REMUNERATION REPORT

of Francotyp-Postalia Holding AG

for fiscal year 2022

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

The following remuneration report, which was prepared jointly by the Management Board and the Supervisory Board in accordance with the statutory provisions of section 162 AktG, presents and explains the remuneration of the current and former members of the Management Board and Supervisory Board of Francotyp-Postalia Holding AG in fiscal year 2022. In order to promote understanding, the remuneration system for the Management Board and Supervisory Board adopted at the Annual General Meeting on 16 June 2021 is also outlined. The remuneration report was also subjected to a formal audit as required by section 162 (3) AktG. The audit opinion is attached to this report.

The aim of this report is to make clear the connection between the overarching corporate strategy and the structure of the remuneration system, while at the same time making the concrete operation of the remuneration system – pay for performance – comprehensible. This report will be presented for approval at the Annual General Meeting resolving on fiscal year 2022.

Remuneration system for the Management Board
Resolution on the approval of the remuneration system for Management Board members

The current system of remuneration for the members of the Management Board of Francotyp-Postalia Holding AG was resolved by the Supervisory Board – with the assistance of specialist external support – in accordance with sections 87 (1), 87a (1) AktG on 27 April 2021 and approved by the Annual General Meeting on 16 June 2021 with a majority of 97.4% of the share capital represented. The remuneration report for fiscal year 2022 was approved by a majority of 98.4% of the share capital represented. There was therefore no reason to question or make adjustments to the reporting or application of the remuneration system.

The remuneration system complies with the requirements of the German Stock Corporation Act, in particular the requirements of the Act Implementing the Second Shareholders' Rights Directive (ARUG II), and and is based on the recommendations of the German Corporate Governance Code as amended on April 28, 2022.

Summary of key aspects of fiscal year 2022 from a remuneration perspective
From a remuneration perspective, fiscal year 2022 was operationally very successful again. The good revenue and earnings development therefore had a direct impact on the Management Board's annual bonus.

As this business development has not yet had an impact on the performance of the FP share price, there has not yet been any benefit from the long-term incentives (LTI 1), which are linked to share price performance. LTI 2, which is based on sustainability targets, will not be reviewed yearly during its term.

In view of the Supervisory Board the design of the incentive focuses on a balance between short-term, annual successes and the multi-year sustainable development of the company. Through the first component of the LTI, virtual stock options, which can be exercised after four years at the earliest, the Management Board member participates in the increase in the share price. The second component of the LTI relates to sustainability criteria and thus takes into account the growing importance of environmental, social and governance (ESG) criteria in corporate management.

Application of the Management Board remuneration system in fiscal year 2022
Since the resolution by the Supervisory Board, the current remuneration system for the Management Board has been taken into account by the company when concluding new contracts and renewing existing contracts. The remuneration system did not apply to the remuneration of the members of the Management Board in fiscal year 2021, as their contracts were concluded before the resolution on the new remuneration system.

Where members of the Management Board within the meaning of section 162 AktG were granted individual remuneration in fiscal year 2022 which had been promised in previous fiscal years under the remuneration system applicable at the time, this is also presented and explained.

The remuneration system for members of the Management Board of Francotyp-Postalia Holding AG is reviewed by the Supervisory Board in accordance with Section 120a of the German Stock Corporation Act (AktG), in particular as part of contract negotiations with existing or future members of the Management Board. The Supervisory Board may – in accordance with the legal requirements in section 87a (2) sentence 2 AktG – temporarily deviate from the remuneration system if this is necessary in the interests of the long-term well-being of the company. There is to be a regular review, although a specific date has not been set.

Disclosures on the remuneration components
The following presentation relates to the Management Board remuneration system approved by the Annual General Meeting 2021. Where the remuneration of the Management Board members in fiscal year 2022 deviates from these explanations, this will be explained in the individual presentation of the specific Management Board remuneration for the fiscal year.

The remuneration of the Management Board members is made up of non-performance-related and performance-related components. Linking remuneration to both the short-term and long-term performance of the company can support successful and sustainable corporate governance. At the same time, the choice of suitable performance criteria provides important incentives for implementing the strategic realignment of the Group.

As non-performance-related fixed remuneration, the members of the Management Board receive an annual fixed salary in twelve equal monthly instalments. In the Supervisory Board's opinion, this provides a secure and predictable income. They also receive fringe benefits in the form of non-cash remuneration, such as a company car and insurance premiums.

The performance-related remuneration components comprise short-term variable remuneration (short-term incentive, "STI") and long-term variable remuneration (long-term incentive, "LTI"). The short-term component has an assessment period of one year and is linked to two to four key performance indicators based on the budget for the respective fiscal year approved by the Supervisory Board. The long-term component (LTI) consists of two components and has an assessment period of four years to promote sustainable corporate development. The first component of the LTI is virtual share options, which are allocated to the Management Board member at a strike price and may be linked to a percentage of shares purchased and held by the Management Board member himself.

The virtual share options can be exercised after four years at the earliest (vesting), so that the Management Board member participates accordingly in the increase in the share price via the difference between the strike price and the exercise price.

The second component of the LTI relates to two equally agreed sustainability criteria. The fulfilment of this component is remunerated in cash. The first criterion is the successful maintenance or re-certification of five ISO certifications over the entire period. The second criterion is the reduction of CO_2 emissions by certain target values agreed by contract compared with the beginning of the period and the end of the bonus period. The members of the Management Board receive advance payments on this second LTI component, which are offset after the assessment period.

The Supervisory Board determines the specific target remuneration for the Management Board members and the performance criteria for the variable remuneration components provided for in the remuneration system for the respective upcoming fiscal year. At least 80% of the planned target figures must be achieved in order to be entitled to the agreed bonus components. A target achievement of 120% constitutes the upper limit (cap).

The share of long-term variable remuneration exceeds the share of short-term variable remuneration in total target remuneration.

TOTAL OVERVIEW OF REMUNERATION COMPONENTS

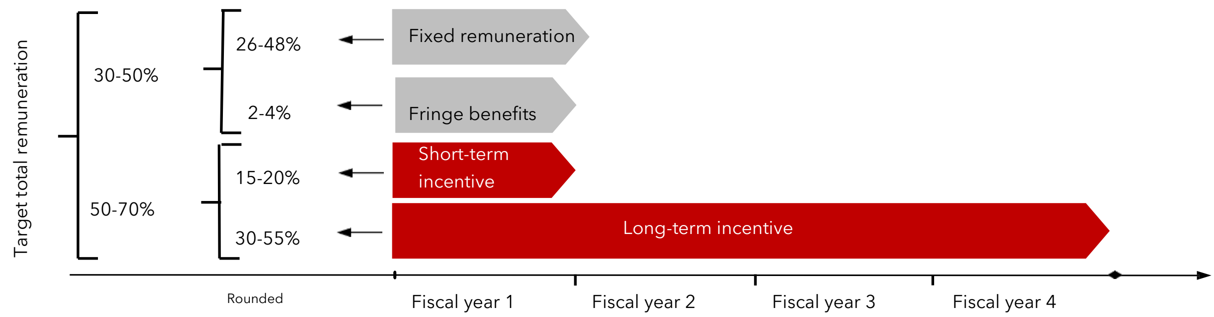
Remuneration component	Basis of assessment/parameters
Non-performance based remuneration	
Fixed remuneration	Fixed remuneration, paid monthly pro rata as salary
Fringe benefits	Company car, insurance premiums; further one-off or time-limited (transitional) benefits possible in the case of new appointments with express resolution of the Supervisory Board
Performance-based remuneration	
Short-term incentive (STI)	• Annual bonus model: Basis for target achievement: a separate number of Key Performance Indicators ("KPIs") to be determined by the Supervisory Board each year, or already determined, for each Management Board member, each of which is to be given equal weighting (min. 2 KPIs, max. 4 KPIs) • Cap: 120% of the target amount
Long-term incentive (LTI)	Sustainability component 1: virtual share options ("virtual SO") • Allocation of virtual SO with appointment to the Management Board • Number of options to be allocated is left to the discretion of the Supervisory Board; additional options may be granted for the achievement of specific additional targets • Obligation of the Management Board to acquire a percentage of the virtual share options as real shares (holding period: 4 years) • Exercise of virtual option after 4 years (vesting period) • Exercise price: Arithmetical average of the Xetra closing prices of the last 90 trading days prior to exercise • Calculation: Payout amount = difference between strike price and exercise price multiplied by the number of virtual SOs allocated (no minimum) • Cap payout amount per virtual SO: a price in EUR per virtual SO to be determined at the discretion of the Supervisory Board.

	Sustainability component 2: ESG targets
	• Determination of two ESG targets by the Supervisory Board, which should be identical for all Management Board members as far as possible, but do not have to be
	• Example ESG targets up to 2024
	  • 1. ESG target: Annual ISO (re-)certifications
	  • 2. ESG target: Reduction of CO_2 emissions
	• Annual advance payments on payout amount
	• Cap: 120% of the target amount

Other remuneration schemes	
Maximum remuneration	Limitations on total remuneration granted for a fiscal year pursuant to section 87a (1) sentence 2 no. 1 AktG
Severance pay cap	Severance payments of a maximum of one year's total remuneration; remuneration for the remaining term of the contract may not be exceeded
Penalty and clawback provision	Penalty: In the event of a serious violation of applicable law in the sense of individual misconduct or organisational culpability, the Supervisory Board may partially reduce or completely eliminate the variable remuneration components (STI/LTI) for the respective assessment period Clawback: Possibility for the Supervisory Board to reclaim variable remuneration already paid out in the event of subsequent discovery of a penalty event

Determination of target remuneration

TARGET TOTAL REMUNERATION



According to the approved remuneration system, the non-performance-based remuneration should account for approximately 30-50 percent of the total target remuneration in accordance with the approved remuneration system.Fixed remuneration for approximately 26-48% of target total remuneration, and regular fringe benefits normally account for approximately 2-4%. In fiscal year 2021, the Supervisory Board resolved to increase the fixed remuneration of the members of the Management Board by 5% from 1 June 2022.

The performance-based remuneration is to account for a total of approximately 50-70 percent of the total target remuneration, which directly reflects the pay-for-performance approach. The target amount of the STI accounts for around 15-20% of total target remuneration, while the target amount of the LTI accounts for around 30-55% of total target remuneration. This ensures that the variable remuneration resulting from the achievement of long-term targets exceeds the share resulting from short-term targets.

The following table shows the envisaged target remuneration of the Management Board members for the 2022 fiscal year and the respective share of the remuneration components in total remuneration:

	Carsten Lind CEO		Ralf Spielberger CFO since 1 October 2022		Martin Geisel CFO 10 January 2021 to 30 September 2022	
Target remuneration for fiscal year 2022	**2022 in EUR thousand**	**2022 in %**	**2022 in EUR thousand**	**2022 in %**	**2022 in EUR thousand**	**2022 in %**
Basic remuneration	412	57%	62	55%	288	59%
+ Fringe benefits	31	4%	13	12%	29	6%
+ Pension remuneration	-		-		16	3%
= Total fixed remuneration	442	61%	75	67%	333	68%
Variable remuneration						
+ Short-term variable remuneration for 2022	180	25%	31	27%	113	23%
+ Discretionary bonus	62	8%	0		43	9%
+ Long-term variable remuneration (LTI 1 AOP)*	0		197	0%	0	0%
+Long-term variable remuneration (LTI 2)-annual payments on account	40	6%	7	6%	0	0%
= Total variable compensation	282	39%	235	33%	156	32%
= Total remuneration	724	100%	310	100%	489	100%
Share of fixed remuneration in %	61.1%		24.1%		68.1%	
Share of variable remuneration in %	38.9%		75.9%		31.9%	

*) *) Target compensation for LTI 1 reported at fair value at grant date

Target remuneration was determined on the basis of 100% target achievement for the variable remuneration components.

The current members of the Management Board have not received any pension commitments. They receive partial subsidies for pension insurance (pension expense).

Disclosures on shares and share options

The members of the Management Board do not receive any remuneration components in the form of shares or options on shares in Francotyp-Postalia Holding AG. The long-term variable remuneration of the Management Board is related to the share price development of Francotyp-Postalia Holding AG via virtual share options.

As part of the LTI 1 remuneration component, there is an obligation for Mr Lind and Mr Spielberger to acquire 8%, respectively, of the allocated virtual share options as shares in the company and to hold them for four years from the date of acquisition (Share Ownership Guidelines).

SHARE OWNERSHIP OF THE MANAGEMENT BOARD MEMBERS

	As at 31 Dec. 2022 - number of shares	in % of share capital
Carsten Lind	47,000	0.29
Ralf Spielberger	23,500	0.14
Martin Geisel	33,000	0.20

Information on the clawback of variable remuneration components

In the opinion of the Supervisory Board the remuneration of the members of the Management Board ensures that special performance is rewarded appropriately and that any failure to meet targets leads to a noticeable reduction in remuneration. In addition, the employment contracts of the current members of the Management Board stipulate that they are not entitled to a long-term bonus in the event of premature termination due to a serious breach of duty and that any advance payments received in this regard must be refunded. No variable remuneration components were reclaimed or withheld in fiscal year 2022.

Disclosures on deviations from the remuneration system in 2022

The company concluded an employment contract with Carsten Lind before the current remuneration system was adopted. Consequently, it does not apply in all respects to this contract. For example, the Supervisory Board is able to offset effects on the long-term bonus from corporate actions carried out in the assessment period.

The employment contract with Chief Financial Officer Martin Geisel was concluded for a period of two years. The basis for calculating the long-term bonus is therefore based on the period during which the Management Board member is able to shape and influence the company's performance. In addition, no LTI 2 was agreed with Mr. Geisel, which also represents a deviation from the resolved compensation system.

Disclosures on the implementation of the Annual General Meeting resolution
The remuneration system for the Management Board is taken into account when new Management Board employment contracts are concluded with the company and when they are renewed. It is therefore not yet fully applied to the remuneration of Carsten Lind.

Remuneration granted and owed
The remuneration granted and owed to the respective members of the Management Board of the company is as follows. As the compensation granted and owed is not always accompanied by a payment in the respective fiscal year, the STI is reported for the fiscal year in which the activity underlying the compensation was fully performed. LTI 1, i.e. virtual stock options, is reported in the year of issue with a purely arithmetical value from the number of virtual options issued multiplied by the fair value at the grant date. LTI 2 is reported with the annual progress payments and, after the four-year bonus period has been reached, the difference is reported over the actual target achievement less the progress payments already made.

REMUNERATION OF THE MANAGEMENT BOARD (GRANTED AND OWED)

	Active members of the Management Board on 31 December 2022						Former members of the Management Board	
	Carsten Lind CEO since 1 June 2020		**Ralf Spielberger CFO since 1 October 2022**		**Martin Geisel CFO 10 January 2021 to 30 September 2022**		**Martin Geisel 1 October to 31 December 2022**	
In EUR	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Fixed remuneration	**411,667**	400,000	**62,500**	-	**287,500**	375,000	**98,438**	0
Fringe benefits	**30,790**	27,827	**13,421**	-	**28,839**	27,824	**3,916**	0
Pension cost	**-**	-	**0**	-	**16,497**	22,152	**3,381**	0
Total fixed remuneration	**442,457**	427,826	**75,921**	-	**332,836**	424,976	**105,735**	0
Long-term variable remuneration (LTI 1)	**-**	0	**197,161**	-	**-**	-	**-**	-
long-term variable remuneration (LTI 2))- annual payment on account	**40,000**	55,250	**7,000**	-	**-**	-	**-**	-
Short-term variable remuneration (bonus)	**360,000**	360,000	**32,569**	-	**126,281**	187,500	**42,094**	0
Short-term variable remuneration (discretionary bonus)	**83,363**	-	**-**	-	**58,614**	-	**19,538**	-
Total variable remuneration	**483,363**	415,250	**236,729**	-	**184,896**	187,500	**61,632**	0
Total remuneration	**925,819**	**843,076**	**312,650**	**-**	**517,732**	**612,476**	**167,367**	**0**
Share of fixed remuneration in %	**47.8%**	50.7%	**24.3%**		**64.3%**	69.4%	**63.2%**	
Share of variable remuneration in %	**52.2%**	49.3%	**75.7%**		**35.7%**	30.6%	**36.8%**	

Disclosures on compliance with the maximum remuneration

In accordance with section 87a (1) sentence 2 no. 1 AktG, the Supervisory Board has set a maximum remuneration limit which restricts the total amount of remuneration actually received for a given fiscal year (fixed remuneration + fringe benefits + payout from STI + payout from LTI). For the Chairman of the Management Board, the maximum annual remuneration is EUR 2,500,000.00 gross, and EUR 1,900,000.00 gross each for the ordinary members of the Management Board.

It is not possible to verify compliance with the maximum remuneration if it still depends on the inflow of variable remuneration components in future years. Compliance with the maximum remuneration in fiscal year 2022 can therefore only be reported with regard to Martin Geisel, whose appointment to the Management Board ended in the reporting period. In this case, the maximum compensation of EUR 1,900,000 was not exceeded with compensation granted and owed in the amount of EUR 685,099.

Explanation of variable remuneration components

I. Carsten Lind, Chairman of the Management Board

The Supervisory Board has agreed targets with Mr Lind for the annual bonus for fiscal year 2022, which relate to Group revenue and EBITDA. The prerequisite for the annual bonus is target achievement of more than 80%. If the target is fully achieved, the annual bonus will be EUR 180,000. The cap (120% target achievement) is a bonus amount of EUR 360,000.

In addition, a special bonus was agreed for fiscal year 2022 for revenue and earnings targets in connection with the acquisition of the Azolver companies. The prerequisite for payment of the special bonus of EUR 61,750 is cumulative target achievement of 80%.

If the target is achieved by 200%, the special bonus will amount to EUR 123,500 (cap). The annual bonus is paid in the month following the resolution by the Annual General Meeting on the annual financial statements and is therefore included in the table as “granted”. The bonus was calculated in accordance with the following presentation:

CALCULATION OF THE BONUS | CARSTEN LIND

KPI	Target	Actual	Weighting	Target achievement in %	Share bonus
Revenue	EUR 209.6 million	EUR 251.0 million	50%	>120%	EUR 180,000
EBITDA	EUR 22.7 million	EUR 27.6 million	50%	>120%	EUR 180,000
Total			**100%**	**>120%**	**EUR 360,000**
Discretionary bonus	Revenue and EBITDA contribution from the Azolver companies in fiscal year 2022 (EUR 29.6 million/EUR 1.0 million)	EUR 28.9 million/EUR 2.1 million	50%/50%	135%	EUR 83,363

Mr Lind was granted a total of 350,000 virtual share options as LTI, first component, at the beginning of the four-year bonus period on 1 June 2020, at a strike price of EUR 3.60. One quarter of the virtual share options will vest after 12, 24, 36 and 48 months respectively. A further 50,000 virtual share options were also granted; these are linked to the establishment of the digital business. Depending on the exercise price, which does not have to meet any minimum amount, and the timing of the exercise declaration, it is not possible to determine the amount of the LTI until later. The amount is limited to EUR 15 per virtual share option (cap). The share options were granted in fiscal year 2020 at a fair value (fair value at grant) of EUR 221 thousand. A provision of EUR 32 thousand was recognised in fiscal year 2020.

Furthermore, sustainability targets were agreed with Mr Lind. Half of these ESG criteria relate to the successful re-certification of five ISO certifications and half to the reduction of CO_2 emissions. On the agreed LTI targets of this second component (ESG), Mr Lind will receive annual advance payments of EUR 40,000, which will be offset at the end of the assessment period of four years. The prerequisite is target achievement of more than 80%. Assuming 100% target achievement, this LTI amounts to EUR 280,000. The cap (120% target achievement) is a bonus amount of EUR 560,000. Payment will be made in the month after the bonus period expires and achievement of the agreed targets can be determined, presumably in fiscal 2025.

The Supervisory Board has therefore linked the remuneration to both the short-term and long-term development of the company so that it supports successful and sustainable corporate governance. At the same time, the suitable performance criteria selected by the Supervisory Board provide important incentives for implementing the strategic realignment of the Group. Linking LTI 1 to the development of the share price also ensures a high degree of alignment of interest with that of shareholders.

II. Ralf Spielberger, Chief Financial Officer

The Supervisory Board has agreed a pro rata annual bonus for fiscal year 2022 with Mr Spielberger, who was appointed Chief Financial Officer with effect as of 1 October 2022. The prerequisite for this annual bonus is cumulative target achievement of more than 80% for various agreed KPIs. If the target is fully achieved, the annual bonus will be EUR 125,000. The cap (120% target achievement) is a bonus amount of EUR 50,000. The annual bonus or the pro rata annual bonus is paid in the month following the resolution by the Annual General Meeting on the annual financial statements and is therefore included in the table as "granted". Mr Spielberger was granted a total of 240,000 virtual share options as LTI, first component, at the beginning of the four-year bonus period on 1 October 2022, at a strike price of EUR 3.10.

One quarter of the virtual share options will vest after 12, 24, 36 and 48 months respectively. Depending on the exercise price, which does not have to meet any minimum amount, and the timing of the exercise declaration, it is not possible to determine the amount of the LTI until later. The amount is limited to EUR 15 per virtual share option (cap). The share options were granted in fiscal year 2022 at a fair value (fair value at grant) of EUR 197 thousand. A provision of EUR 12 thousand was recognised in fiscal year 2022.

Furthermore, sustainability targets were agreed with Mr Spielberger. Half of these ESG criteria relate to the successful re-certification of five ISO certifications and half to the reduction of CO2 emissions. On the agreed LTI targets of this second component (ESG), Mr Spielberger will receive annual advance payments of EUR 28,000, which will be offset at the end of the assessment period of four years. The prerequisite is target achievement of more than 80%. If the target is fully achieved, this LTI amounts to EUR 195,000. The cap (120% target achievement) is a bonus amount of EUR 234,000. Payment will be made in the month after the bonus period expires and achievement of the agreed targets can be determined, presumably in fiscal 2026.

CALCULATION OF THE BONUS | RALF SPIELBERGER

KPI	Target	Actual	Weighting	Target achievement in %	Share bonus
Revenue	EUR 209.6 million	EUR 251.0 million	33%	>120%	EUR 12,488
EBITDA	EUR 22.7 million	EUR 27.6 million	33%	>120%	EUR 12,488
Free cash flow	EUR 11.0 million	EUR 8.1 million	33%	74%	EUR 7,593
Total					**EUR 32,569**

The Supervisory Board has therefore linked the remuneration to both the short-term and long-term development of the company so that it supports successful and sustainable corporate governance. At the same time, the suitable performance criteria selected by the Supervisory Board provide important incentives for implementing the Group's corporate strategy. Linking LTI 1 to the development of the share price also ensures a high degree of alignment of interest with that of shareholders.

III. Martin Geisel, CFO until 30 September 2022

The Supervisory Board agreed an annual bonus with Mr Geisel for fiscal year 2022. The prerequisite for the annual bonus is cumulative target achievement of more than 80% for various agreed KPIs. If the target is fully achieved, the annual bonus will be EUR 150,000. The cap (125% target achievement) is a bonus amount of EUR 187,500. In addition, a special bonus was agreed for fiscal year 2022 for revenue and earnings targets in connection with the acquisition of the Azolver companies. The prerequisite for payment of the special bonus of EUR 57,891 is cumulative target achievement of 80%. If the target is achieved by 200%, the special bonus will amount to EUR 115,781 (cap). The annual bonus is paid in the month following the resolution by the Annual General Meeting on the annual financial statements and is therefore included in the table as "granted".

The bonus for fiscal year 2022 was calculated as shown below:

CALCULATION OF THE BONUS | MARTIN GEISEL

KPI	Target	Actual	Weighting	Target achievement in %	Share bonus
Revenue	EUR 209.6 million	EUR 251.0 millio n	25%	>125%	46,875
EBITDA	EUR 22.7 million	EUR 27.6 million	30%	>125%	56,250
Free cash flow	EUR 11.0 million	EUR 8.1 million	25%	74%	27,750
ESG criteria	ISO audits, reduction of CO_2		20%	>125%	37,500
Total			**100%**		**168,375**
Discretionary bonus	Revenue and EBITDA contribution from the Azolver companies in fiscal year 2022 (EUR 29.6 million/EUR 1.0 m illion)	EUR 28.9 million/ EUR 2.1 million	50%/50%	135%	78,152
Long-term bonus	Increase in share price with minimum target achievement of 80% (EUR 3.95)	EUR 3.23	100%	0	0

Half of the ESG criteria related to the successful re-certification of five ISO certifications and half to the reduction of CO_2 emissions. The degree of target achievement for these two criteria was 120% and 150%.

Mr Geisel was promised an LTI with a two-year assessment period in fiscal year 2021. This is based on the increase in the share price. The share price at the beginning of the assessment period (January 1, 2021) is calculated from the arithmetic mean of the Xetra daily closing prices of the last 30 trading days before the beginning of the assessment period, which corresponded to EUR 3.29. The minimum target achievement was 80%, corresponding to a share price of EUR 3.95. The LTI target was therefore not achieved and no payment was made.

For Mr Geisel too, the Supervisory Board has linked remuneration to both the short-term and long-term development of the company so that it supports successful and sustainable corporate governance. At the same time, the suitable performance criteria selected by the Supervisory Board provide important incentives for implementing the sustainability targets. Linking LTI to the development of the share price also ensured a high degree of alignment of interest with that of shareholders.

Explanation of disclosures relating to former members of the Management Board

Martin Geisel's appointment as a member of the Management Board ended on 30 September 2022 by way of his resignation, and his employment contract ended on 31 December 2022. Consequently, remuneration in the final quarter of 2022 was reported as "Remuneration to former members of the Management Board".

The former Management Board member received the remuneration owed according to the employment contract until the end of his employment relationship. This included the variable remuneration in addition to the fixed salary.

After the end of his Management Board mandate until the end of his employment relationship, the former Management Board member was available in particular for the windup of his employment relationship and the orderly handover of current business.In addition, pension payments of EUR 45 thousand were made to former members of the Management Board in fiscal year 2022.

Defined benefits from third parties

The members of the Management Board have not received any defined benefits from third parties, neither within nor outside the Group, in connection with their activities as members of the Management Board of Francotyp-Postalia Holding AG.

Benefits in the event of premature termination

If the appointment to the Management Board is revoked for good cause that is not covered within the meaning of section 626 BGB for the summary cancellation of the employment contract, the Management Board member is entitled to a lump-sum severance payment due on the date of legal termination. The amount of the severance payment then due corresponds to a percentage of the respective Management Board member's final annual remuneration, comprising fixed salary and STI excluding LTI and other remuneration components (50% Geisel and 75% Lind and Spielberger). In any case this corresponds to a maximum total of the amount of fixed remuneration entitlements for the remaining term of the contract.

In the event of other premature termination of the employment contract without good cause in accordance with section 626 BGB, the company and the Management Board member may agree separate arrangements; in this case, payments to members of the Management Board including fringe benefits may not exceed the value of one year's remuneration (severance pay cap) and may not remunerate more than the remaining term of the service contract. The severance pay entitlement and severance pay cap are to be calculated based on the corresponding total remuneration for the last full fiscal year; before the end of the first fiscal year, the calculation shall be based on the current fiscal year (pro rata).

If a Management Board member leaves their employment due to a serious breach of duty ("bad-leaver situation"), the vested virtual share options and the virtual share options already due for exercise may also no longer be exercised. All virtual share options expire without remuneration.

Should a post-contractual non-competition clause be agreed with a member of the Management Board in the future, the severance pay would be offset against the competition indemnity.

If the appointment is revoked in accordance with section 84 (3) AktG within three months of a change of control becoming known at the instigation of the new majority shareholder and if the revocation is not based on good cause pursuant to section 626 BGB, the severance pay entitlement shall be increased to the amount of the total annual remuneration for the last completed fiscal year, but no more than the amount of the remuneration entitlements for the remaining term of the contract.

Benefits in the event of regular termination
No separate provisions have been made for the case of regular termination of a Management Board contract and no agreements have been concluded in this respect. In particular, no benefits have been promised by the company for a retirement pension.

Outlook for fiscal year 2023 from a remuneration perspective

The Supervisory Board has not resolved any adjustments to remuneration levels or changes to the remuneration system.

Remuneration system for the Supervisory Board

Resolution on the remuneration system for members of the Supervisory Board

The Annual General Meeting decides on the remuneration for the members of the Supervisory Board. The remuneration is set out in article 17 of the company's Articles of Association. The Management Board and Supervisory Board regularly review the remuneration of the members of the Supervisory Board and they came to the conclusion in fiscal year 2022 that the level of remuneration of the Supervisory Board of Francotyp-Postalia Holding AG after its last amendment in 2008 is lower compared with other similar companies than would be customary based on the relevant market indicators of the company. Against this background, the Management Board and Supervisory Board considered an increase in Supervisory Board remuneration to be necessary and appropriate and submitted a new remuneration scheme to the Annual General Meeting on 15 June 2022 for voting. The increased importance and responsibility of Supervisory Board activities was also to be taken into account. The new remuneration scheme takes particular account of recommendation G.17 and suggestion G.18 of the German Corporate Governance Code (GCGC). The structure of Supervisory Board remuneration at Francotyp-Postalia Holding AG takes account of the increased responsibility of the Chairman of the Supervisory Board and has been adjusted accordingly.

This proposal was approved by a majority of 99.69% of the share capital represented.

Structure and application of the remuneration system for the Supervisory Board
The remuneration system for the Supervisory Board is governed by the Articles of Association and provides both the abstract and the concrete framework for the remuneration of Supervisory Board members. This ensures that the remuneration of Supervisory Board members is always in line with the remuneration system resolved by the Annual General Meeting.

The remuneration of the members of the Supervisory Board consists of a basic remuneration and supplements granted for assuming certain functions in view of the additional workload involved.

The members of the Supervisory Board receive fixed annual remuneration of EUR 40,000 (previous year: EUR 30,000) for each full fiscal year in office. For the Chairman, the fixed remuneration is 200% (previous year: 150%) of the remuneration of the other members of the Supervisory Board. The Deputy Chairman does not receive a supplement to the basic remuneration (previous year: EUR 7,500).

Due to the increased preparation and workload regularly associated with this and in accordance with recommendation G.17 GCGC, the members of the Supervisory Board receive additional annual remuneration of 10% of their basic remuneration for each membership of a committee, provided that such a committee has met at least twice in the fiscal year in question. Given its number of three members, the Supervisory Board has not currently established any committees.

Supervisory Board members who have not belonged to the Supervisory Board for a full fiscal year or who have not held the position of Chairman or Deputy Chairman of the Supervisory Board for a full fiscal year receive remuneration on a pro rata basis, rounded up to full months.

REMUNERATION OF THE SUPERVISORY BOARD (GRANTED AND OWED)

in EUR		2022	2021
Dr Alexander Granderath	Member since 10 November 2020, Chairman of the Supervisory Board	80,000	45,000
Lars Wittan	Member since 10 November 2020, Deputy Chairman	40,000	37,500
Klaus Röhrig	Member since 1 April 2013	40,000	30,000
Total remuneration		**160,000**	**112,500**

The remuneration is paid in the last month of the respective fiscal year.

The company provides the members of the Supervisory Board with insurance cover at an appropriate level for the performance of their Supervisory Board work and pays the premiums due for this. In addition, the company reimburses each Supervisory Board member for appropriate and proven expenses incurred in performing his or her duties, as well as for any value-added tax payable on the remuneration.

There is no variable remuneration for members of the Supervisory Board that is dependent on the achievement of specific successes or targets. The Supervisory Board can thus gear its decisions to the good of the company and thus to a long-term business strategy and sustainable development without pursuing any other motives. Due to the special nature of Supervisory Board remuneration, which differs fundamentally from the activities of employees of the company because of its supervisory nature, there is no vertical comparison with employee remuneration.

In the future, the Annual General Meeting will resolve on the remuneration of the members of the Supervisory Board at least every four years. The Supervisory Board will therefore conduct an analysis of its remuneration at least every four years in order to submit a corresponding resolution proposal to the Annual General Meeting together with the Management Board. In fiscal year 2022, the remuneration system for the Supervisory Board was applied in all aspects as regulated in the revised article 17 of the company's Articles of Association. The members of the Supervisory Board did not receive any further remuneration or benefits in the reporting year for services provided personally, in particular consulting and mediation services. The members of the Supervisory Board were not granted any loans or advances, nor were any contingent liabilities entered into in their favour.

Individualised disclosure of Supervisory Board remuneration

The following table shows the remuneration of the members of the Supervisory Board in the past fiscal year in accordance with section 162 AktG: whereby the remuneration is attributed to the fiscal year in which the underlying activity was fully performed ("vesting-oriented view"):

Comparative presentation of remuneration and earnings performance

The following comparative presentation shows the annual change in the remuneration of current and former Management Board and Supervisory Board members, the company's earnings performance and the remuneration of employees on a full-time equivalent basis. The average remuneration of employees includes employee benefit expenses for wages and salaries, for fringe benefits, for employer contributions to social security, and for any short-term variable remuneration components attributable to the fiscal year. Thus, the remuneration of employees – in line with the remuneration of the Management Board and the Supervisory Board – also corresponds in principle to the remuneration granted and owed within the meaning of section 162 (1) sentence 1 AktG. Employee remuneration (except for apprentices and temporary workers) was based on the average wages and salaries of the Group's employees in Germany in the respective fiscal year.

Change in %	2022 to 2021
Current members of the Management Board	
Carsten Lind	9.8
Ralf Spielberger	n.a.
Martin Geisel (until Sept. 30, 2022; thereafter former member of the Management Board)	11,9
Former members of the Management Board	
Former members of the Management Board who retired more than 10 years ago	0,0
Current members of the Supervisory Board	
Dr Alexander Granderath	77.7
Lars Wittan	6.7
Klaus Röhrig	33.3
Development of the company	
Net profit of Francotyp-Postalia Holding AG (HGB)[1]	-117.9
EBITDA of the FP Group (IFRS)	49.6
Average remuneration of employees 2022 to 2021	5.1
Average remuneration of employees 2021 to 2020	2.6

The information on the remuneration of the members of the Management Board is based on the remuneration granted and owed.
[1] The net profit of Francotyp-Postalia Holding AG amounted to EUR 11.7 million in 2021 and EUR -2.1 million in 2022.

Mr Spielberger was appointed to the Management Board as at 1 October in fiscal year 2022. Mr Geisel's term of office as a member of the Management Board ended on 30 September 2022. The changes to the remuneration of the members of the Supervisory Board result from the change in the remuneration system.

Berlin, 27 April 2022

Carsten Lind

Chairman of the Management Board

Ralf Spielberger

Member of the Management Board

Dr. Alexander Granderath

Chairman of the Supervisory Board
Supervisory Board

Lars Wittan

Member of the
Supervisory Board

Klaus Röhrig

Member of the
Supervisory Board

Independent Auditor's Assurance Report on Examination of the Remuneration Report pursuant to Section 162 (3) AktG

To Francotyp-Postalia Holding AG, Berlin,

Opinion

We have formally examined the remuneration report of Francotyp-Postalia Holding AG for the financial year from 1 January to 31 December 2022 to determine whether the disclosures pursuant to Section 162 (1) and (2) AktG have been made in the remuneration report. In accordance with Section 162 (3) AktG, we have not examined the content of the remuneration report.

In our opinion, the accompanying remuneration report complies, in all material respects, with the disclosure requirements pursuant to Section 162 (1) and (2) AktG. Our opinion does not cover the content of the remuneration report.

Basis for the Opinion

We conducted our examination of the remuneration report in compliance with section 162 (3) AktG taking into account the IDW assurance standard: Examination of the remuneration report pursuant to section 162 (3) AktG (IDW AsS 870 (08.2021). Our responsibilities under this regulation and this standard are further described in the "Our Responsibilities" section of our assurance report. Our audit firm has applied the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1). We have complied with our professional duties pursuant to the German Public Accountants Act [WPO] and the Professional Charter for Auditors/Chartered Accountants [BS WP/vBP], including the independence requirements.

Responsibilities of the Management Board and the Supervisory Board

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, in accordance with the requirements of § 162 AktG. They are further responsible for such internal control as they determine is necessary to enable the preparation of the remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

Our objectives are to obtain reasonable assurance about whether the remuneration report complies, in all material respects, with the disclosure requirements pursuant to section 162 (1) and (2) AktG, and to issue an assurance report that includes our opinion.

We planned and performed our examination to obtain evidence about the formal completeness of the remuneration report by comparing the disclosures made in the remuneration report with the disclosures required by section 162 (1) and (2) AktG. In accordance with section 162 (3) AktG, we have not examined whether the disclosures are correct or individual disclosures are complete or whether the remuneration report is fairly presented.

Handling Potential Misleading Presentations

In connection with our examination our responsibility is to read the remuneration report by taking into account the findings of the audit of the annual financial statements and, in doing so, remain alert for indications of misleading presentations in the remuneration report to determine whether the disclosures are correct or individual disclosures are complete or whether the remuneration report is fairly presented.

If, based on the work we have performed, we conclude that there is such misrepresentation, we are required to report that fact. We have nothing to report in this regard.

Berlin, 28 April 2023

KPMG AG

Wirtschaftsprüfungsgesellschaft

Cheung	Klein
German Public Auditor	German Public Auditor