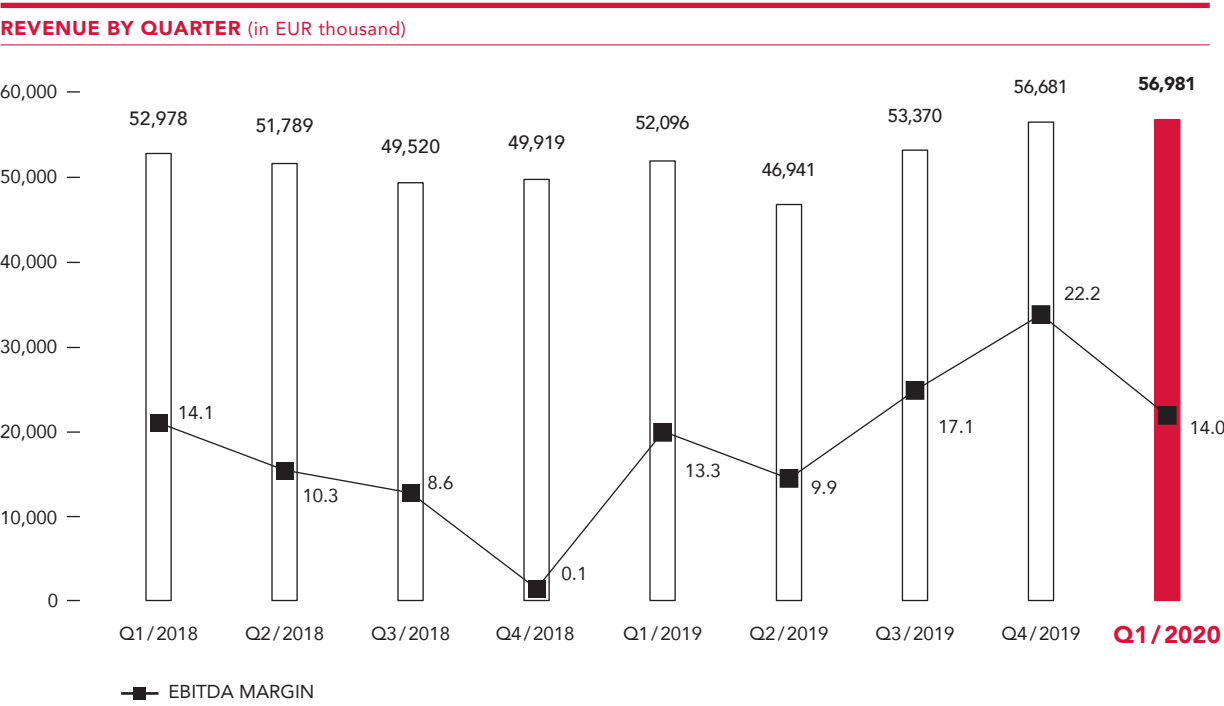




Key Figures



FP makes decent start to fiscal year 2020: FP Group continues successful development with ACT and generates growth in core business and Mail Services; effects of SARS-CoV-2 pandemic were observed since mid-March

Total revenue amounts to EUR 57.0 million as against EUR 52.1 million in the same quarter of the previous year

Revenue in the Franking and Inserting segment up 7.1 % at EUR 35.3 million

Revenue in the Mail Services business rises by 19.3 % to EUR 17.2 million, also reflecting the results of the successful realignment

Revenue in the Software/Digital business down slightly by 4.8 % at EUR 4.5 million, partly due to initial project postponements caused by the SARS-CoV-2 pandemic, particularly in the IoT sector

EBITDA posts strong growth of 15.1 % to EUR 8.0 million, validating the ACT strategy for profitable growth

Adjusted free cash flow reaches EUR 2.8 million

Despite a good start to the fiscal year, the forecast for fiscal year 2020 has been confirmed due to the SARS-CoV-2 pandemic

FIGURES IN ACCORDANCE WITH CONSOLIDATED FINANCIAL STATEMENTS (in EUR thousand)					
	Q1/2019	Q2/2019	Q3/2019	Q4/2019	Q1/2020
Revenue	52,096	46,941	53,370	56,681	56,981
Per cent change to prior year quarter	-1.7%	-11.4%	7.8%	13.5%	9.4%
EBITDA	6,947	4,636	9,134	12,594	8,000
as percentage of revenue	13.3%	9.9%	17.1%	22.2%	14.0%
Consolidated net income	1,211	-641	2,017	-884	1,852
as percentage of revenue	2.3%	NA	3.8%	NA	3.3%
Adjusted free cash flow*	7,377	-3,392	3,041	5,352	2,798
Shareholders equity	35,638	33,897	36,826	31,991	34,138
as percentage of balance sheet total	19.8%	18.6%	19.7%	17.2%	17.4%
Net debt ratio	27,905	33,185	31,169	31,731	32,245
Net debt ratio	78%	98%	84%	99%	94%
Share price end of period (EUR)	3.62	3.56	3.54	3.45	2.82
Earnings per share (EUR)	0.08	-0.04	0.13	-0.06	0.12

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

HIGHLIGHTS

JANUARY

New Shared Service Centre (SSC) goes into operation in Brandenburg

The implementation of the ACT project JUMP continues. Francotyp-Postalia puts its European service centre in Hennigsdorf, near Berlin, into operation. FP Shared Services Europe GmbH, the company founded especially for this purpose, starts with 27 employees. The long-term plan is to have 80. The services will be utilised by German FP companies and subsidiaries from other European countries. The new SSC manages the FP Group's fundamental processes centrally for all of Europe. Tasks such as customer service by telephone and e-mail, but also administrative processes such as order processing and bookkeeping, are pooled effectively. This measure and the planned steps will bring FP substantial cost savings and increase its efficiency for the future.

FEBRUARY

Acquisition of HEFTER Systemform

FP is also still on the attack in its core business with its ACT strategy. The traditional "Franking and Inserting" business area is strengthened by an acquisition. In an asset deal, FP acquires the operations of HEFTER Systemform GmbH from Prien am Chiemsee. 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 acquires the tradition-steeped brand name and 28 employees, so the products will continue to be sold under the HEFTER Systemform brand. The company most recently generated annual revenue of around EUR 6 million, most of which in Germany.

MARCH

Innovative parcel shipping solution for the US market

The global parcel market is booming, and there is no end in sight. With an eye on this trend, FP, as a provider of innovative products, launches a new solution for cost-effective parcel shipping in the US market. The cloud-based FP Parcel Shipping service allows FP customers looking to send parcels to quickly and easily compare the rates of various providers, select the best parcel carrier and then create a shipping label online. FP provides the solution via the discoverFP portal. This gives the customers an effective method with significant cost savings and thus increases the likelihood that they will stick with Francotyp-Postalia.



The continued implementation of JUMP will result in further expenses in 2020, and we expect recurring savings of more than EUR 4 million. The improvement in efficiency, quality and speed will be all the more apparent. We will attack with our digital products, because our secure solutions have a technological advantage.

Sven Meise, CDO/COO



Operationally, FP made a decent start to fiscal year 2020; the coronavirus pandemic did not make a tangible impact until mid-March. With our solid business model and comfortable liquidity, we will steer the Group safely through this crisis. Like many companies, we are seeing a reluctance to buy among our customers, but FP has a supporting share of recurring revenue.

Rüdiger Andreas Günther, CEO/CFO



The rise in the number of people working from home and the advance of digitalisation are creating good conditions for the use of digital tools such as our signature solution FP Sign. Because of this, we are allowing particularly hard-hit companies to use it free of charge during the crisis. We believe that many of these changes will be sustained, and our strengthened sales will ensure that FP will participate in this.

Patricius de Gruyter, CSO



Overview of the first quarter of 2020

Overall statement: decent start to fiscal year 2020

In the first quarter of 2020, the **FP** Group's revenues grew by 9.4% to EUR 57.0 million (previous year: EUR 52.1 million). Alongside the core business with an increase of 7.1 %, the Mail Services segment developed particularly successfully, growing by 19.3 % to EUR 17.2 million.

EBITDA posted a strong growth of 15.1 % to EUR 8.0 million after EUR 6.9 million in the previous year. The revenue and earnings growth generated is further proof of the progress made in implementing the ACT strategy. Adjusted free cash flow amounted to EUR 2.8 million, against EUR 7.4 million in the same period of the previous year.

Revenue in the core business with franking systems came to EUR 35.3 million in the first quarter of 2020 after EUR 33.0 million in the same period of the previous year. As such, **FP** once again performed better than its competitors in its core business. Sales contributions from the acquisition of Hefter Systemform (EUR 0.7 million) are included for the first time. The effect of the reassessment of the

useful life of leased products from 2019 (EUR 0.9 million) and positive currency effects (EUR 0.3 million) also contributed to the increase in sales.

With the acquisition of Hefter, **FP** has further strengthened its core business and expanded its product portfolio. In regional terms, this growth was chiefly due to the strategically important markets of the US and France. The successful start to the fiscal year thus backs up the implementation of the ACT strategy in the core business.

The Mail Services business regarding the collection, franking and consolidation of business mail increased its revenue significantly by 19.3 % to EUR 17.2 million in the first quarter of 2020 (previous year: EUR 14.4 million). Not only was the previous trend of decline thus successfully brought to an end, but the processed mail volume also increased slightly. Deutsche Post AG's increase in postage tariffs in the past year contributed to this success. The profitable realignment is showing results.

Revenue in the Software/Digital business posted a slight decrease to EUR 4.5 million (previous year: EUR 4.7 million). In addition to a slight decline in business with hybrid mail services, there was still a lack of significant revenue contributions from **FP** Sign and, as a result of the SARS-CoV-2 pandemic, also from the Internet of Things (IoT) business. Nevertheless, the company is still positive about the new digital sector in the long term. The digital transformation is sustainably accelerated by the changed working conditions during the pandemic and offers a positive environment for secure digital solutions.

In the first few months of fiscal year 2020, **FP** successfully continued on its growth trajectory. The restrictions on business operations that became necessary for the safety of employees and customers in the second quarter due to the SARS-CoV-2 pandemic did not yet have a major effect on the business performance. Although a decrease in all target ratios is expected for the year as a whole, **FP** is nonetheless well positioned. The company has a sound business model with recurring revenue and sufficient liquidity to emerge from the crisis in good health.

Results of operations: strong rise in EBITDA

In the first three months of 2020, the **FP** Group generated EBITDA of EUR 8.0 million after EUR 6.9 million in the same period of the previous year. The EBITDA margin thus reached 14.0 % after 13.3 % in the previous year. This was partly attributable to the Mail Services segment, which made a significant positive earnings contribution again. As expected, the ACT project JUMP also delivered increasingly recurring savings effects.

In line with revenue growth, the cost of materials rose to EUR 28.0 million in the first quarter of 2020 after EUR 25.3 million in the same quarter of the previous year. By contrast, staff costs were almost unchanged at EUR 16.0 million. The staff costs ratio improved to 28.1 % after 30.2 % in the same period of the previous year. Amortisation, depreciation and write-downs decreased slightly to EUR 5.4 million after EUR 5.6 million in the previous year. EBIT therefore doubled from EUR 1.3 million in the first quarter of 2019 to EUR 2.6 million in the reporting period. In the first quarter of 2020, consolidated net income amounted to EUR 1.9 million, up 52.9 % on the previ-

ous year's figure of EUR 1.2 million. This corresponds to earnings per share (EPS, basic/diluted) of EUR 0.12 as against EUR 0.08 in the first quarter of 2019.

**Financial position and net assets:
Temporary increase in working capital
in the first quarter of 2020 affects
free cash flow**

Based on a significant improvement in profitability, cash flow from operating activities reached EUR 4.7 million, compared with EUR 9.3 million in the previous year. It was burdened by a temporary increase in working capital over the course of the year. In addition to an increase in trade receivables (EUR 4.3 million) due to the reporting date, this was also due to the increase in inventories compared with 31 December 2019, in order to secure delivery capacity under the influence of the SARS-CoV-2 pandemic.

In the first quarter of 2020, the **FP** Group invested EUR 4.8 million (previous year EUR 6.3 million) in future growth as part of the implementation of the ACT strategy. This includes the acquisition of the business operations of Hefter Systemform in the amount of

EUR 1.2 million. Investments in capitalized development costs declined in the first three months of 2020, mainly due to lower capitalization in connection with the ERP/CRM project in this period. Free cash flow amounted to EUR 0.0 million in the first quarter of 2020 (previous year: EUR 2.9 million). Adjusted for investments in finance lease assets, M&A and payments for the ACT project JUMP, the **FP** Group generated free cash flow of EUR 2.8 million compared with EUR 7.4 million in the same period of the previous year.

The change in cash flow from financing activities in the first quarter of 2020 in the amount of EUR 3.9 million is mainly due to cash inflows from financial liabilities drawn in the amount of EUR 4.7 million and payments to repay leasing liabilities in the amount of EUR 1.0 million.

The **FP** Group's net debt increased slightly to EUR 32.2 million as of 31 March 2020 compared to EUR 31.7 million at the end of the 2019 financial year, while cash and cash equivalents rose to EUR 22.3 million at the end of the first quarter (31.12.2019: EUR 18.5 million). In the current pandemic situation, **FP** is

focusing in particular on securing and expanding existing Group liquidity in order to secure the Company's strategic and operational goals in the long term.

Risks and opportunities

Compared with the risks and opportunities described in detail in the 2019 annual report under "Risk and Opportunity Report", there have been no significant changes. The 2019 annual report is available online at <https://www.fp-francotyp.com/> in the Investor Relations section.

**FP Group confirms
forecast for fiscal year 2020**

The successful start to fiscal year 2020 confirms to the management that it has set the right strategic course for the **FP** Group with ACT. While the company is displaying sound growth in its core business, the digital products hold considerable potential for the future. This applies all the more in view of the anticipated acceleration of digitalisation that was triggered by the coronavirus pandemic and that we expect to last.

Admittedly, the full extent of the economic impact of the SARS-CoV-2 pandemic cannot yet be predicted. However, the **FP** Group is forecasting a significant slump in economic output in all the company's business areas, at least temporarily. The **FP** Group is therefore still anticipating a significant year-on-year decline in revenue, EBITDA and adjusted free cash flow in fiscal year 2020.

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

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Statement of Comprehensive Income
for the Period from 1 January to 31 March 2020

in EUR thousand	1.1.–31.3.2020	1.1.–31.3.2019
Revenue	56,981	52,096
Increase/decrease in inventories of finished goods and work in progress	645	358
	57,626	52,454
Other own work capitalised	3,103	3,802
Other income	412	567
Cost of materials		
a) Expenses for raw materials, consumables and supplies	10,130	9,575
b) Cost of purchased services	17,911	15,725
	28,041	25,301
Staff costs		
a) Wages and salaries	13,488	13,299
b) Social security contributions	2,293	2,140
c) Expenses for pensions and other benefits	229	292
	16,011	15,731
Amortisation, depreciation and write-downs	5,390	5,602
Expenses from impairment losses and income from reversals of impairment losses from trade accounts receivable	424	-70
Other expenses	8,666	8,915
Net interest income		
a) Interest and similar income	659	519
b) Interest and similar expenses	316	336
	344	184
Other financial result		
a) Other financial income	586	966
b) Other finance costs	779	675
	-193	290
Income taxes	-908	-608
Consolidated net income	1,852	1,211

in EUR thousand	1.1.–31.3.2020	1.1.–31.3.2019
Other comprehensive income		
Foreign currency translation of financial statements of foreign entities ¹⁾	93	1,233
of which taxes	-48	1
Provisions for pensions and partial retirement obligations in accordance with IAS 19 (rev. 2011) ²⁾	-74	6
of which taxes	21	6
Cash flow hedges – effective part of changes to fair value ¹⁾	208	-57
of which reserve for hedging costs	-14	-26
of which taxes	-90	51
Cash flow hedges – reclassified to profit or loss	-103	-112
of which taxes	44	48
Other comprehensive income after taxes	124	1,070
Total comprehensive income	1,976	2,281
Consolidated net income, of which:	1,852	1,211
Consolidated net income attributable to the shareholders of FP Holding	1,852	1,211
Total comprehensive income, of which	1,976	2,281
Total comprehensive income attributable to the shareholders of FP Holding	1,976	2,281
Earnings per share (basic in EUR):	0.12	0.08
Earnings per share (diluted in EUR):	0.12	0.08

1) Item that can be reclassified to profit or loss.
2) Item that is not reclassified to profit or loss.

Consolidated Statement of Financial Position as at 31 March 2020

ASSETS

in EUR thousand	31.3.2020	31.12.2019
NON-CURRENT ASSETS		
Intangible assets		
Intangible assets including customer lists	23,468	23,701
Goodwill	4,658	4,622
Development projects in progress and advance payments	11,125	10,438
	39,251	38,762
Property, plant and equipment		
Land, land rights and buildings	2,708	2,765
Technical equipment and machinery	3,899	4,137
Other equipment, operating and office equipment	3,702	3,878
Leased products	17,596	18,307
Advance payments and assets under construction	159	134
	28,064	29,220
Right of use	10,747	11,182
Other assets		
Associates	642	642
Finance lease receivables	17,659	17,256
Other non-current assets	193	192
	18,494	18,089
Tax assets		
Deferred tax assets	2,270	1,503
Current tax assets	2,821	2,821
	5,091	4,324
	101,647	101,576
CURRENT ASSETS		
Inventories		
Raw materials, consumables and supplies	5,052	5,156
Work in progress	462	378
Finished goods and merchandise	7,627	6,823
	13,141	12,357
Trade receivables	22,459	18,142
Other assets		
Finance lease receivables	6,916	6,875
Income taxes receivable	1,760	1,573
Derivative financial instruments	155	0
Other current assets	16,030	15,238
	24,860	23,685
Cash and cash equivalents	33,743	30,508
	94,203	84,692
	195,850	186,269

LIABILITIES[illegible]

Consolidated Cash Flow Statement
for the Period from 1 January to 31 March 2020

in EUR thousand	1.1.–31.3.2020	1.1.–31.3.2019
1. Cash flow from operating activities		
Consolidated net income	1,852	1,211
Net income tax recognised in profit or loss	908	608
Net interest income recognised in profit or loss	–344	–184
Amortisation, depreciation and write-downs on non-current assets	5,390	5,602
Decrease in provisions and tax liabilities	–118	–136
Loss (+) / gain (–) on the disposal of non-current assets	–129	122
Increase in inventories, trade receivables and other assets which are not part of the investment or financing activities (excluding finance leasing)	–4,811	–925
Increase in finance lease receivables	–446	–1,228
Increase in trade payables and other liabilities ¹⁾ not attributable to investing or financing activities	2,549	4,314
Other non-cash income	126	482
Interest received	659	519
Interest paid	–279	–274
Income taxes received	–615	–855
Cash flow from operating activities	4,742	9,257
2. Cash flow from investing activities		
Payments for the capitalisation of development costs	–2,091	–2,500
Payments for capitalised interest for development costs	–64	–38
Payments for capitalised interest for development costs	129	0
Payments for investments in intangible assets	–344	–152
Payments for investments in property, plant and equipment	–1,121	–1,621
Payments for investments accounted for according to the equity method	0	–2,000
Payments for investments in the acquisition of operations (IAS 7)	–1,263	0
Cash flow from investing activities	–4,755	–6,311

in EUR thousand	1.1.–31.3.2020	1.1.–31.3.2019
3. Cash flow from financing activities		
Bank loan repayments	0	–6,978
Bank loan repayments	–954	–939
Proceeds from the sale of treasury shares	162	0
Proceeds from the assumption of bank loans	4,715	0
Cash flow from financing activities	3,923	–7,917
Cash and cash equivalents ¹⁾		
Change in cash and cash equivalents	3,911	–4,972
Change in cash due to currency translation	–147	250
Cash at beginning of period	18,518	21,153
Cash at end of period	22,282	16,431

1) Postage credit balances managed by the FP Group of EUR 11,461 thousand (previous year: EUR 10,892 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).

Consolidated Statement of Changes in Equity
for the Period from 1 January to 31 March 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 transaction	Equity attributable to FP Holding	Total	
As at 31.12.2018 (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 31.12.2018 (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 16 ²⁾	-	-	-	-	15	-	-	-	-	-	-	15	15	
As at 1.1.2019 (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 1.1.–31.03.2019	-	-	-	-	1,211	-	-	-	-	-	-	1,211	1,211	
Foreign currency translation of financial statements of foreign entities	-	-	-	-	-	1,236	-3	-	-	-	-	1,233	1,233	
Adjustment of provisions pensions and early retirement according to IAS 19	-	-	-	-	-	-	-	6	-	-	-	6	6	
Cash flow hedges	-	-	-	-	-	-	-	-	-	-202	33	-169	-169	
Other comprehensive income 1.1.–31.03.2019	-	-	-	-	-	1,236	-3	6	-	-202	33	1,070	1,070	
Consolidated net income 1.1.–31.03.2019	-	-	-	-	1,211	1,236	-3	6	-	-202	33	2,281	2,281	
Stock option settlement	-	-	3-	-	-	-	-	-	-	-	-	30	30	
As at 31.03.2019 (adjusted) ³⁾	16,301	34,743	1,458	-1,863	-13,965	1,106	8	-3,384	-439	-272	-93	33,600	33,600	
As at 31.03.2019 (as reported)	16,301	34,743	1,428	-1,863	-11,986	1,106	8	-3,327	-439	-272	-93	35,637	35,637	
As at 31.12.2019	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 1.1.–31.03.2020	-	-	-	-	1,852	-	-	-	-	-	-	1,852	1,852	
Foreign currency translation of financial statements of foreign entities	-	-	-	-	-	204	-111	-	-	-	-	93	93	
Adjustment of provisions pensions and early retirement according to IAS 19	-	-	-	-	-	-	-	-74	-	-	-	-74	-74	
Cash flow hedges	-	-	-	-	-	-	-	-	-	120	-15	105	105	
Other comprehensive income 1.1.–31.03.2020	-	-	-	-	-	204	-111	-74	-	120	-15	124	124	
Total comprehensive income 1.1.–31.03.2020	-	-	-	-	1,852	204	-111	-74	-	120	-15	1,976	1,976	
Stock option settlement	-	-208	9	370	-	-	-	-	-	-	-	171	171	
As at 31.03.2020	16,301	34,535	1,529	-1,493	-12,099	1,548	-93	-5,196	-439	-372	-84	34,138	34,138	

1) Adjustment of 31 December 2018 due to retrospective correction of incorrect figures for pension provisions in the consolidated financial statements for 2019 (net result: reduction of EUR 1,980 thousand; difference from the adjustment of IAS 19: reduction of EUR 57 thousand).
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.

**FRANCOTYP-POSTALIA HOLDING AG**

Prenzlauer Promenade 28 13089 Berlin

Telefon: +49 (0)30 220 660 410 E-Mail: ir@francotyp.comwww.fp-francotyp.com**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 (FP = "Secure Digital Communication"). 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 reported revenues of almost 210 million euros 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 and, in the digital sector, has unique, highly secure solutions for the Internet of Things (IoT/IIoT)) and for the digital signing of documents.

You can find out more at www.fp-francotyp.com.

Imprint**Editor and Contact**

Francotyp-Postalia Holding AG

Corporate Communications / Investor Relations

Prenzlauer Promenade 28

13089 Berlin

Germany

Telephone: +49 (0)30 220 660 410

Telefax: +49 (0)30 220 660 425

Email: ir@francotyp.comInternet: www.fp-francotyp.com**Concept, design and production**

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