates a Disaster Recovery Plan every year. This plan allows the Group to assert that these risks would not have a material impact on its financial position, business or results.
Intellectual property	
The Group is the owner of its trademarks and has about 320 families of patents published. The geographical coverage of these patents is essentially European and American.	Quadient is not dependent on any single patent which might bring the Group’s level of business or profitability into question.

EXCHANGE RATE RISK

(In million euros)	Impact on net income before tax on 2020 budget		Impact on equity as at 31 January 2020	
	Increase of 5%	Decrease of 5%	Increase of 5%	Decrease of 5%
USD	4.1	(4.1)	(18.5)	18.5
GBP	0.5	(0.5)	(3.1)	3.1

INTEREST RATE RISK

(In millions euros)	31 January 2020			
	Impact on net income before tax	Impact on equity	Impact on USD denominated debt	Impact on EUR denominated debt
Impact of a rise of **+** 0.5 **%** in interest rates	(1.2)	0.2	0.1	(1.1)
Impact of a decrease of (0.5) **%** in interest rates	1.2	1.0	-	2.2

4.2 Insurance

All Group companies are covered by a worldwide insurance program which covers operating damage and loss, liability, and transport risks. All Group subsidiaries adhere to the guarantees set up and negotiated at Group level, subject to local regulatory restrictions or specific geographic exclusions.

Quadient's risks include a high level of geographic dispersion, which substantially dilutes the consequences of any claim. The cover negotiated by the Group is high and is above all aimed at insuring the largest risks which might have a material impact on the Group's financial position.

The operating damage and loss insurance cover was renegotiated for two years on February 1, 2019 with an increase of kick-back in exchange for an extended commitment to January 31, 2021.

The insurance covering transport risks was renewed on February 1, 2020 under the same conditions.

The insurance policy covering "liability" was renegotiated and renewed for two years period ending on 31 January 2021.

Given the development of Quadient in software activities, it was decided in 2014 to cover the risk of possible claims from third parties against Quadient for infringement of copyright and intellectual property. The policy was renewed on February 1, 2019 for two years. Finally, it has been decided to cover cyber risks in June 2019.

Total cost of insurance amounted to 0.7 million euros in 2019.

The Group's insurance policies are regularly updated to reflect changes in the Group's scope of consolidation and to cover industrial risks within the global insurance market framework.

The Group's guarantees are placed with leading insurers with worldwide reputations.

4.3 Internal control and internal audit procedures

4.3.1 INTERNAL CONTROL MAINFRAME

As part of the organization of the internal control and for the preparation of this report, Quadient adheres to the AMF reference framework.

In accordance with the AMF definition, the Company has designed and implemented its internal control system to ensure:

- reliability of financial information;
- compliance with existing laws and regulations;
- implementation of the instructions and directions given by Group management;
- proper functioning of the Company's internal processes, especially those relating to the protection of its assets.

On a general level, the internal control system helps the Company monitor its activities, improves the efficiency of its operations and ensures the efficient use of its resources.

4.3.2 INTERNAL CONTROL ORGANIZATION

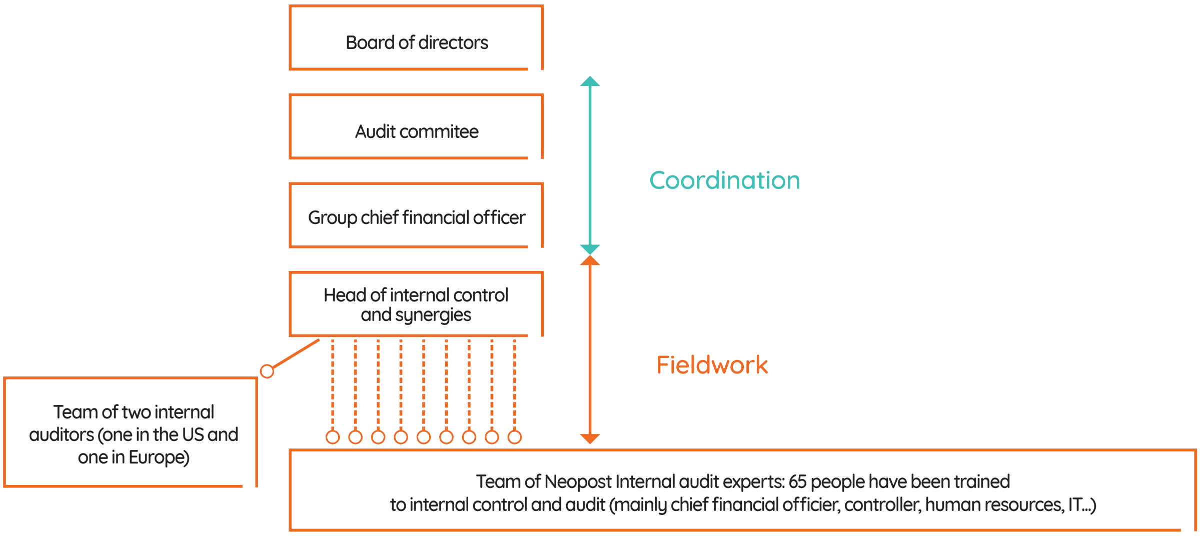
Quadient internal audit function was set-up early 2009, its purpose is to serve the Group at three levels:

- identify and assess risk;
- conduct internal audits;
- coordinate internal control.

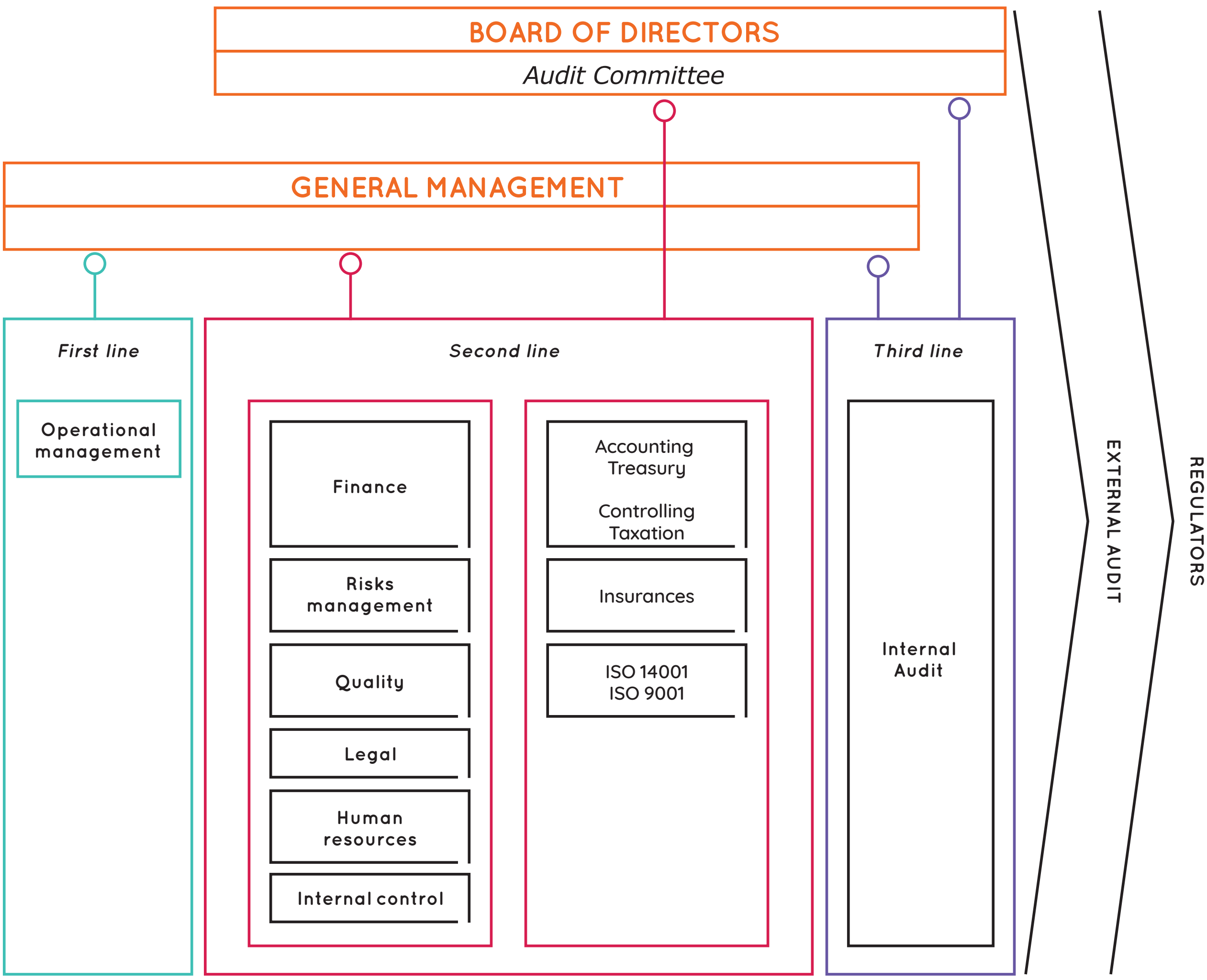
The Group's internal control department coordinates the work of a network of specially trained non-permanent Auditors comprising the chief financial officers and financial controllers in the various Group companies. 65 people have received training in internal control and audits and conduct audits on regular basis. They are selected in accordance of the skills required for each audit. This structure gives the Group access to a wide range of skills.

The internal control department reports to the Group finance department, and is able to address all topics without restriction. It also reports to the audit committee twice per year: audit plan, main internal audit conclusions, specific projects such as antitrust policy, risk assessment, whistle-blowing implementation in the United States, new acquisitions, etc.

Internal Control system



Internal Control system



Internal control system is organized around three pillars:

- the first line of defense is composed of the operational management which is in charge of communication and application of procedures;
- the second line is composed of functional departments: finance, quality, risks management, internal control, legal and human resources;
- the third line involves internal audit.

A manual of procedures has been drafted and covers the following topics:

- budget consolidation and reporting processes;
- investment and assets management;
- cash flow;
- communication (including financial communication, press communication…);
- finance and accounting principles;
- legal;
- conflict of interests;
- anti fraud policy;
- Code of ethic;
- insurance manual;
- human resources procedure.

Every new or updated procedure is circulated electronically to the manager of each subsidiary. Each subsidiary arranges internal communication of the procedure and ensures they are implemented and applied by employees. The procedures are permanently available on the Group's Intranet dedicated to internal control.

The consistent involvement of Group management in subsidiaries' operations through regular reviews also allows for the rapid identification of any anomalies and the efficient and timely implementation of appropriate remedial action plans.

Furthermore, the internal audit department conducts cross audits to strengthen these controls.

An Intranet dedicated to internal control is designed to improve circulation of procedures and to facilitate communication by providing information on internal control, audits, legal affairs and cash management.

A self-assessment questionnaire on internal control is regularly updated on the basis of the control targets defined within the AMF reference framework and to take into account the specific circumstances of Quadient group.

The answers are used to inform the audit plan.

Internal audit

The Group's internal audit missions respect the following principal working standards:

- a scoping letter;
- an opening meeting with the local management;
- a wrap-up brief following the audit;
- the delivery of a preliminary report by the Auditors;
- a response from the audited entities with specific action plans for each audit point (manager, description of the action plan and deadline);
- delivery of the final report to the managing director, the Group chief financial officer, the Chief Executive Officer and the regional director;
- quarterly monitoring of the audit points through a communication to the area manager and a review during operational reviews.

Two types of audits were conducted in 2019:

- general audits covering all aspects of internal control were carried out. They dealt with all topics covered by the self-assessment questionnaire;
- thematic audits on specific topics.

In addition, training sessions for new Auditors were held in December 2017 in Europe. In all, since 2009, around 65 employees with complementary roles in the Group (chief financial officer, accountant, Group director of quality, Chief Executive Officer, investor relations manager, human resources manager, etc.) have received training.

The 2019 audit plan was presented to the audit committee on 26 March 2020. It contains the audit schedule, structured around 30 or so audits, including general and thematic audits (each Group entity is audited at least once every two years), and audits of newly acquired entities, as well as production and leasing units. The audit plan takes into account new organization by regions and by major solutions and all fiel are covered.

As in previous years, the Group will pursue the recruitment and training, notably targeting finance department personnel who will join the internal audit team to conduct more cross-audits during the financial year. Neopost opted for an audit system consisting of audits in subsidiaries that are carried out by employees from another subsidiary or from head office, with the aim of sharing best practices.

Ethical reference framework

The integration of new activities and the strategic shift that the Group has made in recent years has led him to redefine its values to better reflect its organizational identity:

THE GROUP'S ETHICAL PRINCIPLES

The Group put in place its Code of ethic and published it early 2017. Based on Quadient's new corporate values, the Code of ethic lays down the main ethical standards and behaviours that the Group wants to promote in its relations with its customers, suppliers, investors, partners and employees.

The Group's Code of ethic lays out the key values which are then rolled out at each subsidiary. It is then the responsibility of each subsidiary to follow through with the necessary reminders to observe local regulations and practices in effect.

The code of ethic covers the following topics:

- respect for fundamental human rights;
- commitment to employees (health, work safety, diversity, open dialog, employability, etc.);
- business integrity: antitrust regulation, conflict of interest, bribery, insider trading, relation with third party;
- Group assets and third party assets: asset protection, confidential data and data protection, intellectual property;
- responsible citizenship and commitment.

A person in charge has been appointed for each topic: employee (Group human resources), fraud and conflict of interest (director of internal control), bribery and competition (Group legal counsel), responsible citizenship and commitment (Group director of quality). A whistle-blowing procedure has been set up at each level.

Operational management of each entity is in charge of communicating and applying of code of ethics.

APPLICATION OF THE SAPIN 2 LAW

French Sapin 2 law which went into force on 1 June 2017 requires large companies to implement an anti-corruption compliance program within all their subsidiaries. The anti-corruption compliance program involves the adaptation of the Code of ethic in order to define and illustrate prohibited acts and behaviours likely to characterize acts of corruption or of influence peddling. Such Code of ethic have been incorporated into internal applicable rules and regulations of each Group company.

To comply with the legal requirements, Quadient group ensure that:

- the code of ethic is made available to and understood by all employees;
- sanctions are imposed for breaching the code of conduct and notably for corruption and influence peddling.

Information Systems

Within the technology and innovation department, the information systems teams are continuing the harmonization of the ERP[1]/CRM[2] within the Group. Moreover, to support the deployment of SaaS-based Communication and Shipping Solutions (CSS), the Group's platform has been enhanced to offer subscription models to clients.

The security of information systems is a major focus for Neopost. This need for security is even greater with the deployment of new SaaS solutions. With that in mind, the Group established a specialized structure whose purpose is to ensure the roll out of the security policy and ultimately to ensure the compliance of all structures marketing digital offers under ISO 27001.

At the core of information systems, data management is paramount. By harnessing Big Data technologies, Neopost is developing solutions to improve internal operations and providing solutions to clients. In this regard, the Group is ensuring that employee or client data management is compliant with the new GDPR regulations which will become effective from May 2018. To ensure such compliance, a focused structure was established in 2017 with the support of an expert in the field.

Accounting and financial information

PREPARATION AND RELIABILITY CONTROL OF INFORMATION

Each Group subsidiary has a team which reports to the local chief financial officer who is a member of the subsidiary's management committee. Each team includes a management control structure and is responsible for preparing accounting and management data as part of the monthly reporting process.

The Group finance department is responsible for identifying changes in operating conditions in order to anticipate any possible impacts these may have on the Group's accounting principles. Group management is also informed about significant local developments at regular operational reviews, and during other visits to subsidiaries. The Group financial controlling department has the role of coordinator in this domain.

(1) Enterprise Resource Planning.

(2) Customer Relationship Management.

CONSOLIDATION

The current electronic reporting and consolidation system, which is in place at all Group consolidated subsidiaries, delivers consistent monitoring of budget and management data, improves lead times for producing the data (through automatic task scheduling management, with a reminder system) and improves the accuracy of consolidation information. Using the analysis data which is provided by the subsidiaries' management control departments *via* this system and reviewed by local management, the Group's chief financial officer receives a permanent flow of data that explains any differences in the consolidated reporting.

The number of access authorizations to the information system is limited to a certain number of people per subsidiary to ensure the reliability and integrity of the reporting and consolidation data. This system has made it possible to monitor management indicators; it also produces sales and marketing data for the subsidiaries.

CASH AND FINANCING

Neopost S.A.'s financial team manages the Group's cash centrally. In order to mitigate the Group's risk exposure, the Company has developed procedures, including exchange rate and interest rate risk management, cash pooling and the optimization of the Group's financing requirements.

FORECASTS

Quadient provides its shareholders with information on its medium-term forecasts. These forecasts are formulated based on the Group's three-year plan and take into account market conditions at the beginning of 2020, namely the competitive environment and the economic conditions in the countries where the Group operates. Should there be a significant change in market conditions or the competitive environment, the Group cannot guarantee that it would be able to achieve its forecasts.

5

NON-FINANCIAL PERFORMANCE STATEMENT

5.1 Social, societal and environmental information

5.1.1 PREAMBLE

For more than a decade, Quadient has been actively building a culture that conducts its business with the upmost integrity, offers innovative and sustainable solutions and limits the Company's impact on the environment. Quadient believes that these continuous efforts will ultimately result in a better future for our customers, employees and the communities to which it serves. Quadient also believes that conducting business in an ethical and responsible manner is essential to our sustainable growth and success. As the World faces rapidly evolving environmental, social and economic dynamics, Quadient is prepared to face these challenges as a leader in its field.

As a result of the Company's strategy announced in January 2019, Quadient has also adjusted its CSR (Corporate Social Responsibility) strategy and organization to meet the needs of its future. Quadient's CSR strategy is guided by an in-depth materiality analysis, which was updated in 2019 and is summarized in this document. In terms of organization and governance, the CSR & Compliance team has joined the Transformation department that is in charge of driving the strategic initiatives and transformation of the Company. The Strategy and Corporate Social Responsibility Committee of the Board of Directors, created in September 2018, now reviews our progress each quarter on CSR matters and offers its advice and support for future improvements.

This chapter explains some of the non-financial risks, challenges and opportunities that have been incorporated into Quadient's CSR strategy, as well as the main results in 2019[1] .

5.1.2 CSR STRATEGY AND POLICY

Quadient has deployed a CSR strategy that is in line with our business and that meets the environmental, social and societal challenges the Company faces. To achieve this objectives, the CSR strategy is built around four pillars:

- Engage with the Company's employees and local communities;
- Build the best customer experience possible by offering innovative, reliable and sustainable solutions and services;
- Act ethically and responsibly; and
- Reduce Quadient's environmental footprint.

Quadient believes that anticipating environmental and social issues, together with the management of risks and opportunities, are important drivers of operational performance.

The CSR strategy takes into account the specific challenges of Quadient's activities as identified through the materiality analysis following the consultation process with internal and external stakeholders. This approach allows to participate in building a sustainable future while ensuring the Company's performance and stability.

(1) *In accordance with the order of 19 July 2017 and the decree of 9 August 2017, the other elements constituting the non-financial performance statement such as the value creation model and the materiality analysis of Quadient can be found in the introduction book of this document.*

Quadient's four CSR pillars

The table below illustrates how the four pillars of the Company' CSR strategy have been articulated, taking into account the analysis of non-financial risks as well as materiality analysis issues. Quadient pursues a process of continuous improvement in the management of its CSR strategy by defining, in addition to the qualitative objectives detailed in this document, quantitative objectives which will be presented in the next declaration of extra-financial performance. Quadient is committed to contributing to the United Nations' Sustainable Development Goals (SDGs) and has therefore identified five priority SDGs, described below.

CSR strategy pillars	CSR challenges / Non-financial risks	Main objectives	SDG	Section
Engage with the Company's employees and local communities	Talent attraction and retention Health & safety and well-being Diversity Human capital development Community engagement	• Provide great working conditions empowering all Quadient employees to perform at their very best. • Create a diverse and inclusive culture indicative of Quadient's equal opportunity employer philosophy. • Give all employees the opportunity and the means for personal and career development, and empower them to contribute to the Company's success. • Encourage employees to support the communities that make sense for them.	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	**5.1.3**
Build the best customer experience possible by offering innovative, reliable and sustainable solutions and services	Innovation, technology availability Intellectual property Eco-design and sustainable products and solutions Product stewardship	• Leverage digital technology and innovation to develop new functionalities for existing solutions and design tomorrow's solutions. • Design cutting-edge sustainable solutions to help our customers fulfill their needs while contributing to sustainable development. • Deliver high quality, reliable and secured products, solutions and services.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**5.1.4**
Act ethically and responsibly	Data privacy Breach of ethical rules Responsible procurement Corruption	• Promote a culture of integrity and ethical conduct through Quadient's compliance program. • Protect data entrusted to Quadient against internal and external threats. • Engage with partners and suppliers who observe standards similar to the Company's, and conduct business in a responsible, ethical and sustainable manner.		**5.1.5**
Reduce Quadient's environmental footprint	Circular economy Climate change	• Support the global transition to a low carbon economy by reducing the Company's greenhouse gas emissions. • Foster circular economy principles in the Company's activities to lower Quadient's environmental footprint.	13 CLIMATE ACTION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**5.1.6**

A CSR ambition defined with the stakeholders

In 2019, Quadient reviewed its materiality analysis, taking into account the transformation initiated by its new strategy, the evolution of the Company's activities and organizational changes. This assessment, aimed at identifying emerging material challenges with a horizon of three to five years, also provides insight into the Company stakeholders' expectations and informs them about the importance of sustainability. In order to focus its efforts on the most material challenges, the Company conducted this assessment using the four-step process described below.

IDENTIFICATION OF CSR CHALLENGES

To meet the Company's sustainability and CSR challenges, Quadient benchmarked sector best practices, international standards such as ISO 26000, the United Nations Sustainable Development Goals, the Global Reporting Initiative (GRI) and the issues raised by the Environment Social and Governance (ESG) agencies rating Quadient's non-financial performance. In total 52 topics have been considered and classified into four areas (People, Solutions, Ethics & Compliance, and Environment).

CONSULTATION OF INTERNAL & EXTERNAL STAKEHOLDERS

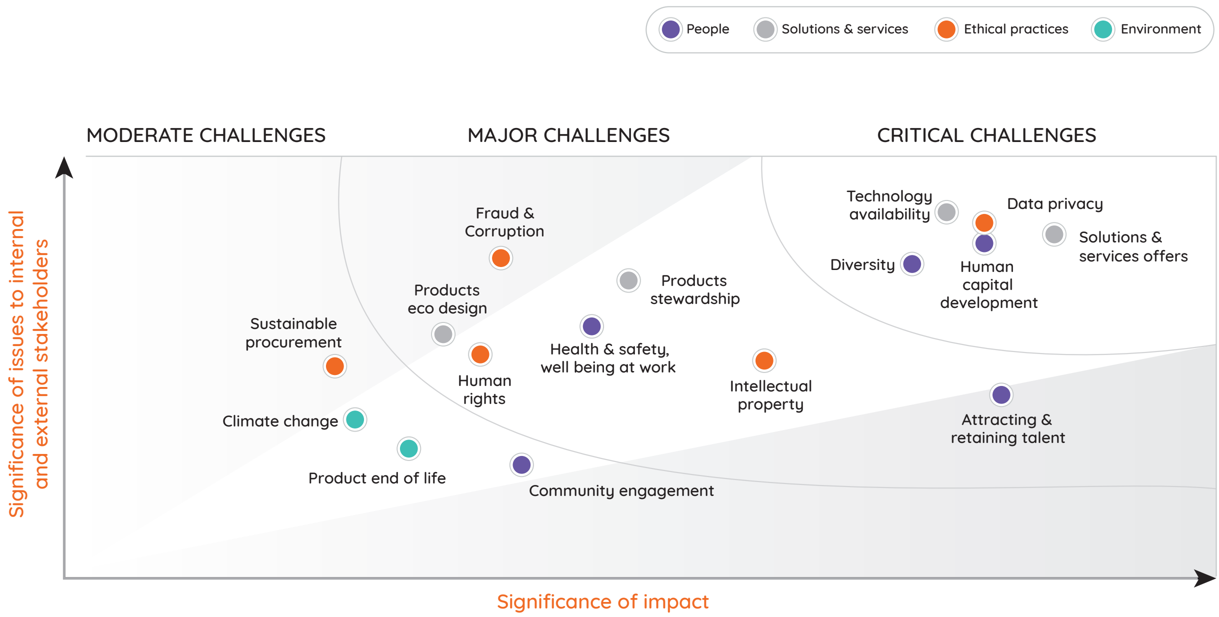
This consultation was the opportunity to spark open discussions with Quadient's stakeholders to better understand their perception of the performance, risks & opportunities, and their expectations of the Company's CSR strategy. In addition, they were asked to rate each of the non-financial challenges according to three criteria: importance level for the stakeholders, importance level for the Company's business and maturity level of the Company on these topics.

CONSOLIDATION AND MATERIALITY MATRIX

To design the materiality matrix, internal and external scores were averaged using equal weighting between the different categories of stakeholders. The challenges retained were plotted on a materiality matrix. Stakeholder ratings were reported on the y-axis, with ratings based on importance to the business reported on the x-axis. The Company classified CSR challenges in three groups: critical, major and moderate challenges.

ANALYSIS OF MATERIALITY RESULTS IN 2018 AND 2019

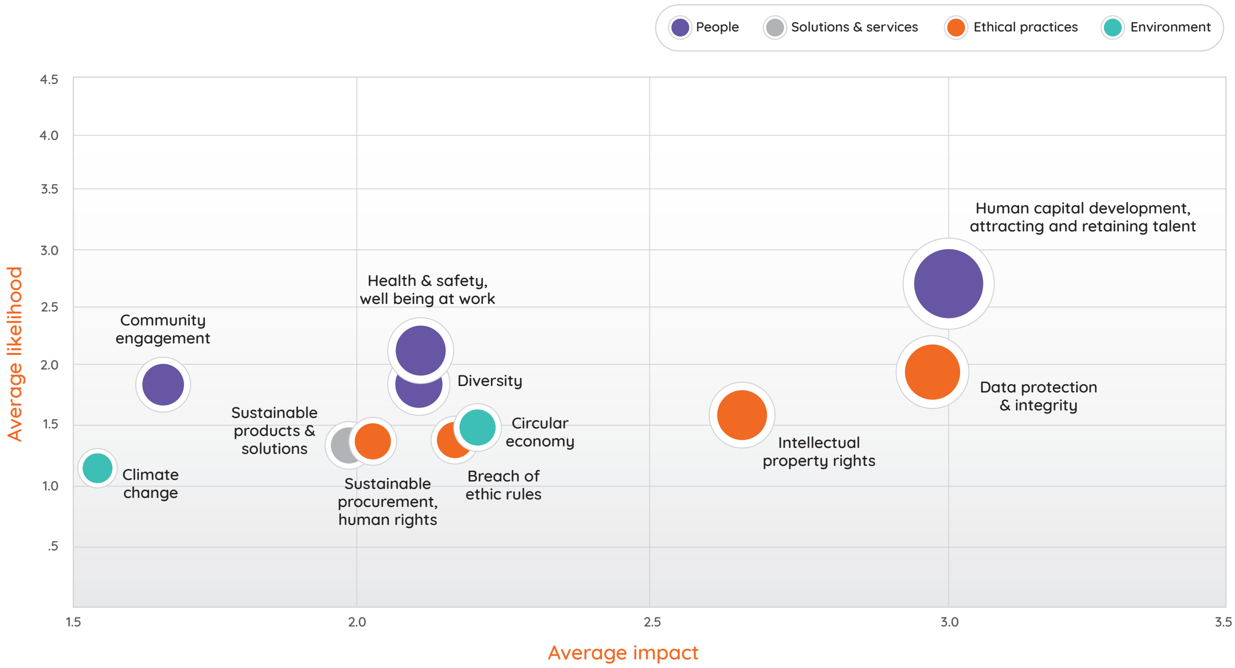
Quadient retained 18 sustainability and CSR challenges from its materiality assessment. Of these challenges, six are considered critical, eight were seen as major for the Company, and four were classified as moderate. Critical challenges correspond to the main issues related to the transformation of the Company: new strategy, new digital business and organizational change. Major challenges are historical in nature for Quadient, they were assessed previously and are still being carried out. Moderate challenges are still relevant to the Company, but only minimally affect its performance and are well under control due to existing programs.



Non-financial risks

The non-financial risk mapping has been built in accordance and consistently with the Company's global risk mapping introduced in chapter 4, "Risk Factors and Internal Control" on this universal registration document. Each risk has been assessed according to the same methodology and criteria.

All Executive Leaders were asked to list all the risks relevant to them and rate them on their likelihood (from "Improbable" to "Probable / Very Likely") and their impact (from "Low" to "Very High") for the Company. Consolidated results were presented and validated by Quadient's risks committee.



Presentation of the main non-financial risks

Human capital development, talent attraction and retention

Anticipate problems with the transmission, transfer and acquisition of key or rare skills. Provide expert advice to employees and ensure they use it effectively to provide the highest quality of service. Prevent any risk related to recruiting and retaining key people and qualified staff.

Diversity and inclusive workplace

Promote equal opportunities in terms of recruitment, pay and benefits, promotion, access to the leadership programs, training and career management. Prevent any risk of discrimination in general (age, race, gender, ethnic or social origin, nationality, language, religion, health, disability, marital status, sexual orientation, political or philosophical opinion, veteran status or otherwise, trade union membership or other characteristics protected by applicable laws and regulations).

Community Engagement

Encourage employees to support local communities and embody Quadient's values.

Health & safety and well-being at work

Promote work/life balance (flexible work, parental leave, teleworking,. etc.). Prevent the risk of deterioration of working conditions and the working atmosphere within the Company leading to an increase in accidents and harming physical and mental health.

Eco-design and sustainable products and solutions

Offer the best customer experience through innovative, competitive and sustainable solutions and services launched at the right time on the market.

Intellectual property rights

Respect and enforce Quadient' intellectual property rights to avoid patent litigation, statutory fines and regulations associated with anti-competitive practices.

Data privacy & integrity

Protect data integrity against cyber-attacks, negligence or illegal access resulting in the corruption, theft, loss, leak of the Company's data or personal data or disruption of business.

Breach of ethical rules

Adopt transparent communication regarding the company's policies on fraud, corruption and anti-competitive practices. Act in accordance with the legal requirements of the host country on the implementation of anti-corruption and anti-fraud policies, including third party whistle-blower programs.

Sustainable procurement & Human rights

Prevent the risk of Human rights violation and abuse in the supply chain and operations by applying reasonable due diligence to both direct and indirect subcontractors and suppliers. Prevent the risk of failure to reduce the environmental footprint of products by acting with suppliers.

Circular economy

Incorporate the principles of a circular economy (eco-design, waste recycling, reuse, remanufacturing) when defining Quadient's solutions and services and in their business models.

Climate change

Reduce Quadient's carbon footprint and seize opportunities to reduce operational costs at a time when climate change regulations are becoming more restrictive and carbon taxes a reality.

Quadient Commits to the Sustainable Development Goals (SDGs)

The Company intends to contribute to the achievement of the following five Goals:

- Goal 5: "Achieve gender equality and empower all women and girls." Quadient is committed to gender equality and, as far as possible, it wants to not only recruit more women but also allow them to access management positions through internal promotion. In this respect, a women's leadership program has been developed. Sponsored by Quadient's CEO and the Executive Management team, the program delivers practical insights and skills focused on both the challenges and opportunities for women in leadership. Women leaders will build a powerful learning network and in turn, empower other women and be part of their success story.

  Main target: employees;
- Goal 8: "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all." In accordance with its Code of Ethics and supplier Code of Conduct, Quadient is particularly vigilant as to the working conditions of all its suppliers and partners and is committed to respecting the fundamental principles set out in the United Nations' Universal Declaration of Human Rights and the conventions of the International Labor Organization. Moreover, it helps boost employment in the different regions of the world in which it operates.

  Main targets: partners and employees;
- Goal 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation." As a committed and innovative player in the fields of digital communication (Customer Communication and Experience Management solutions, paperless digitalization) and the value chain for parcels (automated packing systems, parcel lockers), Quadient's business naturally dovetails with this goal.

  Main targets: partners, customers and communities;
- Goal 12: "Ensure sustainable consumption and production patterns." Quadient is a player in the circular economy through its remanufacturing approach. Furthermore, the Company deploys collection processes for its end-of-life products and consumables.

  Main targets: customers;
- Goal 13: "Take urgent action to combat climate change and its impacts." Quadient participates in initiatives to reduce energy consumption, optimize upstream and downstream freight transport, and reduce the carbon footprint of its products, detailed in the environmental section below.

  Main targets: communities.

Evaluation of the Company's CSR performance by independent third parties

In 2019, as in previous years, Quadient's CSR initiatives were recognized by non-financial rating agencies, in particular Vigeo Eiris, and by the Gaïa Rating agency with a score of 85/100, placing it ninth (9/230) in the Gaïa Index. The results of these ratings are presented in the introductory booklet.

As part of its environmental strategy, Quadient has been part of the Carbon Disclosure Project (CDP) as regards climate change since 2009. The CDP is an independent international organization that provides a global system for measuring and publishing environmental information. In particular, it assesses companies' management and performance in relation to climate change and ranks them from "D" (lowest) to "A" (highest). In 2019, Quadient obtained a score of "B" corresponding to "Management level" and thus positioning Quadient above the average of companies in general in France and Europe (average score of "B-").

In addition, in January 2019, Quadient obtained the "Gold" certification awarded by EcoVadis for its Corporate Social Responsibility commitment and performance. The EcoVadis rating agency certifies companies' commitment to sustainable business development, specializing in assessing suppliers for global supply chains. Quadient's initiative received an overall rating of 69/100 and ranked among the 1% of suppliers recognized by EcoVadis, making Quadient one of the most advanced organizations committed to sustainable development across all sectors combined.

5.1.3 ENGAGE WITH EMPLOYEES AND LOCAL COMMUNITIES

Quadient firmly believes that its employees are the key to success. Their talents, ideas and actions shape the future of the Company's business on a daily basis. This is especially important as part of the Company's transformation. To sustain its operations around the world and get ready to grasp the opportunities generated by its strategy, Quadient conducts a review each year the conditions needed for a reciprocal, lasting and loyal commitment between the Company and its employees.

Quadient is committed to supporting its employees in changing its business by providing the means and opportunity to grow and help fulfil the Company's strategy. Quadient cares about the well-being of its employees and is committed to improving working conditions, enhancing their professional skills, promoting diversity & inclusive culture, ensuring health & safety at work for all and encouraging them to support local communities.

Give all employees the opportunity and the means for personal development and to contribute to the Company's success

Employees are essential to Quadient's success and are the main driver of its performance. In order to recruit and retain the best talents in its key business areas, the Company aims to provide employees with an attractive work environment that encourages them to take initiatives and work together to fulfil its mission: achieving sustainable growth for Quadient's internal and external stakeholders.

Developing talents and skills is central to Quadient's human resources policy, with a particular challenge in terms of the transmission, transfer and acquisition of key or rare skills, specifically in the digital sector, which is highly competitive and constantly changing.

Objectives	Initiatives	2019 Results
Attract talents and increase employee commitment	Recruitment of new staff	• 804 people joined the Company under permanent and fixed-term contracts during the 2019 financial year.
	Retention of staff	• As of January 31, 2020, 96.3% of staff have a permanent contract. • Employees on temporary contracts accounted for 2% of the Company's total workforce.
	Increase staff commitment	• Employee Net Promoter Score moved from 2 to 3 in 2019. • The staff turnover rate[(a)] is 12.6%. • The absenteeism rate was 4.8% in 2019 (versus 3.8% in 2018).
	Pay and recognition	• Each year, the company has a pay-increase campaign. • Wages and payroll charges represent 465.8 million euros.
Build effective learning programs to enhance skills and capabilities of employees	Training plans	• 85.6% of employees attended at least one training course in 2019. • 4,640 employees trained and 21.55 hours of training on average per Full Time Equivalent (FTE). • Budget of 3.05 million euros allocated to staff training.
	Focus on digital training	• 114,350 hours of training including 31.7% on digital • 39% e-learning hours. • 4,246 hours delivered on the LinkedIn Learning platform.
Provide opportunities and empower employees to grow in their career	Annual appraisal interviews	• 86% of staff had an annual appraisal interview.
	Internal mobility	• 121 employees benefited from internal promotion.

(a) Arithmetic average of the number of employees who left and the number of new hires, divided by the initial number of employees at the start of the period.

ATTRACTING TALENTS AND INCREASING EMPLOYEE'S COMMITMENT

The energy and motivation of Quadient's staff is a key link in its value creation chain. The Company measures the commitment of its employees and develops action plans as necessary to strengthen its employer identity and nurture loyalty within the business.

Recruiting future talents

Quadient is in regular contact with local schools and universities. For example, Quadient s.r.o. regularly cooperates with universities and local high schools in the Czech Republic where Quadient staff have taught some classes, organized IT events and BarCamps (participatory workshops related to new technologies where content is proposed by the participants) in particular at the University of Hradec Králové. Quadient seeks in particular to attract millennials to the developer functions as part of its digital activities.

Employee engagement survey

Quadient attaches importance to the opinion of its staff. To assess the level of staff engagement and identify areas for improvement in the organization, the Company launched a new engagement survey in 2017, in partnership with the start-up "Supermood." Quadient sends an anonymous questionnaire to employees each quarter to gauge employee perception of the Company's policies and work environment. The resulting Employee Net Promoter Score (NPS) ranges from -100 to +100. According to Supermood, an NPS is considered low in the range -100 to -30 range, medium from -30 to zero, good from zero to 10 and excellent above 10. In 2019, the Net Promoter Score increased from two to three, placing Quadient's employee engagement in the "good" range. These surveys are a vital component of the dialog established within the organization, helping management identify and understand employee motivations and engagement drivers. This data provides insight that guides the creation of action plans promoting employee well-being and daily engagement.

BUILDING EFFECTIVE LEARNING PROGRAMS AND EMPOWERING EMPLOYEES TO GROW IN THEIR CAREER

Developing talents and skills is at the heart of Quadient's human resources policy. The Company aims to provide employees with the resources necessary to ensure they play an active role in developing their skills and careers through innovative training content, appropriate and varied formats (e-learning), and personalized training modules. Thus, in 2019, the Company invested in 114,350 hours of training, 59.5% being carried out in the classroom, 39% in the form of e-learning, and 1.2% over the telephone, in particular as part of foreign language courses.

Focus on digital-based training and e-learning

Digital-based training has risen sharply in line with the Quadient's digital activities. In 2019, 36,295 hours were dedicated to digital training accounting for 31.7% of the total. This allows the Company's employees to acquire new skills and improve their expertise in the face of competition and rapidly evolving technologies.

In 2019, Quadient introduced the LinkedIn Learning platform, providing thousands of training resources in multiple languages with recommendations personalized to employees' skills and interests. The platform is accessible at any time from any device for faster, smarter learning. LinkedIn Learning includes varied and personalized learning pathways to support employees' development, from business line knowledge to softer skills such as leadership, communication and management. It also offers certifications recognizing the skills acquired. In 2019, 1,468 employees completed at least one course on the LinkedIn Learning platform.

Online English course

Quadient is committed to creating a culture of inclusion across the organization and offers an online English course to interested employees to facilitate their collaboration with colleagues and customers worldwide. This six-month program supports employees for whom English is not a first language, at all levels from beginner to advanced. Lessons are based on real situations, using interactive exercises, role plays and videos, making it relevant and easy to apply. The course is entirely online, and can be accessed at any time from any device so that each employee can learn at their own pace. In 2019, 873 employees, or 16% of Quadient's headcount, participated in this course.

Promotion of internal mobility

The diversity of career paths brings a wealth of human and technical experiences. It enables the sharing of ideas, breaks down departmental siloes, and nurtures cohesion and creativity by forming teams of professionals with varied profiles. Quadient encourages employees to grow their career and achieve their full potential. In 2019, the Company launched an internal mobility portal called Career Hub. This platform allows employees to view all internal vacancies across all departments around the globe and receive personalized job recommendations based on their preferences.

Provide great working conditions where all employees perform at their very best

As a responsible employer, Quadient prioritizes the well-being of its employees, encourages professional and personal development, and fosters a culture of collaboration. These commitments are formalized in the Company's Code of Ethics, implemented across the organization. The Company focuses on issues such as work/life balance by increasingly allowing employees to work remotely, the right to disconnect, the prevention of psycho-social risks notably through training, and regularly monitoring employee commitment. Quadient provides its employees with safe, risk-free workplaces, and does not tolerate any form of harassment, intimidation, threat or violence. These commitments protect employees' quality of life based on the health and safety of each individual. This philosophy is a fundamental duty, driven by all entities within the Company.

In 2019, 35 collective agreements have been signed with workers' representative bodies. 128 collective agreements are currently effective and covers, for example, work arrangements, work/life balance, etc.

Objectives	Initiatives	2019 Results
Promote agile and flexible work arrangements	Flexible working	• Over 50% of entities offer their employees teleworking (excluding industrial sites). Widespread introduction of the right to disconnect.
Provide access to wellness and work-life balance programs to all employees	Health and safety prevention	• OHSAS 18001/ISO 45001: 56% of Company's staff are covered by these certification programs • 47% of employees have access to wellness programs in 2019 • Training sessions on psycho-social and occupational health and safety are offered to employees every year • The absenteeism rate for work-related accidents with time off is relatively low at 0.12%.

FOCUS ON TELEWORKING

For several years now, the Company has offered employees the option of working remotely (teleworking) and adopting flexible work hours, as long as this remains compatible with the nature and purpose of their duties and complies with local laws. This approach is part of a process to improve the quality of life at work. In order to do so, Quadient provides employees with the digital tools necessary to work remotely. Most employees are equipped with laptops and mobile phones. The migration to Office 365 and a connection through the Company's Virtual Private Network enables access to all the applications and collaboration tools employees need for remote work. Furthermore, the introduction of teleworking plays an important role in the Business Continuity Plan implemented by the Company in the context of the COVID-19 pandemic.

WELLNESS AND EMPLOYEE ASSISTANCE PROGRAM

In 2019, the Company implemented an Employee Assistance Program to help employees manage life's challenges and prepare them to be more effective and perform better at work and in their life in general. Through this Program, employees and their families can access practical information and advice on a broad range of topics, from financial advice to addiction. Information can be provided over the phone or meetings arranged at the employee's convenience. The support is provided by Workplace Options, an independent company specializing in the provision of wellness offerings and employee assistance programs. In France the program is managed by its French subsidiary Réhalto and in the United States and Canada by Cigna.

For the sixth time, the Quadient Wellness Program in the United States received the Platinum award from the Fairfield Business Council in Connecticut as a Healthy Workplace. This program provides many resources and activities to help employees live healthier lives including wellness, health, and fitness seminars and webinars and mental and physical challenges. Quadient Inc. has also once again received a Gold award from the American Heart Association as a Heart Healthy Workplace.

Create a diverse and inclusive culture and be an equal opportunity employer

Quadient's growth is intrinsically linked to the diversity and complementarity of the skills of its workforce. The Company is proud of the multiculturalism of its teams, and relies on them to encourage innovation, creativity and collaboration.

Quadient adheres strictly to a fair and equitable hiring process. By respecting all cultures and fostering an inclusive work environment, every employee is empowered to do inspired, passionate work and help the Company succeed.

Quadient offers equal employment opportunities to all employees and applicants. The Company does not tolerate discrimination with reference to age, race, gender, ethnic or social origin, nationality, language, religion, health, disability, marital status, sexual orientation, political or philosophical opinion, veteran or other status, trade union membership or other characteristics protected by applicable laws and regulations. All employees, regardless of job title or level, must be treated fairly in matters relating to promotion, training, hiring, compensation and termination.

Quadient has set high ethical standards for everyone who acts on behalf of Quadient, and strictly prohibits any acts of violence, harassment and bullying, whether done by an employee or a non-employee.

To accelerate equal representation in the Company's governance, Quadient aimed to have more women present on the Management team by the end of 2019 financial year. As of February 1, 2020, there are two women within the Management team.

Objectives	Initiatives	2019 Results
Increase women representation among managers	Feminization of the governing bodies	• Board of Directors: 40% women at the end of 2019[a]. • At 31%, the number of women in Quadient remains relatively stable. • At the end of the 2019 full-year, women managers accounted for 26.4% of the total number of managers.
	Gender equality	• Women represented 19.2% of Senior Leaders, up 60% compared with 2018.
Promote diversity and inclusion	Employment of people with disabilities	• Employment rate of people with disabilities at Company level: 1.7%. • Employment rate of people with disabilities in France: 3%.
	Employment of seniors	• Staff over 55 years of age account for 20% of the Company's total workforce.
	Employment of millennials	• Millennials represent 22.5% of the workforce.

(a) In accordance with French law and the AFEP-MEDEF Code, employee-representative directors are not taken into account when determining the proportion of women on the Board of Directors

EMPOWER WOMEN PROGRAM

The Empower Program is a virtual learning series to help women navigate the complexity of attaining leadership roles. The program is designed to deliver practical insights and skills focused on both the challenges and opportunities for women in leadership. Women leaders will build a powerful learning network and in turn, empower other women and be part of their success story. The Empower program is sponsored by Geoffrey Godet, CEO, and Quadient's management team.

QUADIENT SWITZERLAND SUPPORT PEOPLE WITH DISABILITIES

Quadient, in Switzerland, continues to support people with disabilities. For example, it has outsourced certain tasks, such as consumable order fulfilment or certain warehousing tasks to the ESPAS Foundation. This foundation works to promote the social and economic integration of people whose health prevents them from playing a full role in the workplace. Its primary aim is the successful integration of women and men with a physical or mental disability. ESPAS offers commercial and industrial outsourcing opportunities for companies, institutions and other organizations.

Quadient accounts 92 employees with disabilities as part of the workforce. The Company seeks to facilitate their hiring and integration by offering adapted workstations where necessary.

Encourage employees to support the communities that make sense for them

In 2019, Quadient continued to undertake volunteer and corporate philanthropy initiatives to support local communities. 81,382 euros were collected for projects of general interest in various sectors, such as education, health and social assistance, which regularly appear among the many sponsorship actions identified in a qualitative questionnaire sent to Quadient's different subsidiaries.

Furthermore, the Company's employees spent 1,594 hours volunteering. Some of the subsidiaries have been giving their employees time to support charitable projects for several years.

For example, Quadient Inc. (formerly Neopost USA), offers its employees the opportunity to participate in the fight against cancer through the Community committee, with charity walks such as the "Breast Cancer Walk" or "Making Strides against Breast Cancer". These initiatives aim to bring communities together in the fight against this deadly disease. In addition, "Making Strides" is the largest network of breast cancer events in the United States. These initiatives raise funds for the American Cancer Society, which conducts breast cancer research and provides patient services such as free rides to chemotherapy, free places to stay near treatment and a live 24/7 helpline.

Quadient Inc, also raised money for New Reach, a social agency that helps thousands of vulnerable people and households achieve stability and self-reliance. The agency provides a wide range of housing and services that meet the varying and complex needs of homeless families, young people and individuals.

Since 2007, Quadient France (formerly Neopost France) has been supporting the SOS Children's Villages association through a product-sharing operation. Created in 1956, the mission of SOS Children's Villages is to give brothers and sisters separated from their parents for serious family reasons the happiness of growing up together in a family lifestyle, alongside an SOS mother. Quadient has renewed its support for the association by donating 20,000 euros in 2019 to help finance renovation work in various reception areas.

In Germany, several employees joined the Health Day in Munich in partnership with DKMS, the German bone marrow donor file - an organization, that has set itself the goal of defeating blood cancer. Some of our employees registered as donors that day and have been educated about workplace health.

Quadient Oceania (formerly Neopost Australia) continues to contribute to Go Pink operation, a charity day to raise funds for the National Breast Cancer Foundation, which works for cancer research. As part of this, all staff wore pink and made donations to the Breast Cancer Foundation.

Quadient Ireland (formerly Neopost Ireland Ltd) is also committed to the fight against cancer by supporting the Irish Cancer Society. In Dublin, employees also took part in Run in the Dark 2019 to benefit the Mark Pollock Trust. The Trust's mission is to find and connect people with spinal cord injuries around the world to accelerate the development of a cure for paralysis.

Quadient Canada (formerly Neopost Canada) has been part of Canadian Blood Services' Partners for Life program since 2014. This is a national, independent, not-for-profit organization that manages Canada's blood supply system. Other charitable initiatives are undertaken by our employees, such as the Red Door Shelter, a fundraising event to help families in need, and the Helping Hands Food Shelter, a food drive.

In England, Quadient Technologies Limited (formerly Neopost Technologies Ltd) supports the "Make a Wish" initiative. This charity grants wishes for children with critical illnesses. Several fund-raising activities were organized: raising a total of GBP 5,114.

In addition, as part of an Internship program, Quadient UK & Quadient International Supply (formerly Neopost Ltd & NISL) worked in association with "Career Ready" and with a local school called Sacred Heart. One of the objectives of the students was to co-ordinate events to raise money for charities of their choice. Several things have been done, for example, an apprenticeship program for graduates, a policy so that employees can take up to two days for voluntary work within the community, including community projects and work with local charities.

5.1.4 BUILD THE BEST CUSTOMER EXPERIENCE POSSIBLE BY OFFERING INNOVATIVE, RELIABLE AND SUSTAINABLE SOLUTIONS AND SERVICES

Quadient's main challenges in terms of its customers and partners include customer satisfaction and innovation, as well as reliability, availability, solutions, services and safety of solutions and services. These challenges are addressed from the design of solutions and services offers and are reflected in ambitious objectives, which are monitored regularly.

Leverage digital technology and innovation to develop new functionalities for existing solutions and design tomorrow's solutions

Quadient puts innovation at the heart of its strategy. In 2019, the Company devoted 4.7% of its revenue in innovation, research and development.

An Innovation team is dedicated and focused on studying and building new technology and assets that will become the foundation of new activities or transform the existing ones. Among the leading trends for innovation anticipated to have the largest impact in the coming years are artificial intelligence, virtual and augmented reality, and machine learning technology.

The Company is the owner of its trademarks and has about 320 families of patents published. Quadient registered nine patents in 2019.

Regular user conferences and workshops enable Quadient to present new technologies and updates to its customers and partners and discuss their needs and expectations. In 2019, the first annual Global Inspire Days Conference took place in Texas, bringing together solution experts, business and IT leaders from diverse industries and countries. The Inspire Days offer technology updates, sharing of experiences and best practices to help customers deliver on their key projects including: improved customer engagement, successful digital transformation, and efficient cross-channel strategy.

Objective	Initiatives	2019 Results
Investment in innovation	Innovation with and for partners	• Organization of several innovation workshops with partners each year. • In 2019, organization of Global Inspire Days: 3 days of conferences and technical sessions that brought together more than 400 participants in 23 countries. • Local Innovation Days took place in 8 cities 2019.
	Innovation culture disseminated among employees	• Organization of internal workshops and hosting information on the internet raises employees' awareness of innovation.
	Investments in innovation and R&D	• Quadient invested 53.2 million euros in innovation and R&D.
	Intellectual property management policy and organization	• Dedicated in-house intellectual property team. • Patent committee. • Policy rolled-out across all R&D sites.
	Patent filling	• Portfolio of 320 patent families and 9 patent applications filed in 2019.

FOCUS ON DIGITAL SOLUTIONS

In 2019, the Company announced the availability of Quadient Inspire Release 14 (R14) – its most advanced and comprehensive release to-date. This customer communications management (CCM) platform helps organizations create and deliver personalized, compliant customer communications across digital and traditional channels, from one centralized hub. Quadient Inspire has over 1,100 enhancements and new features built arond four fundamental issues: simplifying the user experience; enhancing the personalization of communications; improving interoperability for more robust integration of data and content; and scaling capabilities in-cloud and on-premise to enable communications get to market faster with greater flexibility and highly scalable performance.

In 2019, Quadient released OMS-500 8.2 which optimizes and streamlines critical business processes by automating document output and replacing inefficient manual processes. It produces personalized and secure communication, using a simple intuitive interface to deliver documents to the right person, at the right time, through their desired channels - all via a web-browser on a desktop. The new release includes flexible inputs and multiple data formats, automated batch processing and deployment in the cloud as a SaaS solution.

FOCUS ON MAIL-RELATED SOLUTIONS AND PARCEL LOCKERS

In 2019, Quadient focused on two innovative projects related to its mail-related solutions including the DS-1200 and SMART/iX.

The Quadient DS-1200 is considered the most sophisticated mail processing solution on the market today, since it can automatically assemble up to 800,000 envelopes per month. Designed to meet the workflow demands of almost every high-volume mailing application, the DS-1200 G4i delivers maximum performance with the smallest footprint of any production-level solution. No matter what the job is, the DS-1200 G4i outperforms the competition every step of the way, from efficient paper loading to predictive intelligence that estimates when the job will be completed.

Parcel Lockers provide an automated workflow to facilitate the package delivery and return process - from home delivery and click & collect for retailers, to pick-up and drop-off (PUDO) automation for carriers. In 2019, Quadient delivered many innovative projects related to Parcel Lockers – focusing on smart lockers, user experience, mobile apps, security and simplicity. Some of these new features include delivery management with a new mobile app and an infrared scanner to detect packages in each locker.

Design sustainable leading solutions to help customers fulfill their needs while contributing to sustainable development

PRODUCT ECODESIGN

In order to reduce the impact of its products throughout their life cycle, Quadient actively and successfully implemented an eco-design policy as of 2006, which has now become an integral part of the corporate strategy. The Company gives careful consideration to energy efficiency, use of hazardous substances, longevity, recyclability, modularity and the upgradability of its products. The high level of sustainability and reliability of the parts and components enables the Company to adhere to the principles of a circular economy. This virtuous loop promotes the repair, re-use and eventual recycling of materials rather than their disposal.

Today, all new office franking machines and folder/inserter ranges benefit from this ecodesign approach.

INNOVATIVE AND SUSTAINABLE SOLUTIONS

Quadient permanently strives to propose innovative solutions that respect the environment. The boom in e-commerce and its impact on the consumption of cardboard and packaging materials have led the Company to design and create innovative solutions for market players.

Shipping innovation

Constantly driven by innovation, the Company has designed and developed automated packaging solutions that make made-to-measure parcels in real-time. Those solutions, named the CVP Automated Packaging Solution, have significantly reduced the ecological impact of the supply chain by reducing the empty space in both packages and trucks. Fit-to-size packaging enables savings of up to 20% of packaging materials and can reduce the volume of packaging by up to 50%. Since 2016, Quadient has been singled out among logistics and packaging professionals, being awarded prizes in France and the US. In 2019, the CVP Automated Packaging Solution received the Year Reader's Choice Award of the Material Handling Product News Product (MHPN) in the Packaging Category.

ANSWERING TO THE ISSUES OF THE LAST MILE DELIVERY AND RE-DELIVERY

E-commerce expansion has made the last mile delivery increasingly challenging. As customers have significantly adopted online shopping and raised their expectations for more consumer-centric and sustainable shipping services, the Quadient Standard Parcel Locker offer an answer to those main issues.This solution helps to reduce missed deliveries and allows to reduce the CO_2 emissions related to the re-delivery of parcels.

Deliver high quality, reliable and secured products, solutions and services

PRODUCT SAFETY FOR USERS

Quadient takes great care in assessing the safety of the products it places on the market and complies with all European and international regulations. These requirements are taken into account in product development. Approval and qualification tests are first carried out internally before being confirmed by independent external laboratories. Externally conducted tests make it possible to ensure product safety. Tests mainly cover compliance with UL ("Underwriters Laboratories") requirements; Russian GOST-R regulatory requirements and EC requirements regarding electromagnetic compatibility (directive 2004/108/EC), limiting the voltage used in electrical equipment (directive 2006/95/EC "Low voltage") and the restriction of the use of certain hazardous substances (directive 2011/65/EC "RoHS"). Other external tests make it possible to check compliance with electromagnetic compatibility (EMC) requirements, with US Federal Communications Commission (FCC) requirements and with the Australian c-tick label guaranteeing low exposure to electromagnetic fields. Tests are also conducted on product sound emissions, on drop tests and on compliance with "Energy Star" requirements. "Energy Star" is a label created by the US Environmental Protection Agency (EPA) and recognized by the European Union. It sets out energy consumption criteria to improve the energy efficiency of office equipment. This efficiency depends on electricity consumption of products in use and in sleep mode.

The regulatory guidance regarding electrical and electronic equipment regularly evolves at both European and international levels. Our active participation in the professional organizations of the French Information Technology Industry Union (AFNUM) and the working meetings of the National Authority in France allows Quadient to follow these developments an anticipate future changes. Among the regulatory texts with which the Company must comply, particular attention is paid to the RoHS and WEEE EU directives, the French decree on the use of nanomaterials (now applicable) and the REACH regulation.

MEASURING CUSTOMER SATISFACTION

Quadient conducts several customer satisfaction surveys for Mail-Related Solutions (MRS), Business Process Automation (BPA) and Customer Experience Management (CXM) activities.

- For Mail-Related Solutions customers, two annual satisfaction and loyalty surveys are conducted with thousands of Quadient customers. These surveys are conducted by phone in the Company's main countries, working with an external customer relations firm. The purpose of these surveys is to evaluate customer base trends regarding Mailing and Document Systems and to propose action plans to continue to satisfy customers as far as possible. In total, more than 40 criteria are evaluated on a 1 to 5 satisfaction scale;
- For Customer Experience Management and Business Process Automation activities, yearly surveys are conducted due to smaller base of customers for those activities. Also many criteria of satisfaction are assessed with scrutting by the Group's customers.

Through these surveys, Quadient assesses its strengths and weaknesses, as well as their importance for the customer, in order to determine priority areas for improvement. Improvement plans are then prepared and managed both at corporate level (mainly R&D) and at the level of business entities. These plans focus on two complementary areas: the product range and all customer-facing processes.

In addition, on-the-spot surveys are conducted by the commercial entities to measure customers' satisfaction in real time, to deep dive and hear what they have to say about key processes and to respond quickly to any customer dissatisfaction. Regarding the Parcel Lockers, Parcel Pending, operating in the United States, runs post-iteraction surveys to evaluate customer service and for almost all the business lines, post-maintenance surveys are conducted following the support provided to customers. The results of these studies are shared with employees and contribute to their awareness of customer satisfaction. According to the latest surveys carried out, the overall satisfaction rate was 96% in 2019.

Objective	Initiatives	2019 Results
Deliver high quality, reliable and secure products, solutions and services	Availability of digital applications	• Availability rate of Quadient cloud solutions is 99.88%. • Bug resolution time – Hotfix Service Level Agreement (SLA) – 90% +.
	Customer satisfaction	• 96% of customers were satisfied in 2019. • 93% for Customer Experience Management (CXM). • 97% for Mail-Related Solution(MRS). • 94% for Business Process Automation (BPA).

5.1.5 ACTING ETHICALLY AND RESPONSIBLY

Quadient expects each of its employees to act with honesty and integrity, and to comply with applicable laws, rules and regulations governing all aspects of the business including research, development, manufacturing, marketing, sales and distribution of products and associated services and solutions. Beyond the regulatory obligations, Quadient has defined the ethical standards that the Company wishes to encourage internally among its employees and, as part of its dialogue with all of its external stakeholders.

Promote a culture of integrity and ethical conduct through Quadient's compliance program

THE CODE OF ETHICS

Designed to promote ethical behavior among employees and external stakeholders, Quadient's Code of Ethics sets the framework for its requirements and practices, a framework on which it relies to make its decisions and carry out its activities. It covers a broad range of topics that the Company sees as crucial: Human Rights, Employees (health & safety at work, diversity, fairness and respect, employee development, open dialogue, and representative bodies), Business Ethics (anti-trust laws and fair competition, corruption, political engagement, communication), Business Relationships (customers and partners), Company assets and third parties (protection of the Company assets, confidential information and data protection, respect for intellectual property rights), Citizenship and responsible engagement (environmental protection and societal commitment).

Quadient asks every employee, regardless of their role, function or entity, to follow the Code of Ethics when working for or representing Quadient. It also expects and encourages its business partners and suppliers to act in a way that is consistent with this Code. To facilitate the internal distribution, the Code is available in the following languages: French, English, Dutch, German, Italian, Spanish and Czech. Each entity makes the Code available to its employees on their regional Intranet or by distributing a printed version. It is also available on the new corporate website:
https://www.quadient.com/about-us/corporate-responsibility.

PREVENTION OF AND FIGHT AGAINST FRAUD AND CORRUPTION

In accordance with its Code of Ethics, Quadient complies with the anti-corruption laws of the countries in which it operates and has a zero-tolerance policy for corrupt practices, including in particular giving or accepting bribes, either by an employee or a third party acting on behalf of the Company. Quadient rejects all forms of corruption and prohibits demanding, accepting, offering or giving bribes, gifts or other benefits, either directly or indirectly. It also raises awareness and provides training to its employees on the prevention of fraud and corruption. The Board of directors of Quadient has 11 independent members, the majority of whom are independent.

The Board's rules of procedures and the establishment of a Conflict of interest policy and a fraud prevention procedure in 2012 minimize the risk of abuse and misdeeds. In addition, the managers concerned are required to sign an annual conflict of interest form for internal controls.

ANTI-TRUST LAWS AND FAIR COMPETITION

Quadient does not tolerate anti-competitive practices, including price fixing, the rigging of tenders and responses to tenders, or sharing customers, markets or territories. Accordingly, Quadient forbids its employees from entering into any agreement with competitors intended to restrict the nature or quantity of products and services offered, as well as any agreement with suppliers or other partners to obstruct fair competition or the exchange of information with competitors regarding corporate strategy on products or pricing.

WHISTLE-BLOWING PROCEDURES

Quadient has implemented a corporate whistleblowing procedure to facilitate the reporting of any possible breach of its Code of Ethics. Different escalation channels are available to raise concerns. Employees are encouraged to report through the management line first. However, if an employee considers that informing their direct line manager could cause difficulties (for example, if the direct line manager was involved in the alleged misconduct) or that the alert notified may not be properly followed-up, they may directly contact one of the following departments: HR, Compliance, Legal or Internal Audit. To complement this process, a comprehensive and confidential reporting tool Quadient Ethics line will be launched in May 2020. This solution, hosted and operated by a third party provider NAVEX Global will assist employees in signaling fraud, abuse, and other misconduct in the workplace, through a form online or a hotline, available 24 hours a day, 365 days a year. All escalated or identified ethic breaches will be analyzed by the Ethics & Compliance committee composed of the Chief People Officer, General Counsel, Director of internal control and Director of CSR & Compliance.

HUMAN RIGHTS

Quadient runs its business in accordance with the fundamental principles outlined in the United Nations Universal Declaration of Human Rights and conventions of the International Labour Organization. The Company strongly condemns modern slavery and the trafficking of human beings, all forms of illegal, forced or compulsory labor, in particular child labor, discrimination in respect of employment and occupation, restriction of freedom of association and the right to collective bargaining.

Quadient supports these principles in its Code of Ethics, its position on labor relations, hiring practices and its relationships with partners, suppliers and customers. The Company ensures that its operations comply with its Code of Ethics through its procedures and internal control systems including regular operating reviews, risk management, internal audits and supplier assessments.

Protect data entrusted to Quadient against internal and external

In addition to smart equipment designed to handle physical mail, the Company's offer also includes software solutions enabling digital communication between a company and its customers via different channels (mail, email, web applications, mobile applications, etc). Other software solutions for handling and tracking parcel shipments complete Quadient's offer.

Vast amounts of confidential and non-confidential data pass through the systems and infrastructures every day, over the Internet and through the cloud. Threats from cyber-attacks, negligence or obtaining illegal access could result in the corruption, theft, loss or leakage of all or part of the Company's data or personal data or lead to business disruption.

The protection of its systems and infrastructure is one of the major concerns. In response, the Company has defined security policies that detail the requirements for correct and secure use of its own data and that entrusted to Quadient by its stakeholders such as staff, customers, suppliers and other partners. These security policies have been rolled-out in all countries in which Quadient operates. They are mandatory and apply to all the entities, employees, service providers and consultants working on company sites or to anyone with access to company systems.

A governance body has been put in place to manage the applicable policies on information security. It consists of a Chief Information Security Officer, a network of experts across the Company's various sites. Its role is to monitor the roll-out of security policies, analyze security incidents and performance and adapt these policies accordingly.

Objectives	Initiatives	2019 Results
Extend information security management system to all our activities	Organizing a network of security officers at Corporate, business unit and site level	• A network made up of local experts led by the Information Security Officer and digital operation. • Analysis of security incidents, security performance and the progress of security-related projects during quarterly security reviews.
	ISO 27001 certification program	• 5 entities are ISO 27001 certified (covering 22% of staff), 2 of them also have ISO 27018 certification (Cloud) and meet the OpenSAMM security standards.
Ensure that data is received, used and managed responsibly	Program of internal and external audits in 2019 on the Company's systems and applications	• 25 security audits carried out in 2019 covering MRS, CXM and BPA.
	Personal data protection program complying with the GDPR and CCPA[1]	• Implementation of the personal data protection policy and procedures that meet the requirements of the regulation. • Maintaining a global organization with a data protection officer at Company level (a member of the Company's Executive Committee), from the regions to local level with coordinators present at each site. • Implementing new CCPA requirements in North America; • 2 compliance audits conducted at Quadient France and Quadient UK.

ISO 27001 CERTIFICATION PROGRAM

Quadient is currently rolling out a certification program based on the ISO 27001 standard, primarily covering sites whose business is the development of software solutions, infrastructures and their support. In 2019, five entities were ISO 27001 certified, and two of them were also ISO 27018 certified.

COMPLIANCE WITH DATA PRIVACY REGULATIONS

GDPR compliance[2]

Actions already carried out: include the update of the data processing register that helps to map all the personal data as well as their processing methods and use, the addition of clauses in customer and supplier contracts and the establishment of questionnaires/recommendations for more effective management of the database of potential leads.

The Company has also updated the incident management procedure. Training was given to those business units most at risk and which handle customer and employee personal data. The entire process must be audited to ensure it is operational and effective. Two compliance audits were already conducted in 2019 at Quadient France and Quadient UK .

(1) California Consumer Privacy Act.

(2) General Data Protection Regulation.

Compliance with US privacy regulation (CCPA Compliance)

An inventory of data was carried out for all US entities as a first step to assessing compliance with CCPA requirements. Initial CCPA guidelines were provided for businesses. Selection of a service provider for the risk analysis that will be implemented in 2020.

Engage with partners and suppliers who observe similar ethics and responsability standards similar to the Company's

Quadient extends its CSR and ethical commitments to all its partners, which must comply with applicable laws and regulations, International Labour Organization conventions and its responsible procurement policy.

To this end, since 2016 the industrial partnership and procurement department, in collaboration with QHSE (Quality, Health, Safety and Environment) and CSR management, has rolled out its Supplier Code of conduct and its responsible procurement policy across its entire range of manufacturing suppliers. The policy against modern slavery and human trafficking complements the measures take by the Company to support Human Rights. Quadient has also disclosed its conflict minerals policy to its electronic suppliers and requested them to provide evidences that they do not use conflict minerals in the manufacturing of components they deliver to Quadient.

Quadient seeks to establish mutually beneficial partnerships with its suppliers and to conduct business with them in a responsible, ethical and sustainable manner. The Company, therefore, endeavors to work only with partners who share its values and have similar ethical rules to its own.

Quadient is also committed to choosing its suppliers carefully, fairly and with integrity. They are selected using the established procurement strategy or by invitation to tender based on their ability to meet the Company's requirements in terms of quality, price, service, reliability, technology, safety, the environment and ethics. The Company also endeavors not to create a situation of mutual dependence in terms of revenue, technology and know-how.

Quadient ensures that its suppliers comply with its requirements through dialog, visits, audits and performance assessments carried out by its teams. Over and above contractual matters and supplier selection audits, since 2017 the industrial partnership and procurement department has launched an annual CSR assessment campaign for its suppliers. Those who do not fulfil the Company's assessment are asked to provide an action plan.

Objectives	Initiatives	2019 Results
Ensure that suppliers endorse the Supplier Code of Conduct	Assessment of suppliers' CSR performance	• 221 suppliers assessed since 2017representing 98.9% of the total manufacturing purchases from the plants at Le Lude and Drachten and from Quadient's OEM partners in 2019. • 89.2% of the suppliers assessed in 2019 obtained a score in keeping with the Company's requirements. An action plan is required from suppliers who do not comply with the supplier Code of Conduct.
Evaluate the CSR practices and policies of the suppliers	Supplier CSR audits	• 6 CSR audits carried out with tier-two suppliers in Asia (China and Malaysia) completed in 2018.
	Staff involvement and training in responsible procurement	• CSR and ethics training over 2 days for purchasing and supplier quality teams present in Asia (Hong Kong). These teams cover all of the relationships with the Company's suppliers in China and Malaysia. • Discussions with the team of buyers to jointly define the CSR criteria relevant to different types of suppliers, particularly on social issues.
	Involvement of suppliers and responses to non-financial rating agencies	• Listed according to the criteria defined by the Company. • The Company was awarded "Gold" status (69/100) at the latest assessment conducted by EcoVadis in 2019. It shares its profite with its customers (selection criterion in certain cases) and suppliers and invites its suppliers to complete the EcoVadis questionnaire. In 2019, Quadient increased its score related to responsible procurement by 10 points compared with 2018.

Fighting against food waste

Given the nature of Quadient's business, the topics such as the fight against food insecurity, the fight against food waste, and respect for animal welfare and sustainable food production as set out in Article L.225-102-1 of the French Commercial Code are not part of the main risks identified in the risk analysis performed in 2019. The report does not, therefore, cover these issues.

Tax evasion

Tax evasion matter is presented in chapter 4 related to Risk Factors and Internal Control.

5.1.6 REDUCING QUADIENT'S ENVIRONMENTAL FOOTPRINT

For several years, Quadient has been committed to protecting and preserving the environment. Given its activities, the Company's main environmental challenges related to its carbon footprint on the one hand, and on the other hand, the impact of its products and solutions throughout their lifecycle on the other.

Quadient's environmental policy, formalized in the Code of Ethics, focuses on innovation and the eco-design of products, their remanufacturing and the recycling of waste generated by the industrial sites and products at the end of their life, thus encompassing the principles of the circular economy. This Code also defines a framework for all Quadient's entities that are committed to acting to reduce their carbon footprint.

Foster circular economy principles in activities to lower Quadient's environmental footprint

Circular economy refers to a set of practices enabling the protection, better use and less waste of natural resources. It is a global initiative that aims to change the paradigm concerning the so-called linear economy. At Quadient, it translates into the following actions:

ECONOMICS OF FUNCTIONALITY

The economics of functionality is the offering or sale of the use of goods or a service rather than the goods itself. The aim is to develop integrated solutions for goods and services with a view to sustainable development. This way, trade is no longer based on the transfer of ownership of goods, which remain the property of the manufacturer throughout its life cycle, but on the consent of users to pay a use-value.

Quadient's business model is in keeping with this rationale. It is based on the provision of mail handling services (rental or leasing) such as envelope inserting and franking rather than the sale of equipment. Services usually include maintenance management and the supply of print cartridges. In this way, the products used to provide these services to customers still belong to Quadient and are recovered at the end of the contract or at the end of their life. There is the opportunity to place these products back on the market once they have been remanufactured.

ECODESIGN OF PRODUCTS

Quadient's eco-design policy aims, in particular, to improve energy efficiency, use of hazardous substances, longevity, recyclability, modularity and the upgradability of our products to minimize their impact on the environment throughout their life cycle.

The high level of sustainability and reliability of the parts and components employed enables the Company to adhere to the principles of the circular economy. This virtuous loop promotes the repair, re-use and eventual recycling of materials rather than disposal. To that end, Quadient has incorporated strict eco-design rules into its design and development processes. These allowed the Company to identify the product life cycle phases, technologies and components that have the greatest impact on the environment. Furthermore, the efforts made have yielded very encouraging results concerning the environmental gains of new generations of products, demonstrating at the same time significant economic benefits.

Today, all franking machines and folders/inserters ranges benefit from this ecodesign approach. In 2019, as part of its continuous improvement approach the company had conducted a life cycle analysis on some of its hardware and software solutions.

PRODUCTS REMANUFACTURING

Remanufacturing marks a new stage in the Quadient's environmental strategy, as part of a global circular economy approach. This is an industrial process in which a product is recovered from the field (product at the end of the contract, demonstration, exchange) then inspected, dismantled, cleaned, and upgraded in terms of functionalities (hardware and software). Worn parts are replaced with new parts or parts that have been remanufactured. Once reassembled, the machine is tested and packaged. These remanufactured products are therefore equivalent to new products offering the same technical characteristics and reliability. They are then placed back on the market with the same warranty as new product.

Quadient has carried out a study on the remanufacturing of products in its range of franking machines to measure the impact of the roll-out of such products among customers. This study, conducted by independent experts in the circular economy, showed that a remanufactured machine results in an environmental gain of up to 37% compared to a new machine in terms of greenhouse gases (GHG) generated throughout its life cycle.

Over and above environmental impacts and raw material savings, product remanufacturing is part of a virtuous approach that allows Quadient to keep workers in jobs at the Company's production plants, and gives to the Company greater control over the quality of machine products installed in customers' premises. Since 2014, 20 direct jobs have been maintained at the Le Lude industrial site and six indirect jobs at local subcontractors.

WASTE MANAGEMENT

The waste generated by the Company comes mainly from manufacturing and logistics operations as well as the products it places on the market. This includes packaging waste, used consumables, spare parts and end-of-life products. As a responsible producer of hardware products, Quadient strives to reduce waste at the source, throughout its manufacturing operations, and ultimately avoid its products ending up in landfill at their end of life. To this end, the Group has implemented take-back programs for equipment and consumables.

Objectives	Initiatives	2019 Results
Promote take back and recycling programs for products and supplies	Eco-design of products	• Eco-design policy rolled-out within project and R&D teams for franking and inserting machine product lines.
Reduce generation of waste within our industrial operations	Remanufacturing of products	• Introduction of global reverse logistics to collect end-of-lease/rental, end-of-life products. • 38,814 products remanufactured in 2019.
Maintain high rate of waste recycling	Reuse and recycling waste	• 1,230.03 tonnes of non-hazardous industrial waste in 2019 (versus 1,356.97 in 2018). • 10.28 tonnes of hazardous industrial waste in 2019 (versus 18.82 tonnes in 2018). • 95.6% of industrial waste valorized (versus 99.6% in 2018) of which 90% recovered for material in 2019 (in 2018 material recovery represented 92%). • 766 tonnes of WEEE (Electrical and electronic equipment waste) in 2019. • Implementation of a franking machine consumables collection process in the United States, Canada, France, United Kingdom, Ireland, Benelux and Germany. • 31% of franking machines supplies collected from customers.

Support transition to a low carbon economy by reducing our carbon emissions

Aware of the consequences of the risks linked to climate change, Quadient has analyzed the potential effects of this phenomenon on its activities. Three risks that could have a medium- or long-term impact have been identified and are described below.

- Risk linked to the intensification of natural disasters and events: on account of their geographic location, some Quadient sites and some industrial partners and suppliers are exposed to natural disasters or events such as earthquakes, or to climatic phenomena such as hurricanes, cyclones, typhoons or even floods and tidal waves, which will occur increasingly often. The logistics center in Memphis, the production site in Drachten and Quadient offices at Hong Kong appear to be the most exposed. These events are likely to affect the availability of parts and components necessary for the manufacture of the products, and to damage production facilities, slow the supply chain, temporarily interrupt production and distribution, and potentially threaten the safety of employees;
- Risk linked to changes in the regulations to reduce greenhouse gas emissions: Quadient is mindful of the development of such rules, existing or future, the increased stringency of which could have a negative impact on its future sales and activities, thus increasing its operational costs and reducing profitability;
- Risk linked to behavioral changes in stakeholders: regulatory changes and the common aim of customers, investors and shareholders to reduce CO_2 emissions are becoming increasingly important to companies whose product offerings and activities have minimal impact on the environment. Most public or private calls for tender include criteria on environmental performance and particularly on the carbon footprint of the products or services delivered. Article 173 of the French Energy Transition Law requires institutional investors to transparently disclose how environmental, social and governance criteria are considered in their investment decisions.

Objective	Initiatives	2019 Results
Reduce greenhouse gas emissions related to solutions and activities	Reduce consumption and improve energy efficiency	• 57% of the Company's entities are ISO 14001 certified, including 100% of its industrial sites. • Use of high-energy-efficiency or BREEAM certified premises; Bagneux, Rueil-Malmaison, Stratford (United Kingdom), Milford (United States), reduction of 2% in the surface area occupied by the Company compared to 2018. • Replacement of obsolete equipment, investment in higher performance and approved equipment (boilers, heat pumps, heat recovery compressors), renovation of buildings (external insulation), installation of presence sensors, LED lighting. • Increased awareness of employees to eco-friendly ways of working. • Virtualised operation of IT servers: 18 racks of servers and equipment such as routers, switchers, UPS, communication equipment, storage equipment, cables, etc. have been reduced to 3 racks following initiatives carried out at Quadient UK in October 2018. • Drop in energy consumption of 8% compared to 2018 (27,399 MWh in 2019 as against 29,909 MWh in 2018).
	Reduce the impacts of freight transport	• Eco-design of products: reduced product weight and optimized packaging volume in relation to product size. • Operation to bring some Asian production activities back to Europe (Le Lude and Loughton), at the same time reducing the effects of international deliveries. • Optimized planning and procurement systems: checking the fill rate of containers, monitoring transport methods between sea and air freight. • Selection of carriers with eco-friendly logistics (optimized delivery runs, fuel economy).

LOW CARBON ENERGY

Quadient Canada has a multi-year agreement with Bullfrog Power, the leading green energy supplier in Canada. The partnership reduces Quadient's carbon footprint by supporting renewable energy projects. The principle involves supplying the Canadian electricity grid with a quantity of renewable energy equivalent to that consumed by all Quadient sites in Canada. The initiative helps to reduce energy generation by facilities that use fossil or nuclear fuels. Every kWh of power consumed is matched by the supply of a kWh of energy from a renewable source. The green electricity generated by wind or hydraulic power is considered to be non-polluting sources that emit no CO_2. Bio-gas comes from methane recovered from landfill waste sites and is also considered as not emitting CO_2. Several other Quadient's entities have made the choice to use renewable energy such as Quadient Sverige in Sweden, Quadient Switzerland and Quadient DOPiX Germany. In France, geothermal energy is used to heat part of the headquarters.

PARTICIPATION IN THE 2019 CDP (FORMERLY CARBON DISCLOSURE PROJECT)

Since 2009, the Company has completed the Carbon Disclosure Project (CDP) questionnaire. CDP is an organization that manages a global information publication system allowing businesses to assess and compare their environmental policies. It evaluates companies' management and performance in terms of climate change and ranks them from D (lowest) to A (highest). In 2019, Quadient obtained a score of B, corresponding to Management level and thus positioning Quadient above the average of companies in general in France and Europe (average score of B-).

5.1.7 OTHER NON-FINANCIAL INFORMATION

The 2019 reporting scope does not include Human Inference and Temando data, which were respectively divested and shutdown in 2019.

Social data	2019	2018	2017
Headcount by gender[(a)]			
Women	1,687	1,717	1,829
Men	3,731	3,829	3,969
TOTAL NUMBER OF EMPLOYEES (TEMPORARY/CASUAL EMPLOYEES ARE EXCLUDED)	**5,418**	**5,546**	**5,798**
Headcount by type of contract			
Permanent contracts	5,325	5,443	5,713
Fixed-term contracts	93	103	85
Temporary/casual employees	111	207	185
Breakdown of recruitments and departures[(b)]			
Recruitments	668	704	742
Departures	710	878	889
Training			
Number of employees involved in one or more training courses in the year	4,640	4,716	4,514
Total number of training hours	114,350	122,232	127,026
Diversity			
Women managers	271	281	275
Men managers	756	775	781
Disabled employees	92	80	94
Absenteeism[(c)]			
Related to workplace accidents with time off work	0.12%	0.15%	0.08%
Related to workplace accidents while commuting	0.04%	0.04%	0.05%
Related to occupational illnesses	0.01%	0.00%	0.01%
Related to illness (excluding maternity and paternity leave)	4.63%	3.59%	2.89%
AVERAGE GROUP ABSENTEEISM RATE	**4.8%**	**3.77%**	**3.03%**
Workplace accidents			
Number of workplace accidents	91	90	87
Workplace accidents resulting in time off work	30	35	33
Number of days lost through accidents resulting in time off work	1,175	1,824	1,089
Frequency rate of workplace accidents	4.2	4.7	4.2
Severity rate of workplace accidents	0.16	0.25	0.14

(a) Workforce present as of 31 January with an employment contract with an entity of the Company (excluding temporary employees and interns).
(b) Hires and departures within the internal mobility are not taken into account.
(c) Absenteeism rate has been calculated in working days.

Environmental data	2019	2018 [(a)]	2017
Water (in m^3)	**41,789**	**47,402**	**57,001**
Energy (in MWh)			
Electricity consumption	16,055	17,224	17,130
Gas consumption	9,082	10,981	11,233
Heating network consumption	2,122	1,555	2,076
Fuel oil consumption	140	147	123
TOTAL ENERGY CONSUMPTION (IN MWH)	**27,399**	**29,909**	**30,562**
Scope 1 direct emissions (in Teq CO_2)			
Emissions related to company vehicles	7,713	8, 313	10,155
Emissions related to natural gas combustion	1, 430	1 ,745	2,272
Emissions related to refrigerant gas	1, 088	1 ,081	1,406
Emissions related to fuel oil combustion	33	34	32
TOTAL SCOPE 1 (IN TEQ CO_2)	**10,264**	**11,173**	**13,865**
Scope 2 indirect emissions (in Teq CO_2)			
Emissions related to electricity purchased	5,921	6,353	6,663
Emissions related to urban heating purchases	575	404	333
TOTAL SCOPE 2 (IN TEQ CO_2)	**6,496**	**6,757**	**6,996**
Scope 3 other indirect emissions (in Teq CO_2)			
Emissions related to upstream and downstream freight transportation[(b)]	2,834	3,447	2,912
Emissions related to business travels	9,574	9,202	7,880
Emissions related to employees commuting	8,555	Not available	Not available
Emissions related to the use of franking machines sold[(c)]	Not available	6,446	7,264
Emissions related to WEEE treatment[(d)]	Not available	117	141
Waste related to industrial activities (in tons)			
Non-hazardous industrial waste	1,230.0	1,356.9	1,293.8
Hazardous industrial waste	10.3	18.8	17.3
TOTAL INDUSTRIAL WASTE (IN TONS)	**1,240.3**	**1,357.7**	**1,311.1**
% of waste recovered[(e)]	**95.6%**	**99.6%**	**89.9%**
End-of-life waste (in tons)			
Electrical and electronic equipment waste	766	782	943
% of waste recovered[(f)]	75%	78%	73%

(a) The 2018 data was revised downwards due to the adjustment of certain emission factors.

(b) The data concern upstream and downstream transport managed by the Company. Transportation managed by Quadient entities locally was not taken into account.

(c) In 2017 and 2018, the calculation is based on the annual consumption of a franking machine during its use, multiplied by the average duration of the leasing contract, multiplied by the number of machines placed on the market in the past year in a given country and multiplied by the emission factor of the country. The Company is currently carrying outEnvironmental lifecycle assessments to calculate emissions related to the use of its sold products.

(d) In 2017 and 2018, emission were estimated based on the quantity of electrical and electronic equipment waste reported for the past year, multiplied by the quantity of CO_2 generated per ton of waste treated for the end-of-life scenario corresponding to the French model. The Company is currently reviewing its methodology for calculating its direct and indirect emissions. This indicator will be disclosed in the next non-financial performance statement.

(e) The data relate to all companies involved in industrial activities: NISA, NTSA, NTL, NTBV, NISL Memphis.

(f) Material recovery and energy recovery.

5.1.8 NOTES REGARDING METHODOLOGY AND THE CSR REPORTING SCOPE

CSR reporting scope

The information presented below concerns the consolidated entities of Quadient as at 31 January 2020 included in the CSR reporting scope. The reporting scope was established pursuant to articles L.233-1 and L.233-3 of the French commercial code and covers all the company's activities in accordance with the rules defined below. The reporting scope includes all entities under the company's operational control at 31 January of the reporting year and meeting one of the following two conditions:

- all entities with activities related to the supply chain (manufacturing, assembly, customization, purchases and logistics);
- all entities exercising R&D, retail or finance activities, and having more than 25 employees (with the exception of the consolidated reporting scopes for Quadient s.r.o, Quadient Norge, Quadient Germany, Quadient Oceania and Quadient Inc.).

The following are therefore excluded from the scope of reporting: Quadient India, Quadient Finance Ireland Ltd, Quadient Finance France, Neopost Mailing Logistics System, and Neopost Global Services, icon Communication Dynamics, Parcel Pending and Packcity Japon. Thus, 275 people are excluded representing 4.8% of the total employees of the company. The scope of CSR reporting therefore represents 95.2% of the global workforce. In addition, during the 2019 financial year Human Inference was disvested and Temando activities were shutdown.

When one of the Company's entities is not able to provide data for one specific indicator, and no estimation can be made, the entity is excluded from the indicator in question and an explanatory note specifies the scope or calculation method used for each indicator.

Changes in the scope of reporting or calculation methodologies do not always make it possible to draw a relevant comparison of data for the 2019 and 2018 financial years. These changes are mentioned and specified for the indicators whenever they have occurred in order to facilitate the correct interpretation of the indicators.

Furthermore, some indicators have not been mentioned in this report since they were deemed not relevant to the activity exercised by Quadient. This information concerns the environment with the indicator relating to land use and biodiversity, food waste and sustainable food.

Reporting process

The reporting process for 2019 was set forth in detail in a CSR reporting protocol for the collection of the necessary quantitative and qualitative information. This protocol was deployed in English in all Quadient entities and is also available on the secured CSR website. It was used to clarify the definitions and calculation methods for each indicator and to detail the steps of the reporting process, as indicated below:

- planning, collection, consolidation of qualitative and quantitative data and consistency check;
- data verification: in accordance with regulations, Quadient submitted the information contained in this CSR report for audit.

In January 2020, as it has been the case every year since 2015, specific "web meetings" were also proposed to entities that wanted to develop certain aspects of the reporting further. Quantitative data was collected from the entities using dashboards and the qualitative data was collected through online questionnaires accessible on the secured website dedicated to CSR benchmarks in the various countries.

CROSS-REFERENCE TABLE WITH THE INFORMATION REQUIRED IN THE NON-FINANCIAL PERFORMANCE STATEMENT

Theme	Pages	Cross-reference with the 2019 Universal Registration Document
Overview of the business model	8 to 9	Introductory booklet
Description of the main non-financial risks related to the Group's activity	96 to 101	CSR strategy and policy
Description of policies designed to prevent, identify and mitigate the occurrence of non-financial risks and the outcomes of these policies, including key indicators	102 to 114	With reference to the mapping of CSR risks, cross-referencing with the eleven priority risks: • Human capital development, talent attraction and retention • Diversity and inclusive workplace • Community Engagement • Health & safety and well-being • Eco-design and sustainable products and solutions • Intellectual property rights • Data privacy and integrity • Breach of ethical rules • Sustainable procurement & Human rights • Circular economy • Climate change
Respect for Human Rights	109	Human Rights
Anti-corruption	109	Prevention and fight against fraud and corruption
Climate change (contribution and adaptation)	112 to 114	Reducing Quadient's carbon footprint
Circular economy	112	Adopt a circular economy approach
Food waste, fight against food insecurity, respect for animal welfare, responsible, fair and sustaianble food	111	Given the nature of its activities, the Company considers that these topics do not constitute a significant CSR risk and do not justify a development in this document
Collective agreements and impacts	102 to 105	Engage with employees and local communities
Fight against discrimination and promotion of diversity	104 to 105	Create a diverse and inclusive culture and be an equal opportunity employer
Societal commitments	105 to 106	Encourage employees to support the communities that make sens for them
Fight against fraud	87	Tax evasion matter is presented in chapter 4 related to Risk Factors and Internal Control

5.2 Independent third party's report on consolidated non-financial statement presented in the management report

Year ended the January 31st, 2020

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the General Assembly

In our quality as an independent verifier, accredited by the COFRAC under the number n° 3-1681 (scope of accreditation available on the website www.cofrac.fr), and as a member of the network of one of the statutory auditors of your entity (hereafter "entity"), we present our report on the consolidated non-financial statement established for the year ended on the 31 01 2020 (hereafter referred to as the "Statement"), included in the management report pursuant to the requirements of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

THE ENTITY'S RESPONSIBILITY

The Board of Directors is responsible for preparing the Statement, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented considering those risks and the outcomes of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement (or which are available online or on request from the entity's head office).

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (*Code de déontologie*) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with applicable legal and regulatory requirements, the ethical requirements and French professional guidance.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3° and II of the French Commercial Code, i.e., the outcomes, including key performance indicators, and the measures implemented considering the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on the entity's compliance with other applicable legal and regulatory requirements, in particular the French duty of care law and anti-corruption and tax avoidance legislation nor on the compliance of products and services with the applicable regulations.

NATURE AND SCOPE OF THE WORK

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code, as well as with the professional guidance of the French Institute of Statutory Auditors ("CNCC") applicable to such engagements and with ISAE 3000[1].

- we obtained an understanding of all the consolidated entities' activities and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in article L. 225 102 1 III as well as information regarding compliance with human rights and anti corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1; concerning certain risks (anti corruption and tax avoidance, intellectual property), our work was carried out on the consolidating entity, for the others risks, our work was carried out on the consolidating entity and on a selection of entities: NISA Le Lude, Neopost AG, et NISA/NTSA Bagneux;
- we verified that the Statement covers the scope of consolidation, i.e. all the consolidated entities in accordance with article L. 233-16 of the French Commercial Code within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative outcomes that we considered to be the most important presented in Appendix 1, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data;
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities and covers between 8% and 10% of the consolidated data relating to the key performance indicators and outcomes selected for these tests (8% of headcount, 10% of energy consumption);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

MEANS AND RESOURCES

Our verification work mobilized the skills of six people and took place between December 2019 and April 2020 on a total duration of intervention of about 5 weeks.

We conducted six interviews with the persons responsible for the preparation of the Statement.

(1)

CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the consolidated non-financial statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

Paris-La Défense, 30th of April 2020

French original signed by:

Independent third party

ERNST & YOUNG et Associés

Éric Duvaud	Jean-François Bélorgey
Partner, Sustainable Development	Partner

APPENDIX 1: THE MOST IMPORTANT INFORMATION

Social Information	
Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Part of headcount with permanent contract Retention rate Training hours Rate of employees having received at least one training Absenteeism rate linked to work accident Share of women in the Group Share of women managers	Employment (attractiveness, retention), Increasing commitment of employees Human capital development Quality of life and well-being in the workplace Diversity and equal treatment (equality between men and women, fight against discrimination, insertion of people with disabilities) Employees' personal data security
Environmental Information	
Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Quantity of hazardous / non-hazardous waste produced Share of recycled materials used Quantity of waste from electric and electronic equipment (WEEE) Energy consumption Greenhouse gas emissions (scope 1 and 2)	Eco-design and products remanufacturing Waste recycling Actions to reduce carbon footprint
Societal Information	
Quantitative Information (including key performance indicators)	*Qualitative Information (actions or results)*
Clients satisfaction rate for CXM, BPA and MRS activities R&D and innovation investment Deployment rate of the Code of ethics in the Group entities Number of entities ISO 27001 certified Rate of suppliers assessed meeting the needs of the supplier's Code of conduct Number of registered patents	Local impact (employment, development, local residents, dialogue...) Subcontracting and suppliers (environmental and social issues), Measures taken for the health and safety of consumers Innovation and conception of sustainable products Reliability of products of the range of mailing and enveloping machines Availability of digital solutions Clients satisfaction Actions engaged to prevent corruption and tax evasion Actions to be compliant with GDPR requirements Responsible procurement policy Respect of intellectual property rights

6

FINANCIAL STATEMENTS

6.1 Consolidated financial statements

6.1.1 CONSOLIDATED BALANCE SHEET

CONSOLIDATED ASSETS

(In million euros)	Notes	31 January 2020	31 January 2019
Goodwill - Net	**(4-1)**	**1,045.3**	**1,127.3**
Intangible fixed assets			
Gross value	**(4-2)**	538.8	508.0
Amortization	**(4-2)**	(408.5)	(369.9)
		130.3	**138.1**
Tangible fixed assets			
Gross value	**(4-3)**	704.5	660.3
Amortization	**(4-3)**	(540.7)	(511.6)
		163.8	**148.7**
Assets right-of-use			
Gross value	**(8)**	138.7	-
Amortization	**(8)**	(67.7)	-
		71.0	**-**
Non-current financial assets			
Investments in associated companies		7.9	7.2
Non consolidated shares - Net		9.2	8.6
Non-current financial derivative instruments	**(12)**	4.1	6.8
Other non-current financial assets	**(4-4)**	47.7	41.6
		68.9	**64.2**
Net long-term lease receivables	**(6-2)**	416.6	422.8
Other net long-term receivables		3.8	3.4
Deferred tax assets	**(13-4)**	8.9	5.7
Total non-current assets		**1,908.6**	**1,910.2**
Net inventories and work in progress	**(6-5)**	**76.9**	**71.2**
Net receivables			
Net accounts receivable	**(6-2)**	233.2	229.8
Net short-term lease receivables	**(6-2)**	281.8	283.4
Income tax receivables		43.7	37.1
Net other receivables		6.2	6.6
		564.9	**556.9**
Prepaid expenses		44.5	39.0
Current financial derivative instruments	**(12)**	1.3	1.9
Cash and cash equivalents			
Short-term and liquid investments		0.5	0.4
Cash		497.8	245.5
		498.3	**245.9**
Total current assets		**1,185.9**	**914.9**
Assets held for sale	**(5)**	**20.8**	**7.8**
TOTAL ASSETS		**3,115.3**	**2,832.9**

The following notes form an integral part of the consolidated financial statements.

CONSOLIDATED LIABILITIES

(In million euros)	Notes	31 January 2020	31 January 2019
Shareholders' equity			
Share capital	**(14-1)**	34.6	34.6
Additional paid-in capital	**(14-1)**	52.9	52.9
Reserves and retained earnings	**(14-1)**	933.5	866.7
Cumulative translation adjustments	**(14-1)**	(3.8)	(23.2)
Treasury shares	**(14-1)**	(2.8)	(4.1)
Equity instruments	**(14-2)**	220.1	229.0
Net income		14.1	91.5
Total shareholders' equity		**1,248.6**	**1,247.4**
Attributable to:			
• holders of the parent company		1,238.4	1,238.6
• non-controlling interests		10.2	8.8
Non-current financial debts	**(12-2)**	993.9	673.8
Non-current lease obligations	**(8)**	61.4	-
Long-term provisions	**(11-1)**	28.6	26.3
Non-current financial derivative instruments	**(12)**	0.0	0.0
Other non-current liabilities		1.3	7.2
Deferred tax liabilities	**(13-4)**	134.8	144.8
Total non-current liabilities		**1,220.0**	**852.1**
Accounts payable			
Trade payables		79.5	80.1
Other operating liabilities	**(6-6)**	201.4	196.9
Tax payables		36.4	58.1
Short-term provisions	**(11-1)**	10.3	10.2
Deferred income		198.3	192.6
		525.9	**537.9**
Current financial derivative instruments	**(12)**	2.0	0.2
Current lease obligations	**(8)**	20.0	-
Financial debts			
Short-term portion of debts from credit institutions	**(12-2)**	86.7	185.8
Bank overdrafts	**(12-2)**	4.9	3.8
		91.6	**189.6**
Total current liabilities		**639.5**	**727.7**
Liabilities held for sale		**7.2**	**5.7**
TOTAL LIABILITIES		**3,115.3**	**2,832.9**

The following notes form an integral part of the consolidated financial statements.

6.1.2 CONSOLIDATED INCOME STATEMENT

(In million euros)	Notes	31 January 2020	31 January 2019
Sales	(6-1)	1,142.7	1,091.9
Current operating expenses			
Cost of sales		(302.1)	(271.9)
Research and development expenses		(53.2)	(56.9)
Sales and marketing expenses		(283.3)	(274.1)
Administrative expenses		(214.9)	(194.4)
Service and other operating expenses		(103.5)	(94.5)
Employee profit-sharing, share-based payments		(0.6)	(0.8)
Expenses related to acquisitions	(6-7)	(15.5)	(17.2)
Total current operating expenses	**(6-4)**	**(973.1)**	**(909.8)**
Current operating income	**(6-3)**	**169.6**	**182.1**
Structure optimization expenses – net of reversals	(6-8)	(10.1)	(13.1)
Proceeds from asset sales	(6-9)	(0.2)	6.2
Other operational expenses and income	(6-10)	(11.9)	(17.7)
Impairment of goodwill	(4-5)	(70.4)	-
Operating income		**77.0**	**157.5**
Interest expenses on borrowings		(37.9)	(32.0)
Interests on lease obligations	(8)	(2.6)	-
Interest income		2.0	0.8
Net cost of debt		**(38.5)**	**(31.2)**
Losses on foreign exchange		(13.4)	(4.5)
Gains on foreign exchange		8.9	4.7
Net gains (losses) on foreign exchange		**(4.5)**	**0.2**
Other financial gains		1.9	0.5
Other financial losses		-	-
Income before tax		**35.9**	**127.0**
Share of results of associated companies		0.8	1.4
Income taxes	(13-3)	(21.4)	(36.8)
NET INCOME		15.3	91.6
Attributable to:			
• holders of the parent company		14.1	91.5
• non-controlling interests		1.2	0.1
NET EARNINGS PER SHARE (IN EUROS)	(14-3)	0.15	2.40
DILUTED NET EARNINGS PER SHARE (IN EUROS)	(14-3)	0.15	2.27

The following notes form an integral part of the consolidated financial statements.

6.1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In million euros)	31 January 2020	31 January 2019
Net income	**15.3**	**91.6**
Actuarial differences recognized in equity	1.5	3.5
Deferred taxes on actuarial differences recognized in equity	(0.7)	(0.9)
Sub-total of items that could not be reclassified in net income	**0.8**	**2.6**
Change in fair value of hedging instruments	(2.7)	(3.8)
Deferred taxes on change in fair value of hedging instruments	0.2	1.9
Translation difference	19.4	25.4
Sub-total of items that could be reclassified in net income	**16.9**	**23.5**
TOTAL INCOME FOR THE YEAR	**33.0**	**117.7**
Attributable to:		
• holders of the parent company	31.8	117.6
• non-controlling interests	1.2	0.1

The following notes form an integral part of the consolidated financial statements.

6.1.4 CONSOLIDATED STATEMENT OF CASH FLOW

(In million euros)	Notes	31 January 2020	31 January 2019
Net income attributable to shareholders of the parent company		14.1	91.5
Net income attributable to non-controlling interests		1.2	0.1
Expenses (income) with no cash effect	**(9-1)**	188.1	88.0
Share of results of associated companies (net of dividends received)		(0.8)	(1.1)
Income taxes expense (including deferred taxes)	**(13-3)**	21.4	36.8
Net cost of debt		38.6	31.2
Cash flow before net cost of debt and income taxes		**262.6**	**246.5**
Working capital variation	**(9-2)**	(7.2)	15.1
Increase (decrease) in lease receivables		25.1	32.2
Cash flow from operating activities		**280.5**	**293.8**
Interest paid		(37.8)	(31.4)
Interests paid on lease obligations	**(8)**	(2.6)	-
Income taxes paid		(45.0)	(22.4)
Net cash flow from operating activities (A)		**195.1**	**240.0**
Investments in tangible fixed assets	**(4-3)**	(60.1)	(54.3)
Investments in intangible fixed assets	**(4-2)**	(35.7)	(33.6)
Impact of changes in assets right-of-use	**(8)**	(13.5)	-
Impact of changes in scope	**(9-3)**	(11.9)	(26.3)
Sub-total investments		**(121.2)**	**(114.2)**
Disposals of fixed assets		0.5	8.0
Dividends received		1.9	-
Repayment of loans and other long-term advances		0.4	(0.6)
Net cash flow from investing activities (B)		**(118.4)**	**(106.8)**
Parent company capital increase		-	-
Share buyback – liquidity contract	**(14-1)**	0.6	0.3
Dividends paid to shareholders		(18.2)	(58.5)
New medium and long-term borrowings	**(9-4)**	536.4	25.4
ODIRNANE* interests		(8.9)	(8.9)
Repayment of long-term borrowings	**(9-4)**	(327.0)	(35.3)
Repayment of lease obligation	**(8)**	(8.7)	-
Net cash flow from financing activities (C)		**174.2**	**(77.0)**
Cumulative translation adjustments on cash and cash equivalents **(D)**		0.4	(1.9)
Change in net cash (A) + (B) + (C) + (D)		**251.3**	**54.3**
Net cash – opening		**242.1**	**187.8**
Net cash – closing		**493.4**	**242.1**
Cash and cash equivalents		498.3	245.9
Bank overdrafts		(4.9)	(3.8)
NET CASH – CLOSING		**493.4**	**242.1**

The following notes form an integral part of the consolidated financial statements.
** ODIRNANE: senior unsecured net share settled undated bond convertible into new shares and/or exchangeable for existing shares.*

6.1.5 CHANGES IN SHAREHOLDERS' EQUITY

(In million euros)	Par value	Number of shares	Share capital*	Additional paid-in capital*	Reserves, retained earnings and net income	Treasury shares	Cumulative translation adjustments	Total
Consolidated shareholders' equity at 31 January 2018	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,135.0**	**(4.7)**	**(48.6)**	**1,169.2**
Attributable to:								
• holders of the parent company								1,161.1
• non-controlling interests								8.1
Net income		-	-	-	91.6	-	-	91.6
Items that could not be reclassified in net income		-	-	-	2.6	-	-	2.6
Items that could be reclassified in net income		-	-	-	(1.9)	-	25.4	23.5
Comprehensive income 2018		**-**	**-**	**-**	**92.3**	**-**	**25.4**	**117.7**
Change in treasury shares – liquidity contract		-	-	-	(0.3)	0.5	-	0.2
Free shares delivered (2,412 shares)		-	-	-	(0.0)	0.1	-	0.1
2017 final dividends		-	-	-	(31.0)	-	-	(31.0)
Share-based payments		-	-	-	0.7	-	-	0.7
ODIRNANE interests		-	-	-	(8.9)	-	-	(8.9)
Minority interests		-	-	-	0.3	-	-	0.3
Other		-	-	-	(0.9)	-	-	(0.9)
Consolidated shareholders' equity at 31 January 2019	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,187.2**	**(4.1)**	**(23.2)**	**1,247.4**
Attributable to:								
• holders of the parent company								1,238.6
• non-controlling interests								8.8
Transtion to IFRS 16		-	-	-	(5.7)	-	-	(5.7)
Consolidated shareholders' equity at 1 February 2019	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,181.5**	**(4.1)**	**(23.2)**	**1,241.7**
Net income		-	-	-	15.3	-	-	15.3
Items that could not be reclassified in net income		-	-	-	0.8	-	-	0.8
Items that could be reclassified in net income		-	-	-	(2.5)	-	19.4	16.9
Comprehensive income 2019		**-**	**-**	**-**	**13.6**	**-**	**19.4**	**33.0**
Change in treasury shares – liquidity contract		-	-	-	(0.3)	1.0	-	0.7
Free shares delivered (12,381 shares)		-	-	-	(0.3)	0.3	-	0.0
2018 dividends		-	-	-	(18.2)	-	-	(18.2)
Share-based payments		-	-	-	0.7	-	-	0.7
ODIRNANE interests		-	-	-	(8.9)	-	-	(8.9)
Other		-	-	-	(0.4)	-	-	(0.4)
CONSOLIDATED SHAREHOLDERS' EQUITY AT 31 JANUARY 2020	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**1,167.7**	**(2.8)**	**(3.8)**	**1,248.6**
Attributable to:								
• holders of the parent company								1,238.4
• non-controlling interests								10.2

The following notes form an integral part of the consolidated financial statements.
** The share capital is fully released. Additional paid-in capital includes issue and translation premiums.*

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial statements for the years ended 31 January 2020 and 31 January 2019.

The consolidated financial statements were approved by the Board of directors on 27 March 2020.

Unless otherwise indicated, all amounts stated hereafter are in million of euros, rounded to one decimal place. Therefore, the sum of rounded amounts may present immaterial differences with the total shown.

Some amounts as at 31 January 2019 have been reclassified to be comparable with the presentation adopted as at 31 January 2020.

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NOTE 1 PRESENTATION OF THE GROUP AND ITS CONSOLIDATED FINANCIAL STATEMENTS

Quadient is the driving force behind the most meaningfull customer experience. By focusing on four major business areas which are customer experience management (CXM), business process automation (BPA), mail related solutions (MRS) and parcel lockers solutions (PLS), Quadient assists on a daily basis hundred of thousands of companies in building powerfull connections with their customers and in delivering exceptional customer experiences, in a world where interaction have to be always more connected, personal and mobile.

The term “Neopost S.A.” refers to the parent company (excluding consolidated subsidiaries), which is listed and registered in France, while “Quadient” and “the Group” refer to the economic group formed by the parent company and its consolidated subsidiaries.

The parent company’s head office is located at 42-46 avenue Aristide Briand, 92220 Bagneux (France).

Quadient shares are listed on compartment B of Euronext Paris and are included on the SBF 120 index.

1-1: History

Quadient was created in 1992 through a Leveraged Buy-Out (LBO) of Alcatel’s mail processing equipment division. A second LBO took place in 1997. In February 1999, the Group was listed on the Paris stock exchange. Since then, Quadient has made acquisitions of various sizes. In 2002, Quadient acquired Ascom Hasler – the mailing systems division of the Swiss Company Ascom – which at the time was ranked third in the world. In 2009, Quadient acquired the company Satori Software. In 2012, Quadient acquired GMC Software AG, parent company of the Group GMC Software Technology AG, leader in the field of customer communication management and Human Inference, a specialist in master data management. In 2013, Quadient acquired DMTI Spatial, the leading Canadian provider of location-based data quality solutions. In 2014, Quadient acquired ProShip, one of the largest providers of multi-carrier parcel shipping solutions. In 2015, Quadient acquired a 55% stake in Temando Holdings Pty Ltd, an Australian Company that provides logistic solutions to the e-commerce sector. In 2016, Quadient acquired Icon Systemhaus GmbH, German leader in customer communication solutions, mainly active in Germany and Austria. In 2017, the Group divested its distribution subsidiaries in Indonesia, Malaysia, Singapore and Thailand and its subsidiary DMTI Spatial. Quadient also acquired Temando’s remaining minority interests in September 2017 and owns since 100% of the company. In 2018, Quadient acquired 100% of the company Parcel Pending Inc., leader in the American parcel locker market and the main supplier of residential, commercial, retail and universities in the United States and Canada. In 2018, Quadient also sold its 100% stake in the company Quadient Data USA (former Satori Software), one of the leaders in address quality solutions in the United States.

1-2: Main events of the period

DISPOSAL OF QUADIENT DATA NETHERLANDS BV (FORMER HUMAN INFERENCE)

On 8 February 2019, Quadient announced the disposal of Quadient Data Netherlands BV (former Human Inference), a leading data processing solutions provider. As of 31 January 2019, the assets and liabilities of the two legal entities sold have been disclosed as assets held for sale in compliance with IFRS 5.

SHUTDOWN OF TEMANDO'S ACTIVITIES

In September 2019, Quadient decided an orderly and phased shutdown of activity in its Australian subsidiary Temando (e-commerce shipping software), subject to Temando's legal obligations to its customers and other stakeholders. At the end of fiscal year 2019, the shutdown was substantially progressed and is now almost completed.

CHANGE OF THE NAME AND THE VISUAL IDENTITY

The Group announced in September 2019 its decision to change the name Neopost to become Quadient. This choice of an unified and modern brand is the result of deploying a new Group organization as part of the Group's "Back to growth" strategy, moving away from companies operating independent businesses to a single company with an integrated portfolio of solutions.

GOODWILL IMPAIRMENT

The Group has booked some goodwill impairment on its additional operations in Australia, the Nordics countries as well as on the businesses of shipping softwares in France. These depreciations are described in the note 4-5.

ASSETS HELD FOR SALE

On 28 February 2020, Quadient divested the company ProShip Inc, a global provider of automated multi-carrier shipping software. As of 31 January 2020, the assets and liabilities of the entity have been disclosed as assets held for sale in compliance with IFRS 5.

NOTE 2 ACCOUNTING PRINCIPLES

2-1: Accounting standards applied

The consolidated financial statements comply with the international accounting standards (IFRS: International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board). The IFRS applicable as at 31 January 2020 as approved by the European Union are available on the European Commission website.

STANDARDS, AMENDMENTS AND INTERPRETATION ADOPTED BY THE EUROPEAN UNION THAT ARE MANDATORY FOR FINANCIAL YEARS BEGINNING ON OR AFTER 1 JANUARY 2019:

- IFRS 16: Leases;
- IFRIC 23: Uncertainty over income tax treatments;
- Amendments to IAS 19: Plan amendment, curtailment or settlement;
- Amendments to IFRS 9: Prepayment features with negative compensation;
- Amendment to IAS 28: long-term interests in associates and joint-ventures.

These three amendments do not have significant impact on the Group's financial statements as of 31 January 2020.

FIRST APPLICATION OF IFRS 16

IFRS 16 – Leases is applicable for annual reporting periods beginning on or after 1st January 2019. This standard replaces IAS 17 – Leases and three interpretations.

The standard requires the lessees to recognize a right-of-use asset and a lease obligation, without differentiating between operating leases and finance leases.

Method and exemptions adopted

Quadient applies IFRS 16 on lease contracts starting from 1st February 2019, using the simplified retrospective approach. The assets right-of-use has therefore been estimated since the starting date of the lease. Quadient applied the exemptions allowed by IFRS 16, in particular to not recognize contracts that cover a period of less than twelve months and leases for which the underlying asset is of a low value.

Nature and features of the contracts

For Quadient, the contracts within the scope of IFRS 16 are mainly real estate leases and car rentals.

Key assumptions adopted

The application of IFRS 16 to lease contracts on intangible assets is an option that the Group chooses not to pursue. In order to assess the residual duration for real estate leases, the Group has made an analysis of its sites, to consider renewals reasonably certain to be exercised. This duration is in general nine years concerning the french contracts. The Group called upon the services of an external company to determine the discount rates to be applied on leases, reflecting the geographical area and the remaining life of the lease.

Impacts of the first application of IFRS 16

The impacts of the application of IFRS 16 as of 1st February 2019 are the following:

- Recognition of assets right-of-use for a net amount of 81.3 million euros;
- Recognition of a lease obligation for an amount of 91.4 million euros, including 71.0 million euros for long term leases, corresponding to the future minimum payments due to the lessor at 1st February 2019 over the remaining life of the lease;
- Cancellation of liabilities related to the recognition of leases on a straight-line basis for (4.4) million euros;
- Recognition, under the equity, of an impact on group reserves, without restatement of the comparative period, for (5.7) million euros.

	31 January 2019	Transition to IFRS 16	1 February 2019
Assets right-of-use	-	81.3	81.3
Non-current assets	1,910.2	-	1,910.2
Current assets	914.9	-	914.9
Assets held for sale	7.8	-	7.8
TOTAL ASSETS	**2,832.9**	**81.3**	**2,914.2**
Equity	**1,247.4**	**(5.7)**	**1,241.7**
Non-current lease obligations	-	71.0	71.0
Other non-current liabilities	852.1	-	852.1
Non current liabilities	**852.1**	**71.0**	**923.1**
Current lease obligations	-	20.4	20.4
Other current liabilities	727.7	(4.4)	723.3
Current liabilities	**727.7**	**16.0**	**743.7**
Liabilities held for sale	5.7	-	5.7
TOTAL LIABILITIES	**2,832.9**	**81.3**	**2,914.2**

The difference between the lease commitments on future minimum payments on real estate leases presented as of 31 January 2019 in accordance with IAS 17 and the lease obligation at 1st February 2019 measured according to IFRS 16 is explained as follows:

Commitments on real estate leases at 31 January 2019	**91.4**
Impacts related to changes in scope	0.2
Car rentals	9.2
Impact of discounting of leases contracts	(9.4)
LEASE OBLIGATION AT 1 FEBRUARY 2019	**91.4**

The average discount rate for lease liabilities at the transition date is 2.75%.

FIRST APPLICATION OF IFRIC 23

IFRIC 23 - Uncertainty over income tax treatments has been adopted by the European Union in October 2018 and becomes mandatory for annual periods beginning on or after the 1 January 2019. This interpretation clarifies the application of the standard IAS 12 - Income Taxes regarding the recognition and the measurement of the income tax, when there is uncertainty over the income tax treatments.

The Group applied IFRIC 23 as of 1 February 2019, after having conducted an analysis within its subsidiaries, in order to identify and list the tax uncertainties under IFRIC 23. The application of this interpretation, had no significant impact on the financial statements of the Group.

Standards, amendments and interpretation adopted by the European Union, that are mandatory for financial years beginning on or after 1 January 2020, and that have not been early adopted by the Group:

- amendments to IAS 1 and IAS 8: Definition of "material";
- amendments to IAS 39, IFRS 7 and IFRS 9 about the interest rate benchmark reform.

Standards, amendments and interpretations published by the IASB but not yet adopted by the European Union:

- amendment to IFRS 3: Definition of a business.

2-2: Use of estimates

In order to prepare this financial information, Quadient has made estimates and used assumptions that may affect the amounts presented under assets and liabilities, as well as the amounts presented under income and expenses for the year.

The main material estimates and assumptions made when preparing the financial statements relate in particular to retirement benefit obligations, deferred taxes, goodwill, some provisions and the useful life of fixed assets.

These estimates and assessments are reviewed regularly on the basis of actual experience and various other factors considered reasonable, which form the basis of the measurement of book value for assets and liabilities. Actual outcomes might differ substantially from these estimates if different assumptions or conditions are applied.

2-3: Foreign currency payables and receivables

Transactions in foreign currencies are recorded at the exchange rate in force on the date of the transaction. All assets and liabilities denominated in foreign currencies are translated at the year-end exchange rate in force at closing. The resulting gains and losses are recognized in the income statement, with the exception of variances on loans or borrowings which form part of the net investment in a foreign entity. These are booked directly under shareholders' equity until divestment.

2-4: Translation of financial statements denominated in foreign currencies

The operating currency for each of the Group's entities is the currency of the economic environment in which that entity operates.

Financial statements of subsidiaries operating outside France, which are presented in local currencies, are translated into euros – the currency used in the Group's financial statements – at the year-end exchange rate. Income statement and cash flow statement are translated at the average exchange rate over the period.

The resulting translation variance is recognized in the translation adjustment reserve under shareholders' equity.

The exchange rates for the main Group's main currencies are as follows:

	31 January 2020		31 January 2019	
	Period end	Average	Period end	Average
United States dollar (USD)	1.1052	1.1174	1.1488	1.1750
Pound sterling (GBP)	0.8418	0.8741	0.8758	0.8850
Canadian dollar (CAD)	1.4627	1.4797	1.5109	1.5305
Swiss franc (CHF)	1.0668	1.1078	1.1409	1.1514
Japanese yen (JPY)	120.3500	121.8742	124.8100	129.5042
Norwegian krone (NOK)	10.1893	9.8490	9.6623	9.6103
Swedish krone (SEK)	10.6768	10.5950	10.3730	10.2941
Danish krone (DKK)	7.4731	7.4666	7.4657	7.4549
Australian dollar (AUD)	1.6494	1.6112	1.5787	1.5853
Singapore dollar (SGD)	1.5092	1.5232	1.5459	1.5875
Indian rupee (INR)	78.9055	78.7749	81.6860	80.9892
Brazilian real (BRL)	4.7157	4.4413	4.2041	4.3383
Chinese yuan (CNY)	7.6664	7.7269	7.7010	7.7999
Czech koruna (CZK)	25.2100	25.6248	25.7600	25.6602
Hungarian florin (HUF)	337.0500	326.4475	315.8800	319.7147
Polish zloty (PLN)	4.3009	4.2956	4.2736	4.2714
New-Zealand dollar (NZD)	1.7083	1.6957	1.6607	1.7062

NOTE 3 SCOPE AND PRINCIPLES OF CONSOLIDATION

3-1: Accounting policies relating to the scope of consolidation

The Group's consolidated financial statements are prepared in accordance with generally accepted accounting principles in the country of operation. Financial statements of foreign companies have been restated to be compliant with Quadient group's accounting principles.

The consolidated balance sheet incorporates all items of assets and liabilities along with the results of consolidated companies. Intra-Group transactions and profits relating to these operations as well as intra-Group capital gains are eliminated.

Subsidiaries controlled directly by the parent company or indirectly through other subsidiaries are consolidated using the full consolidation method. Stakes in associated companies over which the investor exerts significant influence are consolidated using the equity method. Significant influence is assumed when the investor controls directly or indirectly through subsidiaries 20% or more of the voting rights in the company in question.

3-2: Changes in the scope of consolidation

The consolidated financial statements include the financial statements of Neopost S.A. and its subsidiaries. Unless otherwise stated, the subsidiaries are consolidated as from the date on which control is acquired by the Group and until the date on which control is transferred outside the Group. Control is the power to direct a company's financial and operational policies in order to derive profit from its activities.

Main change in the scope of consolidation for the 2019 financial year is the following:

- On 8 February 2019, Mailroom Holding BV sold 100% of the shares held in its subsidiary Quadient Data Netherlands BV (former Human Inference). The effective exit date from the scope of consolidation is 1st February 2019.

3-3: Other information relating to the scope of consolidation

INFORMATION ON RELATED PARTIES

Quadient owns a 35% stake in Docapost BPO IS and a 24% stake in AMS Investissement. The transactions with these companies, consolidated using the equity method, are not significant.

Quadient also holds a 7.80% stake in X'Ange 2 and a 6.23% stake in Partech Entrepreneur II, all non-consolidated companies. The transactions with these companies are not significant.

OFF-BALANCE SHEET COMMITMENTS RELATING TO THE SCOPE OF CONSOLIDATION

Neopost S.A. has an investment commitment with Partech Entrepreneur II for an amount of 0.1 million euros as at 31 January 2020 compared with 0.6 million euros as at 31 January 2019.

3-4: List of subsidiaries as at 31 January 2020

COMPANIES CONSOLIDATED USING THE EQUITY METHOD

Company name	Parent company	% interest	% control
France			
Docapost BPO IS	Neopost S.A.	35%	35%
AMS Investissement	Neopost S.A.	24%	24%

FULLY CONSOLIDATED COMPANIES

Company name	Parent company	% interest	% control
France			
Neopost S.A.	-	-	-
Neopost France	Neopost S.A.	100%	100%
Neopost Technologies	Neopost France	100%	100%
Neopost Industrie	Neopost S.A./Neopost Technologies	100%	100%
Mail Finance SAS	Neopost S.A./Neopost France	100%	100%
Neopost Services	Neopost S.A.	100%	100%
Neopost Shipping	Neopost S.A.	100%	100%
Quadient France SAS	Quadient Group AG	100%	100%
Packcity SAS	Neopost S.A.	100%	100%
Packcity France	Packcity SAS	75%	100%
Packcity Geopost	Packcity France	66%	100%
Temando SAS	Temando Holdings Pty Ltd	100%	100%
Netherlands			
Mailroom Holding BV	Neopost S.A.	100%	100%
Neopost Technologies BV	Mailroom Holding BV	100%	100%
Neopost BV	Mailroom Holding BV	100%	100%
Neopost Finance BV	Neopost BV	100%	100%
United Kingdom			
Neopost Holdings Ltd	Neopost S.A.	100%	100%
Neopost Ltd	Neopost Holdings Ltd	100%	100%
Neopost Finance Ltd	Neopost Ltd	100%	100%
Neopost International Supply Ltd	Neopost Holdings Ltd	100%	100%
Quadient Technologies UK Ltd	Quadient Technologies Holdings UK Ltd	100%	100%
Quadient Technologies Holdings UK Ltd	Neopost S.A.	100%	100%
Quadient Data UK Ltd	Neopost Ltd	100%	100%
Quadient UK Ltd	Quadient Group AG	100%	100%
The Ink People Ltd	Neopost Ltd	100%	100%
DCS Ltd	Neopost Ltd	100%	100%
Temando UK Ltd	Temando Holdings Pty Ltd	100%	100%
Neopost Shipping Ltd	Neopost Ltd	100%	100%
Germany			
Neopost GmbH & Co. KG	Neopost S.A./Neopost Verwaltung GmbH	100%	100%
Neopost Leasing GmbH	Neopost GmbH & Co. KG	100%	100%
Neopost Verwaltung GmbH	Neopost S.A.	100%	100%
Rena GmbH	Neopost S.A.	100%	100%
FrancoTech GmbH	Neopost GmbH & Co. KG	100%	100%
Neopost Software GmbH	Neopost GmbH & Co. KG	100%	100%
Quadient Germany GmbH	Quadient Group AG	100%	100%
icon Systemhaus GmbH	Neopost Software GmbH	100%	100%

Company name	Parent company	% interest	% control
Austria			
icon International Software D&S AG	icon Systemhaus GmbH	100%	100%
Switzerland			
Neopost AG	Neopost S.A.	100%	100%
Neopost MailFin AG	Neopost AG	100%	100%
Quadient Group AG	Neopost S.A.	100%	100%
Quadient Switzerland AG	Quadient Group AG	100%	100%
Italy			
Neopost Srl	Neopost S.A.	100%	100%
Neopost Rental Srl	Neopost Srl	100%	100%
Quadient CXM Italy	Quadient Group AG	100%	100%
Belgium			
Neopost Nv	Neopost S.A.	100%	100%
Neopost Finance Sprl	Neopost Nv/Neopost S.A.	100%	100%
Ireland			
Neopost Ireland Ltd	Neopost S.A.	100%	100%
Neopost Finance (Ireland) Ltd	Neopost S.A.	100%	100%
Neopost SDS Ltd	Neopost S.A.	100%	100%
Neotouch Cloud Solutions Dac	Neopost S.A.	70%	100%
Neopost Global Services Ltd	Neopost S.A.	100%	100%
Spain			
Neopost Mailing Logistic Systems	Neopost S.A.	100%	100%
Quadient Software Spain S.A.	Quadient Group AG	100%	100%
Norway			
Neopost Norge AS	Neopost S.A.	100%	100%
Neopost Finance AS	Neopost Norge AS	100%	100%
Sweden			
Neopost Sverige AB	Neopost S.A.	100%	100%
Neopost Sweden Finance AB	Neopost Sverige AB	100%	100%
Denmark			
Neopost Danmark A/S	Neopost S.A.	100%	100%
Neopost Finance Danmark Aps	Neopost Danmark A/S	100%	100%
Quadient Denmark Aps	Quadient Group AG	100%	100%
Finland			
Neopost Finland Oy	Neopost S.A.	100%	100%
Neopost Finance Finland Oy	Neopost S.A.	100%	100%
Czech Republic			
Quadient s.r.o	Quadient Group AG	100%	100%
Quadient Czech s.r.o	Quadient Group AG	100%	100%
Hungary			
Quadient Hungary Kft.	Quadient Group AG	100%	100%
Poland			
Quadient Poland Sp. z.o.o.	Quadient Group AG	100%	100%
United States of America			
Mailroom Holding Inc.	Neopost S.A.	100%	100%
Neopost USA Inc.	Mailroom Holding Inc.	100%	100%
Mail Finance Inc.	Mailroom Finance Inc.	100%	100%
Mailroom Finance Inc.	Mailroom Holding Inc.	100%	100%
Mailroom Solutions Inc.	Mailroom Finance Inc.	100%	100%
Quadient USA Inc.	Quadient Group AG	100%	100%
ProShip Inc.	Mailroom Holding Inc.	100%	100%

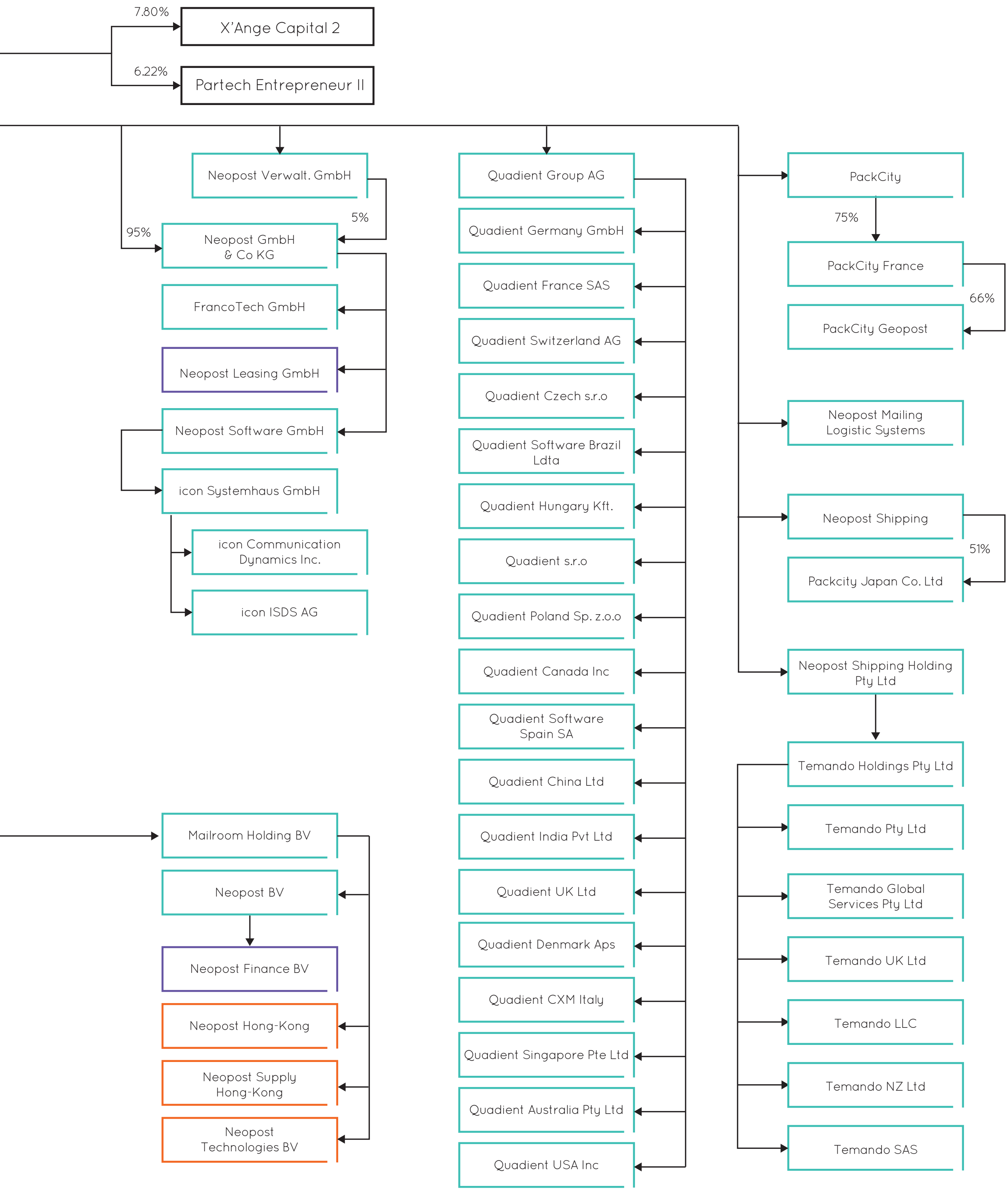
Company name	Parent company	% interest	% control
Temando LLC	Temando Holdings Pty Ltd	100%	100%
Parcel Pending Inc.	Mailroom Holding Inc.	100%	100%
Canada			
Neopost Canada Ltd	Neopost S.A.	100%	100%
Neopost Leasing Services Canada Ltd	Neopost Canada Ltd	100%	100%
Quadient Canada Inc.	Quadient Group AG	100%	100%
India			
Neopost India Private Ltd	Neopost International Supply Ltd	100%	100%
Quadient CXM India Private Ltd	Quadient Group AG	100%	100%
Japan			
Quadient Japan	Neopost S.A.	100%	100%
Packcity Japan	Neopost Shipping	51%	100%
Hong Kong			
Neopost Hong Kong Ltd	Mailroom Holding BV	100%	100%
Neopost Supply Hong Kong Ltd	Mailroom Holding BV	100%	100%
Australia			
Neopost Holdings Pty Ltd	Neopost S.A.	100%	100%
Neopost Australia Pty Ltd	Neopost Holdings Pty Ltd	100%	100%
Neopost Finance Australia Pty Ltd	Neopost Australia Pty Ltd	100%	100%
Quadient Australia Pty Ltd	Quadient Group AG	100%	100%
Neopost Shipping Holding Pty Ltd	Neopost S.A.	100%	100%
Temando Holdings Pty Ltd	Neopost Shipping Holdings Pty Ltd	100%	100%
Temando Pty Ltd	Temando Holdings Pty Ltd	100%	100%
Temando Global Services Pty Ltd	Temando Holdings Pty Ltd	100%	100%
Singapore			
Neopost Asia-Pacific (Holding) Pte Ltd	Neopost S.A.	100%	100%
Quadient Singapore Pte Ltd	Quadient Group AG	100%	100%
Brazil			
Quadient Software Brazil Ltda.	Quadient Group AG	100%	100%
China			
Quadient China Ltd	Quadient Group AG	100%	100%
New Zealand			
Temando NZ Ltd	Temando Holdings Pty Ltd	100%	100%

The most important subsidiaries, in term of percentage of Group sales, are the following:

	31 January 2020	31 January 2019
Neopost USA Inc.	30.1%	28.7%
Neopost France	13.7%	14.5%
Neopost Ltd	5.3%	5.6%
Mail Finance Inc.	5.9%	5.9%
Neopost GmbH & Co. KG	4.0%	4.5%
Neopost Australia Pty Ltd	3.3%	3.4%
Main subsidiaries	**62.2%**	**62.6%**
Other subsidiaries	37.8%	37.4%
TOTAL	**100.0%**	**100.0%**

3-5: Organization chart of the Group

All companies are wholly onwed, unless mentionned otherwise


7.80%
X'Ange Capital 2
6.22%
Partech Entrepreneur II
Neopost Verwalt. GmbH
5%
95%
Neopost GmbH & Co KG
FrancoTech GmbH
Neopost Leasing GmbH
Neopost Software GmbH
icon Systemhaus GmbH
icon Communication Dynamics Inc.
icon ISDS AG
Mailroom Holding BV
Neopost BV
Neopost Finance BV
Neopost Hong-Kong
Neopost Supply Hong-Kong
Neopost Technologies BV
Quadient Group AG
Quadient Germany GmbH
Quadient France SAS
Quadient Switzerland AG
Quadient Czech s.r.o
Quadient Software Brazil Ldta
Quadient Hungary Kft.
Quadient s.r.o
Quadient Poland Sp. z.o.o
Quadient Canada Inc
Quadient Software Spain SA
Quadient China Ltd
Quadient India Pvt Ltd
Quadient UK Ltd
Quadient Denmark Aps
Quadient CXM Italy
Quadient Singapore Pte Ltd
Quadient Australia Pty Ltd
Quadient USA Inc
PackCity
75%
PackCity France
66%
PackCity Geopost
Neopost Mailing Logistic Systems
Neopost Shipping
51%
Packcity Japan Co. Ltd
Neopost Shipping Holding Pty Ltd
Temando Holdings Pty Ltd
Temando Pty Ltd
Temando Global Services Pty Ltd
Temando UK Ltd
Temando LLC
Temando NZ Ltd
Temando SAS

NOTE 4 INTANGIBLE ASSETS, TANGIBLE ASSETS AND NON-CURRENT FINANCIAL ASSETS

4-1: Goodwill

4-1-1: ACCOUNTING PRINCIPLES

In accordance with IFRS 3, business combinations are recognized using the acquisition method. At the date on which control of a company is taken, the assets, liabilities and contingent liabilities acquired are measured at fair value. Any variance between the cost of acquiring the shares and the acquirer's share of this revalued net asset value constitutes goodwill.

Any negative goodwill is recognized immediately in the income statement after confirmation of the nature of this negative goodwill and its constituent components.

Goodwill is not amortized but is subject to an annual impairment test as described in note 4-5.

Commitment to purchase non-controlling interests

Sell options granted to minority shareholders are recognized as debt measured at the estimated exercise price of the option. The relevant portion of subsidiaries' net assets is transferred from "Non-controlling interests" to "Other financial debts". The non-controlling interests' share of net income is unchanged and still reflects the proportion owned by minorities.

The recognition in goodwill of the difference between the strike price of the option and the value of non-controlling interests is booked under shareholders' equity.

4-1-2: CHANGES IN GOODWILL

Gross goodwill at 31 January 2018	**1,083.7**
Acquisitions	94.9
Exit from consolidation scope	(31.4)
Other	(0.1)
Translation difference	21.6
Gross goodwill at 31 January 2019	**1,168.7**
Assets held for sale reclassification	(15.3)
Purchase price allocation of Parcel Pending	(8.8)
Translation difference	10.7
Gross goodwill at 31 January 2020	**1,155.3**
Cumulative impairment	(110.0)
NET GOODWILL AT 31 JANUARY 2020	**1,045.3**

In 2019, the gross goodwill variation is explained by (i) the purchase price allocation of Parcel Pending Inc for an amount of (8.8) million euros and by (ii) the reclassification of the relative value of ProShip Inc goodwill in assets held for sale for (15.3) million euros.

In 2018, the gross goodwill variation was explained by (i) the provisional goodwill recorded on the acquisition of Parcel Pending Inc in the United States for 94.9 million euros (111.6 million United States dollars), out of which 12.8 million are related to earn-outs (15.0 million United States dollars); (ii) the disposal of the relative value of Quadient Data USA goodwill for 30.5 million euros and (iii) the classification of the relative value of Quadient Data Netherlands goodwill in assets held for sale for 0.9 million euros.

The cumulative goodwill impairment for an amount of 110.0 million euros as at 31 January 2020 is detailed in the note 4-5-2 and concerns Temando, the Nordic countries, Australia and the businesses of shipping softwares in France. The impairment at the beginning of the financial year amounted to 41.4 million euros and was related only to Temando.

All the acquisitions were fully paid for by the Group through its cash and/or financing lines.

Earn-outs are based on sales estimates targets for two years after the acquisition. The amounts booked at 31 January 2020 correspond to the best estimate of the future performance of these acquisitions.

As of 31 January 2020, the Group's financial statements show a debt of 7.1 million euros, related to earn-outs, which totally concerns the acquisition of Parcel Pending Inc (7.5 million United States dollars).

4-1-3: BREAKDOWN OF GOODWILL BY CASH-GENERATING UNIT (CGU) OR GROUP OF CGUS

According to IAS 36, the goodwill must be allocated to each CGU or group of CGUs expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is so allocated must represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment as defined by the IFRS 8 - Operating Segments, before aggregation.

As part of the strategy announced in January 2019, the Group has reorganized its activities and has defined a new internal organization. This has led to a modification of its operational segments hence its goodwill monitoring.

Previously, with the exception of recent acquisitions that were monitored individually to assess the contractual engagements related to these acquisitions (Parcel Pending, Temando), the goodwill was followed per division: Neopost Shipping, Enterprise Digital Solutions and SME Solutions, this last division was tested at country level.

Hereafter, the value of goodwill determined by the Group is monitored at the level of operational segments, consisting of the geographical areas where Group activities are conducted. This level of test of the goodwill is based on organizational and strategic criteria (interdependance of flows, commercial synergies, integrated solutions in commercial offers…). When it has been necessary, the goodwill has been reallocated to new geographic areas. Furthermore, the Group keeps monitoring separately the goodwill allocated to CGU or group of CGUs "Other solutions" (former-Neopost Shipping), Temando and Parcel Pending.

The level of analysis at which the group Quadient determine the recoverable amount of the goodwill thus corresponds to the following CGUs or groups of CGUs:

	31 January 2020	31 January 2019 [(b)]
France - Benelux (FRBNL)	203.6	203.5
United Kingdom - Ireland (UK-IE)	149.0	148.8
Germany - Austria - Italy - Switzerland (DACH-IT)	146.5	146.2
North America (NORAM)	415.3	406.2
Parcel Pending (PP)	91.9	97.1
Major Operations	**1,006.3**	**1,001.8**
Additional Operations (AO) [(a)]	**38.5**	**103.9**
Temando	**0.0**	**0.0**
Other solutions	**0.5**	**21.6**
GOODWILL NET BOOK VALUE	**1,045.3**	**1,127.3**

(a) The Additional Operations group several CGU or group of CGUs.
(b) As at 31 January 2019, the goodwill was not monitored following this organization. This presentation was retained to allow the comparison between financial years.

4-2: Intangible fixed assets

4-2-1: ACCOUNTING PRINCIPLES

Intangible fixed assets acquired separately are recognized at acquisition cost. Intangible fixed assets acquired as part of a business combination are recognized at fair value on their acquisition date, separately from goodwill if they meet the two following conditions:

- they are identifiable, *i.e.* they result from legal or contractual rights;
- they are separable from the acquired entity.

Intangible fixed assets include software, patents, lease rights and activated development expenses.

Development expenses

In accordance with IAS 38, development expenses meeting the following conditions are recognized as intangible fixed assets:

- the project is clearly identified and the costs relating to it are individually identified and reliably monitored;
- the technical feasibility of the project has been demonstrated;
- there is a proven intention to complete the project and use or sell the products developed under it;
- the necessary resources for completing the project are available;
- the existence of a potential market for the production arising from this project or its internal usefulness has been demonstrated.

Such development expenses are amortized over a period of four to ten years, reflecting the average useful life of marketed products.

Other intangible fixed assets

Other intangible fixed assets are amortized on a straight-line basis over a period representing the best estimate of the assets' useful life.

4-2-2: CHANGES IN INTANGIBLE FIXED ASSETS

	Concessions, rights	Software	Development expenses	IT implementation costs	Other	Total
Gross value at 31 January 2018	**34.8**	**130.7**	**229.6**	**58.6**	**62.8**	**516.5**
Acquisitions/capitalization	0.1	2.6	29.2	-	1.7	33.6
Scope variation	0.0	(8.6)	(21.8)	(0.6)	(14.1)	(45.1)
Disposals	-	(0.8)	(1.6)	-	(0.1)	(2.5)
Other changes	-	0.9	-	(1.4)	(0.7)	(1.2)
Translation difference	0.0	3.2	2.0	0.1	1.4	6.7
Gross value at 31 January 2019	**34.9**	**128.0**	**237.4**	**56.7**	**51.0**	**508.0**
Acquisitions/capitalization	0.1	1.8	31.1	-	2.7	35.7
Scope variation	(0.8)	(4.3)	-	-	(2.5)	(7.6)
Disposals	(1.9)	(10.3)	-	-	(0.1)	(12.3)
Other changes	0.7	1.0	-	-	2.6	4.3
Translation difference	0.1	3.0	5.6	0.3	1.7	10.7
Gross value at 31 January 2020	**33.1**	**119.2**	**274.1**	**57.0**	**55.4**	**538.8**
Cumulative amortization	(31.0)	(107.4)	(184.4)	(51.4)	(34.3)	(408.5)
NET BOOK VALUE AT 31 JANUARY 2020	**2.1**	**11.8**	**89.7**	**5.6**	**21.1**	**130.3**

The change in intangible fixed assets is mainly due to the capitalization of development costs.

The line "Scope variation" includes the reclassification in assets held for sale of the intangible assets of ProShip in 2019 and of Quadient Data Netherlands in 2018. In 2018, this line also included the disposal of the assets of the sold subsidiary Quadient Data USA and the integration of the acquired intangible assets of Parcel Pending.

The other changes mainly include (i) the recognition of the intangible assets as part of the purchase price allocation of Parcel Pending Inc and (ii) to some reclassifications.

	Concessions, rights	Software	Development expenses	IT implementation costs	Other	Total
Amortization at 31 January 2018	**30.9**	**99.0**	**138.0**	**24.1**	**33.5**	**325.5**
Charges	0.6	12.8	25.7	0.3	5.1	44.5
Scope variation	-	(6.5)	(9.9)	(0.5)	(9.9)	(26.8)
Disposals	-	(0.5)	-	(0.1)	(0.0)	(0.6)
Other changes	-	-	-	21.7	1,0	22.7
Translation difference	-	2.8	0.7	0.1	1.0	4.6
Amortization at 31 January 2019	**31.5**	**107.6**	**154.5**	**45.6**	**30.7**	**369.9**
Charges	0.6	8.3	27.3	2.8	3.9	42.9
Scope variation	(0.3)	(2.5)	-	-	(1.2)	(4.0)
Disposals	(0.9)	(5.9)	0.4	-	(0.1)	(6.5)
Other changes	-	(2.8)	-	2.8	-	0.0
Translation difference	0.1	2.7	2.2	0.2	1.0	6.2
AMORTIZATION AT 31 JANUARY 2020	**31.0**	**107.4**	**184.4**	**51.4**	**34.3**	**408.5**

In 2018, a depreciation of 21.7 million euros was recorded following the overhaul of the project of common IT tools roll-out in Europe. This depreciation was part of the line “Other changes”.

As of 31 January 2020, no evidence of impairment has been noted on the intangible fixed assets.

4-3: Tangible fixed assets

4-3-1: ACCOUNTING PRINCIPLES

Tangible fixed assets acquired separately are initially measured at acquisition cost in accordance with IAS 16. This cost includes expenses directly attributable to the acquisition of the asset. Tangible fixed assets acquired as part of a business combination are recognized at fair value on their acquisition date, separately from goodwill.

The value of tangible fixed assets is then reduced by the amount of accumulated depreciation and impairment losses.

Demonstration equipment

Demonstration equipment recognized under tangible fixed assets is depreciated using the straight line method over four years, which is generally considered to be its useful life.

Spare parts

Spare parts and maintenance parts that are used over more than one fiscal year or which can only be used with a fixed asset are recognized under tangible fixed assets and depreciated over their useful life.

Rented equipment

Rented franking machines other than IS-280 consist of two distinct components with different useful lives: a meter and a base.

The depreciation periods, which correspond to the useful life of the asset in question, are as follows:

- IS-280: three years in North America and five years in France;
- meter: five years;
- base: six years, in France only.

The intra-Group margin generated by industrial subsidiaries on equipment sold to the distribution subsidiaries that rent this equipment is eliminated, and depreciation is recalculated on the basis of the new value thus obtained.

Depreciation periods

Depreciation uses the straight-line method and is over the useful life of the asset:

- land and buildings: twenty to forty years;
- equipment: five to ten years;
- tools: three years;
- office furniture: ten years;
- research equipment: five years;
- rented equipment: three, five or six years;
- demonstration equipment: four years;
- spare parts: four years;
- refurbished machinery: three years.

4-3-2: CHANGES IN TANGIBLE FIXED ASSETS

	Land and buildings	Machinery and equipment	Rented equipment	IT equipment	Demonstration equipment	Other	Total
Gross value at 31 January 2018	**35.7**	**64.9**	**442.3**	**37.2**	**7.8**	**29.9**	**617.8**
Acquisitions	0.3	4.3	37.0	2.0	1.5	9.2	54.3
Scope variation	-	-	-	(1.6)	-	(0.7)	(2.3)
Disposals	(3.9)	(10.4)	(8.5)	(0.5)	(2.8)	(8.7)	(34.8)
Other changes	0.2	1.8	0.6	0.2	-	(1.6)	1.2
Translation difference	0.2	0.4	21.6	0.8	0.1	1.0	24.1
Gross value at 31 January 2019	**32.5**	**61.0**	**493.0**	**38.1**	**6.6**	**29.1**	**660.3**
Acquisitions	0.5	1.8	49.7	1.9	1.4	4.8	60.1
Scope variation	-	(0.5)	-	-	(0.3)	(0.4)	(1.2)
Disposals	(0.2)	(3.4)	(22.4)	(1.0)	(1.3)	(1.6)	(29.9)
Other changes	0.2	0.7	-	0.4	0.7	(1.0)	1.0
Translation difference	0.2	0.5	12.3	0.4	0.1	0.7	14.2
Gross value at 31 January 2020	**33.2**	**60.1**	**532.6**	**39.8**	**7.2**	**31.6**	**704.5**
Cumulative amortization	(19.5)	(50.4)	(415.1)	(35.1)	(3.0)	(17.6)	(540.7)
NET BOOK VALUE AT 31 JANUARY 2020	**13.7**	**9.7**	**117.5**	**4.7**	**4.2**	**14.0**	**163.8**

The other variations mainly represent reclassifications.

	Land and buildings	Machinery and equipment	Rented equipment	IT equipment	Demonstration equipment	Other	Total
Amortization at 31 January 2018	**20.2**	**56.8**	**345.1**	**31.8**	**5.1**	**22.4**	**481.4**
Charges	1.2	2.7	36.4	2.6	0.9	2.0	45.8
Scope variation	-	-	-	(1.5)	-	(0.5)	(2.0)
Disposals	(3.0)	(9.4)	(8.5)	(0.5)	(2.5)	(8.0)	(31.9)
Other changes	-	0.1	-	(0.0)	-	0.0	0.1
Translation difference	0.0	0.3	16.5	0.7	0.1	0.6	18.2
Amortization at 31 January 2019	**18.4**	**50.5**	**389.5**	**33.1**	**3.6**	**16.5**	**511.6**
Charges	1.2	2.7	38.5	2.6	0.6	2.2	47.8
Scope variation	-	(0.4)	-	-	(0.3)	(0.2)	(0.9)
Disposals	(0.1)	(2.8)	(22.3)	(1.0)	(0.9)	(1.2)	(28.3)
Other changes	-	-	-	-	-	-	-
Translation difference	-	0.4	9.4	0.4	0.0	0.3	10.5
AMORTIZATION AT 31 JANUARY 2020	**19.5**	**50.4**	**415.1**	**35.1**	**3.0**	**17.6**	**540.7**

The line "Scope variation" corresponds to the reclassification of the assets of ProShip as assets held for sale.

At 31 January 2020, no evidence of impairment was noted on the tangible fixed assets.

The variations of the gross value and the amortization assets right-of-use recognized as part of the application of IFRS 16 are presented in the note 8.

4-4: Non-current financial assets

4-4-1: ACCOUNTING PRINCIPLES

Non current financial assets are initially recognized either at their acquisition cost including transaction costs or at the fair value of the assets used for payment.

Following initial recognition, assets classified as "Investments in associated companies" or "Non consolidated shares" are measured at fair value on the closing date.

Gains and losses on investments in associated companies are recognized under shareholders' equity.

An impairment is booked on non consolidated shares once the loss exceeds 40% of the book value during a period of eighteen consecutive months.

4-4-2: DETAIL OF OTHER NON-CURRENT FINANCIAL ASSETS

	31 January 2020	31 January 2019
Deposits, loans and guarantees	4.7	4.4
Pension plan net asset	43.0	37.2
TOTAL	**47.7**	**41.6**

At 31 January 2020, the deposits, loans and guarantees include an escrow account for 1.3 million euros related to the sale of Quadient Data USA and a guarantee deposit for 1.4 million euros related to the liquidity contract (1.0 million euros at 31 January 2019).

The Group has a pension plan in the United Kingdom that shows a surplus of 43.0 million euros (36.2 million pounds sterling) at 31 January 2020 compared with 37.2 million euros (32.6 million pounds sterling) at 31 January 2019. The change in the pension plan's net assets is mainly related to actuarial differences.

The tax rate applicable for the cash refund of this asset in the United Kingdom will be 35%. This tax effect is presented in the consolidated financial statements under deferred tax liabilities.

6

4-5: Impairment test

4-5-1: IMPAIRMENT TEST METHOD

Impairment tests compare the recoverable amount of a non-current asset with its net carrying amount. If the asset's carrying amount is higher than its recoverable amount, it is written down to its recoverable amount. The recoverable amount of an asset or group of assets is the higher of its fair value less disposal costs and its value in use.

Fair value less disposal costs is determined using available information to establish the best estimate of the disposal price net of the costs necessary to carry out the sale in an arm's lengh transaction between knowledgeable, willing parties.

Value in use corresponds to the present value of the future cash flows expected to be derived from an asset or group of assets, taking into accounts its residual value.

Goodwill

Goodwill is tested for impairment at least once a year and whenever there is any evidence of impairment. Goodwill is tested for impairment at the level of the Cash Generated Units (CGU) or group of CGUs defined by the Group. A CGU is a business unit generating independent cash flows.

Given the fact that having a reliable basis to determine the fair value less reliable costs of an asset or a group of assets is rare, unless otherwise indicated, the Group uses the value in use to measure the recoverable amount of an asset or group of assets.

The value in use of each CGU or group of CGUs is determined as follows:

- the Group projects future cash flows based on financial projections over five years. Industrial margins and net assets are reallocated to the countries where the equipment in question is installed and leasing margins and net assets are reallocated to the countries where the signatories of finance lease contracts are located. Costs for support incurred (holding, IT, human ressources…) are reallocated to the Group's CGU or group of CGUs on the basis of their revenue;

- beyond this explicit time frame, the terminal value is calculated by applying a perpetuity growth rate to the latest cash flow;
- the cash flows are then discounted. The discounting rate, applied in the light of the geographical area, is the weighted average cost of capital for which the tax rate has been restated.

Goodwill impairment is recognized under operating expenses. Such impairment is not reversible.

Other tangible and intangible fixed assets

Other tangible and intangible fixed assets are tested for impairment only if evidence of an impairment is noted.

A loss of value related to any other asset except goodwill can be reversed if there is any evidence that a loss of value previously recognized is likely to no longer exist or to have diminished. If this is the case, the book value of the asset is raised to the level of its recoverable amount. The increased book value following reversal of a loss of value cannot exceed the book value that would have been determined, net of depreciation, if no loss of value had been recognized on the asset in previous years. After recognition of a reversal of loss of value, the depreciation charge is adjusted for future periods so that the revised book value of the asset minus its possible residual value is spread systematically over the remaining useful life of the asset.

4-5-2: GOODWILL IMPAIRMENT TEST

Goodwill is tested for impairment based on value in use. The goodwill of Temando has been fully depreciated since 31 January 2019.

For the main cash-generating units or group of CGUs, the following assumptions were used :

	NORAM	PP	DACH-IT	FRBNL	UK-IE	AO *
Average five-year EBITDA growth	1.5%	>10.0%	3.8%	(0.8)%	(1.4)%	0.6%->10.0%
Average five-year revenue growth	2.3%	>10.0%	4.3%	1.0%	3.2%	2.0%-6.2%
Average growth rate to perpetuity	0.3%	2.0%	0.7%	0.4%	0.5%	0.0%-2.0%
Discount rate after tax (WACC)	9.8%	9.8%	6.2%	6.2%	6.2%	5.5%-6.2%
Discount rate before tax	13.3%	13.3%	8.8%	8.8%	7.6%	7.1%-8.9%

** The Additional Operations (AO) group several CGU or groups of CGUs, excluding CGU or groups of CGUs that have been subjected to impairment.*

Impairment test of the goodwill

As part of the "Back to growth" strategy, the Group has followed and reviewed the different elements reported within the additional operations portfolio.

On those bases, the Group lead to the conclusion of a lack of potential for growth or synergies of some additional activities with the Group's strategic solutions. Within the additional operations, Australia and Nordics countries have in particular an important graphics activity regarded as non-strategic by Quadient.

Those elements have led the Group to decide at the end of 2019 to stop its investments in these activities in decline which are so continued as they stand.

Projections made by the Group on those bases for the purposes of the impairment lead to the depreciation of the goodwill recognized for Australia, Nordic countries and shipping software business in France for a total amount of 70.4 million euros.

Sensitivity

Sensitivity tests have been performed on the different assumptions used for the goodwill impairment test: (i) the EBITDA average growth rate over 5 years (ii) the infinite growth rate and (iii) the weighted average cost of capital to determine at which rates the valuation of goodwill becomes equal to the value of the discounted cash flow.

The results of these tests are presented in the table below for the main CGU or groups of CGUs:

	Breaking point		
	EBITDA average growth rate over 5 years	**Weighted average cost of capital**	**Infinite growth rate**
France - Benelux	(18.0)%	20.0%	<(10.0)%
United Kingdom -Ireland	(8.1)%	8.6%	(4.3)%
Germany-Austria-Switzerland-Italy	(3.8)%	8.7%	(5.2)%
North America	(8.7)%	16.8%	<(10.0)%
Parcel Pending	>10.0%	11.1%	(0.7)%
Additional operations *	2.5%	12.6%	<(10.0)%

** The Additional Operations (AO) group several CGU or groups of CGUs, excluding CGU or groups of CGUs that have been subjected to impairment.*

In key assumptions, any reasonably possible change of one parameter at a time can not lead to a recoverable value of CGU or group of CGUs becoming equal to its carrying amount.

NOTE 5 ASSETS HELD FOR SALE

IFRS 5 "Non-current assets held for sale and discontinued operations" specifies the accounting treatment applicable to assets held for sale and the presentation and disclosure of discontinued operations.

Assets held for sale

Non-current assets held for sale are presented separately in the statement of financial position as soon as the Group has decided to sell these assets and when the sale is considered to be highly probable. These assets are measured at the lower of the carrying amount and the fair value less costs to sell.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of this subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Discontinued operations

A discontinued operation is a component operation of an entity that has either been disposed of, or is classified as held for sale and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

When the criteria are met, the net income and the cash flow of discontinued operations are presented on a separate line in the consolidated income statements and consolidated statement of cash flow. The Group decides if a discontinued operation forms a separate major line of business or geographical region of operations substantially based on its contribution to the Group financial statements.

As at 31 January 2020, assets and liabilities classified as held for sale for respectively 23.9 million euros (20.8 million euros after depreciation) and 7.2 million euros are related to ProShip, sold on 28 February 2020. This company was part of the cash-generating unit "Other Solutions". The goodwill has been valuated using the relative fair value method.

These assets and liabilities were measured at their fair value: the net book value of assets and liabilities as at 31 January 2020 has been compared to the sale price. This leads to the recognition of a depreciation booked in other operational expenses for an amount of 3.1 million euros.

As at 31 January 2019, assets and liabilities classified as held for sale for respectively 14.4 million euros (7.8 million euros after depreciation) and 5.7 million euros were related to Quadient Data Netherlands and Quadient Data GmbH (former Human Inference, sold at the beginning of February 2019). These companies were part of the Enterprise Digital Solutions cash-generating unit. The goodwill was valuated using the relative fair value method.

These assets and liabilities were measured at their fair value: the net book value of assets and liabilities as at 31 January 2019 has been compared to the sale price. This leads to the recognition of a depreciation booked in other operational expenses for an amount of 6.6 million euros.

NOTE 6 OPERATING DATA

6-1: Sales

6-1-1: ACCOUNTING PRINCIPLES

In accordance with IFRS 15, sales are measured at the fair value of the consideration received, net of any trade discount and volume rebates and excluding any VAT or other taxes. Sales are recognized at the date on which the Group fulfills the performance obligations attached to the contract.

Lease of mailroom equipment

The Quadient group rents equipment to its customers in France, the United States and Canada under leases in which the Group does not transfer the control of the assets. Leases are generally for periods of one to five years. As the performance obligations are not separated, the lease and corresponding maintenance costs are normally billed in advance, the lease component for the period ended is recorded in sales. The balance is shown in deferred income.

Equipment sales

Equipment sales are recognized when the goods are shipped. This reflects the transfer of control between the buyer and the seller of major risks and benefits inherent to the ownership of the item because:

- the lead times between shipping, delivery and installation are very short;
- the products are most often installed directly by the customer;
- the return rate after shipping is very low.

Finance leases

Quadient has leasing subsidiaries in Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States.

These subsidiaries provide leasing services exclusively to Quadient customers that relate solely to Quadient products. When a customer of a Quadient distribution company chooses to finance the acquisition of equipment *via* a leasing company, the Group recognizes an equipment sale and records as an asset an amount equal to the net present value of the lease payments receivable over the term of the financing. Financial income is then recognized in sales on the basis of interest actually received over the term of the financing. Refinancing costs are recorded as financial expenses.

The accounting treatment for the lease financing activity of these companies is justified by the fact that the Group transfers to its customers the control of the assets in question. This accounting treatment has not been called into question with the application of IFRS 16.

As a supplement to this finance lease activity, Quadient offers financing solutions on franking in the United States and in the United Kingdom.

Maintenance contracts

At the request of postal organizations, Group companies may be required to carry out preventive maintenance work and repairs on its products, among other things. These operations are conducted under maintenance contracts and are invoiced to customers at the start of the contract. Revenue relating to leases and maintenance are presented under deferred income and recognized as sales on a *prorata* basis, reflecting the degree of progress of the service provision.

Software and associated services

The Group derives revenues from the following sources:

- software license sales;
- pay-per-click software or solutions right of use;
- maintenance (help desk services and rights to future product enhancements);
- software implementation and support services.

The Group begins to recognize revenue once the arrangements are signed and as long as all the following conditions are met:

- the Group has signed a contract with a customer;
- the software or service has been delivered or made available;
- license fees are fixed and there are no uncertainties on the completion of the contract;
- revenue collection is probable.

Software license sales

Software license revenue comprises all amounts invoiced related to the right to use the software, either through an initial license or through the purchase of additional modules or user rights. This kind of license transfers a right of use of intellectual property as it stands at the time of the license grant. The revenue is thus recognized when the performance obligations are satisfied which means the source code is provided. In the pay-per-click mode, the revenue is recognized on actual consumption. The customer benefits from a combined offer with access to the license, potential updates imposed on the customer and maintenance. These performance obligations are not separated and the revenue is recognized on a straight-line basis as services are being delivered throughout the contract duration. At the end of the contract, the customer no longer has access to the solution.

Software maintenance

Software maintenance is included in most software license contracts and is generally priced as a percentage of the initial software license fees. Maintenance provides customers with rights to non-critical software upgrades, maintenance enhancements and access to the help desk during the term of the contract. Revenue is recognized on a straight-line basis over the term of the contract.

Professional services

Software implementation and support services represent revenue from consulting and implementation services sold separately under professional service contracts. Professional service contracts are accounted for on a percentage-of-completion basis based on the number of hours incurred over the period as a proportion of the total number of hours provided for in the contract. These estimates are continually re-evaluated and revised, when necessary, at each reporting date. Any adjustments to revenue and margins due to changes in estimates are accounted for in the period in which the change in estimates occurs. When estimates indicate that a loss will be incurred on a contract upon completion, a provision for the expected loss is recorded in the period in which the loss becomes evident.

6-1-2: SALES BREAKDOWN

- By business - Group sales

Group sales are composed of five revenue categories: (1) Mail-Related Solutions, (2) Business Process Automation, (3) Customer Experience Management, (4) Parcel Locker Solutions and (5) Other activities. The other activities comprise revenues that are not part of the four major solutions and include in particular graphics activities, other shipping software solutions and the automated packing systems (CVP).

	31 January 2020	31 January 2019
Mail-Related Solutions	789.5	792.4
Business Process Automation	64.9	53.8
Customer Experience Management	140.1	121.6
Parcel Locker solutions	64.8	21.6
Other activities	83.4	102.5
TOTAL	1,142.7	1,091.9

- By business - Major Operations

Major operations have been defined around the four major solutions defined above, in the two main geographic areas of North America and Europe, including twelve countries. The revenues of additional operations are realized on activities that are not included in the four major solutions, in all geographic areas, as well as on the four major solutions outside the main geographic areas.

	31 January 2020	31 January 2019
Mail-Related solutions	728.1	727.5
Business Process Automation	63.2	52.3
Customer Experience Management	109.5	100.3
Parcel Locker Solutions	43.5	6.0
Major Operations	**944.3**	**886.1**
Additional Operations	**198.4**	**205.8**
TOTAL	1,142.7	1,091.9

- By type of revenue

	31 January 2020	31 January 2019
Equipment and license sales	363.8	332.4
Recurring revenue *	639.2	625.2
Rental revenue	139.7	134.3
TOTAL	**1,142.7**	**1,091.9**

** Recurring revenue mainly comprises maintenance, professional services and software right-of-use.*

- By geographic area

	31 January 2020	31 January 2019
France - Benelux	208.4	210.8
North America	523.6	446.4
Germany - Austria - Switzerland - Italy	117.2	126.0
United Kingdom – Ireland	95.1	102.8
Rest of the world*	198.4	205.9
TOTAL	**1,142.7**	**1,091.9**

** "Rest of the world" sales correspond to the sales of the "Additional Operations" segment.*

6-2: Accounts receivable and lease receivables

6-2-1: ACCOUNTING PRINCIPLES

Accounts receivable are recognized and recorded at the initial amount of the invoice. Accounts receivable may be written down for impairment. Depreciation is recognized as soon as a credit loss is expected. Expected credit losses are estimated taking into account historical loss experience, the age of the receivable and a detailed risk assessment. Unrecoverable receivables are recognized as losses when they are identified as such.

6-2-2: RECEIVABLES DETAIL

	31 January 2020	31 January 2019
Accounts receivable		
Gross value	251.3	247.8
Depreciation	(18.1)	(18.0)
Total	**233.2**	**229.8**
Lease receivables		
Short term	286.1	288.1
Long term	422.3	428.7
Gross value	**708.4**	**716.8**
Depreciation	(10.0)	(10.6)
Total	**698.4**	**706.2**
TOTAL	**931.6**	**936.0**

6-2-3: RECEIVABLE OVERDUE

	31 January 2020	31 January 2019
Accounts receivable – Gross value		
Not overdue	123.6	124.8
Overdue:	127.7	123.0
• < 30 days	57.2	52.1
• 31-60 days	16.2	15.7
• 61-90 days	12.0	12.4
• 91-180 days	14.5	14.1
• 181-360 days	10.8	10.5
• >360 days	17.0	18.2
TOTAL	**251.3**	**247.8**

Credit risk is limited because of the diversity and the very high number of customers, as well as the low unit value of each contract.

6-2-4: ACCOUNTS RECEIVABLE DEPRECIATION

	31 January 2020	31 January 2019
Accounts receivable – Depreciation		
Depreciation at the beginning of the financial year	18.0	17.6
Charges	3.2	4.2
Used	(1.4)	(0.9)
Not used	(0.9)	(1.7)
Other	(1.0)	(1.4)
Translation difference	0.2	0.2
TOTAL	**18.1**	**18.0**

6-2-5: FINANCING LEASES

	31 January 2020	31 January 2019
Non-current receivables		
Financing leases – gross receivables	512.3	515.5
Unearned financial income	(90.0)	(86.8)
Total	**422.3**	**428.7**
Current receivables		
Financing leases – gross receivables	341.6	343.7
Unearned financial income	(55.5)	(55.6)
Total	**286.1**	**288.1**
Gross receivables on financing leases		
Less than one year	341.6	343.7
Between one to five years	503.6	507.6
More than five years	8.7	7.9
Total gross value	**853.9**	**859.2**
Unearned financial income on financing leases	**(145.5)**	**(142.4)**
Net investment in financing leases		
Less than one year	286.1	288.1
Between one to five years	413.7	421.0
More than five years	8.6	7.7
TOTAL	**708.4**	**716.8**

6-2-6: BREAKDOWN BY MATURITY

	31 January 2020	< 1 year	1 to 5 years	> 5 years
Accounts receivable	251.3	251.3	-	-
Lease receivables				
Short term	286.1	286.1	-	-
Long term	422.3	-	413.7	8.6
	708.4	**286.1**	**413.7**	**8.6**
TOTAL	**959.7**	**537.4**	**413.7**	**8.6**

Depreciation on trade receivables is not broken down by maturity. However, the amount is relatively low and corresponds mainly to receivables of over 180 and 360 days.

Depreciation on lease receivables is not broken down by maturity. It is, however, not significant when compared to the amount of receivables.

	31 January 2019	< 1 year	1 to 5 years	> 5 years
Accounts receivable	247.8	247.8	-	-
Lease receivables				
Short term	288.1	288.1	-	-
Long term	428.7	-	421.0	7.7
	716.8	**288.1**	**421.0**	**7.7**
TOTAL	**964.6**	**535.9**	**421.0**	**7.7**

6-2-7: BREAKDOWN BY CURRENCY

	31 January 2020	EUR	USD	CAD	GBP	CHF	NOK	SEK	JPY	DKK	AUD	Other
Accounts receivable	251.3	103.6	92.9	2.2	27.6	6.9	1.0	3.0	2.5	1.5	6.9	3.2
Lease receivables												
Short term	286.1	52.2	182.9	3.6	32.6	2.8	1.3	1.4	0.1	1.7	7.2	0.3
Long term	422.3	111.9	234.8	5.5	41.0	6.2	2.9	2.4	0.1	3.5	14.0	-
	708.4	**164.1**	**417.7**	**9.1**	**73.6**	**9.0**	**4.2**	**3.8**	**0.2**	**5.2**	**21.2**	**0.3**
TOTAL	**959.7**	**267.7**	**510.6**	**11.3**	**101.2**	**15.9**	**5.2**	**6.8**	**2.7**	**6.7**	**28.1**	**3.5**

The column “Other” groups the following currencies: Singapore dollar, Indian rupee, Czech koruna, Polish zloty, Brazilian real, Chinese yuan, Hungarian florin and New Zealand dollar.

	31 January 2019	EUR	USD	CAD	GBP	CHF	NOK	SEK	JPY	DKK	AUD	Other
Accounts receivable	247.8	110.5	81.6	2.7	24.9	6.9	1.2	3.6	2.0	1.8	9.5	3.1
Lease receivables												
Short term	288.1	57.6	179.9	3.6	30.8	2.7	1.8	1.7	0.1	1.9	8.0	0.0
Long term	428.7	125.7	223.5	5.5	40.3	5.7	4.0	3.2	0.1	4.5	16.2	0.0
	716.8	**183.3**	**403.4**	**9.1**	**71.1**	**8.4**	**5.8**	**4.9**	**0.2**	**6.4**	**24.2**	**0.0**
TOTAL	**964.6**	**293.8**	**485.0**	**11.8**	**96.0**	**15.3**	**7.0**	**8.5**	**2.2**	**8.2**	**33.7**	**3.1**

6-3: Current operating income and EBITDA

6-3-1: ACCOUNTING PRINCIPLES

Gross margin is defined as the difference between sales and cost of sales.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is determined by adding to the current operating profit the amount of depreciation and amortization of fixed assets.

Cost of sales

Cost of sales consists of production-related direct costs (purchases, labor) plus depreciation of equipment rented to customers and sales-related transport and logistics costs.

Research and development expenses

Research and development expenses comprise the cost of carrying out research work, including depreciation of equipment used in this activity.

These costs are expensed in the year in which they are incurred, and are clearly identified in the income statement.

Development expenses that meet the capitalization criteria are presented in the balance sheet under intangible fixed assets (see note 4-2-2 on intangible fixed assets) and are then amortized.

Sales and marketing expenses

Sales and marketing expenses include the costs of sales departments, including advertising and promotion costs, and the cost of selling supplies.

6-3-2: GROSS MARGIN AND EBITDA CALCULATION

	31 January 2020		31 January 2019	
	Gross value	In %	Gross value	In %
Sales	1,142.7	100.0%	1,091.9	100.0%
Cost of sales	(302.1)	(26.4)%	(271.9)	(24.9)%
Gross margin	**840.6**	**73.6%**	**820.0**	**75.1%**
Current operating expenses	(671.0)	(58.7)%	(637.9)	(58.4)%
Current operating profit	**169.6**	**14.8%**	**182.1**	**16.7%**
Amortization of fixed assets	112.5	9.8%	90.3	8.3%
EBITDA	**282.1**	**24.7%**	**272.4**	**24.9%**

6-4: Breakdown of expenses by category

	31 January 2020	31 January 2019
Cost of inventories recognized as expenses	285.8	240.4
Wages, bonuses, commissions and payroll charges	465.8	452.5
Rents and associated costs	9.0	31.2
Fees	40.9	36.7
Transport and travel	41.0	40.1
Fixed assets – depreciation and amortization	112.5	90.3
Other	18.1	18.6
Total expenses by category	**973.1**	**909.8**
Cost of sales	302.1	271.9
Operating expenses	671.0	637.9
TOTAL	**973.1**	**909.8**

6-5: Inventories and work in progress

6-5-1: ACCOUNTING PRINCIPLES

Inventories and work in progress are measured at the lower of the cost or replacement value (for purchased goods) or the cost of full production (for produced goods) and must not exceed the net realizable value.

Cost price is calculated using the weighted average cost method.

Depreciation is calculated on the basis of inventory turnover and the obsolescence of equipment and goods.

The intra-Group margin generated by industrial subsidiaries on equipment sold to the distribution subsidiaries which store this equipment is eliminated.

6-5-2: INVENTORIES BY CATEGORIES

	31 January 2020			31 January 2019		
	Gross value	Depreciation	Net	Gross value	Depreciation	Net
Work in progress	6.7	(0.7)	6.0	5.2	(0.7)	4.5
Raw materials	13.4	(2.0)	11.4	12.4	(1.9)	10.5
Finished goods	67.4	(10.7)	56.7	63.0	(9.6)	53.4
Spare parts	4.6	(1.8)	2.8	4.8	(2.0)	2.8
TOTAL	**92.1**	**(15.2)**	**76.9**	**85.4**	**(14.2)**	**71.2**

6-5-3: CHANGES IN INVENTORIES

	31 January 2020	
	Gross value	Depreciation
Opening	85.4	(14.2)
Net inventory entries	6.5	-
Charges	-	(2.7)
Disposals	-	1.7
Translation difference	0.2	(0.0)
TOTAL	**92.1**	**(15.2)**

6-6 : Other operating liabilities

The other operating liabilities for an amount of 201.4 million euros as at 31 January 2020 compared with 196.9 million euros as at 31 January 2019 mainly comprise customer credit balances, debts to employees, short-term part of earn-outs and deposits made by customers in relation to postage prepayment.

6-7: Expenses and gains related to acquisitions

Transaction costs related to acquisitions are recorded under current operating expenses and presented on a separat line entitled “Expenses related to acquisitions”.

This line includes consultants' fees and amortization of intangible assets at the time of purchase price allocation.

	31 January 2020	31 January 2019
Consultants' fees	7.1	7.0
Amortization of intangible fixed assets after purchase price allocation	8.4	10.2
EXPENSES RELATED TO ACQUISITIONS	**15.5**	**17.2**

6-8: Structure optimization expenses - net of reversals

The Group pursued the optimization of its structure. An expense of 10.1 million euros, net of an unused provision reversal of 1.2 million euros, is recorded in this regard in 2019, compared with an expense of 13.1 million euros in 2018. This expense is mainly related to the costs incurred by the implementation of certain initiatives related to reorganizations within the Group and to expenses related to workforce reduction.

6-9: Disposals of fixed assets

As of 31 January 2019, revenues from the disposal of fixed assets amounted to 6.2 million euros and were mainly related to the disposal of a building in Clichy (France) for approximately 8.0 million euros, offset by the release of the net book value of tangible assets as part of relocations.

6-10: Other operational expenses and income

	31 January 2020	31 January 2019
Capital gain on the sale of Quadient Data USA	-	39.4
Assets held for sale depreciation	(3.1)	(6.6)
Fixed assets depreciation	(5.3)	(24.9)
Impairment of goodwill	-	(19.8)
Other	(3.5)	(5.8)
OTHER OPERATIONAL (EXPENSES) INCOME	**(11.9)**	**(17.7)**

In 2019, the recognition under IFRS 5 of the disposal of ProShip, which occurred at the beginning of 2020 financial year, leads to an expense of 3.1 million euros.

Following the decision to shutdown the Temando businesses, the net value of the intangible assets recognized as part of the purchase price allocation has been scrapped from the balance sheet. This leads to an expense of 5.3 million euros.

After the change of the name of the group Quadient, some costs have incurred as part of the change of the visual identity for an amount of approximately 3.0 million euros, presented in the line "Other".

In 2018, the sale of the subsidiary Quadient Data USA (former Satori Software) lead to a capital gain of 39.4 million euros.

The disclosure of Quadient Data Netherlands (former Human Inference) sale which occurred at the beginning of February 2019 in compliance with IFRS 5 lead to an expense of 6.6 million euros (see note 5).

Fixed assets depreciations were recorded for 24.9 million euros. They were related to the overhaul of different projects, out of which the most significant was the roll-out of common IT tools in Europe.

The line Other included in particular an exceptional depreciation of irrecoverable assets related to the leasing activity.

In 2018, the goodwill depreciation was related to Temando and detailed in the note 4-5.

6-11: Off-balance sheet commitments related to operational activities

	Currency	31 January 2020	31 January 2019
Bank guarantee in favor of the British postal service	GBP	0.8	0.8
Bank guarantee in favor of the Irish postal service	EUR	1.7	1.7

NOTE 7 SEGMENT INFORMATION

Since the beginning of the financial year and after the implementation of the Group's strategy announced in January 2019, the activity of Quadient is split into two big categories: the major operations and the additional operations.

- Major Operations

Quadient focuses on four major solutions which are businesses where Quadient has already built strong legitimacy and that have the potential to reach a significant size and/or provide significant growth potential. These solutions are (1) the Mail-Related Solutions, (2) the Business Process Automation, (3) the Customer Experience Management and (4) the Parcel Locker Solutions.

From a geographical standpoint, twelve out of twenty-nine countries where Quadient operates directly accounted for more than 85% of the Group's total sales in 2018. As part of its strategy, Quadient concentrates its efforts on these countries gathered on four segments: North America, France - Benelux, DACH-IT (Germany, Austria, Switzerland, Italy) and United Kingdom -Ireland.

- Additional Operations

The portfolio of additional operations includes operations outside the main geographies as well as other activities, in particular graphics activities, other shipping software solutions and the automated packing system (CVP).

The segment "Innovation" includes in 2018 and in 2019 the charges linked to the development of new projects for customer experience management.

Quadient's net income breaks down by segment as follows:

	France-Benelux	*North America*	*DACH-IT*	*United Kingdom -Ireland*	*Innovation*	Major Operations	Additional Operations	31 January 2020
Total sales	*208.3*	*523.6*	*117.2*	*95.1*	*0.1*	944.3	198.4	**1,142.7**
Segment income	*50.1*	*106.3*	*16.1*	*16.4*	*(8.3)*	180.6	4.5	**185.1**
in percentage	*24.1%*	*20.3%*	*13.7%*	*17.2%*	*n/a*	19.1%	2.3%	16.2%
Expenses related to acquisitions								(15.5)
Current operating income								**169.6**
Impairment of goodwill								(70.4)
Structure optimization expenses								(10.1)
Proceeds from net assets sales								(0.2)
Other operational expenses and income								(11.9)
Operating income								**77.0**
Financial result								(41.1)
Share of results of associated companies								0.8
Income taxes								(21.4)
NET INCOME								**15.3**

	France-Benelux	North America	DACH-IT	United Kingdom -Ireland	Innovation	Major Operations	Additional Operations	31 January 2019
Total sales	*210.8*	*446.4*	*126.0*	*102.8*	*0.1*	886.1	205.8	**1,091.9**
Segment income	*52.5*	*104.2*	*28.8*	*24.8*	*(4.3)*	206.0	(6.7)	**199.3**
in percentage	*24.9%*	*23.3%*	*22.9%*	*24.1%*	*n/a*	23.2%	(3.3)%	18.2%
Expenses related to acquisitions								(17.2)
Current operating income								**182.1**
Structure optimization expenses								(13.1)
Proceeds from net assets sales								6.2
Other operational expenses and income								(17.7)
Operating income								**157.5**
Financial result								(30.5)
Share of results of associated companies								1.4
Income taxes								(36.8)
NET INCOME								**91.6**

Transfer prices between divisions are the prices that would have been set under normal competitive conditions, as for a transaction with third parties.

Amounts recognized during the year but which had no effect on Group cash (before amortization, depreciation and provisions) mainly relate to amounts in respect of share-based payments, represent an expense of 0.7 million euros, same amount as 2018.

The financial result is mainly due to the financial costs associated with each line of debt. The breakdown of the impacts of hedge accounting is presented in note 12 for the portion of derivative financial instruments related to foreign exchange and interest rates.

The balance sheet breaks down by segment as follows:

	France-Benelux	North America	DACH-IT	United Kingdom -Ireland	Major Operations	Additional Operations	Other	31 January 2020
Segment assets	*1,018.7*	*883.5*	*212.8*	*264.3*	2,379.3	99.4	636.6	3,115.3
TOTAL ASSETS								**3,115.3**
Segment liabilities	*141.8*	*275.9*	*64.8*	*95.1*	577.6	77.6	1,211.5	1,866.7
Equity								1,248.6
TOTAL LIABILITIES								**3,115.3**

	France-Benelux	North America	DACH-IT	United Kingdom -Ireland	Major Operations	Additional Operations	Other	31 January 2019
Segment assets	*996.4*	*835.3*	*203.9*	*251.6*	2,287.2	182.1	363.6	2,832.9
Total assets								**2,832.9**
Segment liabilities	*155.2*	*249.5*	*63.7*	*75.6*	544.0	72.2	969.3	1,585.5
Equity								1,247.4
Total liabilities								**2,832.9**

The column "Other" includes the net indebtedness of Neopost S.A., assets and liabilities coming from factories, supply-chain and leasing companies as well as some assets and liabilities that cannot be allocated to an operational segment.

Other segment items break down by sector as follows:

	France-Benelux	North America	DACH-IT	United Kingdom -Ireland	Major Operations	Additional Operations	Other	31 January 2020
Investments of the period								
Tangible fixed assets	11.3	23.3	1.2	0.9	36.7	21.2	2.2	60.1
Intangible fixed assets	0.4	1.3	0.7	0.3	2.7	2.1	30.9	35.7
Investments	**11.7**	**24.6**	**1.9**	**1.2**	**39.4**	**23.3**	**33.1**	**95.8**
Assets right-of-use	5.5	5.9	1.5	(0.8)	12.1	1.4	-	13.5
TOTAL INVESTMENTS	**17.2**	**30.5**	**3.4**	**0.4**	**51.5**	**24.7**	**33.1**	**109.3**
Amortization of the period								
Tangible fixed assets	14.7	19.5	0.5	1.0	35.7	9.1	3.0	47.8
Intangible fixed assets	0.9	3.3	2.4	0.2	6.8	2.7	33.4	42.9
Amortization	**15.6**	**22.8**	**2.9**	**1.2**	**42.5**	**11.8**	**36.4**	**90.7**
Assets right-of-use	7.7	5.1	1.6	1.1	15.5	3.2	3.1	21.8
TOTAL AMORTIZATION	**23.3**	**27.9**	**4.5**	**2.3**	**58.0**	**15.0**	**39.5**	**112.5**

	France-Benelux	North America	DACH-IT	United Kingdom -Ireland	Major Operations	Additional Operations	Other	31 January 2019
Investments of the period								
Tangible fixed assets	13.0	21.0	0.7	3.0	37.7	14.9	1.7	54.3
Intangible fixed assets	0.7	1.0	1.4	0.8	3.9	5.5	24.2	33.6
Total investments	**13.7**	**22.0**	**2.1**	**3.8**	**41.6**	**20.4**	**25.9**	**87.9**
Amortization of the period								
Tangible fixed assets	16.7	18.3	0.6	0.9	36.5	6.2	3.1	45.8
Intangible fixed assets	1.1	1.5	2.2	0.1	4.9	9.8	29.8	44.5
Total amortization	**17.8**	**19.8**	**2.8**	**1.0**	**41.4**	**16.0**	**32.9**	**90.3**

NOTE 8 ASSETS RIGHT-OF-USE AND LEASE OBLIGATIONS

As of 31 January 2020, the impacts of the application of IFRS 16 on the balance sheet, the income statement and the cash flow statement are as follows:

- **Impacts on the income statement**

	31 January 2020
Cancellation of rent expenses	24.0
Amortization expenses	(21.8)
EBIT impact	**2.2**
Amortization of the period	21.8
EBITDA impact	**24.0**
Financial interests	(2.6)
NET INCOME IMPACT	**(0.4)**

- **Impacts on the cash flow statement**

	31 janvier 2020
Net Income	0.4
Amortization	21.8
Net cost of debt	2.6
Interests paid	(2.6)
Net cash flow from operating activities	**22.2**
Impact of changes in the assets right-of-use	(13.5)
Net cash flow from investing activities	**(13.5)**
Repayment of lease obligations	(8.7)
Net cash flow from financing activities	**(8.7)**
CHANGE IN NET CASH	-

- **Tables of variations of the assets right-of-use and the lease obligations**

As of 31 January 2020, the net assets right-of-use amounts to 71.0 million euros.

	Buildings	Other intangible assets	Assets right-of-use
Gross value at 1 February 2019	**119.8**	**9.2**	**129.0**
New contracts/renewals	9.5	5.3	14.8
Contract terminations	(1.3)	-	(1.3)
Other changes	(4.9)	-	(4.9)
Translation differences	1.1	-	1.1
Gross value at 31 January 2020	**124.2**	**14.5**	**138.7**
Amortization at 1 February 2019	**(47.7)**	**-**	**(47.7)**
Charges	(16.0)	(5.8)	(21.8)
Other changes	2.3		2.3
Translation differences	(0.5)	-	(0.5)
Amortization at 31 January 2020	**(61.9)**	**(5.8)**	**(67.7)**
NET BOOK VALUE AT 31 JANUARY 2020	62.3	8.7	71.0

As of 31 January 2020, the lease obligations amount to 81.4 million euros including 61.4 million euros of long term portion.

	1 February 2019	Debt modification	Reimburs-ements	Translation differences	Other variations	31 January 2020
Non-current lease obligations	71.0	7.2	-	0.7	(17.5)	61.4
Current lease obligations	20.4	7.6	(23.5)	0.1	15.4	20.0
LEASE OBLIGATIONS	91.4	14.8	(23.5)	0.8	(2.1)	81.4

NOTE 9 CASH FLOW DETAILS

Cash flows correspond to consolidated balance sheet items. However, these flows may differ from balance sheet changes in particular due to the translation of operations in foreign currencies, translation of subsidiaries' financial statements denominated in foreign currencies and changes in the scope of consolidation.

9-1: Expenses (income) with no cash effect

	31 January 2020	31 January 2019
Amortization of fixed assets	112.5	90.3
Provisions (reversals)	(4.9)	(2.4)
(Gains) and losses on changes in fair value	2.6	(0.2)
(Proceeds) expenses from share based payments	0.7	0.7
Net (gains) losses on disposals of fixed assets	-	(45.5)
Goodwill impairment	70.4	19.8
Intangible assets impairment	5.3	24.9
Other	1.5	0.4
TOTAL	**188.1**	**88.0**

As at 31 January 2020, the provisions variation mainly relates to net reversals on assets depreciation for an amount of 1.1 million euros and to reversals on provisions presented in liabilities for 3.8 million euros. As at 31 January 2019, the provision variation mainly related to additional charges on assets depreciation for an amount of 2.5 million euros and to added charges on provisions presented in liabilities for 4.8 million euros.

In 2018, the net (gains) or losses on disposals of fixed assets mainly related to the sale of a building in Clichy (France) and the divestment of the subsidiary Quadient Data USA (former Satori Software).

As at 31 January 2020, the line "Other" mainly includes the depreciation of ProShip assets classified as assets held for sale for 3.1 million euros and the research tax credit for (2.2) million euros.

As at 31 January 2019, the line "Other" was mainly related to the depreciation of Quadient Data Netherlands (former Human Inference) assets classified as assets held for sale (6.6 million euros), the reversal of the earn-out not paid on icon Systemhaus acquisition (7.5 million euros), the research tax credit (3.6 million euros) and the depreciation of non recoverable leasing assets (4.3 million euros).

9-2: Changes in working capital

	31 January 2020	31 January 2019
Inventories variation	(6.8)	(1.5)
Trade accounts receivable variation	(2.1)	12.2
Deferred income variation	5.6	(0.9)
Trade payables variation	2.2	1.3
Other current assets and liabilities variation	(6.1)	4.0
TOTAL	**(7.2)**	**15.1**

Changes in the other current assets and liabilities is mainly explained by time differences on prepayments.

9-3: Impact of changes in scope

As at 31 January 2020, the sale of Quadient Data Netherlands BV (former Human Inference) generates a cash collection of 1.2 million euros. The tax paid on Quadient Data USA (former Satori) sale triggers a cash out for a 12.5 millions euros in tax in the United States.

As at 31 January 2019, financial investments net of cash acquired had led to a net cash out of 26.3 million euros which included the following operations: a cash collection related to the sale of Quadient Data USA (ex-Satori Software) and cash-outs mostly triggered by the acquisition of Parcel Pending in the United States and the payment of the last earn-out on the acquisition of icon Systemhaus.

9-4: New borrowings and repayment of borrowings

In May 2019, Quadient issued a *Schuldschein* private placement under German law for the equivalent of 210.0 million euros (90.0 million United States dollars and 130.0 million euros). In June 2019, Quadient repaid at maturity 26.0 million United States dollars of the United States private placement. In December 2019, Quadient repaid at maturity 150.0 million euros of its bond 3.50%. In January 2020, Quadient issued a bond for an amount of 325.0 million euros. The funds thus raised have helped to buy back 148.8 million euros of the bond 2.50% maturing in June 2021.

9-5: Reconciliation of the liabilities flows coming from financing activities

		Cash-flow movements		Non-cash changes		
	31 January 2019	New debt	Repayment	Other *	Translation difference	31 January 2020
Non – current financial debt	673.8	534.8	(150.4)	(77.7)	13.4	993.9
Current financial debt	185.8	1.6	(176.6)	75.9	0.0	86.7
FINANCIAL DEBT	**859.6**	**536.4**	**(327.0)**	**(1.8)**	**13.4**	**1,080.6**

** The column "Other" is mainly composed of reclassifications.*

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NOTE 10 HEADCOUNT AND EMPLOYEE BENEFITS

10-1: Headcount

The geographical breakdown of employees on fixed-term and permanent contracts at the end of the period, excluding employees on long-term leave, is as follows:

	France	North America	United Kingdom	Netherlands	Rest of the world	Total
31 January 2020	**1,320**	**1,875**	**715**	**292**	**1,491**	**5,693**
31 January 2019	1,348	1,593	718	309	1,637	5,605

The breakdown of employees on fixed-term and permanent contracts at the end of the period, excluding employees on long-term leave, by type of activity is as follows:

	Sales	Services	Manufacturing	Research & development	Leasing	Administration	Total
31 January 2020	**1,871**	**1,362**	**608**	**752**	**68**	**1,032**	**5,693**
31 January 2019	1,649	1,401	616	776	65	1,098	5,605

At 31 January 2020, the Group had 116 temporary staff compared with 207 at 31 January 2019.

Headcount presented in the two tables above as at 31 January 2019 did not include the employees of the company Parcel Pending acquired on 22 January 2019.

10-2: Employee benefits

Employee benefits are measured in accordance with IAS 19. They comprise short-term benefits, long-term benefits and post-employment benefits.

Group employees are entitled to short-term benefits such as paid vacation, paid sick leave, bonuses and other benefits (other than termination benefits), payable within twelve months of the end of the period in which the corresponding services are rendered by employees. These benefits are recorded in current liabilities and expenses of the period in which the service is rendered by the employee.

Long-term benefits (during employment), payable before the employee's departure, correspond primarily to long-service bonuses. Post-employment benefits are paid when an employee retires and include retirement bonuses, supplementary pension benefits and coverage of certain medical costs for retired employees and employees on early retirement.

	31 January 2020	31 January 2019
Wages and salaries, bonuses and commissions	366.4	356.6
Social costs	98.4	95.0
Share-based payments	0.7	0.7
Pension expenses under defined contribution plans	0.3	0.2
TOTAL	**465.8**	**452.5**

10-3: Retirement benefit obligations

10-3-1: ACCOUNTING PRINCIPLES

Group companies participate in pension schemes and other staff benefits in accordance with the laws and customs of each country.

The measurement and accounting policies applied by the Group with respect to these liabilities are in accordance with IAS 19:

- defined benefit schemes under which the employer guarantees a future level of benefits: the liabilities are measured on the basis of actuarial valuations using the projected unit of credit method. These calculations use assumptions regarding mortality rates, staff turnover and wages, which reflect the economic conditions in each country or for each Group company. The liabilities are recognized under "Provisions for retirement benefit obligations". Termination benefits are generally lump-sum payments based upon the number of years served by the employee and his/her salary as at retirement or termination of employment. Pension benefits are generally determined using a formula based on the number of years served by the employee and his/her average final earnings;
- defined contribution schemes: the cost of these schemes is recognized as an expense on the basis of contributions made. These schemes have no legal or constructive obligation to pay further contributions, the employer's obligation is limited to the regular payment of contributions.

10-3-2: OBLIGATION DETAILS

The main retirement obligation for the Group is the obligation for the United Kingdom. This retirement obligation is mainly covered by a pension fund showing a net asset of 43.0 million euros (36.2 million pounds sterling) as at 31 January 2020 compared with 37.2 million euros (32.6 million pounds sterling) as at 31 January 2019. It is accounted for in non-current assets. When a pension plan shows a net asset based on the assumptions used, IAS 19 states that this net asset should only be recognized in the balance sheet if an economic benefit is possible for the Company. Regarding the rules of the pension plan, Quadient has an unconditional repayment right of all the amounts left in the plan after the payment of the last pension to the last member of the pension plan. Quadient considers this to be a sufficient justification to recognize the net asset of the pension fund in the consolidated balance sheet, in accordance with IAS 19/IFRIC 14.

The United Kingdom pension plan has not admitted any new members since 2001 and the rights of its members were frozen in June 2006. Every three years, the British regulator requires a valuation using different assumptions than those used for the valuation under IAS 19. If the valuation requested by the British regulator shows a deficit, Quadient has to make payments to offset it. In 2017, the valuation performed for the British regulator did not identify any deficit. The next valuation will be performed in 2020.

The retirement benefits of French employees are not covered by investments in pension funds except for Neopost France and Neopost Services, which have covered part of their retirement benefit obligations through investments in funds managed by insurance companies.

	31 January 2020	31 January 2019
Change in value of obligations		
Present value of obligations at start of period	189.9	202.2
Service cost	1.2	2.1
Discounting cost	4.4	4.2
Actuarial (gains) or losses	21.2	(4.3)
Payments made	(10.9)	(15.9)
Scope variation	(0.2)	(0.5)
Other, including translation difference	8.4	2.1
Present value of liabilities at end of period	**214.0**	**189.9**
Change in hedging assets		
Fair value of hedging assets at beginning of period	204.9	213.8
Expected return on plan assets	4.6	4.6
Actuarial gains (losses)	22.5	(1.4)
Contributions paid by employer	1.1	1.2
Payments made by fund	(10.2)	(14.8)
Other, including translation difference	9.1	1.5
Fair value of hedging assets at end of period	**232.0**	**204.9**
Financial hedging		
Plans' position	18.0	14.9
of which recognized in assets	43.0	37.2
of which recognized in liabilities	(25.0)	(22.3)
Amount recognized in the consolidated income statements		
Service cost	1.0	2.1
Discounting cost	4.4	4.2
Expected return on plan assets	(4.6)	(4.6)
Total retirement benefit expense	**0.8**	**1.7**
Amount recognized in the consolidated statements of comprehensive income		
Actuarial (losses)/gains	**(1.3)**	**(2.9)**
On obligations	21.2	(4.3)
On hedging assets	(22.5)	1.4
Cumulated actuarial (losses)/gains	**(5.3)**	**(4.0)**
Actuarial assumptions		
Discount rate*	1.8%	2.6%
Expected long-term inflation rate – Retail Price Inflation (RPI)*	2.8%	3.2%
Expected long-term inflation rate – Consumer Price Index (CPI)*	2.0%	2.1%
Expected long-term rate of annuity increases*	2.7%	3.1%
Breakdown of hedging assets		
Equities	20%	19%
Bonds	23%	26%
Real estate	4%	4%
Other investments	53%	51%

* *The above actuarial assumptions relate to the English subsidiary which alone accounts for more than 77% of the Group's retirement benefit obligations.*

10-3-3: CHANGES IN OBLIGATIONS

Group pension liabilities were as follows over the last five years:

	2019	2018	2017	2016	2015
Obligation – present value	214.0	189.9	202.2	210.1	193.8
Fair value of assets	232.0	204.9	213.8	215.0	207.5
Plan (surplus)/deficit	**(18.0)**	**(15.0)**	**(11.6)**	**(4.9)**	**(13.7)**
Actuarial gains/(losses):					
On liabilities	21.2	(4.3)	1.2	(31.7)	18.0
On assets	(22.5)	1.4	(4.4)	27.4	(7.8)

The discount rates used are based on the yields on bonds issued by high quality companies (AA) or, where the market is not liquid, on government bonds with the same maturity as the calculations and the same currency (reference: Iboxx). These references are compliant with the requirements of IAS 19 and are the same as those used in previous years.

The effective return on the Group assets plan in 2019 is a gain of 2.3% compared with 2.2% in 2018.

Assumptions such as medical expenses of retired employees are not included in this plan. In terms of salary, only the last salaries at the time the plan was frozen are taken into account, without revaluation (only the annuity is revaluated).

Actuarial differences are systematically recognized in shareholders' equity and reported under the consolidated statement of comprehensive income. The cumulative actuarial difference shows a loss of 5.3 million euros as at 31 January 2020 compared with a loss of 4.0 million euros as at 31 January 2019.

The expense related to the French subsidiaries' defined contribution pension plans amounted to 0.3 million euros in 2019 compared with 0.2 million euros in 2018.

10-4: Share-based payments

10-4-1: ACCOUNTING PRINCIPLES

Group employees, including top management, may receive remuneration based on shares. They will ultimately receive equity instruments in return for services rendered. The fair value is determined by an outside consultant using an appropriate valuation method.

The cost of equity-settled transactions with employees is measured at the fair value of the instruments awarded at the vesting date. The cost is recognized over the period in which the performance terms are met and/or the services are rendered, with the balancing entry being an equivalent increase in equity.

The cumulative expense recognized for such transactions at the end of each period until the rights acquisition date reflects the run-off of this acquisition period and the Group's best estimate at that date of the number of instruments to be acquired.

The awarding of these instruments is subject to the beneficiary being on the Company's payroll at the delivery date of the options or free shares and for some of the plans, to the achievement of performance targets. It is not possible to settle these options or these free shares in cash.

10-4-2: STOCK OPTION PLANS

No more stock options have been granted since January 2012. Arrangements relating to plans still in force are described in previous Quadient registration documents.

Options have been valued based on the Bjerksund & Stensland (2002) model to which the non-transferability value is added as calculated by the difference between the Bjerksund & Stensland model and the Black, Scholes & Merton (1973) model for options with a duration equivalent to the non-transferability period.

The terms and conditions of the shareholder-approved employee stock-option plans are as follows:

Start date	Adjusted number of options granted[(a)]	Of which subject to conditions[(b)]	Adjusted exercise price[(a)] (in euros)	Outstanding options 31/01/2019	Options expired	Options cancelled or adjusted[(a)]	Outstanding options 31/01/2020	Expiry date
18/02/2009	332,734	64,600	57.81	154,160	(154,160)	-	-	18/02/2019
12/01/2010	487,191	157,927	52.23-52.87	224,802	(224,802)	-	-	12/01/2020
12/01/2011	245,585	41,018	60.86-62.32	143,645	-	(15,739)	127,906	12/01/2021
12/01/2012	267,538	76,917	47.76-48.85	136,997	-	(19,010)	117,987	12/01/2022

(a) Adjusted number since the payment of the balance of the dividend partly issued from capital reserves.
(b) Options granted with performance conditions.

10-4-3: FREE SHARE PLANS

Free shares are granted for the purposes of:

- attracting and retaining high potential employees;
- acknowledging exceptional performance;
- fostering strong motivation and commitment to the Company's performance by granting specific free share plans based on the Group's future results.

The fair value of the shares thus granted is calculated based on the share price on the allocation date from which anticipated dividend are deducted. The overall expense was calculated by estimating a number of shares whose ownership will be transferred corresponding to a percentage of the maximum attributable amount. This assumption is considered the most likely on the date of allocation. This expense is spread out over the vesting period. The number of shares is adjusted at each closing date and the expense is revaluated consequently to ensure that the period expense corresponds to the number of shares effectively attributed.

The shares granted with performance conditions are dependent on the performance indicators below:

- growth in consolidated sales;
- current operating margin (current operating income divided by consolidated sales);
- shareholder return (variation in the share price over the period plus dividends compared with the average performance of companies belonging to the same index as Quadient).

For the free shares allocated before July 2016, the vesting period is three years divided in two blocks of 50% each: the first block is delivered at the end of the second year and the second block at the end of the third year. Since July 2016 attribution, the vesting period is three years in one block.

Free share attributions made before 2016 are submitted to a lock-up period, starting at the delivery date, of two years for French tax resident beneficiaries.

Start date	Number of shares granted	Of which subject to conditions[(a)]	Outstanding shares 31/01/2019	Shares granted	Shares delivered	Shares cancelled	Outstanding shares 31/01/2020	End of lock-up period date
24/03/2014	150,060	150,060	5,750	-	-	(5,750)	-	26/03/2019
01/07/2015	199,500	199,500	17,216	-	(1,111)	(16,015)	90	03/07/2020
01/07/2016	149,000	149,000	122,500	-	(11,270)	(111,230)	-	n/a
27/03/2017	246,700	246,700	224,000	-	-	(50,000)	174,000	n/a
28/06/2018	226,600	226,600	226,600	-	-	(6,100)	220,500	n/a
26/04/2019	12,000	12,000	-	12,000	-	-	12,000	n/a
23/09/2019	395,000	395,000	-	395,000	-	-	395,000	n/a
06/01/2020	5,000	5,000	-	5,000	-	-	5,000	n/a

(a) Shares granted with performance conditions. Shares granted with performance conditions have a lock-up period of two years, versus three years for other shares. The date of the end of the lock-up period is the later date.

10-4-4: CHANGES IN SHARE-BASED PAYMENTS VALUATION

Expenses recorded with respect to the profit-sharing, incentive plans and share-based payments are as follows:

	31 January 2020	31 January 2019	31 January 2018	31 January 2017	31 January 2016
Free share granted valuation	0.7	0.7	(0.6)	0.4	1.9

10-5: Long term incentives (phantom shares)

As regards to the ongoing plans, the liability is recognized when the phantom shares are attributed and the expense, spread out over the acquisition period (four years for 2016 plan and three years for 2017 plan), represents the valuation of the number of phantom shares attributed at the last share price before the end of financial year. At each closing date, the provision is revaluated based on the last share price and the changes in headcount.

No new phantom shares plans were set up since 1 February 2018.

Plan	Number of shares originally granted	Number ofout-standing shares	31 January 2019	Added	Used	Non-used	31 January 2020	Short term portion	Long term portion
July 2016	147,600	51,250	1.1	0.2	(0.6)	(0.1)	0.6	0.6	-
March 2017	98,020	71,340	0.5	0.3	-	-	0.8	0.8	-
LONG TERM INCENTIVES			**1.6**	**0.5**	**(0.6)**	**(0.1)**	**1.4**	**1.4**	**-**

The July 2016 and March 2017 plans are subject to the cumulative conditions of employee presence and Group performance.

10-6 : Executive compensation

The main role of the management team is to make strategic decisions for the Group and coordinate their implementation around the world.

The gross remuneration of the management team amounted to 4.3 million euros in 2019, compared with 7.2 million euros in the previous year.

Variable remuneration is determined on the basis of attaining Group sales, operating income and capital employed targets.

The Group recognized an expense of 0.7 million euros in 2019 in respect of free shares allocation plans granted to the management team, compared with 0.8 million euros in 2018. 83,000 shares were granted to members of the management team during the 2019 financial year compared with 86,000 in the previous year.

With respect to pensions, the Chief Executive Officer, as well as a number of other Group executives, benefit from a defined contribution pension plan (article 83 of the French general tax code), into which is paid a total of 5% of their remuneration, within the limit of five times the social security ceiling. Some enjoy a defined benefit pension scheme (article 39 of the French general tax code) with an annuity obligation of 1.1% of pay per year of service for a minimum of eight years and a maximum of twenty years. This annuity is paid after the deduction of the annuities paid within the usual defined contribution plans. There are no new beneficiaries in the defined benefit pension scheme. The amount of these liabilities at the end of January 2020 totaled 2.2 million euros compared with 2.0 million euros as at 31 January 2019 and concerns the members of the management team. The cumulative payments stand at 0.1 million euros as at 31 January 2020.

NOTE 11 OTHER PROVISIONS, CONTINGENT LIABILITIES AND OTHER NON-CURRENT DEBTS

11-1: Other provisions

11-1-1: ACCOUNTING PRINCIPLES

Provisions are recognized when the following conditions are met simultaneously at the end of the period in question:

- a current obligation (legal, regulatory, contractual or implied) resulting from past events;
- a probability that an outflow of resources will be necessary to extinguish the obligation with no offset expected;
- an amount that can be reliably measured.

Provisions are split on the balance sheet between current and non-current liabilities.

11-1-2: CHANGES IN OTHER PROVISIONS

	31 January 2019	Added	Used	Non-used	Other	31 January 2020	Current portion	Non-current portion
Other provisions								
Structure optimization	5.1	11.3	(10.9)	(1.2)	0.2	4.5	4.5	-
Business risk/customer guarantees	0.3	0.0	(0.1)	-	-	0.2	0.2	-
Dispute provisions	4.4	1.0	(0.7)	(0.4)	(0.2)	4.1	1.9	2.2
Other	2.8	2.9	(5.6)	(0.1)	3.7	3.7	2.3	1.4
	12.6	**15.2**	**(17.3)**	**(1.7)**	**3.7**	**12.5**	**8.9**	**3.6**
Retirement benefit obligations – note 10-3	22.3	3.4	(1.2)	-	0.5	25.0	0.0	25.0
Long term incentives – note 10-5	1.6	0.5	(0.6)	(0.1)	-	1.4	1.4	-
TOTAL	**36.5**	**19.1**	**(19.1)**	**(1.8)**	**4.2**	**38.9**	**10.3**	**28.6**

	31 January 2018	Added	Used	Non-used	Other	31 January 2019	Current portion	Non-current portion
Other provisions								
Structure optimization	5.3	14.0	(14.3)	(0.5)	0.6	5.1	5.1	-
Business risk/customer guarantees	0.4	0.0	(0.1)	(0.0)	-	0.3	0.3	-
Dispute provisions	4.6	0.7	(0.3)	(0.6)	-	4.4	2.0	2.4
Other	3.5	1.4	(2.7)	(0.7)	1.3	2.8	2.2	0.6
	13.8	**16.1**	**(17.4)**	**(1.8)**	**1.9**	**12.6**	**9.6**	**3.0**
Retirement benefit obligations – note 10–3	23.8	0.6	(1.2)	(1.2)	0.3	22.3	-	22.3
Long term incentives – note 10-5	1.5	0.9	(0.7)	(0.1)	-	1.6	0.6	1.0
TOTAL	**39.1**	**17.6**	**(19.3)**	**(3.1)**	**2.2**	**36.5**	**10.2**	**26.3**

Structure optimization

The Group pursues the optimization of its operations.

Provisions totaling 5.1 million euros were booked as at 31 January 2019. In 2019, additional expenses of 11.3 million euros were booked and (10.9) million euros were used.

As at 31 January 2020, the balance of these provisions is 4.5 million euros.

Other

As at 31 January 2020, a total 3.7 million euros (2.8 million euros as at 31 January 2019) is booked under “Other provisions.”

11-2: Contingent liabilities

11-2-1: ACCOUNTING PRINCIPLES

Unlike the definition of provision given in note 11-1-1, a contingent liability is:

- either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group;
- or a present obligation that arises from past events but not recognized because it is unlikely that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized and are described in the notes when they are material, except in the case of business combinations where they are identifiable items that are backed by present obligations and can be estimated reliably.

11-2-2: CONTINGENT LIABILITIES IDENTIFIED

In their everyday activities, Quadient entities are regularly subject to tax investigations.

Tax adjustments or uncertain tax positions not yet subject to tax adjustment, are covered by appropriate provisions. The amount of these provisions is regularly reviewed.

The American holding received a tax adjustment notification in July 2014. An agreement has been reached with the Internal Revenue Service (IRS) during the first semester 2018: the dispute is now resolved.

NOTE 12 FINANCIAL INSTRUMENTS, FINANCIAL DEBTS AND RISK MANAGEMENT

Financial assets are divided in three categories: financial assets at amortized cost, financial assets at fair value through equity and financial assets at fair value through profit and loss. This classification is based on the management objectives applied to the asset by the Group and on the contractual cash flow characteristics.

The Group classifies its assets according to the following categories:

- Financial assets at amortized costs: the Group classifies here the lease receivables, the trade receivables and other receivables, the loans and deposits, the receivables attached to non-consolidated investments and cash and cash equivalents. These assets are booked using the effective interest rate method which means initially at their fair value (acquisition cost including transaction costs). Lease receivables are analyzed and valued using the expected credit losses method;
- Financial assets at fair value: the Group classifies in this category the equity instruments owned by the Group, which means investments in companies over which the Group does not have control or any significant influence. Those are booked at fair value through profit and loss or through equity, depending on the option chosen by the Group. None of the investments in non consolidated companies are held for trading purposes.

Quadient's financing strategy is coordinated by the Group finance department. All Group exposure to interest rate and exchange rate risks is centralized within the Group cash management department.

Financial instruments mentioned in note 11, especially those presented in table 11-1, are level 2 financial instruments, whose fair value is based on observable data.

12-1: Breakdown of the balance sheet by financial instrument

	31 January 2020		Breakdown by instrument category				
	Book value	Fair value	Fair value through P&L	Fair value through equity	Loans and receivables/ debts	Debts at amortized costs	Derivative instruments
Non-current financial assets	61.0	61.0	-	9.2	47.7	-	4.1
Lease receivables[a]	698.4	717.2	-	-	698.4	-	-
Other long term receivables	3.8	3.8	-	-	3.8	-	-
Receivables[b]	233.2	233.2	-	-	233.2	-	-
Other receivables[b]	6.2	6.2	-	-	6.2	-	-
Derivative financial instruments[c]	1.3	1.3	-	-	-	-	1.3
Cash and cash equivalents[d]	498.3	498.3	-	-	498.3	-	-
ASSETS	**1,502.2**	**1,521.0**	**-**	**9.2**	**1,487.6**	**-**	**5.4**
Financial debts and bank overdrafts[e]	1,085.5	1,091.0	158.6	-	-	926.9	-
Other long-term debts	1.3	1.3	-	-	1.3	-	-
Accounts payable[b]	79.5	79.5	-	-	79.5	-	-
Other operating liabilities[b]	201.4	201.4	-	-	201.4	-	-
Derivative financial instruments[c]	2.0	2.0	-	-	-	-	2.0
LIABILITIES	**1,369.7**	**1,375.2**	**158.6**	**-**	**282.2**	**926.9**	**2.0**

(a) *Due to the large number of deals handled by the leasing entities, the Group did not perform an individual valuation for each deal. The assumptions used are the following: average maturity of three years for the portfolio, yield curve ending on 31 January 2020 and constant exchange rate. The valuation is performed excluding credit spread. The British and American postage financing portfolios are comprised of very short-term maturities (less than one month) and renewable credits, the fair value considered is the same as the one booked in the balance sheet.*

(b) *Historical cost valuation.*

(c) *Valuation method described in note 12-4.*

(d) *Valuation based on realizable value.*

(e) *The fair value of the debt includes the portion of the 2.50% Neopost S.A. bond that was swapped for 125 million euros and the portion of the Schuldschein debt that was swapped for 29.5 million euros. Swaps and debt are recognized at their fair value as mentioned in note 12-4.*

Concerning the debt accounted for at amortized cost, the main amounts are broken down as follows:

- for all floating-rate debt described in note 12-2-6, the drawdown is performed on a one-month, three-month and six-month basis and with a variable rate (EURIBOR and USD LIBOR); there is no difference between the fair value and the value in the balance sheet which represents an amount of 531.1 million euros;

- concerning fixed rate debts, the fair value has been calculated from the yield curve as at 31 January 2020. The difference between the fair value and the value as appearing in the balance sheet is 12.5 million euros.

Debts in foreign currencies are valued at constant exchange rates.

	31 January 2019		Breakdown by instrument category				
	Book value	Fair value	Fair value through P&L	Fair value through equity	Loans and receivables/ Debts	Debts at amortized costs	Derivative instruments
Non-current financial assets	57.0	57.0	-	8.6	41.6	-	6.8
Lease receivables[a]	706.2	715.0	-	-	706.2	-	-
Other long term receivables	3.4	3.4	-	-	3.4	-	-
Receivables[b]	229.8	229.8	-	-	229.8	-	-
Other receivables[b]	6.6	6.6	-	-	6.6	-	-
Derivative financial instruments[c]	1.9	1.9	-	-	-	-	1.9
Cash and cash equivalents[d]	245.9	245.9	-	-	245.9	-	-
ASSETS	**1,250.8**	**1,259.6**	**-**	**8.6**	**1,233.5**	**-**	**8.7**
Financial debts and bank overdrafts[e]	863.4	870.7	159.4	-	-	704.0	-
Other long-term debts	7.2	7.2	-	-	7.2	-	-
Accounts payable[b]	80.1	80.1	-	-	80.1	-	-
Other operating liabilities[b]	196.9	196.9	-	-	196.9	-	-
Derivative financial instruments[c]	0.2	0.2	-	-	-	-	0.2
LIABILITIES	**1,147.8**	**1,155.1**	**159.4**	**-**	**284.2**	**704.0**	**0.2**

(a) Due to the large number of deals handled by the leasing entities, the Group did not perform an individual valuation for each deal. The assumptions used are the following: average maturity of three years for the portfolio, yield curve ending on 31 January 2019 and constant exchange rate. The valuation is performed excluding credit spread. The British and American postage financing portfolios are comprised of very short-term maturities (less than one month) and renewable credits, the fair value considered is the same as the one booked in the balance sheet.

(b) Historical cost valuation.

(c) Valuation method described in note 12-4.

(d) Valuation based on realizable value.

(e) The fair value of the debt includes the portion of the 2.50% Neopost S.A. bond that was swapped for 125 million euros and the portion of the Schuldschein debt that was swapped for 29.5 million euros. Swaps and debt are recognized at their fair value as mentioned in note 12-4.

Concerning the debt accounted for at amortized cost, the main amounts are broken down as follows:

- for all floating-rate debt described in note 12-2-6, the drawdown is performed on a one-month, three-month and six-month basis and with a variable rate (EURIBOR and USD LIBOR); there is no difference between the fair value and the value in the balance sheet which represents an amount of 380.8 million euros;

- concerning fixed rate debts, the fair value has been calculated from the yield curve as at 31 January 2019. The difference between the fair value and the value as appearing in the balance sheet is 7.3 million euros.

Debts in foreign currencies are valued at constant exchange rates.

12-2: Financial debt analysis

12-2-1: ACCOUNTING PRINCIPLES

Interest-bearing loans

Interest-bearing loans are initially recognized at their fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans are measured at amortized cost: any difference between the nominal value (net of transaction costs) and the repayment value is taken in the income statement over the life of the loan, using the effective interest rate method.

Net financial debt

Net financial debts include interest-bearing loans and interest payables, net of cash and cash equivalents.

12-2-2: BREAKDOWN BY TYPE OF DEBT

	Financial debts and bank overdrafts	Short-term part of long-term debts	Long-term debts	31 January 2020	31 January 2019
Bonds issue – Neopost S.A. 3.50%[(a)]	-	-	-	-	150.8
Bonds issue – Neopost S.A. 2.50%[(b)]	-	2.7	180.5	183.2	335.0
Bonds issue – Neopost S.A. 2.25% [(c)]	-	0.2	323.1	323.3	-
United States private placement[(d)]	-	32.2	76.9	109.1	128.0
Schuldschein[(e)]	-	47.8	381.2	429.0	212.8
Revolving credit facility[(f)]	-	0.1	-	0.1	0.1
Other debts	4.9	3.7	32.2	40.8	36.7
TOTAL	**4.9**	**86.7**	**993.9**	**1,085.5**	**863.4**

(a) *Quadient issued a bond for a nominal amount of 150 million euros on 6 December 2012 listed on Euronext Paris under ISIN number FR0011368521 after filing a prospectus with the Autorité des Marchés Financiers (approval number 12-588 of 4 December 2012). This bond was redeemed in full on 6 December 2019. This bond had been placed with a limited number of qualified investors.*

(b) *Quadient issued an inaugural 350 million euros public bond on 23 June 2014 listed on Euronext Paris under ISIN number FR0011993120 after filing a prospectus with the Autorité des Marchés Financiers (approval number 14-310 of 19 June 2014). This bond carries a fixed interest of 2.50% and is payable on 23 June 2021. IFRS accounting entails an initial debt of 348.1 million euros, representing a debt issued at 2.5830%. The debt has been swapped against variable rate for a notional amount of 125 million euros and the debt fair value adjustment represents an amount of 3.3 million euros. The fair value of the swap is recorded in non-current financial derivative instruments (assets) for an amount of 3.2 million euros. As at 31 January 2020, the impact in the financial charges of this fair value hedge is 0.1 million euros. On 24 January 2020, Quadient bought back on the market a nominal of 148.8 million euros, bringing the notional outstanding amount to 178.2 million euros.*

(c) *Quadient issued a 325 million euros public bond on 23 January 2020 listed on Euronext Paris under ISIN number FR0013478849 after filing a prospectus with the Autorité des Marchés Financiers (approval number 20-018 of 21 January 2020). This bond carries a fixed interest of 2.25% and is payable on 3 February 2025. IFRS accounting entails an initial debt of 323.1 million euros, representing a debt issued at 2.3750%.*

(d) *On 20 June 2012, Quadient concluded a private placement in the United States consisting of five tranches with different maturities between four and ten years for a total of 175 million United States dollars. The different tranches bear a fixed interest rate of between 3.17% and 4.50% depending on the maturity of the tranche. In 2017, Quadient prepaid 79.0 million United States dollars. On 20 June 2019, Quadient repaid 26.0 million United States dollars which had matured. The amount of the private placement is 30.0 million United States dollars at the end of January 2020. On 4 September 2014, Neopost S.A concluded a 90.0 million United States dollars private placement amortizable in three equal instalments starting in September 2020. This private placement bears a variable rate of three-month LIBOR USD.*

(e) *In February 2017, Quadient concluded private placements under German law (Schuldschein) consisting of ten tranches with different maturities between three and six years for a total amount of 135.0 million euros and 86.5 million United States dollars. The debt has been swapped against variable rate for a notional amount of 29.5 million euros and the debt fair value adjustment represents an amount of 0.7 million euros. The fair value of the swap is recorded in non-current financial derivative instruments (assets) for an amount of 0.6 million euros. As at 31 January 2020, the impact in the financial charges of this fair value hedge is 0.1 million euros. In May 2019, Quadient concluded private placements under German law (Schuldschein) consisting of nine tranches with different maturities of between three and six years for a total amount of 130.0 million euros and 90.0 million United States dollars.*

(f) *On 20 June 2017, Quadient arranged a revolving credit line for drawdown in euros and in United States dollars for an initial amount equivalent to 400.0 million euros for a period of five years. The maturity of the revolving credit line has been extended to the 20 June 2024, thanks to the exercise of an extension option. The interest rate is indexed to the EURIBOR or LIBOR USD over the relevant drawdown period plus a margin depending on the debt coverage ratio by the EBITDA calculated on the Group's consolidated financial statements excluding leasing activities. At the end of January 2020, Quadient does not use that credit facility.*

12-2-3: FINANCIAL RATIOS (COVENANTS)

12-2-3-1: Definitions used in financial covenants

Consolidated net debt

Net debt is calculated as follows:

Financial debts from credit institutions in non-current financial debts

+ Financial debts in current liabilities

- Cash and cash equivalents

The net amount obtained is restated for the value of current and non-current asset and liability derivative instruments, together with any guarantee commitments of the Quadient group.

Consolidated EBITDA

EBITDA is the consolidated current operating income excluding the depreciation and amortization of intangible and tangible assets.

Cost of net financial debt

The cost of net financial debt used when calculating covenants is equivalent to the aggregate presented in the consolidated income statement.

Restatement of leasing activities

With a few rare exceptions, leasing activities are the responsibility of distinct legal entities. This separation allows for the calculation of consolidated aggregates excluding the leasing activity. Activities that are not isolated in distinct legal entities are not restated.

Consolidated net debt excluding leasing is calculated on the basis of a restated consolidated balance sheet whereby the leasing companies are consolidated under the equity method and not included in the Group scope of consolidation. Using this restated balance sheet, the aggregate is calculated on the basis of the same balance sheet items used for calculating consolidated net debt.

Leasing net debt is calculated using these same consolidated financial statements, but in this case only for the scope of leasing companies.

Consolidated EBITDA excluding leasing is calculated on the basis of a restated consolidated income statement whereby the leasing companies are consolidated under the equity method and not included in the Group scope of consolidation. Using this restated income statement, the aggregate is calculated on the basis of the same income statement items used for calculating the consolidated EBITDA.

Leasing net portfolio

The leasing net portfolio is calculated on the basis of consolidated income statements through the addition of net long-term lease receivables and net short-term lease receivables. The net denotes that the leasing portfolio gross value is reduced by the amount of bad debt provision.

Default rate

The default rate is calculated on the basis of the ratio of provisions for bad debt on lease receivables to the leasing net portfolio.

12-2-3-2: Applicability and definition of financial covenants

With the exception of the Neopost S.A. 2.50% and the Neopost S.A. 2.25% bond issues, which are not subject to any covenant, the various debts (bonds, private placements, *Schuldschein* and revolving credit facilities) are subject to financial covenants. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complies with all covenants at 31 January 2020.

12-2-3-3: Covenant calculation

Aggregates

The aggregates presented below are those used for calculating the covenants as set out in note 12-2-3-1.

	31 January 2020 including IFRS 16	31 January 2020 excluding IFRS 16	31 January 2019
Consolidated net debt	668.0	586.6	612.3
Consolidated net debt excluding leasing	171.2	90.6	73.8
Leasing net debt	496.8	496.0	538.5
Consolidated EBITDA	282.2	265.2	272.4
Consolidated EBITDA excluding leasing	197.6	173.7	187.8
Cost of net financial debt	38.5	35.9	31.2
Leasing net portfolio	679.8	679.8	686.3
Provision for bad debt	10.0	10.0	10.6

Covenant calculation

	Covenant to comply	31 January 2020	31 January 2019
United States private placement			
Consolidated net debt/consolidated EBITDA	< 3.25	2.37	2.25
Other debts subject to covenants - including IFRS 16			
Consolidated net debt excluding leasing/consolidated EBITDA excluding leasing	< 3.0	0.87	0.39
Cost of net financial debt/consolidated EBITDA	> 4	7.72	8.94
Leasing net debt/leasing net portfolio	< 90%	73.1%	78.5%
Default rate	<= 5%	1.47%	1.54%
Other debts subject to covenants - excluding IFRS 16			
Consolidated net debt excluding leasing/consolidated EBITDA excluding leasing	< 3.0	0.52	-
Cost of net financial debt/consolidated EBITDA	> 4	7.38	-
Leasing net debt/leasing net portfolio	< 90%	73.0%	-
Default rate	<= 5%	1.47%	-

Shareholders' equity attributable to holders of the parent company must be greater than 525 million euros for the United States Private Placement and 600 million euros for the other debts. Shareholders' equity attributable to holders of the parent company amounts to 1,238.4 million euros as at 31 January 2020, the ratio is respected.

12-2-4: BREAKDOWN BY CURRENCY

	31 January 2020	31 January 2019
Euros (EUR)	746.9	594.3
United States dollars (USD)	316.1	251.4
Other currencies	22.5	17.7
TOTAL	**1,085.5**	**863.4**

The table above is based on exchange rates as at 31 January for each year.

12-2-5: BREAKDOWN BY MATURITY

Debts are positioned according to their contractual maturity date. The table below is based on constant exchange rates.

	31 January 2020	31 January 2019
2019	-	189.7
2020	91.6	80.8
2021	220.2	367.6
2022	137.0	132.9
2023	200.9	92.4
2024	81.7	-
2025	354.1	-
TOTAL	**1,085.5**	**863.4**

12-2-6: BREAKDOWN BY INTEREST RATE

As part of its financial policy, Quadient actively hedges its variable-rate and fixed-rate debt.

	Type of rate	Reference rate	Drawdown rate	31 January 2020 Total effective rate *
Bonds issue – Neopost S.A. 2.50%	Fixed	2.50	-	2.5850
Bonds issue – Neopost S.A. 2.25%	Fixed	2.25		2.3750
United States private placement	Fixed	Between 3.89 and 4.50 depending on maturity	-	Between 4.03 and 4.63 depending on maturity
	Variable	LIBOR USD 3 months	1.90013	4.0328
***Schuldschein* 2017**				
Schuldschein – Neopost S.A. EUR 61.5M	Fixed	Between 1.10 and 1.833 depending on maturity	-	Between 1.2181 and 1.9208 depending on maturity
Schuldschein – Neopost S.A. EUR 14.5M	Variable	EURIBOR 6 months	1.1000	1.3296
Schuldschein – Neopost S.A. EUR 45.0M	Variable	EURIBOR 6 months	1.4000	1.7471
Schuldschein – Neopost S.A. EUR 14.0M	Variable	EURIBOR 6 months	1.5500	1.9995
Schuldschein – Neopost S.A. USD 7.5M	Fixed	4.056	-	4.1439
Schuldschein – Neopost S.A. USD 30.0M	Variable	LIBOR USD 3 months	4.4000	4.0399
Schuldschein – Neopost S.A. USD 33.0M	Variable	LIBOR USD 3 months	4.7000	4.2811
Schuldschein – Neopost S.A. USD 16.0M	Variable	LIBOR USD 3 months	4.6100	4.9579
***Schuldschein* 2019**				
Schuldschein – Neopost S.A. EUR 66.5M	Fixed	Between 1.30 and 1.96 depending on maturity		Between 1.415 and 2.029 depending on maturity
Schuldschein – Neopost S.A. EUR 21.5M	Variable	EURIBOR 6 months	1.3000	1.4130
Schuldschein – Neopost S.A. EUR 37.0M	Variable	EURIBOR 6 months	1.5000	1.5920
Schuldschein – Neopost S.A. EUR 5.0M	Variable	EURIBOR 6 months	1.7500	1.8170
Schuldschein – Neopost S.A. USD 71.0M	Variable	LIBOR 3 months	3.50988	4.2820
Schuldschein – Neopost S.A. USD 19.0M	Variable	LIBOR 3 months	3.75988	4.5100
Revolving credit facility	Variable	LIBOR USD/EUR 1 month	-	0.9137

* *The total effective rate for the transaction is calculated on completion and includes costs relating to the transaction.*

12-2-7: CREDIT LINES

The Group had the following revolving credit facility at 31 January 2020 which can be drawn in euros (EUR) and United States dollars (USD):

	Amount of the credit line	Amounts drawn at 31 January 2020	Expiry of facility	Number of banks in the pool
Bank pool	EUR 400 million	-	June 2024	11

Interest rates are indexed to EURIBOR or LIBOR USD plus a margin depending on the leveraged ratio based on the consolidated financial statements excluding leasing activity. The margin is fixed at 0.60% and may vary between 0.50% and 1.15%. An additional margin of 0.25% is added to the margin for the drawdown in United States dollars.

12-2-8: FAIR VALUE OF DEBTS

The book values of current loans and variable rate debts are close to their fair values. Fixed rate debts are analyzed as follows:

	31 January 2020 Book value	Accrued interest	Fair value	Fair value +50 bps	Fair value -50 bps
Bonds issue Neopost S.A. 2.50% EUR 350M	183.2	2.7	186.7	187.9	185.4
United States private placement USD 175M	30.5	0.1	27.6	27.8	27.3
Schuldschein EUR	130.4	1.8	132.1	138.7	134.6
Schuldschein USD	6.9	0.1	7.0	7.0	6.9

12-3: Financial income and expenses

12-3-1: ACCOUNTING PRINCIPLES

Effective interest rate

The effective interest rate is the rate used to precisely discount future cash flows to maturity, so as to obtain the net value of the debt at the initial recognition date. To calculate the effective interest rate of a financial debt, the future cash flows are determined based on the contractual repayment dates.

Transaction costs

Transaction costs are the marginal costs directly attributable to the arrangement of a credit facility. These include fees and commissions paid to brokers and advisers, levies charged by the market authorities, stock exchange fees and transfer taxes and duties. However they do not include issue premiums, the allocation of internal administrative expenses and head office expenses. For financial debt measured at amortized cost, transaction costs are included in the amortized costs calculation using the effective interest rate method and are amortized in the income statement over the life of the instrument.

12-3-2: COST OF DEBT

The table below represents the gross cost of debt by currency after exercise of the hedging instruments and the effects of the valuation of portfolio interest rate transactions for the financial year ended on 31 January 2020. The calculation is based on the debt detailed in the note 12-2-2. The net financing cost rate, calculated from the net cost of debt, *i.e.* 29.3 million euros, divided by the average net debt (average financial debt – average cash and cash equivalents) during the year, equals 3.01%. This interest rate calculation is not taking into account the 2021 bond public tender offer fees of 4.8 million euros.

Currency	Gross rate	Amount in currency
Euros (EUR)	**2.45%**	**16.0**
Financial costs before hedging impact	2.46%	16.0
Hedging impact	(0.01%)	-
United States dollars (USD)	**4.00%**	**13.4**
Financial costs before hedging impact	4.00%	13.4
Hedging impact	-	-

12-3-3: CAPITALIZED/AMORTIZED DEBT COSTS

The costs related to the arrangement of the different debts amount to 3.5 million euros for the year 2019.

The difference between the straight-line amortization of these costs and the calculation of the amortized cost of capital is not material, therefore there has been no restatement for the IFRS financial statements.

12-3-4: HEDGING OF NET INVESTMENTS IN FOREIGN OPERATIONS

The 30 million United States dollars tranche of the private placement issued in September 2014, payable in September 2022, is intended to cover the net investment in subsidiaries based in the United States. This loan is used to hedge the Group's exposure to exchange rate risk on these investments. Translation gains or losses on this loan are recognized in shareholders' equity to offset any gain or loss on translation of the net investment in the subsidiaries.

12-4: Risk management

12-4-1: ACCOUNTING PRINCIPLES

Quadient uses derivative instruments to limit its exposure to the risk of fluctuations in interest rates and exchange rates.

In accordance with IFRS 9, Quadient initially recognizes all derivative instruments on the balance sheet under financial instruments at fair value. This is estimated on the basis of market conditions. The fair value of the derivatives is then re-assessed at each accounting date thereafter.

Accounting for hedging transactions

On implementation of the hedge, the Group clearly identifies the hedging and hedged items. This hedging is formally documented by identifying the hedging strategy, the risk hedged and the method used to assess the effectiveness of the hedge. Tests are then carried out to demonstrate the effectiveness of the hedge.

The treatment of derivative instruments identified as forming hedges varies in accordance with IFRS 9 definitions, according to whether they are:

- fair value hedge;
- future cash flow hedge;
- net investment hedge.

Fair value hedge

Changes in the fair value of derivative instruments are charged to the income statement. At the same time, the item hedged is also recognized at fair value up to the risk hedged. As a consequence, changes in the two items are recognized symmetrically under net financial expenses, so that only ineffective hedging impacts the income statement.

This approach is applied in particular to swaps of fixed to variable rate and to the corresponding hedged debt.

Future cash flow hedge

For changes in the fair value of derivative instruments, changes in the effective portion of the hedging relationship are charged to shareholders' equity, while changes in the fair value of the ineffective portion are charged to the financial income.

Profits and losses that are recognized through equity are posted to the income statement for the period during which the hedged transaction affects net income.

This treatment is applied in particular to swaps of fixed to variable rate, as well as to the purchase and sale of currency futures or options.

Net investment hedge

The accounting principle is similar to future cash flow hedges. The gain or loss relating to the effective portion of the hedging instrument is charged directly to shareholders' equity, while the ineffective portion is charged to the income statement. When the Group withdraws from a foreign business, the cumulative value of profits and losses that have been recognized directly in shareholders' equity is recognized through the income statement.

Recognition of derivatives not qualifying as hedging instruments

For derivatives, which do not meet the criteria for recognition as hedging instruments as described above, any gain or loss resulting from changes in fair value is charged to the financial income.

12-4-2: MARKET RISKS

The Group is mainly exposed to currency exchange rate risks through its international activity and to interest rate risks through its debt.

The Group treasurer, who reports to the Group Chief Financial Officer, monitors exchange rate and interest rate risks for all Quadient group entities. A report showing the Group's underlying position and hedges is sent each month to the Chief Financial Officer to provide complete visibility on the financial risks relating to hedging activities, and to measure the financial impact of unhedged positions.

Quadient uses the services of an independent consultancy based in Paris. This consultancy helps Quadient in its exchange rate risk hedging policy, and values its portfolio of hedging instruments under IFRS. This ensures the consistency of methodologies used and provides a financial opinion independent of any financial institution.

This Company has the technical and human resources to monitor interest rate and exchange rate trends every day and alert the Group treasurer in light of the strategy in place.

However, no guarantee can be given regarding the Group's ability to hedge effectively against market risks.

Exchange rate risk

Natural hedge

Quadient enjoys a natural hedge on its current operating margin and its net income.

Based on the 2020 budget, the breakdown of sales and costs in United States dollars is as follows: sales 43.4%, cost of sales 52.0%, operating costs 37.7%, and interest expenses 34.6%. A 5% decrease in the euro/United States dollar exchange rate from the budget rate of 1.15 would have the following impacts on the Group's income statement: sales (23.6) million euros, current operating income (4.1) million euros and net income (2.2) million euros.

Based on the 2020 budget, the breakdown of sales and costs in pounds sterling is as follows: sales 7.9%, cost of sales 8.2%, operating costs 9.7%. A 5% decrease in the euro/pound sterling exchange rate from the budget rate of 0.90 would have the following impacts on the Group's income statement: sales (4.3) million euros, current operating income (0.5) million euros and net income (0.4) million euros.

The other currencies are not a major concern for the Group. None of them, taken individually, represents more than 5% of total sales. Beyond the natural hedge, no guarantee can however be given regarding the Group's ability to hedge exchange rate risk effectively.

Risk management policy

Quadient has a policy of centralizing its foreign currency risk, enabling it to monitor the Group's overall exchange rate risk exposure and to gain full control over the market instruments used in hedging operations.

For each consolidated position managed, a hedging strategy is set up at the same time as the reference exchange rate to be defended is set. The hedging strategy involves a combination of firm or optional hedging instruments, along with open positions protected by stop losses. These stop losses are predetermined exchange rates that trigger hedging transactions when they are hit. As a result, through the use of mathematical models, the hedging strategy enables a reference exchange rate to be defended from the start for the entire position in the event of adverse exchange rate fluctuations.

Year-end position

The tables below represent Quadient's positions at 31 January 2020 regarding exchange rate hedging for commercial activities.

2019 FINANCIAL YEAR – BALANCE SHEET HEDGING: HEDGING POSITIONS COVERING FINANCIAL ASSETS OR LIABILITIES ON QUADIENT'S BALANCE SHEET AT 31 JANUARY 2020 AND EXPECTED TO BE REALIZED NO LATER THAN APRIL 2020

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Financial assets	46.4	9.1	2.1	9.6	392.4	9.4	7.0	12.3	22.4	1.0	6.0	0.1
Financial liabilities	14.8	7.7	0.8	2.5	338.3	2.7	9.9	4.1	55.6	0.9	1.7	0.1
Net exposure before hedging	**31.6**	**1.4**	**1.3**	**7.1**	**54.1**	**6.7**	**(2.9)**	**8.2**	**(33.2)**	**0.1**	**4.3**	**-**
Hedging	(26.2)	(0.2)	(0.1)	(0.8)	(195.9)	-	-	2.2	-	(0.9)	(2.1)	1.2
NET EXPOSURE AFTER HEDGING	**5.4**	**1.2**	**1.2**	**6.3**	**(141.8)**	**6.7**	**(2.9)**	**10.4**	**(33.2)**	**(0.8)**	**2.2**	**1.2**

2020 BUDGET: HEDGING POSITIONS COVERING ANTICIPATED FINANCIAL ASSETS AND LIABILITIES IN FINANCIAL YEAR 2020 EXPECTED TO BE REALIZED NO LATER THAN APRIL 2021

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Projected financial assets	196.3	33.7	22.5	48.4	1,940.5	79.4	68.3	47.0	43.6	5.9	29.6	1.4
Projected financial liabilities	134.9	33.1	17.5	3.8	1,222.2	9.5	54.1	10.1	745.5	7.5	1.8	2.0
Net exposure before hedging	**61.4**	**0.6**	**5.0**	**44.6**	**718.3**	**69.9**	**14.2**	**36.9**	**(701.9)**	**(1.6)**	**27.8**	**(0.6)**
Hedging	(19.5)	-	(2.2)	(6.5)	(530.0)	(16.0)	(5.8)	(11.0)	278.8	-	(6.0)	-
NET EXPOSURE AFTER HEDGING	**41.9**	**0.6**	**2.8**	**38.1**	**188.3**	**53.9**	**8.4**	**25.9**	**(423.1)**	**(1.6)**	**21.8**	**(0.6)**

Quadient uses symmetric options tunnels in particular. These option instruments are unlikely to be exercised in a reciprocal manner in terms of the spot exchange rate or expiry date. As a result, for each tunnel only one of the two options is reported in the table above. The value of the commitment in these symmetric options is 11.5 million United States dollars sold, 0.8 million Canadian dollars sold, 215.0 million Japanese yen sold, 2.0 million Swedish krona sold and 100.0 million Czech krona purchased.

Quadient also makes use of asymmetric option tunnels. No asymmetric option tunnels is active as at 31 January 2020.

Hedging instruments

The Quadient group hedges its exchange rate risk using over-the-counter derivative instruments contracted with external counterparties. The derivative instruments used by the treasury department in its hedging strategies are as follows:

- firm derivatives such as forward currency purchases and sales;
- plain vanilla options such as puts and calls;
- second generation options (knock-in or knock-out barrier options).

Instrument details

The instruments in the portfolio have a maturity of less than twelve months as at 31 January 2020. These instruments are listed below by type and by currency for the period to which they relate.

2019 FINANCIAL YEAR: ASSETS AND LIABILITIES HEDGING

Notional value – Cash flow hedging	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	15.2	41.4	-	-	-	-
GBP	-	0.2	-	-	-	-
CAD	0.4	0.3	0.3	-	-	0.3
NOK	-	0.8	-	-	-	-
JPY	-	195.9	-	-	-	-
SEK	2.8	2.8	-	-	-	-
DKK	3.3	1.1	-	-	-	-
CZK	30.0	30.0	-	-	-	-
SGD	-	0.9	-	-	-	-
AUD	-	2.1	-	-	-	-
PLN	1.2	-	-	-	-	-

2020 BUDGET: HEDGING OF ANTICIPATED POSITIONS

Notional value – Total	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	-	11.5	-	-	19.5
CAD	-	0.8	0.8	-	-	1.4
NOK	-	6.5	-	-	-	-
JPY	-	215.0	215.0	-	-	315.0
SEK	-	12.0	2.0	-	-	4.0
CHF	-	5.8	-	-	-	-
DKK	-	11.0	-	-	-	-
CZK	178.8	-	-	200.0	100.0	-
AUD	-	6.0	-	-	-	-

At year-end, the operations shown in the above table are broken down as follows:

Notional value – Cash flow hedging	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	-	11.5	-	-	11.5
CAD	-	0.8	0.8	-	-	0.8
NOK	-	6.5	-	-	-	-
JPY	-	215.0	215.0	-	-	215.0
SEK	-	12.0	2.0	-	-	2.0
CHF	-	5.8	-	-	-	-
DKK	-	11.0	-	-	-	-
CZK	178.8	-	-	100.0	100.0	-
AUD	-	6.0	-	-	-	-

Notional value – Ineffective portion of hedge instruments	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	-	-	-	-	8.0
CAD	-	-	-	-	-	0.6
JPY	-	-	-	-	-	100.0
SEK	-	-	-	-	-	2.0
CZK	-	-	-	100.0	-	-

AVERAGE HEDGE RATE

Currency	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Average hedge rate	1.1176	-	1.4681	9.9831	118.9018	10.5987	1.0779	7.4619	26.0915	-	1.6229	-

The average hedge rate calculation is based on the foreign exchange forwards weighted average rate. Foreign exchange options are not taken into account for the calculation of the average hedge rate.

Instrument valuations

Derivative instruments are recognized in accordance with the accounting principles and methods presented in note 12-4-1. As at 1 February 2013 and according to IFRS 13, Quadient set up a credit risk methodology concerning the valuation of financial instruments. In light of the immaterial impact of credit risk, Quadient decided not to recognize them in the financial statements at 31 January 2020.

Since 1 February 2018, Quadient uses IFRS 9 for hedging instruments accounting.

Notional value	31 January 2019	Changes recognized through equity – Fair value *via* OCI*	Changes recognized through equity – Aligned cost of hedge	Changes recognized in the income statement – Fair value *via* P&L	Changes recognized in the income statement – Non aligned cost of hedge	31 January 2020
Financial assets	**0.1**	**-**	**0.3**	**-**	**-**	**0.4**
• Cash flow hedge	-	-	0.3	-	-	0.3
• Ineffective hedge	0.1	-	-	-	-	0.1
Financial liabilities	**0.2**	**-**	**(0.1)**	**-**	**-**	**0.1**
• Cash flow hedge	0.2	-	(0.1)	-	-	0.1
• Ineffective hedge	-	-	-	-	-	-

* *OCI: Other Comprehensive Income.*

Sensitivity of the instruments

Concerning the financial instruments hedging the operations carried out in financial year 2019 for which the commitments are still in the balance sheet at year-end 2019, the impact of a 10% increase in the foreign currency versus the euro would be a (2.7) million euros loss. The impact of a 10% decrease in the foreign currency versus the euro would be a 2.7 million euros gain.

Concerning the operations hedging the 2020 budget positions, the sensitivity to an exchange rate change is detailed in the tables below.

For a 10% increase in foreign currency versus the euro:

	Impact on equity	Impact on net income
Financial assets	1.2	0.1
Financial liabilities	(2.4)	(0.7)

For a 10% decrease in foreign currency versus the euro:

	Impact on equity	Impact on net income
Financial assets	2.6	-
Financial liabilities	(0.9)	(0.2)

Exchange rate deal counterparty risk

Operations are carried out with first rank international banks that are involved in the revolving credit facility.

Interest rate risk

Risk management policy

To limit the impact of a rise in interest rates on its interest expenses, the Quadient group has a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times. A rolling management horizon is used in order to always have three years of management.

The Group has a policy of centralizing its interest rate risk, enabling it to monitor the Group's overall interest rate risk exposure and to fully control the market instruments used in hedging operations. The Group hedges its interest rate risk depending on its current debt levels, but also according to likely future movements in debts, arising from drawings on its revolving credit facilities.

Financial instruments are carried by the legal entities that have the corresponding debt on their balance sheet.

A hedging strategy is adopted on the basis of the position to be managed and the reference interest rate adopted. The strategy is aimed at protecting the reference interest rate and at taking advantage, at least to some extent, of favorable movements. Hedging strategies involve definite and optional derivative instruments, and open positions are maintained if possible. The valuation of the open position based on market forward interest rates, along with the interest rates obtained through hedging operations, should always protect the reference interest rate. Hedging strategies cover the period three years ahead at all times. However, the level of coverage and the weightings of the various derivative instruments may vary from one year to the next, since the aim is to maintain greater scope for optimizing positions in later years.

Year-end position

The table below sets out Quadient's position as at 31 January 2020 by maturity for the major currencies:

	EUR				USD			
Notional value	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Debt	**26.3**	**362.2**	**354.1**	**742.6**	**72.2**	**282.0**	**-**	**354.2**
Of which fixed-rate debts	(5.4)	(193.2)	(349.1)	(547.7)	(2.1)	(64.9)	-	(67.0)
CORRESPONDING HEDGE MATURITIES	**-**	**220.0**	**-**	**220.0**	**15.0**	**205.0**	**-**	**220.0**

The corresponding interest flows (excluding margin impacts) were calculated based on constant debt forward interest rate conditions and exchange rate parity at year-end. The following schedule is obtained:

	2020	2021	2022	2023
Interest on fixed rates	4.4	3.2	0.7	(0.4)
Interest on the variable rate position	5.6	4.3	4.0	4.5
Interest on hedging operations	(0.4)	0.8	1.2	0.1
TOTAL	**9.6**	**8.3**	**5.9**	**4.2**

Sensitivity of the financial results to interest rate changes is as follows:

	2020	2021	2022	2023
Sensitivity to a +0.5% increase in interest rates	0.7	1.2	2.0	2.6
Sensitivity to a (0.5)% decrease in interest rates	(1.0)	(1.8)	(1.6)	(1.9)

For 2019, the Group's policy was to protect its net financial income in advance. As a result, after hedging and on a fixed-debt basis, 75% of the Group's debt was not exposed to forward interest rates for the current financial year. Only 25% of the debt remained exposed to forward rates as at 31 January 2020.

Instrument details

Quadient uses standard and liquid derivative instruments. The instruments used are as follows:

- firm derivatives: swaps and Forward Rate Agreement (FRA);
- plain vanilla options: buying and selling of caps and floors (used either alone or in combination);
- knock-in or knock-out barrier options: buying and selling of caps and floors (used either alone or in combination);
- buying and selling of swaptions (used either alone or in combination).

Management mandates, packaged bank hedging products and derivative instruments that introduce a reference other than the underlying asset (*quanto* swaps for example) are strictly forbidden by internal procedures.

Derivative instrument details

The instruments in the portfolio are listed below, according to type, currency and maturity.

Notional value	Currency	< 1 year	1 to 5 years	> 5 years
Cross currency swap – Lender EUR/Borrower USD	EUR/USD	-	45.7/50.0	-
Swap – buyer	EUR	125.0	29.5	-
Swap – receiver	USD	-	70.0	-
Cap - buyer	USD	15.0	90.0	-
Cap - buyer	EUR	-	70.0	-
Floor – receiver	USD	15.0	15.0	-
Floor – buyer	EUR	-	168.3	-

DERIVATIVE INSTRUMENTS QUALIFIED AS FAIR VALUE HEDGE

Notional value	Currency	< 1 year	1 to 5 years	> 5 years
Swap – buyer	EUR	125.0	29.5	-

DERIVATIVE INSTRUMENTS QUALIFIED AS FUTURE CASH FLOW HEDGE

Notional value	Currency	< 1 year	1 to 5 years	> 5 years
Cross currency swap	EUR/USD	-	27.4/30.0	-
Swap – receiver	USD	-	70.0	-
Cap – buyer	USD	15.0	90.0	-
Cap – buyer	EUR	-	70.0	-
Floor – receiver	USD	15.0	15.0	-
Floor – buyer	EUR	-	150.0	-

INSTRUMENTS NOT ELIGIBLE FOR HEDGE ACCOUNTING

Notional value	Currency	< 1 year	1 to 5 years	> 5 years
Cross currency swap – Lender EUR/Borrower USD	EUR/USD	-	18.3/20.0	-
Floor – buyer	EUR	-	18.3	-

Instrument valuations

Derivative instruments are recognized in accordance with the accounting principles and methods presented in note 12-4-1. All interest rate derivative instruments are thus valued on the balance sheet and in the income statement at their market value, in accordance with IFRS 9. As of 1 February 2013 and according to IFRS 13, Quadient set up a credit risk methodology concerning the valuation of financial instruments. In light of the immaterial impacts of credit risk, Quadient decided not to recognize these in the financial statements at 31 January 2020.

Changes in the market value of instruments not eligible for hedge accounting have been charged in their entirety to the income statement. The ineffective portion of instruments eligible for hedge accounting, plus the time value of these instruments, have been charged to net financial expenses. Changes in the intrinsic value of these instruments have been recognized as restatement of equity.

Quadient applies IFRS 9 on hedge instruments.

	31 January 2019	Premium on new operations	Changes recognized through equity – Fair value *via* OCI*	Changes recognized through equity – Aligned cost of hedge	Changes recognized in the income statement – Fair value *via* P&L	Changes recognized in the income statement – Non aligned cost of hedge	31 January 2020
Financial assets (derivatives)	**9.3**	**-**	**(2.5)**	**0.2**	**(2.2)**	**(0.1)**	**4.7**
Debt and swap at fair value hedge	4.6	-	-	-	(0.7)	-	3.9
Derivative instruments qualified as cash flow hedge	4.0	-	(2.5)	0.2	(0.8)	(0.2)	0.7
Derivative instruments not eligible	0.7	-	-	-	(0.7)	0.1	0.1
Financial liabilities (derivatives)	**0.2**	**-**	**1.4**	**0.1**	**-**	**-**	**1.7**
Derivative instruments qualified as cash flow hedge	0.2	-	1.4	0.1	-	-	1.7
Derivative instruments not eligible	-	-	-	-	-	-	-

** OCI: Other Comprehensive Income.*

Sensitivity to interest rate variations

The impact on the financial statements of an increase of 0.5% in the interest rates for the year ending 31 January 2020 is as follows:

	31 January 2020	Impact on equity	Income statement impact	31 January 2020
Financial assets (derivatives)	**4.7**	**0.8**	**(1.2)**	**4.3**
Debt and swap at fair value hedge	3.9	-	(1.2)	2.7
Derivative instruments qualified as cash flow hedge	0.7	0.8	-	1.5
Derivative instruments not eligible	0.1	-	-	0.1
Financial liabilities (derivatives)	**1.7**	**(0.6)**	**-**	**1.1**
Derivative instruments qualified as cash flow hedge	1.7	(0.6)	-	1.1
Derivative instruments not eligible	-	-	-	-

The impact on the financial statements of a decrease of 0.5% on the interest rates for the year ending 31 January 2020 is as follows:

	31 January 2020	Impact on equity	Income statement impact	31 January 2020
Financial assets (derivatives)	**4.7**	**0.4**	**1.2**	**6.3**
Debt and swap at fair value hedge	3.9	-	1.2	5.1
Derivative instruments qualified as cash flow hedges	0.7	0.4	-	1.1
Derivative instruments not eligible	0.1	-	-	0.1
Financial liabilities (derivatives)	**1.7**	**0.6**	**-**	**2.3**
Derivative instruments qualified as cash flow hedges	1.7	0.6	-	2.3
Derivative instruments not eligible	-	-	-	-

Fixed income transaction counterparty risk

Fixed income transactions are carried out with first rank international banks that take part in the revolving credit facility.

12-4-3: LIQUIDITY RISK

The Group believes that its cash flow before net cost of debt and income taxes (as defined in the consolidated statements of cash flows) will easily enable it to service its debt, given the current level of that debt. Group debt (bonds, United States private placement, *Schulschein* and revolving credit facility) is subject to compliance with covenants. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complied with all covenants as at 31 January 2020.

However, this ability will depend on the Group's future performance, which is partly related to the economic cycle, which the Group cannot control. No guarantee can therefore be given regarding the Group's ability to cover its future financial requirements.

As at 31 January 2020, the Group has 400 million euros in unused credit lines.

12-4-4: CREDIT RISK

Customers' counterparty risk exposure (receivables, lease receivables)

Credit risk is limited because of the diversity and the very high number of customers and because of the low unit value of each contract. No customer accounts for more than 1% of sales.

The Group's main subsidiaries are equipped with information & telecommunication tools and dedicated teams that allow them to tailor their receivables collection processes to every customer. In addition, the leasing and postage financing activities have their own credit scoring tools and systematically use an external credit scoring opinion at the inception of a new contract.

During the monthly operating reviews, led by the Group finance department, the accounts receivable of each subsidiary are analyzed.

12-4-5: DEPENDENCE ON SUPPLIERS

The main supplier of the Group is Hewlett-Packard (HP), ink cartridges' supplier. HP accounted for 6.1% of total Group purchases in 2019 compared with 6.1% in 2018. The top five and the top ten suppliers respectively account for 18.7% and 27.6% of total Group purchases in 2019, compared with 19.9% and 27.8% in 2018.

Any disruption in supply from any one of these suppliers could significantly affect the Group's business, even though clauses are written into the contracts to protect the Group against this risk. Quadient has already put in place alternative solutions in case such an event actually occurs.

12-4-6: BANKING COUNTERPARTY RISK EXPOSURE

The Group defined a list of the banks that subsidiaries are allowed to deal with and made it mandatory to use these authorized banks for cash deposits. Generally, banking services cannot be attributed to unauthorized banks. Exceptions can be made with the authorization of the Group cash management department.

Regarding the offsetting of derivatives in accordance with IFRS 7, Quadient recorded derivatives under assets of 3.8 million euros before netting and recorded derivatives under liabilities of 0.1 million euros before netting. These transactions are carried out with eight banking partners. As at 31 January 2020, the netting of these instruments would be an asset of 3.7 million euros.

12-4-7: BREXIT RISK EXPOSURE

Quadient's business in the United Kingdom consists of hardware sales within Mail-Related Solutions and sales of licenses in the digital communications solutions business. Quadient also owns a logistics hub and a folder-inserter factory. These activities generate import and export flows which can be sizeable, in particular with European countries, North-America and the Asia-Pacific area. These activities could be affected by Brexit but, at this stage, the Group has not identified any accounting impacts to be recognized in its financial statements.

NOTE 13 TAX POSITION

13-1: Accounting principles

In accordance with IAS 12, Quadient uses a balance sheet approach to account for deferred taxes. This consists of calculating the deferred tax on temporary differences, which are the difference between the tax base of an asset or liability and its book value on the balance sheet. Quadient also applies the variable carry-forward method.

Deferred taxes are valued at the tax rate, either in force or coming into force, which is expected to be applied for the year in which the asset is realized or the liability settled.

Due and deferred tax assets and liabilities are offset for a given tax authority where there is a legally enforceable right to offset.

The book value of deferred tax assets is revised at each accounting date and reduced if it is unlikely that adequate taxable profits will be available to make use of the benefit of all or part of the deferred tax asset. Unrecognized deferred tax assets are valued at each accounting date and are recognized if it is probable that future profits will make them recoverable.

The Group's French companies use the tax consolidation system. The same applies to the Group's subsidiaries in each of the countries in which they are registered.

13-2: Main tax rates

The rates used in the main countries to calculate current and deferred tax at 31 January 2020 are as follows:

	Current tax	Deferred tax
France	34.3%	34.3% -25.8%
United Kingdom	19.0%	19.0%
Netherlands	25.0%	25.0%
United States	26.1%	26.1%
Germany	33.0%	33.0%

13-3: Tax proof

The reconciliation between the theoretical tax charge and the actual tax charge is as follows:

	31 January 2020	31 January 2019
Net income of consolidated companies before income tax	36.8	128.5
Tax rate for the consolidating company	34.3%	34.3%
Theoretical expense	12.6	44.1
Permanent differences	4.7	(1.0)
Income tax rate differences	(12.5)	(20.6)
Tax on dividends[(a)]	-	(4.5)
ODIRNANE	(3.1)	(3.1)
Prior year tax adjustment	0.5	0.9
Other exceptional items[(b)]	19.2	21.0
TOTAL INCOME TAX	**21.4**	**36.8**
EFFECTIVE TAX RATE	**58.2%**	**28.7%**

(a) As of 31 January 2019, proceeds of 4.5 million euros represented the payment of the default interest related to the abolition of the tax on dividends.

(b) For the financial year 2019, exceptional items are mainly composed of permanent differences related to the impairments of goodwill. In 2018, the exceptional items were composed, amoung other things, of (i) the re-evaluation of the French deferred tax, related to the change in the corporate tax rate, of (ii) the provision for tax exposure related to the on-going dispute with the Netherlands (MAP) and of (iii) permanent differences due to goodwill impairment.

	31 January 2020	31 January 2019
Current income tax charge	31.5	51.2
Deferred income tax charge	(10.1)	(14.4)
TOTAL INCOME TAX	21.4	36.8

13-4: Deferred tax assets and liabilities

Deferred tax assets and liabilities are mainly due to the following:

	31 January 2019	Reclas-sifications	Changes recognized through equity	Changes recognized in the income statement	Other changes *	Foreign exchange differences	31 January 2020
Tax loss carry-forwards - Net	0.5	0.7	-	-	4.6	-	5.8
Pension provision	5.4	-	0.5	(0.2)	-	0.1	5.8
Expenses with deferred deductibility:							
• inventories and bad debt	4.2	-	-	(0.2)	-	0.1	4.1
• employees related provisions	2.1	-	-	0.1	-	-	2.2
• deferred income	7.9	-	-	(0.8)	-	0.3	7.4
• fixed assets amortization	46.2	-	-	8.0	-	1.9	56.1
• other expenses with deferred deductibility	2.5	-	-	(0.9)	1.8	-	3.4
Patents	3.3	-	-	0.1	-	-	3.4
Restructuring provisions	0.6	-	-	(0.5)	-	-	0.1
Other	0.4	-	1.3	-	0.1	-	1.8
Deferred tax assets before tax consolidation	**73.1**	**0.7**	**1.8**	**5.6**	**6.5**	**2.4**	**90.1**
Tax consolidation	(67.4)	(13.8)	-	-	-	-	(81.2)
DEFERRED TAX ASSETS	5.7	(13.1)	1.8	5.6	6.5	2.4	8.9

** The column "Other changes" represents the deferred taxes recognized with the acquisition of Parcel Pending Inc.*

At 31 January 2020, the recognition of deferred tax assets was reviewed. The tax loss carry-forwards recognized as deferred tax assets have been depreciated where it is deemed unlikely that the Group will be able to use these in the five next years. This provision, presented netted on the line "Tax loss carry-forwards", amounts to (21.8) million euros as at 31 January 2020. The depreciated tax loss carry-forwards represent a tax basis of approximately 80.9 million euros. There are non-activated tax losses within the Group.

	31 January 2019	Reclas-sifications	Changes recognized through equity	Changes recognized in the income statement	Scope variation	Foreign exchange difference	31 January 2020
Eliminations on margin on inventories, rented and demo equipment	(4.6)	-	-	0.4	-	-	(4.2)
Capitalization of research and development expenses	19.1	-	-	-	-	0.7	19.8
Amortization of intangible assets recognized after purchase price allocation	10.0	-	-	(4.1)	-	0.2	6.1
Leasing activities	111.5	-	-	2.5	-	4.5	118.5
Amortization restatements	10.2	-	-	(1.1)	-	0.2	9.3
Goodwill amortization	32.3	-	-	3.3	-	1.0	36.6
Pension	13.1	-	1.2	0.2	-	0.6	15.1
Provisions with deferred deductibility	3.1	-	-	(0.1)	-	0.1	3.1
Other*	17.5	-	(0.6)	(5.6)	-	0.4	11.7
Deferred tax liabilities before tax consolidation	**212.2**	**-**	**0.6**	**(4.5)**	**-**	**7.7**	**216.0**
Tax consolidation	(67.4)	(13.8)	-	-	-	-	(81.2)
DEFERRED TAX LIABILITIES	144.8	(13.8)	0.6	(4.5)	-	7.7	134.8
NET DEFERRED TAX	(139.1)	0.7	1.2	10.1	6.5	(5.3)	(125.9)

** The line "Other" mainly includes provisions for tax exposures.*

NOTE 14 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

14-1: Shareholders' equity

14-1-1: SHARE CAPITAL

At 31 January 2020, the parent company share capital totaled 34.6 million euros divided into 34,562,912 ordinary shares with a par value of 1 euro each. The share capital is fully released.

14-1-2: ADDITIONAL PAID-IN CAPITAL

Additional paid-in capital represents the net amount received by the Company in excess of the par value on issuance, fully distributable. As at 31 January 2020, additional paid-in capital amounted to 52.9 million euros, unchanged from 31 January 2019.

14-1-3: RESERVES AND RETAINED EARNINGS

This item mainly comprises cumulative net income over each financial year, as well as dividend payments and the delivery of free shares.

14-1-4: CUMULATIVE TRANSLATION ADJUSTMENTS

Financial statements of subsidiaries established in local currencies are translated into euros at the year-end exchange rate for balance sheet items and at average rate over the period for income statement and cash-flow items.

The resulting translation difference is recognized in the translation adjustment under shareholders' equity.

Cumulative translation adjustments as at 31 January 2020 amounted to (3.8) million euros compared with (23.2) million euros at 31 January 2019.

14-1-5: DIVIDEND PER SHARE

Parent company retained earnings before appropriation of 2019 net income of the parent company amounted to 315.1 million euros as at 31 January 2020 compared with 294.8 million euros as at 31 January 2019.

The Board of Directors will make a decision by the end of May for the dividend proposal related to the 2019 financial year, which will then be submitted to the approval of shareholders at the General Meeting.

The dividend distributed in relation to the 2018 financial results was 0.53 euro, paid in cash on 6 August 2019.

14-1-6: LIQUIDITY CONTRACT AND SHARE BUYBACK PROGRAM

Equity instruments acquired by the Company are deducted from shareholders' equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of instruments representing Group shareholders' equity.

As at 31 January 2020, the Group held 132,468 shares within the framework of the liquidity contact and 5,968 shares for the purposes of fulfilling the commitments on the stock-option and free share allocation programs reserved for employees and Group executives. This compares with 152,142 and 8,349 respectively as at 31 January 2019.

Under the liquidity contract, shares cannot be sold freely by Quadient unless the contract is cancelled. This contract was signed in accordance with the French association of investment companies (AFEI) code of ethics, with Exane BNP Paribas.

Number of shares	31 January 2019	Bought	Sold	Free shares delivery	31 January 2020
Liquidity contract	152,142	488,343	(508,017)	-	132,468
Share-based payments	8,349	10,000	-	(12,381)	5,968

14-1-7: EQUITY MANAGEMENT

In terms of equity management, the Group's objective is to maintain business continuity in order to generate a return for shareholders and to optimize the cost of capital. The Group manages its capital structure in relation to economic conditions, and can adjust the amount of dividends and share buybacks accordingly.

14-1-8: INFORMATION ON INVESTORS

Quadient carried out an analysis of its shareholder base as at 31 January 2020. No shareholder holding more than 3% of share capital has significant business dealings of any kind with Quadient.

14-2: Equity instruments

On 16 June 2015, Neopost S.A. issued a senior unsecured net share settled undated bond convertible into new shares and/or exchangeable for existing shares (ODIRNANE) for a notional amount of 265 million euros representing 4,587,156 shares with a nominal value of 57.77 euros. This bond is traded on the open market *Freiverkehr* of the Frankfurt stock exchange.

Since there is no contractual obligation to repay the nominal or to pay coupons to holders of the bonds, the ODIRNANE was initially recognized as an equity instrument, for an amount of 261.5 million euros, net of issue costs.

Following the 0.53 euro dividend distribution that occurred at the beginning of August 2019, the conversion ratio was adjusted to 1.340 with effect from 2 August 2019. As at 31 January 2020, the amount of unmatured accrued coupons represents 1.1 million euros and is booked as current debt.

14-3: Earnings per share

14-3-1: ACCOUNTING PRINCIPLES

Basic earnings per share are calculated by dividing earnings for the period attributable to ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares during the period. It is restated with the payment of the coupons related to the ODIRNANE issue.

Diluted earnings per share are calculated by dividing earnings for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would have been issued on conversion of all potential dilutive ordinary shares.

For stock options, the share buyback method is used. In calculating diluted earnings per share, dilutive options are assumed to have been exercised. The income from these instruments is assumed to have been received when the ordinary shares are issued, at the average market price during the period. The difference between the number of ordinary shares issued and the number of ordinary shares that might have been issued at the average market price is treated as an issue of ordinary shares without offset. In this way, options only have a dilutive effect when the average market price of ordinary shares during the period exceeds the strike price of the options.

The potentially dilutive instruments correspond to the free shares attributions (Note 10-4-3) and the ODIRNANE (Note 14-2). These instruments are included if and only if their dilutive effect reduces the earning per share or increases the loss per share. According to the IAS 33, if the diluted earnings per share are higher than the earning per share, they are considered as non representative and reduced to the basic earnings per share.

14-3-2: EARNINGS PER SHARE CALCULATION

The table below sets out the earnings figures used to calculate basic and fully-diluted earnings per share for all activities:

	31 January 2020	31 January 2019
Net income – attributable to equity holders of the parent company	**14.1**	**91.5**
ODIRNANE dividends	(8.9)	(8.9)
Restated basic earnings (A)	**5.2**	**82.6**
Effect of dilutive instruments:		
• Dilutive free shares	-	0.7
• ODIRNANE conversion	-	8.9
Diluted net income (B)	**5.2**	**92.2**
Number of outstanding shares	34,282	34,402
Effect on a *prorata* time basis of dividend payments in shares, the exercise of stock options, share buybacks for cancellation and liquidity contract	(21)	12
Weighted average number of shares outstanding (in thousands)* (C)	**34,261**	**34,414**
Weighted average number of outstanding free shares, *prorata temporis*	-	229
Number of shares related to the ODIRNANE conversion, *prorata temporis*	-	5,968
Number of shares fully diluted (in thousands)* (D)	**34,261**	**40,611**
NET EARNINGS PER SHARE (IN EUROS) (A)/(C)	**0.15**	**2.40**
DILUTED NET EARNINGS PER SHARE (IN EUROS) (B)/(D)	**0.15**	**2.27**

** Weighted average over the period*

At 31 January 2020, the potentially dilutive instruments described in the above accounting principles have a relutive effect and have thus been excluded from the calculation of diluted earnings per share. These instruments were dilutive as at 31 January 2019.

NOTE 15 POST-CLOSING EVENTS

- On 28 February 2020, Quadient sold its subsidiary ProShip Inc. The assets and liabilities of this company have been disclosed as assets held for sale as of 31 January 2020, in compliance with the IFRS 5.
- The beginning of the financial year 2020 is marked by the COVID-19 pandemic, resulting in a period of global economic uncertainty. This sanitary crisis started to impact organizations in France at the beginning of March 2020. The Group has already adopted a number of measures to keep its employees safe and to ensure the business continuity to its customers. The Group has also defined an initial action plan to limit the effects of this crisis on its profitability and its cash and will continue to asses frequently the impact on the company and to identify additional actions to be implemented. At the present time, the Group can not measure the forthcoming impacts on its financial statements.

  This post-closing event is a non-adjusting event for the financial statements as at 31 Januaru 2020 and does not call into question the business continuity.
- Between the end of the financial year at 31 January 2020 and the approval of the consolidated financial statements by the Board of directors, there were no significant changes in the Group's commercial or financial situation or any significant acquisitions.

NOTE 16 FEES PAID TO THE STATUTORY AUDITORS AND MEMBERS OF THEIR NETWORKS

Accounted for by the Group in 2019 and 2018:

	Ernst & Young				Finexsi Audit			
	Amount (before VAT)		%		Amount (before VAT)		%	
(In thousands of euros)	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Audit, certification and examination of individual and consolidated financial statements								
Issuer	519	548	18%	18%	249	243	76%	86%
Fully-consolidated subsidiaries	1,936	1,868	69%	62%	41	38	12%	14%
Services other than certification of financial statements								
Issuer*	70	-	2%	-	40	-	12%	-
Fully-consolidated subsidiaries	-	-	-	-	-	-	-	-
Audit sub-total	**2,525**	**2,416**	**89%**	**80%**	**330**	**281**	**100%**	**100%**
Other services provided by Auditor and its network								
Acquisitions	35	394	1%	13%	-	-	-	-
Legal & tax	216	162	8%	5%	-	-	-	-
Other	51	41	2%	2%	-	-	-	-
Other services sub-total	**302**	**597**	**11%**	**20%**	**-**	**-**	**-**	**-**
TOTAL	**2,827**	**3,013**	**100%**	**100%**	**330**	**281**	**100%**	**100%**

** These services consisted of the work done by the Auditors in relation with the bond issue in 2019.*

6.2 Statutory auditors' report on the consolidated financial statements

Neopost S.A.

Year ended January 31, 2020

To the Annual General Meeting of Neopost S.A.,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Neopost S.A. for the year ended January 31, 2020. These consolidated financial statements were approved by the Board of Directors, on March 27, 2020, on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at January 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from February 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (Code de déontologie) for statutory auditors.

EMPHASIS OF MATTER

We draw your attention on the note 2 "Accounting Principles" to the consolidated financial statements relating to the change in accounting method regarding the first-time application of IFRS 16 "Leases", mandatory since January 1, 2019. Our opinion is not modified in respect of this matter.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Goodwill valuation

Risk identified	Our response
Goodwill amounted to 1,045 million euros as at January 31, 2020. As part of the new strategy announced in January 2019, the Group has reorganized its activities and operational segments. Consequently, the operating sectors have been modified as well as goodwill monitoring level. The value of goodwill determined by the Group is the object of a follow-up at the level of operational segments, consisting of the geographical areas where the Group's activities are conducted. When it was necessary, the goodwill was reallocated to new geographic areas. Furthermore, the Group keeps monitoring separately the goodwill allocated to CGU or group of CGUs "Other solutions", « Additional operations » and Parcel Pending. Goodwill is tested for impairment at least once a year or when there is an indication of impairment. Impairment tests are carried out at CGUs level or at group of CGUs level defined by the Group. Impairment is recorded when the asset's recoverable amount is lower than its carrying amount. Unless otherwise indicated, the Group uses the value in use to measure the recoverable value of Goodwill at each CGU or group of CGUs level. Value in use corresponds to the current value of the future cash flows that the Group expects to obtain from identified CGUs or group of CGUs. Future cash flows are based on revenue and operating income growth assumptions over 5 years. Industrial margins and net assets are reallocated to the country where the equipment is installed, and leasing margins and net assets are reallocated to the country where the signatories of finance lease contracts are located. Support costs (holding, human resources, IT…) were also reallocated to the CGUs or groups of CGUs on a pro rata basis according to their revenue. Beyond this five-year horizon, the terminal value is calculated by applying to the last cash flow the infinite growth rate. Cash flows are then discounted by applying a discount rate chosen according to the geographic area and after deduction of taxes. The assumptions, sensitivity analysis and the results of the tests performed are disclosed in Note 4-5 to the consolidated financial statements. These tests lead to record a depreciation of 70 million euros as at January 31, 2020. Valuation of goodwill is considered to be a key audit matter, due to its significant amount and the fact that its valuation is largely based on Management's judgment, particularly regarding the growth rate used for cash flow projections and the discount rate applied.	We obtained an understanding of the Group's new organization and its impact on the monitoring of goodwill. We also obtained an understanding of the procedures implemented by the Group's Management to determine the value in use of goodwill and specifically cash flows, and to perform impairment tests. Regarding the methodology applied, we: • examined the conformity of the methodology applied in determining the CGUs with the applicable IFRS standards; • examined goodwill reallocation to the CGUs and groups of CGUs and assessed its consistency with the Group's new strategic organization; • assessed the consistency of the impairment model applied and the calculation formulas used. We also analyzed the key assumptions used in the cash flow forecasts. Our work consisted in: • comparing the projected cash flows with historical data; • analyzing the consistency of the projected cash flows with the Group's strategic initiatives; • examining whether these future cash flows were based on the 2020-2022 strategic plan as prepared by Management and presented to the Board of Directors; • assessing the consistency of the reallocation of margins and net assets of the leasing and industrial entities; • assessing the long-term growth rates and discount rates applied to the impairment review for each CGU or group of CGUs, comparing the rates utilized to third party evidence; • assessing sensitivity analyses relating to key assumptions to consider the extent of change in those assumptions that either individually or collectively would imply additional depreciation of of the goodwill, in particular relating to forecast future cash flows, including long-term growth rates and discount rates applied. We also assessed the appropriateness of the disclosures in the consolidated financial statements.

Revenue recognition

Risk identified	Our response
As at January 31, 2020, turnover amounted to 1,143 million euros. As described in Note 6-1 ("Sales") the Group assessed sales at the fair value of the consideration expected, net of any trade discount and volume rebates and excluding any VAT or other taxes. Sales are recognized at the date on which the Group transfers substantially all the risks and rewards of ownership to the buyer and retains neither continuing managerial involvement nor effective control over the goods sold. The clauses of the commercial contracts between the Group and its customers include the terms and conditions for the transfer of ownership and the performance of services. The analysis of those conditions is decisive for the correct accounting of revenue. The accounting standards for the registration of this type of contract imply judgment in particular for complex contracts. In particular, for financial leases, the Group recognizes a sale of equipment and records a receivable amounting to the net present value of lease payments receivable over the term of the financing. For software and associated services and sales of patents, the Group recognizes revenue, as long as the following conditions are met: • the Group has entered into a legal agreement with a customer; • the software or service has been delivered; • license fees are fixed and there are no uncertainties on the completion of the contract; • collection is probable. An error in the analysis of the contractual obligations and their realization can lead to an erroneous accounting of the revenue. As a result, we have considered revenue recognition as a key audit matter, since it requires Management's judgments and estimates, and therefore, may have a significant impact on the consolidated financial statements.	We performed walkthroughs to understand the procedures including IT systems implemented by the most significant subsidiaries contributing to the Group's revenue. We analyzed the compliance of the revenue recognition rules with IFRS standards. We evaluated and tested key controls on the process of revenue recognition for the considered most significant subsidiaries. We conducted disaggregated analytical procedures at the level of each scoped subsidiary, and at Group level, by region and by products to analyze changes in sales throughout the year. We made selections on the turnover and examined: • the related documentation to ensure that entries are booked on the correct accounting period; • the documentation for some manual entries impacting the turnover accounts by focusing on non-recurrent transactions. We also examined the relevance of the disclosures in the consolidated financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information relating to the Group given in the Board of Directors' Group management report, as approved on March 27, 2020. Regarding the events that occurred and the elements known after the date of approval of the consolidated financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the annual general meeting called to decide on these financial statements.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the Group management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Neopost S.A. by the annual general meeting held on July 8th, 2004 for Finexsi Audit and on September 9, 1997 for ERNST & YOUNG et Autres.

As at January 31, 2019, Finexsi Audit and ERNST & YOUNG et Autres were in the sixteenth year and twenty-third year of total uninterrupted engagement, (which are twenty-one years since securities of the Company were admitted to trading on a regulated market) respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements;
- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Paris-La Défense, April 30, 2020

The Statutory Auditors

French original signed by

FINEXSI AUDIT	**ERNST & YOUNG et Autres**
Lucas Robin	May Kassis-Morin

6.3 Analysis of Neopost S.A.'s annual results

Unless otherwise indicated, all the amounts stated hereafter are in million of euros, rounded to one decimal place.

6.3.1 2019 FINANCIAL YEAR SIGNIFICANT EVENTS

SHUTDOWN OF THE ACTIVITY OF TEMANDO

In September 2019, Quadient decided a phased shutdown of the activity of its subsidiary Temando (shipping software dedicated to e-commerce) which was part of its Additional Operations. The business is subject to an orderly shutdown over time, subject to Temando's legal obligations to its customers and other stakeholders. At the end of financial year 2019, the shutdown was substantially progressed and is now almost completed.

As a consequence, Neopost S.A. has recorded a full depreciation of its loans and advances accorded to Temando's subsidiaries for respectively 24.9 million euros and 22.0 million euros (respectively 26.0 million euros and 9.4 million euros as at 31 January 2019). As at 31 January 2019, Neopost S.A. had also fully depreciated its investment in Neopost Shipping Holding Pty Ltd for an amount of 20.5 million euros.

IMPAIRMENT ON INVESTMENTS

Following the goodwill impairment, Neopost S.A. also depreciates its invesments in the Additional Operations in Australia and the Nordics countries for an amount of 63.8 million euros as at 31 January 2020. These depreciations are described in note 4.

CONCLUSION OF THE FRENCH TAX CONTROL AND THE MUTUAL AGREEMENT PROCEDURE BETWEEN FRANCE AND THE NETHERLANDS

The Company obtained the conclusions of the tax control covering the period from 1 February 2012 to 31 January 2018, which led to a 22.9 million euros increase of its tax loss carryforwards for the french tax consolidation and to a 0.5 million euros payment of corporate tax for the year 2016, the purpose of which was to reintegrate financial expenses,

The Company also obtained the reimbursement of 9.1 million euros from the French public finance department, following the conclusion of the mutual agreement procedure between France and the Netherlands, open as at 31 January 2007, in favour of Neopost Technologies SA.

CHANGE OF THE NAME AND THE VISUAL IDENTITY

The Group announced in September 2019 its decision to change the name Neopost to become Quadient. This choice of an unified and modern brand is the concretization of the implementation of the new Group organization, moving from entities operating independent businesses into a unique entity provided with a portfolio of integrated solutions.

The change of the name of the holding from Neopost S.A. to Quadient S.A. will be submitted to the approval of the Annual General Meeting on 6 July 2020.

6.3.2 OPERATING INCOME

Neopost S.A.'s operating loss amounts to 4.3 million euros compared with a loss of 0.1 million euros as at 31 January 2019.

6.3.3 FINANCIAL INCOME

Net financial income amounts to 9.5 million euros, down from 50.5 million euros as at 31 January 2019. Dividends received by the Company totalled 75.6 million euros as at 31 January 2020 compared with 116.6 million euros as at 31 January 2019. Net interest income from Group subsidiaries is 17.0 million euros (19.8 million as at 31 January 2019). Interest expenses for external borrowings are 41.3 million euros (34.8 million euros as at 31 January 2019). Net financial depreciation are recorded for 81.3 million euros as at 31 January 2020 (43.0 million euros as at 31 January 2019).

6.3.4 EXTRAORDINARY INCOME

Neopost S.A.'s extraordinary loss amounts to 0.5 million euros compared with a loss of 22.2 million euros as at 31 January 2019.

Treasury share disposals under the liquidity contract generate 0.2 million euros (0.7 million euro as at 31 January 2019) of extraordinary income on capital transactions and 0.7 million euros (1.2 million euros as at 31 January 2019) of extraordinary expenses.

As at 31 January 2019, the expenses capitalized in regard to a project of common IT tools roll-out in Europe were sold to one of the Group's subsidiary for a net book value of 32.6 million euros and an exceptional depreciation of the corresponding intangible fixed assets was recorded for an amount of 21.7 million euros. As at 31 January 2020, no exceptional depreciation is recorded.

6.3.5 NET INCOME

Net income amounts to 11.1 million euros (38.5 million euros as at 31 January 2019), after a net tax benefit of 6.4 million euros (5.5 million euros as at 31 January 2019),

In accordance with the Article 223 *quater* of the French general tax code (CGI), the financial statements for the current year include 84,050 euros of non-tax-deductible expenses (Article 39-4 of the CGI), but do not include the non-tax-deductible general expenses (Article 39-5 of the CGI).

6.3.6 SHAREHOLDERS' EQUITY

Neopost S.A.'s shareholders' equity amounts to 364.2 million euros as at 31 January 2020, a decrease of 7.2 million euros year-on-year. This decrease corresponds to the 2019 net income after deduction of 18.2 million euros paid to shareholders for the balance of 2018 dividends.

6.3.7 TRADE PAYABLES AND RECEIVABLES AGEING

Invoices received and issued not paid at the end of the financial year and for which the payment term has expired (article D.441-4)

	31 January 2020	Number of invoices
Trade payables - Ageing		
• Not due	6.3	124
• between 1 and 30 days	1.2	34
• between 31 and 60 days	0.4	25
• between 61 and 90 days	0.0	22
• More than 90 days	0.1	35
TOTAL	**8.0**	**240**

Suppliers are contractually paid within 30 days.

	31 January 2020	Number of invoices
Trade receivables - Ageing		
• Not due	19.8	156
• between 1 and 30 days	0.2	6
• between 31 and 60 days	-	2
• between 61 and 90 days	0.3	19
• More than 90 days	1.0	61
TOTAL	**21.3**	**244**

Customer payments are contractually collected within 30 days. Trade receivables due for more than 90 days exclusively concern the Italian subsidiaries

6.3.8 FIVE-YEAR RESULTS TABLE

	31/01/2016	31/01/2017	31/01/2018	31/01/2019	31/01/2020
Share capital					
Capital at year end closing	34.6	34.6	34.6	34.6	34.6
Number of shares	34,562,912	34,562,912	34,562,912	34,562,912	34,562,912
Operations and earnings					
Sales excluding tax	34.9	44.6	45.3	33.8	34.9
Earning before taxes, depreciation/amortization and provisions	40.5	277.0	89.0	97.4	83.1
Income taxes	6.6	1.9	9.9	10.3	6.4
Amortization expense and provisions	(0.2)	1.2	(20.0)	(69.2)	(78.4)
Net income	47.0	280.1	78.9	38.5	11.1
Distributed earnings	58.5	58.6	58.5	18.2	(a) -
Earnings per share *(in euros)*					
Earnings after tax, before depreciation/amortization and provisions	1.36	8.07	2.86	3.12	2.59
Earnings after tax, depreciation/amortization and provisions	1.36	8.10	2.28	1.11	0.32
Dividends paid	1.70	1.70	1.70	0.53	(a) -
Employees					
Average headcount	34	35	35	39	42
Payroll	5.6	5.6	5.6	7.3	8.8
Employee benefits paid (Social security, social welfare)	3.7	2.8	4.9	4.8	4.1

(a) See chapter 6.3.9 Dividends: the decision is postponed to the Board in May.

6.3.9 DIVIDENDS

As part of its “Back to Growth” strategy, the Group has decided to adapt its shareholder return policy and to set its annual pay-out ratio at a minimum of 20% of the Group net attributable income with the minimum annual dividend set at an absolute floor of 0.50 euro per share.

The Board of Directors will make a decision by the end of May for the dividend proposal related to the 2019 financial year, which will than be submitted to the approval of shareholers at the General Meeting.

The statutory reserve has been funded to 10% of the share capital.

The distribuable reserve amount to 273.2 million euros and are calculated as follows :

(In euros)	31 January 2020
Allocation of income subject to the approval of the Annual General Meeting of shareholders:	
• Retained earnings	262,154,835.03
• 2019 net income	11,094,423.79
• Deduction from issue premium	-
TOTAL	**273,249,258.82**

The total amount of dividends paid for the three previous years may be found in the table for the five previous financial years.

6.3.10 STATUTORY AUDITORS' ENGAGEMENT

Finexsi Audit, represented by Lucas Robin;

Ernst & Young et Autres, represented by May-Kassis Morin.

6.3.11 POST-CLOSING EVENTS

The beginning of the exercise 2020 is marked by the COVID-19 pandemic, resulting in a period of global economic uncertainty. This sanitary crisis starts to impact organizations in France at the beginning of March 2020. The Group has already adopted a number of measures to keep its employees safe and to ensure the business continuity to its customers. The Group has also defined an initial action plan to limit the effects of this crisis on its profitability and its cash and will continue to asses frequently the impact on the company and to identify additional actions to be implemented.

At the present time, the company considers that this post-closing event is a non-adjusting event for the financial statements as at 31 Januaru 2020 and does not call into question the business continuity.

Between the end of the financial year at 31 January 2020 and the approval of the statutory financial statements by the Board of directors, there were no significant changes in the company's commercial or financial situation.

6.3.12 2020 OUTLOOK

Neopost S.A. will continue to act as the holding Company for the Quadient group.

6.4 Neopost S.A. statements of financial position

6.4.1 NEOPOST S.A. BALANCE SHEET

ASSETS

(In million of euros)	Notes	31 January 2020	31 January 2019
Intangible fixed assets			
Gross value		41.2	41.2
Amortization		(41.1)	(41.1)
	(3)	**0.1**	**0.1**
Tangible fixed assets			
Gross value		0.3	0.1
Amortization		(0.2)	(0.1)
	(3)	**0.1**	**0.0**
Financial assets			
Gross value		1,495.9	1,343.8
Impairment		(120.1)	(57.4)
	(4)	**1,375.8**	**1,286.4**
Net receivables			
Net accounts receivable		21.3	18.3
Net other receivables		228.0	383.8
	(5)	**249.3**	**402.1**
Short-term investments and cash & cash equivalents			
Treasury shares		2.9	4.1
Short term securities		-	-
Cash & cash equivalents		405.2	150.6
	(6)	**408.1**	**154.7**
Financial derivative instruments		**0.8**	**1.7**
Prepaid expenses		**0.8**	**1.1**
Deffered charges		**4.9**	**2.1**
Unrealized foreign exchange losses	**(7)**	**38.0**	**3.3**
TOTAL ASSETS		**2,078.0**	**1,851.5**

The following notes form an integral part of the financial statements.

LIABILITIES

(In million of euros)		31 January 2020	31 January 2019
Share capital		34.6	34.6
Additional paid-in capital		52.9	52.9
Reserves		265.6	245.4
Net income		11.1	38.5
Shareholders' equity	**(8)**	**364.2**	**371.4**
Contingency and loss provisions			
Contingency provisions		9.5	3.3
Loss provisions		1.0	1.5
	(9)	**10.5**	**4.8**
Financial debts			
Bank loans		1,307.7	1,088.7
Other borrowings and debts		0.6	0.6
	(10)	**1,308.3**	**1,089.3**
Accounts payable			
Trade payables		8.0	33.5
Provisional dividends payable		-	-
Other operating liabilities		358.0	321.9
Taxes		0.3	0.2
		366.3	**355.6**
Financial derivative instruments		**0.2**	**-**
Overdrafts		**0.0**	**0.1**
Unrealized foreign exchange gains	**(7)**	**28.5**	**30.3**
TOTAL LIABILITIES		**2,078.0**	**1,851.5**

The following notes form an integral part of the financial statements.

6.4.2 NEOPOST S.A. INCOME STATEMENT

(In million of euros)	Notes	31 January 2020	31 January 2019
Revenue from services		34.9	33.8
Reversal of depreciation and allowances, expense transfers		4.0	0.1
Other revenue		0.1	-
Revenue from operations		**39.0**	**33.9**
Other purchase costs and operating expenses		(41.7)	(32.9)
Other expenses		(0.5)	(0.5)
Depreciation, amortization and allowances		(1.1)	(0.6)
Operating expenses		**(43.3)**	**(34.0)**
Operating income	**(11-1)**	**(4.3)**	**(0.1)**
Investment income (dividends)		75.6	116.6
Investment income (interest)		22.8	23.4
Other interest and financial income		56.7	36.7
Reversals of depreciation, amortization and allowances		1.7	8.8
Financial income		**156.8**	**185.5**
Interest expenses		(63.5)	(78.3)
Commitment commissions		(0.8)	(0.9)
Depreciation, amortization and allowances		(83.0)	(55.8)
Financial expenses		**(147.3)**	**(135.0)**
Financial result	**(11-2)**	**9.5**	**50.5**
Current operating income		**5.2**	**50.4**
Extraordinary capital gains			
• proceeds from assets sales		-	32.6
• other		0.2	0.7
Extraordinary income		**0.2**	**33.3**
Extraordinary capital losses			
• net book value of assets sales		-	(32.6)
• extraordinary amortization charges on intangible fixed assets		-	(21.7)
• other		(0.7)	(1.2)
Extraordinary expenses		**(0.7)**	**(55.5)**
Extraordinary income	**(11-3)**	**(0.5)**	**(22.2)**
Income tax	**(11-4)**	6.4	10.3
NET INCOME		**11.1**	**38.5**

The following notes form an integral part of the financial statements.

6.4.3 NEOPOST S.A. STATEMENT OF CASH FLOW

(In million of euros)	31 January 2020	31 January 2019
Net income	11.1	38.5
Depreciation and amortization expenses (reversal)	0.1	21.8
Contingency and loss provision (reversal)	81.0	47.4
Capital gains or loss on disposal of fixed assets	-	10.9
Gains and losses on changes in fair value	(2.4)	(12.9)
Cash flow from operations	**89.8**	**105.7**
(Increase) decrease in accounts receivable	(3.1)	1.8
Increase (decrease) in accounts payable	(25.5)	29.0
(Increase) decrease in other operating payables and receivables	188.3	(26.7)
Cash flow from operating activities (A)	**249.5**	**109.8**
Investments in intangible fixed assets	(0.2)	-
Investments in tangible fixed assets	-	(0.1)
Securities acquired and (increase) decrease in loans granted	(172.0)	11.0
Sub-total investments	**(172.2)**	**10.9**
Disposals of fixed assets	-	-
Cash flow from investment activities (B)	**(172.2)**	**10.9**
Dividends paid	(18.2)	(58.5)
New financial debts	528.1	-
Repayment of borrowings	(317.8)	(26.7)
Net change in other debts and accrued interest not yet matured	(1.6)	0.1
Cash flow from financing activities (C)	**190.5**	**(85.1)**
Impact of exchange rate changes on cash and cash equivalents **(D)**	(13.1)	6.6
Change in net cash & cash equivalents (A) + (B) + (C) + (D)	**254.7**	**42.2**
Opening cash & cash equivalents	**150.5**	**108.3**
CLOSING CASH & CASH EQUIVALENTS	**405.2**	**150.5**

The following notes form an integral part of the financial statements.

6.4.4 CHANGE IN NEOPOST S.A. SHAREHOLDERS' EQUITY

	Par value	Number of shares	Share capital	Additional paid-in capital	Reserves	Total
Shareholders' equity at 31 January 2018	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**276.4**	**363.9**
2017 Dividends – balance payment	-	-	-	-	(31.0)	(31.0)
Net income	-	-	-	-	38.5	38.5
Shareholders' equity at 31 January 2019	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**283.9**	**371.4**
2018 Dividends – balance payment	-	-	-	-	(18.2)	(18.2)
Net income	-	-	-	-	11.1	11.1
SHAREHOLDERS' EQUITY AT 31 JANUARY 2020	**EUR 1**	**34,562,912**	**34.6**	**52.9**	**276.7**	**364.2**

The following notes form an integral part of the financial statements.

6.4.5 NOTES TO THE NEOPOST S.A. FINANCIAL STATEMENTS

Financial years ended 31 January 2020 and 31 January 2019.

Unless otherwise indicated, all amounts stated hereafter are in million of euros, rounded to one decimal place. Therefore, the sum of rounded amounts may present immaterial differences with the total shown.

Some amounts as at 31 January 2019 may have been reclassified to be comparable with the presentation adopted as at 31 January 2020.

TABLE OF CONTENTS OF NOTES TO NEOPOST S.A FINANCIAL STATEMENTS

NOTE 1 PRESENTATION OF THE COMPANY

Neopost S.A. is a French law company, listed on Paris stock exchange and located at 42-46, avenue Aristide Briand, 92220 Bagneux (France).

Key dates:

1992: Neopost S.A., holding Company of the Quadient group, was created through a leveraged buyout (LBO) of Alcatel's mail processing equipment division;

1997: a second LBO took place;

1999: Quadient was listed on the *Premier Marché* of Euronext Paris stock market on 23 February at a price of 15 euros per share;

2002: acquisition of Ascom Hasler, the mailing systems division of the Swiss company Ascom;

2009: Quadient enhanced its service offering with the acquisition of Satori Software, one of the world market leaders in postal address quality management tools;

2012: acquisition of GMC Software Technology, a leader in the market of Customer Communications Management (CCM) and Human Inference, specialist in Data Quality and Master Data management (MDM);

2013: acquisition of DMTI Spatial, the leading Canadian provider of location-based data quality solutions;

2014: acquisition of Proship, a leading American provider of high-volume multi-carrier parcel shipping solutions;

2015: acquisition of a majority stake in Temando Holding Pty Ltd, an Australian company providing logistic solutions for the e-commerce sector;

2016: Yamato Transport and Quadient formed a joint venture to launch an open parcel locker network in Japan; acquisition of Icon Systemhaus GmbH, the German leader in Customer Communications Management solutions;

2017: disposal of DMTI Spatial; increase in participation of Temando to 100%;

2018: disposal by the american subsidiary Mailroom Holding of Satori Software ; acquisiton by the american subsidiary Mailroom Holding of Parcel Pending;

2019: disposal by the dutch subsidiary Mailroom Holding BV of Quadient Data Netherlands BV (former Human Inference).

Highlights of 2019:

SHUTDOWN OF THE ACTIVITY OF TEMANDO

In September 2019, Quadient decided a phased shutdown of the activity of its subsidiary Temando (shipping software dedicated to e-commerce) which was part of its additional operations. The business is subject to an orderly shutdown over time, subject to Temando's legal obligations to its customers and other stakeholders.

As a consequence, Neopost S.A. has recorded a full depreciation of its loans and advances accorded to Temando's subsidiaries for respectively 24.9 million euros and 22.0 million euros (respectively 26.0 million euros and 9.4 million euros as at 31 January 2019).

As at 31 January 2019, Neopost S.A had also fully depreciated its investment in NeopostShipping Holding Pty Ltd for an amount of 20.5 million euros.

IMPAIRMENT ON INVESTMENT

Following the goodwill impairment, Neopost S.A. also depreciates its invesments in the Additional Operations in Australia and the Nordics countries for an amount of 63.8 million euros as at 31 January 2020. These depreciations are described in note 4.

CONCLUSION OF THE FRENCH TAX CONTROL AND THE MUTUAL AGREEMENT PROCEDURE BETWEEN FRANCE AND THE NETHERLANDS

The Company obtained the conclusion of the tax control covering the period from 1 February 2012 to 31 January 2018, which led to a 22.9 million euros increase of its tax loss carryforwards for the french tax consolidation and a 0.5 million euros payment of corporate tax for the year 2016, the purpose of which was to reintegrate financial expenses.

The Company also obtained the reimbursement of 9.1 million euros from the french public finance department, following the conclusion of the mutual agreement procedure between France and the Netherlands, opened as at 31 January 2007, in favour of Neopost Technologies SA.

CHANGE OF THE NAME AND THE VISUAL IDENTITY

The Group announced in September 2019 its decision to change the name Neopost to become Quadient. This choice of an unified and modern brand is the concretization of the implementation of the new Group organization, moving from entities operating independent businesses into a unique entity provided with a portfolio of integrated solutions.

The change of the name of the holding from Neopost SA to Quadient SA will be submitted to the approval of the Annual General Meeting on 6 July 2020.

NOTE 2 MAIN ACCOUNTING PRINCIPLES

The financial statements closed on 31 January 2020 are prepared in accordance with the measures of the French commercial code (articles L. 123-12 to L.123-28), of the French accounting rules authority (ANC) regulation no. 2014-03 dated 05/06/2014 modified by the ANC regulation no. 2016-07 dated 26/12/2016 and by the ANC regulation no. 2019-07 dated 10/12/2019 related to the French chart of accounts and the French accounting regulatory committee (*Comité de la Réglementation Comptable* – CRC) regulations.

The provisions regarding financial derivative instruments have been supplemented by 2015-05 ANC regulation of 2 July 2015.

The following rules are applied in accordance with the prudence principle:

- business continuity;
- independence of financial years;
- continuity of accounting methods from one year to another,

and in accordance with the general rules of establishment and presentation of annual financial statements.

The basic method for valuing accounting entries is the historical cost method.

Since 1 February 2005, the Company applied regulations relating to the definition, measurement and recognition of assets (CRC regulation 04-06) and amortization or depreciation (CRC regulation 02-10).

Concerning, the borrowings issue costs the Company chose to apply the reference method, *i.e.* the spread of issue costs over the contract duration.

NOTE 3 INTANGIBLE AND TANGIBLE FIXED ASSETS

Intangible and tangible fixed assets are valued at their acquisition cost (purchase price plus related expenses).

Assets are amortized on a straight-line basis according to their useful lives.

The most common amortization periods are as follows:

- IT implementation projects: five or seven years;
- software: five years;
- fixtures: ten years;
- office furniture and equipment: four, five or eight years.

	Intangible fixed assets	Tangible fixed assets
Net book value at 31 January 2018	**32.8**	**0.0**
Acquisitions	(10.9)	-
Change in amortization and depreciation	(21.8)	-
Net book value at 31 January 2019	**0.1**	**0.0**
Net disposals	-	0.2
Change in amortization and depreciation	-	-
NET BOOK VALUE AT 31 JANUARY 2020	**0.1**	**0.2**

As at 31 January 2019, the expenses capitalized in regard to a project of common IT tools roll-out in Europe were sold to one of the Group's subsidiary for a net book value of 32.6 million euros and an exceptional depreciation of the corresponding intangible fixed assets was recorded for an amount of 21.7 million euros, due to the cancellation of the project.

No exceptional depreciation is recorded this year.

NOTE 4 FINANCIAL ASSETS

Financial assets are valued at their acquisition cost (purchase price plus related expenses) or at their contribution value.

The valuation of investment in affiliates is reviewed each year. An impairment test is carried out at least once a year through the projectionof future cash flows. These cash flows are based on revenue and operating income growth assumptions over five years. The discounting rate is the weighted average cost of capital after tax to which a specific risk premium might be added. Impairment isrecorded when the asset's recoverable amount is lower than its carrying amount.

This category includes the deposit account opened at Exane BNP Paribas for the liquidity contract, which has investments in money market funds.

	31 January 2020	31 January 2019
Investments – Gross value		
Mail Finance	8.6	8.6
Mailroom Holding BV	26.0	26.0
Mailroom Holding Inc.	246.2	246.2
Neopost AG	12.5	12.5
Neopost Asia-Pacific (Holding) Pte Ltd	2.9	2.9
Neopost Canada Ltd	9.3	9.3
Neopost Denmark A/S	16.1	16.1
Neopost Finance Ireland Ltd	15.0	15.0
Neopost Finance Finland Oy	0.0	0.0
Neopost Finland Oy	2.9	2.9
Neopost France	194.9	194.9
Neopost GmbH & Co. KG	43.3	43.3
Neopost Holdings Ltd	77.9	77.9
Neopost Holdings Pty Ltd	43.2	43.2
Neopost Industrie	0.0	0.0
Neopost Ireland Ltd	1.0	1.0
Quadient Japan	3.1	3.1
Neopost Mailing Logistic Systems	0.0	0.0
Neopost Norge AS	4.5	4.5
Neopost Nv	0.5	0.5
Neopost SDS Ltd	4.6	4.6
Neopost Services	2.5	2.5
Neopost Shipping Holding Pty Ltd	20.5	20.5
Neopost Shipping	7.2	7.2
Neopost Srl	1.3	1.3
Neopost Sverige AB	12.0	11.0
Quadient Technologies Holdings UK Ltd	33.7	33.7
Neopost Verwaltung GmbH	3.3	3.3
Neotouch Cloud Solutions Dac	0.0	0.0
Quadient Group AG	132.3	132.3
Rena GmbH	6.3	6.3
Packcity SAS	1.3	1.3
AMS Investissement	0.1	0.1
Docapost BPO IS	2.4	2.4

	31 January 2020	31 January 2019
X'Ange Capital 2	4.2	4.2
Partech Entrepreneur II	4.9	4.4
Investments – Total gross value	**944.5**	**943.0**
Loans to subsidiaries	549.7	399.5
Equity loan to Neopost Mailing Logistic Systems	0.3	0.3
Liquidity contract	1.4	1.0
Total gross value	**1,495.9**	**1,343.8**
Impairment on investments		
Neopost SDS Ltd	(4.6)	(4.6)
Rena GmbH	(6.3)	(6.3)
Neopost Shipping Holding Pty Ltd	(20.5)	(20.5)
Neopost Holdings Pty Ltd	(34.9)	-
Neopost Finland	(1.8)	-
Neopost Norge	(2.8)	-
Neopost Sverige	(9.7)	-
Neopost Danmark	(14.6)	-
Investments - Total impairment	**(95.2)**	**(31.4)**
Loans - Total impairment	**(24.9)**	**(26.0)**
Total impairment	**(120.1)**	**(57.4)**
TOTAL NET VALUE	**1,375.8**	**1,286.4**

Changes in the financial assets gross value over the period are mainly due to:

- the capital increase in Neopost Sverige AB of 1.0 million euros;
- the purchase of the stake in Partech Entrepreneur II for 0.5 million euros;
- the increase of 150.2 million euros in long-term loans to the Group's subsidiaries including Neopost Finance Ireland Ltd in order to ensure the financing of its leasing activity;
- the increase of the liquidity contract of 0.4 million euros.

The depreciation of Neopost Shipping Holding Pty Ltd's loans decreased by 1.1 million euros, to 24.9 million euros as at 31 January 2020.

An impairment test has been carried out on Neopost S.A. financial assets as at 31 January 2020 and it leads to the following impairment:

- Neopost Finland for an amount of 1.8 million euros;
- Neopost Norge for an amount of 2.8 million euros;
- Neopost Sverige for an amount of 9.7 million euros;
- Neopost Danmark for an amount of 14.6 million euros;
- Neopost Holdings Pty Ltd for an amount of 34.9 million euros.

The depreciation of Neopost Shipping Holding Pty Ltd's investments was recorded for an amount of 20.5 million euros as at 31 January 2019.

NOTE 5 RECEIVABLES

Trade receivables are valued at their nominal value. When appropriate, provisions have been booked to take into potential recovery difficulties.

	31 January 2020	31 January 2019
Subsidiary current accounts – cash facility:		
FrancoTech GmbH	-	0.8
Quadient Data Netherlands BV	-	0.1
Quadient Switzerland AG	0.5	-
Quadient Czsech s.r.o	1.7	-
Quadient Canada Inc.	1.6	3.6
Quadient Denmark Aps	1.4	-
Quadient Data UK Ltd	2.5	2.0
Quadient Singapore Pte Ltd	3.1	3.3
Quadient Australia Pty Ltd	0.9	1.9
Quadient France SAS	-	0.3
Quadient Software Spain SA	-	0.4
Quadient CXM Italy	0.5	1.0
Quadient Poland Sp. z.o.o	1.3	1.1
Quadient s.r.o	1.9	2.2
Quadient Group AG	13.1	12.0
Mail Finance Inc.	27.5	1.6
Mailroom Finance Inc.	3.0	24.6
Mailroom Holding Inc.	65.3	28.8
Mailroom Holding BV	-	4.5
Neopost AG	1.7	0.1
Neopost Shipping	3.1	-
Neopost Finance Ltd	6.0	4.7
Neopost Finance Ireland Ltd	9.4	213.6
Neopost France	-	0.6
Neopost Industrie	-	5.1
Neopost Global Services Ltd	1.0	0.3
Neopost GmbH & Co. KG	-	4.8
Neopost Mailing Logistic Systems	0.7	-
Neopost International Supply Ltd	-	0.3
Neopost Ltd	2.6	-
Neopost SDS Ltd	3.3	3.2
Neopost SRL	18.8	10.9
Neopost Rental Srl	6.2	3.2
Quadient Japan	3.3	2.4
Neopost Software GmbH	7.0	6.5
Neopost Sverige AB	1.3	-
Neopost Technologies	8.1	5.0
Neopost Verwaltung GmbH	4.9	-
Packcity Geopost	0.5	-

	31 January 2020	31 January 2019
Packcity SAS	4.4	5.4
Parcel Pending Inc.	2.6	-
Proship Inc.	8.9	8.0
Temando LLC	6.7	6.3
Temando Pty Ltd	14.6	9.1
Temando SAS	0.8	-
Temando UK Ltd	-	2.1
Other	1.1	3.7
Total subsidiary current accounts	**241.3**	**383.5**
Accounts receivables (intercompany billing services)	21.3	18.3
Tax receivables	4.0	7.1
Dividend receivables	-	-
Other	4.7	2.6
Total gross value	**271.3**	**411.5**
Impairment	**(22.0)**	**(9.4)**
TOTAL NET VALUE	**249.3**	**402.1**

Gross receivables decrease for an amount of 140.2 million euros is mainly explained (i) by the decrease of short-term advances to subsidiaries for 140.1 million euros (the short term part of long term loans has been either repaid in cash or regranted as long term loans; the activity of these subsidiaries such as leasing justifying this); (ii) by the increase of 3.0 million euros of intercompany billing services receivables; (iii) and by the decrease of the receivable against the State for an amount of 3.1 million euros, mainly due to the recording of a VAT receivable of 4.6 million euros booked as at 31 January 2019, following the sale of capitalized expenditures on an IT project to a Group's subsidiary.

The change in depreciations of short term advances (22.0 million euros as of 31 January 2020 compared with 9.4 million euros as of 31 January 2019) is mainly explained by a decrease of the depreciation of the Temando Holding Pty Ltd current account for 0.4 million euros, an increase of the depreciation of the Temando Pty Ltd current account for 5.5 million euros, a new depreciation of the current account of Temando LLC for 6.7 million euros and Temando SAS for 0.8 million euros.

The trade receivables settlement period is 30 days.

The receivables breakdown by maturity at 31 January 2020 is as follows:

	Gross value	Less than 1 year	More than 1 year
Loans to subsidiaries	550.0	-	550.0
Other financial assets - Liquidity contract	1.4	-	1.4
Tax receivables	4.0	4.0	-
Subsidiaries current accounts	241.3	241.3	-
Receivables on intercompany billing services	21.3	21.3	-
Other receivables	4.7	4.7	-
TOTAL	**822.7**	**271.3**	**551.4**

NOTE 6 SHORT-TERM INVESTMENTS AND CASH & CASH EQUIVALENTS

Short-term investments and cash & cash equivalents are made up of treasury shares, short term securities and cash & cash equivalents. Short-term securities are valued using the First In First Out (FIFO) method. When the realizable value is lower than the acquisition cost, depreciation is recorded in the financial result for the amount of that difference.

The Group applies the CRC 2008-15 rules relative to accounting, repealed and amended by ANC regulation 2014-03, for stock-options and free share attributions. As soon as it is likely that the entity will deliver existing shares to the plan beneficiaries, a liability should be accounted for, on the basis of a probability that an outflow of resources will be necessary. The value of the outflow of resources is estimated on the basis of the probable cost of buying back the shares if they are not already held or of their entry cost on the date of plan allocation, determined in accordance with the following principles:

- if the allocation of options and free shares is subject to the fact that the beneficiary is still in the Company's staff during a certain period of time, the accounting method for this liability is spread over the vesting period. The free shares attribution expenses are recorded in the income statement on the line employees expenses;
- the treasury shares allocated to specific plans remain measured at the acquisition cost and will not be depreciated. The booking cost is the acquisition cost (if the shares have been allocated to a specific plan since their acquisition) or their net book value at the plan allocation date in the case of a future allocation. The shares acquired with a view to be attributed to employees and that are not attached to a determined plan remain measured according to general rules that apply to marketable securities.

	31 January 2020	31 January 2019
Short-term investments and cash & cash equivalents		
Treasury shares	2.9	4.1
Short-term securities	-	-
Cash & cash equivalents	405.2	150.6
TOTAL	**408.1**	**154.7**

Treasury shares

The number of treasury shares at 31 January 2020 is 138,436 of which 132,468 are held for the liquidity contract and 5,968 with the aim of fulfilling the obligations of the stock-option and free share plans attributed to employees and directors of the Group.

Under the liquidity contract, shares cannot be sold freely except if the contract is cancelled. This contract was signed with Exane BNP Paribas on 2 November 2005 for one year and is renewable by tacit agreement. The amount allocated to this contract was initially 8 million euros. The purpose is to reduce excessive volatility of the Quadient share and to improve liquidity.

Transactions in 2019 are the following:

	31 January 2019		Bought		Sold		Transferred		31 January 2020	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Liquidity contract	152,142	3.7	488,343	9.8	(508,017)	(10.7)	-	-	132,468	2.8
Coverage of obligations	8,349	0.3	10,000	0.2	-	-	(12,381)	(0.4)	5,968	0.1
TOTAL	**160,491**	**4.0**	**498,343**	**10.0**	**(508,017)**	**(10.7)**	**(12,381)**	**(0.4)**	**138,436**	**2.9**

NOTE 7 TRANSACTIONS IN FOREIGN CURRENCIES

A translation adjustment is determined for each asset or liability denominated in a foreign currency, at the closing exchange rate. Translation differences are offset between assets and liabilities denominated in one currency and having the same maturity.

Assets and liabilities translation differences are offset between hedging financial instruments (exchange rate futures) and the appropriate receivables and payables, to determine the provision. This offset amounted to 28.4 million euros at 31 January 2020 and the provision is recorded for an amount of 9.5 million euros. As of 31 January 2020, the translation adjustment asset comes out at 38.0 million euros and the translation adjustment liability at 28.5 million euros.

NOTE 8 SHAREHOLDERS' EQUITY

8-1: Capital

At 31 January 2020, the share capital totaled 34.6 million euros divided into 34,562,912 ordinary shares with a par value of 1 euro each, the share capital is fully released. There was no change during financial year 2019.

8-2: Additional paid-in capital

Additional paid-in capital represents the net amount received by the Company in excess of the par value on issuance, fully distributable. At 31 January 2020, additional paid-in capital amounts to 52.9 million euros. There was no change during 2019 fiscal year.

8-3: Reserves and retained earnings

This item mainly comprises cumulated net income over the years and dividend payments.

8-4: Dividend per share

Retained earnings before appropriation of 2019 net income amount to 315.1 million euros as at 31 January 2020 compared with 294.8 million euros as at 31 January 2019.

The Board of Directors will make a decision by the end of May for the dividend proposal related to the 2019 financial year, which will then be submitted to the approval of shareholders at the General Meeting.

The dividend distributed in relation to the 2018 financial results was 0.53 euro and it was paid in cash the 6 August 2019.

NOTE 9 CONTINGENCY AND LOSS PROVISIONS

Contingency and loss provisions, accounted for in accordance with CRC regulation no. 2000-06, are intended to cover risks and expenses that are likely because of past or on-going events, and whose amount or maturity are uncertain. The provision amount corresponds to the best estimate of the cash-out with no equivalent offset.

	31 January 2019	Added	Used	Non-used	31 January 2020	Maturity
Contingency provisions						
Unrealized foreign exchange losses	3.3	6.2	-	-	9.5	n/a
Total contingency provisions	**3.3**	**6.2**	**-**	**-**	**9.5**	
Loss provisions						
Retirement indemnities	0.7	0.1	-	-	0.8	n/c
Treasury shares	0.3	-	(0.2)	-	0.1	1 to 2 years
Phantom shares	0.1	-	-	-	0.1	2 to 4 years
Others	0.4	-	(0.4)	-	-	n/a
Total loss provisions	**1.5**	**0.1**	**(0.6)**	**-**	**1.0**	
TOTAL	**4.8**	**6.3**	**(0.6)**	**-**	**10.5**	

Treasury shares

At 31 January 2020, the Group has 132,468 shares held for the liquidity contact and 5,968 shares to fulfil the commitments on the stock-option and free share attribution programs for employees and Group executives, compared with 152,142 shares and 8,349 shares as at 31 January 2019.

	Number	31 January 2019	Added	Used	Non-used	Number	31 January 2020
TOTAL	8,349	0.3	-	(0.2)	-	5,968	0.1

Deferred incentive plan (phantom share plan)

The liability is recognized when the phantom shares are attributed and the expense, spread out on the acquisition period, represents the valuation of the number of phantom shares attributed at the last share price at the end of the financial year. At each closing date, the provision is revaluated based on the last Quadient share price and the headcount variation.

Since 2013, five deferred incentive plans were set up. This provision is adjusted at each closing, changes that occurred during 2019 financial year are not significant.

Since February 2018, no more phantom shares have been granted. All information related to former phantom share plans are disclosed in previous registration documents.

Deferred incentive plan in force during the fiscal year 2019	Number of phantom shares granted to Neopost S.A. employees
Plan July 2016	3,700
Plan March 2017	2,100

NOTE 10 FINANCIAL DEBTS

At 31 January 2020 and 31 January 2019, debts break down as follows:

	Less than one year	One to five years	More than five years	31 January 2020	31 January 2019
Undated bonds (ODIRNANE)[a]	1.1	265.0	-	266.1	266.1
Bonds issue – Neopost S.A. 3.50%[b]	-	-	-	-	150.8
Bonds issue – Neopost S.A. 2.50%[c]	2.8	177.9	-	180.7	331.3
Bonds issue – Neopost S.A. 2.25% [d]	0.2	-	323.1	323.3	-
United States private placements[e]	32.2	76.9	-	109.1	128.0
Schuldschein[f]	47.8	349.6	31.0	428.4	212.4
Revolving credit facility[g]	0.1	-	-	0.1	0.1
Borrowing from Neopost Ireland Ltd	0.6	-	-	0.6	0.6
TOTAL	**84.8**	**869.4**	**354.1**	**1,308.3**	**1,089.3**

(a) *On 16 June 2015, Neopost S.A. issued a net share settled undated senior unsecured bonds convertible into new shares and/or exchangeable for existing shares (ODIRNANE) for a notional amount of 265.0 million euros representing 4,587,156 shares with a nominal value of 57.77 euros. This bond is traded on the open market "Freiverkehr" of the Frankfurt stock exchange under ISIN code FR0012799229.*

(b) *Neopost S.A. issued a bond for a nominal amount of 150 million euros on 6 December 2012 listed on Euronext Paris under ISIN number FR0011368521 after filing a prospectus with the Autorité des Marchés Financiers (approval number 12-588 of 4 December 2012). This bond has been fully repaid on 6 december 2019. This bond has been placed with a limited number of qualified investors.*

(c) *Neopost S.A. issued an inaugural 350.0 million euros public bond on 23 June 2014 listed on Euronext Paris under ISIN number FR0011993120 after filing a prospectus with the Autorité des Marchés Financiers (approval number 14-310 of 19 June 2014). This bond carries a fixed interest of 2.50% and is payable on 23 June 2021. On the 9 July 2019, Neopost S.A. has bought back on the market a nominal of 148.8 millions euros, the outstanding nominal is now 178.2 millions euros.*

(d) *Neopost S.A. issued a 325.0 million euros public bond on 23 January 2020 listed on Euronext Paris under ISIN number FR0013478849 after filing a prospectus with the Autorité des Marchés Financiers (approval number 20-018 of 21 January 2020). This bond carries a fixed interest of 2.25% and is payable on 3 February 2025.*

(e) *On 20 June 2012, Neopost S.A. concluded a private placement in the United States consisting of five tranches with different maturities between four and ten years for a total of 175.0 million United States dollars. The different tranches bear a fixed interest rate of between 3.17% and 4.50% depending on the maturity of the tranche. In 2017, Neopost S.A. prepaid 79.0 million United States dollars. On 20 June 2019, Neopost S.A. repaid 5.0 million United States dollars which had matured. The amount of the private placement is 30.0 million United States dollars at the end of January 2020.*

On 4 September 2014, Neopost S.A. concluded a 90.0 million United States dollars private placement amortizable in three equal instalments starting in September 2020. This private placement bears a variable rate of three-month LIBOR USD.

(f) *In February 2017, Neopost S.A. concluded private placements under German law (Schuldschein) consisting of ten tranches with different maturities between three and six years for a total amount of 135.0 million euros and 86.5 million United States dollars.*

In May 2019, Neopost S.A. concluded private placements under German law (Schuldschein) consisting of nine tranches with different maturities between three and six years for a total amount of 130.0 million euros and 90.0 million United States dollars.

(g) *On 20 June 2017, Neopost S.A. arranged a revolving credit line for drawdown in euros and in United States dollars for an initial amount equivalent to 400.0 million euros for a period of five years. The maturity of the revolving credit line has been extended to the 20 June 2024, thanks to the exercise of an extension option. The interest rate is indexed to the EURIBOR or LIBOR USD over the relevant drawdown period plus a margin depending on the debt coverage ratio by the EBIDTA calculated on the Group's consolidated financial statements excluding leasing activities. At the end of January 2020, Neopost S.A. does not use that credit facility.*

With the exception of the bond issue - Neopost S.A. 2.50%, the bond issue - Neopost S.A. 2.25% and the ODIRNANE which are not subject to any covenant, the various debts (private placements, *Schuldschein* and revolving credit facilities) are subject to financial covenants based on consolidated financial statements. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complies with all covenants at 31 January 2020.

Debts maturity as at 31 January 2020 is as follows:

	Gross value	Less than 1 year	One to five years	More than 5 years
Undated bonds (ODIRNANE)	266.1	1.1	265.0	-
Bonds issue – Neopost S.A. 2.50%	180.7	2.8	177.9	-
Bonds issue – Neopost S.A. 2.25%	323.3	0.2	323.1	
United States private placements	109.1	32.2	76.9	-
Schuldschein	428.4	47.8	380.6	-
Bank loans	0.1	0.1	-	-
Borrowing from Neopost Ireland Ltd	0.6	0.6	-	-
Trade payables	8.0	8.0	-	-
Tax and social security liabilities	0.3	0.3	-	-
Other debts	358.0	358.0	-	-
TOTAL	**1,674.6**	**451.1**	**1,223.5**	**-**

NOTE 11 INCOME STATEMENT

11-1: Operating income

Neopost S.A.'s operating loss amounts to 4.3 million euros compared with a loss of 0.1 million euros for the previous year and it breaks down as follow:

	31 January 2020	31 January 2019
Assistance to subsidiaries	22.6	15.9
Brand royalties	8.0	8.2
Rebilling of costs paid on behalf of subsidiaries	4.3	9.7
Reversal of depreciation and amortization, transfer of expenses	4.0	0.1
Other revenues	0.1	
Revenue from operations	**39.0**	**33.9**
Wages, bonuses, commissions and payroll charges	(13.0)	(12.1)
Fees	(4.9)	(3.4)
Expenses related to acquisitions	(9.2)	(6.4)
Purchases, maintenance	(0.4)	(0.7)
Transport and travel, seminars	(2.4)	(1.7)
Staff seconded	(4.5)	(4.6)
Insurance	(0.7)	(0.7)
Taxes	(1.3)	(1.2)
Rents and associated costs	(1.0)	(0.9)
Compensation of directors	(0.4)	(0.4)
Treasury shares delivered (for the allocation of free shares)	(0.4)	(0.1)
Borrowing expenses	(3.7)	(0.9)
Depreciation and amortization expenses	(1.1)	(0.6)
Other expenses	(0.3)	(0.3)
Operating expenses	**(43.3)**	**(34.0)**
Operating income	**(4.3)**	**(0.1)**

The management fees contracts and brand name contracts generate an income of 30.6 million euros as at 31 January 2020 compared with 24.1 million euros as at 31 January 2019.

11-2: Financial income

Financial income amounts to 9.5 million euros compared with 50.5 million euros a year before and it breaks down as follows:

	31 January 2020	31 January 2019
Interest expenses on external borrowings	(41.3)	(34.8)
Net income on internal loans and borrowings	17.0	19.8
Dividends received	75.6	116.6
Revenue from disposals of securities	0.2	0.1
Other financial products	2.2	2.3
Net gain on foreign exchange and swaps	37.1	(6.5)
(Provision)/reversal for losses on foreign exchange	(6.2)	8.8
(Provision)/reversal of impairment on short-term receivables	(12.6)	(9.4)
(Provision)/reversal of impairment on investments in affiliates	(63.8)	(20.5)
(Provision)/reversal of impairment on loans	1.1	(26.0)
(Provision)/reversal of impairment on treasury shares	0.2	0.1
TOTAL	**9.5**	**50.5**

11-3: Extraordinary income

Neopost S.A.'s extraordinary loss amounts to 0.5 million euros compared with a loss of 22.2 million euros as at 31 January 2019.

Treasury shares disposals under the liquidity contract generate extraordinary income from capital transactions for 0.2 million euros (0.7 million euros at 31 January 2019) and extraordinary expenses from capital transactions for 0.7 million euros (1.2 million euros at 31 January 2019).

As at 31 January 2019, the expenses capitalized in regard to a project of common IT tools roll-out in Europe were sold to one of the Group's subsidiary for a net book value of 32.6 million euros and an exceptional depreciation of the corresponding intangible fixed assets was recorded for an amount of 21.7 million euros.

As at 31 January 2020, no exceptional depreciation is recorded.

11-4: Income tax

Neopost S.A. is the parent company of an integrated tax group under the terms of article 223A of the French general tax code. In this context, Neopost S.A. is only liable for income tax due by its subsidiaries with a view to determining the whole Group's earnings. The tax consolidation agreement used in the Group is based on the principle of neutrality and plan that the tax burden is borne by the Company as in the absence of tax consolidation. The tax is thus calculated on the Company's own taxable income. The tax savings realized by the Group, through losses, adjustments or tax credits, are retained by the parent company and regarded as an immediate gain for the year (in a year in which the Company show some profits, the parent company will then bear a tax charge).

Non-deductible tax expenses:

In accordance with article 223 *quater* of the French general tax code, the financial statements for the financial year ended the 31 January 2020 contain 84,050 euros of non-deductible expenses for income tax (article 39-4 of the French general tax code), but do not contain overhead costs, which are non-deductible for tax purposes (article 39-5 of the French general tax code).

The French tax consolidation group includes the following companies in 2019:

- Neopost France;
- Neopost Services;
- Mail Finance;
- Neopost Industrie S.A.;
- Neopost Technologies S.A.;
- Neopost Shipping.

There is no more income from the employment and competitiveness tax credit (*Crédit d'Impôt pour la Compétitivité et l'Emploi – CICE*) coming from the tax consolidation because this measure does not exist anymore. It was recorded for 1.3 million euros as at 31 January 2019.

For financial year 2019, the tax benefit coming from the tax consolidation is 6.4 million euros (5.5 million euros for 2018) and the tax charge resulting from the tax control is 0.5 million euros.

As at 31 January 2019, tax proceeds of 4.8 million euros was recorded, in respect of the claim related to the 3% contribution on dividend distributions made by the Company between 2013 and 2017.

Losses carried forward amount to 50.3 million euros as at 31 January 2020 after the increase of 22.9 million euros following the tax control. As at 31 January 2020, the Group tax result submitted to ordinary tax rate is a profit.

Net income amounts to 11.1 million euros (38.5 million euros as at 31 January 2019).

	Income before tax	Theoretical tax	Net income
Current income	5.2	3.2	8.4
Extraordinary Income (loss)	(0.5)	0.2	(0.3)
Sub-total	**4.7**	**3.4**	**8.1**
Tax credits offsetting	-	2,2	2.2
Tax control impact	-	0,5	0.5
Effect of tax consolidation	-	1,3	1.3
TOTAL	**4.7**	**6.4**	**11.1**

NOTE 12 INFORMATION ON ASSOCIATED COMPANIES

Figures for associated companies break down as shown below:

		Associated companies	
	31 January 2020	Majority stake	Minority stake
Financial assets	1,353.7	1,342.2	11.5
Receivables	262.6	262.6	-
Financial debts	0.6	0.6	-
Financial expenses	5.9	5.9	-
Financial income (interests)	22.8	22.8	-
Financial income (dividends)	75.6	73.5	2.1

NOTE 13 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The ANC no. 2015-05 regulation of 2 July 2015 regarding forward financial derivative instruments and hedging operations is applicable since 1 January 2017.

The foreign exchange forward contracts and options outstanding as at 31 January are reassessed at that date.

Unrealized gains or losses resulting from this revaluation are:

- accounted for in compensation of unrealized gains or losses on assets or liabilities hedged by these instruments;
- deferred if these instruments have been allocated to operations related to the following year.

The effects of interest rate hedges (swaps, forward rate agreements, caps, *etc.*) are calculated using a *prorata temporis* over the contract's length, and accounted for in interest expenses for the year.

13-1: Liquidity risk

The Group's cash requirement and the debt servicing account form a significant proportion of its cash flow.

The Group believes that its cash flow (defined in the consolidated cash flow statement) will enable it to service its debt, given the current level of business. However, this ability will depend on the Group's future performance, which is partly related to the economic cycle, which the Group cannot control. No guarantee can therefore be given regarding the Group's ability to cover its financial needs.

With the exception of the bond issue - Neopost S.A. 2.50%, the bond issue - Neopost S.A. 2.25% and ODIRNANE which are not subject to any covenant, the various debts (private placements, *Schuldschein* and revolving credit facilities) are subject to financial covenants. Failure to comply with these covenants may lead to early repayment of the debt. Quadient complies with all covenants at 31 January 2020.

13-2: Exchange rate risk hedging

RISK MANAGEMENT POLICY

The Group has a policy of centralizing its exchange risk, enabling the Group to monitor its overall exchange rate risk exposure and to gain full control over the market instruments used in hedging operations.

For each consolidated position that is managed, the Group implements a hedging strategy at the same time as it sets the reference exchange rate to be defended. The hedging strategy involves a combination of definite or optional forward currency purchases or sales, along with open positions protected by stop losses. These stop losses are predetermined exchange rates that trigger transactions when they are hit. As a result, through the use of mathematical models, the hedging strategy enables a reference exchange rate to be defended from the start for the entire position in the event of adverse exchange rate fluctuations.

Neopost S.A. uses the services of an independent consultancy based in Paris. This company assists Quadient in the Group's exchange rate risk hedging policy and values its portfolios, thus ensuring continuity of methodology and providing an opinion independent of any financial institution.

Neopost S.A., as the centralizing Company, grants foreign exchange contracts at guaranteed exchange rates to subsidiaries exposed to exchange rate risks, and reverses the resulting positions in the market.

YEAR-END POSITION

The tables below show Neopost S.A.'s year-end hedging positions and commitments to its subsidiaries.

6

2019 FINANCIAL YEAR – ASSETS AND LIABILITIES HEDGING: HEDGING POSITIONS COVERING FINANCIAL ASSETS OR LIABILITIES ON NEOPOST S.A.'S BALANCE SHEET AT 31 JANUARY 2020 AND EXPECTED TO BE REALIZED NO LATER THAN APRIL 2020

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Financial assets	10.1	1.2	0.4	1.7	25.8	1.7	1.9	1.0	0.4	0.1	1.9	0.0
Foreign exchange contract assets	36.3	7.9	1.7	7.9	366.6	7.7	5.1	11.3	22.0	0.9	4.1	0.1
Total assets exposure	**46.4**	**9.1**	**2.1**	**9.6**	**392.4**	**9.4**	**7.0**	**12.3**	**22.4**	**1.0**	**6.0**	**0.1**
Financial liabilities	3.5	0.3	0.1	0.1	3.8	0.5	1.5	1.3	0.8	0.2	0.2	-
Foreign exchange contract liabilities	11.3	7.4	0.7	2.4	334.5	2.2	8.4	2.8	54.8	0.7	1.5	0.1
Total liabilities exposure	**14.8**	**7.7**	**0.8**	**2.5**	**338.3**	**2.7**	**9.9**	**4.1**	**55.6**	**0.9**	**1.7**	**0.1**
Net exposure before hedging	**31.6**	**1.4**	**1.3**	**7.1**	**54.1**	**6.7**	**(2.9)**	**8.2**	**(33.2)**	**0.1**	**4.3**	**-**
Hedging	(26.2)	(0.2)	(0.1)	(0.8)	(195.9)	-	-	2.2	-	(0.9)	(2.1)	1.2
NET EXPOSURE AFTER HEDGING	**5.4**	**1.2**	**1.2**	**6.3**	**(141.8)**	**6.7**	**(2.9)**	**10.4**	**(33.2)**	**(0.8)**	**2.2**	**1.2**

2020 BUDGET: HEDGING POSITIONS COVERING ANTICIPATED FINANCIAL ASSETS AND LIABILITIES IN FINANCIAL YEAR 2020 EXPECTED TO BE REALIZED NO LATER THAN APRIL 2021

Notional value	USD	GBP	CAD	NOK	JPY	SEK	CHF	DKK	CZK	SGD	AUD	PLN
Projected financial assets	24.8	2.7	0.4	2.9	87.5	3.4	5.0	1.7	1.7	0.1	5.2	0.1
Foreign exchange contract assets	171.5	31.0	22.1	45.5	1,853.0	76.0	63.3	45.3	41.9	5.8	24.4	1.3
Total assets exposure	**196.3**	**33.7**	**22.5**	**48.4**	**1,940.5**	**79.4**	**68.3**	**47.0**	**43.6**	**5.9**	**29.6**	**1.4**
Projected financial liabilities	18.2	0.7	0.4	0.2	0.4	0.0	0.1	0.2	2.1	0.1	0.1	-
Foreign exchange contract liabilities	116.7	32.4	17.1	3.6	1,221.8	9.5	54.0	9.9	743.4	7.4	1.7	2.0
Total liabilities exposure	**134.9**	**33.1**	**17.5**	**3.8**	**1,222.2**	**9.5**	**54.1**	**10.1**	**745.5**	**7.5**	**1.8**	**2.0**
Net exposure before hedging	**61.4**	**0.6**	**5.0**	**44.6**	**718.3**	**69.9**	**14.2**	**36.9**	**(701.9)**	**(1.6)**	**27.8**	**(0.6)**
Hedging	(19.5)	-	(2.2)	(6.5)	(530.0)	(16.0)	(5.8)	(11.0)	278.8	-	(6.0)	-
NET EXPOSURE AFTER HEDGING	**41.9**	**0.6**	**2.8**	**38.1**	**188.3**	**53.9**	**8.4**	**25.9**	**(423.1)**	**(1.6)**	**21.8**	**(0.6)**

The Group uses symmetric options tunnels in particular. These option instruments are unlikely to be exercised in a reciprocal manner in terms of the spot exchange rate or expiry date. As a result, for each tunnel only one of the two options is reported in the table above. The value of the commitment in these symmetric options is 11.5 million United States dollars sold, 0.8 million Canadian dollars sold, 215.0 million Japanese yen sold, 2.0 million Swedish krona sold and 100.0 million Czech krona purchased.

The Group also makes use of asymmetric options tunnels. No asymmetric options tunnels is active as at 31 January 2020.

HEDGING INSTRUMENTS

The Group hedges its exchange rate risk using over-the-counter derivative instruments contracted with external counterparties.

The derivative instruments used by the treasury department in its hedging strategies are as follows:

- firm derivatives such as forward currency purchases and sales;
- plain vanilla options such as puts and calls;
- second generation options (knock-in or knock-out barrier options).

INSTRUMENT DETAILS

The instruments in the portfolio have a maturity of less than twelve months at 31 January 2020. These instruments are listed below by type and by currency for the period to which they relate.

2019 FINANCIAL YEAR – POSITIONS AND COMMITMENTS TO SUBSIDIARIES HEDGING

Notional value – Cash flow hedging	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	15.2	41.4	-	-	-	-
GBP	-	0.2	-	-	-	-
CAD	0.4	0.3	0.3	-	-	0.3
NOK	-	0.8	-	-	-	-
JPY	-	195.9	-	-	-	-
SEK	2.8	2.8	-	-	-	-
DKK	3.3	1.1	-	-	-	-
CZK	30.0	30.0	-	-	-	-
SGD	-	0.9	-	-	-	-
AUD	-	2.1	-	-	-	-
PLN	1.2	-	-	-	-	-

2020 BUDGET – HEDGING OF ANTICIPATED ASSETS AND LIABILITIES POSITIONS

Notional value – Total	Forward purchases	Forward sales	Put options bought	Put options sold	Call options bought	Call options sold
USD	-	-	11.5	-	-	19.5
CAD	-	0.8	0.8	-	-	1.4
NOK	-	6.5	-	-	-	-
JPY	-	215.0	215.0	-	-	315.0
SEK	-	12.0	2.0	-	-	4.0
CHF	-	5.8	-	-	-	-
DKK	-	11.0	-	-	-	-
CZK	178.8	-	-	200.0	100.0	-
AUD	-	6.0	-	-	-	-

INSTRUMENT VALUATIONS

Hedging instruments relating to the 2019 financial year, *i.e.* hedging assets and liabilities on the balance sheet as at 31 January 2020, have been fully valued and recognized at their market value at 31 January 2020.

Financial instruments relating to the 2020 budget have not been valued in Neopost S.A.'s financial statements.

EXCHANGE RATE DEAL COUNTERPARTY RISK

Operations are carried out with first ranked international banks that take part in the revolving credit facility.

HEDGING OF FOREIGN-CURRENCY LOANS AND CURRENT ACCOUNT ADVANCES

Subsidiary	Loan/borrowing/short-term advance	Currency	Amount	Notional amount of financial instruments [b]
Neopost USA Inc.[a]	Short term advance	USD	(103.4)	
Mail Finance Inc.[a]	Short term loan	USD	30.3	
Mail Finance Inc.[a]	Loan	USD	270.0	
Mailroom Holding Inc.[a]	Short term loan	USD	72.2	
Mailroom Finance Inc.[a]	Short term loan	USD	3.3	
Mailroom Finance Inc.[a]	Loan	USD	40.0	
Proship Inc.[a]	Short term loan	USD	9.8	
Temando LLC[a]	Short term loan	USD	7.4	
Quadient Group AG[a]	Short term loan	USD	13.0	
Neopost Supply Hong Kong[a]	Short term advance	USD	(2.0)	
Quadient Canada Inc[a]	Short term loan	USD	1.8	
Quadient Singapore Pte Ltd [a]	Short term loan	USD	1.4	
Neotouch Cloud Solutions Dac [a]	Short term advance	USD	(0.5)	
Neopost Global Solutions Ltd [a]	Short term loan	USD	0.8	
Quadient USA Inc. [a]	Short term advance	USD	(10.9)	
Parcel Pending [a]	Short term loan	USD	2.9	354.0
Neopost International Supply Ltd	Short term advance	GBP	(0.9)	
Neopost Ltd	Short term loan	GBP	2.2	
Neopost Finance Ltd	Short term loan	GBP	5.1	
Data Capture Solutions Ltd	Short term advance	GBP	(0.4)	
Quadient UK Ltd	Short term advance	GBP	(0.9)	
Quadient Technologies UK Ltd	Short term advance	GBP	(7.9)	

Subsidiary	Loan/borrowing/short-term advance	Currency	Amount	Notional amount of financial instruments [b]
Neopost Finance (Ireland) Ltd	Loan	GBP	46.0	
Neopost Finance (Ireland) Ltd	Short term loan	GBP	0.8	
Quadient Data UK Ltd	Short term loan	GBP	2.1	
Neopost Global Solutions Ltd	Short term loan	GBP	0.2	
Temando UK Ltd	Short term loan	GBP	0.0	
DCS	Short term advance	GBP	(2.6)	
Quadient Group AG	Short term advance	GBP	(0.5)	43.0
Neopost AG	Short term loan	CHF	1.8	
Mail Finance AG	Short term advance	CHF	(1.8)	
Quadient Group AG	Short term advance	CHF	(21.9)	
Quadient Switzerland AG	Short term advance	CHF	(1.9)	
Neopost Finance (Ireland) Ltd	Loan	CHF	7.3	
Neopost Finance (Ireland) Ltd	Short term loan	CHF	1.0	(16.0)
Quadient Japan	Short term loan	JPY	403.0	
Quadient Japan	Loan	JPY	36.6	
Quadient Singapore Pte Ltd	Short term advance	JPY	(97.7)	
Packcity Japan	Loan	JPY	2,805.0	3,147.0
Neopost Norge AS	Short term advance	NOK	(9.0)	
Neopost Finanz Norge AS	Short term advance	NOK	(6.8)	
Neopost Finance (Ireland) Ltd	Loan	NOK	40.0	
Neopost Finance (Ireland) Ltd	Short term advance	NOK	(3.2)	22.0
Neopost Sverige AB	Short term loan	SEK	14.0	
Neopost Finance (Ireland) Ltd	Loan	SEK	42.0	
Neopost Finance (Ireland) Ltd	Short term loan	SEK	5.6	
Neopost Finans AB	Short term advance	SEK	(3.3)	58.0
Neopost Finance (Ireland) Ltd	Loan	DKK	35.0	
Neopost Finance (Ireland) Ltd	Short term loan	DKK	4.0	
Quadient Danmark Aps	Short term loan	DKK	10.5	
Neopost Denmark AS	Short term advance	DKK	(27.3)	
Neopost Denmark Finans AS	Short term advance	DKK	(2.9)	19.0
Quadient Group AG	Short term advance	CAD	(1.0)	
Quadient Canada Inc	Short term advance	CAD	(2.0)	(3.0)
Temando Holding Pty	Short term advance	AUD	(0.6)	
Neopost Finance (Ireland) Ltd	Loan	AUD	30.5	
Temando Pty Ltd	Short term loan	AUD	24.1	
Neopost Finance (Ireland) Ltd	Short term loan	AUD	10.8	
Neopost Shipping Holding Pty	Loan	AUD	41.0	
Quadient Australia Pty Ltd	Short term loan	AUD	1.5	
Neopost Holdings Pty Ltd (Australie)	Short term advance	AUD	(7.2)	
Quadient Group AG	Short term advance	AUD	(0.2)	35.0

(a) *Neopost S.A. naturally hedges these loans by debts in United States dollar (private placements,* Schuldschein, *revolving credit facility).*
(b) *Notional amount of financial instruments equals to financial instruments, external financial debts, bank account balances.*

13-3: Hedging of interest rate risk

RISK MANAGEMENT POLICY

To limit the impact of a rise in interest rates on its interest expenses, the Group has a risk-hedging policy aimed at protecting a maximum annual interest rate for the three years ahead at all times. Management horizon used is rolling in order to always have three years of management.

The Group has a policy of centralizing its interest rate risk, enabling it to monitor the Group's overall interest rate risk exposure and to gain full control over the market instruments used in hedging operations. The Group hedges its interest rate risk depending on its current debt levels, but also according to likely future movements in debts, arising from drawings on its revolving credit facilities.

Financial instruments are carried by the legal entities that have the corresponding debt on their balance sheet.

YEAR-END POSITION

A hedging strategy is adopted on the basis of the position to be managed and the reference interest rate adopted. The strategy is aimed at protecting the reference interest rate and at taking advantage, at least to some extent, of favorable movements. Hedging strategies involve definite and optional derivative instruments, and open positions are maintained if possible. The valuation of the open position based on market forward interest rates, along with the interest rates obtained through hedging operations, should always protect the reference interest rate. Hedging strategies cover the period of three years ahead at all times. However, the level of coverage and the weightings of the various derivative instruments may vary from one year to the next, since the aim is to maintain greater scope for optimizing positions in later years.

Neopost S.A. works with the same consultancy for hedging both interest rate risk and exchange rate risk.

The table below sets out Neopost S.A.'s year-end position.

	EUR	USD
Financial assets	-	-
Financial liabilities	992.5	315.8
Net exposure before hedging	**(992.5)**	**(315.8)**
Fixed-rate debt	812.7	60.7
Hedging	220.0	220.0

HEDGING INSTRUMENTS

The Group uses standard and liquid derivative instruments. The instruments used are as follows:

- firm derivatives: swaps and Forward Rate Agreement (FRA);
- plain vanilla options: caps and floors (used either alone or in combination);
- knock-in or knock-out barrier options: caps and floors (used either alone or in combination);
- swaptions (used either alone or in combination).

Management mandates, packaged bank hedging products and derivative instruments that introduce a reference other than the underlying assets (*quanto* swaps for example) are strictly forbidden by internal procedures.

INSTRUMENT DETAILS

The instruments in the portfolio at 31 January 2020 are listed below, according to type, currency and maturity.

Notional value	Currency	Less than 1 year	1 to 5 years	Maturity more than 5 years
Cross currency Swap - Lender EUR/Borrower USD	EUR/USD	-	45.7/50.0	-
Swap – buyer	EUR	125.0	29.5	-
Swap – receiver	USD	-	70.0	-
Cap – buyer	USD	15.0	90.0	-
	EUR	-	70.0	-
Floor – receiver	USD	15.0	15.0	-
Floor – buyer	EUR	-	168.3	-

INSTRUMENT VALUATIONS

The valuation of the aforementioned instruments is not included in the financial statements at 31 January 2020.

For information, at then end of the financial year, the valuation of these instruments with the IFRS is an asset of 4.7 million euros.

CUSTOMER CREDIT RISK

As the Group's parent holding company, Neopost S.A. is not exposed to any customer credit risk.

OTHER COMMITMENTS GIVEN

	Currency	31 January 2020	31 January 2019
Bank guarantee in favor of the British postal service	GBP	0.8	0.8
Bank guarantee in favor of the Irish postal service	EUR	1.7	1.7
Partech Entrepreneur II – Investment commitment	EUR	0.1	0.6

PLEDGES OF INVESTMENT SECURITIES

None.

COMMITMENTS RECEIVED

No significant commitment received as at 31 January 2020.

NOTE 14 SUBSIDIARIES AND EQUITY INTERESTS

		Value of investments		Value of loans and advances				
Company name	Equity	Gross value	Net book value	Gross value	Net book value	2019 net income	2019 sales	Dividends paid-
Neopost France Nanterre – France	EUR 100.0	EUR 194.9	EUR 194.9	-	-	EUR 17.1	EUR 163.8	EUR 22.4
Mail Finance Nanterre – France	EUR 12.3	EUR 8.6	EUR 8.6	-	-	EUR 1.6	EUR 50.7	EUR 0,7
Neopost Industrie Bagneux – France	EUR 21.1	EUR 0.0	EUR 0.0	-	-	EUR (0.1)	EUR 47.4	-
Neopost Services Nanterre – France	EUR 2.8	EUR 2.5	EUR 2.5	-	-	EUR 4.0	EUR 30.9	EUR 2.0
Neopost Shipping Cavaillon – France	EUR 10.6	EUR 7.2	EUR 7.2	-	-	EUR (4.9)	EUR 15.8	-
Packcity SAS Cavaillon – France	EUR 0.8	EUR 1.3	EUR 1.3	EUR 4.4	EUR 4.4	-	EUR 1.4	-
Docapost BPO IS Charenton-le-Pont – France	EUR 19.5	EUR 2.4	EUR 2.4	-	-	EUR 2.5	EUR 90.5	EUR 0.2
AMS Investissement Paris, 9th – France	EUR 0.5	EUR 0.1	EUR 0.1	-	-	-	-	-
Mailroom Holding BV Drachten – Netherland	EUR 63.5	EUR 26.0	EUR 26.0	EUR 12.2	EUR 12.2	-	-	-
Neopost Srl Milan – Italy	EUR 10.4	EUR 1.3	EUR 1.3	EUR 18.8	EUR 18.8	EUR (0.1)	EUR 12.2	-
Neopost Nv Zaventem – Belgium	EUR 7.0	EUR 0.5	EUR 0.5	-	-	EUR 1.7	EUR 15.4	-
Neopost Mailing Logistic Systems Barcelone – Espagne	EUR (0.8)	EUR 0.0	EUR 0.0	EUR 0.7	EUR 0.7	EUR (0.2)	EUR 0.2	-
Neopost Ireland Ltd Dublin – Ireland	EUR 5.4	EUR 1.0	EUR 1.0	-	-	EUR 0.9	EUR 11.3	-
Neopost SDS Ltd Dublin – Ireland	-	EUR 4.6	-	EUR 3.3	EUR 3.3	EUR 0.1	EUR 0.2	-
Neopost Finance (Ireland) Ltd Dublin – Ireland	EUR 42.0	EUR 15.0	EUR 15.0	EUR 201.9	EUR 201.9	EUR 20.1	EUR 32.7	EUR 21.0
Neotouch Cloud Solutions Dac Dublin – Ireland	-	EUR 0.0	EUR 0.0	-	-	EUR 1.6	EUR 11.3	-
Neopost Global Services Ltd Dublin – Ireland	-	EUR 0.0	EUR 0.0	EUR 0.9	EUR 0.9	EUR 3.0	EUR 15.3	-

		Value of investments		Value of loans and advances				
Company name	Equity	Gross value	Net book value	Gross value	Net book value	2019 net income	2019 sales	Dividends paid-
Neopost AG Schlieren – Switzerland	CHF 14.1	EUR 12.5	EUR 12.5	EUR 1.7	EUR 1.7	CHF 0.1	CHF 15.2	-
Quadient Group AG Effretikon – Switzerland	CHF 10.6	EUR 132.3	EUR 132.3	EUR 13.1	EUR 13.1	CHF 1.0	CHF 48.7	-
Neopost GmbH & Co KG Munich – Germany	EUR 6.4	EUR 43.3	EUR 43.3	-	-	EUR 1.7	EUR 45.7	-
Neopost Verwaltung GmbH Munich – Germany	EUR 3.8	EUR 3.3	EUR 3.3	EUR 4.9	EUR 4.9	-	-	-
Rena GmbH Munich – Germany	EUR 1.6	EUR 6.3	-		-	-	-	-
Neopost Holdings Ltd Romford – UK	GBP 67.3	EUR 77.9	EUR 77.9	-	-	-	-	GBP 5.8
Quadient Technology Holdings UK Ltd Loughton – UK	GBP 3.6	EUR 33.7	EUR 33.7	-	-	-	-	GBP 0.2
Neopost Norge AS Oslo – Norway	NOK 21.6	EUR 3.8	EUR 1,7	-	-	NOK (1.4)	NOK 84.8	-
Neopost Sverige AB Solna – Sweden	SEK 8.2	EUR 12.01	EUR 2.3	SEK 13.9	SEK 13.9	SEK (6.3)	SEK 128.1	-
Neopost Danmark AS Rodovre – Denmark	DKK 36.8	EUR 16.1	EUR 1.5	-	-	DKK (2.9)	DKK 60.3	-
Neopost Finance Finland Oy Helsinki – Finland	EUR 0.2	EUR 0.0	EUR 0.0	-	-	-	EUR 0.1	-
Neopost Finland Oy Helsinki – Finland	EUR 1.9	EUR 2.9	EUR 1.1	-	-	EUR 0.1	EUR 5.5	-
Mailroom Holding Inc. Milford – USA	USD 591.0	EUR 246.2	EUR 246.2	USD 72.2	USD 72.2	USD 11.8	-	USD 17.8
Neopost Canada Ltd Markham – Canada	CAD 8.1	EUR 9.3	EUR 9.3	-	-	CAD 3.8	CAD 27.3	CAD 3.6
Neopost Asia-Pacific (Holding) Pte Ltd Singapore	SGD 0.9	EUR 2.8	EUR 2.8	-	-	-	-	-
Neopost Holdings Pty Ltd Sydney – Australia	AUD 82.5	EUR 43.2	EUR 8.3	-	-	AUD (1.5)	AUD 60.9	-
Neopost Shipping Holding Pty Ltd Sydney – Australia	AUD 23.2	EUR 20.5	EUR 0.0	AUD 41.0	AUD 0.0	AUD (2.0)	-	-
Quadient Japan Tokyo – Japan	JPY 108.7	EUR 3.1	EUR 3.1	JPY 439.0	JPY 439.0	JPY (44.1)	JPY 822.5	-

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NOTE 15 REMUNERATION OF CORPORATE OFFICERS AND NON-EXECUTIVE DIRECTORS

15-1: Remuneration of corporate officers

SUMMARY OF THE REMUNERATION AND OPTIONS AND SHARES GRANTED TO CORPORATE OFFICERS

(In thousands of euros)	31 January 2020	31 January 2019
Didier Lamouche – Chairman since 28 June 2019[a]		
Remunerations due for year	87.5	-
Valuation of multi-year variable remuneration granted during the year	-	-
Valuation of the options granted during the year[b]	-	-
Valuation of the performance shares granted during the year[b]	-	-
TOTAL	**87.5**	**-**
Denis Thiery – Chairman until 28 June 2019[c]		
Remunerations due for year	65.6	117.9
Valuation of multi-year variable remuneration granted during the year	-	-
Valuation of the options granted during the year[b]	-	-
Valuation of the performance shares granted during the year[b]	-	-
TOTAL	**65.6**	**117.9**
Geoffrey Godet – Chief Executive Officer		
Remunerations due for year	1,430.5	1,234.1
Valuation of multi-year variable remuneration granted during the year	-	-
Valuation of the options granted during the year[b]	-	-
Valuation of the performance shares granted during the year[b]	356.4	369.3
TOTAL	**1,786.9**	**1,603.4**

(a) *Since 28 June 2019, Didier Lamouche become Chairman of the Board of directors.*
(b) *The amount shown is the total cost of allocations made during the year.*
(c) *Since 28 June 2019, Denis Thiery is no longer Chairman of the Board of directors.*

Geoffrey Godet was paid a new position allowance of a maximum of 250,000 euros intended to compensate for expenses relating to settling in France, together with the loss of the benefits he would have enjoyed previously. This allowance was on the decision of the Board of directors ruling on the basis of justifications provided to the Company.

SUMMARY OF REMUNERATION PAID TO CORPORATE OFFICERS

(In thousands of euros)	31 January 2020 Amounts due	31 January 2020 Amounts paid	31 January 2019 Amounts due	31 January 2019 Amounts paid
Didier Lamouche – Chairman since 28 June 2019				
Fixed remuneration	70.0	70.0	-	-
Annual variable remuneration[(a)]	-	-	-	-
Multi-annual variable remuneration	-	-	-	-
Compensation of directors [(b)]	17.5	17.5	-	-
Benefits in kind	-	-	-	-
TOTAL	**87.5**	**87.5**	**0.0**	**0.0**
Denis Thiery [(c)] – Chairman until 28 June 2019				
Fixed remuneration	50.0	50.0	70.0	70.0
Annual variable remuneration[(a)]	-	-	-	598.3
Multi-annual variable remuneration	-	-	-	-
Compensation of directors [(b)]	12.5	12.5	30.0	30.0
Benefits in kind	3.1	3.1	17.9	17.9
TOTAL	**65.6**	**65.6**	**117.9**	**716.2**
Geoffrey Godet – Chief Executive Officer				
Fixed remuneration[(d)]	603.3	603.3	603.3	603.3
Annual variable remuneration[(a)]	603.3	706.6	603.3	-
Multi-annual variable remuneration	-	-	-	-
Compensation of directors	30.0	30.0	15.0	15.0
Benefits in kind	193.9	193.9	12.5	12.5
TOTAL	**1,430.5**	**1,533.8**	**1,234.1**	**630.8**

(a) *The annual variable remuneration "due" corresponds to the bonus provisioned in Neopost S.A. and Mailroom Holding Inc. financial statement at the end of the financial year while the annual variable remuneration "paid" corresponds to the bonus paid relative to the previous year.*
(b) Prorata Temporis.
(c) *Denis Thiery has beneficiated from a remuneration linked to his employment contract as "International Coordinatoor" - see detail table below.*
(d) *The fixed remuneration is divided in two parts: 510,000 euros paid in France and 112,000 United States dollars paid in the United States. The exchange rate used is the budget exchange rate, which corresponds to 1.20.*

For information - Overview of the components of the remuneration of Denis Thiery, with regard to his employment contract - International Coordinator (until 30 June 2018) ***(In thousands of euros)***	Paid or due as of 31 January 2020
Annual fixed remuneration	none
Annual variable remuneration[(a)]	paid: 272.7 - due: 0.0
Multi-annual variable remuneration	none
Compensation of directors	none
Benefits in kind (company car, unemployment insurance for business directors)	none
Exceptional remuneration	none
Compensation linked to taking up roles or termination	none
Valuation of performance shares awarded during the financial year	none

(a) *The annual variable remuneration paid in 2019, and accrued in the exercice 2018, corresponds to the bonus for the previous year. This amount has been paid as part of the annual variable remuneration of his employment contract as International Coordinator, which ended on 30 June 2018.*

SUMMARY OF COMPENSATION OF DIRECTORS AND OTHER REMUNERATION OF CORPORATE OFFICERS

(In thousands of euros)	31 January 2020	31 January 2019
Didier Lamouche – Chairman since 28 June 2019[a]		
Compensation of directors	17.5	-
Other remuneration	-	-
TOTAL	**17.5**	**-**
Denis Thiery – Chairman until 28 June 2019[a]		
Compensation of directors	12.5	30.0
Other remuneration	-	-
TOTAL	**12.5**	**30.0**
Geoffrey Godet – Chief Executive Officer		
Compensation of directors	30.0	15.0
Other remuneration	-	-
TOTAL	**30.0**	**15.0**

(a) *The compensation of directors was paid for the corporate mandate exercised in the Group's holding company,* prorata temporis *for both Didier Lamouche and Denis Thiery.*

Corporate officers	Employment contract	Supplementary pension plan	Compensation or benefit likely to be paid in case of termination or change in function	Non-compete clause compensation
Didier Lamouche – Chairman	no	no	no	no
Start of the mandate: 28 June 2019				
End of the mandate: General Meeting called to approve the financial statements as at 31 January 2022				
Denis Thiery – Chairman	no	no	no	no
Start of the mandate: 12 January 2010				
End of the mandate: 28 June 2019				
Geoffrey Godet – Chief Executive Officer	no	yes [a]	yes [a]	no
Start date of the mandate: 1 February 2019				
End date of the mandate: General Meeting called to approve the financial statements as at 31 January 2021				

(a) *See chapter 2.4.7 of this universal registration document - the commitments mentioned in the fourth paragraph of Article L-225-37-3.*

REMUNERATION OF THE CHAIRMAN

Denis Thiery's social mandate as President of the Board of directors has been terminated on 28 June 2019.

Dier Lamouche has been designated President of the board of directors during the Annual General Meeting held on 28 June 2019.

The remuneration of the Chairman consists of compensation of directors and a fixed annual compensation.

Compensation of directors (formerly director fees) paid to Didier Lamouche relate to his appointment at Neopost S.A.

As of 31 January 2020, no loans or guarantees have been granted to any manager.

REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer's remuneration is partly fixed and partly variable. Variable remuneration is based on the Group's performance in terms of sales, operating margin and capital employed for 80% of the target bonus, along with specific objectives on individual performance for 20%. Variable remuneration shown in the column amounts paid of this table is the amount paid in the current year but relative to the previous year. The variable remuneration paid to the Chief Executive Officer is equal to 100% of his fixed remuneration when all objectives are achieved, and to 150% maximum in case of overachievement. With regard to the financial year ended on 31 January 2020, the Chief Executive Officer has achieved his objectives at a level of 116,08%. Therefore, his variable remuneration excluding compensation of directors is set at 592,008 euros paid by Neopost S.A. and 130,010 United States dollars paid by Mailroom Holding Inc. after the approval by the Annual General Meeting of 6 July 2020.

Compensation of directors paid to Geoffrey Godet relate to his appointment at Neopost S.A.

With respect to pensions, the Chief Executive Officer and other group executives have a defined contribution pension plan (article 83 of the French general tax code), into which is paid a total of 5% of their remuneration, within the limit of five times the maximum amount as determined by Social Security.

In order to benefit from this pension, the Chief Executive Officer has to liquidate his retirement pensions in the French Social Security system and complementary pension schemes.

After the approval by the Annual General Meeting of 6 July 2020, Geoffrey Godet will benefit from a supplementary pension scheme, paid annually via an allowance. This allowance would be equal to 15% of his target fixed and variable compensation at 100% achievement rate. Its payment would be subject to the achievement of objectives identical to those of the bonus. The percentage of bonus achievement would apply to this bonus and would be capped at 100%.

Therefore, on the recommendation of the remuneration and appointments committee, the Board of directors, which determined the variable compensation of the Chief Executive Officer based on the performance for 2019, approved the payment of 153,000 euros payable in France and 33,600 United States dollars payable in the United States, linked to this supplementary pension scheme, for the financial year 2019. Pursuant to article L. 225-37-2, it is hereby specified that this payment shall be subject to the approval of the General Meeting called to vote on the financial statements for the financial year ended on 31 January 2020.

As of 31 January 2020, no loans or guarantees have been granted to any manager.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS GRANTED DURING THE YEAR TO CORPORATE OFFICERS

	Plan number and date	Nature of options	Valuation of options(a)	Number of options granted during the year	Exercise price	Exercise period
Didier Lamouche – Chairman since 28 June 2019(b)	-	-	-	-	-	-
Denis Thiery – Chairman until 28 June 2019(b)	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer(b)	-	-	-	-	-	-

(a) IFRS valuation.
(b) No stock options were attributed during the year.

SHARE SUBSCRIPTION OR PURCHASE OPTIONS EXERCISED DURING THE YEAR BY CORPORATE OFFICERS

	Plan number and date	Number of options exercised during the year	Exercise price
Didier Lamouche – Chairman since 28 June 2019	-	-	-
Denis Thiery – Chairman until 28 June 2019	-	-	-
Geoffrey Godet – Chief Executive Officer	-	-	-

Free shares

There are several objectives in the grant of free shares:

- attracting and retaining employees with strong potential;
- acknowledging exceptional performance;
- inspiring strong motivation and commitment to the Company's results through specific free share plans called co-investment and performance based on the Group's future performance.

PERFORMANCE SHARES GRANTED DURING THE YEAR FOR CORPORATE OFFICERS

	Date of the plan	Number of shares attributed	Shares valuation[a] (in thousands of euros)	Vesting date	Availability date	Performance criteria
Didier Lamouche – Chairman since 28 June 2019	-	-	-	-	-	-
Denis Thiery – Chairman until 28 June 2019	-	-	-	-	-	-
Geoffrey Godet – Chief Executive Officer	23/09/2019	40,000[b]	356.4	23/09/2022	23/09/2022	Total sales Relative TSR[c]

(a) *IFRS valuation.*
(b) *i.e 0.12% of the share capital.*
(c) *TSR: Total Shareholders Return.*

PERFORMANCE SHARES BECOMING AVAILABLE DURING THE YEAR FOR CORPORATE OFFICERS

	Date of the plan	Number of shares which became available in 2019[a]	Number of shares that met the vesting conditions[b]
Didier Lamouche – Chairman since 28 June 2019	-	-	-
Denis Thiery – Chairman until 28 June 2019	01/07/2016	34,000[c]	3,128
Geoffrey Godet – Chief Executive Officer	-	-	-

(a) *Shares available subject to achievement of target performance criteria.*
(b) *Shares delivered during the financial year.*
(c) *i.e 0.10% of the share capital.*

15-2: Remuneration of non-executive directors

(In euros)	31 January 2020	31 January 2019
Compensation of directors (formerly directors' fees)		
Martha Bejar	31,500	-
Hélène Boulet- Supau	51,500	46,500
Eric Courteille	51,500	51,500
Virginie Fauvel	41,500	41,500
William Hoover Jr.	28,133	36,333
Christophe Liaudon, employees' representative	13,125	-
Vincent Mercier	76,500	76,500
Catherine Pourre (left the Board in 2018)	-	29,250
Richard Troksa	51,500	46,500
Nathalie Wright	35,567	31,333
Total compensation of non-executive directors	**380,825**	**359,416**
Other remuneration	-	-
Chairman's compensation of directors[a]	**30,000**	**30,000**
Chief Executive Officer's compensation of directors	**30,000**	**15,000**
TOTAL FOR NON-EXECUTIVE DIRECTORS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER	**440,825**	**404,416**
Maximal amount authorized by the General Meeting	495,000	495,000

(a) *Including 17,500 euros compensation of directors received by Didier Lamouche and 12,500 euros by Denis Thiery.*

In respect of their mandate as a director the Chairman of the Board and the Chief Executive Officer receive a fixed amount of 30,000 euros per year for 100% attendance.

Board members

The methods for calculating the remuneration of non-executive directors (formerly attendance fees) are as follows:

- director's basic fees: 15,500 euros per year.

The Board of directors met seven times during financial year 2019:

- Attendance remuneration I : maximum of 13,000 euros per year for (ordinary) scheduled meetings ; amount may be reduced based on personal attendance at each meeting (attendance remuneration I = 13,000 euros/ number of ordinary meetings * attendance rate at these scheduled meetings);
- Attendance remuneration II : maximum of 3,000 euros per year, regardless of the number of extraordinary meetings convened during the year; amount may be reduced based on personal attendance at each of these meetings (attendance remuneration II = 3,000 euros/ number of extraordinary meetings * attendance rate at these unscheduled meetings);
- In the event that no extraordinary meetings are convened, the 3,000 euros shall be allocated to each person in proportion to his or her actual attendance atthe (ordinary) scheduled meetings;
- The total attendance remuneration (variable portion) is therefore a maximum of 16,000 euros per year, and the annual total amount of attendance remuneration is a mximum of 31,500 euros.

The committees fees are subject to assiduity.

- committee members: 10,000 euros per year;
- committee Chairperson: 20,000 euros per year;
- lead director: 15,000 euros extra per year.

These remuneration criteria described above will be applied as part of 2020's director's rmuneration policy.

The non-executive directors do not receive any remuneration from Neopost S.A. other than directors' fees.

As of 31 January 2020, no loans or guarantees have been granted to any director.

As of 31 January 2020, no post-appointment commitments such as remuneration, compensation or benefits have been granted to its officers by the Company.

NOTE 16 HEADCOUNT

The number of employees of Neopost S.A. as at 31 January 2020 is 42.

NOTE 17 POST-CLOSING EVENTS

The beginning of the exercise 2020 is marked by the COVID-19 pandemic, resulting in a period of global economic uncertainty. This sanitary crisis starts to impact organizations in France at the beginning of March 2020. The Group has already adopted a number of measures to keep its employees safe and to ensure the business continuity to its customers. The Group has also defined an initial action plan to limit the effects of this crisis on its profitability and its cash and will continue to asses frequently the impact on the company and to identify additional actions to be implemented.

At the present time, the company considers that this post-closing event is a non-adjusting event for the financial statements as at 31 Januaru 2020 and does not call into question the business continuity.

Between the end of the financial year at 31 January 2020 and the approval of the statutory financial statements by the Board of directors, there were no significant changes in the company's commercial or financial situation.

6.5 Statutory auditors' report on the financial statements

Neopost S.A.

Year ended January 31, 2020

To the Annual General Meeting of Neopost S.A.,

OPINION

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Neopost S.A. for the year ended January 31, 2020. These financial statements were approved by the Board of Directors, on March 27, 2020, on the basis of the elements available at that date, in the evolving context of the health crisis related to Covid-19.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at January 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from February 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics *(Code de déontologie)* for statutory auditors.

JUSTIFICATION OF ASSESSMENTS - KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, as approved in the above-mentioned context, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Financial assets in subsidiaries

Risk identified	Our response
Financial assets in subsidiaries amounted to 1,376 million euros net as at January 31, 2020. As described in Note 4 to the annual financial statements ("Financial assets"), financial assets are valued at their acquisition cost or at their contribution value. An impairment test is carried out at least once a year through the projection of future cash flows. These cash flows are based on revenue and operating income growth assumptions over five years. Impairment is recorded when the assets' recoverable value is lower than their carrying value. The impairment test carried out as at January 31, 2020 resulted in a depreciation of 64 million euros. The result of this test relies on the judgments and estimates of management, on which these assumptions are based. Assumptions change could lead to material differences in the estimated recoverable amount, impacting both potential impairment charges and also potential reversals of impairment recorded in prior years.	We have assessed compliance of the methodology used by the Company for test indicators and the estimate of the recoverable value of each investment with accounting standards. We have analyzed the consistency of forecasts of future cash flows prepared by Management and compared the assumptions with available data on the market. We have compared the carrying amounts of the Company's investments in subsidiaries with the recoverable amount of the asset resulting from future cash flows of all subsidiaries. In addition, we have also compared these book values of investments in subsidiaries with the share of equity of all subsidiaries restated of dividends paid over the last 3 years. We have also examined the appropriateness of the information provided in the notes to the annual financial statements.

SPECIFIC VERIFICATIONS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, as approved on March 27, 2020, and in the other documents with respect to the financial position and the financial statements provided to the shareholders. Regarding the events that occurred, and the elements known after the date of approval of the financial statements relating to the effects of the Covid-19 crisis, Management has informed us that such events and elements will be communicated to the annual general meeting called to decide on these financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-4 of the French Commercial Code (*Code de commerce*).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Neopost S.A. by the annual general meeting held on July 8, 2004 for Finexsi Audit and on September 9, 1997 for ERNST & YOUNG et Autres.

As at January 31, 2020 Finexsi Audit and ERNST & YOUNG et Autres were in the sixteen year and the twenty-third year of total uninterrupted engagement, (which are twenty-one years since securities of the Company were admitted to trading on a regulated market), respectively.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements;

- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Paris-La Défense, April 30, 2020

The Statutory Auditors

French original signed by

FINEXSI AUDIT
Lucas Robin

ERNST & YOUNG et Autres
May Kassis-Morin

INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

7.1 Neopost S.A. share capital

7.1.1 SECURITIES GIVING ACCESS TO CAPITAL

On 16 June 2015, Neopost S.A. issued net share settled undated unsecured bonds convertible into new shares and/or exchangeable for existing shares (ODIRNANE) for a notional amount of 265 million euros representing 4,587,156 shares with a nominal value of 57.77 euros. This bond is traded on the "*Freiverkehr*" open market of the Frankfurt stock exchange under ISIN code FR0012799229 (see note 14-2 to the consolidated financial statements chapter 6).

Moreover, the stock options and free shares are described in note 10-4 of the consolidated financial statements in this universal registration document.

The maximum number of shares that may result from the exercise of these stock options is 245,893. At 31 January 2020, none of the stock options were in the money.

7.1.2 CHANGES IN NEOPOST S.A.'S SHARE CAPITAL

		Issue price per share		Number of shares		
Date	Operation	Par value	Paid-in capital	Issued/ cancelled	Total	Share capital
31/01/2007	Capital increase through the exercise of options	EUR 1	EUR 33.18	315,818	32,222,905	EUR 33,222,905
23/03/2007	Cancellation of treasury stock	EUR 1	EUR 86.62	(776,834)	31,446,071	EUR 31,446,071
31/01/2008	Capital increase through the exercise of options	EUR 1	EUR 37.40	262,853	31,708,924	EUR 31,708,924
01/04/2008	Cancellation of treasury stock	EUR 1	EUR 76.98	(724,364)	30,984,560	EUR 30,984,560
31/01/2009	Capital increase through the exercise of options	EUR 1	EUR 37.94	188,135	31,172,695	EUR 31,172,695
31/03/2009	Cancellation of treasury stock	EUR 1	EUR 21.29	(335,178)	30,837,517	EUR 30,837,517
11/01/2010	Share issue under the interim dividend payment	EUR 1	EUR 53.46	326,501	31,164,018	EUR 31,164,018
31/01/2010	Capital increase through the exercise of options	EUR 1	EUR 38.94	57,869	31,221,887	EUR 31,221,887
11/08/2010	Share issue under the payment of the outstanding balance of the dividend	EUR 1	EUR 52.37	569,868	31,791,755	EUR 31,791,755
11/01/2011	Share issue under the interim dividend payment	EUR 1	EUR 55.98	439,432	32,231,187	EUR 32,231,187
31/01/2011	Capital increase through the exercise of options	EUR 1	EUR 42.29	63,176	32,294,363	EUR 32,294,363
31/07/2011	Capital increase through new shares	EUR 1	EUR (1)	27,370	32,321,733	EUR 32,321,733
04/08/2011	Share issue under the payment of the outstanding balance of the dividend	EUR 1	EUR 51.24	647,183	32,968,916	EUR 32,968,916
11/01/2012	Share issue under the interim dividend payment	EUR 1	EUR 46.93	441,071	33,409,987	EUR 33,409,987
31/01/2012	Capital increase through the exercise of options	EUR 1	EUR 39.37	42,055	33,452,042	EUR 33,452,042
27/07/2012	Capital increase through new shares	EUR 1	EUR(1)	18,820	33,470,862	EUR 33,470,862
03/08/2012	Share issue under the payment of the outstanding balance of the dividend	EUR 1	EUR 33.72	954,426	34,425,288	EUR 34,425,288

		Issue price per share		Number of shares		
Date	Operation	Par value	Paid-in capital	Issued/ cancelled	Total	Share capital
31/01/2013	Capital increase through the exercise of options	EUR 1	EUR 31.03	15,030	34,440,318	EUR 34,440,318
31/01/2014	Capital increase through the exercise of options	EUR 1	EUR 46.78	107,685	34,548,003	EUR 34,548,003
31/01/2015	Capital increase through the exercise of options	EUR 1	EUR 54.89	14,601	34,562,604	EUR 34,562,604
31/01/2016	Capital increase through the exercise of options	EUR 1	EUR 50.00	308	34,562,912	EUR 34,562,912

There were no changes in Neopost S.A.'s share capital between 1 February 2016 and 31 January 2020.

7.1.3 BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

Total number of voting rights and shareholders

At 31 January 2020, the Company's share capital comprised 34,562,912 shares, each carrying one voting right. There is no shareholder pact or agreement. Given the large free float, the high proportion of capital owned by foreign entities and the high trading volumes, the Company does not know the exact number of shareholders. To the Company's knowledge, no shareholder owns more than 3% of its capital other than those mentioned in chapter 3 of this universal registration document.

In addition to the ownership disclosure requirements as defined under articles L.233-7 to L.233-14 of the French commercial code, Neopost S.A. requires all shareholders whose ownership rises above 3%, and every subsequent 1% increment, to disclose any increase or decrease in their interest. This requirement was introduced by the Annual General Meeting of 5 October 1998. Failure to comply with ownership disclosure requirements will lead to the forfeiture of voting rights for a two-year period starting from the date on which disclosure is finally made.

Neopost S.A. is controlled neither directly nor indirectly. There is no agreement which might lead to a change of control.

Treasury shares

The number of treasury shares at the end of January 2020 was 138,436 of which 132,468 shares held within the framework of the liquidity contract and 5,968 shares acquired to fulfill the obligations relating to the stock-option and free share plans awarded to employees or corporate officers.

In 2005, Quadient signed a liquidity contract with Exane BNP Paribas worth a total value of 8 million euros. At 31 January 2020, the Group owned 132,468 shares within the framework of this liquidity contract, with a book value of 2.8 million euros.

7.1.4 CHANGES IN SHAREHOLDER STRUCTURE

Please refer to the section "Shareholder structure" in chapter 3 "Management report" of this universal registration document.

7.1.5 TRANSACTIONS CARRIED OUT ON QUADIENT SHARES BY MEMBERS OF THE BOARD

	Net change	Number of shares owned at 31 January 2020	Number of shares owned at 31 January 2019
Hélène Boulet-Supau		850	850
Martha Bejar	+695	695	0
Éric Courteille		267	267
Virginie Fauvel		730	730
Geoffrey Godet	+26,250	26,250	0
William Hoover Jr.		200	200
Didier Lamouche[a]		0	n/a
Christophe Liaudon		1,015	n/a
Vincent Mercier	+4,600	6,500	1,900
Denis Thiery[b]		n/a	148,312
Richard Troksa		1,500	1,500
Nathalie Wright	+1,015	1,015	0

(a) *Didier Lamouche joined the Board of Directors on June 28, 2019.*
(b) *Denis Thieryleft the Board of Directors on June 28, 2019.*

Didier Lamouche has acquired 2,000 shares since January 31, 2020. As of the publication of this document, he owns 2,000 shares.

Geoffrey Godet has made several shares acquisitions since January 31, 2020. As of the publication of this document, he owns 28,666 shares.

7.1.6 PLACE OF THE ISSUING ENTITY IN THE SCOPE OF CONSOLIDATION

Refer to note 3-4 in chapter 6 “Consolidated financial statements” of this universal registration document.

7.1.7 PLEDGES, WARRANTIES AND SECURITIES ON QUADIENT’S SHARES OR ASSETS

None.

7.2 Quadient shares

7.2.1 MARKET FOR QUADIENT SHARES

Shares

Quadient shares are listed in compartment B of Euronext Paris and are part of the SBF 120 index.

As a reminder, the Group being listed as of September 25, 2019, under the name Quadient in place of Neopost and under the QDT ticker in place of NEO.

OWN SHARE PURCHASES

In accordance with articles L.225-209 et seq. of the French commercial code, Neopost S.A. is authorized to buy its own shares notably for the purposes of cancelling them and regulating its share price. This authorization was renewed by the 28 June 2019 Annual General Meeting, and is subject to the following conditions:

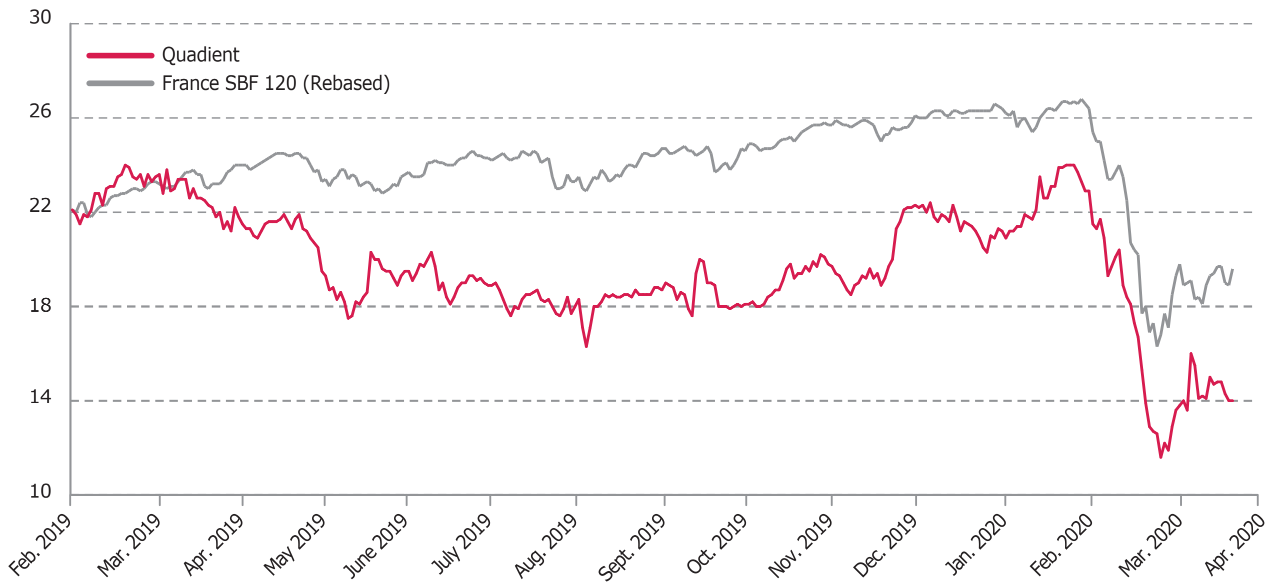
- maximum purchase price: 50 euros;
- the maximum number of Quadient shares that Neopost S.A. may acquire under this authorisation is equal to 10% of its total number of shares in issue.

At 31 January 2020, Neopost S.A. used this authorization and owned 138,436 shares (of which 132,468 shares held within the framework of the liquidity contract), with a book value of 2.9 million euros.

A new share buyback program involving a maximum of 10% of the issued share capital and at a maximum purchase price of 50 euros per share could be submitted for approval to the forthcoming Annual General Meeting on July 6, 2020 convened to vote on the financial statements for the financial year ended January 31, 2020 (this 18-month authorization would cancel and replace the authorization given to the Board of directors by shareholders on June 28, 2019 Annual General Meeting). These purchases would notably limit the dilution arising from the potential exercise of stock options and free shares awarded to certain Group employees.

7.2.2 SHARE PRICE PERFORMANCE

Since 1 February 2018 until April 17, 2020, relative to the SBF 120 index:



7.2.3 SHARE PRICE AND TRADING INFORMATION OVER 18 MONTHS

	Highest price *(in euros)*	Lowest price *(in euros)*	Average daily trading volume	Average daily trading value *(in millions of euros)*
September 2018	26.82	21.88	69,885	1.69
October 2018	29.2	25.34	139,600	3.79
November 2018	29.36	24.38	106,151	2.86
December 2018	26.42	23.2	98,769	2.45
January 2019	26.48	20.28	131,674	3.08
February 2019	24.70	21.30	93,397	2.14
March 2019	23.94	21.20	76,231	1.74
April 2019	22.30	20.66	62,213	1.34
May 2019	22.22	17.32	131,483	2.54
June 2019	20.68	18.02	110,953	2.13
July 2019	19.57	17.57	57,200	1.06
August 2019	18.71	16.07	73,775	1.31
September 2019	21.20	17.44	61,563	1.18
October 2019	19.83	17.60	53,530	0.99
November 2019	20.44	18.15	48,785	0.95
December 2019	22.56	18.72	55,004	1.16
January 2020	22.44	20.18	44,760	0.96
February 2020	24.30	19.32	61,323	1.38
March 2020	20.70	11.50	103,389	1.61

Source: NYSE Euronext.

7.2.4 DIVIDENDS

See chapter 3 "Management report" and chapter 6 "Neopost S.A. statements of financial position" of this universal registration document.

8 ADDITIONAL INFORMATION

8.1 General information

8.1.1 COMPANY NAME AND HEAD OFFICE

Neopost S.A.

42-46, avenue Aristide Briand, 92220 Bagneux, France.

Telephone: +33 1 45 36 30 00

8.1.2 LEGAL FORM AND JURISDICTION

Limited-liability company with a Board of directors, governed by French legislation. Neopost S.A. is ruled by the French commercial code and by all other applicable laws and regulations. The Company has two Auditors, as required by the law (see next pages).

8.1.3 DATE OF INCORPORATION AND TERM

Neopost S.A. (then known as Afisup) was incorporated on 21 February 1995 for a period of 99 years, expiring on 1st September 2094.

8.1.4 CORPORATE PURPOSE (SUMMARY OF ARTICLE 2 OF THE ARTICLES OF ASSOCIATION)

Neopost S.A.'s purpose is, in all countries, to research, design, manufacture, develop, sell, rent (with or without buy or sell option), distribute and maintain machines, equipment and software for the processing and routing of mail and parcels, along with all other office machines, equipment and software and all accessories required for the installation and operation of these machines, equipment and software. Its purpose also includes carrying out all subcontracting operations, providing all services and exploiting all patents, brands, expertise and procedures concerning these machines, equipment and software.

8.1.5 REGISTRATION

Neopost S.A. is registered with the Nanterre commerce and companies' registry under no. 402 103 907.

8.1.6 CONSULTATION OF LEGAL DOCUMENTS

Documents and information relating to Neopost S.A. may be consulted at the Company's head office.

8.1.7 FINANCIAL YEAR (ARTICLE 6 OF THE ARTICLES OF ASSOCIATION)

Each Neopost S.A. financial year lasts twelve months, starting on 1 February and ending on 31 January of the following calendar year.

8.1.8 APPROPRIATION OF EARNINGS (ARTICLE 19 OF THE ARTICLES OF ASSOCIATION)

Profits are determined and appropriated in accordance with the laws and regulations in force.

8.1.9 ANNUAL GENERAL MEETING (ARTICLE 18 OF THE ARTICLES OF ASSOCIATION)

Shareholders' Meetings are convened and hold deliberations in accordance with the law. Admission is governed by the French commercial code. Each share in the Company carries one voting right. There are no double voting rights. There are no restrictions on voting rights. The terms for exercising voting rights comply with the laws and regulations in force.

8.1.10 STATUTORY THRESHOLD CROSSING DISCLOSURES (SUMMARY OF ARTICLE 11 OF THE ARTICLES OF ASSOCIATION)

In addition to the ownership disclosure requirements stated under articles L.233-7 to L.233-14 of the French commercial code, Neopost S.A. requires all shareholders whose ownership rises above 3%, and every subsequent 1% increment, to disclose any increase or decrease in their holding. This requirement was introduced by the Annual General Meeting of October 5, 1998. Failure to comply with ownership disclosure requirements will lead to the forfeiture of voting rights for a two-year period starting from the date on which disclosure is finally made.

8.2 Recent events

Continued active debt management in February 2020

In February 2020, Quadient bought back an additional 15 million euros of its 2.50% bond maturing in June 2021. Following this buy back, the outstanding amount of the bond is 163.2 million euros.

In February 2020, to the request of some investors, Quadient offered its debt holders in the German law private debt *Schuldschein*, the opportunity to extend the maturity of their existing investment maturing February 21, 2020. As a result of this transaction, Quadient paid back 17 million euros and USD 30 million and issued a new *Schuldschein* for USD 3 million with a four year-long maturity and USD 10 million and 30.5 million euros both with a five year-long maturity.

Divestment of ProShip

In March 2020, Quadient announced the sale of its subsidiary, ProShip, a global provider of automated multi-carrier shipping software, to FOG Software Group, a division of Constellation Software, Inc, a company listed in Toronto. The transaction was closed on February 28, 2020. The selling price totaled USD 15 million.

Covid-19 pandemic

Refer to note 3.3 in chapter 3 “Management report” of this universal registration document.

8.3 Officer responsible for the Universal Registration Document and Auditors

8.3.1 OFFICER RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Geoffrey Godet, Neopost S.A. Chief Executive Officer.

8.3.2 AUDITORS

Statutory auditors

- Ernst & Young et Autres

Represented by May Kassis-Morin

ERNST & YOUNG et Autres, Tour First, TSA 14444, 92037 Paris-La Défense cedex – France

Member of the Compagnie Régionale de Versailles

Start of first appointment: 9 September 1997 (for the remaining term of the preceding Auditor's appointment)

Duration of current appointment: 6 years (from 28 June 2019)

Expiry of current appointment: the end of the Annual General Meeting convened to vote on the financial statements for the financial year ending 31 January 2025.

- Finexsi Audit

Represented by Lucas Robin

14, rue de Bassano – 75116 Paris – France

Member of the Compagnie Régionale de Paris

Start of first appointment: 6 July 2010

Duration of current appointment: 6 years (from 1 July 2016)

The appointment of Finexsi Audit was renewed during the Annual General Meeting on 1 July 2016 for a six-year period *i.e.* until the General Meeting convened to vote on the financial statements for the financial year ending 31 January 2022.

Alternate Auditors

- Auditex

Tour First, TSA 14444, 92037 Paris-La Défense cedex – France

Alternate Auditor to Ernst & Young et Autres

Start of first appointment: 8 July 2008

Duration of current appointment: 6 years (from 1 July 2014)

Expiry of current appointment: the end of the Annual General Meeting convened to vote on the financial statements for the financial year ending 31 January 2020.

- Olivier Courau

14, rue de Bassano – 75116 Paris – France

Alternate Auditor to Finexsi Audit

Start of first appointment: 1 July 2016

Duration of current appointment: 6 years (from 1 July 2016)

Olivier Courau was appointed alternate Auditor during the Annual General Meeting on the 1 July 2016 for a six-year period *i.e.* until the General Meeting convened to vote on the financial statements for the financial year ending 31 January 2022.

8.4 Statements by officer

"I hereby certify, after having taken all reasonable measures to this effect, that the information contained in this universal registration document is, to my knowledge, in accordance with the facts and makes no omission likely to affect its import.

I certify, to my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities and financial position and profit or loss of the Company and all the undertakings included in the consolidation, and that the management report in part 3 presents a fair view of the development and performance of the business and financial position of the Company and all the undertakings included in the consolidation as well as, in part 4, the main risks and uncertainties to which they are exposed".

Geoffrey Godet,

Chief Executive Officer

8.5 Fees paid to the statutory auditors and members of their networks

Refer to the note 16 in chapter 6 “Consolidated statements of financial position” of this universal registration document.

8.6 Information policy

8.6.1 OFFICERS IN CHARGE OF FINANCIAL INFORMATION

Christelle Villadary	**Group chief financial officer**
Gaële Le Men	**Financial communication director**
Address	Neopost S.A. 42-46, avenue Aristide Briand 92220 Bagneux, France
Telephone	+33 1 45 36 30 00
Fax	+33 1 45 36 30 30
Website (French/English)	www.quadient.com
Financial communication and Investor Relations website	https://invest.quadient.com/en-US

8.6.2 SHAREHOLDER INFORMATION

This document will be sent to shareholders free of charge upon request. Documents and information relating to Quadient can be consulted at the Company's head office.

This universal registration document and all press releases, analyst presentations, annual reports and other information may be consulted on the Financial communication and Investor Relations website: https://invest.quadient.com/en-US.

8.6.3 FINANCIAL COMMUNICATION SCHEDULE

27 May 2020	First quarter 2020 sales
6 July 2020	Annual General Meeting
28 September 2020	Second quarter 2020 sales and first half 2020 results
24 November 2020	Third quarter 2020 sales
31 January 2020	End of 2020 fiscal year
March 2021	Fourth quarter 2020 sales and full year 2020 results

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