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HALF-YEARLY FINANCIAL REPORT 2017

KEY FIGURES

+4.1%

REVENUES
climbs to
EUR 104.4 million

12.7 EUR MILLION

EBITDA

6.7 EUR MILLION

Sound adjusted
free cash flow

- Revenue grows by 4.1% to EUR 104.4 million in the first half of 2017
- FP accelerates ACT growth strategy and relaunch of Mail Services business to increase profitability
- EBITDA reaches EUR 12.7 million, EUR 14.9 million adjusted for costs for ACT and non-recurring effects in Mail Services
- FP maintains guidance 2017

FP SPEEDS UP TRANS-FORMATION

OVERVIEW OF THE FIRST-HALF 2017

GROWING FRANKING BUSINESS

The company is still on the attack in the business with franking systems; revenues climbed 2.4% in the first half of 2017 despite the strong euro. Growth of as much as 9.4% was achieved in product sales. The PostBase Mini in particular is proving a sales hit in many countries.

MAIL SERVICES BUSINESS IS ABOUT TO RELAUNCH

Revenues in the Mail Services business increased by another 9.6% to EUR 33.0 million in the first half of 2017. Despite the ongoing strong revenue growth over the last five years, from EUR 20.0 million in the first half of 2013 to EUR 33.0 million in the current fiscal year, margins in the product segment remained weak, with profits recently even deteriorating. For this reason, FP is moving forward the restructuring planned in the context of ACT, due to the fact that potential for enhancing efficiency and reducing costs was identified in the context of an operational review. The triggers for the more in-depth analysis were not only the decline in profitability in the first half of 2017, but also the detection of deviations and occasional irregularities due to employee misconduct in the internal recording and billing of letter volumes in the consolidation business, although this did not affect customers. This reduced earnings by EUR 0.5 million in the first half of 2017. As a result, an extensive automation of fulfilment processes is to be introduced together with greater integration with the software solutions business.

IMPLEMENTATION OF ACT STRATEGY AND ONE-TIME EXPENSES PUT PRESSURE ON EARNINGS

At EUR 12.7 million in the first half of 2017, EBITDA fell short of the previous year's figure of EUR 14.6 million. As in previous years, earnings in the second quarter proved weaker than in the opening quarter. In addition to the non-recurring expenses in the Mail Services segment, the implementation of the ACT strategy in the first half of 2017 required expenses of EUR 1.7 million (previous year EUR 0.4 million). As expected, amortisation and depreciation increased due to the modernisation of the product portfolio in previous years and the investments in production, software and acquisition of customer lists. The FP Group generated EBIT of EUR 2.9 million in the first half of 2017 compared with EUR 6.3 million in the same period of the previous year.

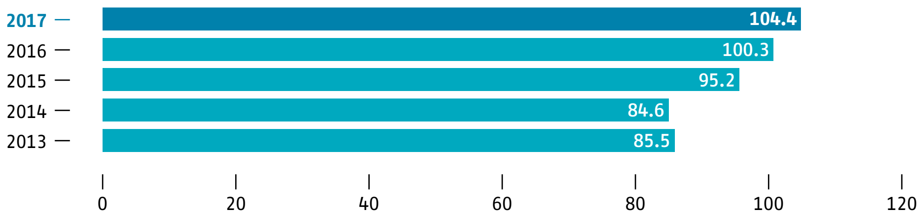
FP MAINTAINS GUIDANCE 2017

For the second half of 2017, the FP Group expects higher profitability while revenues rise slightly. Efficiency measures as part of ACT will increasingly make a positive impact here. For 2017 as a whole, the company therefore continues to anticipate, based on the assumption of constant exchange rates, a slight year-on-year increase in revenues and EBITDA and adjusted free cash flow at the level of the previous year.

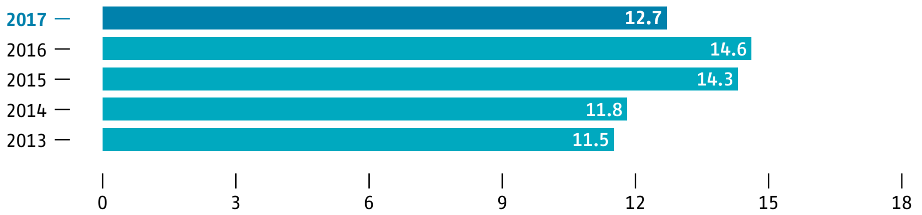
ACT STRATEGY TAKES EFFECT

The company continues to consistently implement the measures associated with ACT and is unchanged attacking in the core business and beyond. The FP Group therefore remains on track to generate revenues of EUR 250 million and an EBITDA margin of 17% by 2020.

REVENUES FOR THE HALF-YEAR IN EUR MILLION



EBITDA FOR THE HALF-YEAR IN EUR MILLION



RÜDIGER ANDREAS GÜNTHER

CEO AND CFO

"ACT is the right strategy at the right time, as shown by the sustainable growth in the franking machine business. We are now pushing ahead with our transformation in the domestic Mail Services business earlier than planned. There are still reserves to be found here in terms of both revenues and costs. It was clear from the start: We are now laying the foundations for FP to evolve into a profitable growth company. 2017 and 2018 will be years of transition. This major feat needs time and will pay off. We are enhancing our research and development, investing in employees and optimising processes. We are making FP fit for the future. Our mission statement is clear: By 2020, we want to generate revenues of EUR 250 million and an EBITDA margin of 17%."

MANAGE-MENT BOARD ACCELERATES ACT

THOMAS GRETHE

CSO

"The franking machine business made a good start to 2017 and held its own in the second quarter. We are winning thanks to our fresh product portfolio in various markets – but especially in our largest foreign market, the USA, and in the French business still being developed. Bit by bit, the ACT initiatives are also taking effect. I therefore expect further revenue growth in our core business in the second half of 2017. Besides the sales of new franking systems, the high-margin consumables will also make an important contribution to this. In addition, we are intensifying our brand and communication activities, especially online and in PR, in order to increase FP's visibility and relevance."

SVEN MEISE

CDO

"ACT also means that the Mail Services and Software businesses are facing radical change. The recent developments in the Mail Services business and the measures initiated are accelerating this. Now it is about further improving efficiency, quality and process stability in the Mail Services business in the interests of our customers and our partners. Furthermore, we are making even greater use than before of the advantages of our nationwide network of Mail Services locations. Our first digitalisation hubs are meeting with high levels of interest from customers when it comes to combining mail logistics processes with digital technologies. We are only just starting to integrate the Mail Services and Software segments."

INTERIM GROUP MANAGEMENT REPORT

for the first half of 2017

Please note that there may be rounding differences compared to exact mathematical figures (monetary units, percentages, etc.).

1. GROUP PRINCIPLES

1.1 BUSINESS ACTIVITIES

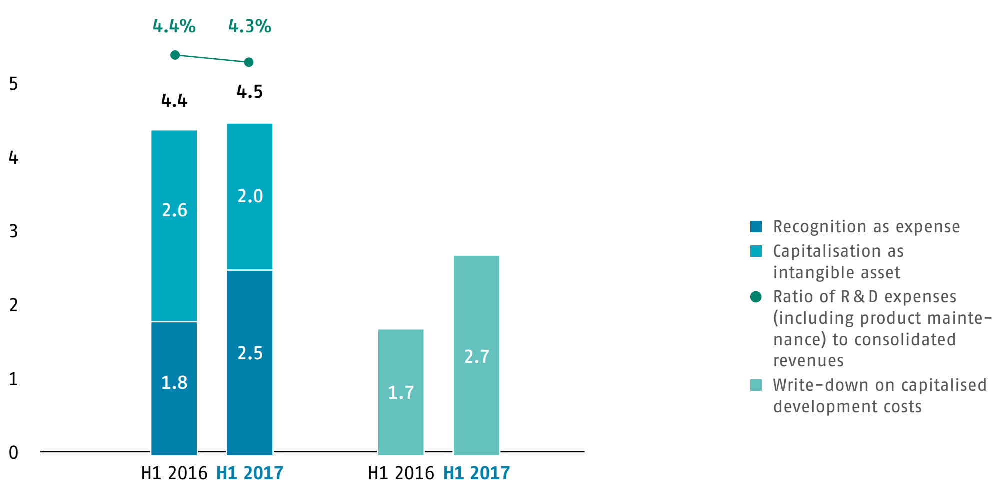
Francotyp-Postalia Holding AG (FP Group, Francotyp-Postalia or the company), which has its headquarters in Berlin, provides businesses and authorities with innovative solutions for secure communications. In addition to systems for franking and inserting mail, the company's range currently comprises services such as the collection of business mail and software solutions. Thanks to its 90-year history, the FP Group boasts a unique combination of organically grown mail processing expertise and digital know-how. The company has branches in many developed countries.

The company's activities are divided into three product segments: Franking and Inserting, Mail Services, and Software Solutions.

In its **Franking and Inserting** segment, the FP Group concentrates on developing and manufacturing franking machines and selling and leasing franking and inserting machines. FP also offers complementary services and generates recurring revenues from after-sales business. The **Mail Services** segment comprises both the franking service – collecting unfranked outbound post and providing the franking – and the consolidation of business mail in Germany. This includes collecting letters from companies, sorting them by postcode and delivering them in batches to a sorting office of Deutsche Post or an alternative postal distributor. In the **Software Solutions** segment, the FP Group consolidates its business with hybrid mail services and digital solutions for fully digital communication. Using hybrid mail services, the sender dispatches a document over the internet with the highest security standards guaranteed, and the recipient normally receives a physical letter. In addition, the FP Group offers its customers universal complete solutions for incoming mail processing. The fully digital communication services primarily comprise products for long-term storage and protection of electronic documents using encryption and signature software.

1.2 RESEARCH AND DEVELOPMENT COSTS

RESEARCH AND DEVELOPMENT COSTS IN EUR MILLION



In the first half of 2017, research and development costs increased slightly by 2.2% year on year. The share of capitalised development costs in the period's total research and development costs (capitalisation rate) fell from 58.9% in the reporting period to 44.1% in the previous year.

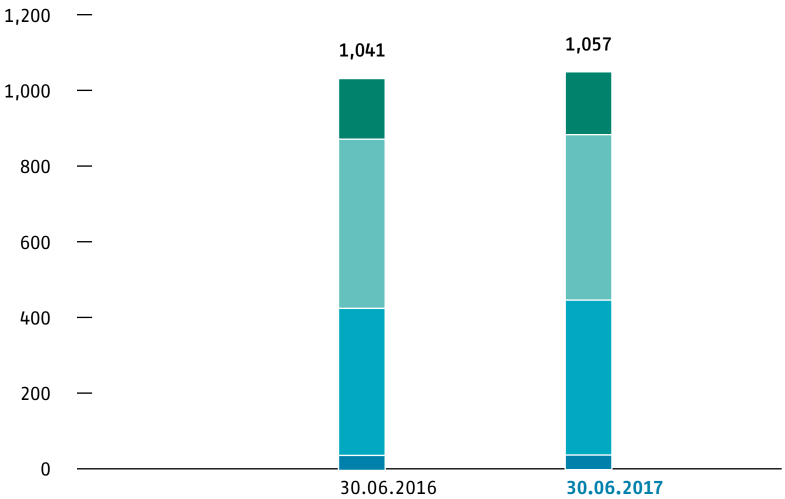
The reason for the decline in the capitalisation rate in the first half of 2017 was the focus on market research and feasibility studies in connection with implementing the ACT strategy. In the previous year, the FP Group had focused all its strength on modernising the product family and the PostBase platform.

The development work in the first half of 2017 prioritised the development of country-specific versions of PostBase and the development of FP-Sign.

1.3 EMPLOYEES

The following provides a segment breakdown of employees as at 30 June 2017 (with comparative figures):

EMPLOYEE DEVELOPMENT



	30.06.2016	30.06.2017
Production	158	164
Sales Germany	451	441
International Sales	392	413
Central Functions	40	39

2. ECONOMIC CONDITIONS

The economic environment in the FP Group's home market of Germany remained robust in the second quarter of 2017. Following growth in the German economy of 0.7% in the first quarter of 2017, gross domestic product (GDP) increased by 0.6% quarter on quarter in the second quarter of 2017. The Ifo Business Climate Index, an important indicator for the German economy, also enjoyed very positive development. The Index increased for the third time in a row in July, reaching a new record figure.

The US economy recently increased its growth rate again. According to preliminary figures, GDP in the FP Group's largest foreign market increased by 2.6% on an annualised basis in the second quarter of 2017; observers had anticipated growth on this scale. However, the growth rate for the first quarter of 2017 was revised from 1.4% to 1.2%. In FP's second-largest foreign market, the United Kingdom, GDP increased by only 0.3% in the second quarter of 2017. The growth was 0.2% in the first quarter. Experts say that the economy there is suffering under the uncertainty resulting from the planned exit from the EU.

The euro / US dollar exchange rate plays an important role when it comes to the FP Group's exports to the USA and other markets. The euro appreciated slightly against the US dollar shortly after the start of 2017, trading at USD 1.07 at the end of the first quarter. The euro then rallied in the second quarter of 2017, which put extra pressure primarily on export-focused German businesses. At the end of the quarter, the rate was USD 1.14. The pound sterling has continued to depreciate against the euro since the start of 2017. At the end of the first half of 2017, the rate was GBP 0.88 compared to GBP 0.85 at the start of the year.

The conditions within the industry remain challenging. While various post office statistics report that around 320 billion letters are sent worldwide every year – mostly in Europe and North America – global mail volume has been in decline for a number of years. This decline is changing the market for franking systems and leading to slight decreases overall. The A segment, the FP Group's domain, is an exception to this rule, where the four largest markets, the US, the UK, France and Germany, have seen significant growth since 2010.

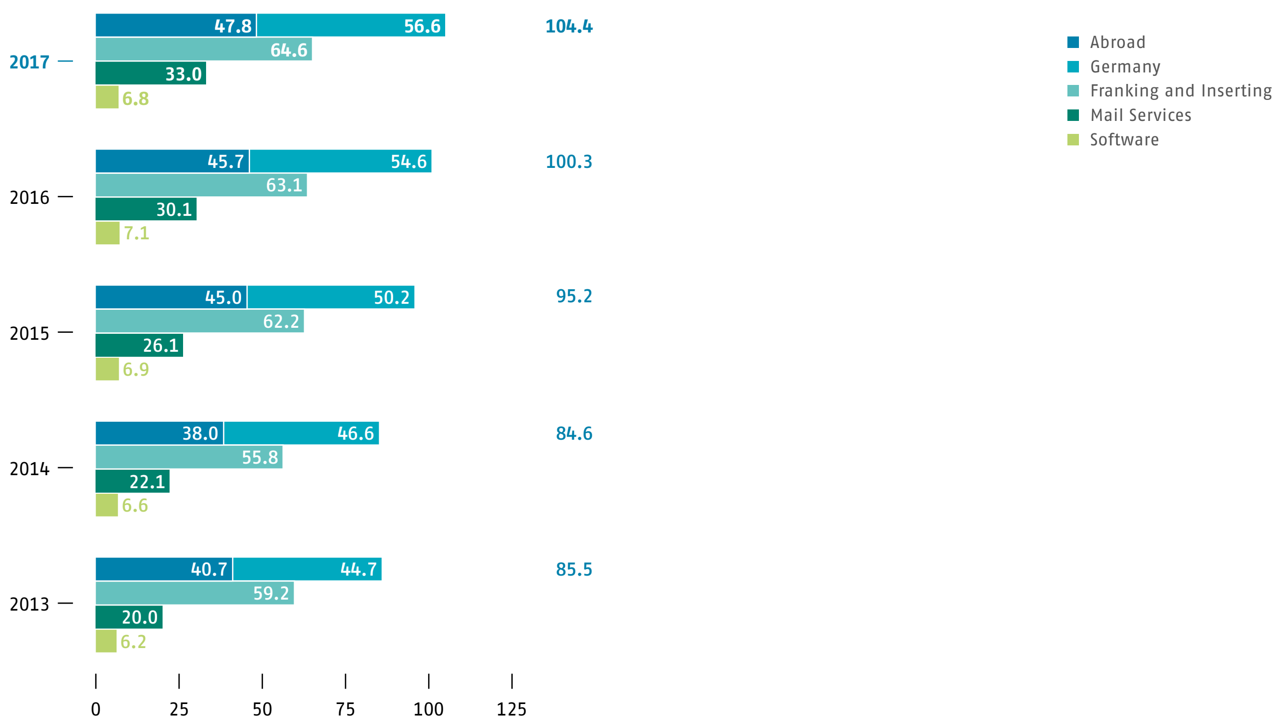
3. INCOME SITUATION

3.1 CHANGES IN MATERIAL ITEMS IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in EUR million	H1 2017	H1 2016	Q2 2017	Q2 2016
Revenues	**104.4**	**100.3**	**48.9**	**49.0**
Change in inventories	0.5	-0.2	-0.2	0.3
Other own work capitalised	5.1	6.5	3.0	3.0
Overall performance	**110.0**	**106.6**	**51.8**	**52.2**
Other income	1.1	1.6	0.3	1.0
Cost of materials	51.8	47.8	24.3	23.9
Staff costs	30.3	28.7	15.1	14.4
Other expenses	16.3	17.0	8.3	8.5
EBITDA	**12.7**	**14.6**	**4.4**	**6.5**
Amortisation, depreciation and write-downs	9.8	8.3	5.0	4.1
EBIT	**2.9**	**6.3**	**-0.6**	**2.3**
Net interest income	0.7	-0.3	0.6	-0.1
Other financial result	-0.3	0.1	-0.1	0.0
Income taxes	-1.1	-2.2	0.0	-0.8
Consolidated net income	**2.1**	**4.0**	**0.0**	**1.5**

3.1.1 Revenue development

REVENUES FOR THE HALF-YEAR IN EUR MILLION



In the first half of 2017, the FP Group maintained its growth trajectory and increased its revenues by 4.1% year on year. On a quarterly basis, revenues were practically unchanged at EUR 48.9 million. Growth was slightly influenced by the increasingly weak US dollar and especially by negative exchange rate effects resulting from the strong euro against pound sterling. The cumulative effect of negative exchange rate effects on revenues in the first six months of 2017 was EUR 0.2 million.

In the German domestic market, the FP Group increased its revenues by 3.7% to EUR 56.6 million in the first half of 2017 on the basis of the growth in the Mail Services segment. In the USA, the Group's largest foreign market, revenues rose by 7.8% to EUR 23.5 million after EUR 21.8 million in the same period of the previous year. In the United Kingdom, revenues in the first six months of 2017 declined by 6.7% to EUR 8.5 million due to exchange rate effects.

REVENUES BY PRODUCT AND SERVICE

in EUR million	H1 2017	H1 2016	Change in %	Q2 2017	Q2 2016
Recurring revenues	82.8	80.6	2.8	38.7	39.3
Equipment hire	17.1	16.4	4.7	8.5	8.2
Service / customer service	9.6	10.7	-10.0	4.1	4.9
Consumables	11.5	11.8	-2.1	5.6	5.8
Teleporto	4.7	4.5	4.3	2.4	2.3
Mail Services	33.0	30.1	9.6	15.2	14.9
Software Solutions	6.8	7.1	-4.3	2.9	3.2
Product sales income	21.6	19.8	9.4	10.3	9.8
Franking	17.2	15.7	9.1	8.2	7.9
Inserting	3.8	3.7	1.8	1.8	1.9
Other	0.7	0.3	107.0	0.3	0.0
Total	**104.4**	**100.3**	**4.1**	**48.9**	**49.0**
Recurring revenues	79.3%	80.3%		79.6%	80.5%
Non-recurring revenues	20.7%	19.7%		20.4%	19.5%

The increase in revenues from the leasing of franking systems in the first half of 2017 is based in particular on the sales success in the US lease market. By contrast, revenues from services and consumables declined. In the previous year, postage changes boosted the service business in Belgium in particular, while revenues were reduced by negative exchange rate effects.

In the Mail Services segment, which grew by just 9.6% year on year, revenues were affected by various influences in the first half of 2017. The total mail volume processed declined by 4.3% to 104 letters in the first six months of 2017. In the second quarter of 2017 in particular, the decline in volume led to a tangible slowdown in growth. In addition, revenues in the first half of 2017 was reduced by Deutsche Post AG cutting postage discounts from the start of the year, which had an effect on margins. The reported growth in the Mail Services segment results from the increase in revenues from the franking service with a correspondingly large effect on the cost of purchased services.

The reduction of revenues in the Software Solutions segment in the first half of 2017 resulted primarily from a temporary loss of processed mail volume following a customer change. Nevertheless, the FP Group continued to expand the Software Solutions product range by bringing FP-Sign onto the market.

The significant year-on-year increase in income from product sales in the core business of franking and inserting is especially attributable to the sales successes and the persistent high demand for the PostBase franking system in the US, France and the UK. In the UK, the FP Group is also its customers' financing partner and continued to make greater use of finance leases in the first half of 2017 in order to boost sales and retain customers.

3.1.2 Other own work capitalised

The planned reduction in own work capitalised in the first half of 2017 is mainly a consequence of the greater use of finance leases to boost sales and retain customers and of the research and development focus on market research and feasibility studies in connection with implementing the ACT strategy. The additions to leased products reported in own work capitalised amounted to EUR 3.1 million in the first six months of 2017 compared with EUR 3.9 million in the same period of the previous year. The development costs contained therein fell by EUR 0.6 million compared to the first half of 2016 to EUR 2.0 million.

3.1.3 Other income

Other income fell to EUR 0.4 million in the first half of 2017 (previous year: EUR 0.7 million) due primarily to the planned decline in income from cost subsidies and grants.

3.1.4 Cost of materials

In the reporting period, the cost of materials increased by 8.4% overall, driven mainly by the increase of franking service business of Mail Services. As a result, the cost of purchased services increased to EUR 33.6 million in the first half of 2017, compared with EUR 29.2 million in the same period of the previous year. Expenses for raw materials, consumables and supplies declined to EUR 18.2 million in the first six months of 2017 compared to EUR 18.5 million in the previous year despite the slight increase in revenues in the core business of franking and inserting. The performance of the euro against pound sterling made an impact here. As a result, the cost of materials ratio increased by two percentage points to 49.6% in the first half of 2017.

3.1.5 Staff costs

The FP Group's staff costs increased by 5.4% year on year to EUR 30.3 million in the first six months of 2017. In addition to payment increases, the headcount increase in sales, especially the increase in International Sales segment, and in the Group's administrative areas is mainly associated with the ACT strategy (total amount EUR 1.0 million). The staff cost ratio increased slightly to 29.0% in the first half of 2017 after 28.6% in the same period of the previous year.

3.1.6 Other expenses

Other expenses fell by 4.0% year on year to EUR 16.3 million in the first half of 2017. Expenses of EUR 0.4 million in connection with the detection of deviations and occasional irregularities due to employee misconduct in the internal recording and billing of letter volumes in the consolidation business and expenses of EUR 0.7 million (previous year EUR 0.4 million) in connection with the ACT strategy had a negative effect. Other expenses were positively affected in the first half of 2017 by the reversal of a provision for uncertain liabilities of EUR 0.5 million because the reasons for it ceased to exist.

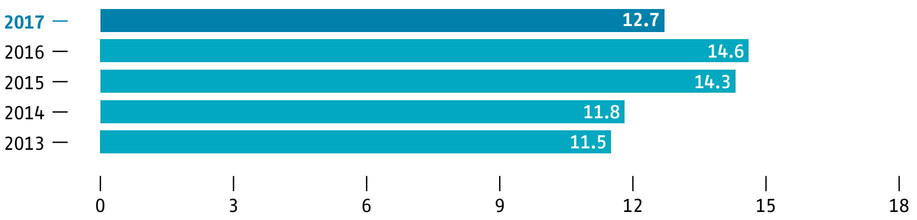
3.1.7 Earnings development (EBITDA)

Earnings before interest, taxes, depreciation and amortisation (EBITDA) declined in the first half of 2017 from EUR 14.6 million in the same period of the previous year to EUR 12.7 million including a small positive exchange rate effect of EUR 0.1 million. This corresponds to an EBITDA margin of 12.2%. EBITDA was influenced by the following extraordinary factors in the first half of 2017:

- Expenses in connection with the detection of deviations and occasional irregularities due to employee misconduct in the internal recording and billing of letter volumes in the consolidation business of EUR 0.5 million
- Expenses relating to the implementation and medium-term realisation of the ACT strategy totalling EUR 1.7 million (previous year EUR 0.4 million)

On a quarterly basis, the FP Group's EBITDA fell to EUR 4.4 million compared with EUR 6.5 million in the same period of the previous year.

EBITDA FOR THE HALF-YEAR IN EUR MILLION



3.1.8 Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs increased as forecast in the first half of 2017 compared with the same period of the previous year. This was mainly due to higher amortisation of internally generated intangible assets of EUR 2.7 million (previous year: EUR 1.7 million) as a result of large investments in the modernisation of the product portfolio in previous years. In light of the recent investment in customer relationship management (CRM) software and the acquisitions of customer lists, amortisation of other intangible assets also increased by EUR 0.3 million to EUR 0.7 million in the first half of 2017.

3.1.9 EBIT

EBIT for the first half of 2017 decreased by EUR 3.4 million compared to the same period of the previous year to EUR 2.9 million due to the lower EBITDA and higher depreciation and amortisation. On a quarterly basis, the FP Group generated negative EBIT of EUR –0.6 million in the second quarter of 2017 (same period of the previous year: EUR 2.3 million).

3.1.10 Net interest income

The significant improvement in net interest income in the first half of 2017 resulted primarily from higher interest income from finance leases of EUR 0.7 million (previous year: EUR 0.4 million) and from non-recurring effects of tax-related interest income of EUR 0.5 million due to the successful conclusion of mutual tax agreement procedures according to the EU Arbitration Convention.

3.1.11 Other financial result

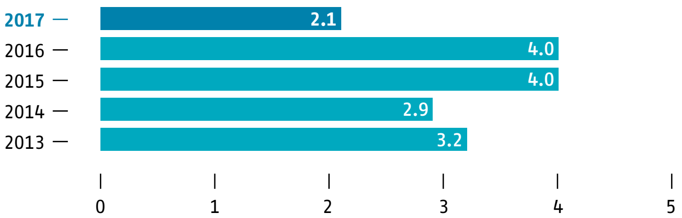
The FP Group posted a negative financial result of EUR –0.3 million in the first half of 2017 compared with EUR 0.1 million in the same period of the previous year. This development is primarily due to exchange rate effects affecting the remeasurement of statement of financial position items at the reporting date.

3.1.12 Income taxes

Income taxes amounted to EUR –1.1 million in the first half of 2017 after EUR –2.2 million in the previous year. This corresponds to a tax rate of 34.5% (previous year: 35.1%).

3.1.13 Consolidated net income

CONSOLIDATED NET INCOME FOR THE HALF-YEAR IN EUR MILLION



Earnings per share (EPS) fell by 45.3% to EUR 0.13 (basic / diluted) in the first half of 2017 compared to EUR 0.24 respectivly EUR 0.23 in the previous year as a result of the lower consolidated net income.

3.1.14 Summary of results per segment

	Revenues [1]			EBITDA		
in EUR million	H1 2017	H1 2016	Change in %	H1 2017	H1 2016	Change in %
Production	2.4	2.4	1.4	5.3	4.3	23.7
Sales Germany	56.3	54.8	2.7	3.8	5.1	-24.9
International Sales	45.7	43.3	5.5	10.0	8.6	16.1
Central Functions	–	–	–	-4.1	-3.5	-18.4
Group [2]	104.4	100.3	4.1	12.7	14.6	-13.2

	Revenues [1]			EBITDA		
in EUR million	Q2 2017	Q2 2016	Change in %	Q2 2017	Q2 2016	Change in %
Production	1.0	1.2	-18.9	3.0	1.8	65.9
Sales Germany	26.1	26.9	-2.8	1.1	2.5	-56.9
International Sales	21.9	21.0	4.2	4.5	3.8	17.6
Central Functions	–	–	–	-2.3	-2.3	4.4
Group [2]	48.9	49.0	-0.1	4.4	6.5	-32.0

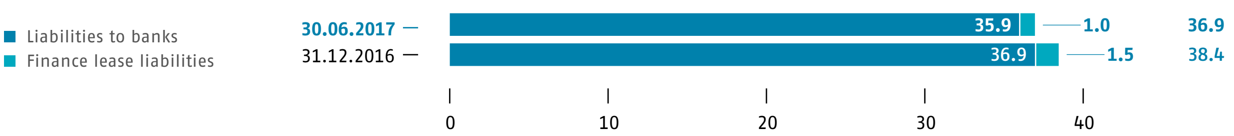
1) Revenues with third parties.
2) Further information on the Group reconciliation can be found in the notes to the consolidated financial statements.

Please see our remarks on page 4 Overview of the first half of 2017 for the main reasons behind the decline in earnings in the first half of 2017 in the Sales Germany segment.

4. FINANCIAL POSITION

4.1 FINANCING ANALYSIS

FINANCIAL LIABILITIES FOR THE HALF-YEAR IN EUR MILLION

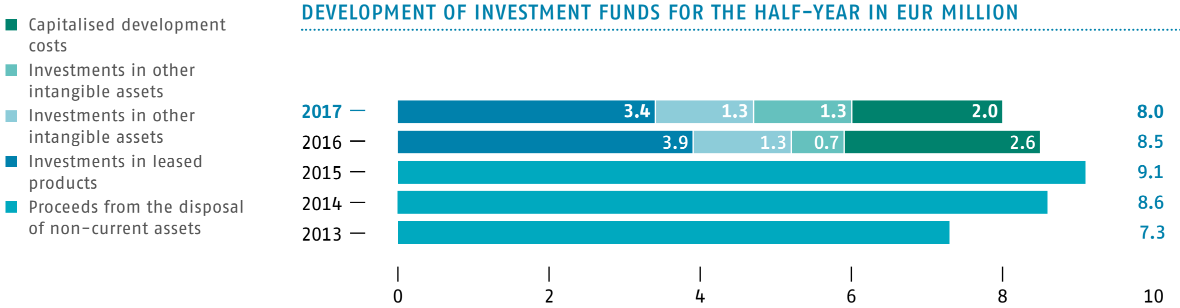


To finance itself in the first six months of the current fiscal year, the FP Group primarily used the cash flow from operating activities, loan agreements with financial institutions and finance leases.

In the first half of 2017, the FP Group increased the share capital by 86,100 shares to 16,301,456 no-par value bearer shares from contingent capital in order to serve stock options.

4.2 INVESTMENT ANALYSIS

DEVELOPMENT OF INVESTMENT FUNDS FOR THE HALF-YEAR IN EUR MILLION



In the first half of 2017, the FP Group again made significant investments in future growth on the basis of the ACT strategy, including in product development, production and other core and supporting processes and in franking systems for leasing in the US, UK, Canada and the Netherlands.

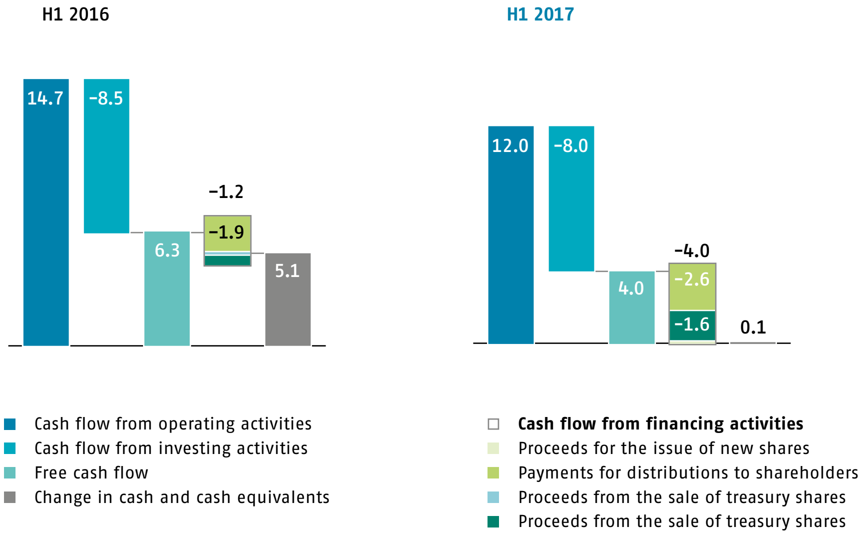
The expected decline in investment in leased products in the first half of 2017 is a result of the greater use of finance leases to boost sales and retain customers. The increase in investment in other intangible assets is due primarily to the acquisition of a customer list in the UK. The reduction in own work capitalised in the first half of 2017 is mainly a consequence of the research and development focus on market research and feasibility studies in connection with the ACT strategy in the reporting period.

4.3 LIQUIDITY ANALYSIS

LIQUIDITÄTSANALYSE

in EUR million	01.01.–30.06.2017	01.01.–30.06.2016
Cash flow from operating activities	12.0	14.7
Cash flow from investing activities	–8.0	–8.5
Free cash flow	**4.0**	**6.3**
Cash flow from financing activities	–4.0	–1.2
Change in cash and cash equivalents	**0.1**	**5.1**
Change in cash and cash equivalents due to currency translation	–0.5	–1.0
Cash and cash equivalents at beginning of period	18.7	15.9
Cash and cash equivalents at end of period	**18.2**	**20.0**

LIQUIDITY ANALYSIS IN EUR MILLION



The decline in cash flow from operating activities resulted from the lower EBITDA with a sound development in working capital. At the same time, cash flow from operating activities was influenced by the use of finance leases to boost sales and retain customers, resulting in a further increase in finance lease receivables to EUR 1.3 million. There was a positive effect from a non-recurring payment of EUR 1.4 million from the successful conclusion of mutual tax agreement procedures in accordance with the EU Arbitration Convention.

In the first half of 2017, cash flow from investing activities benefited primarily from the planned reduction in investment in leased products. Cash flow from investing activities was also affected by the acquisition of a customer list including leased products of EUR 1.4 million. Please see the investment analysis for more information about the further change.

In the first half of 2017, the FP Group generated free cash flow of EUR 4.0 million, which was down on the same period of the previous year. Adjusted for the investment in finance lease assets and the acquisition of the customer list in the UK, the FP Group generated **adjusted free cash flow** of EUR 6.7 million in the first six months of 2017 (same period of the previous year: EUR 7.6 million).

The change in cash flow from financing activities is primarily attributable to dividend payments to shareholders of EUR 2.6 million and to the repayment of liabilities to banks and from finance leases of EUR 1.6 million.

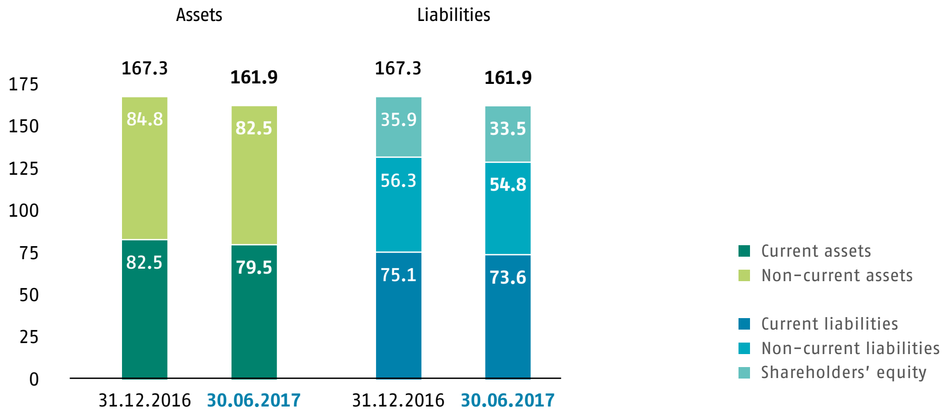
The FP Group was able to meet its payment obligations at all times in the first half of 2017.

COMMITTED, BUT NOT FULLY UTILISED CREDIT FACILITIES IN EUR MILLION AS AT 30 JUNE 2017

In accordance with the syndicated loan agreement, the FP Group has undertaken to comply with two defined financial covenants. The credit conditions were complied with consistently throughout the first half of 2017. The FP Group also expects the credit conditions to be met in 2017 as a whole.

5. NET ASSETS

STATEMENT OF FINANCIAL POSITION STRUCTURE IN EUR MILLION



5.1 NON-CURRENT AND CURRENT ASSETS

in EUR million	30.06.2017	31.12.2016	Reason for change
Intangible assets	34.8	34.9	
Property, plant and equipment	35.5	39.3	Decline in leased products and finance lease assets due to depreciation (EUR 1.6 million), decline due to exchange rate effects (EUR 1.9 million)
Other assets	10.7	9.7	Increase in finance lease receivables (EUR 0.9 million)
Tax assets	1.5	0.9	
Non-current assets	**82.5**	**84.8**	
Inventories	11.1	11.2	
Trade receivables	17.9	19.0	Slight decline as part of operating working capital management
Other assets	22.7	25.3	In connection with the progress of the mutual agreement and arbitration procedures, intra-year settlement of receivables from the Netherlands and Belgium (EUR 1.0 million); settlement of claims from cost subsidies and grants (EUR 1.1 million)
Securities and cash	27.8	27.1	Increase postage credit managed by the FP Group (EUR 1.1 million)
Current assets	**79.5**	**82.5**	

5.2 EQUITY

As at 30 June 2017, the share capital of Francotyp-Postalia Holding AG amounted to EUR 16.3 million, divided into 16,301,456 no-par value bearer shares.

The resolution of the 2017 Annual General Meeting of 7 June 2017 on the dividend for fiscal year 2016 was implemented in June 2017, and a dividend of EUR 2.6 million was paid to the company's shareholders.

As at 30 June 2017, the company no longer held any treasury shares due to stock options exercised under the 2010 stock option plan (unchanged since 31 December 2016). Further information about authorised and contingent capital and conversion and option rights can be found in the 2016 annual report.

5.3 NON-CURRENT AND CURRENT LIABILITIES

in EUR million	30.06.2017	31.12.2016	Reason for change
Provisions for pensions and similar obligations	17.0	17.1	
Other provisions, deferred tax liabilities and other liabilities	1.5	1.7	
Financial liabilities	36.4	37.5	Decline in liabilities to banks (EUR 1.0 million)
Non-current liabilities	**54.8**	**56.3**	
Tax liabilities	3.0	3.6	
Other provisions	6.4	8.0	Utilisation of staff provisions (EUR 1.2 million)
Financial liabilities	0.5	0.9	
Trade payables	10.1	10.6	Slight decline as part of operating business
Other liabilities (incl. hedging derivatives)	53.5	52.0	Intra-year increase in deferred income (EUR 2.0 million)
Current liabilities	**73.6**	**75.1**	

An additional indicator for the FP Group's capital structure is the net debt ratio, which represents net debt over equity and is constantly monitored.

NET DEBT

in EUR million	30.06.2017	31.12.2016
Financial liabilities	36.9	38.4
Cash and cash equivalents	18.2	18.7
Net debt	**18.6**	**19.8**
Shareholders' equity	33.5	35.9
Net debt ratio	**55.6%**	**55.0%**

On the basis of the operating performance and the slight year-on-year decline in investments during the year, the FP Group's net debt improved in the first half of 2017. Equity decreased as at 30 June 2017, resulting in a slight increase in the company's net debt ratio compared with 31 December 2016.

5.4 LEASING

The FP Group offers both operating and finance leases. These business models are reflected in the company's statement of financial position. As at 30 June 2017, the "leased products" and "finance lease assets" items under non-current assets contain assets with a total carrying amount of EUR 23.3 million (as at 31 December 2016: EUR 26.9 million), which are mostly leased to customers under operating leases. Finance leases with customers are reported in finance lease receivables; the non-current and current amounts totalled EUR 13.9 million as at 30 June 2017 (as at 31 December 2016: EUR 12.5 million). Without these business models, total assets would be EUR 124.8 million instead of EUR 161.9 million. On the liabilities side, the financial liabilities (non-current and current) included EUR 1.0 million for sale and lease-back transactions relating to the financing of leased franking systems as at 30 June 2017 (as at 31 December 2016: EUR 1.5 million). Without this component, total liabilities would be EUR 160.9 million instead of EUR 161.9 million.

6. EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no further significant events after the end of the interim reporting period (30 June 2017) that would have had a notable effect on the net assets, financial position and results of operations of the FP Group.

7. RISK AND OPPORTUNITY REPORT

The FP Group's risks and opportunities are discussed in detail in the consolidated financial statements for the year ended 31 December 2016.

In addition to these disclosures, new risks in the Mail Services segment were identified in the second quarter of 2017. This was triggered by the detection of deviations and occasional irregularities due to employee misconduct in the internal recording and billing of letter volumes in the consolidation business, although this did not affect customers. On the basis of current information, FP assumes that there is an obligation to return payments and that there will be a future outflow of resources for consulting costs. In this context, the FP Group recognised provisions of EUR 0.5 million in the second quarter of 2017. The currently still ongoing clarification of the matter could result in further repayment obligations for the FP Group with estimated potential damages of EUR 0.6 million. According to IAS 36.90, an entity is obliged to test a cash-generating unit to which goodwill has been allocated for impairment annually and whenever there is an indication that the unit may be impaired (impairment test). Following the clarification of the matter, the FP Group accordingly tested the cash-generating unit (CGU) freesort, to which goodwill of EUR 5.9 million is allocated, for impairment as at 30 June 2017. The recoverable amount determined by the impairment test has declined since 31 December 2016, but remains greater than the carrying amount of the CGU. The accelerated restructuring and strategic realignment of freesort by the FP Group as part of ACT is improving the recoverability of the cash-generating unit freesort.

8. FORECAST

For the second half of 2017, the FP Group expects higher profitability while revenues rise slightly. Efficiency measures as part of ACT will increasingly make a positive impact here.

For 2017 as a whole, the company therefore continues to anticipate, based on the assumption of constant exchange rates, a slight year-on-year increase in revenues and EBITDA and adjusted free cash flow at the level of the previous year.

All of these disclosures are based on the information available at the end of the first half of 2017. The FP Group wishes to point out that the planning data as stated may differ from the actual figures subsequently recorded.

CONSOLIDATED FINANCIAL STATEMENTS

for the first half of 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

in thousand euro	1st half 2017 01.01.–30.06.2017	1st half 2016 01.01.–30.06.2016	2nd quarter 2017 01.04.–30.06.2017	2nd quarter 2016 01.04.–30.06.2016
Revenues	104,421	100,317	48,941	49,015
Increase / decrease in inventories of finished goods and work in progress	468	–213	–160	256
	104,889	**100,104**	**48,781**	**49,271**
Other own work capitalised	5,124	6,489	3,047	2,975
Other income	1,113	1,562	303	1,028
Cost of materials				
a) Expenses for raw materials, consumables and supplies	18,179	18,542	8,547	9,532
b) Cost of purchased services	33,606	29,226	15,728	14,396
	51,785	**47,768**	**24,275**	**23,928**
Staff costs				
a) Wages and salaries	25,667	24,298	12,829	12,212
b) Social security contributions	4,107	3,913	2,025	1,944
c) Expenses for pensions and other benefits	522	521	266	217
	30,296	**28,732**	**15,120**	**14,373**
Amortisation, depreciation and write-downs	9,831	8,322	4,967	4,146
Other expenses	16,336	17,010	8,333	8,493
Net interest income				
a) Interest and similar income	1,269	656	899	421
b) Interest and similar expenses	604	947	304	479
	665	**–291**	**595**	**–58**
Other financial result				
a) Other financial income	745	3,659	584	1,419
b) Other finance costs	1,040	3,517	724	1,409
	–295	**142**	**–140**	**10**
Income taxes	–1,120	–2,166	39	–810
Consolidated net income	**2,128**	**4,008**	**–70**	**1,476**
Other comprehensive income				
Foreign currency translation of financial statements of foreign entities	–2,502	–1,874	–2,267	7
of which taxes	–4	–2	–1	6
of which reclassified to consolidated net income	14	7	7	–21
Adjustment of provisions for pensions and partial retirement obligations in accordance with IAS 19 (rev. 2011)	–5	0	0	0
of which taxes	0	0	5	0
Cash flow hedges – reclassified to profit or loss	249	0	95	0
of which taxes	–108	0	–66	0
Other comprehensive income after taxes	**–2,258**	**–1,874**	**–2,172**	**7**
Total comprehensive income	**–130**	**2,134**	**–2,242**	**1,483**
Consolidated net income, of which:	2,128	4,008	–70	1,476
Consolidated net income attributable to the shareholders of FP Holding	2,128	3,775	–70	1,417
Consolidated net income attributable to non-controlling interests	0	233	0	59
Total comprehensive income, of which	–130	2,134	–2,242	1,483
Total comprehensive income attributable to the shareholders of FP Holding	–130	1,901	–2,242	1,424
Total comprehensive income attributable to non-controlling interests	0	233	0	59
Earnings per share (basic, in EUR)	**0.13**	**0.24**	**0**	**0.09**
Earnings per share (diluted, in EUR)	**0.13**	**0.23**	**0**	**0.09**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

ASSETS

in thousand euro	30.06.2017	31.12.2016
NON-CURRENT ASSETS		
Intangible assets		
Intangible assets including customer lists	23,979	22,117
Goodwill	8,494	8,494
Development projects in progress and advance payments	2,323	4,265
	34,796	**34,876**
Property, plant and equipment		
Land, land rights and buildings	2,908	3,044
Technical equipment and machinery	4,887	4,729
Other equipment, operating and office equipment	4,255	4,348
Leased products	21,492	23,807
Finance lease assets	1,788	3,103
Advance payments and assets under construction	150	315
	35,480	**39,346**
Other assets		
Associates	36	36
Other equity investments	163	163
Finance lease receivables	10,319	9,375
Other non-current assets	149	149
	10,667	**9,723**
Tax assets		
Deferred tax liabilities	1,508	866
	82,451	**84,811**
CURRENT ASSETS		
Inventories		
Raw materials, consumables and supplies	4,504	5,187
Work in progress	613	552
Finished goods and merchandise	5,984	5,457
	11,101	**11,196**
Trade receivables	17,896	18,966
Other assets		
Finance lease receivables	3,561	3,169
Income taxes receivable	5,510	6,480
Derivative financial instruments	92	86
Other current assets	13,522	15,557
	22,685	**25,292**
Securities	681	679
Cash and cash equivalents	27,107	26,394
	79,470	**82,527**
	161,921	**167,338**

LIABILITIES

in thousand euro	30.06.2017	31.12.2016
EQUITY		
Equity attributable to shareholders of the parent company		
Issued capital	16,301	16,215
Capital reserves	34,746	34,620
Stock option reserve	1,254	1,179
Loss carried forward	-17,543	-20,794
Consolidated net income after minority interests	2,128	5,857
Total other equity	-3,389	-1,131
	33,497	**35,946**
NON-CURRENT LIABILITIES		
Provisions for pensions and similar obligations	17,015	17,054
Other provisions	1,042	991
Financial liabilities	36,351	37,530
Other liabilities	69	110
Deferred tax liabilities	348	572
	54,825	**56,257**
CURRENT LIABILITIES		
Tax liabilities	3,041	3,635
Provisions	6,434	7,969
Financial liabilities	528	911
Trade payables	10,085	10,612
Other liabilities		
of which telepostage EUR 28,447 thousand (previous year: EUR 28,119 thousand)	53,511	52,008
	73,599	**75,135**
	161,921	**167,338**

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

in thousand euro	01.01.–30.06.2017	01.01.–30.06.2016
1. Cash flow from operating activities		
Consolidated net income	2,128	4,008
Net income tax recognised in profit or loss	1,121	2,166
Net interest income recognised in profit or loss	-665	291
Amortisation, depreciation and write-downs on non-current assets	9,831	8,322
Decrease (–) / increase (+) in provisions and tax liabilities	-2,036	-1,539
Loss (+) / gain (–) on the disposal of non-current assets	98	86
Decrease (+) / increase (–) in inventories, trade receivables and other assets not attributable to investing or financing activities (without finance leases)	3,667	1,868
Decrease (+) / increase (–) in finance lease receivables	-1,336	-1,343
Decrease (–) / increase (+) in trade payables and other liabilities [1] not attributable to investing or financing activities	62	2,229
Other non-cash income	-4	377
Public grants not yet received	-381	-675
Interest received	1,269	656
Interest paid	-580	-966
Income taxes received	1,011	1,509
Income taxes paid	-2,220	-2,254
Cash flow from operating activities	**11,964**	**14,735**
2. Cash flow from investing activities		
Payments for the capitalisation of development costs	-1,959	-2,522
Payments for capitalised interest for development costs	-23	-68
Proceeds from disposals of non-current assets	21	0
Payments for investments in intangible assets	-1,281	-726
Payments for investments in property, plant and equipment	-4,716	-5,166
Cash flow from investing activities	**-7,957**	**-8,482**

1) Postage credit balances managed by the FP Group of EUR 9,541 thousand (previous year: EUR 7,931 thousand) are deducted from cash and other liabilities. Securities held as current assets are included in cash and cash equivalents in the amount of EUR 681 thousand (previous year: EUR 685 thousand).

in thousand euro	01.01.–30.06.2017	01.01.–30.06.2016
3. Cash flow from financing activities		
Payments for distributions to shareholders	-2,606	-1,923
Bank loan repayments	-1,015	-33,126
Repayments of finance lease liabilities	-549	-949
Proceeds from the sale of treasury shares	0	180
Proceeds for the issue of new shares	212	0
Proceeds from the assumption of bank loans	2	34,629
Cash flow from financing activities	**-3,955**	**-1,190**
Cash and cash equivalents [1]		
Change in cash and cash equivalents	52	5,064
Change in cash and cash equivalents due to currency translation	-459	-991
Cash and cash equivalents at beginning of period	18,655	15,928
Cash and cash equivalents at end of period	**18,248**	**20,000**

1) Postage credit balances managed by the FP Group of EUR 9,541 thousand (previous year: EUR 7,931 thousand) are deducted from cash and other liabilities. Securities held as current assets are included in cash and cash equivalents in the amount of EUR 681 thousand (previous year: EUR 685 thousand).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

in thousand euro	Issued capital	Capital reserves	Stock option reserve	Treasury shares	Consolidated net income
As at 01.01.2016	**16,160**	**34,937**	**1,046**	**–810**	**–18,871**
Consolidated net income 01.01.–31.06.2016	**0**	**0**	**0**	**0**	**3,775**
Foreign currency translation of financial statements of foreign entities	0	0	0	0	0
Other comprehensive income 01.01.–30.06.2016	**0**	**0**	**0**	**0**	**0**
Total comprehensive income 01.01.–30.06.2016	**0**	**0**	**0**	**0**	**3,775**
Stock option settlement	0	–176	66	356	0
Distributions	0	0	0	0	–1,923
As at 30.06.2016	**16,160**	**34,761**	**1,112**	**–454**	**–17,019**
As at 01.01.2017	**16,215**	**34,620**	**1,179**	**0**	**–14,937**
Consolidated net income 01.01.–30.06.2017	**0**	**0**	**0**	**0**	**2,128**
Foreign currency translation of financial statements of foreign entities	0	0	0	0	0
Adjustment of provisions for pensions in accordance with IFRS	0	0	0	0	0
Cash flow hedges	0	0	0	0	0
Other comprehensive income 01.01.–30.06.2017	**0**	**0**	**0**	**0**	**0**
Total comprehensive income 01.01.–30.06.2017	**0**	**0**	**0**	**0**	**2,128**
Distributions	0	0	0	0	–2,606
Stock option settlement	86	126	75	0	0
As at 30.06.2017	**16,301**	**34,746**	**1,254**	**0**	**–15,415**

Total other equity							
Currency translation adjustment	Net investments in foreign operations	Adjustment due to IAS 19	Difference due to acquisition of minority interests	Reserve from hedging transactions	Equity attributable to FP Holding	Non-controlling interests	Total
3,425	**178**	**-2,352**	**0**	**0**	**33,713**	**1,519**	**35,232**
0	0	0	0	0	3,775	233	4,008
-1,880	6	0	0	0	-1,874	0	-1,874
-1,880	**6**	**0**	**0**	**0**	**-1,874**	**0**	**-1,874**
-1,880	**6**	**0**	**0**	**0**	**1,901**	**233**	**2,134**
0	0	0	0	0	246	0	246
0	0	0	0	0	-1,923	0	-1,923
1,545	**184**	**-2,352**	**0**	**0**	**33,937**	**1,752**	**35,689**
2,954	**132**	**-3,529**	**-439**	**-249**	**35,946**	**0**	**35,946**
0	0	0	0	0	2,128	0	2,128
-2,494	-8	0	0	0	-2,502	0	-2,502
0	0	-5	0	0	-5	0	-5
0	0	0	0	249	249	0	249
-2,494	**-8**	**-5**	**0**	**249**	**-2,258**	**0**	**-2,258**
-2,494	**-8**	**-5**	**0**	**249**	**-130**	**0**	**-130**
0	0	0	0	0	-2,606	0	-2,606
0	0	0	0	0	287	0	287
460	**124**	**-3,534**	**-439**	**0**	**33,497**	**0**	**33,497**

NOTES

for the first half of 2017

I. GENERAL INFORMATION

GENERAL INFORMATION ON THE COMPANY

Francotyp-Postalia Holding AG, headquartered in Berlin (hereinafter also referred to as "FP Holding"), is entered in the commercial register of the Charlottenburg Local Court under HRB 169096 B. The interim financial statements of FP Holding for the reporting period ended 30 June 2017 comprise FP Holding and its subsidiaries (hereinafter also referred to as the "FP Group", "FP" or "Francotyp").

The FP Group is an international company in the area of secure communication for businesses and authorities with a history dating back over 90 years. Its business activities focus on traditional product business, which consists of the development, manufacture and distribution of franking systems, as well as inserting machines and after-sales business. Through its subsidiaries, freesort, Mentana-Claimsoft and IAB, the FP Group also offers its customers in Germany sorting and consolidation services in addition to products for fully electronic communication and hybrid mail products.

The Management Board of Francotyp-Postalia Holding AG approved the 2016 consolidated financial statements and Group management report for submission to the Supervisory Board on 29 March 2017. The Supervisory Board examined the consolidated financial statements and the Group management report and approved them on 30 March 2017. The 2016 consolidated financial statements and Group management report of Francotyp-Postalia Holding AG were published on 13 April 2017.

These interim financial statements are prepared as condensed financial statements in accordance with IAS 34. They do not contain all the disclosures required of full financial statements in accordance with IAS 1. The financial statements were approved for publication by the Management Board of FP Holding on 24 August 2017.

ACCOUNTING PRINCIPLES

Basis of preparation of the financial statements

The interim financial statements – consisting of the statement of financial position, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and selected explanatory notes – of FP Holding for the period from 1 January to 30 June 2017 are submitted to the Federal Gazette and published. The interim financial statements are condensed financial statements in accordance with IAS 34 (Interim Financial Reporting) for the interim reporting period from 1 January to 30 June 2017. As a matter of principle, the interim financial statements were prepared using the same accounting policies as the 2016 consolidated financial statements. The interim financial statements should be read in conjunction with the audited consolidated financial statements.

The interim financial statements have been prepared in euro (EUR). For the purposes of clarity and comparability, all amounts are shown in thousands of euro (EUR thousand) unless otherwise stated. Commercial rounding can result in minor arithmetic differences.

In accordance with IAS 1, the consolidated statement of financial position is structured by maturity. Its items are therefore divided into current and non-current assets and liabilities. Assets and liabilities are classified as current if they have a remaining term of less than one year or are turned over within one year in the ordinary course of business. Accordingly, assets and liabilities are classified as non-current if they remain in the company for longer than one year.

The consolidated statement of comprehensive income has been prepared in line with the nature of expense method.

Adjustments to accounting policies and new standards and interpretations

The accounting policies applied are fundamentally unchanged compared with the reporting date 31 December 2016.

The interim financial statements and the interim Group management report have not been reviewed or audited in accordance with section 317 of the German Commercial Code (HGB).

Consolidated group

Francotyp-Postalia Holding AG acts as the parent company under which the FP Group is consolidated. The consolidated financial statements of FP Holding include all companies whose financial and operating policies can be controlled by FP (subsidiaries). Subsidiaries are included in the consolidated financial statements from the date on which FP Holding obtains control. If control ends, the respective companies are deconsolidated.

There were no changes to the consolidated group compared with the consolidated financial statements for the year ended 31 December 2016.

Currency translation

Currency translation is based on the following exchange rates:

	Closing rate			Average rate	
1 Euro =	**30.06.2017**	31.12.2016	30.06.2016	**1st half 2017**	1st half 2016
US dollar (USD)	1.1405	1.0554	1.1146	1.0831	1.1161
Pound sterling (GBP)	0.8787	0.8554	0.8264	0.8605	0.7790
Canadian dollar (CAD)	1.4800	1.4170	1.4410	1.4456	1.4848
Swedish krona (SEK)	9.6440	9.5835	9.4211	9.5980	9.3016

Management estimates and discretion

When preparing interim financial statements, assumptions and estimates affecting the amount and reporting of assets and liabilities and income and expenses in the period under review are made to a certain extent. Estimates and assumptions are based on premises that reflect the most recent information. In particular, the circumstances at the time of preparing the interim financial statements and realistic assumptions of the future development of the global and industry environment were used as the basis for determining expected future business developments. The actual amounts may deviate from the original estimates due to developments that differ from the assumptions made and that are beyond management control. If the actual developments differ from those forecast, the premises and – if necessary – the carrying amounts of the relevant assets and liabilities are adjusted accordingly.

II. DEVELOPMENTS IN THE REPORTING PERIOD

As a matter of principle, the FP Group's business activities are not affected by seasonal factors.

Information on the significant economic factors affecting the FP Group's business activities in the interim reporting period can be found in the interim Group management report.

The Annual General Meeting on 7 June 2017 resolved a dividend payment of EUR 0.16 per share for the 2016 fiscal year. The total amount distributed for dividend-bearing shares was EUR 2,606 thousand, which was paid in the second quarter of 2017. The remaining net retained profits were carried forward to new account. The FP Group paid a dividend of EUR 1,923 thousand in the previous year.

The FP Group acquired a company in the UK in the first quarter of 2017. The disclosures according to IFRS 3.59 will be made within twelve months of the acquisition date once the purchase price allocation is finalised.

In the first half of 2017, income tax expenses amounted to EUR 1,120 thousand. The planned tax rate is 34.5% and thus slightly below the 35.5% of the previous year. Further measures to optimise the tax rate were implemented in 2017.

Due to the successful conclusion of the arbitration and mutual agreement proceedings between the Federal Republic of Germany and the Kingdom of the Netherlands and the Kingdom of Belgium, tax receivables and the corresponding tax provisions in the Group both fell. Having amounted to EUR 4,997 thousand as of 31 December 2016, tax receivables declined by EUR 1,041 thousand to EUR 3,956 thousand.

Other developments

Information on other developments at the FP Group can be found in Section III Contingent liabilities and assets as well as in the interim Group management report.

III. EXPLANATORY NOTES

NOTES TO THE CASH FLOW STATEMENT

The cash flow statement of the FP Group shows the development of cash inflows and outflows from current operating, investing and financing activities.

Cash and cash equivalents are broken down as follows:

EUR thousand	30.06.2017	30.06.2016
Cash and cash equivalents	27,107	27,246
plus securities	681	685
less restricted funds (postage credit held)	–9,541	–7,931
Cash and cash equivalents	**18,247**	**20,000**

CONTINGENT LIABILITIES AND ASSETS

In the second quarter of 2017, deviations and occasional irregularities due to employee misconduct were found in the internal recording and billing of letter volumes in the time-critical consolidation business. On the basis of current information, FP assumes that there is an obligation to return payments and that there will be a future outflow of resources for consulting costs. In this context, the FP Group recognised provisions of EUR 0.5 million in the second quarter of 2017. The currently still ongoing clarification of the matter could result in further repayment obligations for the FP Group with estimated potential damages of EUR 0.6 million. The FP Group does not currently assume that there is an obligation for this.

In respect to further information regarding contingent liabilities and assets please also refer to the information in the 2016 annual report.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no other significant events after the end of the reporting period on 30 June 2017 that are not reflected in the interim financial statements.

IV. SEGMENT INFORMATION

Segment reporting is based on the single-entity financial statements prepared in accordance with the respective local GAAP. The figures from the individual single-entity financial statements are aggregated to produce segment totals and also include intra-segment figures and interim profits. Consolidation and reconciliation to the interim financial statements is performed using the reconciliation column, which also contains adjusting entries under IFRS.

SEGMENT INFORMATION 01.01.–30.06.2017

	A	B	C	D		
EUR thousand	Production	Sales Germany	International Sales	Central Functions	Group reconciliation	**Total**
Revenues	44,005	58,993	45,570	1,075	–45,222	104,421
with third parties	2,399	56,289	45,733	0	0	104,421
inter-segment revenues	41,606	2,304	83	1,075	–45,068	0
EBITDA	**5,322**	**3,818**	**10,002**	**–4,139**	**–2,294**	**12,709**
Amortisation, depreciation and write-downs	897	1,067	8,175	122	–430	9,831
Net interest income	–774	–171	1,057	424	129	665
of which interest expense	916	173	149	431	–1,065	604
of which interest income	142	2	1,206	855	–936	1,269
Other financial result	–509	0	–1	1	214	–295
Income taxes	0	–781	–329	102	–112	–1,120
Net income	3,142	1,799	2,554	–3,734	–1,633	2,128
Segment assets (as at 30.06.)	114,243	68,892	113,806	111,527	–246,547	161,921
Investment	1,975	1,246	6,805	47	–2,095	7,978
Segment liabilities (as at 30.06.)	109,562	40,993	69,719	46,655	–138,506	128,424

SEGMENT INFORMATION 01.01.–30.06.2016

	A	B	C	D		
EUR thousand	Production	Sales Germany	International Sales	Central Functions	Group recon-ciliation	Total
Revenues	44,381	57,016	43,432	1,025	–45,537	100,317
with third parties	2,366	54,818	43,334	0	–201	100,317
inter-segment revenues	42,015	2,198	98	1,025	–45,336	0
EBITDA	**4,303**	**5,086**	**8,613**	**–3,495**	**138**	**14,645**
Amortisation, depreciation and write-downs	710	1,133	7,831	62	–1,413	8,322
Net interest income	–823	–265	467	79	251	–291
of which interest expense	1,014	267	127	886	–1,346	948
of which interest income	191	2	594	965	–1,096	656
Other financial result	–797	0	14	–214	1,139	142
Income taxes	–45	319	918	460	–3,818	–2,166
Net income	1,928	4,007	2,181	–3,232	–876	4,008
Segment assets (as at 30.06.)	118,535	58,523	112,793	111,138	–237,506	163,483
Investment	753	270	6,825	67	567	8,482
Segment liabilities (as at 30.06.)	115,068	31,352	70,349	43,345	–132,319	127,794

An earnings adjustment between FP GmbH and the sales companies is recognised at the end of the year in accordance with tax rules for cross-border intragroup transfer pricing. This adjustment primarily affects the reported segment revenues and segment EBITDA / net income between the segments. Based on the current earnings margins of the sales companies, revenues and EBITDA for the Production segment would increase by EUR 892 thousand for the reporting period from 1 January 2017 to 30 June 2017 (previous year: EUR 280 thousand). EBITDA for the segment Sales Germany would decrease by EUR 258 thousand (previous year EUR 0 thousand) and the segment Sales International would increase by EUR 366 thousand (previous year EUR 280 thousand).

EUR thousand	Production	Sales Germany	International Sales	Central Functions	Group recon-ciliation	Total
01.01.–30.06.2017	A	B	C	D		
Restructuring provisions	0	0	0	0	0	0
Income from the reversal of provisions	10	793	0	150	–952	0
01.01.–30.06.2016						
Restructuring provisions	0	0	0	0	0	0
Income from the reversal of provisions	27	399	0	75	–501	0

RECONCILIATION IN EUR THOUSAND

REVENUES

	01.01.–30.06.2017	01.01.–30.06.2016
Revenues from segments A–C	148,568	144,829
Revenues from Central Functions segment	1,075	1,025
Effects of finance lease adjustment	-154	-201
	149,489	**145,653**
Less inter-segment revenues	45,068	45,336
Revenues according to financial statements	**104,421**	**100,317**

EBITDA

	01.01.–30.06.2017	01.01.–30.06.2016
EBITDA from segments A–C	19,142	18,002
EBITDA from Central Functions segment	-4,139	-3,495
	15,003	**14,507**
Measurement effects of IFRS reconciliation	-333	2,702
Effects at consolidation level	-1,962	-2,562
Consolidated EBITDA	**12,709**	**14,645**
Amortisation, depreciation and write-downs	-9,831	-8,322
Net interest income	665	-291
Other financial result	-295	142
Consolidated earnings before taxes	3,248	6,175
Income taxes	-1,120	-2,166
Consolidated net income according to financial statements	**2,128**	**4,008**

ASSETS

	30.06.2017	30.06.2016
Assets of segments A–C	296,942	289,852
Assets of Central Functions segment	111,527	111,138
	408,468	**400,990**
Capitalised development costs in accordance with IFRS	18,337	21,160
Effects of remeasurement of goodwill	9,691	8,915
Effects of write-downs on customer lists	–120	–124
Other reconciliation adjustments to IFRS	7,512	8,344
	443,888	**439,286**
Effects at consolidation level (including elimination of intragroup balances)	–281,966	–275,802
Assets according to financial statements	**161,921**	**163,483**

ASSETS BY REGION

	30.06.2017	30.06.2016
Germany	294,662	288,197
USA and Canada	50,999	54,484
Europe (not including Germany)	62,807	58,309
Other regions	0	0
	408,468	**400,990**
Effects of IFRS remeasurement	35,540	38,420
Effects of write-downs on customer lists	–120	–124
	443,888	**439,286**
Effects at consolidation level (including elimination of intragroup balances)	–281,966	–275,802
Assets according to financial statements	**161,921**	**163,483**

The goodwill of EUR 8,494 thousand (previous year: EUR 8,494 thousand) reported in the consolidated statement of financial position relates exclusively to the Sales Germany segment.

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable reporting principles for interim consolidated financial reporting, the interim financial statements give a true and fair view of the net assets, financial position, and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Berlin, 24 August 2017

The Management Board of Francotyp-Postalia Holding AG

Rüdiger Andreas Günther CEO	Thomas Grethe	Sven Meise

FURTHER INFORMATION

INFORMATION ABOUT THIS QUARTERLY REPORT

This document complies with new guidelines for quarterly reporting in accordance with section 51 a of the Regulations of the Frankfurt Stock Exchange. As a result of amendments to European law, the legal obligation for listed companies to issue quarterly financial reports was revoked in Germany in 2015. In future, companies will have the possibility to publish a condensed quarterly report in this way for the first and third quarters of a fiscal year.

INFORMATION ABOUT THE COMPANY

The FP Group, which has its headquarters in Berlin, provides businesses and authorities with innovative solutions for secure and efficient communications. In addition to systems for franking and inserting mail, the company's range currently comprises services such as the collection of business mail and software solutions. Thanks to its 90-year history, the FP Group boasts a unique combination of organically grown mail processing expertise and digital know-how. The company has branches in many developed countries and has a global market share of more than 10% in the area of franking machines. In the 2016 fiscal year, the FP Group generated over EUR 200 million in revenues. It aspires to double revenues to around EUR 400 million by 2023. As part of the ACT strategy, the company will be on the attack in the core business, provide additional products services to its customers and press ahead with its digital transformation.

IMPRINT

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