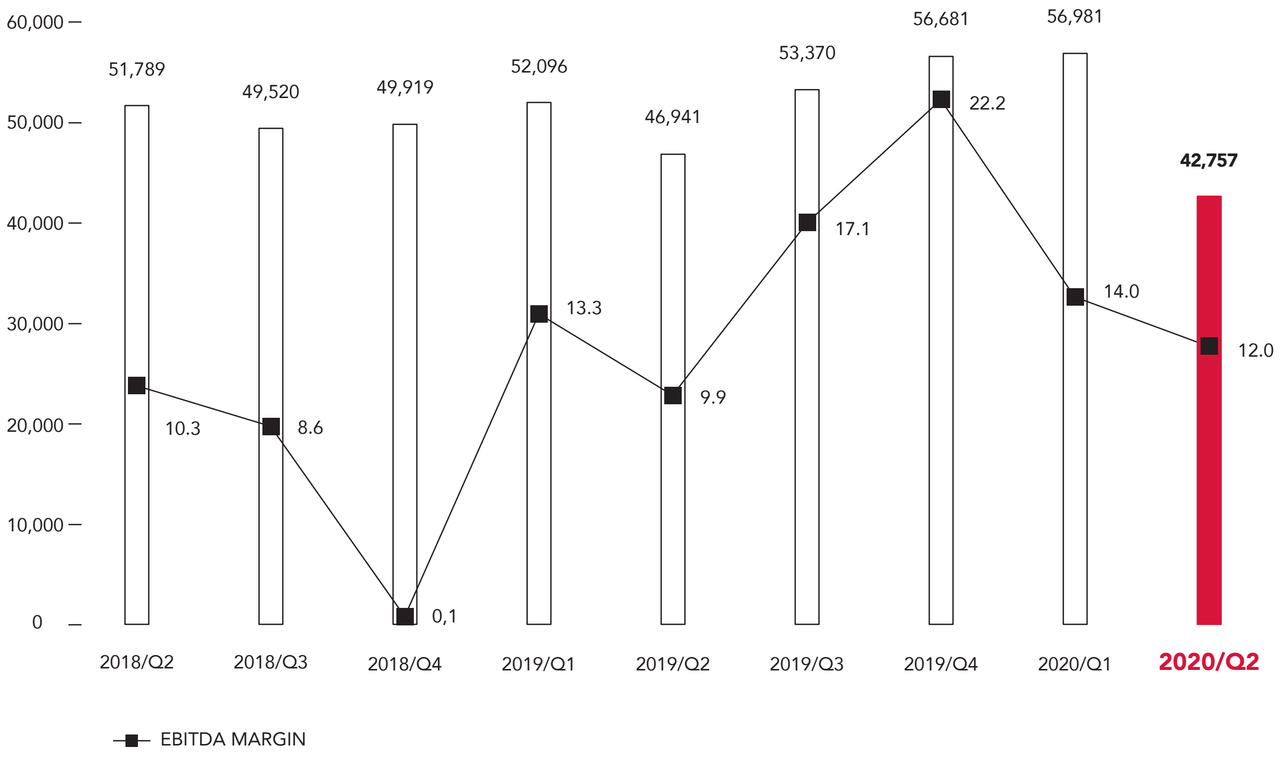
GERMAN
MAILGENEERING

2020
Interim Financial Report

Key Figures

REVENUE BY QUARTER (in EUR thousand)



FIGURES IN ACCORDANCE WITH CONSOLIDATED FINANCIAL STATEMENTS (as reported)

in EUR thousand	2019/Q2	2019/Q3	2019/Q4	2020/Q1	**2020/Q2**
Revenue	46,941	53,370	56,681	56,981	42,757
Percent change to prior year quarter	–11.4 %	7.8 %	13.5 %	9.4 %	–8.9 %
Revenue (excl. currency effects)					42,683
Percent change to prior year quarter					–9.1 %
EBITDA	4,636	9,134	12,594	8,000	5,113
as percentage of revenue	9.9 %	17.1 %	22.2 %	14.0 %	12.0 %
Consolidated net income	–641	2,017	–884	1,852	–83
as percentage of revenue	NA	3.8 %	NA	3.3 %	NA
Adjusted free cash flow*	–3,392	3,041	5,352	2,798	7,066
Shareholders equity	33,897	36,826	31,991	34,138	33,315
as percentage of balance sheet total	18.6 %	19.7 %	17.2 %	17.4 %	17.9 %
as percentage of balance sheet total	33,185	31,169	31,731	32,245	26,623
as percentage of balance sheet total	98 %	84 %	99 %	94 %	80 %
Share price end of period (EUR)	**3.56**	**3.54**	**3.45**	**2.82**	**3.20**
Earnings per share (EUR)	**–0.04**	**0.13**	**–0.06**	**0.12**	**–0.01**

* Adjusted for investments in finance lease assets and M&A and payments for the ACT project JUMP.

Francotyp-Postalia defies coronavirus crisis with robust earnings in first half of 2020:

The first half of 2020 was dominated by the coronavirus pandemic. Despite this extraordinary situation, FP increased its revenue slightly and its EBITDA significantly. Through active cost and liquidity management, the FP Group generated a positive free cash flow in the first six months. In these challenging times, the robustness of the business model is proving its value.

FP – like almost all companies – felt the effects of the coronavirus pandemic in the second quarter of 2020, resulting in an expected decline in some individual product segments at the company. The development of revenue and EBITDA was therefore lower in the second quarter.

In its core Franking and Inserting business, FP posted a robust development despite the economic effects of the coronavirus pandemic and performed well compared with competition. The company has steadily increased its market share since 2016, reaching now a level of 12.4 % worldwide. Revenue in the Mail Services segment has increased by double digits. The realignment initiated at the end of 2018, with a focus on profitable revenue, is showing results. Deutsche Post AG's increase in postage tariffs in the previous year also contributed to a positive development. By contrast, there was a decline in the Software/Digital business in the first half of 2020. There were several delays in customer projects as a result of coronavirus, as personal consultations were limited due to access restrictions and installations were not possible. Interest in FP's solutions has recently increased again. The company therefore remains positive about this new product area. The digital transformation is being accelerated by the changed working conditions and offers a positive environment for secure digital solutions.

Revenue rose by 0.7 % to EUR 99.7 million in the first six months of 2020. In the core **Franking and Inserting** business, revenue amounted to EUR 62.3 million, down 2.6 % on the previous year. The core business thus proved encouragingly stable in the coronavirus environment.

Revenue in the **Mail Services** segment developed positively again. It rose by 11.8 % year on year to EUR 29.3 million. The strategic realignment with a focus on profitable revenue is therefore increasingly showing results.

By contrast, revenue in the **Software/Digital** business fell short of expectations with a decline of 8.5 % to EUR 8.1 million. In addition to a decline in business with hybrid mail services due to the coronavirus pandemic, there was still a lack of the anticipated revenue contributions from FP Sign and from the Internet of Things (IoT) business.

Compared with the same period of the previous year, **EBITDA** improved significantly, reaching EUR 13.1 million after EUR 11.7 million in the first half of 2019. This was particularly attributable to the Mail Services segment, which made a significant positive earnings contribution. As expected, the ACT project JUMP is also increasingly delivering recurring savings effects.

Adjusted free cash flow amounted to EUR 9.9 million, against EUR 4.0 million in the same period of the previous year. The cost and liquidity management measures implemented from March had a particularly positive effect here.

Forecast for 2020: Based on the half-year figures and its assessments regarding the further development of the pandemic, the Management Board is specifying its forecast (assuming constant exchange rates). For fiscal year 2020, FP anticipates a decline in revenue to between EUR 195 million and EUR 203 million and EBITDA in a range of EUR 24 million to EUR 28 million. This forecast is subject to the further course of the pandemic and does not account for any renewed measures to protect against infection in the second half of the year.

Q2 2020
HIGHLIGHTS

MAY

FP and Deutsche Telekom agree partnership

FP InovoLabs GmbH, a wholly-owned subsidiary of Francotyp-Postalia Holding AG, is an official sales partner of Deutsche Telekom in the promising market of IoT communication. This cooperation allows both partners to improve their offerings to customers: FP's IoT Gateways augment Telekom's IoT portfolio with an additional security component and protect customer projects against unauthorized access in the Industrial Internet of Things. In return, FP InovoLabs uses Telekom's IoT SaaS platform Cloud of Things for its own needs and for customer projects.

JUNE

FP IAB provides new solution for the housing industry with strong partner

FP IAB Communications GmbH, a subsidiary of Francotyp-Postalia Holding AG, and PROMOS consult GmbH, a software specialist for the housing, construction and property industries, are offering a comprehensive solution for property companies to improve their communication with tenants. The new package from the two experts optimises mail processing in the housing industry both digitally and physically. Artificial intelligence and robotic process automation provide effective communication solutions, which above all make the responsible employees' work significantly easier while also saving costs.

JULY

High-security software solution for tax consultants and auditors

In the future, the company 5FSoftware will integrate FP Sign into its Collaboration Cloud for tax consultants and auditors. The digital signature from FP Mentana-Claimsoft GmbH, a subsidiary of Francotyp-Postalia Holding AG, not only spares clients the need to appear in person to provide a physical signature, but also simplifies any workflow that requires signatures to proceed. FP Sign allows documents, from business correspondence to tax returns and audit reports, to be issued with a legal electronic signature.

"After a good start to fiscal year 2020, the coronavirus pandemic had a considerable impact in the second quarter. The figures for the first half of the year show that FP has a sound business model and is well equipped for the future. With our comfortable liquidity position, we will continue to steer FP safely through these challenging times."
Rüdiger Andreas Günther,
CEO / CFO

"FP will evolve into an international technology group. Future success will be based on digital business models and the realignment of our innovations to our customers' value creation. FP sees opportunities in IoT, digital signatures and document management. Further, growing and monetizing our installed base of franking machines with software-based services for hybrid & digital mailrooms is an opportunity."
Carsten Lind,
Member of the Management Board

"Our core business proved very robust in the first half of 2020. Our PostBase Vision guarantees stable revenue. Our global share in the franking business is now 12.4 %. We are a technology leader and want to continue gaining market shares in our core markets. We are making good progress in our key strategic countries such as the US, Germany and France."
Patricius de Gruyter,
CSO

"The revenue decline in the Software / Digital segment in the first half of the year is merely temporary. Many customer projects have been delayed due to the corona-virus crisis. The long-term outlook in this segment remains very promising. With FP Sign and our IoT-Gateways, we offer tailor-made solutions for our customers."
Sven Meise,
CDO / COO

1st half year 2020

INTERIM GROUP MANAGEMENT REPORT

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

1. Group Principles

1.1 Business Activity

Francotyp-Postalia Holding AG (FP Group, FP, Francotyp-Postalia or the company), is headquartered in Berlin and looks back at a history spanning 97 years. The FP Group's business activities focus on products and services for efficient mail processing, the consolidation of business mail, and digital solutions and Internet of Things (IoT) applications for businesses and authorities. The company, which has subsidiaries in various industrialised countries and a dense worldwide network of dealers, divides its business activities into three product areas: Franking and Inserting, Mail Services and Software/Digital.

In the *Franking and Inserting* product area, the FP Group develops franking and inserting systems. FP sells and leases these systems and also offers customers a comprehensive service package. Customers can use franking systems to frank their mail quickly and automatically. This makes their everyday office life easier and saves postage costs. Main revenue drivers, which generate recurring revenue, result from the leasing of franking machines, the sale of consumables such as tape or ink cartridges, as well as services, software solutions for cost centre management, FP Parcel Shipping and the Teleporto service.

The *Mail Services* product area comprises the franking service – collecting unfranked outbound post and providing the franking – and the consolidation service – sorting the post by postcode and delivering it in batches to a regional office of Deutsche Post AG or an alternative postal distributor. This business is operated by the FP Group with eight sorting centres throughout Germany, being the leading independent consolidator of business mail on the German market.

The *Software/Digital* product area comprises the business with hybrid mail services and solutions for secure digital communication. With its hybrid mail services, the FP Group offers its customers universal complete solutions for incoming mail processing (FP Input). This involves digitising all incoming mail, analysing it according to the customer's specific criteria, evaluating it and then feeding it into the customer's data or document system in an electronic form. In addition, FP also handles output management (FP Output), i.e. printing, inserting, franking and handover to the mail delivery services. The FP Group's secure digital communication services primarily comprise products for long-term storage and protection of electronic documents using encryption and signature software, such as FP Sign, a cloud-based electronic signature solution for the legally binding digital signing and exchange of contracts and documents. The Software/Digital product area also includes the FP Group's range of products and solutions for the Internet of Things (IoT). High-security edge gateways, one of the key components of the Internet of Things, were developed on the basis of the tried and tested, decades-old franking machine technology. FP now offers its customers tailor-made, cloud-based end-to-end-solutions for the secure transfer, management and analysis of data in the Internet of Things.

2. Economic Conditions

As expected, the economy suffered a dramatic collapse as a result of the coronavirus pandemic in the first half of 2020. In its latest report, the IMF forecasts that global gross domestic product (GDP) will drop by 4.9 % in 2020, another 1.9 percentage points more than in the April forecast.

Economic output in Germany also fell rapidly in the second quarter of 2020, which was particularly affected by coronavirus. According to the German Federal Statistical Office, the quarter-on-quarter decline in German GDP amounted to 10.1 % – an unprecedented slump that significantly exceeds the drop of 4.7 % during the 2008/2009 financial crisis. The European statistics agency Eurostat also reported a substantial downturn. After 3.6 % in the first quarter of 2020, eurozone GDP fell by 12.1% in the second quarter. In the US, too, economic output plummeted in the second quarter despite vast stimulus packages. The US government announced in an initial estimate that, from April up to and including June, its GDP contracted by 32.9 % on an annualised basis. This equates to a quarter-on-quarter decline of 10 % in the second quarter.

The euro/US dollar exchange rate plays an important role when it comes to the FP Group's exports to the US and other markets. The euro fell significantly against the US dollar for a time in the first half of 2020; after a low of USD 1.07 in March, however, the euro was back to USD 1.12 on 30 June 2020, on a par with the previous year's closing price. On average in the first half of 2020, the euro traded against the US dollar at 2.5 % below the level of the previous year. The development of the pound sterling was likewise very volatile in the first half of 2020 in light of the coronavirus pandemic. As at the end of the first half of 2020, the rate was GBP 0.91 and thus 7.5 % higher than the previous year's closing price. On average in the first six months of 2020, the euro traded against the pound sterling almost unchanged at the level of the previous year.

The FP Group processes post in foreign and domestic markets. According to statistics from the Universal Postal Union, nearly 300 billion letters are still being sent around the world each year, albeit with a downward trend (2018; global figures for 2019 are not yet available). The US, which makes up half of global mail volumes, saw only a modest fall in 2019 at 2.6 %, while mail volumes in Germany remained stable in 2019. In other countries (UK, France), the decline is much sharper at 7 % to 8 % in 2019. These declines are within the forecast trend range for the next few years. The parcel market, by contrast, is enjoying strong rates of growth: parcel volumes have risen by around 17 % annually over the past few years, with some 87 billion being sent in 2018.

The severity of the fall in mail volumes triggered by the coronavirus pandemic in the medium term cannot be quantified at present. In the short term, mail volumes declined significantly in most countries in the second quarter of 2020, especially advertising mail and in countries with strict lockdowns such as France, Italy and the UK (over 30 %). As the economy revives in the third quarter, however, mail volumes are visibly recovering. In total, a sharper decline than originally forecast is expected in 2020 (around 2 to 4 percentage points). There will be further catch-up effects in 2021, which will also depend on economic performance. A substantial surge in digitalisation is expected in the wake of the crisis, however, so a somewhat faster acceleration in the decline in mail volumes is anticipated in the medium term. In most countries, the parcel market has seen significant growth in 2020 as a result of the coronavirus pandemic, which will also have a positive effect on the parcel market in the medium term.

3. Results of Operations

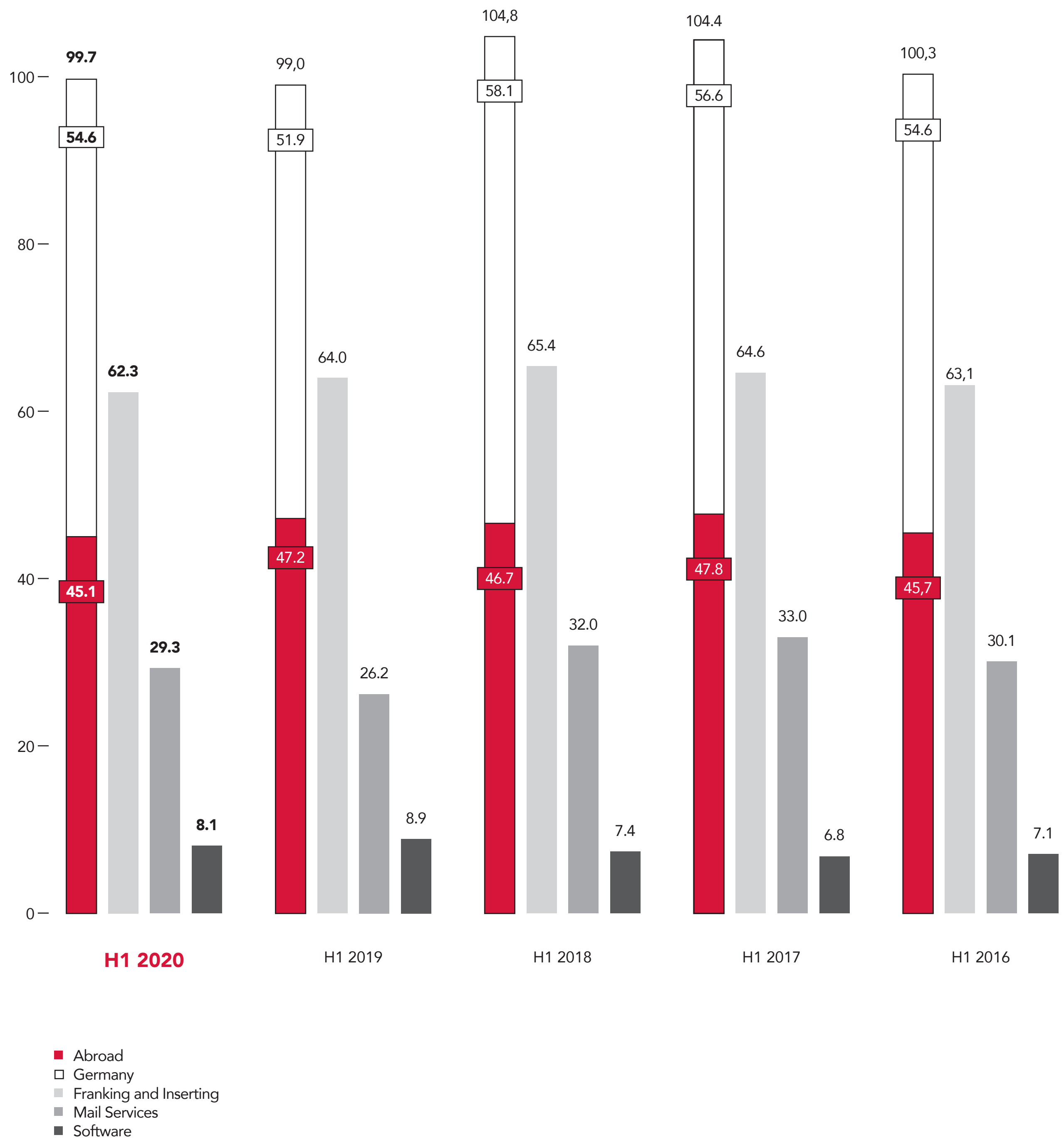
3.1 Changes in material items in the consolidated statement of comprehensive income

The comparable reporting periods H1 2019 and Q2 2019 are shown in the adjusted version in the notes to the results of operations. The reasons and effects of the restatement are explained in section I.2.6 of the interim financial statements.

in Mio. Euro	**H1 2020**	H1 2018	Q2 2019	Q2 2018
Revenue	99.7	99.0	42.8	46.9
Change in inventories	1.4	1.7	0.8	1.3
Other own work capitalised	5.9	8.2	2.8	4.4
Overall performance	107.0	108.9	46.3	52.6
Other income	1.3	0.8	0.9	0.3
Cost of materials	48.0	48.9	20.0	23.6
Staff costs	31.2	30.5	15.2	14.8
Expenses from impairment losses and income from reversals of impairment losses from trade accounts	0.5	0.9	0.1	0.2
Other expenses	15.4	17.6	6.7	9.5
EBITDA	13.1	11.7	5.1	4.8
Amortisation, depreciation and write-downs	11.2	10.9	5.8	5.3
EBIT	1.9	0.8	–0.7	–0.5
Net interest income	0.6	0.3	0.3	0.2
Other financial result	0.1	–0.1	0.3	–0.4
Shares in profit and loss of companies accounted for according to the equity method	–0.0	–0.0	–0.0	–0.0
Income taxes	–0.9	–0.3	0.0	0.3
Consolidated net income	**1.8**	**0.7**	**–0.1**	**–0.5**

3.1.1 Revenue development

CONSOLIDATED REVENUE (in EUR million)



In the first half of 2020, the FP Group generated revenue of EUR 99.7 million compared with EUR 99.0 million in the same period of the previous year. At the same time, the first six months were dominated by the coronavirus crisis. That FP increased its revenue in spite of this crisis is proof of the robustness of the business model.

Revenue in the traditional franking and inserting business came to EUR 62.3 million in the first half of 2020 after EUR 64.0 million in the same period of the previous year (–2.6 %). This includes revenue contributions from the acquisition of Hefter Systemform (EUR 1.7 million), the effect of the reassessment of the useful life of leased products from 2019 (EUR 1.6 million) and positive currency effects (EUR 0.4 million). Despite the decline in revenue, FP again gained market shares against the competition in a difficult market environment in the reporting period. FP's global market share increased slightly to 12.4 %.

In the German domestic market, the FP Group increased its revenue by 5.3 % year on year to EUR 54.6 million in the first half of 2020. In the Franking and Inserting segment, the company's revenue in Germany was up 2.1% at a total of EUR 17.5 million. The core business in Germany was burdened by the marked impact of the coronavirus pandemic in the second quarter. The slight revenue increase in the first six months of 2020 was the result of the revenue contributed by the Hefter acquisition. Revenue in the Mail Services segment increased by 11.8 % year on year to EUR 29.3 million. The processed mail volume decreased slightly in the first half of 2020 as a result of the substantial coronavirus effects in the second quarter. However, the realignment initiated at the end of 2018 with a focus on profitable revenue is showing results. Deutsche Post AG's increase in postage tariffs in the previous year also contributed to a positive overall development. By contrast, revenue in the Software/Digital business posted an 8.5 % decrease to EUR 8.1 million in the first half of 2020. In addition to a decline in business with hybrid mail services due to the coronavirus pandemic, there was still a lack of the anticipated revenue contributions from FP Sign and from the Internet of Things (IoT) business. There were several delays to customer projects as a result of coronavirus in the first six months of 2020, as personal consultations were limited due to access restrictions. Interest in FP's solutions has recently increased again. The company therefore remains positive about this new product area. The digital transformation is being accelerated by the changed working conditions and offers a positive environment for secure digital solutions.

Outside Germany, the FP Group's revenue decreased year on year to EUR 45.1 million (–4.3%) in the first half of 2020 as a result of the pandemic. Adjusted for currency effects, revenue outside Germany fell by 5.1 %. In the largest foreign market, the US, business was comparatively robust in the first six months of 2020. Adjusted for currency effects and before the effect of the reassessment of the useful life of leased products from 2019, revenue fell only slightly, by –1.1%, in the US in the reporting period. In Europe outside Germany, business was hit particularly hard by the negative impact of the coronavirus crisis in the UK and Italy.

Table: Revenue by product and service

REVENUE by product and service

in EUR million	H1 2020	H1 2019	Change %	Q2 2020	Q2 2019
Revenue from product sales and other	14.5	17.2	–15.5	5.7	8.4
Service/customer service	11.4	10.1	12.8	4.9	4.4
Consumables	12,1	11,6	4.3	5,9	5,5
Teleporto	4.3	4.4	–1.1	2.2	2.2
Mail Services	29.3	26.2	11.8	12.1	11.8
Software/Digital	8.1	8.9	–8.5	3.7	4.2
Revenue in accordance with IFRS 15	**79.8**	**78.8**	**1.3**	**33.6**	**36.9**
Finance lease	5.5	3.5	60.2	1.6	1.3
Operating lease	14.6	16.8	–12.8	7.7	8.8
Revenue in accordance with IFRS 16	**20.2**	**20.2**	**–0.3**	**9.3**	**10.1**
Reduction in revenue due to currency effects from hedge accounting	**–0.2**	**0**	**n/a**	**–0.1**	**0**
Revenue total	**99.7**	**99.0**	**0.7**	**42.8**	**46.9**
Non-recurring revenue	20.6%	21.4%		16.9%	21.1%
Recurring revenue	79.4%	78.6%		83.1%	78.9%

The slight rise in revenue according to IFRS 15 in the first half of 2020 resulted primarily from increasing revenue in the Mail Services segment. In the core business, the global restrictions imposed by the measures to protect against infection led to a significant decline in revenue from product sales (–15.5%). In the service business, the business model proved robust in the coronavirus pandemic, and FP also generated higher revenue with fee-based software updates in connection with postage changes in Austria in particular. The business with consumables performed at least at the previous year's level in the reporting period, despite considerable declines in the second quarter as a result of coronavirus. Revenue within the scope of IFRS 16 developed at the previous year's level in the first six months of 2020. A significant decline in lease revenue as a result of the pandemic, especially in the UK, was offset by the positive effect of the reassessment of the useful life of leased products from 2019.

3.1.2 Other own work capitalised

The sharp decrease in own work capitalised in the first half of 2020 (–28.5% year on year) is chiefly due to the planned reduction in investment in new products and lower investment in the global introduction of a uniform ERP/CRM landscape as a result of coronavirus. The development costs reported in own work capitalised decreased significantly to EUR 4.1 million, down EUR 1.5 million on the first half of 2019, which period still included investments in the development of the new PostBase Vision with the discoverFP customer portal. The additions to leased products reported therein fell to EUR 1.7 million in the first six months of 2020 compared with EUR 2.5 million in the same period of the previous year, primarily due to the pandemic.

3.1.3 Other income

The increase in other income in the reporting period of EUR 0.5 million is largely due to income from governmental coronavirus assistance in Germany, Europe and Canada. At EUR 0.4 million, income from statute-barred liabilities remained on a par with the previous year.

3.1.4 Cost of materials

Due in particular to the revenue decline in the Franking and Inserting segment, the FP Group's cost of materials fell by EUR 0.9 million to EUR 48.0 million in the first half of 2020 as against EUR 48.9 million in the same period of the previous year. At 48.2%, the cost of materials ratio was slightly below the previous year's level.

3.1.5 Staff costs

The slight increase in personnel expenses of 2.3% to EUR 31.2 million in the first six months of 2020 is primarily attributable to the Hefter acquisition. As a result of more measures introduced in the second quarter due to the coronavirus pandemic, staff costs were slightly improved in the first half of 2020 through the use of reduced working hours and similar instruments. The staff cost ratio increased slightly to 31.3%, compared with 30.8% in the previous year.

3.1.6 Expenses from impairment losses and income from reversals of impairment losses on trade receivables

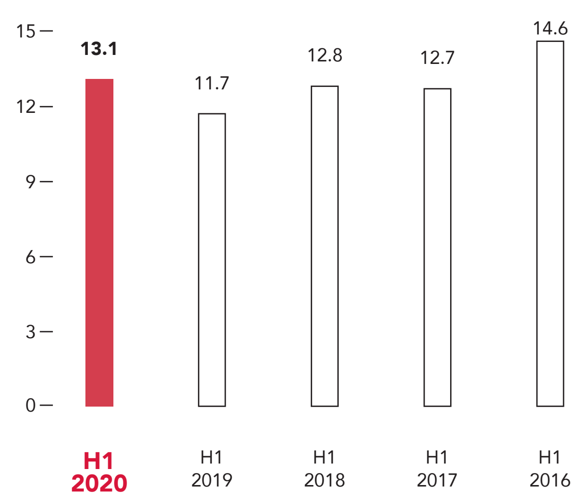
The decrease in expenses from impairment losses and income from reversals of impairment losses on trade receivables of EUR 0.4 million in the reporting period is based on decreased individual default risks.

3.1.7 Other expenses

Other expenses decreased by a significant –12.7% year on year to EUR 15.4 million in the first half of 2020. This was primarily due to much lower expenses for consulting services in the ACT project JUMP of EUR 0.7 million (H1 2019: EUR 2.1 million).

3.1.8 EBITDA

EBITDA (in EUR million)



In the first half of 2020, the FP Group generated EBITDA of EUR 13.1 million (+11.7% year on year). The FP Group's EBITDA margin increased to 13.1% after 11.9% in the previous year. This was particularly attributable to the Mail Services segment, which made a significant positive earnings contribution compared with the same period of the previous year. As expected, the ACT project JUMP is also increasingly delivering recurring savings effects. In connection with the further implementation, recurring savings of EUR 2.2 million were achieved in the first half of 2020 (H1 2020: EUR 0.5 million). In the reporting period, currency effects had no material influence on the FP Group's EBITDA.

3.1.9 Amortisation, depreciation and write-downs

In the first half of 2020, amortisation, depreciation and write-downs increased slightly by 2.5% year on year. This development is mainly due to the impairment of capitalised development costs for the FP Sign signature solution amounting to EUR 0.6 million.

3.1.10 EBIT

The FP Group's EBIT for the first half of 2020 increased significantly compared to the same period of the previous year (H1 2019: EUR 0.8 million) to EUR 1.9 million due to the stronger EBITDA and despite slightly higher amortisation, depreciation and write-downs.

3.1.11 Net interest income

The increase in net interest income in the first half of 2020 (+85.4%) resulted primarily from the slightly increased interest income from finance leases compared with the same period of the previous year due to the reassessment of the useful life of leased products in 2019.

3.1.12 Other financial result

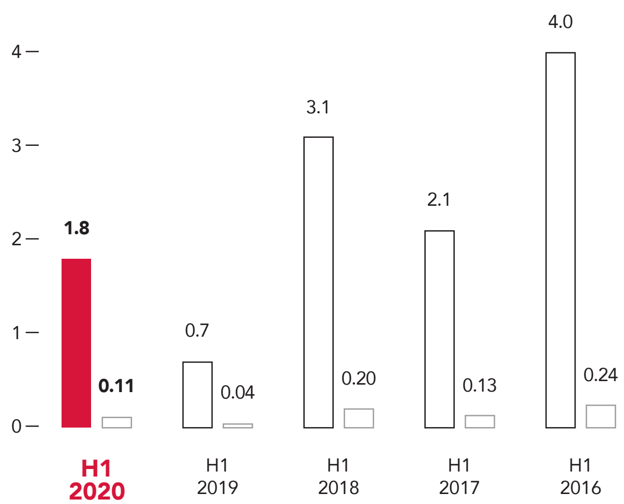
The FP Group posted a slightly positive other financial result in the first half of 2020 of EUR 0.1 million (H1 2019: EUR –0.1 million). This development is due primarily to currency effects affecting the measurement of items in the statement of financial position at the reporting date.

3.1.13 Income taxes

Income taxes totalled EUR –0.9 million in the first six months of 2020 (H1 2019: EUR –0.3 million). This corresponds to a tax rate of 32.9% (previous year: 28.8%).

3.1.14 Consolidated net income

CONSOLIDATES NET INCOME
(in EUR million and EPS (basic) in EUR)



In the first half of 2020, consolidated net income increased significantly as a result of improved earnings before tax. As a result, earnings per share (EPS) increased to EUR 0.11 (basic/diluted) in the first six months of 2020 after EUR 0.04 (basic/diluted) in the same period of the previous year.

3.1.15 Summary of results per segment

The segments report according to local accounting standards. The following table shows the revenue and EBITDA of the segments.

SUMMARY OF RESULTS PER SEGMENT

	Revenue			EBITDA		
in EUR million	**H1 2020**	H1 2019	Change in %	**H1 2020**	H1 2019	Change in %
Production [1]	2.0	2.6	–21.4	2.9	5.0	–41.3
Sales Germany [1]	54.4	51.4	5.8	3.4	2.8	19.4
International Sales [1]	42.7	45.4	–6.0	11.7	10.7	9.6
Central Functions [1]	–	–	–	–5.9	–5.5	–7.9
Group [2]	99.7	99.0	0.7	13.1	11.7	11.7

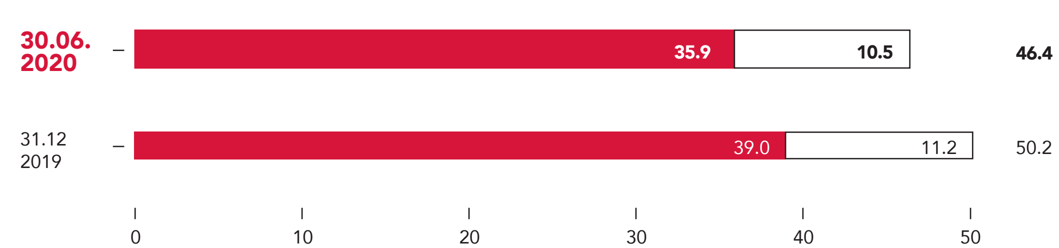
	Revenue			EBITDA		
in EUR million	**Q2 2020**	Q2 2019	Change in %	**Q2 2020**	Q2 2019	Change in %
Production [1]	0.8	1.1	–33.2	0.8	2.5	–67.1
Sales Germany [1]	23.5	24.0	–2.2	1.3	1.3	–1.4
International Sales [1]	18.3	21.8	–16.1	5.2	4.6	12.8
Central Functions [1]	–	–	–	–2.9	–2.6	–9.5
Group [2]	42.8	46.9	–8.9	5.1	4.8	6.6

1) Revenue with external third parties and EBITDA, according to local accounting standards.
2) Revenue and EBITDA according to IFRS. Information on reconciliation can be found in the notes to the consolidated financial statements, section III of the interim financial statements.

4. Financial Position

4.1 Financing Analysis

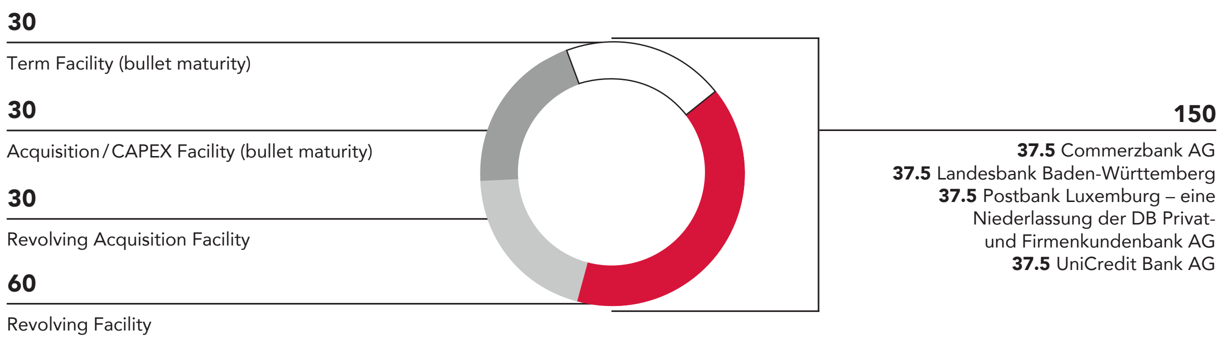
FINANCIAL LIABILITIES (in EUR million)



■ Liabilities to banks and miscellaneous other financial liabilities
□ Finance lease liabilities

To finance itself, the FP Group uses primarily cash flow from operating activities, along with existing or adjusted loan agreements with financial institutions and leases of less than one year.

SYNDICATED LOANS (in EUR million)



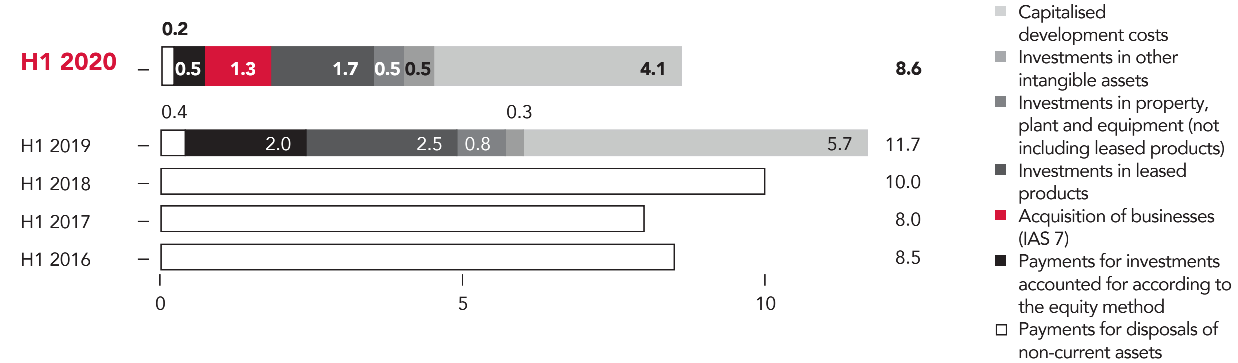
The syndicated loan agreement for a financing volume totalling EUR 150 million concluded with a strong syndicate of international banks in 2016 and renewed and extended early in fiscal year 2018 has a term to 28 September 2023. The financing documents on the basis of the British Loan Market Association (LMA) include an option to increase the loan by EUR 50 million.

Other key conditions of the syndicated loan agreement include the option to utilise part of the loan facility in foreign currencies. Furthermore, the FP Group has entrepreneurial headroom to enter into additional financial obligations. Overall, the syndicated loan agreement forms a forward-looking basis for the FP Group's financial stability and flexibility.

Information on changes to company equity in the first half of 2020 can be found in section 5.2 EQUITY.

4.2 Investment Analysis

INVESTMENTS (in EUR million)



In the first half of 2020, the FP Group also continued to invest in future growth on the basis of the ACT strategy, especially in product development, production and other core and supporting processes, in M&A, and in franking systems for lease markets.

Influenced by the introduction of more cost control and liquidity management measures in the second quarter as a result of the coronavirus pandemic, investments were significantly lower than in the previous year at EUR 8.6 million in the first six months of 2020. In connection with the implementation of the ACT strategy, the FP Group again invested in the development of new products (EUR 3.1 million as against EUR 3.5 million in the same period of the previous year). Investments in the capitalisation of development costs totalling EUR 4.1 million also include investments of EUR 0.9 million in the global introduction of a uniform ERP/CRM landscape. The FP Group also invested EUR 1.3 million in the acquisition of Hefter Systemform in the first half of 2020 and thus further strengthened its core business and expanded its product portfolio. In the first half of 2020, the investment in leased products decreased by EUR 0.8 million to EUR 1.7 million.

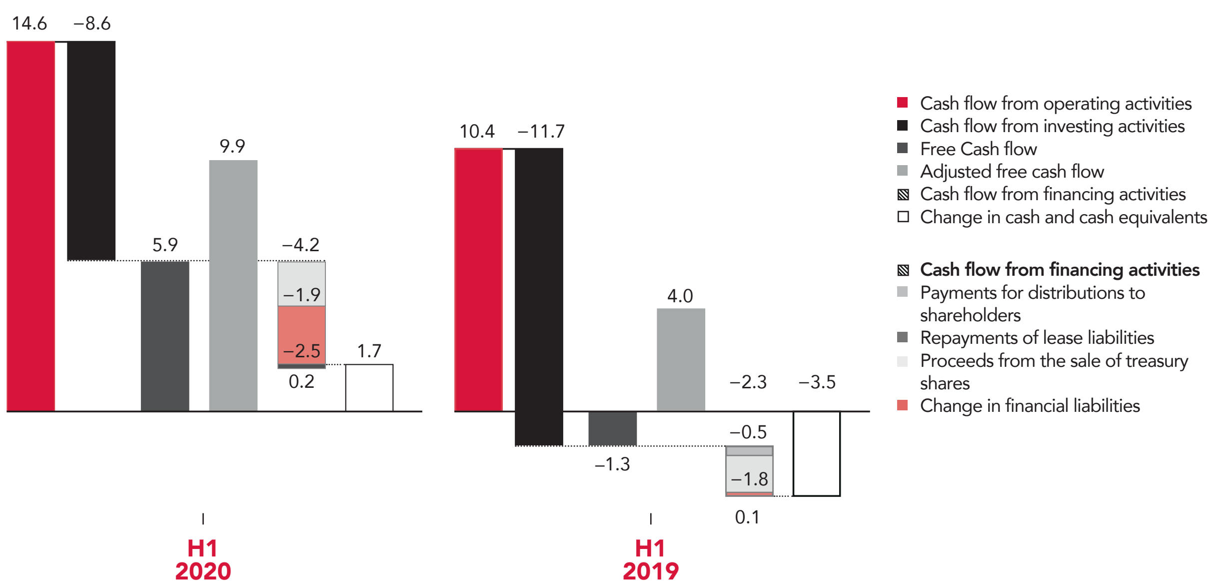
4.3 Liquidity analysis

LIQUIDITY ANALYSIS

in EUR million	**01.01.– 30.6.2020**	01.01.– 30.6.2020
Cash flow from operating activities	14.6	10.4
Cash flow from investing activities	–8.6	–11.7
Free cash flow	5.9	–1.3
Adjusted free cash flow*	9.9	4.0
Cash flow from financing activities	–4.2	–2.3
Change in cash and cash equivalents	1.7	–3.5
Change in cash due to currency translation	–0.5	0.0
Cash at beginning of period	18.5	21.2
Cash at end of period	**19.8**	**17.6**

* Adjusted for investments in finance lease assets and M&A and payments for the ACT project JUMP.

LIQUIDITY ANALYSIS (in EUR million)



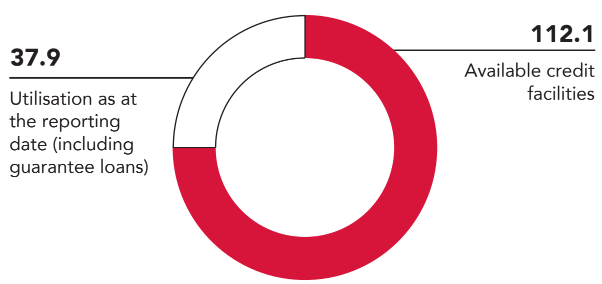
Influenced by the coronavirus pandemic, the cost control and liquidity management measures had a particular impact on cash flow from operating activities in the first half of 2020. It rose by EUR 4.1 million year on year to EUR 14.6 million. The slight increase in net working capital of EUR 1.8 million, here chiefly in inventories, served to ensure delivery capacity.

In contrast, the cash outflow from investing activities declined in the reporting period to EUR −8.6 million after EUR −11.7 million in the same period of the previous year. Please see the section on Investment Analysis (Section 4.2) for more information about further changes.

Due to the improved operating cash flow and lower investments, free cash flow increased to EUR 5.9 million in the first six months of 2020. Adjusted for investments in finance lease assets of EUR 0.3 million (previous year: EUR −0.9 million), payments for M&A of EUR −1.7 million (previous year: EUR −1.0 million) and payments for the ACT project JUMP of EUR −2.5 million (previous year: EUR −3.3 million), the FP Group generated adjusted free cash flow of EUR 9.9 million (previous year: EUR 4.0 million).

The change in cash flow from financing activities in the first half of 2020 was chiefly attributable to repayments of financial liabilities of EUR −2.5 million and repayment of lease liabilities of EUR −1.9 million.

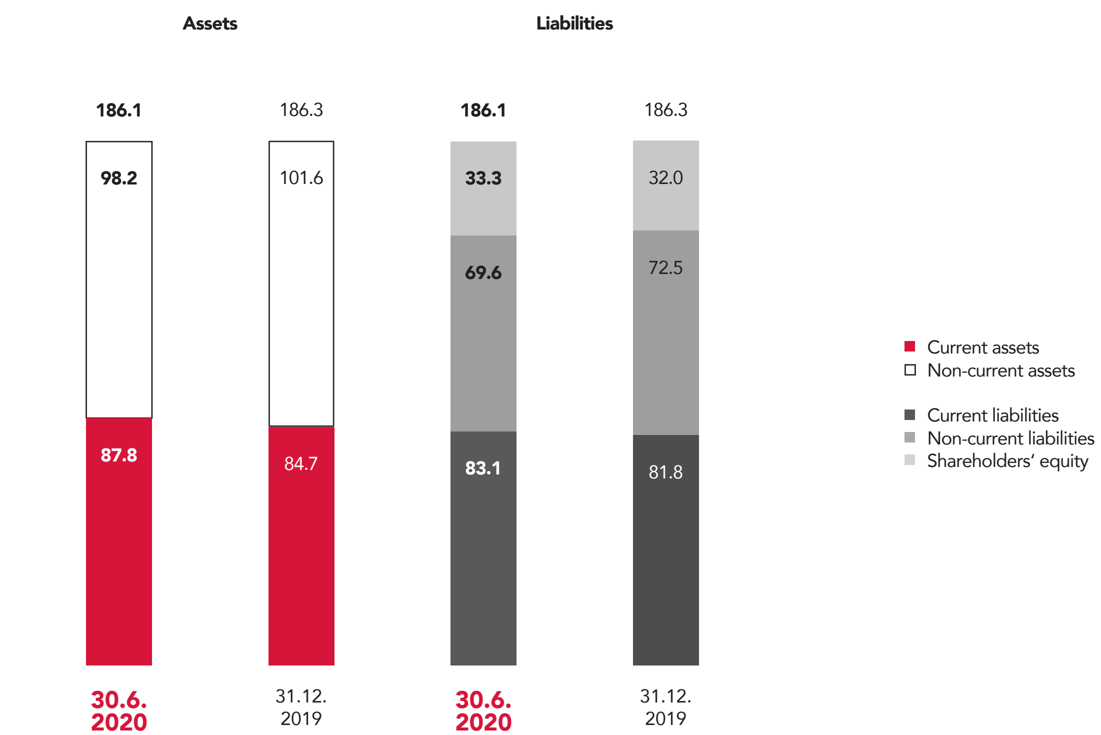
COMMITTED, BUT NOT FULLY UTILISED CREDIT FACILITIES (in EUR million)



With the syndicated loan agreement, the FP Group has to comply with two defined financial covenants. The credit conditions were complied with consistently throughout the reporting period. In the first half of 2020, the FP Group was able to meet its payment obligations at all times.

5. Net Assets

STATEMENT OF FINANCIAL POSITION STRUCTURE (in EUR million)



The ACT growth strategy and the development in operating business in the first half of 2020 under the influence of the coronavirus pandemic shaped the FP Group's statement of financial position as at 30 June 2020.

5.1 Non-Current and Current Assets

NON-CURRENT AND CURRENT ASSETS

in EUR million	30.06.2020	31.12.2019	Explanation of material changes
Intangible assets	38.9	38.8	
Property, plant and equipment	26.3	29.2	Decline in leased products (EUR –2.1 million; adjusted for currency effects EUR –2.0 million) and technical equipment and machinery (EUR –0.5 million) due to depreciation
Right of use	10.3	11.2	Decline in right-of-use assets due to depreciation
Other assets	17.6	18.1	Slight decline in finance lease receivables (EUR –0.5 million)
Tax assets	5.2	4.3	Increase in deferred tax assets
Non-current assets	**98.2**	**101.6**	
Inventories	13.7	12.4	Increase in raw materials, consumables and supplies and finished goods and merchandise to ensure delivery capacity during the coronavirus pandemic
Trade receivables	17.6	18.1	Decline in line with business performance and working capital management
Other assets	25.1	23.7	Increase in derivative financial instruments (EUR 1.0 million)
Securities and cash	31.5	30.5	Increase in cash and cash equivalents (EUR 1.0 million), slight decrease in postage credit managed by the FP Group (EUR –0.3 million)
Current assets	**87.8**	**84.7**	

5.2 Equity

As at 30 June 2020, the share capital of Francotyp-Postalia Holding AG amounted to EUR 16.3 million, divided into 16,301,456 no-par value bearer shares (31 December 2019: 16,301,456).

As at 30 June 2020, the company held 332,393 treasury shares or 2.0 % of the share capital (31 December 2019: 397,393 shares or 2.4 % of the share capital). The calculated value of treasury shares is openly deducted from equity. The difference of the purchase price is offset against capital reserves. Further information about authorised and contingent capital and conversion and option rights can be found in the 2019 annual report.

5.3 Non-Current and Current Liabilities

NON-CURRENT AND CURRENT LIABILITIES

in EUR million	30.6.2020	31.12.2019	Explanation of material changes
Provisions for pensions and similar obligations	20.1	20.6	
Other provisions, deferred tax liabilities and other liabilities	6.7	5.8	Increase in deferred tax liabilities (EUR 0.8 million)
Financial liabilities	42.8	46.2	Decrease in liabilities to banks (EUR –2.5 million) and lease liabilities (EUR –0.9 million)
Non-current liabilities	**69.6**	**72.5**	
Tax liabilities	3.0	2.7	
Provisions	8.0	9.6	Decrease in other personnel provisions (EUR –1.8 million)
Financial liabilities	3.6	4.1	Decrease in other financial liabilities (EUR –0.6 million)
Trade payables	13.6	14.6	Slight decrease in line with the development of operating business
Other liabilities (incl. hedging derivatives)	55.0	50.8	Intra-year increase in deferred income (EUR 3.3 million) and decrease in Teleporto liabilities (EUR –1.0 million)
Current liabilities	**83.1**	**81.8**	

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	30.6.2020	31.12.2019
Financial liabilities	46.4	50.2
Cash and cash equivalents	19.8	18.5
Net debt	**26.6**	**31.7**
Equity	33.3	32.0
Net debt ratio in %	**80**	**99**

Because cost control and liquidity management measures were introduced early as a result of the coronavirus pandemic, the FP Group's net debt increased considerably (–16.1 %) in the first half of 2020. As at 30 June 2020, equity increased slightly by 4.1 % year on year. The company's net debt ratio came to 80% at the end of the reporting period (31 December 2019: 99 %).

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 2020, the "leased products" item under non-current assets contained assets with a carrying amount of EUR 16.2 million (as at 31 December 2019: EUR 18.3 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 23.8 million as at the end of the reporting period (31 December 2019: EUR 24.1 million). Without these business models, total assets would be EUR 146.1 million instead of EUR 186.1 million.

6. Risk and Opportunity Report

The FP Group's risks, including with regard to the impact of COVID-19, and opportunities are discussed in detail in the consolidated financial statements for the year ended 31 December 2019. There were no material changes in the reporting period compared with the opportunities and risks described in the consolidated financial statements for the 2019 financial year. However, the further development of the coronavirus pandemic is subject to increased uncertainty with regard to its duration and its impact. This uncertainty could have a negative influence on the FP Group's net assets, financial position and results of operations in fiscal year 2020 and beyond.

7. Forecast

The robust development in the first half of 2020 confirms to the management that it has set the right strategic course for the FP Group in the long term with ACT. The company is well positioned in its core business and its digital products hold considerable potential for the future.

Due to the economic effects of the coronavirus pandemic, the FP Group is still anticipating a year-on-year decline in revenue, EBITDA and adjusted free cash flow in fiscal year 2020.

Based on the half-year figures and its assessments regarding the further development of the pandemic, the Management Board is specifying its forecast. For 2020 as a whole, FP anticipates a decline in revenue to between EUR 195 million and EUR 203 million and EBITDA in a range of EUR 24 million to EUR 28 million. With regard to adjusted free cash flow, FP still expects a significant year-on-year decline.

The anticipated development of financial performance indicators is based on the assumption of constant exchange rates.

The company wishes to point out that statements relating to the future are based on assumptions and estimates. Actual future developments and results may vary substantially from these assumptions and estimates.

1st half year 2020

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income for the Period from 1 January to 30 June 2020

in EUR thousand	H1 2020 1.1.–30.6.2020	H1 2019 1.1.–30.6.2019 adjusted[1]	Q2 2020 1.4.–30.6.2020	Q2 2019 1.4.–30.6.2019 adjusted[1]
Revenue	99,738	99,037	42,757	46,941
Increase in inventories of finished goods and work in progress	1,398	1,674	753	1,316
	101,136	100,711	43,509	48,257
Other own work capitalised	5,857	8,193	2,754	4,391
Other income	1,292	785	880	264
Cost of materials				
a) Expenses for raw materials, consumables and supplies	16,916	18,680	6,786	9,105
b) Cost of purchased services	31,128	30,213	13,217	14,487
	48,044	48,892	20,004	23,591
Staff costs				
a) Wages and salaries	26,343	25,838	12,855	12,539
b) Social security contributions	4,452	4,207	2,158	2,067
c) Expenses for pensions and other benefits	422	459	192	167
	31,217	30,505	15,206	14,774
Amortisation, depreciation and write-downs	11,185	10,916	5,795	5,314
Expenses from impairment losses and income from reversals of impairment losses on trade receivables	514	911	90	246
Other expenses	15,397	17,640	6,731	9,505
Net interest income				
a) Interest and similar income	1,256	1,015	596	496
b) Interest and similar expenses	636	681	320	334
	620	334	276	162
Other financial result				
a) Other financial income	615	306	29	–660
b) Other finance costs	497	439	–282	–236
	118	–133	312	–424
Shares in profit and loss of companies accounted for according to the equity method	–29	–34	–29	–34
Income taxes	–867	–286	41	289
Consolidated net income	**1,769**	**708**	**–83**	**–524**

1) See section I.2.6. of the notes for explanations of the adjustment of comparative periods due to error correction (IAS 8) and presentation (IAS 1).
2) Item that is not reclassified to profit or loss.
3) Item that can be reclassified to profit or loss.

in EUR thousand	H1 2020 1.1.–30.6.2020	H1 2019 1.1.–30.6.2019 adjusted[1]	Q2 2020 1.4.–30.6.2020	Q2 2019 1.4.–30.6.2019 adjusted[1]
Other comprehensive income				
Foreign currency translation of financial statements of foreign entities[3]	–686	356	–779	–877
of which taxes	–14	23	34	22
Provisions for pensions and partial retirement obligations in accordance with IAS 19 (rev. 2011)[2]	–164	–118	–90	–124
of which taxes	46	41	25	35
Cash flow hedges – effective part of changes to fair value[3]	393	322	185	379
of which reserve for hedging costs	28	13	42	39
of which taxes	–170	–17	–80	–68
Cash flow hedges – Reclassification to profit or loss	–168	–267	–65	–155
of which taxes	72	155	28	107
Other comprehensive income after taxes	–625	293	–749	–777
Total comprehensive income	**1,144**	**1,001**	**–832**	**–1,302**
Consolidated net income	1,769	708	–83	–524
of which attributable to the shareholders of FP Holding	1,769	708	–83	–524
Total comprehensive income	1,144	1,001	–832	–1,305
of which attributable to the shareholders of FP Holding	1,144	1,001	–832	–1,305
Earnings per share (basic in EUR)	0.11	0.04	–0.01	–0.04
Earnings per share (diluted in EUR)	0.11	0.04	–0.01	–0.04

Consolidated Statement of Financial Position as at 30 June 2020

ASSETS

EUR thousand	30.6.2020	31.12.2019
NON-CURRENT ASSETS		
Intangible assets		
Intangible assets including customer lists	22,689	23,701
Goodwill	4,627	4,622
Development projects in progress and advance payments	11,573	10,438
	38,889	38,762
Property, plant and equipment		
Land, land rights and buildings	2,666	2,765
Technical equipment and machinery	3,658	4,137
Other equipment, operating and office equipment	3,559	3,878
Leased products	16,200	18,307
Advance payments and assets under construction	162	134
	26,245	29,220
Right of use assets	**10,304**	**11,182**
Other assets		
Associates	618	642
Finance lease receivables	16,768	17,256
Other non-current assets	198	192
	17,584	18,089
Tax assets		
Deferred tax assets	2,406	1,503
Current tax assets	2,821	2,821
	5,227	4,324
	98,249	**101,576**
CURRENT ASSETS		
Inventories		
Raw materials, consumables and supplies	5,084	5,156
Work in progress	426	378
Finished goods and merchandise	8,154	6,823
	13,664	12,357
Trade receivables	**17,570**	**18,142**
Other assets		
Finance lease receivables	7,011	6,875
Income taxes receivable	1,709	1,573
Derivative financial instruments	1,042	0
Other current assets	15,374	15,238
	25,136	23,685
Cash and cash equivalents	**31,474**	**30,508**
	87,844	84,692
	186,093	**186,269**

LIABILITIES

in EUR thousand	30.06.2020	31.12.2019
EQUITY		
Issued capital	16,301	16,301
Capital reserves	34,535	34,743
Stock option reserve	1,538	1,520
Treasury shares	–1,493	–1,863
Loss carried forward	–13,951	–15,654
Consolidated net income	1,769	1,703
Total other equity	–5,385	–4,760
	33,315	31,991
NON-CURRENT LIABILITIES		
Provisions for pensions and similar obligations	20,140	20,591
Other provisions	3,511	3,374
Financial liabilities	42,782	46,157
Other liabilities	34	27
Deferred tax liabilities	3,176	2,367
	69,643	72,517
CURRENT LIABILITIES		
Tax liabilities	3,004	2,713
Other provisions	7,983	9,580
Financial liabilities	3,613	4,092
Trade payables	13,566	14,581
Other liabilities	54,968	50,796
of which telepostage EUR 26,132 thousand (previous year: EUR 27,119 thousand)		
	83,134	81,762
	186,093	**186,269**

Consolidated Cash Flow Statement for the Period from 1 January to 30 June 2020

EUR thousand	1.1.–30.6.2020	1.1.–30.6.2019 adjusted[2)]
1. Cash flow from operating activities		
Consolidated net income	1,769	708
Net income tax recognised in profit or loss	867	286
Net interest income recognised in profit or loss	–620	–334
Amortisation, depreciation and write-downs on non-current assets	11,185	10,916
Decrease in provisions and tax liabilities	–2,167	–2,038
Gain (–)/Loss (+) on the disposal of non-current assets	–228	429
Increase in inventories, trade receivables and other assets which are not part of the investment or financing activities (excluding finance leasing)	–608	–1,875
Decrease (+)/Increase (–) in finance lease receivables	348	–908
Increase in trade payables and other liabilities[1)] not attributable to investing or financing activities	3,678	4,094
Other non cash expenses (+)/income (–)	448	659
Interest received	1,256	1,015
Interest paid	–561	–552
Income taxes received	–789	–1,963
Cash flow from operating activities	14,577	10,437
2. Cash flow from investing activities		
Payments for the capitalisation of development costs	–3,946	–5,593
Payments for capitalised interest for development costs	–182	–78
Payments from disposals of items of fixed assets	–161	–435
Payments for investments in intangible assets	–470	–301
Payments for investments in property, plant and equipment	–2,144	–3,297
Payments for investments accounted for according to the equity method	–480	–2,000
Payments for investments in the acquisition of operations (IAS 7)	–1,263	0
Cash flow from investing activities	**–8,646**	–11,705

EUR thousand	1.1.–30.6.2020	1.1.–30.6.2019 adjusted[2)]
3. Cash flow from financing activities		
Payments for distribution to shareholders	0	–477
Bank loan repayments	–2,474	–9
Repayments of finance lease liabilities	–1,890	–1,831
Proceeds from the sale of treasury shares	162	0
Proceeds from the assumption of bank loans	2	63
Cash flow from financing activities	–4,200	–2,254
Cash and cash equivalents[1]		
Change in cash and cash equivalents	1,731	–3,521
Change in cash due to currency translation	–475	1
Cash at beginning of period	18,518	21,153
Cash at end of period	**19,773**	**17,633**

1) Postage credit balances managed by the FP Group of EUR 11,701 thousand (previous year: EUR 10,177 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 0 thousand (previous year: EUR 674 thousand).

2) See section 1.2.6. of the notes for explanations of the adjustment of the comparative period due to error correction (IAS 8) and presentation (IAS 1).

Consolidated Statement of Changes in Equity for the Period from 1 January to 30 June 2020

						Total other equity							
in EUR thousand	Issued capital	Capital reserves	Stock option reserve	Treasury shares	Consolidated net income	Currency translation adjustment	Net investments in foreign operations	Adjustment due to IAS 19	Difference amount from acquisition of shares of other shareholders	Reserve from cash flow hedges	Reserve from hedging transactions	Equity attributable to FP Holding	**Total**
As at 31 Dec. 2018 (adjusted) [1]	**16,301**	**34,743**	**1,428**	**–1,863**	**–15,191**	**–130**	**11**	**–3,390**	**–439**	**–70**	**–126**	**31,274**	**31,274**
As at 31 Dec. 2018 (as reported)	***16,301***	***34,743***	***1,428***	***–1,863***	***–13,211***	***–130***	***11***	***–3,333***	***–439***	***–70***	***–126***	***33,311***	***33,311***
Change in accounting policies: First-time adoption of IFRS [2]	–	–	–	–	15	–	–	–	–	–	–	15	15
As at 1 Jan. 2019 (adjusted) [3]	**16,301**	**34,743**	**1,428**	**–1,863**	**–15,176**	**–130**	**11**	**–3,390**	**–439**	**–70**	**–126**	**31,289**	**31,289**
Consolidated net income 1 Jan.–30 Jun. 2019 (adjusted) [1]	**–**	**–**	**–**	**–**	**708**	**–**	**–**	**–**	**–**	**–**	**–**	**708**	**708**
Foreign currency translation of financial statements of foreign entities	–	–	–	–	–	372	–16	–	–	–	–	356	356
Adjustment of provisions for pensions and early retirement according to IAS 19 (adjusted) [1]	–	–	–	–	–	–	–	–118	–	–	–	–118	–118
Cash flow hedges	–	–	–	–	–	–	–	–	–	–44	100	56	56
Other comprehensive income 1 Jan.–30 Jun. 2019 (adjusted) [1]	**–**	**–**	**–**	**–**	**–**	**372**	**–16**	**–118**	**–**	**–44**	**100**	**294**	**294**
Total comprehensive income 1 Jan.–30 Jun. 2019 (adjusted) [1]	**–**	**–**	**–**	**–**	**708**	**372**	**–16**	**–118**	**–**	**–44**	**100**	**1,002**	**1,002**
Distributions	–	–	–	–	–477	–	–	–	–	–	–	–477	–477
Stock option settlement	–	–	60	–	–	–	–	–	–	–	–	60	60
As at 30 Jun. 2019 (adjusted) [3]	**16,301**	**34,743**	**1,488**	**–1,863**	**–14,945**	**242**	**–5**	**–3,508**	**–439**	**–114**	**–26**	**31,874**	**31,874**
As at 30 Jun. 2019 (as reported)	***16,301***	***34,743***	***1,428***	***–1,863***	***–13,103***	***242***	***–5***	***–3,327***	***–439***	***–114***	***–26***	***33,897***	***33,897***
As at 1 Jan. 2020	**16,301**	**34,743**	**1,520**	**–1,863**	**–13,951**	**1,344**	**18**	**–5,122**	**–439**	**–492**	**–69**	**31,991**	**31,991**
Consolidated net income 1 Jan.–30 Jun. 2020	–	–	–	–	1,769	–	–	–	–	–	–	1,769	1,769
Foreign currency translation of financial statements of foreign entities	–	–	–	–	–	–655	–32	–	–	–	–	–687	–687
Adjustment of provisions for pensions and early retirement according to IAS 19	–	–	–	–	–	–	–	–164	–	–	–	–164	–164
Cash flow hedges	–	–	–	–	–	–	–	–	–	198	28	226	226
Other comprehensive income 1 Jan.–30 Jun. 2020	–	–	–	–	–	–655	–32	–164	–	198	28	–625	–625
Total comprehensive income 1 Jan.–30 Jun. 2020	–	–	–	–	1,769	–655	–32	–164	–	198	28	1,144	1,144
Stock option settlement	–	–208	18	370	–	–	–	–	–	–	–	180	180
As at 30 Jun. 2020	**16,301**	**34,535**	**1,538**	**–1,493**	**–12,182**	**689**	**–14**	**–5,286**	**–439**	**–294**	**–41**	**33,315**	**33,315**

1) See section I.2.6. of the notes for explanations of the adjustment of comparative periods due to error correction (IAS 8) and change in presentation (IAS 1).
2) First-time adoption effect of IFRS 16 final: EUR 15 thousand, reported in Q1 2019: EUR 14 thousand.
3) Adjusted figures due to the effects of 1) and 2) mentioned above.

NOTES

I. General Information

1. 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 2020 comprise FP Holding and its subsidiaries (hereinafter also referred to as the "FP Group", "FP", or "Francotyp").

The international FP Group has a history dating back 97 years. Its business activities focus on products and services for efficient mail processing, the consolidation of business mail and digital solutions for businesses and authorities. In the digital segment, the FP Group provides with high-security solutions for the Internet of Things (IoT) and digital document signatures.

The Management Board of FP Holding approved the 2019 consolidated financial statements and combined Group management report for submission to the Supervisory Board on 13 May 2020. The Supervisory Board examined the consolidated financial statements and the combined Group management report and approved them on 17 May 2020. The 2019 consolidated financial statements and combined Group management report of Francotyp-Postalia Holding AG were published on 18 May 2020.

These consolidated interim financial statements are prepared as condensed financial statements in accordance with IAS 34 for the period from 1 January to 30 June 2020. They do not contain all the disclosures required for complete consolidated financial statements in accordance with IAS 1. The financial statements were approved for publication by the Management Board of FP Holding on 10 September 2020.

2. Accounting principles

2.1 Basis of preparation of the financial statements

The consolidated 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 2020 are submitted to the German electronic 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 2020. As a matter of principle, the interim financial statements were prepared using the same accounting policies as the consolidated financial statements for the 2019 fiscal year. The consolidated interim financial statements should be read in conjunction with the audited 2019 financial statements.

The consolidated interim financial statements have been prepared in euro. For the purposes of clarity and comparability, all amounts are shown in thousands of euro (EUR thousand) unless otherwise stated. The commercial rounding of individual items and percentages 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.

2.2 Adjustments to accounting policies and new standards and interpretations

The accounting policies applied are unchanged compared with the reporting date 31 December 2019.

The IFRS amendments and new regulations that must be applied as at 30 June 2020 have no material impact on the FP Group's reporting.

In the second quarter of 2020, the International Accounting Standards Board published an amendment to IFRS 16 ("COVID-19-Related Rent Concessions") intended to provide practical relief to lessees in accounting for rent concessions arising as a result of the COVID-19 pandemic. This amendment has not yet been adopted by the European Union.

2.3 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.

Change in the consolidated group

The following change was made to the consolidated group in the reporting period compared with the consolidated financial statements for the year ended 31 December 2019:

On 29 January 2020, the fully consolidated subsidiary Francotyp-Postalia GmbH acquired 100 % of the shares in Kurfürst 1675 GmbH, Berlin, which it renamed FP Service Süd GmbH. By purchase agreement dated 5 February 2020, FP Service Süd GmbH acquired non-current and current assets, customer and supplier contracts and 28 employees from HEFTER Systemform GmbH, in liquidation, as part of an asset deal. This was a business combination in accordance with IFRS 3 that took effect on 12 February 2020. On 14 February 2020, FP Service Süd GmbH was renamed Hefter Systemform GmbH, and its registered office was relocated to Prien am Chiemsee. The entry into the Traunstein commercial register B was made on 25 February 2020. The company has a share capital of EUR 25 thousand.

With the business combination, FP intends to expand the traditional sales business in the segment of competitors' customers. HEFTER has been selling mail processing machines such as inserting and folding machines for around 50 years. The company is known in the sector for its high level of quality and service. FP has acquired the tradition-steeped brand name. FP expects significant synergy effects in the expansion of the product range, the optimisation of services and the enhancement and optimisation of the acquisition of new customers and competitors' customers.

The business combination has so far been implemented at provisional amounts, as not all information required for recognition and measurement as of the acquisition date is available yet.

The consideration for the acquisition under the asset deal amounted to EUR 1,248 thousand. The net assets acquired were also measured at EUR 1,248 thousand. They consist of property, plant and equipment of EUR 10 thousand and inventories of EUR 1,238 thousand. Therefore, there was no difference between the consideration transferred and the net assets acquired on the basis of accounting at provisional amounts.

The provisional nature particularly applies to the recognition and measurement of intangible assets, inventories and obligations from assumed contracts.

The revenue from the acquired business included in the interim report as at 30 June 2020 amounted to EUR 1,672 thousand since the acquisition date.

The total comprehensive income generated by the acquired business in this period amounted to EUR –141 thousand.

The information on sales revenue and profit or loss of FP Group in the interim reporting period from January 1, 2020 to June 30, 2020, assuming that the acquired business would have been acquired on January 1, 2020, is not disclosed. An income statement required for this information exclusively in relation to the assets and employees taken over as part of the asset deal was not carried out for the period from January 1, 2020 to the acquisition date February 12. The effort for such a determination and subsequent additionally required consolidation of the figures is disproportionate considering the short period of time of approx. one month and the overall small amount of the acquired business volume.

Change in the contingent purchase price consideration in 2020 with regard to the acquisition of an associate in 2019

With effect from 1 January 2019, the fully consolidated subsidiary FP Inovolabs GmbH acquired 15 % of the shares in Juconn GmbH, Unterföhring. This share is consolidated as an associate in accordance with the equity method. The purchase price for the acquired share totalling EUR 2,000 thousand included a contingent consideration of EUR 1,000 thousand that was recognised as a liability in the FP Group. Based on slower business development and scaling than originally anticipated at the time of the acquisition of the shares, the FP Group reduced the provisional carrying amount of the contingent consideration by EUR 400 thousand to EUR 600 thousand against the carrying amount of the investment within the measurement period in the third quarter of 2019.

On 26 February 2020, the parties definitively agreed on a remaining payment of EUR 410 thousand, which was paid by FP in the first half of 2020. The difference of EUR 190 thousand was recognised through profit or loss in consolidated net income. By the same agreement on 26 February 2020, FP Group acquired, in exchange for a payment of EUR 70 thousand, an option for the acquisition of an additional amount of 8.5 % share in the company from Juconn GmbH. The option can be exercised until 30 June 2022 on the condition that the company achieves a cumulative order intake of at least EUR 500 thousand in at least one fiscal year before 30 June 2022.

2.4 Currency translation

Currency translation is based on the following exchange rates:

	Closing rate			Average rate	
1 Euro =	30.06.2020	31.12.2019	30.06.2019	1st half year 2020	1st half year 2019
US dollar (USD)	1.12090	1.12275	1.13825	1.10186	1.12999
Pound sterling (GBP)	0.91350	0.84995	0.89710	0.87438	0.87360
Canadian dollar (CAD)	1.53340	1.46200	1.49010	1.50300	1.50699
Swedish krona (SEK)	10.50175	10.44450	10.55175	10.66204	10.51534

2.5 Management estimates and discretion

When preparing the consolidated interim financial statements, certain items require judgements and estimates to be made for the recognition, measurement and reporting of recognised assets and liabilities and of income and expenses. Estimates and assumptions are based on premises that reflect the most recent information. In particular, the circumstances at the time of preparing the consolidated 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.

As at 31 December 2019, with effect from the 2019 fiscal year, the FP Group has standardised the useful life of franking machines across the Group to seven years, both for the purposes of lessor accounting in accordance with IFRS 16.63(c) (economic life) and for the purposes of the depreciation period in accordance with IAS 16.50 (useful life) (see also Section I. (9), Property, plant and equipment of the annual report as at 31 December 2019). The definition of seven years applies to the current generation of franking machines. On the one hand, it takes into account the experience gained from a complete life cycle and, on the other hand, the pressure of digital transformation on the market with franking machines.

As the changes in estimates were presented as at 31 December 2019 with effect for the entire fiscal year 2019, the interim financial statements reported in 2019 do not include the resulting effects. By contrast, the interim reporting periods in 2020 are prepared taking account of the changes in estimates. As such, the 2019 comparative periods are not directly comparable.

The overall effects on fiscal year 2019 are shown below (see also notes to the consolidated financial statements as at 31 December 2019).

The change in connection with IFRS 16.63(c) had the following effects on fiscal year 2019:

	EUR thousand
Revenue	**3,096**
Other own work capitalised	704
Cost of materials	–1,269
Amortisation and depreciation	–60
Net interest income	146
Income taxes	–515
Consolidated net income	**2,102**
EBITDA	**2,530**
Leased products	–621
Finance lease receivables	3,081

The adjustment of the economic life as defined by IFRS 16 resulted in a larger volume of contracts classified as finance leases. This led to the effect shown above in revenue and follow-on effects in the other items.

This effect is also expected for subsequent years. The finance lease classifications of previous years will have the opposite effect. The Group expects the effects to have balanced each other out after around five years (positive effect from new classifications vs. opposite effect from the classifications of previous years).

The changes of useful live in accordance with IAS 16 resulted in a decrease of depreciation of EUR 3,125 thousand in fiscal year 2019. The depreciation effects are expected ceteris paribus to remain roughly the same each year.

Estimates and judgements due to the Corona pandemic

Estimates and judgements may have an impact on the amount of recognised assets and liabilities, the disclosures regarding contingent assets and liabilities at the reporting date, and the presented income and expenses for the reporting period. Due to the currently ultimately unforeseeable global consequences of the corona pandemic, these estimates and judgments are subject to increased uncertainty. When updating the estimates and judgments, available information on the anticipated economic development was taken into account. This information was included in the analysis of impairment of assets.

2.6 Adjustment of comparative periods H1 2019 and Q2 2019 due to error correction and change in presentation

The FP Group has adjusted the two comparative periods from 1 January 2019 to 30 June 2019 (hereinafter H1 2019) and from 1 April 2019 to 30 June 2019 (hereinafter Q2 2019). This relates to two matters:

(1) Error correction pursuant to IAS 8 in conjunction with IAS 19: In the consolidated financial statements as at 31 December 2019, the FP Group retrospectively made an error correction pursuant to IAS 8. The error correction related to the accounting for a pension plan of a subsidiary in the Netherlands. Due to the required retrospective presentation, the error correction is also retrospectively applied to the comparative periods H1 2019 and Q2 2019 shown in the consolidated interim financial statements as at 30 June 2020.

(2) Change in presentation pursuant to IAS 1 in conjunction with IFRS 9: In the consolidated financial statements as at 31 December 2019, the FP Group aggregated expenses from impairment losses and income from reversals of impairment losses on trade receivables in the income statement for the first time. These items were previously presented without offsetting in different items of the income statement. The change in presentation is also applied to the comparative periods H1 2019 and Q2 2019 shown in the consolidated interim financial statements as at 30 June 2020.

The effects of the adjustments on the comparative periods H1 2019 and Q2 2019 in the consolidated statement of comprehensive income and the consolidated cash flow statement are shown below:

Table 1: Effects of the error correction and presentation on the consolidated statement of comprehensive income for the period from 1 January 2019 to 30 June 2019

	01.01.–30.06.2019				
EUR thousand ("–" = expense; "+" = income)	As reported	Adjustments due to error correction IAS 8	Adjustments due to change in presentation IAS 1	Total adjustments	Adjusted
Other income	892	0	–106	–106	785
Staff costs	–30,664	159	0	159	–30,505
Expenses from impairment losses and income from reversals of impairment losses on trade receivables	76	0	–987	–911	–911
Other expenses	–18,734	0	1,093	1,093	–17,640
Net interest income	356	–22	0	–22	334
Income taxes	–286	0	0	0	–286
Other items of the statement of comprehensive income	48,931	0	0	0	48,931
Consolidated net income	**571**	**137**	**0**	**137**	**708**
Adjustments of provisions for pensions and early retirement according to IAS 19	6	–124	0	–124	–118
of which taxes	6	35	0	35	41
Other	411	0	0	0	411
Other comprehensive income after taxes	417	–124	0	–124	293
Total comprehensive income	**988**	**14**	**0**	**14**	**1,001**
Basic EPS (EUR)	**0.04**	**0.00**	**0.00**	**0.00**	**0.04**
Diluted EPS (EUR)	**0.04**	**0.00**	**0.00**	**0.00**	**0.04**

Table 2: Effects of the error correction and change of presentation on the consolidated statement of comprehensive income for the period from 1 April 2019 to 30 June 2019

	01.04.–30.06.2019				
EUR thousand ("–" = expense; "+" = income)	As reported	Adjustments due to error correction IAS 8	Adjustments due to change in reporting IAS 1	Total adjustments	Adjusted
Other income	325	0	–61	–61	264
Staff costs	–14,933	159	0	159	–14,774
Expenses from impairment losses and income from reversals of impairment losses on trade receivables	6	0	–252	–252	–246
Other expenses	–9,819	0	313	313	–9,506
Net interest income	173	–11	0	–11	162
Income taxes	321	–32	0	–32	289
Other items of the statement of comprehensive income	23,286	0	0	0	23,286
Consolidated net income	**–641**	**116**	**0**	**116**	**–525**
Adjustments of provisions for pensions and early retirement according to IAS 19	0	–124	0	–124	–124
of which taxes	0	35	0	35	35
Other	–653	0	0	0	–653
Other comprehensive income after taxes	–653	–124	0	–124	–777
Total comprehensive income	**–1,294**	**–8**	**0**	**–8**	**–1,302**
Basic EPS (EUR)	**0.04**	**0.00**	**0.00**	**0.00**	**0.04**
Diluted EPS (EUR)	**0.04**	**0.00**	**0.00**	**0.00**	**0.04**

Table 3: Effects of the error correction on the consolidated cash flow statement for the period from 1 January to 30 June 2019

	01.01.–30.06.2019		
EUR thousand	As reported	Adjustments due to error correction IAS 8	Adjusted
Consolidated net income	571	137	708
Net interest income recognised in profit or loss	–356	22	–334
Decrease (–)/ increase (+) in provisions and tax liabilities	–1,879	–159	–2,038
Other items of cash flow from operating activities	12,101	0	12,101
Cash flow from operating activities	**10,437**	**0**	**10,437**

II. DEVELOPMENTS IN THE REPORTING PERIOD

Basically 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 FP Group's dividend policy remains consistent as a basic principle, also based on implementing its ACT growth strategy. In view of the developments and risks associated with the spread of the coronavirus SARS-CoV–2, the company is focusing on preserving and increasing available Group liquidity so as not to jeopardise the FP Group's strategic and operational objectives in the long term. The Management Board and the Supervisory Board will therefore propose to the Annual General Meeting that no dividend is distributed for fiscal year 2019 and that the FP Holding AG's retained profit of EUR 13,672,283.57 will be carried forward.

The Annual General Meeting is scheduled for 29 September 2020. The retained profits shall be carried forward to new account. In the previous year, the FP Group paid a dividend of EUR 477 thousand.

Of the additions in the reporting period to internally generated intangible assets and unfinished development projects amounting to a total of EUR 4,128 thousand, EUR 566 thousand were recognised as impairment of the FP Sign project in the Sales Germany segment in the first half of 2020.

Coronavirus SARS-CoV-2

In the reporting period, the World Health Organization (WHO)designated the outbreak of the coronavirus SARS-CoV-2 a public health emergency of international concern. Since 11 March 2020, WHO has classified the spread of the coronavirus as a pandemic. For the effects of the pandemic on the interim financial statements, see Section I.2.5.

The further spread of the corona virus and the effects on the FP Group's business performance are constantly monitored. The economic effects of the corona pandemic are still not yet predictable in their full extent. In the reporting period, the FP Group initiated cost control and liquidity management measures at an early stage to counter the economic effects of the pandemic. In addition, the FP Group took advantage of various government support measures such as the use of short-time working and similar instruments, grants for personnel costs, reimbursements of social security contributions and the use of financial assistance (US Paycheck Protection Progam). In view of the corona virus crisis, FP also subjected the Group's future liquidity situation to a stress test at an early stage. The scenario assumed that the lockdown would not be lifted until September 1, 2020, and that revenue would only increase gradually thereafter. At the end of 2020, sales in this scenario would not yet have reached pre-crisis levels. In the scenario mentioned, FP will not experience a liquidity bottleneck until the end of 2020 based on the agreed Group financing. Since the preparation of this scenario, the general conditions have improved in a positive sense, as the lockdown was lifted well before September 2020. Despite this brightening, the FP Group does not expect business development to reach the pre-crisis level before the end of 2020. Nevertheless, on the basis of the information currently available, the management does currently not assume that the corona pandemic will endanger the ongoing concern of the FP Group.

III. 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 consolidated interim financial statements is performed using the reconciliation column, which also contains adjusting entries under IFRS.

The following table shows the segments' components of the statement of comprehensive income and segment assets for the interim reporting period from 1 January 2020 to 30 June 2020.

01.01.–30.06.2020	A	B	C	D		
in EUR thousand	Production	Sales Germany	International Sales	Central Functions	Group reconciliation (adjusted)	**Total** (adjusted)
Revenue	39,371	55,306	42,782	1,321	–39,042	99,738
with third parties	2,006	54,353	42,678	0	701	99,738
inter-segment revenue	37,364	953	104	1,321	–39,742	0
EBITDA	2,927	3,361	11,689	–5,924	1,059	13,112
Amortisation, depreciation and write-downs	2,180	665	6,625	135	1,580	11,185
Net interest income	–1,063	–139	731	692	399	620
of which interest expense	1,227	142	191	500	–1,423	636
of which interest income	164	3	922	1,192	–1,025	1,256
Other financial result	743	0	–1	0	–624	118
Shares in profit and loss of companies accounted for according to the equity method	0	0	0	0	–29	–29
Consolidated earnings before taxes and profit transfer	427	2,557	5,794	–5,367	–775	2,636
Net tax income	–270	–1,821	–1,643	2,247	620	–867
Profit transfer	0	0	0	0	0	0
Income from reversal of provisions for restructuring	131	136	2	73	–342	0
Net income	157	736	4,152	–3,120	–155	1,769
Segment assets (as at 30 Jun.)	136,309	70,540	120,745	125,577	–267,079	186,093
Investments	3,342	1,264	3,662	31	–1,531	6,767
Segment liabilities (as at 30 Jun.)	116,002	45,413	72,001	61,125	–141,763	152,778

The following table shows the segments' components of the statement of comprehensive income and segment assets for the interim reporting period from 1 January 2019 to 30 June 2019.

01.01.–30.06.2019	A	B	C	D		
in EUR thousand	Production	Sales Germany	International Sales	Central Functions	Group reconciliation (adjusted)	**Total** (adjusted)
Revenue	48,652	52,417	45,469	1,979	–49,480	99,037
with third parties	2,551	51,375	45,380	0	–269	99,037
inter-segment revenue	46,101	1,042	89	1,979	–49,211	0
EBITDA [1]	4,990	2,816	10,669	–5,491	–1,242	11,742
Amortisation, depreciation and write-downs	1,597	1,399	6,867	191	862	10,916
Net interest income [1]	–752	–163	830	367	52	334
of which interest expense [1]	872	168	149	425	–933	681
of which interest income	120	5	979	792	–881	1,015
Other financial result	7,792	0	–5	–167	–7,752	–133
Shares in profit and loss of companies accounted for according to the equity method	–34	0	0	0	0	–34
Consolidated earnings before taxes and profit transfer [1]	10,399	1,254	4,627	–5,482	–9,804	994
Net tax income	–352	–1,148	–1,499	1,599	1,114	–286
Profit transfer	166	0	0	0	–166	0
Income from reversal of provisions for restructuring	44	338	32	630	–1,045	0
Net income [1]	10,213	107	3,128	–3,883	–8,857	708
Segment assets (as at 30 Jun.) [1]	129,119	67,412	115,623	110,756	–240,821	182,089
Investments	5,218	1,007	4,332	82	–1,368	9,270
Segment liabilities (as at 30 Jun.) [1]	107,739	40,718	65,767	56,363	–122,408	148,179

1) In the reconciliation column and in the total column these positions contain the error correction effects, see Section I. 2.6.

Intragroup transfer prices are regularly reviewed between Francotyp-Postalia GmbH (Production segment) and the sales companies. Adjustments to the transfer prices affect the reported segment revenue and segment EBITDA/net income between the segments. Based on the reported earnings margins of the sales companies as at 30 June 2020 and taking account of the available arm's length studies, revenue and EBITDA for the Production segment would increase by EUR 3,797 thousand (previous year: EUR 3,003 thousand) for the reporting period from 1 January 2020 to 30 June 2020 as a result of subsequently required transfer price adjustments. EBITDA would decrease by EUR 1.715 thousand (previous year EUR 1.467 thousand) for the Sales Germany segment and decrease by EUR 2,783 thousand (previous year EUR 1,536 thousand) for the International Sales segment. The EBITDA for the segment Central Functions would increase by TEUR 700 (previous year TEUR 0).

Reconciliation in EUR thousand

REVENUE

	01.01.–30.06.	
in EUR thousand	**2020**	2019
Revenue from segments A–C	137,459	146,538
Revenue from Central Functions segment	1,321	1,979
Effects of the adjustment of finance leases and IFRS 15	940	–269
Currency effects from hedge accounting	–241	0
	139,479	**148,248**
Less inter-segment revenue	39,741	49,211
Revenue according to financial statements	**99,738**	**99,037**

EBITDA

	01.01.–30.06.	
in EUR thousand	**2020**	2019
EBITDA from segments A–C	17,977	18,475
EBITDA from Central Functions segment	–5,942	5,491
	12,053	12,984
Effects at consolidation level	–1,394	–2,319
Measurement effects of IFRS reconciliation [1]	2,454	1,077
Consolidated EBITDA	**13,113**	**11,742**
Amortisation, depreciation and write-downs	–11,185	–10,916
Net interest income [1]	620	334
Other financial result	118	–133
Share of profits and losses of companies accounted for using the equity method	–29	–34
Consolidated earnings before taxes	2,637	994
Income taxes	–867	–286
Consolidated earnings according to financial statements	**1,769**	**708**

1) For 2019 including the effect of error correction, see Section I.2.6.

ASSETS

in EUR thousand	**30.06.2020**	30.06.2019
Assets of segments A–C	327,594	312,154
Assets of Central Functions segment	125,577	110,756
	453,172	**422,910**
Capitalised development costs in accordance with IFRS	6,823	10,257
Effects of remeasurement of goodwill	11,828	11,315
Effects of write-downs on customer lists	–108	–110
Effects of revaluation according to IFRS 16 (lessee)	12,333	13,959
Other reconciliations to IFRS [1]	14,068	7,111
	498,117	**465,442**
Effects at consolidation level (including elimination of intragroup balances)	–312,024	–283,354
Assets according to financial statements	**186,093**	**182,089**

1) As per 30.06.2019 including the effect of error correction, see Section I.2.6.

ASSETS BY REGION

in EUR thousand	**30.06.2020**	30.06.2019
Germany	210,425	307,287
USA and Canada	56,274	51,754
Europe (not including Germany)	186,473	63,869
	453,172	**442,910**
Total IFRS effects [1]	44,945	42,532
	498,117	**465,442**
Effects at consolidation level (including elimination of intragroup balances)	–312,024	–283,354
Assets according to financial statements	**186,093**	**182,089**

1) As per 30.06.2019 including the effect of error correction, see Section I.2.6.

IV. EXPLANATORY NOTES

1. Notes on revenue

The following table shows revenue disaggregated by performance type. Revenue both within the scope of IFRS 15 and within the scope of IFRS 16 is presented. The table also includes the reconciliation of disaggregated revenue to segment reporting.

Disaggregation for the reporting period from 1 January 2020 to 30 June 2020:

01.01.–30.06.2020	**IFRS revenue**				**Reconciliation to segment revenue**			**Segment revenue**			
Figures in EUR thousand	**Production**	**Sales Germany**	**International Sales**	**Total**	**Sales Germany**	**International Sales**	**Total**	**Production**	**Sales Germany**	**International Sales**	**Total**
Product sales income	803	5,249	8,491	14,543	106	–135	–29	803	5,355	8,356	14,514
Service / customer service	28	4,374	7,013	11,416	22	–1,967	–1,945	28	4,396	5,045	9,470
Consumables	870	3,870	7,406	12,145	–98	0	–98	870	3,771	7,406	12,047
Teleporto	0	2,971	1,336	4,307	12	–212	–200	0	2,983	1,125	4,107
Mail Services	0	29,271	0	29,271	0	0	0	0	29,271	0	29,271
Software / Digital	304	7,762	71	8,137	–29	0	–29	304	7,733	71	8,109
Revenue in accordance with IFRS 15	**2,006**	**53,496**	**24,317**	**79,820**	**13**	**–2,314**	**–2,301**	**2,006**	**53,509**	**22,002**	**77,517**
Finance Lease	0	504	5,028	5,532	131	–1,871	–1,740	0	635	3,157	3,792
Operate Lease	0	208	14,420	14,627	1	3,099	3,100	0	209	17,519	17,728
Revenue in accordance with IFRS 16	**0**	**712**	**19,447**	**20,159**	**132**	**1,228**	**1,361**	**0**	**844**	**20,676**	**21,520**
Reduction in sales due to currency effects from hedge accounting	0	0	–241	–241	0	241	241	0	0	0	0
Revenue total	**2,006**	**54,208**	**43,524**	**99,738**	**145**	**–845**	**–701**	**2,006**	**54,353**	**42,678**	**99,037**

Disaggregation for the comparative period from 1 January 2019 to 30 June 2019:

01.01.–30.06.2019	**IFRS revenue**				**Reconciliation to segment revenue**			**Segment revenue**			
Figures in EUR thousand	**Production**	**Sales Germany**	**International Sales**	**Total**	**Sales Germany**	**International Sales**	**Total**	**Production**	**Sales Germany**	**International Sales**	**Total**
Product sales income (Franking and Inserting)	1,260	5,862	10,075	17,198	0	–3	–3	1,260	5,862	10,073	17,195
Service / customer service	60	4,294	5,766	10,120	0	–231	–231	60	4,294	5,535	9,889
Consumables	683	3,472	7,921	12,076	0	0	0	683	3,472	7,921	12,076
Teleporto	0	3,142	1,214	4,356	0	–254	–254	0	3,142	960	4,102
Mail Services	0	26,170	0	26,170	0	0	0	0	26,170	0	26,170
Software / Digital	547	8,194	150	8,891	0	0	0	547	8,194	150	8,891
Revenue in accordance with IFRS 15	**2,551**	**51,134**	**25,126**	**78,811**	**0**	**–489**	**–489**	**2,551**	**51,134**	**24,638**	**78,322**
Finance Lease	0	27	3,426	3,452	–27	86	60	0	0	3,512	3,512
Operate Lease	0	29	16,744	16,772	212	486	698	0	241	17,230	17,471
Revenue in accordance with IFRS 16	**0**	**55**	**20,170**	**20,226**	**186**	**572**	**758**	**0**	**241**	**20,742**	**20,984**
Revenue total	**2,551**	**51,189**	**45,297**	**99,037**	**186**	**84**	**269**	**2,551**	**51,375**	**45,380**	**99,307**

2. 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:

in EUR thousand	30.06.2020	30.06.2019
Cash and cash equivalents	31,474	27,136
plus securities	0	674
less restricted funds (postage credit held)	–11,701	–10,177
Cash and cash equivalents	**19,773**	**17,633**

3. Contingent assets and contingent liabilities

For disclosures regarding contingent assets and liabilities, please refer to the information in the 2019 annual report.

4. Significant events after the end of the reporting period

There were no significant events after the end of the interim reporting period (30 June 2020) that would have had a notable effect on the net assets, financial position and results of operations of the FP Group.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the FP Group, and the interim management report of the Group 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.

Berlin, 10 September 2020

The Management Board of Francotyp-Postalia Holding AG

Rüdiger Andreas Günther
CEO

Carsten Lind

Patricius de Gruyter

Sven Meise

Further information

Information about the Company

The listed and globally operating FP Group with headquarters in Berlin, Germany, is an expert in the secure mailing business and secure digital communication processes. As market leader in Germany and Austria, the FP Group offers digital solutions for companies and public authorities as well as products and services for efficient mail processing and consolidation of business mail with its “Software/Digital”, “Franking and Folding/Inserting” and “Mail Services” product segments. The Group generated revenue of around EUR 210 million in 2019. FP has subsidiaries in ten different countries and is represented by its own distributor network in a further 40 countries. From its almost 100-year history, FP possesses a unique DNA in the areas of actuating elements, sensor systems, cryptography and connectivity. FP has a global market share of twelve percent in franking systems.

Further information can be found at www.fp-francotyp.com.

Imprint

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